



Irish Rural Link
Nasc Tuaithe na hÉireann

**Submission to the Joint Oireachtas
Committee on Social Protection, Community
and Rural Development and the Islands on
Energy Poverty, Fuel Allowance and
Retrofitting of Rural Homes**

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Rialtas na hÉireann
Government of Ireland

Overview

Irish Rural Link (IRL) is the national network of rural community groups, representing over 600 groups and thousands of individuals committed to socially, environmentally and economically sustainable rural communities.

We welcome the opportunity to make a submission and present to the Joint Oireachtas Committee on Social Protection, Community and Rural Development and the Islands to discuss energy poverty, fuel allowance and the retrofitting of homes in rural and urban areas. The focus of this submission will be on rural households.

Energy poverty has been an issue for rural households for many years, even before the energy crisis. The size and nature of the housing stock, especially older housing stock, make rural households more vulnerable to experiencing energy poverty. The ESRI report *Energy Poverty and Deprivation in Ireland*ⁱ highlighted that the level of inflation being experienced at present is “higher for lower-income, older and rural households as a result of their patterns of expenditure”. A report by the Central Bank found that the carbon intensity of households is key to explaining vulnerability in the transition to net zero, with rural and, low-income households most at riskⁱⁱ.

The average salary among rural households is lower than the state average. With average disposable income at €19,000 (CSO, 2024)ⁱⁱⁱ. The annual MESL¹ report also shows that low income households in rural areas have a deeper income inadequacy than their urban peers, mainly due to higher energy and transport^{iv}.

Heating systems in rural homes, especially homes built up to the mid-2000’s, still rely heavily on fossil fuel to heat their home. The current policy commitment in Ireland is to increase CO2 taxes from €41 per tonne (2022) to €100 per tonne in 2030. Carbon tax will continue to be imposed each year and this will have a greater impact on low-income and rural households.

The SEAI retrofit programme has been welcome and IRL have worked with SEAI in the past to raise awareness and promote retrofitting of homes. However, we feel that grants and schemes are not targeted enough for those who need them the most. Eligibility for Fully Funded Energy Upgrades/Warmer Home Scheme is dependent on eligibility for fuel allowance. We welcome the extension of the fuel allowance to over 70s but we are aware of the impact income thresholds is having on single older people who may be living in an old house with no central heating or dependent of peat and turf to heat their home.

¹ MESL is the Minimum Essential Standard of Living. This looks at the cost of a basket of goods and services such as food, heat, transport, clothing, healthcare, housing, education deemed essential for a minimum standard of living.

There is still a lack of awareness and knowledge of what changes people need to do to make their homes more energy efficient and even a fear of using the technology that comes with new heating systems. Cost continues to remain one of the main barriers with the lack of construction workers and tradespeople to carry out the work impacting the length of time people have to wait to get work done.

Energy Poverty

It is now accepted that other factors along with low income can influence energy poverty such as; location, tenure, household composition, year of construction and type of fuel used. Rural households as well as low income households are more vulnerable to energy poverty due to the very nature of the housing stock in rural areas, especially older housing.

The number of people at risk of poverty and living in consistent poverty has increased according to the most recent CSO SILC² figures for 2022. It showed that 5.3% of the population was living in consistent poverty, up from 4% in 2021. There was also an increase to 13.1% of people 'at-risk of poverty' from 11.6% in 2021. The biggest increase in the 'at risk of poverty' were among persons aged 65 or over which increased from 11.9% in 2021 to 19% in 2022^v. There was also an increase in enforced deprivation up from 13.8% in 2021 to 17.7% in 2022. The number of people unable to adequately heat their home or went without heat at some stage throughout the year also increased among different cohorts. 18.3% of people living in one-adult households with children under 18 were unable to adequately heat their home in 2022, while 23.8% of this cohort went without heat at some stage over the year. 22.5% of people who are unemployed have gone without heating at some stage in the last year, up from 17.6% in 2021^{vi}. As these figures are based on 2021 data, we expect these figures to increase further for the next few years as a result of the impact of the energy crisis of 2022 and 2023 on these households.

Rural households have lower disposable incomes and have deeper income inadequacies than their urban peer households. Disposable incomes in many rural counties are below the state average. Donegal had the lowest level of disposable income per person in 2021 at €19,253. This compares to Dublin's disposable income per person stood at €27,958, 15% higher than the state average, having risen a further 3.8% from 2020. The border and midland regions are consistently below the state average for disposable income. Income for the Midlands region was 10.9% below the state average per person. This is followed by the border region^{vii}.

