

EXECUTIVE SUMMARY

MINIMUM HOUSEHOLD ENERGY NEED



Society of St. Vincent de Paul

This research commissioned by the Society of St. Vincent de Paul demonstrates that improving household energy efficiency is vital. However, improvements in energy efficiency alone will not enable vulnerable household types afford their minimum energy needs. Even at the highest efficiency level examined, social welfare dependent households tended to remain in energy poverty and all the households examined faced inadequate income.

Energy Poverty

Energy Poverty is defined as spending more than 10% of household net income on household energy need. In total, 18 scenarios are examined, representative of both the households visited and assisted by SVP, the type of housing they live in and the income levels they tend to have. Energy poverty is found in 13 of the 18 cases. Of the 13 cases of energy poverty, one is severe energy poverty (energy expenditure need is between 15% and 20% of net income) while seven are extreme energy poverty (energy expenditure need is over 20% of net income).

Energy Prices and Energy Supports

Home energy prices have increased by an average of 25% in the last five years. In the same period, social welfare supports available to assist vulnerable household afford energy have been reduced.

The findings of the paper demonstrate the inadequacy of social welfare supports to prevent energy poverty, and the vulnerability of household types solely reliant on social welfare supports to meet their minimum expenditure needs.

The burden of energy costs

The degree to which the cost of household energy is a burden on a household is the product of multiple factors: the price of energy, the income of the household, and the energy efficiency of the dwelling.

This research found that families in energy inefficient homes can pay over €4000 to keep their homes adequately warm. Improved energy efficiency measures can reduce such bills by €2000 or more.

The importance of energy efficiency

The cost of the minimum energy need in an efficient dwelling (Building Energy Rating or BER of B2) is half that of an inefficient dwelling (BER E to G). Measures to improve efficiency can result in lowering the occurrence and depth of energy poverty.

The value of social welfare supports

In the period 2009 to 2014 the real value of fuel supports such as the fuel allowance and household benefits package has not been maintained to offset energy price increases. Conversely the rates of payment for both the fuel allowance and the household benefits package have seen the value of the fuel allowance reduce since 2009. To restore social welfare energy supports to their 2009 purchasing power, the 2014 rates of payment would have to be as follows:

- › Fuel Allowance
 - €25 per week for 32 weeks of the year
- › Household Benefits Package
 - Electricity Allowance €47.30 per month
 - Natural Gas Allowance €43.32 per month

Key Findings

The overall adequacy of household income when dependent on social welfareⁱ and in minimum wage employmentⁱⁱ is examined for each household type, and scenario, as the cost of the energy need changes (with dwelling efficiency). In total, 18 cases are examined, and energy poverty is found in 13 of the 18 cases.

Of the 13 cases of energy poverty:

- › One is severe energy poverty (energy expenditure need is between 15% and 20% of net income)
- › Five are extreme energy poverty (energy expenditure need is over 20% of net income)
- › Social welfare dependent household scenarios demonstrate the greatest levels of energy poverty
- › In two of the five cases not in energy poverty, the energy expenditure need is over 9% of net income. In the context of ongoing energy price inflation these cases are precariously close to entering energy poverty.

In the scenarios examined, households without employment do not have an adequate income from social welfare supports, and therefore cannot afford all the elements required for a Minimum Essential Standard of Living. Consequently, a household in such a scenario will have to choose to do without essential items and live below a socially acceptable minimum level.

Conclusion

In the wider context of low and inadequate household income, improvements in energy efficiency alone will not enable vulnerable household types afford their minimum energy needs.

Even at the highest efficiency level examined, social welfare dependent households tended to remain in energy poverty and all faced inadequate income. Consequently, policy must address both overall income adequacy and dwelling efficiency.

Summary Results – Social Welfare Dependent Household Scenarios

| HOUSEHOLD TYPE | DWELLING TYPE | INCOME € PER WEEK | EFFICIENCY LEVEL | ENERGY € PER WEEK | ENERGY POVERTY |
|--|--|----------------------|---------------------|----------------------|-------------------|
| Two Parents & Two Children (Pre-School & Primary School Age) | Mid-Terraced House Urban, Gas Heating | 434.32 | BER E1 | 78.34 | 18.04% EP severe |
| | | | BER C3 | 58.28 | 13.42% EP |
| | | | BER B2 | 39.76 | 9.15% No |
| One Parent & One Child (Primary School Age) | Flat / Apartment Urban, Gas Heating | 259.72 | BER G | 72.93 | 28.08% EP extreme |
| | | | BER C3 | 38.74 | 14.92% EP |
| | | | BER B2 | 30.34 | 11.68% EP |
| Pensioner, Living Alone <i>Non-Contributory Pension</i> | Mid-Terraced House Rural, Oil Heating | 271.49 | BER E1 | 83.71 | 35.37% EP extreme |
| | | | BER C3 | 58.19 | 24.58% EP extreme |
| | | | BER B2 | 35.12 | 14.84% EP |

ⁱ The Two Parent household type scenario is based on a Job Seeker Personal Rate, Qualified Adult and Qualified Child increases, and additional applicable social welfare supports.

The One Parent household type scenario is based on One-Parent Family Payment, Qualified Child Increase, and additional applicable social welfare supports (including the Fuel Allowance)

The Pensioner household type scenarios examine both the Non-Contributory and Contributory Pension, and also the Living Alone Allowance, Fuel Allowance and support from the Household Benefits Packaged.

ⁱⁱ Scenarios based on one adult, employed full-time earning the national minimum wage are examined for a Two Parent and One Parent household type.

The additional supports of Family Income Supplement and One-Parent Family Payment are included as applicable.