



Department
of Energy &
Climate Change

Fuel Poverty Monitoring Indicators 2013

Annex to the Annual Report on Fuel Poverty Statistics 2013

May 2013

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This annex to the Government's Annual Statistics Report on Fuel Poverty 2013 summarises a range of indicators that can provide a useful background to consider alongside the report. A copy of the 2013 Report can be downloaded from <https://www.gov.uk/government/organisations/department-of-energy-climate-change/series/fuel-poverty-statistics>

The Annual Statistics Report on Fuel Poverty provides an explanation of the headline figures and trends in fuel poverty over time. As with previous years, detailed breakdowns of fuel poverty in England are published, as is documentation on how official fuel poverty estimates for England are calculated.

We welcome comments on the usefulness of this work and would welcome views on the need to incorporate them more closely with the latest Statistical Report.

To provide feedback or comments, please contact either Masuma Ahmed at Masuma.Ahmed@decc.gsi.gov.uk or Chris McKee at Chris.Mckee@decc.gsi.gov.uk.

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Income Indicators

1. Disposable income

Year-on-year change in real disposable household income, UK, 1998-2012



Source: Office for National Statistics

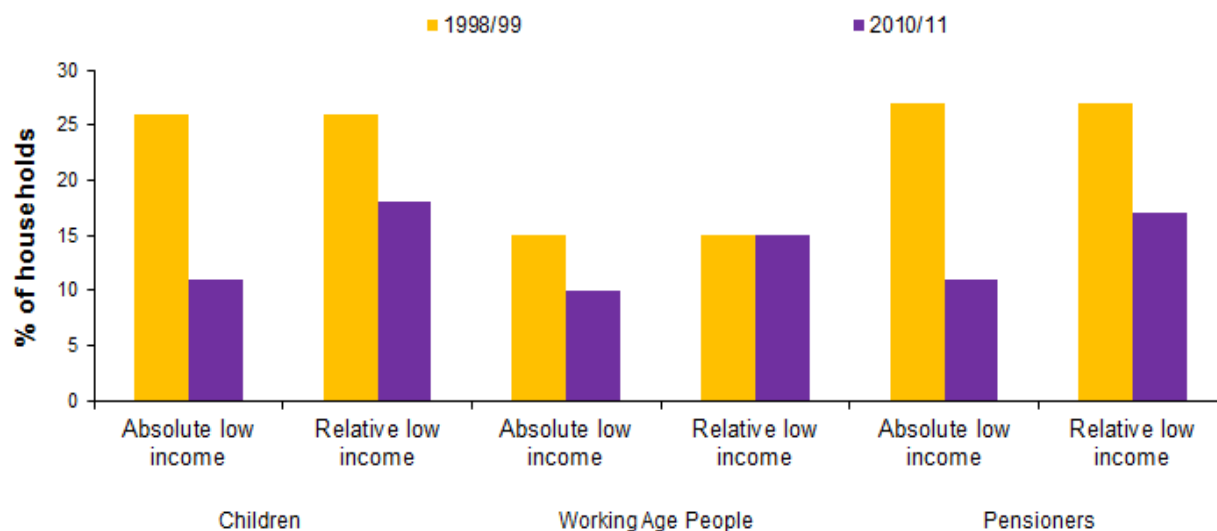
Coverage: United Kingdom

Key Messages: Real disposable household income increased every year between 1996 and 2010, with the largest increases seen in the late 1990s and early 2000s. In 2011, real incomes fell slightly, representing the first decrease in the last 15 years. However, they then rose again between 2011 and 2012, by just over 2 per cent. This differs from the fuel poverty dataset, where incomes have risen every year throughout this period. This is because the fuel poverty dataset considers income in cash terms, whereas the ONS data considers income in real terms.

Technical Notes: This indicator shows real disposable income and is based on the Real Disposable Income series, using calendar years.

2. Proportion of children, working age adults and pensioners living in households with low incomes (absolute and relative)

Percentages of children, working-age adults and pensioners living in households with equivalised ¹ income below 60 per cent of median (before housing costs) ²



Source: Households Below Average Income (HBAI), DWP

Coverage: United Kingdom

Key Messages: Rising incomes of low income households containing children or pensioners have led to a fall in the proportion of the children and pensioners living in households with relative low income between 1998/99 and 2010/11.

