Changes to the Affordable Warmth Scheme

Public Consultation
November 2017
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1. Introduction

Purpose
1.1 This public consultation document seeks comments on proposed changes to the Affordable Warmth Scheme which is the Department for Communities’ Domestic Energy Efficiency Improvement Programme for vulnerable low income households. The Affordable Warmth Scheme is also a central element in the NI Executive’s Fuel Poverty Strategy. This consultation will end after 14 weeks on 16 February 2018 to allow for the Christmas holiday period and all responses will be considered accordingly.

Historic Context
1.2 The Affordable Warmth Scheme was introduced in September 2014 and replaced the Warm Homes Scheme. It is funded by the Department for Communities and its purpose is to improve domestic energy efficiency and reduce energy consumption among eligible households in the owner-occupied and private rented sectors to mitigate the impacts of fuel poverty.

Strategic Links
1.3 The Department’s Fuel Poverty Strategy “Warmer Healthier Homes”1 was published in March 2011 and gave a commitment to improve partnership working and to explore an area based approach to tackling fuel poverty. We will review the existing fuel poverty strategy and develop a new one.

Responses
1.4 Comments on any aspect of the proposed changes discussed in this paper would be welcome. They should reach the Department by 16 February 2018. You may provide comments by letter, email, survey monkey or telephone. Please reply to:

AWS Consultation
Department for Communities
Regional Housing Authority Sponsor
Level 3, Causeway Exchange
Bedford Street
Belfast

Tel: 028 9051 5237
Email: AWSConsultation@communities-ni.gov.uk
Survey Monkey: www.surveymonkey.co.uk/r/affordable-warmth

If this document is not in a format that suits your needs, please contact us and we can discuss alternative arrangements that may better suit your specific requirements.

**Additional Copies**

Copies of this document are at “Consultations” on the Department’s website.
2. What is fuel poverty?

2.1 Under the current Northern Ireland Fuel Poverty Strategy, a fuel poor household is one which needs to spend more than 10% of its income on all fuel use to heat its home to an adequate standard of warmth. This is generally defined as 21°C in the living room and 18°C in the other occupied rooms – the temperatures recommended by the World Health Organisation (WHO).

2.2 The Affordable Warmth Scheme replaced the Warm Homes Scheme from April 2015 and is now the Department for Communities' main tool for tackling fuel poverty. The Department's Fuel Poverty Strategy “Warmer Healthier Homes” published in March 2011 gave a commitment to improve partnership working and to explore an area based approach to tackling fuel poverty.

2.3 Northern Ireland's first independent review of Fuel Poverty “Defining Fuel Poverty in Northern Ireland”\(^2\) (Liddell, Morris, McKenzie and Rae) was published in May 2011 and noted that, in order to attain WHO levels of warmth and comfort, more than 33,000 homes in Northern Ireland needed to spend more than a quarter of their income on heating and lighting their homes. Furthermore, more than 150,000 households were in severe fuel poverty.

2.4 This evidence-based research provided a rationale for an examination of the Department's approach to tackling fuel poverty at a time when commentators such as the Consumer Council and the Fuel Poverty Coalition were calling for innovation, including an approach to tackling fuel poverty that would assist those most in need.

3. The Affordable Warmth Scheme Proposals for Change

Background

3.1 The Affordable Warmth Scheme, which replaced the Warm Homes Scheme, was launched on 15 September 2014 and is the Department for Communities’ main initiative in addressing the impacts of fuel poverty.

3.2 Through this new Scheme, Northern Ireland became the first region of the UK to adopt a targeted area-based approach to addressing fuel poverty. It remains the only region where a successful micro-scale model of targeting has been successfully implemented.

3.3 The Affordable Warmth Scheme differs significantly from the former Warm Homes Scheme in that it:

- actively identifies areas where vulnerable people in the poorest housing are most likely to live;
- draws on local knowledge of Councils to provide people with the information they need to boost participation in the Scheme;
- relies on the experience of Housing Executive Grants Office staff to conduct technical assessments and approve the energy efficiency measures required.

