

Fuel poverty in Scotland

David Gordon
Professor of Social Justice
Townsend Centre for International Poverty Research
University of Bristol

Poverty and Social Exclusion in Scotland and the UK

New Register House Dome,
Scotland's People Centre,
2 Princes St, Edinburgh EH1 3YY



Wednesday 20 August 2014



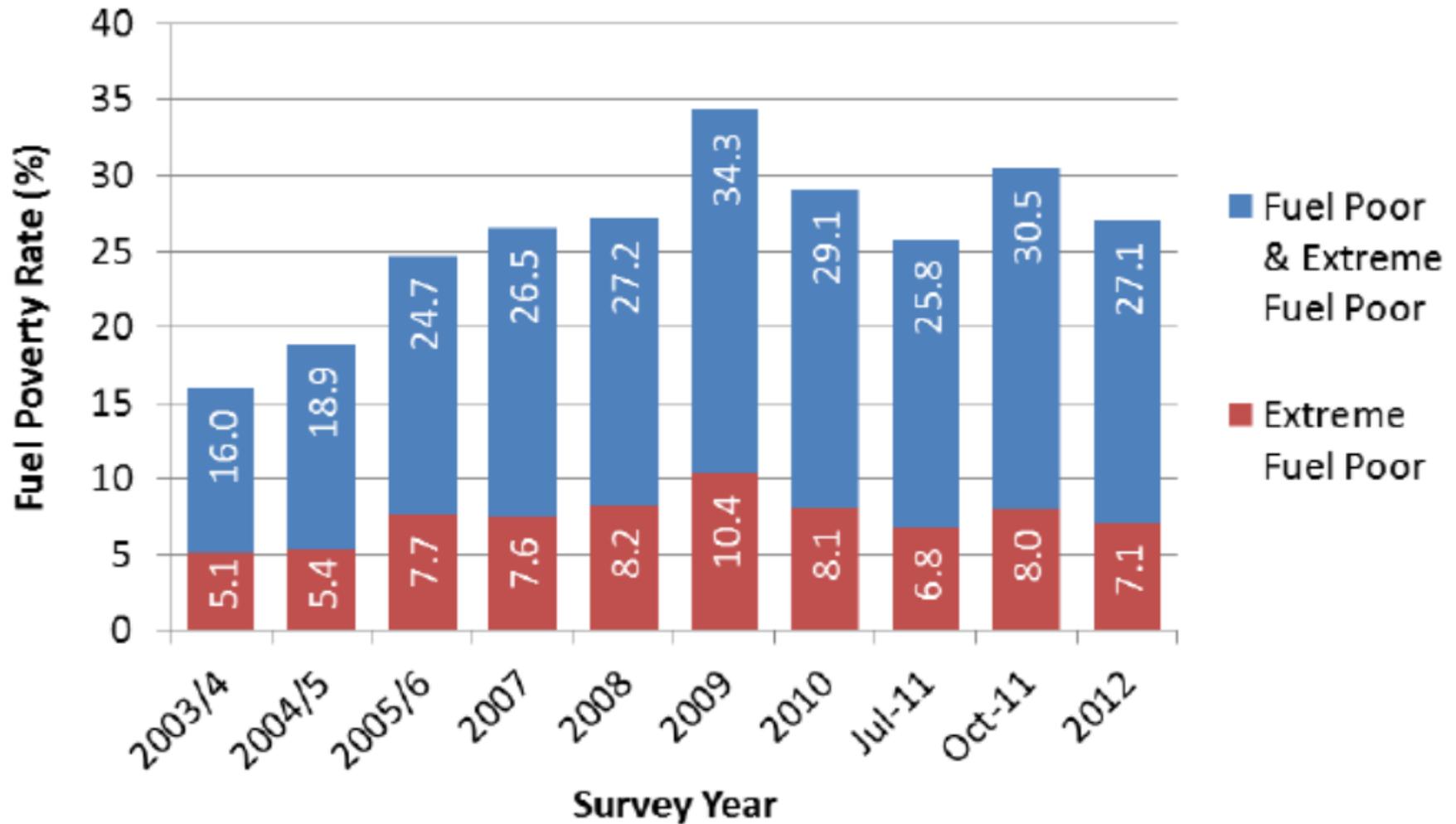
Fuel Poverty in Scotland

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 Income Support for Mortgage Interest) on all household fuel use.

