



*Action for Warm Homes*  
Northern Ireland

**National Energy Action NI  
Response to**

Consultation on the 2022-25  
Draft Budget

**February 2022**



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## About NEA

National Energy Action (NEA) is the national fuel poverty charity working to secure affordable warmth for disadvantaged energy consumers. NEA's strategic aims include influencing and increasing strategic action against fuel poverty; developing and progressing solutions to improve access to energy efficiency products, advice and fuel poverty related services in UK households and enhancing knowledge and understanding of energy efficiency and fuel poverty.

NEA seeks to meet these aims through a wide range of activities including policy analysis and development to inform our campaigning work, rational and constructive dialogue with decision-makers including regulatory and consumer protection bodies, relevant Government Departments, the energy industry, local and national government, and we develop practical initiatives to test and demonstrate the type of energy efficiency programmes required to deliver affordable warmth.

NEA is primarily concerned with energy policy whilst maintaining a watching brief on social justice policies including income inequalities and levels of poverty in Northern Ireland.

Protecting vulnerable consumers is our key aim so we work both reactively and proactively to ensure policy makers and regulators recognise the needs of the vulnerable in its widest sense. With tighter household budgets it is more important than ever that consumers are getting the best deal. Paying for domestic energy makes up a substantial portion of total household expenditure, so it is of specific concern to us but is often relegated in the ever-busy policy environment.

## Background

Unfortunately, many households in Northern Ireland face the prospects of cold homes, especially during the winter months. Based on the 2016 House Condition Survey<sup>1</sup>, Northern Ireland has a rate of fuel poverty at 22%. It is also estimated that there are approximately 43,800 households in extreme fuel poverty, which means they need to spend over 15% of their total income to heat their homes. Additionally, one in five households in Northern Ireland are living in poverty.

Energy prices have undergone an unprecedented rise during 2021, and this looks set to continue for at least 36 months. We know that Northern Ireland continues to have amongst the lowest levels of household income across the UK and the highest weekly household expenditure on energy of any UK region. Taken in conjunction with challenging economic conditions as well as the ongoing global pandemic, many families continue to face challenges with meeting their energy costs. These pressures are further amplified by the ongoing energy crisis, which has seen fuel prices soar to record levels.

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<sup>1</sup> Northern Ireland Housing Executive (2016) House condition survey: <https://www.nihe.gov.uk/Documents/Research/HCS-2016-Main-Reports/HCS-Main-Report-2016.aspx>

Unfortunately, this means that many households in Northern Ireland face the prospects of living in cold homes for long periods of time, especially during the winter months. Homes play a crucial role in ensuring the health and well-being of individuals and households, and NEA believe that everyone in Northern Ireland should be entitled to live in a warm, safe, and healthy home.

We know that the cold kills. The Northern Ireland Statistics and Research Agency (NISRA) estimate that the Excess Winter Deaths (EWD) for 2020/21 was approximately 1,120<sup>2</sup>. The same report details that there were 6,340 deaths in Northern Ireland in the winter period of 2020/21, which is the second highest number of winter deaths in the last 10 years.

Studies show there is a relationship between EWDs, low thermal efficiency of housing and low indoor temperatures<sup>3</sup>. EWDs are almost three times higher in the coldest quarter of housing than in the warmest quarter. We know that deaths from cardiovascular diseases are directly linked to exposure to excessively low indoor temperatures for long periods of time. This is because temperatures below 12 degrees Celsius result in raised blood pressure<sup>4</sup>. There is increasing evidence to show that children living in cold homes are more than twice as likely to suffer from a variety of respiratory problems than children living in warm homes. Exposure to cold increases the level of minor illnesses such as colds and flus and exacerbates existing conditions such as arthritis and rheumatism<sup>5</sup>. To put it simply, we know warm homes are vital for ensuring good health and wellbeing.

NEA believe that Department for Economy's new energy strategy offers an opportunity to tackle fuel poverty in Northern Ireland head on, by driving up domestic energy efficiency, creating a flexible energy system and putting consumers at the heart of energy policy decisions. We hope the strategy will be the catalyst for change, inspiring decades of delivery which will help shape a more equitable energy system in Northern Ireland.

## Response

NEA welcome the opportunity to respond to the Department for Finance's consultation on the 2022-25 Draft Budget. In general, NEA believe there is a pressing need to ensure sufficient budgetary resource is committed to tackling the ongoing Energy Crisis and associated Cost of Living Crisis in Northern Ireland.

