



## **National Energy Action NI**

# **Response to the Consultation on Department for Communities Budget 2024-25 allocations**

**September 2024**



## About NEA

National Energy Action (NEA) is the national fuel poverty charity working across Northern Ireland, England, and Wales to ensure that everyone can afford to live in a warm, safe and healthy home.

NEA works to overcome the effects and causes of fuel poverty in four ways. We provide **advice and support** to people struggling to heat their homes affordably; we **campaign and advocate** for policy and regulation to protect the most vulnerable households and end fuel poverty; we carry out **research** to raise awareness and find solutions; and we provide **accredited training** and qualifications to improve standards in energy advice.

The **Belfast Warm and Well Project**<sup>1</sup> is a practical example of our work. The project offers advice and practical support to those struggling to keep their home warm, and is coordinated by NEA NI, with support from the Public Health Agency.

We welcome the opportunity to provide comment on this draft Equality Impact Assessment of the initial decisions taken by the Minister for Communities in relation to the 2024-25 Budget. Our comments are informed by our research, expertise and extensive experience supporting fuel-poor households and vulnerable energy consumers in Northern Ireland<sup>2</sup>.

## Response

**Q1: Are there any data, needs or issues in relation to any of the Section 75 equality categories that have not been identified in Section 6 of the EQIA consultation document? If so, what are they and can you provide details?**

Yes. We recognise that it is not possible for the Department to consider every piece of available data when assessing the impact of its initial budget decisions. However, we wish to highlight two examples of recent research, not listed in Section 6, that we believe the Department ought to consider since they illustrate the scale of the fuel poverty crisis in Northern Ireland, and its impacts – especially in relation to Section 75 equality categories.

### **LucidTalk – ‘NEA NI: Northern Ireland Attitudinal Poll’ (September 2023)**<sup>3</sup>

The 2016 House Condition Survey (the most current official statistic) sets the Northern Ireland rate of fuel poverty at 22%<sup>4</sup>. However, in September 2023, polling for NEA NI found that 41% of

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<sup>1</sup> For more information visit: [www.nea.org.uk/project/belfast-warm-and-well-project/](http://www.nea.org.uk/project/belfast-warm-and-well-project/)

<sup>2</sup> For more information visit: <https://www.nea.org.uk/northern-ireland/>

<sup>3</sup> Lucid Talk, (2023). ‘[Northern Ireland \(NI\) Attitudinal Poll – NEA NI](#)’.

<sup>4</sup> Northern Ireland Housing Executive (2016). ‘[House Condition Survey Report](#)’.



NI households were spending at least 10% of their total household expenditure on energy costs and were therefore living in fuel poverty<sup>5</sup> - a reflection of increasing prices.

The [NI-wide representative survey](#) also found the continued pressure on household budgets has led to a rise in detrimental ‘coping’ mechanisms. For example, 19% of households told us they went without heating (oil/gas) or electricity because of not being able to afford the costs of energy within the previous 24 months. 1 in 10 households admitted to skipping meals to ensure they had enough money to pay for their energy. **This means that choosing between heating and eating is very much a reality for around 100,000 homes in Northern Ireland.**

This research highlights the continued scale of the fuel poverty crisis in Northern Ireland, and its health and wellbeing impacts. The qualitative data sheds light on the experiences of those struggling to affordably heat their homes. For example:

*“Due to being a pensioner, I give up other things to ensure I have money to pay for utilities.”*

*“I am divorced and have my 2 children 3 nights a week. I only turn the heat on when my children are with me.”*

*“I couldn’t afford to buy heating oil so had to put layers of clothes on or stayed in bed”.*

*“Unable to afford oil and already had a loan for oil previous month so went without heat for six weeks whilst having chemo treatment”.*<sup>6</sup>

### **Utility Regulator - ‘Energy Hardship: Consumer Lived Experiences’ (July 2024)**<sup>7</sup>

This recent research on energy hardship looked at the lived experiences of domestic electricity and gas consumers across Northern Ireland struggling to pay their energy costs.

