



National Energy Services

# The importance of accurately measuring property size and income in assessing fuel poverty

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# Summary

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- ↪ UK Fuel Poverty strategy annual report
- ↪ FPAG annual report
  
- ↪ Income
- ↪ Property size
  
- ↪ conclusions



# Progress against the strategy

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↗ Nov 2001: “seek to end the blight of fuel poverty in vulnerable households by 2010”

↗ 1<sup>st</sup> annual progress report adds  
“no-one in fuel poverty by 22.11.2016”  
Scotland, by Nov 2016; Wales, 2018

↗ Progress (income includes housing costs)

	1996	1998	2001	2001
vuln'ble	4.3	3.3	1.8	1.7
non v.	3.0	2.7	1.5	1.4
total	7.3			3.1



# 3 million left?

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- ↪ “reaching and assisting the fuel poor presents many challenges”
- ↪ Further work remains on
  - ↪ “helping the healthy adult fuel poor”
  - ↪ “tackling hard to treat homes”
  - ↪ “dealing with fuel poverty in under-occupying households”
- ↪ Rural areas
- ↪ Passport benefits



# Fuel Poverty Advisory Group

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- ↪ FPAG annual report
- ↪ EEC/WarmFront both based on benefits
- ↪ What about the “nearly poor”?
  
- ↪ Some figures from FPAG report...
- ↪ 2002: 3.4m (incl. non-vulnerable) fuel poor
- ↪ 7m on benefits
- ↪ 50% of those on benefits NOT fuel poor



# Findings from WarmZones:

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- ↗ 30% of fuel poor are NOT eligible (ie not in receipt of benefits)
  - ↗ Failure to take up benefits
  - ↗ high heating costs due to property factors
- ↗ Now, 30% of 3.4m = about 1m of fuel poor not on benefits
- ↗  $3.4\text{m} - 1\text{m} = 2.4\text{m} = \text{"on benefits"} + \text{"in fuel poverty"}$
- ↗ if 7m are on benefits, 65% of those on benefits NOT fuel poor



# FPAG recommends 3 options

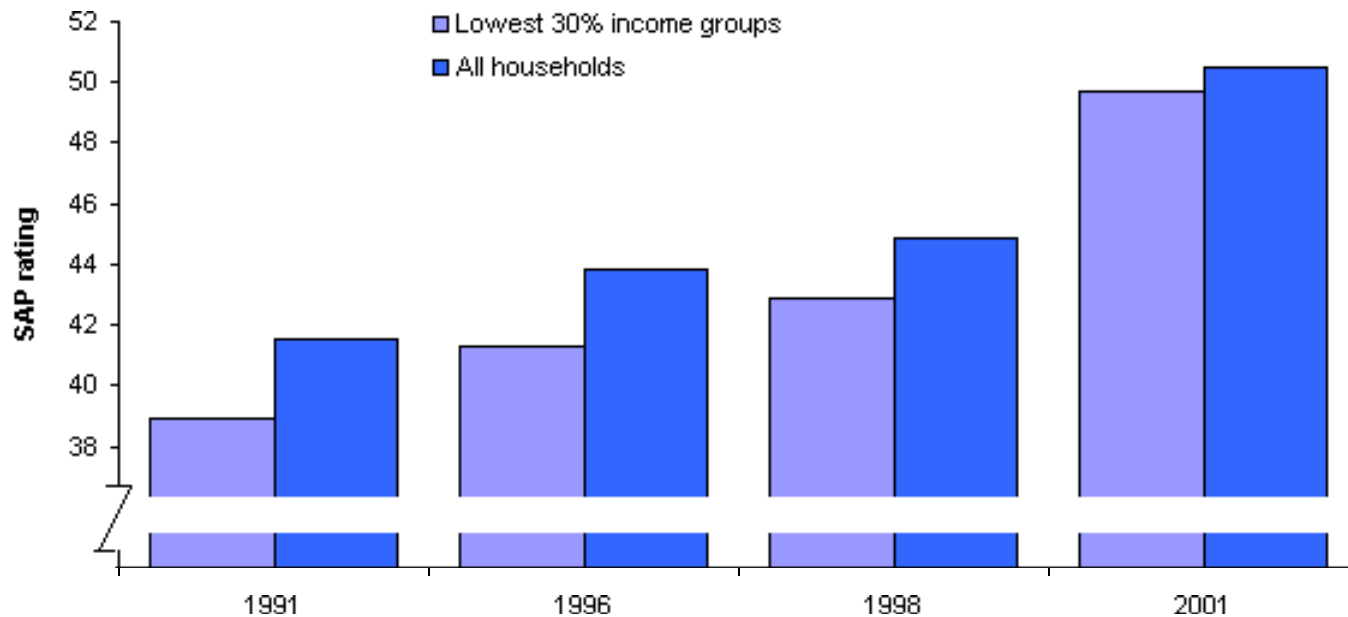
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- ↗ Further restrictions relating to property, to exclude those on qualifying benefit, but who live in reasonably efficient house
- ↗ Use property NOT income as qualifier
- ↗ Hold back some funds for discretionary use, for those not qualifying by scheme criteria but who are in the most need
- ↗ How to identify those in the most need?
  - ↗ Benefits not perfect, but easy to administer



