Fuel poverty workshops 21 May 2019

Hilton Hotel Belfast

In Northern Ireland, fuel poverty is measured through the Northern Ireland House Condition Survey. Following the publication of the 2016 Northern Ireland House Condition Survey (NIHCS), and in response to users' needs, the Housing Executive commissioned the Building Research Establishment (BRE) to provide up to date estimates of fuel poverty and to examine the impact of changes in fuel prices on fuel poverty in Northern Ireland. BRE produced two reports, The 'Northern Ireland fuel price ready reckoner for fuel poverty' and 'Estimates of fuel poverty in Northern Ireland in 2017 and 2018'. The House Condition Survey report and the additional fuel poverty reports are available on the Housing Executive's website: https://www.nihe.gov.uk/Working-With-Us/Research/House-Condition-Survey

In May 2019 the Housing Executive held two workshops for users of NI fuel poverty statistics. The aims of the workshops were:

- to help users gain a better understanding of the method used to produce fuel poverty figures for Northern Ireland and how it compares with the methods used in England, Scotland and Wales.
- to provide information on how to use the fuel price ready reckoner.
- to provide information on how the fuel poverty estimates for 2017 and 2018 were produced.
- to get feedback from users about how well the statistics meet their needs and to get their views on possible improvements to the current method.

Each workshop had three presentations:

- Measuring and estimating fuel poverty
- Fuel poverty ready reckoner
- 2017 & 2018 estimates of fuel poverty

Presenters: Jack Hulme & Claire Summers – Building Research Establishment

Delegates:

Morning session	Afternoon session
Pat Austin – National Energy Action	Brian Rankin – Choice Housing
Lucy Cochrane – National Energy Action	Aileen Gordon – ABC Council
Anna Czerwinska – University of Ulster	Jonathan Martindale – Phoenix Natural Gas
Colin Laverty – NIHE	Nigel Brady – Bryson Energy
Andy Frew – NIHE	Roisin O'Neill - NIHE
Olga Scullion - NIHE	Kylia Smith – Department of Agriculture, Environment & Rural Affairs
Bernadine McCabe – Clanmil Housing	Amy Holmes - Department of Agriculture, Environment & Rural Affairs
Claire Shortt – Belfast City Council	Paulino Garcia – Consumer Council
Linda Hyland – Department for the Economy	Kevin Savage – Department for Communities
Fiona McCausland – Department for the Economy	Karly Greene - NIHE
Joanne Henderson – Ards & North Down Council	Jahnet Brown - NIHE
Kevin Savage – Department for Communities	Donna McLarnon - NIHE
Karly Greene – NIHE	
Jahnet Brown – NIHE	
Donna McLarnon - NIHE	

The slides for the presentations are available on the Housing Executive's website: https://www.nihe.gov.uk/Working-With-Us/Research/Corporate-user-engagement

During the workshops a range of issues were discussed. The key points of discussion are outlined below:

1. *Calculation of oil prices*
   The oil price used in the fuel poverty methodology is based on a 3 year retrospective average. Users expressed concern that this wouldn't reflect times when oil prices were particularly high. BRE explained that using a longer term average is a long running assumption used in the fuel poverty statistics in Northern Ireland. The justification for this has always been to allow for better for targeting resources. Oil prices can rise and fall significantly over a short period of time, and taking a point in time when prices were temporarily very high or very low could lead to the calculation of a fuel poverty figure which is either too high or too low. This would make long term planning difficult, particularly in relation to the setting and monitoring of a fuel poverty strategy given that the measurement of fuel poverty is generally every five years in Northern Ireland.

2. *Oil prices and methods of payment*
   The House Condition Survey gathers information about how householders pay for their electricity and gas, but not about paying for oil. Oil is a non-metered fuel and cost will depend on the supplier and the quantity purchased at any point in time (including price differences by season). For example a householder who fills their oil tank will get better value for money than one who purchases a small amount of oil from a garage forecourt. Users asked about the impact this might have on the rate of fuel poverty.

   BRE recognised that this issue is particularly important in Northern Ireland where 68% of dwellings have oil central heating and indicated that if available, information about oil quantities purchased could potentially be incorporated into the fuel poverty model. However, it was noted that any decision on amending the fuel poverty model would be taken by the Department for Communities.

