

Joint Committee on Social Protection, Community & Rural Development & the Island

Wednesday 28th February 2024

Opening Statement: Rónán Hession

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Introduction

I would like to thank the Joint Committee for the invitation to attend here today to discuss energy poverty, specifically in reference to the retrofitting of homes and the suitability of fuel allowance to meet the needs of people both in urban and rural areas.

My name is Rónán Hession and I am the Assistant Secretary General in the Department of Social Protection with responsibility for working age income supports, including the Fuel Allowance scheme. I am joined by Simon Shevlin, Principal in the area, and Helen Kilcullen, Assistant Principal.

Context

The Government published its Energy Poverty Action Plan in December 2022. Though led by the Department of the Environment, Climate and Communications, it is a whole of Government plan which involves key actions for our department, including through targeted social welfare income supports.

In the Plan, energy poverty is defined as an inability to heat or power a home adequately. In Ireland, energy poverty is currently measured using an expenditure-based method, where a household is considered to be in energy poverty if it is spending more than 10% of its income on energy. The actions in the Plan fall into two overarching categories – near term, where income supports have an important role to play, and medium term, with the focus on using deeper energy efficiency upgrades to help tackle the root causes of energy poverty and ensure an inclusive and just transition to a carbon neutral society.

Fuel Allowance

In terms of income supports, Fuel Allowance is a means tested scheme that assists pensioners and other welfare dependent householders with meeting the cost of their heating needs during the winter season. The scheme is longstanding within the social welfare system and has evolved over many years.

The allowance represents a contribution towards a person's normal heating expenses but is not intended to meet those costs in full. The allowance is €33 per week and is added to a person's primary payment during the 28 weeks of the fuel season, which this year runs from 25 September 2023 to 5 April 2024.

There has been a significant increase in the cost of the scheme, which has more than doubled in the past five years and now stands at over half a billion euro.

Main Qualifying Conditions

Only one Fuel Allowance is paid to a household. For those under 70, it is payable to those who:

- are in receipt of a long-term social welfare payment,
- satisfy a means test, and
- who are either living alone or who satisfy the scheme's household composition rule.

A person aged 70 or over does not need to be in receipt of a Social Welfare payment to apply for Fuel Allowance. The option to receive the allowance in 2 lump sums was introduced in the 2017/2018 fuel season. In December 2023, some 26% of customers had opted for payment via lump sum.

Recent Budget Changes

There have been a number of important changes to Fuel Allowance in recent Budgets. In Budget 2023, the Minister announced the largest ever expansion of the Fuel Allowance Scheme.

- In January 2023 a new means threshold was introduced for people aged 70 years and over, of €500 for a single person and €1,000 for a couple.
- In addition, for people aged 70 or over, the amount of capital that is disregarded was increased from €20,000 to €50,000. Savings over €50,000 are assessed on a proportionate basis only.
- The weekly means threshold for those aged under 70 was increased by €80 to €200 above the appropriate rate of State Pension (Contributory).

- Also from January 2023, Disablement Benefit and Half-rate Carers Allowance payment are disregarded when assessing means for Fuel Allowance purposes. Disablement Benefit also no longer disbars a household from receiving the Fuel Allowance payment.

As part of Budget 2024, an additional payment of €300 for Fuel Allowance recipients was paid in November 2023.

Household Benefits

The Household Benefits package comprises the electricity or gas allowance, and the free television licence. The gas or electricity element is paid at a rate of €35 per month for 12 months of the year, with one benefit paid per household. Last year, the weekly means threshold for those aged under 70 was increased from €120 to €200 above the appropriate rate of State Pension (Contributory).

Supplementary Welfare

Under the Supplementary Welfare Allowance scheme, a Heating Supplement may be paid in certain circumstances to assist people with special heating needs, for example due to ill health, infirmity or a medical condition. At the end of December 2023, there were 950 people in receipt of this supplement.

The Department may also provide Additional Needs Payments to help meet necessary expenses that a person cannot pay from their weekly income. Over 5,800 payments were made at a total cost of almost €3m to assist with the payment of household bills and heating costs in 2023.

Finally, a Fuel Supplement may be paid in lieu of Fuel Allowance. This is most commonly used where a person has been in receipt of a qualifying long-term Department of Social Protection payment and moves temporarily to a non-qualifying short-term payment. There were 118 recipients of the Fuel Supplement on 31 December 2023.

I trust this is assistance to the Joint Committee. We are happy to help with any questions.