Rural households, especially low income households have higher expenditure costs mainly due to higher energy and transports costs. They can spend up to 40% more on energy than urban households. Cumulatively, from March 2020 to March 2023, the MESL home energy

² Survey on Income and Living Conditions

costs³ for rural based households increased by 75.8%^{viii}. While low-income and rural households spend a higher proportion of their income on energy they produce lower Co2 emissions. Average annual Co2 emissions in the highest income group (top 20%) is over double (110%) than the lowest income group 12.4 tonnes v's 5.9%. (Central Bank of Ireland, 2023)^{ix}.

The following tables highlights the income inadequacies for household types in receipt of a social welfare payment and 2 adults employed full-time in minimum wage jobs and living in social housing. It highlights the higher income inadequacies for rural households compared to their urban peers.

Income Inadequacies by Household Type in Receipt of SW Payment

Household Type	Rural	Urban
2 Parents with 1 infant	-€152.31	-€60.31
2 Parents with 2 Children (1 pre-school, 1 primary)	-€137.58	-€43.12
2 Parents with 2 Children (1 primary, 1 secondary)	-€215.88	-€124.13
2 Parents with 3 Children (1 infant, 1 pre-school, 1 primary)	-€159.46	-€64.64
2 Parents with 4 Children (2 primary, 2 Secondary)	-€308.03	-€210.27
One Parent with 1 child (Primary school)	-€153.77	-€51.48
One Parent with 2 Children (1 pre-school, 1 primary)	-€138.26	-€33.58
One Parent with 2 Children (1 primary, 1 secondary (Jobseeker transition))	-€216.51	-€114.44
Pensioner Living Alone (non-contributory)	-€93.07	-€32.45
Pensioner Living Alone (Contributory)	-€82.45	-€22.63

Source: Vincentian MESL Research Centre MESL 2023

The 2023 MESL showed deepening income inadequacies among households who are working on minimum wage with these inadequacies larger for households in rural areas for most of the household types looked at. There was also an increase in the number of households experiencing income inadequacy.

³ The MESL basket of goods for rural households, bases energy costs on Home Heating Oil and does not factor in income spent on other fuels such as peat briquettes, coal and turf.

Income Inadequacies by Household Type with 2 Parents in Full Time Employment earning minimum wage (living in social housing)

Household Type	Rural	Urban
2 Parents with 1 infant	+€5.05	+€160.64
2 Parents with 2 Children (1 pre-school,1 primary)	-€73.09	+€54.43
2 Parents with 2 Children (1 primary, 1 secondary)	-€132.01	+€26.72
2 Parents with 3 Children (1 infant, 1 pre-school, 1primary)	-€127.48	-€25.79
2 Parents with 4 Children (2 primary, 2 Secondary)	-€273.71	-€135.90

Source: Vincentian MESL Research Centre MESL 2023

The evidence above highlights the need for more targeted measures to support low income households to be lifted out of poverty and energy poverty. While fuel allowance is an income support available to some low-income households, the cohort of people eligible for the payment is still quite narrow. We welcome the expansion of the eligibility of the allowance in Budget 2023 to people over the age of 70 years, whether they live on their own or in a couple. However, we are aware of cases where people living alone are not eligible as they are over the income threshold for a single person. These households, especially in rural areas still struggle to adequately heat their homes as the house is old and poorly insulated.

Retrofitting of Rural Homes

Census 2022 results on housing showed that over 21,000 households had no central heating in their homes. Almost 68,000 households (67,891) still use peat including turf as their main source of heating. Although the number has been steadily decreasing in recent years, down from over 90,000 in 2016. The use of peat including turf as a source of heating is higher among households where the head of the household is aged over 65 years of age at 28,351. This figure reduces as the age of the head of the household reduces. Over 6,941 households over the age of 65 has no central heating^x.

The National Residential Retrofit Plan^{xi} aims to achieve the equivalent of 500,000 homes retrofitted to a BER rating of B2/cost optimal or carbon equivalent and installation of 400,000 heat pumps in existing premises to replace older, less efficient heating systems by end 2030. Almost 48,000 (47,953) residential properties upgraded in 2023, of which 17,317 were upgraded to a B2 energy rating or better. Over 67,400 applications were received.

There were 13,983 applications received for fully funded energy upgrades. However, just 5,898 properties were upgraded under this scheme^{xii}. None of the properties were upgraded to a B2 or higher⁴. Since 2015 to end of January 2024, SEAI have supported 220,828 property upgrades with over 40,000 homes achieving a BER rating of B2 or better.