The [report](#) found that overall, most participants were already doing all they could to cut back on energy costs and were tightly managing their budgets, just to get by. For the majority of those interviewed, they had experienced changes in their circumstances (for example marriage breakdown, job loss or health issues) that had resulted in having to manage on a lower income. Many participants had adopted harmful coping strategies in an attempt to reduce their spending on electricity or heating, such as skipping meals or drastically reducing their energy use to levels below their daily living needs.

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<sup>5</sup> Currently, a household in Northern Ireland is regarded as being in fuel poverty if, in order to maintain a satisfactory level of heating throughout the home, the occupants would have to spend more than 10% of their income on all household fuel use. ([Department for Communities](#), 2011).

<sup>6</sup> Lucid Talk, (2023). [‘Northern Ireland \(NI\) Attitudinal Poll – NEA NI’](#).Pg. 14 - 20.

<sup>7</sup> Utility Regulator (2024). [‘Energy Hardship: Consumer Lived Experiences’](#).



This research compliments the findings of the LucidTalk NEA NI poll and highlights the need for greater support for those on lower incomes to protect them against fuel poverty.

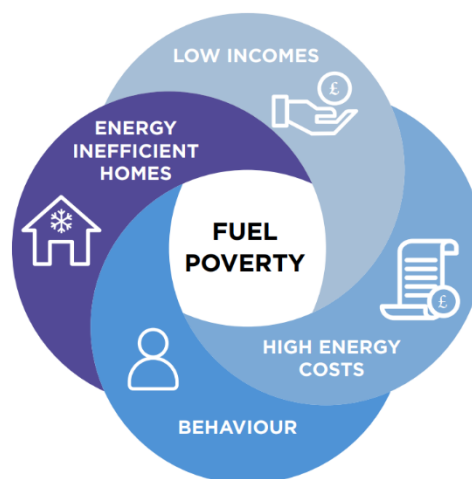
**Q2: Are there any adverse impacts in relation to any of the Section 75 equality groups that have not been identified in section 7 of the EQIA Consultation document? If so, what are they?**

Yes. **Fuel poverty** has not been specifically identified in Section 7 of this EQIA Consultation document as an adverse impact to Section 75 equality groups.

While poverty in a general sense has been identified in places, it is our view that it is important to identify fuel poverty specifically to provide a fuller consideration of how Section 75 equality groups are likely to be impacted by the budget proposals.

**Causes of fuel poverty and vulnerability of Section 75 equality groups**

While anyone can be impacted by fuel poverty, certain groups are especially vulnerable. The primary factors which cause fuel poverty are widely agreed to be low household incomes, high energy costs and energy inefficient homes and energy related behaviour (see Figure 1). As such, any budget decision that will **increase strain on household incomes** (e.g. the decision to restrict the Winter Fuel Payment to those on certain benefits and pension credit) or **reduce efforts to improve domestic energy efficiency** (e.g. reduced funding for the Affordable Warmth Scheme) has the potential to worsen/fail to tackle fuel poverty in Northern Ireland.



*Figure 1 - Drivers of Fuel Poverty*

This has **equality implications** since **older people, babies and young children**, adults with **disabilities** or long-term health conditions, individuals who are socially isolated, carers and **dependents**, are among those most vulnerable to fuel poverty and its impacts.



## **Fuel poverty as an adverse impact of proposed budget decisions**

It is our view that this EQIA should specify fuel poverty as an adverse differential impact of the following budget proposals:

### ***Affordable Warmth Scheme***

The quality of housing (including energy efficiency) is directly linked to levels of fuel poverty in Northern Ireland. Energy efficiency improvements offer a tried and tested cost-effective approach to both alleviating the hardships on fuel poor households and reducing household carbon emissions. Improving domestic efficiency is a crucial part of tackling fuel poverty, reducing NI's greenhouse gas emissions, and supporting a 'Just Transition' to Net Zero.

