



Action with Communities in Rural England

ACRE briefing: New reports - Fuel poverty and rural communities

Purpose of the Briefing

- To summarise two recent reports about fuel poverty especially with regard to the situation in rural communities. The reports are:
 - *Understanding the real depth and impact of fuel poverty in rural England* (Sept 2010) and;
 - Department of Energy and Climate Change fuel poverty statistics (Oct 2010).

What is fuel poverty and who is affected?

A household is in fuel poverty when it needs to spend at least 10% of its income to heat its home to an acceptable level. An acceptable level is defined normally as 21°C in the main living area and 18°C in other occupied rooms. ([Department of Energy and Climate Change, Fuel Poverty Statistics](#)) The heating aspect is emphasised but it is important to state that the definition accounts for a household's total fuel costs i.e. water, lighting, appliance and cooking costs. Fuel poverty has been summarised in another simpler way as the situation whereby a household is unable to heat its home to a reasonable level at a cost that is affordable to them. ([Energy Savings Trust, Hard to Treat Homes](#))

The number of households in fuel poverty is assessed through a modeling process drawing upon several national household and housing surveys such as the [English House Condition Survey](#). The fuel poverty figures are currently going through a process of accreditation to become one of the [National Statistics](#). This recognises both the compliance of the data with certain robust statistical principles and the importance of fuel poverty as a policy guide.

Although they are not the only determinants, there are **three main factors that contribute to whether a household is fuel poor** – the energy efficiency of its property, the cost of energy and the household's income. From 1996, when there were 5.1 million households in fuel poverty in England, the trend was initially quite steeply downwards to a low of 1.2 million in 2004. Between 2004 and 2008 (the latest available year) the trend has reversed with a steady rise to 3.3 million (around 16% of all English households). This rise reflects the high increase in fuel prices during the period, which has outweighed the benefits of rising incomes and increased energy efficiency in homes.

An important subset of the headline figure above is the number of 'vulnerable households' in fuel poverty. Vulnerable households are those that include a child, an elderly person or someone disabled or with a long term illness. In 2003 there were 1 million vulnerable households in fuel poverty and this rose to 2.7 million in 2008 – therefore representing a high proportion of the total. For the next upcoming reports, fuel poverty is projected to rise in 2009 but fall slightly in 2010. ([Annual Report on Fuel Poverty Statistics 2010, Department of Energy and Climate Change](#)),

It is clear that fuel poverty has an interdependent relationship with how difficult a home is to make fuel efficient. Homes with certain structural characteristics (meaning they are difficult to make fuel efficient) are known as **hard to treat**. These homes cannot accommodate typical modern energy efficiency measures such as loft and cavity wall insulation and may include properties with solid walls, homes with no loft space or lacking a connection to low cost fuel like mains oil or gas. In the Rural Services Network Report, [Understanding the real depth and impact of fuel poverty](#) found there are 9.2 million homes in England considered to be hard to treat (Rural Services Network, 2010). Due to the high costs of heating hard to treat homes, families who would cope relatively well in a more energy efficient home might likely find themselves in fuel poverty. ([Energy Savings Trust, Hard to Treat Homes](#))

Fuel poverty in rural areas – recent findings

Fuel poverty remains noticeably more prevalent in rural areas. Between 2003 and 2008 the proportion of fuel poor households in urban areas rose from 5.4% to 14.5% while in rural areas there was an increase in the same period of 7.6% to 19.8%. ([Trends in Fuel Poverty 2003 to 2008, Department of Energy and Climate Change](#))

In terms of rural outcomes arising from the above trends, the main information for this part of ACRE's Briefing was taken from the Rural Services Network's (RSN) report [Understanding the real depth and impact of fuel poverty in rural England](#) (September 2010). Under the auspices of the Commission for Rural Communities (CRC), the report's objective is to help Government and delivery organisations target fuel poverty and energy efficiency programmes to meet the needs of rural communities. Interestingly the report substitutes the term fuel poor/fuel poverty for '**fuel disadvantaged households**' in a deliberate attempt to present affected households as less dependent and more empowered.

Undertaken during the winter of 2009/10 but notably before that season's cold snap, the study was based on research in a number of areas in three counties within different regions (Shropshire, Durham and East Riding of Yorkshire). Research in each county area drew on a sample survey of around 2,500 homes. The homes were selected because they comprised a range of criteria including a high proportion of older people, were predominantly off the gas mains network, showed variances in Rural 50 and Rural 80 local authority categories of rurality, had a good proportion of hard to treat properties and high levels of fuel poor households. Based on the Index of Multiple Deprivation, Durham had by far the most deprived areas chosen (and was the only one above the English average) followed by the areas in Shropshire then East Riding of Yorkshire.

The report categorised its main findings as follows:

- **Depth of fuel poverty** – the study found that fuel disadvantage is having a 'deep impact' in more than 70% of the households in two of the areas and in the third is affecting one in three.
- **Characteristics of fuel poverty** – Fuel disadvantaged households (FDH) are more likely to live in pre-second world war properties and be owner occupiers. Fuel poverty is also exacerbated in rural areas because it has a number of unique characteristics – solid walls, higher off gas properties and lower average wages.

- **Impacts on health** – FDH are more likely to include someone suffering from a serious long term illness such as asthma. In addition the research found that the ‘vast majority’ of these households are rationing fuel even if the household includes children, therefore worsening their existing health conditions.
- **Impacts on affordability and debt** – Large numbers of FDH are forgoing other essentials and are experiencing high fuel debt. Affordability of off the network fuel like oil is a particular issue for households particularly for those with children under 16. Pre-payment meters also have an impact on debt and affordability.
- **Policy and delivery** – Government energy efficiency and fuel poverty have not had the same benefits for rural communities despite rural communities paying the same amounts as urban counterparts for fuel. Policy and delivery has been aimed at roof/cavity wall insulation and not solid walls and off main fuel and its higher delivery costs.

The report makes **several recommendations** directed at different bodies - central Government, local authorities and their partners. These include that:

- the fuel poverty definition should be changed to include disposable income after housing costs;
- there should be information sharing between key bodies like the NHS, Department for Work and Pensions and local authorities to better aid targeting of fuel poverty measures at those who need them most;
- local authorities should consistently capture key data such as the energy efficiency of properties, benefits and data from for example, the Warm Front and Carbon Emission Reduction Target programmes to obtain an accurate position for fuel disadvantaged households in their county;
- local authorities, housing associations, private landlord groups and credit unions should be encouraged to facilitate more community buying groups in off gas areas to spread the cost savings of bulk buying to more rural off gas households;
- these organisations should also look into sharing information, best practice and developing consortium agreements to achieve lower prices and installation costs for renewable heating solutions in off gas areas.

Main points to note from the recent fuel poverty research

- Fuel poverty is still more prevalent in rural areas.
- Fuel disadvantaged households are likely to live in old houses with solid walls, not be on mains gas, have lower than average income, contain someone in poor health, to go without fuel when they need it and have pre-payment meters.
- Government programmes have not delivered equitable benefits for rural communities primarily because of a focus on delivering cavity and roof insulation and a lack of funding to upgrade solid wall and off gas properties with associated higher costs of delivery.
- Better information is required about the structure of homes and the make-up of the households in order to focus funded programmes targeted at solid wall and off mains gas properties.