Over the last number of months, NEA NI has experienced a significant rise in the number of households seeking emergency support for fuel poverty. We therefore welcomed the launch of the

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<sup>2</sup> Northern Ireland Statistics and Research Agency (NISRA), Excess Winter Mortality NI Report 2020-21. Accessed online: [https://www.nisra.gov.uk/system/files/statistics/Excess%20Winter%20Mortality%20Report%202020\\_21.pdf](https://www.nisra.gov.uk/system/files/statistics/Excess%20Winter%20Mortality%20Report%202020_21.pdf)

<sup>3</sup> Marmot Review Team (2011), The Health Impacts of Cold Homes and Fuel Poverty

<sup>4</sup> Department of Trade and Industry (2001), The UK Fuel Poverty Strategy. London: DTI.

<sup>5</sup> El-Ansari W and El-Silimy S (2008) Are fuel poverty reduction schemes associated with decreased excess winter mortality in elders? A case study from London, UK. *Chronic Illness*, 4(4), pp.289-294.

Department for Communities' 'Emergency Fuel Payment Scheme' and the pending 'Energy Payment Support Scheme' as support for fuel poor households is needed now more than ever.

However, NEA NI are concerned that the extent of the cost-of-living crisis in Northern Ireland is so deeply damaging that the allocation of funding to these schemes alone falls significantly short of what is required to mitigate the worst impacts and prevent households from falling deeper into fuel poverty. Whilst we welcome the payments and agree that they will prove to be a lifeline to many households in Northern Ireland, we believe this can only be considered as a 'sticking plaster' approach, with further hardship not far on the horizon.

Energy prices have undergone an unprecedented rise during 2021, and the Northern Ireland Utility Regulator is now forecasting that this looks set to continue for around 36 months. This means households in Northern Ireland will be exposed to heightened energy bills for years to come. The winter months will continue to pose a real challenge and many households will be faced with the inconceivable decision of choosing between eating or heating; with a growing section of our society unable to do either. Further action with greater urgency is needed if we are to prevent the deepening of fuel poverty within our society.

Following the Chancellors announcement of a discount to energy bills across England, Scotland and Wales, and a Council Tax Energy Rebate in England; NEA urge that money allocated to Northern Ireland through the Barnett formula be committed to tackling the cost-of-living crisis, fuel poverty and helping the most vulnerable in our society during this time. In the short term, this might include ring fencing a portion of this funding for a support payment in the winter ahead.

With the launch of the Department for Economy's new Energy Strategy, energy policy in Northern Ireland is set to embark on the most dramatic period of change in Northern Ireland's history. Whilst this change will bring many opportunities for energy consumers including access to clean fuels, the role out of new home heating technologies and improvements to the existing energy infrastructure; it also presents a number of challenges and risks for which households will need support to overcome. This is a pivotal moment for energy within Northern Ireland, and if we get things right, we have the potential to make great strides towards decarbonisation whilst simultaneously improving energy security, tackling inequalities in the cost of living and reducing the burden on our healthcare services through improved standards of living. In this changing landscape, it is crucial that all aspects of the Northern Ireland Government work together holistically and strategically to protect the most vulnerable members of our society.

The new energy strategy offers an opportunity to tackle fuel poverty in Northern Ireland head on, by driving up domestic energy efficiency, creating a flexible energy system and putting consumers at the heart of energy policy decisions. We hope this strategy will be the catalyst for change, inspiring decades of delivery which will help shape a more equitable energy system in Northern

Ireland. However, this will only be possible if the Northern Ireland Executive works collaboratively across departments.

It is our expert opinion that improving the energy efficiency of homes in Northern Ireland needs to be considered as a priority of the NI Executive and all relevant departments. This is the only way we can make a meaningful and sustained reduction in the energy costs of households in Northern Ireland. We know that energy efficiency improvements offer a tried and tested cost-effective approach to alleviating the hardships on fuel poor households, whilst contributing to reducing household carbon emissions. It is estimated that poor insulation means around £1 in every £4 currently spent heating UK homes is wasted<sup>6</sup>.