By comparison, all previous Government-led initiatives to address fuel poverty in Northern Ireland worked on an application basis, where the applicant approached the funder. The intention of the targeted approach is to direct fuel poverty interventions towards those who need them most.

Review of the Affordable Warmth Scheme

3.4 In September 2015 the then Minister for Communities asked for the Affordable Warmth Scheme to be reviewed after one full year of operation to ensure that it continued to be effective in finding and helping those households most at risk of severe fuel poverty. The review of the Affordable Warmth Scheme examined five key themes:

- Effectiveness and efficiency of processes;
- Appropriateness of delivery arrangements;
Changes to the Affordable Warmth Scheme

- Accuracy of the targeting model;
- Scheme performance in 2015/16;
- Scheme qualifying criteria.

Stakeholder Engagement

3.5 Key stakeholders including local Councils, Housing Executive, lobby groups and installers were engaged through a series of workshops and meetings. This was an opportunity to provide comments and feedback on the first year of operation, based on the five themes of the review. Stakeholders were asked to highlight both the positives and negatives within this first year considering, what, if any, reasonable changes that could be made that would improve the scheme. Consideration was given to the impact there would be if changes were made, with particular focus on other factors within the Affordable Warmth Scheme, such as budget, resources or legislation. The salient points raised by stakeholders and key findings from the review are contained in the following paragraphs.

Propriateness of Delivery Arrangements

3.6 The original design of the Affordable Warmth Scheme encouraged participation from a wide range of smaller insulation, heating and window installers. This approach was based on the success of the Boiler Replacement Scheme which provided work for over 2,000 local installers. However, anecdotal evidence from the Affordable Warmth Scheme in the first full year of operation suggests that having multiple installers for different measures can be difficult for householders. The consensus view was that the appointment of a single installer completing all measures would be preferred.

3.7 There have been delays and confusion around the Building Control process and having one installer could make this process work more efficiently. Stakeholders generally support a one-stop-shop approach however some noted that an appointment of one installer could monopolise the scheme and there may be a loss of price competitiveness. Based on the evidence of the scheme to date it is recommended that one installer managing the installation of all measures to the household is the preferred delivery method. This could still allow for a wide range of installers to take part in the scheme, but will mean one installer taking the lead for each installation project.

Proposal for Consultation

The Department proposes that one installer, managing the installation of all measures to the household, becomes the preferred delivery method.
Scheme Qualification Criteria

3.8 During the first full year of operation of the scheme there were calls from key stakeholder organisations and political representatives for changes to be made to some of the qualifying conditions including:

- a review of the appropriateness of the £20,000 income threshold for entry to the scheme;
- the inclusion of Disability Living Allowance and other allowances related to illness and disability in the calculation of income;
- a review of the age of householder restriction on the replacement of an inefficient boiler.

£20,000 Household Income Threshold

3.9 When the scheme was initially being developed, all income was included in the eligibility calculation. At the time of the Public Consultation exercise (February 2014) the Department proposed an eligibility criteria for annual household income of £16,190. This was in line with the free school meals limit. Following comments received in the Public Consultation it was deemed that the income level was too low. The Department considered that the income threshold should be increased to £20,000. This was supported by the 2009/10 Family Resources Survey which showed that 44% of Northern Ireland households had a weekly income of less than £400 (£20,800 per annum).

3.10 Whilst the Department recognised that not every household consists of the same number of people, and that varying household sizes lead to varying needs and other expenses, the household income threshold of £20,000 emerged as a simple and easy to implement approach during the first full year of the Scheme.

3.11 Nevertheless, stakeholders consulted after the first year of operation have expressed consistent support for an increase in the threshold for households which contain more than one person. There was an acknowledgement that these households could be disadvantaged by the current arrangement which does not vary the income threshold to take account of the extra expenses associated with more people living in a household; these extra expenses are not always fully covered by extra income.

