

# ENERGY STRATEGY FOR NI CONSULTATIONS ON POLICY OPTIONS

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## Response to Consultation

### Key points

- We agree with the ambition in making energy simple for people and develop policies that enable and protect consumers through the energy transition. Affordability and fairness will need to be key considerations in all policy decisions.
- We welcome economic opportunities, creation of new jobs, and the growth of a low carbon skills base through innovation and competitive strengths.
- We agree with the setting of clear targets, standards and regulations that drive improvements in energy efficiency. Consumers need to be supported to understand energy efficiency, to invest in buildings and make changes that reduce their energy use.

**2 July 2021**



## ABOUT NIFHA

The Northern Ireland Federation of Housing Associations (NIFHA), established in 1977, is the representative body for NI's 20 registered housing associations.

Our members are all not-for-profit housing organisations. Together, supported by the Department for Communities and the Northern Ireland Housing Executive, they provide more than 55,000 social and affordable homes.

In addition to providing social rented homes, housing associations also deliver high quality care and support to help people stay as independent as possible. Working in partnership with other organisations, they also invest millions each year in community services and facilities.

The sector employs more than 3,200 people and manages housing assets worth £4 bn.

## CONSULTATION COMMENTS

NIFHA welcomes the opportunity to respond to this consultation, and does so in relation to domestic properties, and more specifically social rented homes and the tenants who live in them.

### 1. PLACING YOU AT THE HEART OF OUR ENERGY FUTURE

Meeting a 2050 target of net-zero and affordable energy will be a complex one requiring significant cross-departmental working to ensure success. Domestic homes are a significant contributor to NI's carbon emissions, and within that, the social housing sector (housing associations and the Northern Ireland Housing Executive (NIHE)) comprising some 140,000 homes forms a significant subset of domestic buildings. The Northern Ireland Federation of Housing Associations (NIFHA) supports the Department's proposed timeframe. In order to achieve this, a clear roadmap to meet the target will be required.

Housing associations provide housing to some of the most vulnerable in our communities. We agree with the ambition to make energy simple for people and to develop policies that enable and protect consumers through the energy transition. Affordability and fairness will need to be key considerations in all policy decisions. With the House Condition Survey (2016) estimating that approximately 22 per cent of households in Northern Ireland were in fuel poverty<sup>1</sup>, the cost of fuel during or after the energy transition cannot be expensive if we are to meet zero carbon and affordable energy.

The strategy ambitions affect two of the three factors influencing fuel poverty i.e. energy efficiency and energy costs. If the departments target is met – with improved energy efficiency of homes, plus the desire for “affordable” energy to be built into the strategy, then the risks of fuel poverty should

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<sup>1</sup> 4 House Condition Survey 2016, NIHE, p.17, <https://www.nihe.gov.uk/Documents/Research/HCS-2016-Main-Reports/HCS-Main-Report-2016.aspx>

be reduced for consumers. Allowing our most vulnerable be protected from fuel poverty and create better health outcomes for the tenants.

Registered social landlords have unique opportunities and challenges in helping to meet the target. Most housing association homes that will be occupied in 2050 have already been built and will require some sort of retrofitting to reduce their energy consumption. BRE research for NIHE indicates that it could cost an average of £12,300 per social rented home to bring an estimated stock of 82,000 poorer EPC rated homes up to an EPC band B<sup>2</sup>.

On the one hand, this is a potentially very expensive programme of work, yet on the other it could provide economies of scale and easily identified “low hanging fruit” for a large scale domestic retrofit programme.

Given the role of social housing in providing good quality homes for lower income households, housing associations will be unable to meet energy targets without either passing the costs on to the tenants or seeking government support to improve properties. We do not believe passing the cost to the tenants is the right approach if we are to achieve the target in an affordable way for consumers.

For new build social homes, currently being built at a rate of between 1,800-2,000 new homes per year, the building regulations do not yet mandate a net zero carbon standard for new-build but we welcome the phased approach to refining building standards. The sector sees merit in modular and offsite construction methods that can significantly reduce the energy consumption when constructing new homes.