While IRL welcome the work being done through the different schemes, the low number of fully funded energy upgrades is a concern. These are the households that are most at risk of experiencing fuel poverty, due to low income but also poor energy efficient homes.

The lack of contractors available to carry out the work and the length of time from application is also a concern. At the end of Q3 2023, there were just 36 contractors carrying out work under the Warmer Home Scheme. It can take up to 2 years for work to be completed.

While the number of houses being retrofitted continues to increase there still remains many barriers for people to undertake projects and those most in need of home retrofitting are not being prioritised. Targeting the worst performing homes first by prioritising older homes with a BER rating of E, F or G on the waiting list must begin to happen.

Barriers to Retrofitting

The following are some of the barriers low income and rural households face when it comes to retrofit their home.

Lack of Awareness and Knowledge

Although the different SEAI grants and schemes have been available for a number of years now and more households have availed of them, there is still a lack of awareness, knowledge

⁴ SEAI states that achieving B2 or better is not a key priority for Fully Funded Energy Upgrades as they are often upgrading the worst performing home.

and indeed understanding on how to access these grants and schemes, which grants/schemes you are eligible for and how to go about applying for these grants and schemes.

For people who may not have the digital skills, devices or broadband or have family, neighbours close by who could assist them, this is a barrier for these people to get information or apply online for one of the grants or schemes. Even to understand the application process, the work involved and how new heat systems work can be difficult for some cohorts of people. They can find when there is no one available in person to speak to and explain the process and what exactly they are eligible for, it deters them from engaging.

Cost of retrofitting

The cost of retrofitting is very expensive and with the cost of building material continuing to increase, the cost to do the work has also increased. Ireland has one of the highest costs to retrofit a home across the EU. The average cost to bring a residential property from an E1 BER to and A3 BER prior to receiving a grant under the SEAI One Stop Shop Service ranges from €42,875 for an apartment to €64,507 for a detached home^{xiii}. This can be higher depending on the contractor's or tradesperson's price and level of work done.

Even with grants and schemes available these costs are out of reach for the majority of rural households given the extent of the work needed to be done to bring a home to a minimum of B2 rating.

Access to Finance

IRL welcome the introduction of Government-backed, low-interest home energy upgrade loans announced in October 2023. It is planned that these loans will be available to householders who might not have the upfront cash to pay for retrofitting work. However, these loans are not due to be available until sometime during Q1 2024 and we still await more details on these loans; what the interest rate will be and which retail lenders will participate in the scheme^{xiv}.

At present green loans with Bank of Ireland and AIB are at approximately 6.4% APR. While interest rates are expected to be below market rate, with higher ECB interest rates we are concerned that these loans will still be out of reach for those that need them the most.

IRL would call for credit unions to be the key lender in this scheme. Low income households and older people find it harder to access credit from pillar banks. Credit Unions are in a better position to serve these households and there is a greater level of trust in credit unions among these cohorts.

Length of Time to Complete Work

The length of time it takes to complete work from application to when final BER assessment is completed can take up to two years. The lack of contractors and tradespeople has impacted greatly on this. For the Fully Funded Energy Upgrades the SEAI advise applicants that it may take more than a 2 year waiting time before the work is fully completed from initial

application stage^{xv}. The table shows the approximate wait times for each stage of the application process

Approximate Wait Times for Completion of Work under Fully Funded Energy Upgrade Scheme:

Application Stage	Approx. Wait Time from Application
Pre-Works BER	8-10 months
Survey	14 months
Works Completed	24 – 26 months
Post Works BER/Inspection	2-3 months after works completed

Source: SEAI

Disruption and Inconvenience

Given that work under some schemes may take over two years to complete, this can cause a lot of disruption and inconvenience for the homeowner. If they need to move out of their home until work is completed this can cause an extra inconvenience. It can also include an extra cost on the household if they have to rent for the period the work is being completed. This can make households, especially older people more hesitant to proceed with projects.

People do not Own their Home

For people who are living in Local Authority or Approved House Body housing or are renting in the private rental sector, they have no control whether their home can be retrofitted or not. While Local Authorities and Approved Housing Bodies are engaging in the National Retrofitting Plan, the pace at which these houses are upgraded is slow. For people renting in the private rental market, they are dependent on the landlord to carry out the work. If a landlord does carry out work, it may involve tenants having to move out and increased rent. In a market with there is limited supply of private rental accommodation and very high rents, this impacts more on low income households and those in receipt of Housing Assistance Payment (HAP).