Housing (Scotland) Act 2001

It is a legal requirement that ‘as far as reasonably practicable’ no household should be in fuel poverty by November 2016 in Scotland & England (2018 in Wales)

Fuel Poverty Rate in Scotland: 2003 to 2012



Between 2009/10 and 2012/13 Scottish government spent £220 million on fuel poverty and energy efficiency measures

Fuel Poverty Policy in Scotland

Over a quarter (27% - circa 650,000 households) of the Scottish population suffered from fuel poverty in 2012

The budget to tackle fuel poverty in 2014/15 is £79 million (circa £120 per fuel poor household).

Over the three year period 2013/14 to 2015/16 the fuel poverty and energy efficiency budget will be about £250 million (circa £385 per fuel poor household)

The main anti-fuel poverty policy is the Home Energy Efficiency Programme for Scotland (HEEPS) – launched in April 2013.

Are these policies and levels of funding sufficient to eradicate fuel poverty in Scotland by November 2016?

Fuel Poverty: A Matter of Life & Death

In 2003, George Bates, 89, died from hypothermia and his wife Gertrude, 86, suffered a heart attack. Their bodies were found in October in a house they had shared for 63 years. Two months earlier their gas had been disconnected by British Gas due to non-payment of a £140 bill.

After the gas was cut off the couple's details were not passed to social services by British Gas - because of restrictions they thought were imposed by the Data Protection Act.

A British Gas spokesman said *"It is tragic that no one including the caring services recognised how vulnerable the Bateses were before it was too late"*.

The Coroner recorded verdicts of death by natural causes.

British Gas residential reported a profit of £169m in 2003

Fuel Poverty: A Matter of Life & Death

In January 2010, Mayan Coomeraswamy, 59, froze to death in an unheated "hovel" after social services failed to care for him or clean his home. Despite being visited every fortnight by mental health workers – staff did not intervene as they thought it would violate his human rights.