Therefore, we are extremely concerned by the Department's decision to reduce funding for the Affordable Warmth Scheme. This is counterproductive to achieving 2050 decarbonisation targets and addressing fuel poverty in Northern Ireland. While we are relieved the scheme will continue to receive some funding, the proposed allocation of only £2.0m in 2024/25 is a £6.8m reduction in funding compared to 2023/24. The NI Housing Executive has reported that this would mean 53% fewer households would be able to use the scheme<sup>8</sup>.

This EQIA has identified poverty as an adverse impact of this proposal for Section 75 groups, however we believe it is important to also identify fuel poverty specifically - especially since alleviating fuel poverty is part of the scheme's intended purpose.

We call on the Department to reassess its decision to reduce funding to the Affordable Warmth Scheme and to outline to the Executive the need for more capital funding to invest in this scheme or similar. Improving homes through the implementation of energy efficiency measures is essential to tackling fuel poverty and households need support to do this. These measures will help reduce energy consumption and help consumers save money on their bills.

### ***New Build Social Housing***

We are very concerned that the current proposed budget allocations would only support 400 new social homes starts in 2024/25 – 1,106 fewer than 2023/24. The housing waiting list and the social housing budget appears to be going in different directions. While figures show an 18% increase in the number of applicants on the waiting list over the last ten years, this budget decision would lead to a 73% reduction in the number of new social homes compared to 2023/24<sup>9</sup>.

The provision of affordable good quality housing is vital for tackling fuel poverty. Social homes help reduce prevalence of homelessness, manage affordability for tenants, and in many cases new social homes are more energy efficient, reducing heating costs.

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<sup>8</sup> BBC News, (2024). '[Service cuts within months, warns Housing Executive](#)'.

<sup>9</sup> Homeless Connect (2024). '[Housing and homelessness sector leaders outline 'grave concerns' at social housing new starts figure for 2024/5](#)'.



This EQIA must identify the adverse impact that reduced capital for Northern Ireland’s social housing development programme will have on fuel poverty. We join colleagues in the homelessness and housing sector<sup>10</sup>, in calling for the NI Executive to reconsider DfC’s capital budget for 2024/25, so that more can be invested in the development of affordable, energy efficient housing.

### ***Homelessness***

The Department has outlined that it is unable to increase its homelessness funding allocation in 2024-25. As identified in Section 7.6v, this poses a serious risk since homelessness numbers and associated waiting lists have been increasing year on year. Fuel poverty is obviously linked to homelessness since those experiencing it are without a home that is suitable for their physical needs – including affordable warmth. We ask that the final EQIA document identifies fuel poverty as an adverse impact of inadequate funding for homelessness intervention.

### ***Social Security Benefits and Pensions Delivery, including Child Maintenance***

The Department has identified that insufficient staffing levels pose a risk to operational delivery, including social security benefits and pensions delivery. It is very concerning that this means some claimants could lose their access to welfare support (Section 7.6i). Where poverty has been identified as a potential adverse differential impact of this budget decision, we ask the Department to specify fuel poverty too - since low incomes is a primary cause of fuel poverty, and this budget decision poses a risk to claimants’ access to necessary welfare support (see Figure 1). Most recently, the cut to the universal nature of the Winter Fuel Payment has seen a surge in older people seeking benefit entitlement checks and the lack of support to these pensioners will have detrimental impacts and in extreme cases cause them to miss out on Pension Credit and consequently the Winter Fuel Payment.

### ***Employment Support***

It is disappointing that the Department will be unable to progress an extension of its JobStart Scheme and take forward other parity employment support interventions in 2024-25. Where poverty has been identified as a potential adverse differential impact of this budget decision, we ask the Department to specify fuel poverty too - since low incomes is a primary cause of fuel poverty (see Figure 1), and this budget decision reduces employment support.