Shortage of Contractors and Tradespeople

The shortage of tradespeople in the construction sector is impacting on the rollout of the retrofitting programme and causing delays in completion of projects. This is a particular problem for smaller, more remote communities. Ensuring there are enough qualified tradespeople must be a priority for Government if the targets set out in the National Retrofit Plan will be met.

Recommendations

The following are recommendations IRL believe could improve the uptake and rollout of retrofitting of homes in rural communities.

Awareness raising roadshows

Continuing to raise awareness of upgrading the energy efficiency of a home is essential to increase the uptake. This includes; making people aware of what grants/schemes are available, the eligibility criteria for the different grants and schemes, what other financial supports or loans are available, what is the different grants/schemes available and which one best suits the house type, people's income and their energy needs. Contractors also need to be honest about the upfront costs, how long it will take to draw down the grant/scheme and the length of time the project will take. IRL believe there is a need for regular roadshows across the country with all stakeholders involved available to speak with people to address their questions and their concerns.

Physical One Stop Shop Clinics

While the One Stop Shop scheme has helped streamline the retrofitting process, it is still out of reach for many low-income and rural households. IRL believe having a physical one stop shop would be more inclusive and allow those who do not have the digital or literacy skills to access information online or find it difficult to understand the process to drop into a physical clinic to talk to someone in person who would explain details to them. These clinics could be held in the local Post Office, community centre, local sporting club, credit union etc.

Community Outreach Programme

IRL proposed a Community Energy Outreach Programme to the Minister and his Department of Environment, Climate and Communications. This programme would be similar to previous community outreach programmes IRL delivered namely; Digital Switchover, Eircode and most recently the Covid-19 Community Outreach. The aim of the Programme is to ensure that vulnerable groups and households receive necessary assistance through the distribution of clear, concise, and accurate information and advice in relation to retrofitting, alternative fuel sources and fuel poverty. The programme will also incorporate the Government's National Retrofit Plan. Irish Rural Link working in conjunction with local Authorities and SEAI across Ireland would facilitate households to source the relevant information for them and also enable efficient and timely reporting of issues on retrofitting and energy and fuel poverty.

Community Champions, who have worked on our previous programmes would use their experience and vast networks will work to reach the almost 70,000 households who rely on turf as their main fuel source and do not have the financial resources or capacity to retrofit their homes.

Access to Finance

IRL see a greater role for Credit Unions in the rollout of the retrofit programme. As mentioned, credit unions are often the only financial institute that low-income households and older people can access loans from. If the Government are committed to a just transition and that no one will be left behind, low-income and rural households must be prioritised to be able to access the low interest loans due to come on stream in the next few months. A more targeted approach to support these households now needs to be taken. Reducing the upfront costs for households will be essential to increase uptake among those households most in need of improve the energy efficiency of their homes. Credit Unions must be the key lender in the new Government backed, low interest loans.

Address Anomalies in Fuel Allowance

The increase in the eligibility of Fuel Allowance to the over 70 age cohort has helped many more households become eligible for the Fully Funded Energy Upgrade scheme. However, IRL are aware of the difficulty some over 70's still faces in accessing fuel allowance. Due to the income thresholds in place, a couple may qualify for fuel allowance as their joint income is below the income threshold for a couple but if a spouse or partner passes away, the person left may become ineligible for the allowance if their income is above the single income threshold. The energy costs for the single person remains the same but are now more at risk of energy poverty as they have a reduced income and have lost the financial support. IRL would recommend that these income thresholds are reviewed and that no person should be made worse off if they are no longer eligible for fuel allowance.

Increase training of Contractors and Tradespeople

The lack of tradespeople and contractors is slowing the number of retrofits that can be done and delaying jobs that have been approved. Creating training opportunities for tradespeople who may need to upskill is now needed and looking how migrants can be retrained or have relevant qualifications recognised quicker could help address the skills shortage needed to reach our targets. With only 36 contractors available for the warmer home/fully funded grant schemes, encouraging more contractors to get involved and also encouraging local tradespeople to sign up must now happen.

Conclusion

Low and inadequate income have always been associated as the main cause of energy poverty. However, other factors such as; location, tenure, household composition, year of construction and type of fuel used are now considered to also contribute to it. Low income and rural households continue to be most at risk of energy poverty.

Rural households have lower rates of disposable income. They also have deeper income inadequacies than their urban counterparts mainly due to the higher cost of energy and transport. Low income households produce the least amount of Co2 emissions but many continue to be penalised and pay higher prices for energy as they are unable to afford to make the changes to their homes to greener heating systems. Many low-income households also do not own the home they live in so they are dependent on others to make the necessary changes to improve the energy efficiency and reduce their energy costs.