Technical Notes: The Government's Households Below Average Income (HBAI) report presents statistics for a range of low-income thresholds. For the charts above, low income is based on households that are below 60 per cent of median income. A more comprehensive picture is set out in the HBAI first release and the report itself, available at: <http://statistics.dwp.gov.uk/asd/hbai/hbai2011/index.php?page=contents>

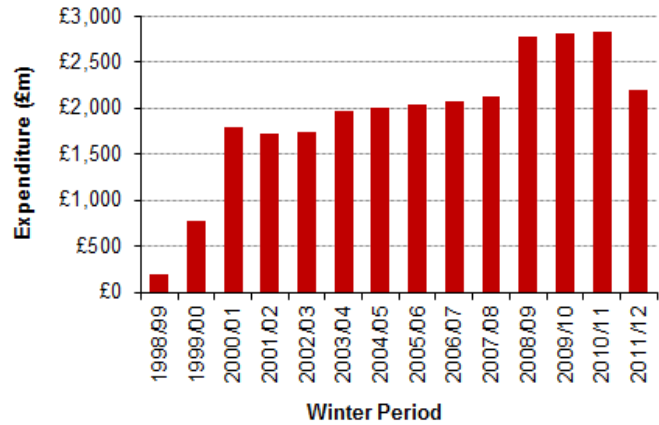
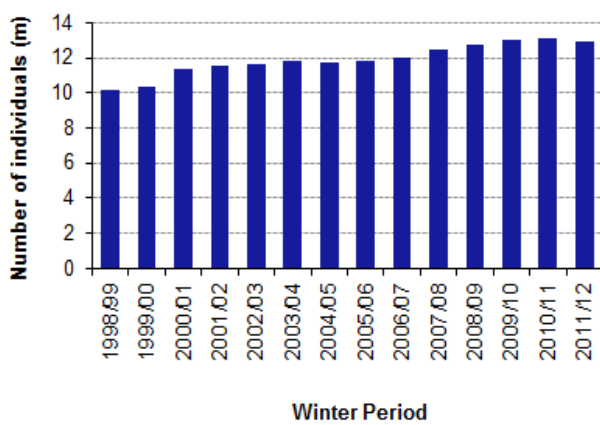
The absolute measure shown here fixes the low-income threshold at 60 per cent of the 1998/99 level in real terms. The relative measure uses 60 per cent of the annual median income.

¹ The process of equivalisation is used in determining household income for this indicator. Equivalisation attempts to account for variations in the size and composition of the households in which individuals live.

² Net equivalised income before housing costs (BHC) consists of income from all sources net of National Insurance Contributions, Income Tax, Council Tax, private/occupational pension contributions, child maintenance payments, parental contributions to students living away from home, and student loan repayments.

3. Winter Fuel Payments

Annual number of payments and total expenditure on Winter Fuel Payments



Source: DWP, DSD NI

Coverage: United Kingdom

Key Messages: Expenditure on Winter Fuel Payments fell to around £2.2 billion in 2011/12, from around £2.8 billion the year before. This was because the payment amount reverted to 2007/08 levels following three winters of higher payments. In 2011/12, approximately 13 million older people benefitted from a winter fuel payment.

Technical Notes: The Winter Fuel Payments started in 1997/98 and are payable to all eligible individuals who have reached state pension age for women, to help towards the cost of winter fuel bills. They do not relate specifically to the fuel poor, although around half of those living in fuel poverty in England are of pensionable age, under the 10 per cent measure of fuel poverty.

