



Society of St Vincent de Paul

# Policylinks

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## Energy Poverty experienced by one parent families in the Republic of Ireland

**This briefing summarises the discussion of an expert policy roundtable on energy poverty held by The Society of St Vincent de Paul's (SVP) Social Justice and Policy team on November 19th, 2014.**

The discussion was framed by short presentations using Irish and international data on energy and housing, national and SVP-commissioned research with one parent families assisted by SVP "It's the hardest job in the world" (SVP, 2014), and Minimum Household Energy Need (VPSJ, 2014).

Roundtable participants included: SVP members; senior officials from government departments and statutory and voluntary agencies with energy poverty remit; advocates for one parent families, tenants, and people experiencing poverty; experts in energy poverty research and legislation; a private landlord representative body and private energy provider.

The roundtable aimed to jointly arrive at a better understanding of energy poverty for one parent families in Ireland and find common directions on improving anti-poverty policies.

The Chatham House Rule, where neither the name nor the affiliation of participants is revealed, was used to encourage a more open discussion.

### Energy Poverty in Ireland

A household is considered energy poor if it is unable to attain an acceptable standard of warmth and energy services in the home at an affordable cost. In Ireland households are currently defined as energy poor if they spend more than 10% of their disposable income on energy costs in any one year, in severe energy poverty if spending more than 15%, and in extreme poverty if spending 20% or more.

(DCENR, 2011)

### Energy Poverty in Ireland

The majority of one parent families in SVP's research lived in rented accommodation, particularly private rented, reflecting the tenure of many households assisted by SVP. SVP members undertaking home visitation observe that housing conditions in the private rented sector can be poor. The sector has higher proportions of E, F and G Building Energy Ratings (BERs) than either local authority or owner occupied homes (VPSJ, 2014). The Irish private rented sector is growing. The number of households in the sector increased to 305,377 in 2011 from 106,060 in 2006 (CSO, 2012), and is home to an increasing proportion of families – 23% of people are aged under 18-years.

Ireland's *Energy Affordability Strategy* (DCENR, 2011) highlights the lack of datasets integrating household income and expenditure (including energy) and physical characteristics with which to measure energy poverty. While not estimating the overall extent of energy poverty in Ireland, the Strategy does estimate – using typical running costs, and different BERs and household income levels – that households in larger, less energy efficient homes and households with lower disposable income are more at risk.

However, national data indicates that almost 16% of people said they could not afford to heat their homes at some stage in 2013, rising to 30.8% for people living below the income poverty line (CSO, 2015a). Data is not sought on the proportion of income these households actually spent on energy.

Ireland does not have up-to-date national data on housing conditions with which to comprehensively measure the quality of housing. However, 2011 EU data (BPIE, 2014) indicates that Ireland sits around the middle of the EU league table.

The type and age of dwellings influence levels of energy efficiency. A BER of C or better was given to just 21% of buildings constructed prior to 1977, while only 23% of buildings constructed since 2000 have received a BER of D or worse (CSO, 2015b).

Dwelling location also matters. In Dublin 6, 7 and 12, areas with high concentrations of rented housing, over 70% of audited dwellings had a rating of D or worse compared with 55% for all Dublin postal districts combined.

## Energy Poverty Experienced by One Parent Families in Ireland

Households with children in Ireland are more likely to experience income poverty and basic deprivation than any other household type in Ireland. Sixty-three percent of one parent families experience basic deprivation (CSO, 2015a). One parent families in receipt of social welfare receive a fuel allowance to help meet energy costs.

Energy poverty was a significant problem for almost all the 61 one parent families interviewed in SVP's research (2014). For many, it was the initial reason for contacting SVP for assistance. Many of the parents were in debt and their incomes were inadequate in meeting their costs.

*"When you are on such a tight budget you are going to get caught out somewhere. You have to get the groceries in and you have to pay the rent... You are going to fall behind somewhere... Even though you need to heat the house, the gas and the leccy (bills) will be a squeeze"* (SVP, 2014).

SVP's spending on assistance to households to meet their energy costs increased from €3.8m in 2008 to €10m

in 2013, one-quarter of the €40m SVP spent in 2013 on direct assistance. The increase is related to an average rise of 25% in domestic energy prices coupled a reduction in fuel income support in the last five years (VPSJ, 2014). However, energy spending was €11m in 2012 and the reduction may be partly due to the introduction of prepay energy meters in some homes.

Parents' stories (SVP, 2014) also illustrated the link between energy poverty, poor housing conditions and thermal inefficiency in the private rented sector.

