



Theme 7: Focus on Fuel Poverty

EC SO6001: Sustainable Communities & Global Development



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What is fuel poverty?

- A household in Wales is in fuel poverty
 - if they spend 10% or more of their income on energy costs,
 - including Housing Benefit,
 - Income Support
 - or Mortgage Interest
 - or council tax benefits
- A household is in severe fuel poverty
 - if they have to spend 20% or more of their income on energy costs
- People who struggle to heat their homes warm usually have
 - low incomes
 - and are often the most vulnerable people in our communities

Fuel Poverty in Wales 2022

- According to the Welsh Government's latest estimates,
 - up to 45% (614,000) of all households in Wales were
 - in fuel poverty,
 - following the price cap increase of April 2022.
- Up to 8% (115,000) of Welsh households were estimated to be
 - in severe fuel poverty.
- Furthermore, 98% (217,700) of all Wales' lower-income households were estimated to be
 - in fuel poverty at that time,
 - with up to 41% (91,700) of those thought to be in severe fuel poverty.
- Unlike England's fuel poverty figures,
 - these figures do take into account the price cap rise on 1 April 2022
 - when the average dual fuel, direct debit bill increased from £1,277 a year to £1,971.
- The Welsh Government has not updated these figures since April 2022,
 - so we don't yet know the impact of October's average annual increase to £2,500

Introduction to Fuel Poverty

- It affects:
 - Health
 - Education
 - Wellbeing
 - Social Exclusion
 - Housing





Fuel Poverty: Definitions and Examples

- Understanding Fuel Poverty
 - [Understanding fuel poverty – YouTube](#)
- Eat or Heat? Sport Relief 2012
 - [Eat or Heat? | Sport Relief 2012 – YouTube](#)
- Citizens Advice: Cold Homes Tool kits Introduction
 - [Cold Homes Toolkits Introduction](#)



Fuel Poverty:

The coping hierarchy Last 12 Months

- Cut back on spending on
 - non-essentials 36%
 - food 35%
 - heating 32%
 - other essentials 24%
 - Borrowed from
 - friends/family or other individuals 22%
 - Used savings
 - put aside for other things 20%
 - Sold possessions to
 - raise extra cash 15%
 - Delayed making payments on
 - money owed 13%
 - Increased the amount owed
 - on a credit card or overdraft 5%
 - Earned extra income by
 - taking on more work or hours 5%
 - Taken out
 - new loans from commercial lenders 4%
- *(Anderson et al, 2010)



Fuel Poverty - Causes

- ▶ Three main causes of fuel poverty:
 - ▶ Low income
 - ▶ households on a low income will pay
 - ▶ a greater percentage of their disposable income on fuel
 - ▶ Fuel prices
 - ▶ rises in fuel prices will
 - ▶ automatically have a greater effect on those with lower income
 - ▶ Energy efficiency
 - ▶ poor energy efficiency leads to
 - ▶ higher fuel bills



Low Income: Statistics Wales 2018

- The Welsh Government failed to meet any of its statutory targets to eradicate fuel poverty
 - 155,000 households are living in fuel poverty
 - equivalent to 12% of all households
 - 130,000 vulnerable households are living in fuel poverty
 - equivalent to 11% of all vulnerable households
 - 21,000 households in the social housing sector are living in fuel poverty
 - equivalent to 9% of all households in this sector

(NAfW, 2020)



Fuel Poverty – Causes Low Income & Fuel Costs

- ▶ Low income households often have
 - ▶ card or meter payments
 - ▶ which are more expensive than
 - ▶ 'bulk purchase' methods such as
 - ▶ Direct Debit
- ▶ Card and meter payments are often
 - ▶ fixed at a higher tariff
 - ▶ than other more competitive methods of payment
- ▶ Those on low income are often
 - ▶ unaware that they can
 - ▶ switch provider for a cheaper tariff
- ▶ Lack of
 - ▶ access to IT
 - ▶ makes switching much more difficult



Fuel Poverty Estimates for Wales (2022)

