



EC SO6001: Sustainable Communities & Global Development

Theme 7: Focus on Fuel Poverty

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 on energy costs.**
- 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. The latest estimate is that there are 291,000 households living in fuel poverty equivalent to 23% of households in Wales.

Statistics

2008 Living in Wales Data*

- 332,000 households in Wales in fuel poverty (26%) – an increase of 198,000 since 2004.
- 530,000 households spending 5-10% of income on energy – on brink of fuel poverty
- 285,000 vulnerable households in fuel poverty – an increase of 172,000 since 2004.
- 1 in 5 fuel poor households were severely fuel poor, needing to spend over 20%
- 70% of fuel poor households contain someone who works
- *Since that report Welsh Government has continued to gather data.

Statistics

- Fuel poverty more spread across income bands than in 2004 (but still higher in low income bands) i.e. fuel poverty reaches higher up the income scale
- Fuel poverty is nearly double in rural areas than in urban areas
- More recent Estimates
 - 425,161 (33.5%) households in Wales in fuel poverty (CSE/Consumer Focus) N.B. this estimate used different sources of data

Statistics 2018

- 155,000 households in Wales were living in fuel poverty, equivalent to 12% of households.
- 32,000 households were living in severe fuel poverty, equivalent to 2% of households.
- 130,000 vulnerable households in Wales were living in fuel poverty, equivalent to 11% of vulnerable households.
- 19,000 vulnerable households were living in severe fuel poverty, equivalent to 2% of vulnerable households.
- The percentage of households in fuel poverty has decreased from 26% in 2008. Initial indications show that this is a result of increased household incomes and reduced household energy requirements due to energy efficiency improvements outweighing increases in fuel prices.

Introduction to Fuel Poverty

It affects:

- Health
- Education
- Wellbeing
- Social Exclusion
- Housing



Source: Getty images ©

Using the Chat facility in Teams share your thoughts on how fuel poverty affects each of these aspects.



What is fuel poverty?



Understanding Fuel
Poverty



Eat or Heat?



Cold Homes
Toolkit

Fuel Poverty - The coping hierarchy

What coping strategies might people use?



Discuss the ways in which people might cope with fuel poverty using the Chat facility in Teams.

Fuel Poverty - The coping hierarchy

Measures taken by low-income households to make ends meet in the last 12 months*

Cut back on spending on non-essentials	36%
Cut back on spending on food	35%
Cut back on spending on heating	32%
Cut back on spending on 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%

Fuel Poverty - Causes

Given what we have already seen in the videos, can you identify the causes of fuel poverty?

Take some time to consider this and then share your thoughts using the Chat facility in Teams.



Fuel Poverty - Causes

Three main causes of fuel poverty:

1. **Low income** – households on a low income will pay a greater percentage of their disposable income on fuel
2. **Fuel prices** – rises in fuel prices will automatically have a greater effect on those with lower income
3. **Energy efficiency** – poor energy efficiency leads to higher fuel bills