   NIHE will look into what information is available from the Consumer Council and see if it is possible to provide any insight on how oil quantity prices and seasonality might affect the rate of fuel poverty. If, in the future, a decision was taken to incorporate oil quantities into the fuel poverty model NIHE would review the NIHCS questionnaire to determine if more information could be gathered from householders in relation to purchasing habits.

3. *Differences in how regions calculate fuel poverty*
   Northern Ireland, Scotland and Wales use the 10% definition of fuel poverty (although Scotland is due to publish under a new version of this definition next year which may also include the use of a minimum income standard). England uses the Low Income High Costs (LIHC) definition of fuel poverty.

   The workshop covered the main differences in methods across the four nations. The main differences were:
   - In Northern Ireland income is collected by surveyors who also complete the physical survey. In England, Scotland and Wales income is collected by social surveyors in a separate household survey;
   - In England, Wales and Northern Ireland the same heating regimes are used with the same internal temperature in the same heated areas. In Scotland a higher temperature is used for some households (e.g. elderly, permanently sick/disabled) and additional adults and under occupation are not included in the calculation;
   - Due to the fuel mix in Northern Ireland a three year average is used for oil prices.

It was noted that the Northern Ireland House Condition Survey in 2016 produced fuel poverty figures using the LIHC definition in order to allow comparison with England. The key features of the LIHC methodology were presented and how it compared with the 10% definition. The overall rate of fuel poverty using this measure is fairly unresponsive and evidence for this can be seen in the fact that the overall rate in England has stayed around 11% since 2003. This is due to the fact that this is a relative measure (i.e. a household is considered fuel poor relative to the rest of the population).

Further information about the different methodologies used by regions is provided in the slides from the presentation https://www.nihe.gov.uk/Working-With-Us/Research/Corporate-user-engagement

4. *Fuel poverty assumptions*

   Fuel poverty is based on a standardised model which uses required spend on all fuel use rather than actual spend. This removes the problem of behaviour around how people might heat their homes because of different preferences over the level of warmth or to save money. The acceptable temperature in the home used in the fuel poverty model is originally based around those identified by work of the World Health Organisation. The only exception to standard assumptions and where a behavioural aspect is taken into account is for heating regimes and when people are most like to be at home during the day (asked as part of the household survey).

5. *Differences in weather conditions by region*

   The fuel poverty model takes into account the differing weather conditions for regions. This is a long term view with a 20 year average being used.

6. *Ready reckoner for fuel poverty*

   (Please note that after the FP workshop and in response to a query additional explanation is provided below to clarify the method of the ready reckoner in relation to all end uses of the fuel).

   The ready reckoner shows the impact of fuel price changes on the level of fuel poverty in Northern Ireland.

   The prices of the following fuel types were considered: mains gas, electricity, solid fuel, or oil. It also estimated the effect of a rise in fuel price for all 4 fuel types combined.

The fuel price rises simulated by the ready reckoner are applied across all end uses; i.e. a 5% rise in electricity prices is applied to any aspect of heating, hot water use, lighting, appliances and cooking that require electricity.

The ready reckoner shows that changes in the prices of oil and electricity have almost the same effect on fuel poverty, and that both these fuel types have the biggest effect on fuel poverty (compared to other fuel types).

The fuel costs used in the fuel poverty calculation include the cost of both heating fuels and domestic electricity. There was a query about whether the effect on fuel poverty of different electricity price changes could be applied for different end uses of electricity; e.g. one price changes applied for lights & appliances end use, and a different one for heating from the same fuel. Such a scenario may occur with time of use tariffs and / or microgeneration.

BRE acknowledged that the ready reckoner applied only one price change for each fuel, albeit across all end uses of the fuel, and was not able to allow for different price changes across different combinations of fuels to be made. For example, it was able to simulate the effect of a 10% rise in oil price only, and a 5% rise in electricity price only, but not a 10% rise in the oil price in combination with a 5% rise in electricity at the same time. Users asked about the possibility of a ready reckoner which includes a combination of scenarios reflecting the mix of fuel types.

NIHE and BRE will investigate the feasibility of amending the ready reckoner to incorporate these requests.