### **Q3: Please state what action you think could be taken to reduce or eliminate any adverse impacts in allocation of the Department’s budget.**

Preventing fuel poverty is within the interest of the Department for Communities and its stated function to provide “support to meet the needs of some of the most disadvantaged people, families and communities across Northern Ireland” (4.6) – including “ensuring the availability of

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<sup>10</sup> NIFHA, (2024). [‘Housing and homelessness sector leaders outline ‘grave concerns’ at social housing new starts figure for 2024/25’](#).



good quality and affordable housing” (4.7). Instead, some of the budget proposals risk sustaining or worsening fuel poverty, with equality implications for Section 75 groups.

Evidently it would be preferential to eliminate this adverse impact by not making the proposed cuts as outlined in the Department’s draft budget – and we expect the Department to find ways to avoid these cuts if at all possible. Nevertheless, we recognise that the Department and its funded Arm’s Length Bodies face significant funding challenges in 2024-25 and that the Department’s Resource and Capital DEL bids were not met. As such, we recommend the following mitigating actions to help reduce or eliminate fuel poverty as an adverse impact of the Department’s proposed budget allocations:

### ***Develop and deliver a new Fuel Poverty Strategy for Northern Ireland***

There is a clear need for a strategic, cross-departmental, and cross-sectoral approach to tackle fuel poverty in Northern Ireland and it must be underpinned by a new Fuel Poverty Strategy.

This should include the introduction of a statutory fuel poverty target and minimum energy efficiency standards, especially for the private rented sector. The strategy should also outline commitments to short-term financial support to boost incomes for low income and vulnerable households, and a longer-term commitment to invest in energy efficiency measures in homes in Northern Ireland as part of the Just Transition to net zero. For further information on our recommended policies and principles for the new strategy, see [‘A New Fuel Poverty strategy for Northern Ireland’](#) report, launched last year by the Fuel Poverty Coalition Northern Ireland (chaired by NEA NI).

NEA NI welcomes the Department’s ongoing work to develop this new strategy and the constructive engagement to date. We are committed to continued engagement with Department’s Climate Change Division as members of the Fuel Poverty and Just Transition Reference Panel. We understand that a consultation on the draft strategy is due to be launched in Autumn 2024 and we look forward to engaging with the Department on that.

While development of the strategy is on a positive trajectory, the strategy will achieve very little meaningful change without adequate funding. We urgently call on the Department for Communities to ensure money is allocated to the delivery of the new strategy.

### ***Ensure that money allocated to Northern Ireland from the UK Government’s Warm Homes Plan is spent on improving domestic energy efficiency***

The Warm Homes Plan was included as a commitment in the Labour Party Manifesto 2024, with Labour pledging to “invest an extra £6.6 billion over the next parliament... to upgrade five million homes to cut bills for families” (The Labour Party Manifesto, 2024)<sup>11</sup>. The pledged £6.6 billion over the next Parliament doubles the previous existing planned investment, to a total of £13.2 billion. According to the Energy Saving Trust, the Warm Homes Plan would make provision to

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<sup>11</sup> The Labour Party, (2024). [‘Labour’s Manifesto: Make Britain a clean energy superpower – Warm homes plan’](#).



upgrade over 100,000 homes in Northern Ireland.<sup>12</sup> However, we do not yet know if the money will be ring-fenced for this purpose.

Improving homes through the implementation of energy efficiency measures is essential to tackling fuel poverty in Northern Ireland for the longer-term. We are calling on the Department for Communities and the wider Executive to proactively engage with the UK Government on its Warm Homes Plan and to meaningfully consider options to ensure any funds received will be ring-fenced for investment in improving domestic energy efficiency in Northern Ireland. This is especially important in the light of the proposed further cuts to the Affordable Warmth Scheme.

***Ensure that money allocated to Northern Ireland from the UK Government's extension of the Household Support Fund is spent on protecting against cold homes***

On 2 September, the UK Government announced £421m funding for an extension to the Household Support Fund in England until the end of March 2025. In her statement, the Rt Hon Liz Kendall noted that this fund has been used by Local Authorities in England for discretionary emergency crisis support and key provisions, including items to improve energy efficiency in the home. The Work and Pensions Secretary also noted that “the devolved administrations will receive consequential funding as usual through the Barnett formula to spend at their discretion” (Rt Hone Liz Kendall, 2024)<sup>13</sup>.