Registered Social Landlords do not easily sit in any of the four consumer population groups identified in the draft strategy, so we believe that the four groups should be increased to five, to include Registered Social Landlords (RSLs) as a separate group. The strategy, in talking about consumers, does not recognise the very different circumstances of owner occupiers and renters, nor the scale of the challenge that social housing landlords will have. Through retrofitting their homes, social landlords will need to bring their tenants on a customer journey, one where they are not empowered to effect as much change as an owner occupier might so the message for tenants will need to be tailored in a different way from owner-occupiers.

While it will be necessary for funding to be made available to housing associations to prevent retrofitting costs being passed on to tenants through higher rents, consideration will also need to be given to a funding package for those who bought their social homes under the house sales scheme who may need financial support to meet their contribution towards fabric improvements being made to blocks of flats or a property where they are a home-owner but with a leasehold within a housing association owned building.

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<sup>2</sup> Building Research Establishment (BRE) on behalf of the Northern Ireland Housing Executive. ‘Cost of carbon savings in Northern Ireland’s housing stock’ published 31 Mar 2021, p12  
<http://www.nihe.gov.uk/Documents/Research/Single-Downloads/Cost-of-carbon-savings-in-NI-housing.aspx>

## 2. GROWING A GREEN ECONOMY

We welcome the provision of economic opportunities, creation of new jobs, and the growth of a low carbon skills base through innovation and competitive strengths.

NIFHA believes that there are challenges in terms of retrofitting the existing social homes to the right standard in terms of technologies used, cost and skills capacity. Quality of products and installation and skills capacity will be paramount in delivering on net zero carbon and landlords will need reassurance that the investment being made is one backed by a quality assurance framework.

Skills capacity could be facilitated by targeting training and opportunities should be made to build a local skills base. Housing associations are well placed to facilitate the journey into training and work, given their existing record of assisting tenants in training and employment opportunities.

## 3. DO MORE WITH LESS

We agree with the setting of clear targets, standards and regulations that drive improvements in energy efficiency. Consumers need to be supported to invest in buildings and make changes that reduce their energy use. NIFHA supports a minimum energy efficiency target for domestic properties, using an easily understood metric such as EPC ratings.

However, there are risks in meeting a minimum standard for retrofit. If the costs of the work are prohibitive it may not be financially viable to upgrade certain properties and they may then need to be taken out of the social housing stock which could impact on housing demand and waiting lists. There is also the risk that certain retrofit measures, such as internal drylining could make rooms too small and make properties too small to be viable social homes, again impacting on stock levels and waiting lists.

A one stop shop advice service will be critical to change hearts and minds. The service needs to be tailored to all domestic sectors – tenants, landlords and homeowners. All three will need different levels of support and advice, and for landlords, this advice needs to meet the needs of refurbishment at scale. There may be new technologies and ways of thinking that consumers will need to be aware of to maximise their own energy efficiency.

- For landlords, information on products, technologies, modelling of costs, cost savings and EPC uplifts would be beneficial, as would an ability to advise on large-scale planned works.
- For consumers, information and advice on a wide range of areas will be necessary – such as good energy behaviours and comprehensive information on lighting, white goods, consumer electronics, using heating controls etc. so that all households, regardless of tenure can make a difference.

We would like to see the advice service supported by government but not run by it. To engage the consumer, it needs to be independent and impartial.

We do not support the use of the Rates system as an incentive tool for driving energy efficiency as there is a disjoint in social rented homes where the rates are paid by the tenant, but they have no

control over fabric improvements to the property that could reduce rates bills, so tenants could be unfairly penalised until their home was scheduled for retrofitting.

On the options for decarbonising the energy system and on the infrastructure required to meet that, our sector is not best placed to comment, however whatever routes are taken, knowing at the earliest possible stage what those options are, and how they will be delivered, will be invaluable to housing associations. Our asset management plans run 10-15 years into the future and heating system maintenance and upgrades are a key part of those plans, so fundamental changes to how we heat homes will need to be built into the asset management of all housing associations and the 55,000 heating systems that they maintain.

### **Submitted on behalf of NIFHA by:**

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