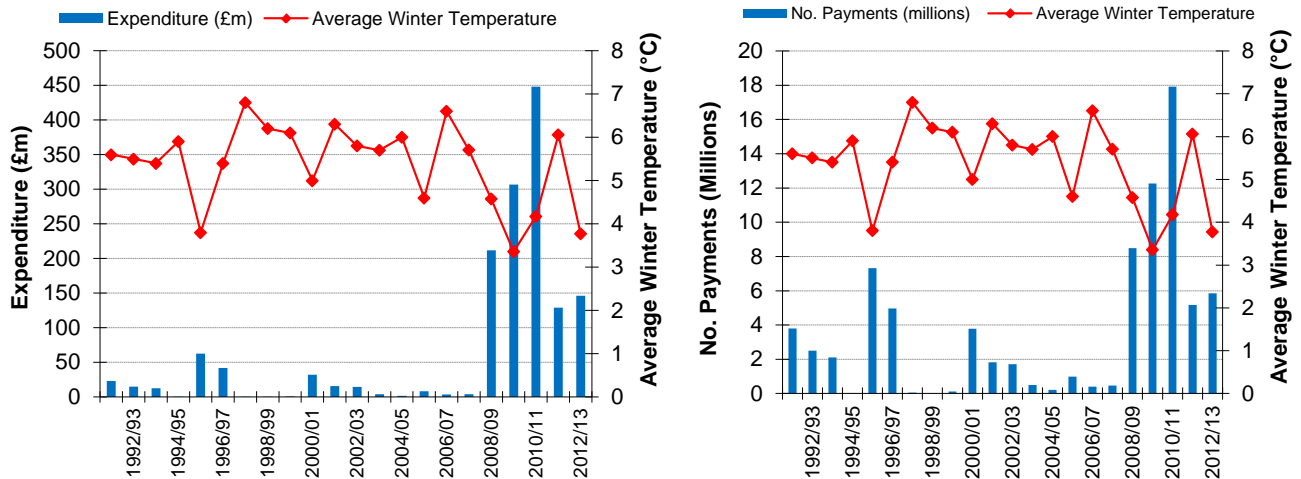
Winter Fuel Payments were increased to £100 for all pensioners in winter 1999/2000, and increased again to £200 the following winter. In 2003/04 an extra £100 was awarded to households with a person aged 80 or over. In the winters of 2008/09, 2009/10 and 2010/11, Winter Fuel Payments were increased again to £250 for households with someone aged 60 up to 79, and £400 for households with someone aged 80 and over. However, in winter 2011/12, the payments reverted back to £200 and £300 respectively.

When more than one qualifying individual lives in a household, a shared rate is payable to each.

In the context of fuel poverty, winter fuel payments are treated as income, rather than offsetting fuel bills.

4. Cold Weather Payments

Total Expenditure and annual number of payments on Cold Weather Payments



Source: DWP records of Cold Weather Payments made automatically via benefit systems or made clerically after being identified from disabled child scans, Northern Ireland Annual Report on the Social Fund (Northern Ireland Assembly), DECC

Coverage: United Kingdom

Key Messages: Cold Weather Payments reflect extended cold periods within a winter, and therefore do not always follow average winter temperatures. A winter could be very cold on average, but if there were few extended cold spells of a week or more, then fewer cold weather payments would be made. The areas involved also affect the number of payments and expenditure. For example, if large cities such as London and Manchester have a sustained cold spell, this would result in far more payments than if a smaller, rural area did so. In combination, these two reasons appear to be responsible for the smaller number of payments than expected in 2012/13, given the average temperature.

Technical Notes: Cold Weather Payments are made to those eligible without the need to claim for every week of very cold weather (defined by the average temperature being, or forecast to be, 0°C or below over 7 consecutive days at the weather station linked to an eligible customer's postcode). People in receipt of Income Support, Pension Credit, income-based Jobseeker's Allowance or income-related Employment and Support Allowance are eligible for Cold Weather Payments. Those receiving Income Support, income-based Jobseeker's Allowance or income-related Employment and Support Allowance in the assessment phase must also be receiving a pensioner or disability premium, or have a child who is disabled or under the age of five.

The Cold Weather Payment season runs from 1st November to 31st March. The temperature data used for this indicator relates to the average winter temperature during the months of December to March, and is consistent with the temperature data used in the indicator on excess winter deaths.

Cold Weather Payments were increased for the 2008/9 winter, from £8.50 to £25. Although originally a temporary measure, this increase was made permanent in October 2010. This partially explains the sharp increase in expenditure on these payments from 2008/09 onwards.