3.12 The Department commissioned Christine Liddell MBE Professor Emeritus Ulster University, a recognised fuel poverty expert, to examine this issue. In a series of worked examples, Professor Liddell demonstrated the extent to which a single threshold of £20,000 could lead to the systematic exclusion of larger
households from the Affordable Warmth Scheme. This was particularly so for households where there were several occupants but few sources of income (such as families with small children). Many of these households had additional expenses, for example childcare, clothing, food, and laundry, as well as higher energy needs in order to keep young children warm. A single working adult is significantly more likely to be able to afford their energy needs on an income of £20,000 per annum, than is a family with 3 dependent children. This means that applying the same threshold to both types of household could be viewed as unreasonable.

3.13 Using statistical evidence from the Office for National Statistics, the Family Resources Survey, and the OECD (Organisation for Economic Cooperation and Development), Professor Liddell suggested that income thresholds could be more fairly set at:

- £18,000 per annum for single person households;
- £23,000 per annum for multiple person households.

3.14 The Department believes that this proposed amendment to income thresholds addresses a criticism levelled at single-threshold Schemes of this kind throughout the UK, namely that a lack of income equivalisation is an obstacle to helping all who are most in need. In the case of what is proposed here, lowering the income threshold but also equivalising it at the same time, will exclude some households, but also open up eligibility to many more households who previously missed the cut through lack of equivalisation. It could be construed as an evidence-based balancing act, relying on newly published evidence related to energy consumption and incomes.

Proposal for Consultation
The Department proposes to raise the income threshold to £23,000 for households with more than one person and reducing it to £18,000 for all single person households.

Disability Living Allowance, Personal Independence Payment, Attendance Allowance and Carer’s Allowance

3.15 Disability Living Allowance is a tax free allowance paid to those with a disability to help them with extra costs associated with their disability. At the time of the public consultation on the Affordable Warmth Scheme, the Department considered that it was appropriate to include Disability Living Allowance when calculating household income.

3.16 However, in other Government grant schemes, Disability Living Allowance is not included in the calculation of income, since it is construed as essential
supplementary income needed to ensure that people with a disability are treated on a par with other people.

3.17 During our consultation with stakeholders, there was broad support for Disability Living Allowance to be removed from the income calculation used in the Affordable Warmth Scheme. There has also been significant correspondence from elected representatives calling for Disability Living Allowance not to be included in the calculation. Similar requests have been made to exclude related benefits Attendance Allowance, Personal Independence Allowance and Carer’s Allowance from the calculation.

3.18 Furthermore, it is widely recognised that people with disabilities are

• more likely to live in poverty;
• more susceptible to the adverse impacts of fuel poverty;
• more likely to be economically inactive;
• more likely to face problems with housing generally.

3.19 To continue to include Disability Living Allowance, Attendance Allowance, Personal Independence Allowance and Carer’s Allowance in the calculation of income could suggest that those with a disability are being penalised in relation to those without a disability.

Proposal for Consultation
The Department proposes that Disability Living Allowance, Attendance Allowance, Personal Independence Payment and Carer’s Allowance are removed from the calculation of income for the Affordable Warmth Scheme.

Replacement Boiler Criteria
3.20 Where an existing central heating boiler is at least 15 years old and there is a member of the householder either over 65 or have a child under 16 years of age, the Affordable Warmth Scheme has provided opportunity for the boiler to be replaced. Following stakeholder consultation, it seems reasonable to assume that any household with an annual income of less than the income thresholds proposed for the Scheme would find it difficult to find the money to replace an old inefficient boiler, even with the assistance of the Boiler Replacement Scheme. There was wide support from stakeholders for these criteria associated with age and disability to be removed.

Proposal for Consultation
The Department proposes the removal of age-related and disability-related eligibility criteria from the boiler replacement element of the Affordable Warmth Scheme.
4. What do we want from this Consultation?

4.1 The Department welcomes responses from all interested parties on the issues raised and proposals presented in this document. There is a short survey at Annex A, which we would be grateful if you could use to record your responses.