While the number of homes being retrofitted is increasing, there are still many barriers for people to access grants and schemes. More targeted approaches are needed to ensure the worst performing homes are retrofitted first. The cost of retrofitting is still beyond the financial capacity of many rural and low income households who are not eligible for the fully funded energy upgrade schemes. The new Government backed, low interest loans due to be introduced in 2024 need to be targeted at these households and credit unions must be one of the main institutes providing these loans. The shortage of contractors and tradespeople is impacting the length of time it takes for work to be completed and indeed for work to begin once an application is approved. Fast tracking training for upskilling of construction workers is now needed and also to look at the skills migrants coming to the country have that may be suitable for this work. There is still a lack of awareness and understanding of the retrofitting process and the benefits it can make to a household.

The barriers to retrofitting that still exist must be addressed quickly if the targets contained within the National Retrofit Plan are to be met. More targeted measures to support low income and rural households are now needed to reduce the risk of energy poverty among these cohorts and lift those already experiencing energy poverty out of it.

Irish Rural Link the Organisation

Irish Rural Link (IRL), formed in 1991, is a national network of organisations and individuals campaigning for sustainable rural development in Ireland and Europe. IRL, a non-profit organisation, has grown significantly since its inception and now directly represents over 600 community groups with a combined membership of 25,000.

The network provides a structure through which rural groups and individuals, representing disadvantaged rural communities, can articulate their common needs and priorities, share their experiences and present their case to policy-makers at local, national and European Level.

Irish Rural Link is the only group represented at the national social partnership talks solely representing rural communities' interests.

'Our vision is of vibrant, inclusive and sustainable rural communities that contribute to an equitable and just society'

Irish Rural Link's aims are:

- To articulate and facilitate the voices of rural communities in local, regional, national and European policy arenas, especially those experiencing poverty, social exclusion and the challenge of change in the 21st century.
- To promote local and community development in rural communities in order to strengthen and build the capacity of rural community groups to act as primary movers through practical assistance and advice.
- To research, critique and disseminate policies relating to rural communities including issues such as sustainability, social exclusion, equality and poverty
- To facilitate cross-border networking between rural communities

'Our mission is to influence and inform local, regional, national and European development policies and programmes in favour of rural communities especially those who are marginalised as a result of poverty and social exclusion in rural areas.'

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- ⁱ Barrett, M. et al (2022) “Energy Poverty and Deprivation in Ireland” ESRI Research Series No.144 June 2022 [Energy Poverty and Deprivation in Ireland \(esri.ie\)](https://www.esri.ie/energy-poverty-and-deprivation-in-ireland)
- ⁱⁱ Adhikari, T. et al (2003) “An Estimate of Climate-Related Transition Risk in Irish Mortgage Lending” Central Bank of Ireland Financial Notes Vol.23, No.1 https://www.centralbank.ie/docs/default-source/publications/financial-stability-notes/an-estimate-climate-related-transition-risk-irish-mortgages-lending.pdf?sfvrsn=ffea981d_5
- ⁱⁱⁱ CSO (2024) “County Incomes and Regional GDP 2021” <https://www.cso.ie/en/releasesandpublications/ep/p-cirgdp/countyincomesandregionalgdp2021/>
- ^{iv} Vincentian MESL Research Centre (2023) MESL 2023 Annual Update <https://www.budgeting.ie/publications/mesl-2023/>
- ^v CSO (2023) SILC report 2022 <https://www.cso.ie/en/releasesandpublications/ep/p-silc/surveyonincomeandlivingconditionssilc2022/poverty/>
- ^{vi} CSO (2023) SILC Deprivation Report 2022 <https://www.cso.ie/en/releasesandpublications/ep/p-silced/surveyonincomeandlivingconditionssilc2022/forceddeprivation2022/>
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- ^{xiii} SEAI Cost of Retrofit <https://www.seai.ie/publications/One-Stop-Shop-Average-Works-Cost-August-2023-English.pdf>
- ^{xiv} Parliamentary Question 25th Jan 2024 <https://www.oireachtas.ie/en/debates/debate/dail/2024-01-25/15/?highlight%5B0%5D=retrofit&highlight%5B1%5D=loan&highlight%5B2%5D=home&highlight%5B3%5D=loan&highlight%5B4%5D=home&highlight%5B5%5D=loan&highlight%5B6%5D=home&highlight%5B7%5D=loans&highlight%5B8%5D=homes#s19>
- ^{xv} SEAI Fully Funded Energy Upgrades Scheme <https://www.seai.ie/grants/home-energy-grants/fully-funded-upgrades-for-eligible-homes/>