Fuel Prices Indicators

5. Actual expenditure on fuel (as a percentage of total income)

Percentage of income spent on fuel for households in the lowest and highest 30 per cent income groups



Source: Office for National Statistics, Living Costs and Food Survey (formerly Expenditure and Food Survey, Family Expenditure Survey)

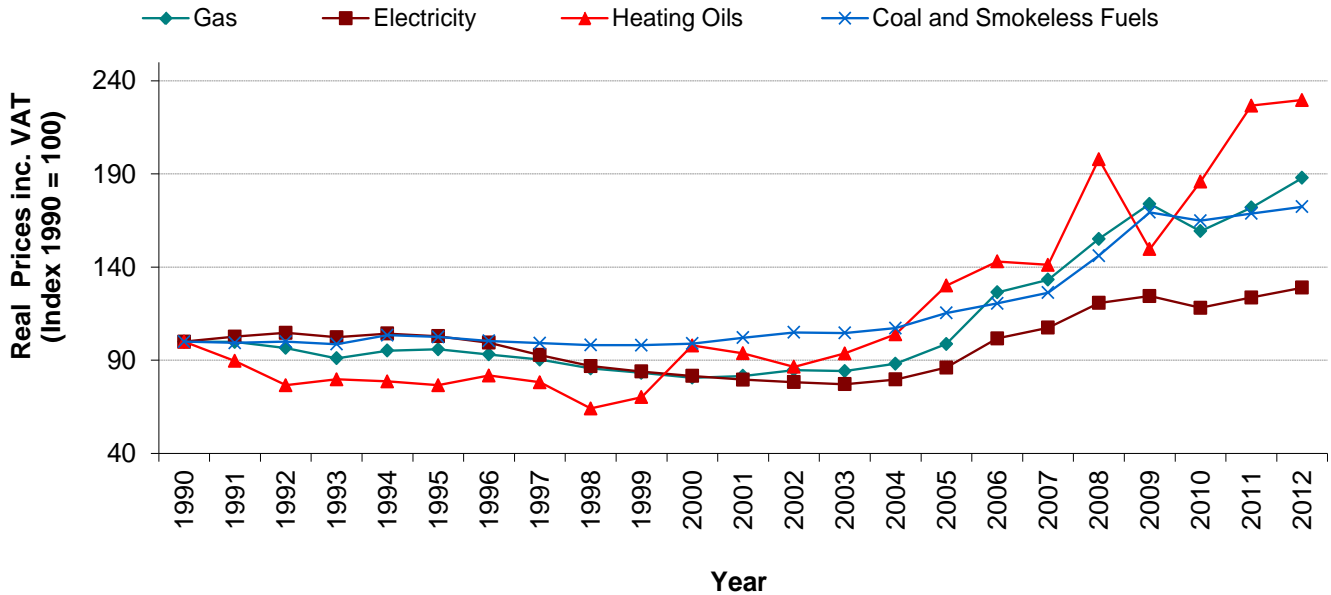
Coverage: United Kingdom

Key Messages: The proportion of expenditure on fuel has changed over the last 15 years for both the lowest and highest income groups. Whilst there was an overall reduction in the proportion spent by both groups between 1994/95 and 2004/05, and a subsequent increase between 2004/05 and 2010, a significant difference existed between them throughout this period.

From 1994/95 to 2004/05, the proportion of income that the lower income groups spent on fuel did not decrease by as much as for the higher income groups (41% decrease vs 53%). Yet from 2004/05 to 2010, this proportion increased by more for the lower income groups than the higher ones. This suggests that historically lower income households have fared worse when fuel prices moved in either direction. However, in 2011 the opposite was true, with lower income groups seeing a fall in the proportion of their income spent on fuel, whilst the higher income groups saw a rise. This may reflect factors such as improving energy efficiency amongst lower income groups, or higher spend in other areas such as food and transport.