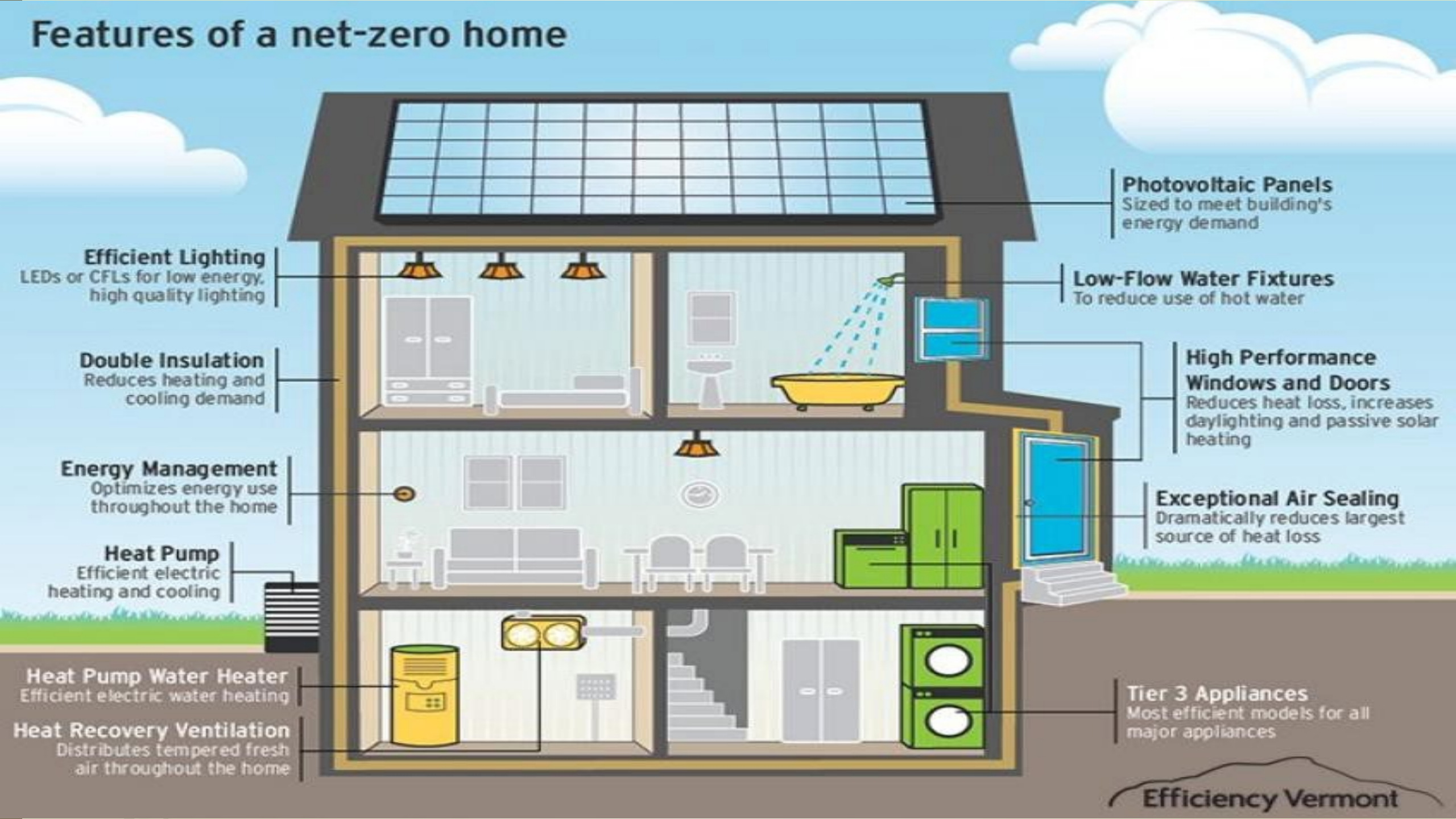
- [Fuel poverty modelled estimates for Wales \(headline results\): as at October 2021 | GOV.WALES](#)



Fuel Poverty – Causes Poor Energy Efficiency

- There are two basic reasons that lower income households are energy inefficient:
 - Poor insulation leads to higher heating costs
 - Energy efficient appliances are often more expensive to buy

