

Defining Fuel Poverty – England

Professor John Hills was commissioned in March 2011 by Chris Huhne MP - then the UK Secretary of State for Energy and Climate Change - to conduct an independent review of the fuel poverty definition and target.

People in fuel poverty have lower incomes, and higher energy costs compared to the typical household.

Annual **income** after tax and housing costs



£19,707

less
than
half

>



£9,330

Annual **energy** needs



£1,242

more
than
20%
higher

<



£1,513

Incomes are for 2012 and are adjusted to reflect spending power of households. Energy costs are also for 2012 and are those required to meet a standardised heating regime.



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Defining Fuel Poverty – Rest of the UK

After consideration of Professor John Hills' review of fuel poverty the rest of the UK decided to remain with the old definition of fuel poverty.

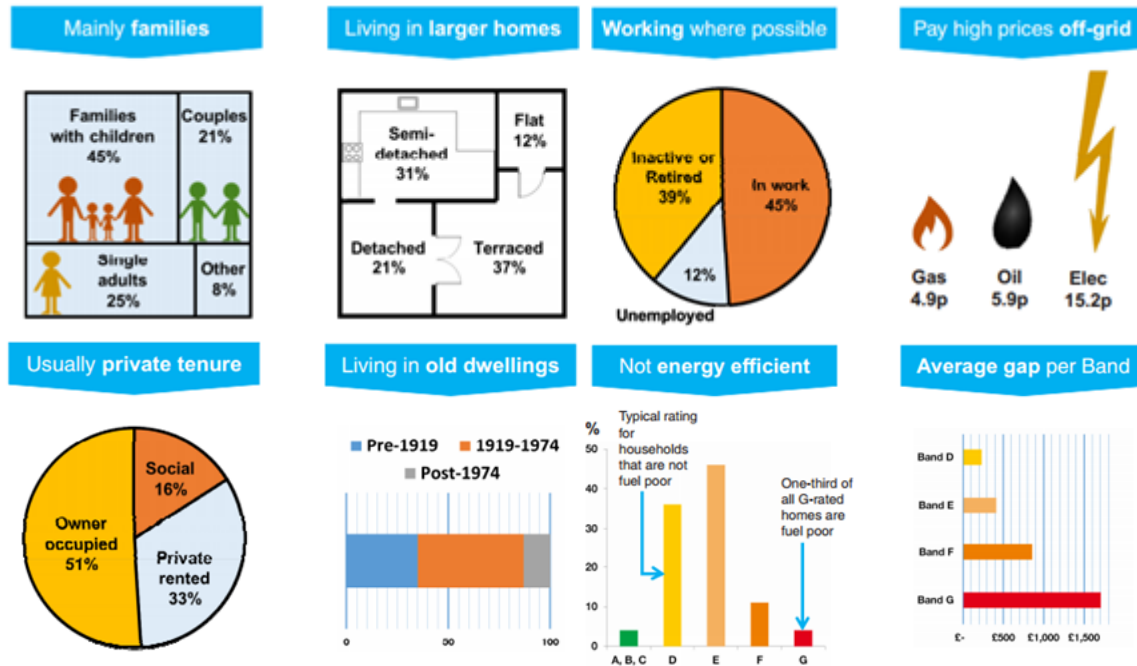
The first UK Fuel Poverty Strategy published in November 2001 recommends that households suffering fuel poverty in England should be reported using two definitions – full income and basic income:

- Full income: A household is in fuel poverty if, in order to maintain a satisfactory heating regime, it would be required to spend more than 10% of its income (including Housing Benefit or ISMI) on all household fuel use;
- Basic income: A household is in fuel poverty if, in order to maintain a satisfactory heating regime, it would be required to spend more than 10% of its income (*excluding* Housing Benefit and ISMI) on all household fuel use.