6. Fuel prices

Average domestic energy prices in real terms



Source: Office for National Statistics, Retail Prices Index; DECC, Quarterly Energy Prices

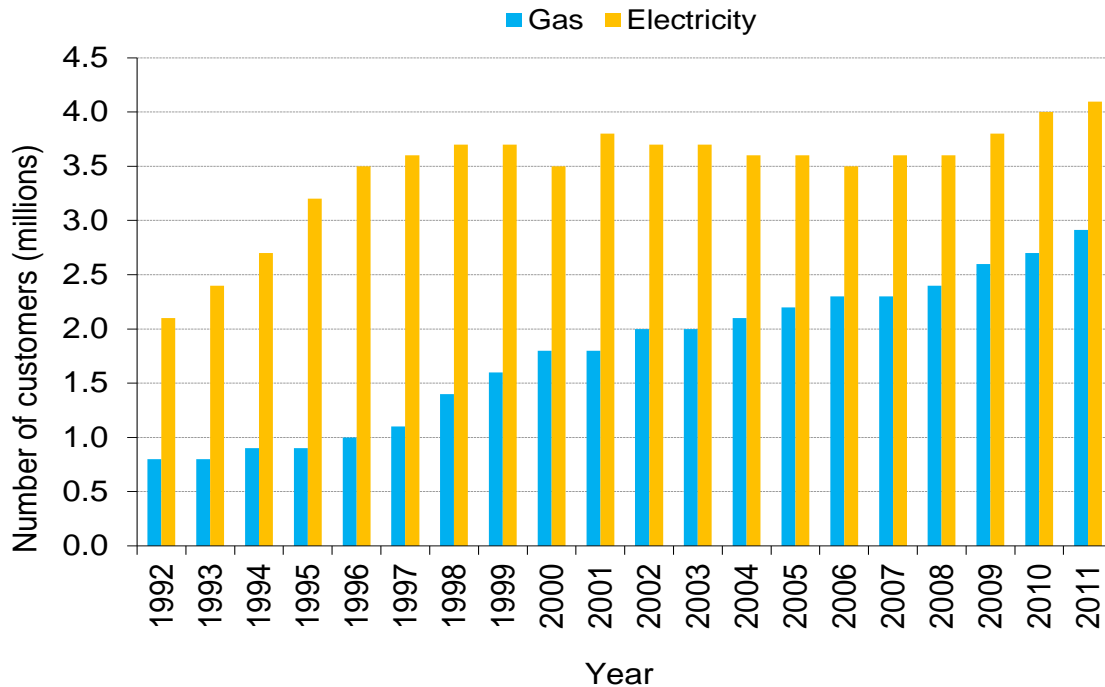
Coverage: United Kingdom

Key Messages: This indicator shows changes in average domestic fuel prices throughout the UK. Since 2004, prices have risen sharply (with some exceptions), mainly due to increasing wholesale gas prices, higher international oil and coal prices and the resulting increase in wholesale electricity prices.

Between 2011 and 2012, the prices of gas, electricity, heating oil and coal increased in real terms by 9 per cent, 4 per cent, 1 per cent and 2 per cent respectively. These increases were of a similar magnitude to those seen between 2010 and 2011, with the exception of heating oil, which increased by much more (22%) between 2010 and 2011.

7. Number of customers on pre-payment meters

Customers on prepayment meters for gas and electricity



Source: Ofgem Domestic Suppliers' Social Obligations: 2011 Annual Report available online at: <http://www.ofgem.gov.uk/Sustainability/SocAction/Monitoring/SoObMonitor/Documents1/SOR%20annual%20report%202011.pdf>

Coverage: Great Britain

Key Messages: There was an increase in the number of customers using prepayment meters during the 1990s for both fuels, although especially for electricity, where they are largely used for debt management to avoid disconnection. Between 2001 and 2006 there was a reduction in electricity pre-payment meter customer numbers, while gas prepayment meter customer numbers continued to increase. Between 2007 and 2011, there were increases in both the number of gas and electricity pre-payment meter customers. At the end of 2011, around 15 per cent of electricity customers and 13 per cent of gas customers paid through a pre-payment meter.

In addition to the data for Great Britain shown above there were, at the end of 2012, approximately 293,000 electricity prepayment meters and approximately 105,000 gas prepayment meters in Northern Ireland. This was a considerable increase on 2011, and followed a similar increase the year before.

Aside from managing a debt, many households prefer using pre-payment meters as they allow the householders to manage their budgets closely.