We call on the Department for Communities and wider Executive to ring-fence this additional funding for emergency support to mitigate against fuel poverty. For example, by further increasing allocated funding for Discretionary Support (DS) Grants; by increasing work with local charities and community groups to deliver emergency home energy advice and support; or by action to prevent a cliff edge of support for pensioners no longer entitled to the Winter Fuel Payment yet are still struggling to affordable heat their home.

Northern Ireland is in the midst of a fuel poverty crisis. This additional funding could help to alleviate that. We must not see this funding ‘lost’ in the overall NI funding pot, but instead urge the Executive to ring-fence and utilise it to protect the most vulnerable against cold homes.

***Work with and support NICCY and COPNI to protect babies, children, young people and older people from fuel poverty***

As outlined above, older people, babies and young children are among those most vulnerable to fuel poverty and its impacts. Living in a cold home creates health risks for people of all ages, but particularly younger and older people. It is associated with a significantly greater risk of health problems, both physical and mental health.

To mitigate against fuel poverty as an adverse differential impact of this budget, the Department should continue to engage with the NI Commissioner for Children and Young People (NICCY) and the Commissioner for Older People (COPNI) on the issue of fuel poverty specifically. The

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<sup>12</sup> Energy Saving Trust, (2024). [‘New government’s energy pledges: five things your business should know’](#).

<sup>13</sup> UK Parliament, (2024). [‘Statement made on 2 September 2024: Statement UIN HCWS58.’](#)



Department should work with NICCY and COPNI to limit the impact of fuel poverty on the equality groups, especially where fuel poverty poses a risk to their rights. For example, Article 27 of the UNCRC states that “Every child has the right to a standard of living that is good enough to meet their physical and social needs and support their development. Governments must help families who cannot afford to provide this.”<sup>14</sup> Ensuring children have a warm home is crucial to this.

**Q4: Are there any other comments you would like to make in regard to this pro forma or the consultation process generally?**

Yes.

- It is wholly unacceptable that the budget and monitoring round is being allocated and spent without an Executive **Programme for Government (PfG)** in place. A PfG is urgently needed to finally provide long-term strategic direction to NI Departments. A consultation on a draft Programme for Government should be published urgently.
- We agree with the point made in the EQIA consultation document that “the continuation of single-year budgeting does not support the much-needed strategic planning, investment, and public sector reform, required to ensure our public services are inclusive, sustainable and effective in delivering outcomes” (Section 1.1). NI needs a **multi-year budget** to allow for longer-term planning and transformation. It is disappointing that this was not the case for the 2024-25 Budget. We will continue to call for multi-year budgets going forward.
- This draft EQIA document lack details on the cross-cutting nature of the impact of the proposed budget allocations. When considering the impact on Section 75 equality groups, the impact on individuals with **multiple Section 75 characteristics** should be reflected within the EQIA. Budget allocations will impact people with multiple section 75 characteristics, so there is a need for the Department to consider this.
- There is evidence that in some cases EQIAs are not meaningful and have become a ‘tick box’ process in Northern Ireland, rather than a policy development tool<sup>15</sup>. As a respondent to this EQIA, it is in good faith that **we expect the information and evidence provided in this response to be meaningfully considered** when final budget allocations are being made, to reduce negative impacts for people within Section 75 groups. We look forward to publication of the stage 6 EQIA consultation report, detailing how the Department has considered the additional evidence received in responses to this EQIA and how this has influenced its decisions.

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<sup>14</sup> UNICEF (2024). ‘[A Summary of the UN Convention on the Rights of the Child](#)’.

<sup>15</sup> Equality Commission Northern Ireland, (2017). ‘[Effective Section 75 Equality Assessments: Screening and Equality Assessments](#)’.



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