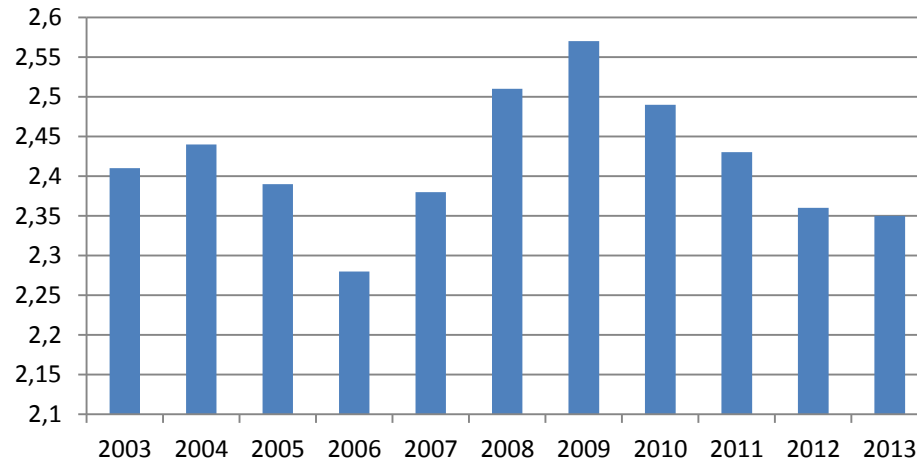
Who are the fuel poor?

Annual fuel poverty statistics reveal a lot about the typical fuel-poor household, including dwelling and economic conditions



Who are the fuel poor? cont...

Fuel-poor households (millions)



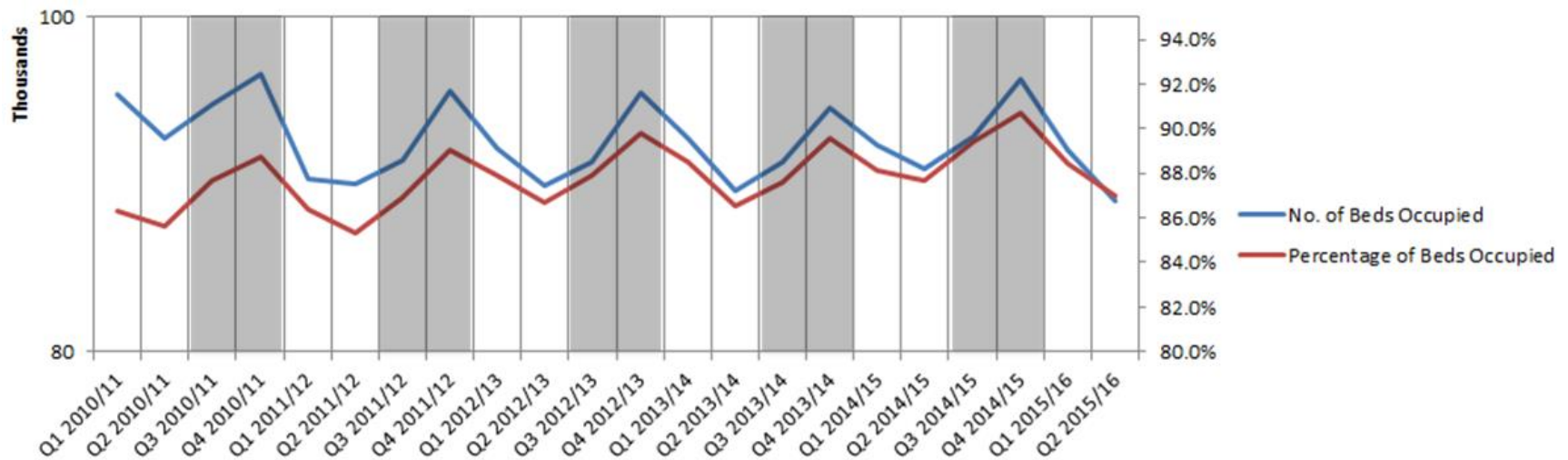
- 2.35 million households in England
- 10.4% of all English households
- Private rented sector the worst affected (19% of tenure groups are FP)
- Single parent households more likely affected (25% of family type affected)



Impacts – Health and wellbeing

Healthcare costs

Cold homes are costing the NHS in England and Wales £1.5 billion every year in hospital and primary care due to their devastating impact on people's health.



Figures from chart taken from ONS, chart compiled by NEA



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Impacts – Health and wellbeing cont...

Excess Winter Mortality

Over the last parliament there were 28,580 excess winter deaths every year, on average, in England and Wales.