Technical Notes: Prepayment meter customers have historically paid higher prices than customers paying by quarterly credit or direct debit, although the differentials have narrowed in recent years between standard credit and pre-payment. This can be seen in DECC's Quarterly Energy Prices publication: <https://www.gov.uk/government/organisations/department-of-energy-climate-change/series/domestic-energy-prices>

In 2011, around 19 per cent of gas and 20 per cent of electricity pre-payment customers were fuel poor under the 10 per cent measure of fuel poverty. These are similar proportions to those seen for standard credit customers, but considerably higher than for direct debit customers, where 10 per cent of gas and 12 per cent of electricity customers are fuel poor.

Under the Low Income High Costs measure, around 23 per cent of gas pre-payment customers and 22 per cent of electricity pre-payment customers were fuel poor in 2011. These proportions were higher than for other payment methods, particularly direct debit. However, pre-payment households had lower fuel poverty gaps, on average, than households paying by other methods.

The table below shows how average annual bills have changed in real terms since 1996. Average annual bills are calculated assuming annual consumption of 3,300 kWh for electricity and 18,000 kWh for gas.

Average Annual Gas and Electricity Bills by Payment Method

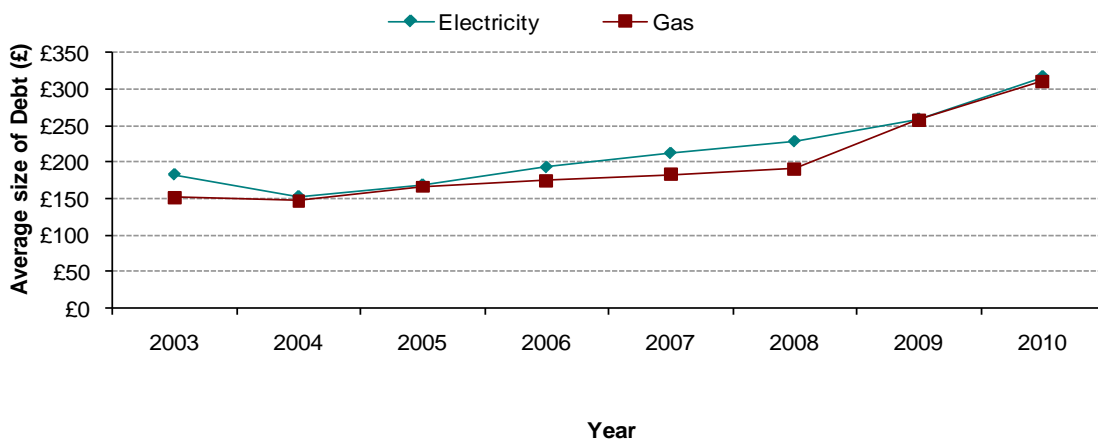
Real 2005 terms (£ ⁽¹⁾)		1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Electricity	Credit	366	342	314	303	292	278	269	262	262	285	328	356	398	404	382	405
	Direct Debit	358	332	302	290	278	266	256	249	249	269	304	328	366	369	350	373
	Prepayment	390	362	334	323	311	297	286	278	280	304	348	371	415	413	391	411
Prepayment less credit		24	20	20	20	19	19	17	16	18	19	20	15	17	9	9	6
Prepayment less Direct Debit		32	30	32	33	33	31	30	29	31	35	44	43	49	44	41	38
Gas	Credit	406	393	369	350	335	326	334	335	339	386	460	505	572	639	598	643
	Direct Debit	379	368	325	308	300	296	303	305	315	353	412	457	530	588	560	598
	Prepayment	431	418	388	365	353	343	353	351	358	401	484	540	595	667	599	637
Prepayment less credit		25	25	19	15	18	17	19	16	19	15	24	35	23	28	1	-6
Prepayment less Direct Debit		52	50	63	57	53	47	50	46	43	48	72	83	65	79	39	39
(1) Bills deflated to 2005 terms using the GDP (market prices) deflator																	
Source: http://decc.gov.uk/en/content/cms/statistics/publications/prices/prices.aspx																	
Coverage: UK for electricity, Great Britain for gas																	

8. Fuel Debt

Amounts owed by gas customers on a debt payment arrangement (as in the final quarter of each year)³



Average Level of Customer Debt³



Source: Ofgem

Coverage: Great Britain

Key Messages: Overall, at the end of 2010, 3.2 per cent of electricity customers and 3.2 per cent of gas customers were in debt. Of the gas customers in debt, 59 per cent owed more than £100, compared to 52 per cent in the same quarter in 2009. Of the electricity customers in debt, 58 per cent owed more than £100, compared to 46 per cent in quarter 4 of 2009.