*I sit out in the kitchen – but [during] the cold spell...I couldn't light my fire because it was getting a back draft down the chimney, full of smoke... [son] has bronchitis and [daughter] has asthma so I'd to get the heaters out and thank God only for the St Vincent de Paul helped me out to get the heaters, and [during] the very cold spell... that's all we had was those heaters.... Oh my God the doors we had...there was a big gap. You could see out on the street. I went around the house doing my own little thing...*

*put masking tape around the draft on the window...the snake thing for the door, hot water bottles for the kids to heat upstairs [and] the bedrooms".*

The Vincentian Partnership for Social Justice's research (2014) identified the household energy need for three dwelling types at different levels of efficiency, and examines the burden of this energy need for three household types in multiple income scenarios.

The research found that social welfare dependent households demonstrate the greatest levels of energy poverty. Households in energy inefficient homes can pay over €4,000 per year to keep their homes adequately warm, but that improved energy efficiency measures can reduce such bills by at least €2,000. Improving efficiency can result in lowering the occurrence and depth of energy poverty. However, for the one parent household, even a BER C3 home left the household on the cusp of severe energy poverty, while a B2 certificate still did not prevent energy poverty. The household had an acceptable standard of warmth and energy, but not at an affordable cost.

Table 1 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 Non-Contributory Pension	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

SOURCE: VPSJ, 2014

## Relevant Policy and Provision in Ireland

“The complex interplay of energy prices, thermal efficiency and incomes mean that no one simple solution can be brought to bear. Energy poverty is not something that we can overcome today, tomorrow or even in the next few years. The factors that influence vulnerability are numerous and pervasive. What we must do is address each of the underlying causes of vulnerability and systematically remove the barriers that prevent people from benefiting from high quality accommodation. Without an improvement in the quality of homes, this strategy will not be effective.” DCENR, 2011

### Building Energy Rating (BER)

This system for auditing energy efficiency became compulsory for all new dwellings in 2007 and applicable to existing dwellings on January 1st, 2009. A1 is the most efficient rating; G is the least. There is no minimum BER rating and it is not an enforceable housing standard. 544,621 dwellings were audited from January 1st 2009 to end of 2014 (CSO, 2015b). The BER provides part of the measurement for energy poverty as it calculates the energy required to provide adequate warmth.

### Energy Policy

The Irish strategies most relevant to tackling energy poverty are *Warmer Homes – A Strategy for Affordable Energy in Ireland*, the Green Paper on Energy (DCENR, 2011; 2014) and *Construction 2020* (DECLG, 2014). The former strategy is the only one to specifically address energy poverty, and is being reviewed in early 2015. An implementation challenge exists as responsibility for addressing energy poverty is divided between three Government departments: Environment, Social Protection, and Energy.

### Housing Regulations and Standards

Increasingly stringent Building Regulations and the introduction of the BER have improved energy efficiency in new dwellings. Statutory and voluntary agencies promote energy efficiency and finance retrofitting through direct retrofitting (i.e., updating a home to increase energy efficiency and reduce energy costs), grants and tax reliefs. For example, Better Energy schemes spent €37.5m retrofitting 26,900 homes in 2013, with €17.5m targeted towards older and vulnerable households. The Department of the Environment instigated a programme of retrofitting in its social housing stock. But there is little incentive for private landlords

or tenants to improve dwelling energy efficiency. 2008’s obligatory Standards for Rented Housing Regulations do not include specific energy efficiency requirements, but did strengthen structural and heating demands.

### Energy-related Income Supports

Income support is available via the Fuel Allowance (FA) and Household Benefits Package (HBP). FA is paid to households on social welfare payments regardless of housing tenure, condition, or energy efficiency. The HBP includes gas and electricity allowances and is paid to people over 70 years regardless of income or the efficiency of their home, although many recipients are reliant on a state pension. While fuel-related social protection payments have been cut spending on energy income support is high relative to retrofitting. For example, in 2013 €226.7m was paid to 412,741 FA recipients.

The sustainability of the policy of investing mainly in income support is questioned. While they play a vital role in helping low-income households pay their energy bills, they represent an expensive way of lessening energy poverty and do not contribute to making homes energy efficient.

## Current Policy Challenges

### 1. There is insufficient data and research to inform national and local policymaking and to identify specific dwellings with poor energy efficiency levels.

- There is no data at household or national level on the proportion of income spent by households on energy costs.
- The most recent nationally representative Housing Quality Survey is out-of-date. The quantity and quality of housing has changed dramatically since the previous survey in 2001.
- As BERs are only required for dwellings sold or newly let since 2007, there are gaps in BER data at dwelling, area and national levels.
- Not having energy cost and efficiency data at individual dwelling level creates a challenge for any policy that might seek to link energy-related income support with levels of energy efficiency.

### 2. Energy efficiency standards in the private rented sector are inadequate.

- The Housing Standards 2009 do not include measures to realise energy efficiency in private rented dwellings.
- While a BER rating is required in order to let a dwelling, there is no minimum BER threshold below which a dwelling is considered unfit for letting.
- There are insufficient incentives and obligations for private landlords to consider upgrading and retrofitting their properties.