The World Health Organisation attribute 30% of these deaths to living in a cold home. An average 8,570 needless cold home related deaths a year

Excess winter mortality 5 year average (2010-15) by region/country

Source data: ONS, 2015.



Impacts – Health and wellbeing cont...

Cold homes are a bigger killer than



Road accidents
Alcohol abuse
Drug abuse

http://www.ons.gov.uk/ons/dcp171778_425192.pdf



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Symptoms and Impacts

Fuel Debt

Table 1: The number of domestic electricity and gas accounts in debt at the end of 2014

Country	Total accounts in debt		Accounts with a customer repaying a debt		Accounts in arrears where the debt is not being repaid	
	<i>(% of total accounts in country)</i>		<i>(% of accounts in country)</i>		<i>(% of accounts in country)</i>	
	Elec	Gas	Elec	Gas	Elec	Gas
GB	1,385,803 5.1%	1,197,618 5.3%	840,014 3.1%	759,276 3.4%	545,789 2.0%	438,342 1.9%
England	1,193,283 5.2%	1,032,803 5.3%	726,240 3.1%	656,403 3.4%	467,043 2.0%	376,400 1.9%
Scotland	126,937 5.0%	108,514 5.5%	75,771 3.0%	67,936 3.4%	51,166 2.0%	40,578 2.1%
Wales	65,583 4.6%	56,301 5.0%	38,003 2.7%	34,937 3.1%	27,580 1.9%	21,364 1.9%



Symptoms and Impacts

Prepayment meters

In 2014 approximately 60% of newly-installed prepayment meters were installed to manage debt

Total number of gas and electricity PPM accounts

Year	GB	England	Scotland	Wales
2012	4,256,065	3,461,205	524,766	270,094
2013	4,422,504	3,589,729	551,542	281,223
2014	4,496,181	3,660,606	543,497	292,078
%change, 2012-2014	6%	6%	4%	8%
%change, 2013-2014	2%	2%	-1%	4%