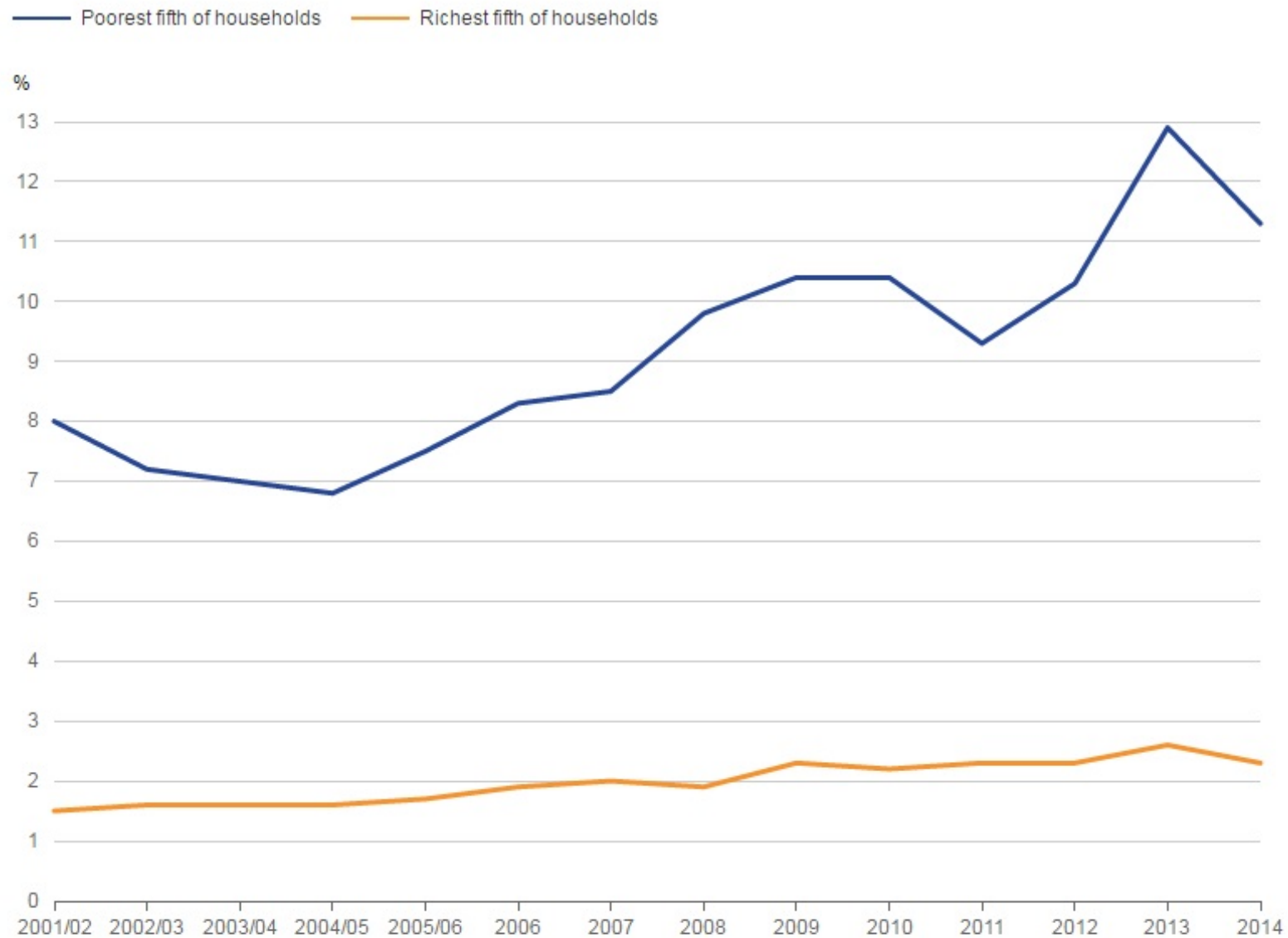
Fuel Poverty - Causes

Low Income & Fuel Costs

In 2014, the poorest fifth of UK households spent 11% (£88 a month) of their disposable income on household energy. This compares with the richest fifth for whom the figure was 2% (£144 a month). For both groups this was a reduced proportion compared with 2013 but in general their proportion of disposable income spent on household energy has increased over the past decade.

(Office of National Statistics, May 2016)

Percentage of household disposable income⁷, spent on energy⁸, UK, financial year ending 2002 to 2014



Source: Annual expenditure of household by income quintile, data taken from Expenditure and Food Survey/Living Costs and Food Survey, 2016, ONS

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

The latest available estimates for Wales



Fuel Poverty Estimates for Wales (2019)

<https://gov.wales/sites/default/files/statistics-and-research/2019-09/fuel-poverty-estimates-wales-2018-020.pdf>



Prifysgol Cymru
Y Prindod Dewi Sant
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Fuel Poverty - Causes

Poor Energy Efficiency

There are two basic reasons that lower income households are energy inefficient:

1. Poor insulation leads to higher heating costs
2. Energy efficient appliances are often more expensive to buy

Fuel Poverty - Causes



Fuel Poverty – Short Term Solutions

Low Income & Fuel Costs

- Warm Home Discount Scheme – for 2020-21 a one off discount of £140 on electricity bills for low income households (funded by suppliers) (N.B. this is the same amount as in 2016/7)
- Cold Weather Payment - £25 per week if the forecast temperature is 0° or below for 7 consecutive days (for those on certain benefits)
- Winter Fuel Payment - £100-£300 payment for pensioners

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

- UK Fuel Poverty Strategy 2001
- Fuel Poverty Commitment Wales 2003
- Wales Fuel Poverty Strategy 2010
- Targets to eradicate fuel poverty by 2010 (vulnerable households), 2012 (social housing) and 2018 (everyone)
- Main change was from HEES* to Nest**
- Awaiting Monitoring and Evaluation Plan
- Living in Wales – main source of data

*Home Energy Efficiency Scheme

**Nest: Making Homes Cosy

Promoting Energy Efficiency

Nest & Arbed (Wales) - Welsh Government funded schemes

Nest - package of measures for householders with F/G rated property on means tested benefits. One stop shop

Arbed – Area based energy efficiency measures – funded through a range of sources



- Landlord Energy Saving Allowance (UK)
 - Tax rebate for energy efficiency measures in private rental



Promoting Energy Efficiency

Other (UK) Schemes

- Feed In Tariffs (FIT) scheme is a government programme designed to promote the uptake of renewable and low-carbon electricity generation technologies.
- However, it is important to note the following from the Ofgem website
- The FIT scheme also allows a 'Rent a Roof' scheme
- The Renewable Heat Incentive (RHI)



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



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



Points to Consider



We will discuss each of these questions in turn.

- 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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