Features of a net-zero home



Photovoltaic Panels

Sized to meet building's energy demand

Low-Flow Water Fixtures

To reduce use of hot water

High Performance Windows and Doors

Reduces heat loss, increases daylighting and passive solar heating

Exceptional Air Sealing

Dramatically reduces largest source of heat loss

Efficient Lighting

LEDs or CFLs for low energy, high quality lighting

Double Insulation

Reduces heating and cooling demand

Energy Management

Optimizes energy use throughout the home

Heat Pump

Efficient electric heating and cooling

Heat Pump Water Heater

Efficient electric water heating

Heat Recovery Ventilation

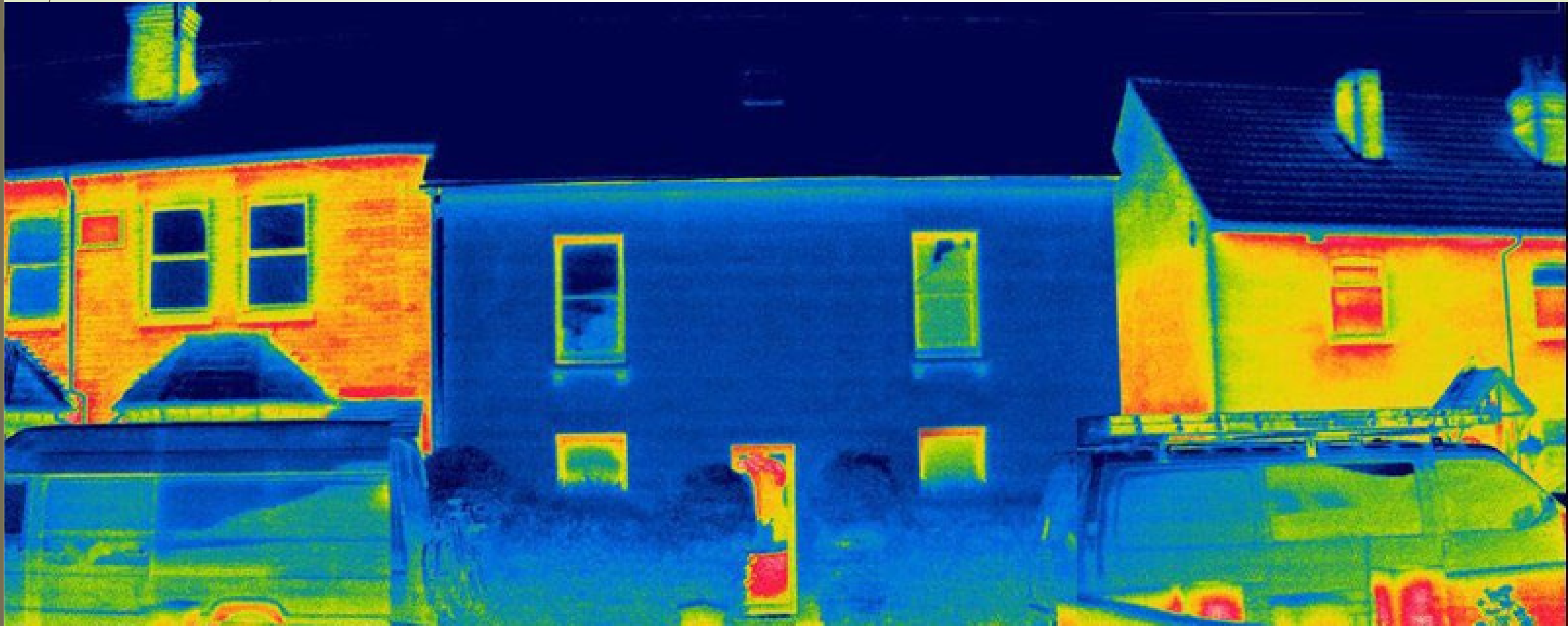
Distributes tempered fresh air throughout the home

Tier 3 Appliances

Most efficient models for all major appliances

Efficiency Vermont

Spot the Fuel-Efficient House!





