Chapter 1 The causes and effects of fuel poverty

FUEL POVERTY

1.1 A fuel poor household is one that cannot afford to keep adequately warm at reasonable cost. The most widely accepted definition of a fuel poor household is one which needs to spend more than 10% of its income on all fuel use and to heat its home to an adequate standard of warmth. This is generally defined as 21ºC in the living room and 18ºC in the other occupied rooms - the temperatures recommended by the World Health Organisation.

1.2 Importantly, the definition focuses on what people *would need to spend*, rather than what they *actually* spend on heating. This is because fuel poor households have to balance the need for fuel and other essentials, and very often cannot heat their homes properly. They may also be in the home for longer periods of the day, increasing the cost of keeping warm. At present, there are differences in the definitions used by countries within the UK. However, the Government is working with the Devolved Administrations to achieve an agreed definition across the *whole* of the UK.

1.3 It is estimated there were around 5½ million fuel poor households in the UK in 1996. By 2000 it is estimated that this may have fallen to around 4 million households.

1.4 In November 1999 an Inter-Ministerial Group was set up to take a strategic overview of the wide range of Government policies and initiatives with a bearing on fuel poverty, and to develop and publish a UK Strategy setting out fuel poverty objectives, targets and the policies to deliver those objectives.

1.5 In February 2001 the Government launched the consultation draft of the *UK Fuel Poverty Strategy*. In accordance with the Warm Homes and Energy Conservation Act 2000 (see Box 1.1) and taking into consideration responses from the consultation process, this document represents the UK Fuel Poverty Strategy. It is recognised that there remain a number of difficult issues to be tackled by the Government and Devolved Administrations. As ideas and initiatives develop, and different delivery programmes are tried and tested, an annual progress report will be published on how the Government's objective, of removing all vulnerable households from fuel poverty, is being met.

1.6 Alongside measures aimed directly at fuel poverty, this Strategy deals with other important policies and initiatives which reduce fuel poverty, and will contribute significantly to the delivery of the Strategy. These include the Government and the Devolved Administrations' strategies for housing, energy, health, and poverty and social exclusion. More details about these related strategies are available in other publications, such as the third annual poverty and social exclusion report, *Opportunity for all - making progress*, September 2001. The Strategy also builds on *A better quality of life - A strategy for sustainable development for the UK*; demonstrating how policies can meet multiple social, environmental and economic objectives thereby contributing to sustainable development.

Box 1.1 The Warm Homes and Energy Conservation Act 2000

The *Warm Homes and Energy Conservation Act*, introduced by David Amess with Government and cross-party support, became law in November 2000. The Government welcomes the Act's formal recognition of fuel poverty as a major issue of public well-being. The Act requires the Secretary of State for England and the National Assembly for Wales *"to publish and implement a strategy for reducing fuel poverty and set targets for its implementation"*. The publication and delivery of this Strategy therefore fulfils the terms of the Warm Homes Act for England. A Strategy for Wales will be published within 12 months of the commencement of the Act in Wales in early 2002.

CAUSES OF FUEL POVERTY

1.7 Fuel poverty is caused by a combination of factors including:

- energy efficiency of the home;
- fuel costs;
- household income.

1.8 Although reductions in energy prices have helped fuel poor households, low income and energy prices have an obvious effect on the ability of households to spend enough on keeping warm. However it is the combination of this with poor energy efficiency that results in fuel poverty. The fuel poor have the lowest mean income (as one might expect), but also the highest mean required fuel costs, as illustrated in Table 4.5.

1.9 This may be a reflection not only of poor energy efficiency and possibly higher fuel needs, as mentioned above, but also of the type of heating systems in place or the availability of the fuels themselves - many smaller towns and villages, particularly in rural areas, do not have access to the gas network. As an indication of the kind of cost differentials, it is estimated that in 1998 a typical household would have spent about 40% more on their total energy use to maintain the same level of comfort, if they used an electric storage heating system rather than a gas system. It should also be borne in mind that, generally speaking, the price of other fuels such as heating oil and bottled gases fluctuate considerably.

1.10 Dwelling size can be another factor behind fuel poverty. Households in the worst degree of fuel poverty tend to occupy accommodation which is, on average, significantly larger in area. The principal reasons for underoccupation are where children have grown and left the family home, or where a spouse has died or left. Underoccupation is a complex issue, and there are often good social reasons for not moving to a smaller property. Older people in particular tend to rely on strong local community networks, and these links can have real health and other benefits. This issue is discussed further in Annex A, paragraphs 31-35.