# Use property as qualifier?

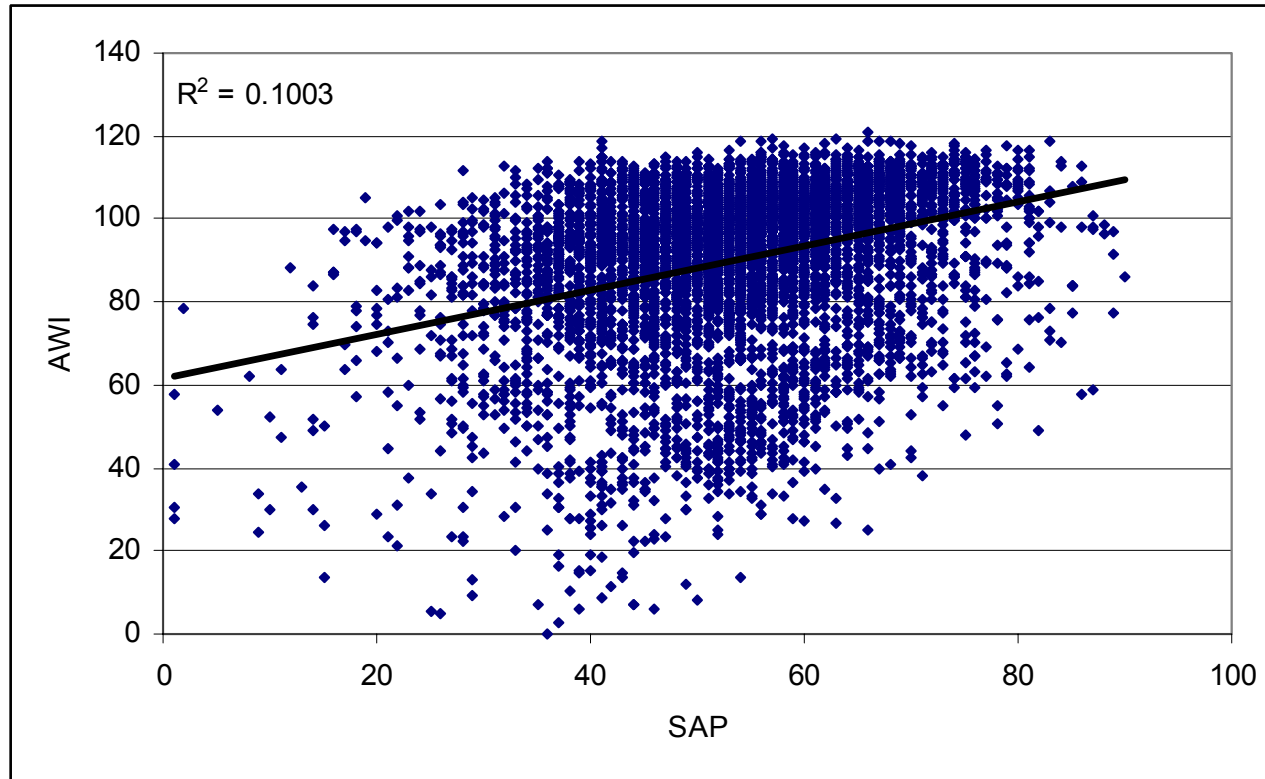
↪ DTI's fuel poverty monitoring indicators include SAP







# But there's a problem....



↪ There is no direct relationship between SAP and fuel poverty



# We need to know more...

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- ↪ SAP alone is not enough because it...
  - ↪ Excludes fuel used for non-heating (lights, etc)
  - ↪ Takes no account of location (Devon treated the same as the Scottish Highlands)
  - ↪ Excludes the effect of property size
- ↪ Using SAP on its own is as absurd as...
  - ↪ Using property size on its own
  - ↪ Need to know both
  - ↪ (and also need to know Income!)



# Income

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- ↪ Complex... different definitions across UK
  - ↪ Fuel Poverty Strategy report: new similarities
- ↪ Income **INCLUDES** housing cost (effect of rent increases)
- ↪ Income of **ALL** members of household
- ↪ Costs based on **ALL** fuel use (BREDEM12)
- ↪ Costs to **ACHIEVE** satisfactory heating
  - ↪ Regardless of what is actually spent



## And finally.. Property size

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- ↪ Using Decent Homes standard as example
- ↪ “Some households may still be in fuel poverty even in homes brought up to the Decent Homes standard”
- ↪ “It is recognised by ODPM that the standard does not deal adequately with hard to treat homes” (expensive to treat?)
- ↪ FPAG recommend an annual review of the Standard

# Pensioners

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- ↗ “Pensioner households accounted for 70% or more of vulnerable households in fuel poverty in England in 1998”
- ↗ Question.. Can a pensioner afford to live in a Decent Home?
- ↗ Answer.. Depends on whether it’s hard to treat.. and on how big it is!



# Decent home, fuel poverty?

House size/type	SAP	<b>2 adults 1 child MIG = £231</b>		<b>2 adults MIG = £150</b>		<b>1 adult MIG = £98</b>	
		Annual running costs	Weekly income needed	Annual running costs	Weekly income needed	Annual running costs	Weekly income needed
Detached (80 sq m) solid wall with storage heaters & 200mm loft	24	£837	£161	£808	£155	£780	£150
Same size & heating, but filled cavity walls & 200mm loft	46	£579		£549		£521	
Large detached (110 sq m) solid wall with storage heaters & 200mm loft	25	£997	£192	£960	£185	£925	£178
Same size & heating, but filled cavity walls & 200mm loft	48	£675		£639		£604	



# Conclusions

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- ↪ If we are to end fuel poverty in vulnerable households by 2010 we must recognise...
- ↪ Fuel Poverty does not always mean “in receipt of benefits”
- ↪ Fuel Poverty does mean “spends more than 10% of income on all fuel use”
- ↪ Spending more than 10% depends on SAP, Income, and Size of the property
- ↪ Identifying only one of these is not enough