Fuel Poverty – Solutions

Energy Efficiency

- Energy efficiency measures in conventional properties:
 - Cavity wall insulation
 - Loft insulation
 - Draught proofing
 - Double/secondary glazing
 - High efficiency boilers and controls
- Energy efficiency measures in hard to treat properties:
 - Solid wall insulation (internal/external)



Wales Fuel Poverty Strategy 2021 to 2035

- Targets by 2035:
 - No households are estimated to be living in severe or persistent **[1]** fuel poverty as far as reasonable practicable;
 - Not more than 5% of households are estimated to be living in fuel poverty at any one time as far as reasonably practicable;
 - The number of all households “at risk” of falling into fuel poverty will be more than halved based on the 2018 estimate

(WG, 2021)



Fuel Poverty – Solutions

Retail Market Review

- Retail Market Review launched in 2010
- Carried out by [Ofgem](#), [OFT](#) and [CMA](#)
- Resulted in a CMA investigation into gas and electricity markets
- House of Commons Library has recently published a review of the research in this area
- House of Commons (2023) *Fuel Poverty*, London: HoC.
 - [Fuel Poverty HoC 2023](#)

Fuel Poverty Charter Coalition for Wales

- The Fuel Poverty Coalition Cymru was established in 2009 and brings together more than 50 organisations who want to see an end to fuel poverty.
- The Coalition is led by Citizens Advice Cymru and National Energy Action Cymru



5 Key Priorities for Action

- Set a new fuel poverty target to improve homes to
 - a minimum energy efficiency standard of EPC C,
 - backed up with the data we need to drive an ambitious new strategy
- Invest in a
 - well-resourced,
 - well-targeted energy efficiency programme
 - for fuel poor households in Wales
 - as an infrastructure priority
- Save lives by
 - implementing the NICE guidelines on tackling excess winter deaths
- Protect vulnerable households with
 - a crisis fund for emergency heating when their health is at risk
- Fund independent advice and support services
 - to help people in fuel poverty

(Fuel Poverty Coalition Charter 2016)

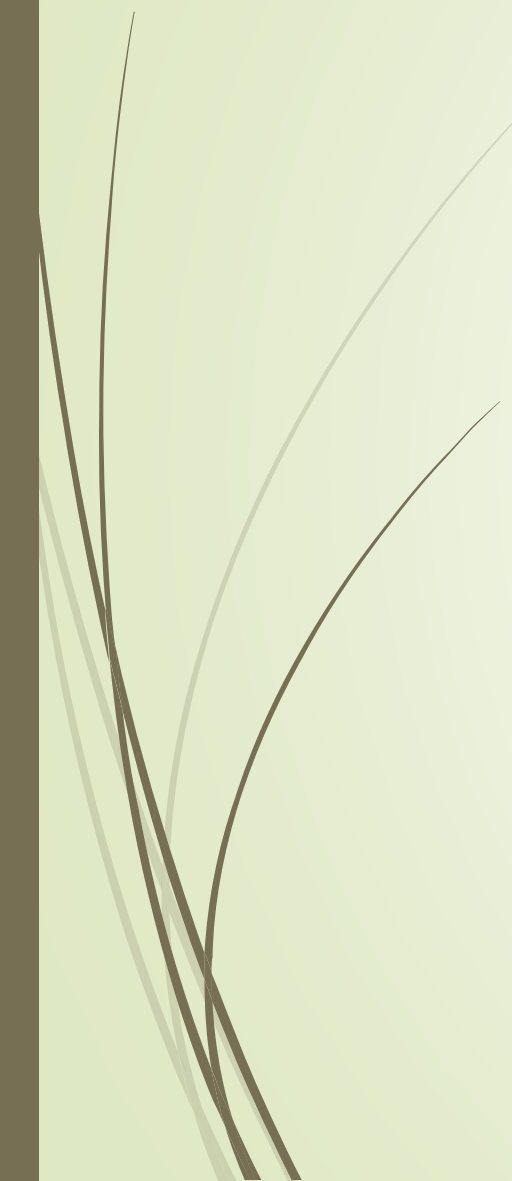


5 Questions to Take Away from These Lectures

1. What are the connections between fuel poverty and social exclusion?
2. What are the barriers to socially excluded people getting help?
3. Equity – how should schemes be funded and who should be prioritised?
4. What gaps are there in existing schemes? Are the right people benefiting?
5. What more could government/ energy suppliers/ other organisations do to
 - Alleviate/eradicate fuel poverty
 - Reach socially excluded groups in fuel poverty



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