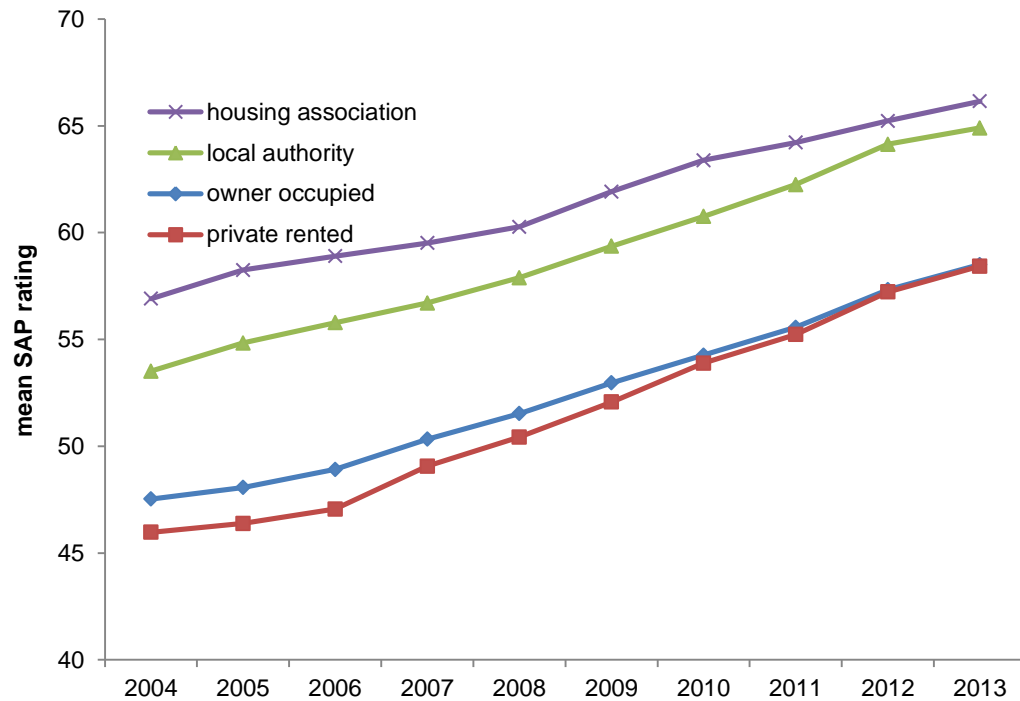


Drivers – Energy Cost vs Household income

Drivers	03/04	04/05	05/06	06/07	07/08	08/09	09/10	10/11	11/12	12/13	13/14	14/15	03/04-14/15
Average Electricity Bill	£ 383	£ 398	£ 440	£ 463	£ 522	£ 545	£ 513	£ 537	£ 557	£ 566	£ 580	£ 558	
		3.77%	9.55%	4.97%	11.30%	4.22%	-6.24%	4.47%	3.59%	1.59%	2.41%	-3.94%	45.69%
Average Gas Bill	£ 332	£ 371	£ 443	£ 491	£ 553	£ 615	£ 568	£ 611	£ 667	£ 699	£ 713	£ 674	
		10.51%	16.25%	9.78%	11.21%	10.08%	-8.27%	7.04%	8.40%	4.58%	1.96%	-5.79%	103.01%
Median equivalised disposable household income (all households)	£ 24,512	£ 25,095	£ 24,971	£ 25,421	£ 25,691	£ 25,194	£ 25,418	£ 24,769	£ 24,467	£ 24,124	£ 24,843	£ 25,660	
		2.32%	-0.50%	1.77%	1.05%	-1.97%	0.88%	-2.62%	-1.23%	-1.42%	2.89%	3.18%	4.68%
Mean equivalised disposable household income (bottom decile)	£ 11,126	£ 11,748	£ 11,595	£ 11,515	£ 11,247	£ 11,430	£ 11,903	£ 11,915	£ 11,901	£ 11,556	£ 11,444	£ 11,883	
		5.29%	-1.32%	-0.69%	-2.38%	1.60%	3.97%	0.10%	-0.12%	-2.99%	-0.98%	3.69%	6.80%



Drivers – Energy efficiency



	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
all dwellings (England?)										
owner occupied	47.5	48.1	48.9	50.3	51.5	53.0	54.3	55.6	57.3	58.5
private rented	46.0	46.4	47.1	49.1	50.4	52.1	53.9	55.2	57.2	58.4
local authority	53.5	54.8	55.8	56.7	57.9	59.4	60.8	62.3	64.1	64.9
housing association	56.9	58.2	58.9	59.5	60.3	61.9	63.4	64.2	65.2	66.2
all dwellings	48.7	49.4	50.2	51.5	52.7	54.1	55.6	56.9	58.6	59.7

Policies to address the drivers

- **Energy efficiency:**
 - England, Wales, Scotland: Energy Companies Obligation
 - Wales: Nest & Arbed
 - Scotland: HEEPS
 - Northern Ireland: Affordable Warmth
- **Energy prices**
 - WHD rebates: £140 off an electricity bill for those in receipt of Guarantee element of Pension Credit
 - Ofgem's Vulnerable Customer Strategy; Priority Services Register
 - Disconnections hit a high of 160,000 in 1986, however in 2012 there were just 557.
 - CMA remedies in regard to competition in the retail energy market and the transfer of wholesale savings to customers.
- **Incomes**
 - Winter Fuel Payments: households receive between £100 and £300 tax-free to help pay heating bills. Most payments are made automatically between November and December of every year.
 - Cold Weather Payments: those in receipt of certain benefits may receive a payment if the temperature in their area is recorded as, or forecast to be, zero degrees Celsius or below for 7 consecutive days



A new 'Fuel Poverty Strategy'

- Warm Homes and Energy Conservation Act amended
- Government Vision – Cut bills and increase comfort and well being in the coldest homes
- Principles – prioritise the most fuel poor; offer support through the most cost-effective policies; reflect vulnerability in policy decisions
- Target – Increase EPC standard to Band C by 2013 for all fuel poor households



Responsibilities and Roles

- Government departments and Agencies
(Ofgem Vulnerable Customers Strategy; Public Health NICE Guidance; Environmental Health Officers;)
- Energy Companies
(Network and Suppliers and energy efficiency installers)
- Voluntary Bodies
(Advice, community schemes, referrals)



Warm Zones – Case Study



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