5. What happens next?

5.1 Following the end of the consultation period, the Department will publish the responses, in summary form, alongside a Departmental view on the issues raised. Unless respondents indicate otherwise, all responses to this consultation may be published in full or summary form. You should also note that the Department is subject to the Freedom of Information Act 2000. This means that we have to consider any request made to us under the Act for information relating to responses made to this consultation.
6. Equality Considerations

6.1 Section 75 of the Northern Ireland Act 1998 requires the Department in carrying out its functions to have due regard to the need to promote equality of opportunity:

- between persons of different religious belief, political opinion, racial group, age, marital status or sexual orientation;
- between men and women generally;
- between persons with a disability and persons without; and
- between persons with dependants and persons without.

6.2 Without prejudice to the obligations set out above, the Department is also required, in carrying out its functions relating to Northern Ireland, to have due regard to the desirability of promoting good relations between persons of different religious belief, political opinion or racial group.

6.3 Initial screening has been carried out on this consultation to identify any equality impacts. No adverse impacts were found and therefore it has been decided that this review should not be subject to an Equality Impact Assessment. Respondents are asked to comment on any potential equality implications arising from the issues/proposals discussed in this consultation. The decision not to carry out an equality impact assessment will be reassessed following the analysis of the consultation responses.
Annex A – Your responses to the Consultation

Name: ........................................................................................................................................

Organisation: ..........................................................................................................................

Position in the organisation: .................................................................................................

Proposal 1
The Department proposes that one installer, managing the installation of all measures to the household, becomes the preferred delivery method.

How much do you agree with this proposal? (please tick one option)

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<th>Strongly agree</th>
<th>Agree</th>
<th>Don’t know</th>
<th>Disagree</th>
<th>Strongly disagree</th>
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Comments?
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Proposal 2
The Department proposes to raise the income threshold to £23,000 for households with more than one person and reducing it to £18,000 for all single person households.

How much do you agree with this proposal? (please tick one option)

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<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Don’t know</th>
<th>Disagree</th>
<th>Strongly disagree</th>
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Comments?

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Proposal 3
The Department proposes that Disability Living Allowance, Attendance Allowance, Personal Independence Payment and Carer’s Allowance are removed from the calculation of income for the Affordable Warmth Scheme.

How much do you agree with this proposal? (please tick one option)

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<tr>
<th>Strongly agree</th>
<th>Agree</th>
<th>Don’t know</th>
<th>Disagree</th>
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Comments?

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Proposal 4
The Department proposes the removal of age-related and disability-related eligibility criteria from the boiler replacement element of the Affordable Warmth Scheme.

How much do you agree with this proposal? (please tick one option)

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<th>Strongly agree</th>
<th>Agree</th>
<th>Don’t know</th>
<th>Disagree</th>
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Comments?
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Other Comments
Are there any additional comments or suggestions you wish to make on the proposals in the consultation document?

Comments?
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Annex B – Consultee List

All MPs and MEPs
All Northern Ireland Political Parties
All MLAs
All Northern Ireland Departments
Committee for Communities
Speaker of the Assembly
Northern Ireland Office
Citizens Advice Bureaux
Housing Rights Service
Northern Ireland Housing Executive
Northern Ireland Housing Council
Chartered Institute of Housing
The Executive Council of the Inn of Court of Northern Ireland
Belfast Solicitors Association
The Law Society of Northern Ireland
School of Law University of Ulster
Laganside Courts
Institute of Professional Legal Studies (Queens University Belfast)
Law Centre (Northern Ireland)
Secretary, Her Majesty’s Council of County Court Judges

Northern Ireland Court Service
Northern Ireland Law Commission
Civil Law Reform Division
Civic Forum
North/South Ministerial Council
Northern Ireland Resident Magistrates’ Association
Human Rights Commission
Northern Ireland Ombudsman
Equality Commission for Northern Ireland
The General Consumer Council for Northern Ireland
Confederation of British Industry Northern Ireland Branch
Northern Ireland Chamber of Commerce and Industry
Federation of Small Businesses
Northern Ireland Association of Citizens Advice Bureaux
Northern Ireland Chamber of Trade
The Northern Ireland Council for Voluntary Action
Northern Ireland Congress, Irish Congress of Trade Unions