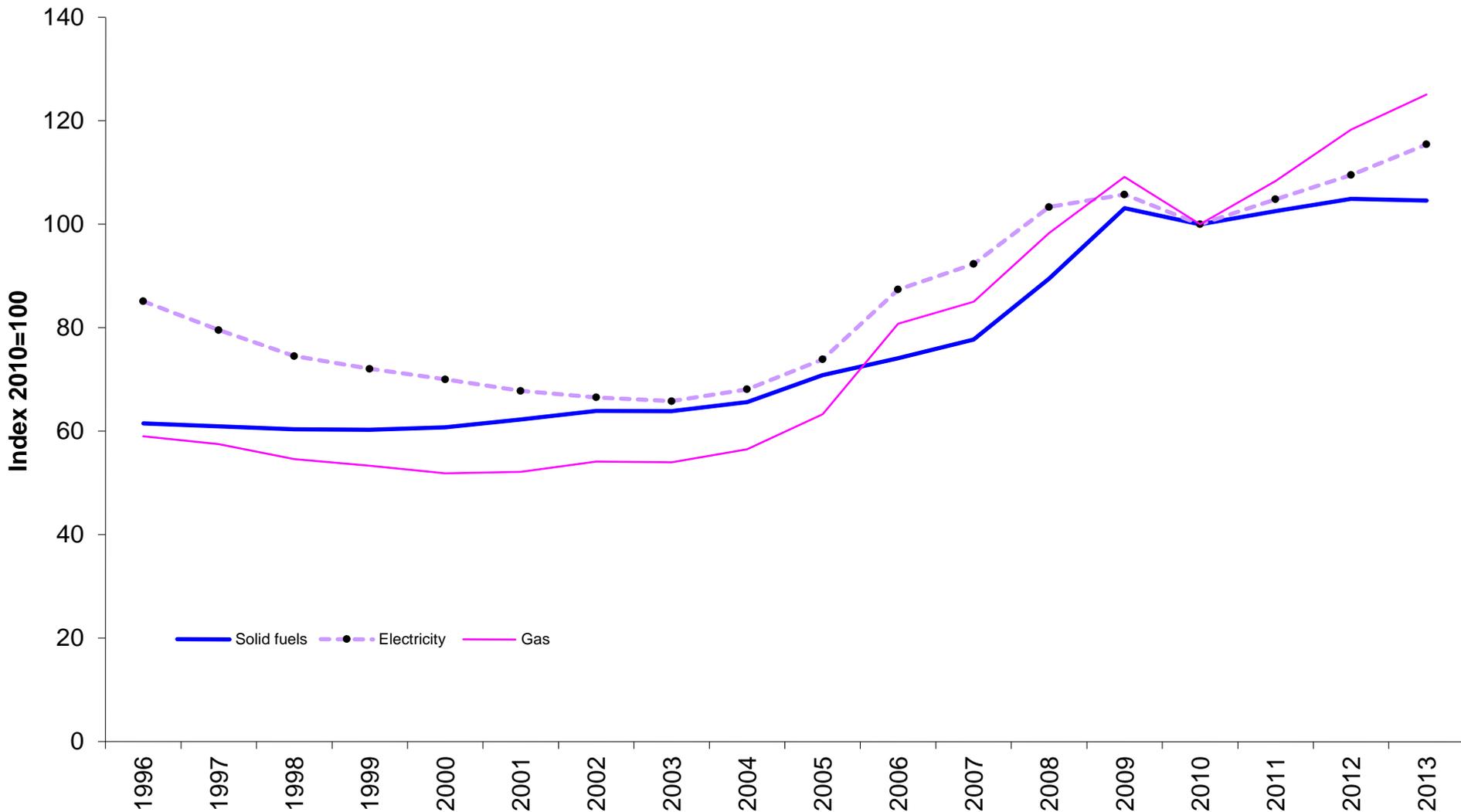
Excess Winter Deaths

An estimated 31,100 excess winter deaths occurred in England and Wales in 2012/13 – a 29% increase compared with the previous winter. In Scotland, there were an estimated 2,000 excess winter deaths in 2012/13 – a 41% increase compared with the previous winter.

The majority of deaths occurred among those aged 75 and over; Scotland there were 1,720 excess winter deaths in this age group in 2012/13 compared with 280 in people aged under 75.

Source: <http://www.ons.gov.uk/ons/rel/subnational-health2/excess-winter-mortality-in-england-and-wales/2012-13--provisional--and-2011-12--final-/stb-ewm-12-13.html>
<http://www.gro-scotland.gov.uk/files2/stats/winter-mortality/2012-2013/winter-mortality-2012-13.pdf>

Fuel price indices in the domestic sector in real terms 1996 to 2013



Source: DECC *Energy Price Statistics*

http://www.decc.gov.uk/en/content/cms/statistics/energy_stats/prices/prices.aspx

Old UK Definition of Fuel Poverty

A Household is fuel poor if they need to spend more than 10% of their income on fuel (heat, light, etc.)

The energy required to heat the home to a reasonable temperature. Typically defined as 21°C in living room and 18°C in bedrooms

A standard heating regime is assumed for weekdays and weekend

Weekday 9 hours

Weekend 16 hours

Problem: Incomes are not equivalised i.e. adjusted for household size. Heating regimes are guesstimates, etc.

New English Fuel Poverty Definition

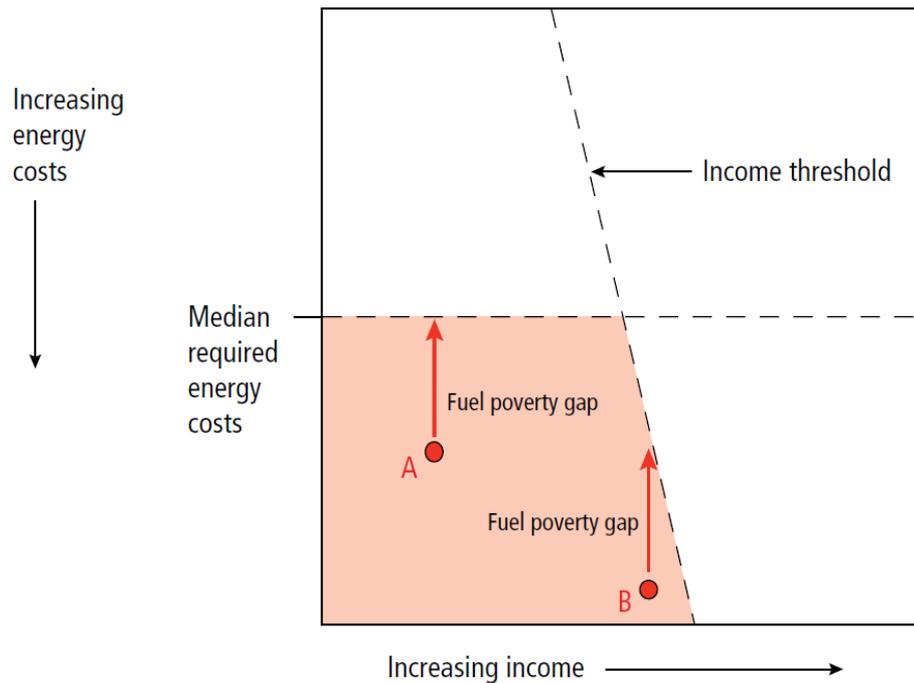
Fuel poverty in England is measured by the Low Income High Costs definition, which considers a household to be in fuel poverty if:

1. they have fuel costs that are above average (the national median level)
2. If they were to spend that amount they would be left with a residual income below the official poverty line (AROP BHC)

The broad concept: Hills Review

Problem: Economists like the Poverty Gap – but it a bad poverty indicator. It not only ignores the number of poor people, but it also ignores the distribution among the poor. In addition, when the income of a person just below the poverty line increases such that she is no longer poor, poverty according to the poverty gap (average income shortfall) will *increase* instead of decline.

Figure SR.1: Recommended indicators of the extent and depth of fuel poverty

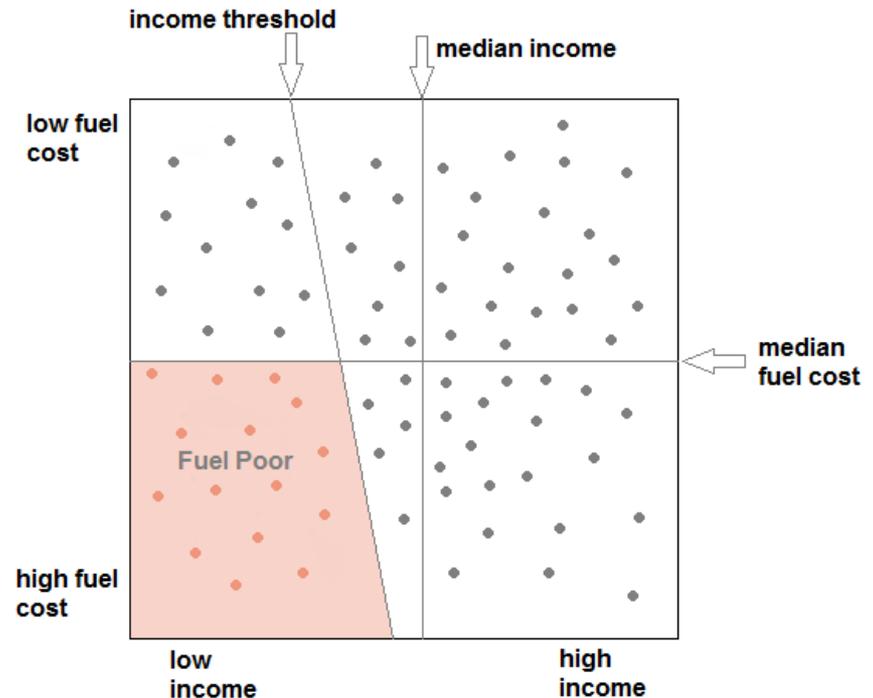


Example: Fuel cost threshold

New definition

The graph shows a sample of 80 households, each represented by a dot.