The Home Energy Conservation Authority (HECA) annual report shows a current annual investment of £21million on energy efficiency in Northern Ireland. To align with 2050 net zero commitments, it is estimated that policies would need to drive an annual peak of retrofits for over 50,000 buildings within the next decade<sup>7</sup>. By comparison, current energy efficiency programmes in NI deliver measures for approximately 16,500 buildings per year, indicating that a doubling or trebling is needed. Whilst investment in energy efficiency will need to be dramatically scaled up if Northern Ireland is to have any chance of reaching Net Zero emissions, evidence shows that it is doable. Analysis by the Home Energy Conservation Authority found that the total cost of implementing measures to raise the SAP rating of approximately 390,000 eligible dwellings in Northern Ireland to at least SAP band C was £2.4 billion, with a mean cost of £6,200 per dwelling. NEA believe this is a realistic and deliverable target which should be adopted whole heartedly.

To supplement the effectiveness of improving energy efficiency the Executive needs to ensure it helps ‘the worst first’ and it should also seek to embed a fabric first approach to reduce needless space heating demand. Without this, NEA is concerned that there will be a perverse incentive to install oversized low carbon heating technologies which would be more expensive for the occupants to run. Increasing public investment on energy efficiency has the potential to unlock a number of wider social and economic benefits including:

- Reducing the burden on the health system and increasing the quality of service in the NHS. This will be achieved by reducing the number of households in fuel poverty, therefore lowering their risks of associated ill health and preventing the need for medical intervention.
- Strengthening the economic recovery through supporting the creation of long-term jobs. According to the Department for Business, Energy & Industrial Strategy (BEIS), the Green Homes Grant (GHG) in England will support 100,000 jobs in green construction<sup>8</sup>. Additional funding for

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<sup>6</sup> Marmot Review Team (2011) The Health Impacts of Cold Homes and Fuel Poverty

<sup>7</sup> Department for Economy (2020) Research into the Future of Energy Efficiency Policy in Northern Ireland.

<sup>8</sup> Homeowners to see savings available under new Green Homes Grant scheme, Press Release Published by Department for Business, Energy & Industrial Strategy, accessed online: [Homeowners to see savings available under new Green Homes Grant scheme - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

fuel poor households to upgrade their homes could help support these jobs well into the 2020s. The skills required for these jobs will equip the workforce for further progression towards net zero, as more homes look to increase their energy efficiency.

- Improving economic circumstances across NI by reducing household running cost and freeing up disposable income. Public money spent on energy efficiency in this way means more money saved for householders. This saving means more spending power, which often means greater spending in local areas, therefore helping to ‘level up’ local economies. As fuel poor homes are often found in areas that have suffered detriment, this has the effect of increasing economic activity in those areas that need it most.
- Strengthening research, innovation (in the form of technological, financial and regulatory innovation) and manufacturing bases. All of which will be needed for a successful national rollout of energy efficiency upgrades. It should be recognised that a number of new renewable heat technologies, such as heat pumps, are only feasible in energy efficient homes. Improving the energy efficiency of households in Northern Ireland will give consumers a greater range of options as they transition towards decarbonised heat.

For many households, the cost of energy has relatively little impact on how much energy is used in the home. However, for households living on a low income, energy usage makes up a significant portion of the household expenditure. Northern Ireland continues to have amongst the lowest levels of household income across the UK and the highest weekly household expenditure on energy of any UK region. Taken in conjunction with challenging economic conditions as well as the ongoing global pandemic, many families continue to face challenges with meeting their energy costs. Households on lower incomes and vulnerable consumers in Northern Ireland therefore perhaps stand to gain more from a just energy transition than any other grouping. However, this group is equally at risk should the new policies fail to deliver for their benefit.

All households in Northern Ireland will need support to decarbonise, but we believe it is paramount that those considered the most vulnerable are supported first and foremost. Fixing Northern Ireland’s cold, damp and leaking homes will be imperative to ensure a ‘just transition’.

Improving energy efficiency of households needs to be considered as the ‘first fuel’. The emerging technologies will not offer affordable energy for many households in Northern Ireland without widespread energy efficiency improvements. For example, the current costs (both installation and running) of Heat Pumps can be considered prohibitive to most households in Northern Ireland. In a typically sized home that is efficient, installation of a heat pump could be £1,000 cheaper than for a home that is not and running costs would be significantly lower<sup>9</sup>.

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<sup>9</sup> Energy Efficiency Infrastructure Group (2020) ‘Energy efficiency’s offer for a net zero compatible stimulus and recovery’



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Without the prioritisation of energy efficiency, we have concerns that the new heating technologies being offered to unprepared homes will introduce vulnerabilities into the market. It is therefore imperative that sufficient schemes are resourced to support the required improvements to domestic buildings.

We thank you for the opportunity to respond to you with these comments.

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