THE EFFECTS OF FUEL POVERTY ON DIFFERENT SOCIAL GROUPS

1.11 Fuel poverty can damage people's quality of life and health, as well as impose wider costs on the community. The likelihood of ill health is increased by cold homes, with illnesses such as influenza, heart disease, and strokes all exacerbated by the cold. Cold homes can

also promote the growth of fungi and numbers of house dust mites. The latter have been linked to conditions such as asthma. Ill health can lead to enforced absences from work, and certain types of illness, such as respiratory disease, may restrict choices of potential employment for those without work. The need to spend a large portion of income on fuel means that fuel poor households may have to make difficult decisions about other household essentials. This can lead to poor diets and/or withdrawal from the community.

1.12 Although the risks from fuel poverty and cold-related ill health apply to all people, older householders, families with children and householders who are disabled or suffering from a long-term illness are especially vulnerable. People in these higher risk groups are found in more than half of UK households. They are also likely to be at home for more of the day, possibly all of the time, so that heating is needed for more of the time than in other households. The Government and the Devolved Administrations consider that these vulnerable households should receive priority assistance.

Older people

1.13 Those householders aged 60 years or more make up a large proportion of the fuel poor - about half of the fuel poor households in England and Scotland contain older people.

1.14 The physiological effects of cold are well documented. Resistance to respiratory disease falls when temperatures fall below 16ºC (*Collins K J, 1986*). Temperatures below 12ºC result in raised blood pressure (*Collins et al, 1985*) caused by the narrowing of blood vessels, which also lead to an increase in thickness of the blood as fluid is lost from the circulation. This, with raised fibrinogen levels due to respiratory infections in winter, is associated with increased deaths from coronary thrombosis in cold weather. About half of excess winter deaths are circulatory in cause, due to the above factors.

1.15 In the UK from December to March, year on year, there are between 20,000 and 50,000 excess deaths compared to the rest of the year[1]. Older people spend a lot of time in the home. The relationship between indoor temperatures and ill health is a complex one, with other factors such as outside exposure and behavioural patterns involved. To study the impact of cold homes on health, a Government-funded study is planned for 2001-04 to look at the impact of new HEES/WFT on recipient's health. (see paragraph 4.56).

1 From information supplied by the Office for National Statistics.

1.16 In addition, cold causes other discomfort for older people, for example worsening arthritic pains or contributing to a general feeling of illness.

1.17 Research indicates that domestic accidents, including fatalities, are more common in cold homes in winter. Periods of prolonged immobility can result, making it even more difficult for older people to keep warm. People may need to go into residential care because of their injuries, or because they can no longer live in their cold home.

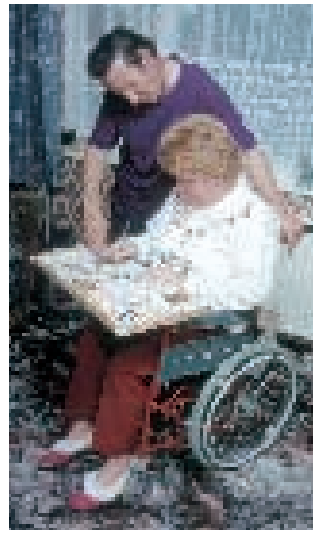
1.18 Fuel poverty can also exacerbate the social isolation felt by many older households; they cannot afford to go out; or are fearful of going out knowing they will come in, already feeling cold, to a cold home; or are reluctant to invite friends into a cold house. These factors can diminish the social well-being and quality of life of older households.

Children

1.19 Families with children account for 15-20% of fuel poor households[2]. Children are particularly vulnerable to respiratory conditions such as asthma, which have been linked to cold and damp homes.

1.20 Cold homes also increase the time taken to recover from other illnesses so that children may be off school more, affecting their education and development. Homework can also suffer if the family is squeezed into a small part of their home, and there is nowhere for the children to study in quiet. Fuel poverty therefore impairs the opportunities available for children.

2 1998 Energy Follow Up Survey.



People who are disabled or have a long-term illness

1.21 Fuel poverty may compound the ill health and suffering of those who are disabled or have a long-term illness. It is likely to exacerbate existing problems and lengthen recovery time. Cold homes may make it more difficult for carers to look after acutely or chronically sick people, more of whom will have to go into hospital needlessly - or go permanently into a nursing home.

1.22 Thus the cost of cold-related ill health can be counted in more than the misery caused to the individuals affected. Increased illness adds to the pressures on health and social care services.