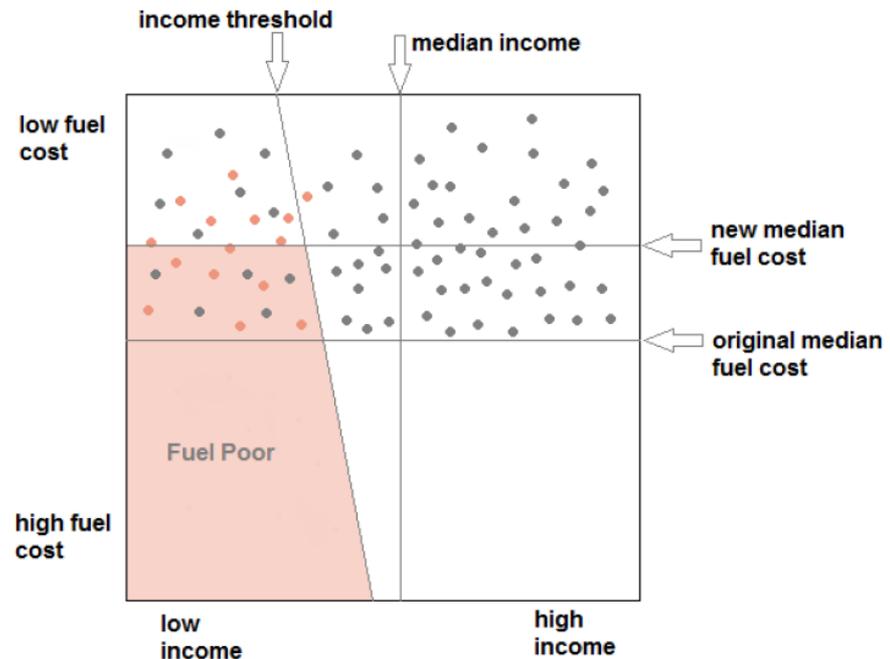
- Those who have incomes below the income threshold, and required fuel costs more than the median are classified as fuel poor; these households are shown in pink and there are 15 of them (19% of the sample).
- The medians divide the sample in half, so there are 40 households either side of the median lines.



Example: Strange Results

Insulate everyone

- After all households have improved energy efficiency the median line must be re-drawn so that it sits at the new half-way point.
- This causes the pink area to grow and incorporate more households. There are now 12 households in fuel poverty, or 15%.



Source: Ian Preston, CSE.

PSE Fuel Poverty Module

[Cutback] Did your household cut back on fuel use at home in any of these ways last winter, because you could not afford the costs? (SHOWCARD C1)

CODE ALL THAT APPLY	% Scot	% UK
1. Turned heating down or off, even though it was too cold in the house/flat	18%	21%
2. Only heated and used part of the house	14%	14%
3. Cut the number of hours the heating was on to reduce fuel costs	22%	29%
4. Used less hot water than I/we needed to reduce fuel costs	8%	8%
5. Turned out more lights in my home than I/we wanted to, to try to reduce the electricity bill	17%	21%
6. Had fewer hot meals or hot drinks than I/we needed to reduce fuel costs	1%	2%
7. Other cut back on fuel use to reduce fuel costs	6%	6%
96. SPONTANEOUS ONLY: None of these	58%	54%



PSE Fuel Poverty Module

**[Comfort] Describe the overall level of warmth in your home last winter?
(SHOWCARD C2)**

CODE FIRST TO APPLY	% Scot	% UK
1. Much colder than you would have liked	9%	10%
2. A bit colder than you would have liked	22%	24%
3. About right	66%	62%
4. A bit warmer than you would have liked	2%	2%
5. A lot warmer than you would have liked	0%	1%
6. Both too warm and too cold	1%	0%

A third of Scottish Households are have colder homes than they would like in winter



PSE Fuel Poverty Module

[HseEft] You said that you had problems with [AccProb] and that your home was warmer/colder [Comfort] than you would have liked. Did this affect you or other members of your household in any of the following ways? (SHOWCARD C3)

CODE ALL THAT APPLY	% Scot	% UK
1. Made an existing health problem or problems worse	16%	17%
2. Brought on a new health problem or problems	4%	9%
3. Made me/us feel miserable, anxious or depressed	34%	36%
4. I/we did not feel able to invite friends or family to the house	15%	16%
5. I/we spent as much time as possible away from the house	11%	10%
6. I/we stayed in bed longer than we wanted to keep warm	22%	22%
96. SPONTANEOUS ONLY: None of these	47%	46%



The Eradication of Fuel Poverty?

In Scotland in 2012, a third of Scottish households were colder than they wanted to be in winter, 18% had to turn their heating down or off even though it was cold and 6% of households cannot afford to heat the living areas of their homes.

There is almost no prospect that the UK or Scottish government will have eradicated fuel poverty by November 2016 – as they are required to do by law.

This represents a major policy failure about which there has been virtually no comment in the media or amongst academics or policy makers. This is strange as fuel poverty is of considerable concern to the public.