### 3. Energy unaffordability persists despite the availability of energy income supports.

- Some households experience energy poverty but are not eligible for FA or HBP. Exceptional Needs Payments can be requested from the Department of Social Protection to help meet energy costs. However, the payment is discretionary and is not designed for persistent energy poverty alleviation.
- Energy income supports are not always directly spent on energy bills as they are generally paid to households that experience multiple types of poverty.
- Some private energy providers do give price reductions to vulnerable customers. The effectiveness of this policy was questioned as it increases the energy costs to other customers and does not encourage efficient use of energy by the household.

### 4. Finding the right balance between energy-related income supports and retrofitting is a challenge in policy development.

- FA and HBP have become part of recipients' overall household income. Reducing or ending the payments might increase overall household poverty levels even if energy poverty were to decrease due to better energy efficiency.
- There is little political will to reduce FA and HBP, even if greater energy efficiency were achieved.

"Income supports are important in reducing energy bills, but are an expensive way of reducing energy poverty. Improving the thermal efficiency of homes is the most cost-effective means of increasing energy affordability and reducing energy poverty."

*Green Paper on Energy Policy, 2014*

## Policy Priorities

### 1. We need better data and research for policymaking and for targeting interventions that increase domestic energy efficiency.

- We need data strategy that identifies data and research requirements and uses.
- Data is required at individual unit level in order to link energy-related income support with retrofitting, to prioritise retrofitting, and target income support.
- There is a strong business case for conducting a National House Quality Survey now. The benefits from the data far outweigh the costs.
- Future changes in the Irish energy poverty measure will require accurate household-level data on housing conditions, income and actual energy spend.
- Research is required on costs of energy poverty to the Exchequer, for example, health costs.

### 2. Retrofitting programmes should focus on households with greatest need.

- Further consideration should be given to defining and effectively implementing the concept of need. It is a complex idea, comprising issues of household income, BER, housing location and tenure.
- Existing administrative data gathered for the Housing Assistance Payment, Rent Supplement, and Rental Accommodation Scheme has the potential to be used to target retrofitting in the private rented sector.
- Dwellings in Dublin 1 and Dublin 7 were identified as in need of retrofitting, based on existing BER data for these areas.

### 3. Measures that support energy affordability should be prioritised.

- Transparency is required on how energy prices are formulated. Strengthening the regulatory role of the State on price-setting was also suggested.
- Payment options, like pre-payment, support households in affording their energy costs.
- It seems that some households experiencing energy poverty that have prepay meters cannot afford to put money into the meters. Further energy provider data is required to understand this issue.
- The majority of households in Ireland have never switched energy provider in order to gain from competition. There is a need for public education in this regard.

Figure 1 The Benefits of Energy Efficiency



SOURCE: INTERNATIONAL ENERGY AGENCY, 2014

## Policy Directions

### 1. Improving the quality of homes is the ultimate policy goal.

- A programme of retrofitting to create warm homes with smaller energy bills is required in the private rented sector.
- The per dwelling costs of retrofitting to a B3 BER standard for households receiving FA was estimated at the roundtable at just over double the annual costs of FA.
- The question of whether using the BER system is the best policy approach to regulate energy standards in the private rented sector was discussed. An alternative policy approach is to support the retrofitting of specific problems, e.g. , attics, windows.
- A mix of legislation and incentives are required to increase energy performance in the private rented sector.

### 2. Balancing energy-related income supports with financing retrofitting will remain a challenge.

- A strategic policy question was raised: Should we continue with energy-related income supports if we increase energy efficiency? The political ramification of the question was recognised by roundtable participants.
- Even if we succeed in creating warmer homes and reducing energy bills, some households will still require income support as they many still have inadequate incomes.
- It was generally agreed that any policies to address the current imbalance should not increase poverty and deprivation.

### 3. Stronger strategies and governance are required to reduce energy poverty.

- Further communication and co-working is required between government departments and agencies with an energy remit, and also with other government departments who benefit from greater energy efficiency and better quality homes.
- That *Healthy Ireland* is a governmental rather than departmental strategy was noted. Therefore there are potentially more budget lines for energy poverty alleviation than are currently being utilised.
- The State should have a stronger role in determining housing standards and regulating energy prices to support affordability.
- Political will is an important ingredient in addressing energy poverty.

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#### FURTHER INFORMATION:

The Society of St. Vincent de Paul (SVP) was founded in Ireland in 1844. It is the largest voluntary charitable organisation in Ireland. Our focus is on practical approach to dealing with poverty, alleviating its effects on individuals and families through working primarily in person-to-person contact by a unique system of family visitation, and seeking to achieve social justice and equality of opportunity for all in Ireland.

PolicyLinks is published by:  
SVP Social Justice and Policy,  
National Office, SVP House,  
91-92 Sean MacDermott Street, Dublin 1.

Contact: [info@svp.ie](mailto:info@svp.ie) | 00 353 (0) 1 838 6990  
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