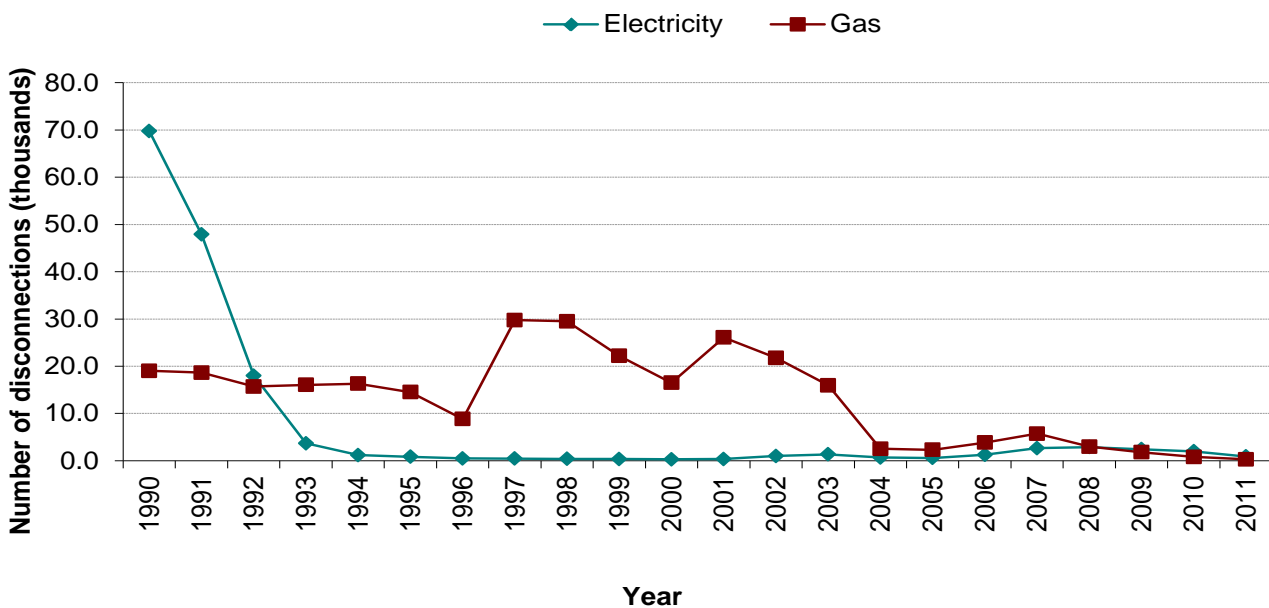
³ 2011 data on the amounts owed by customers on a debt repayment arrangement and the average level of debt are not yet available. Ofgem plan to publish these figures in summer 2013.

While the overall numbers repaying a debt has decreased, there are signs that the recession and high energy bills are continuing to have an impact on customers struggling to pay. The average debt owed by electricity customers at the end of 2010 was £316, and the average owed by gas customers was £310. This is an increase of 13 per cent and 8 per cent, respectively, on the same quarter in 2009.

In 2010 Q4, approximately 9 per cent of electricity prepayment meter customers (0.4m) and 11 per cent of gas prepayment meter customers (0.3m) are repaying a debt through a prepayment meter, slightly down from 2009 Q4.

Technical Notes: ‘Debt’ refers either to customers who have a PPM set to collect a debt or customers who are on a rescheduled debt repayment programme due to last longer than 91 days/13 weeks. Direct debit customers would only fall within this definition if they have specifically set up a direct debit in order to repay a debt.⁴

Number of customers disconnected due to debt



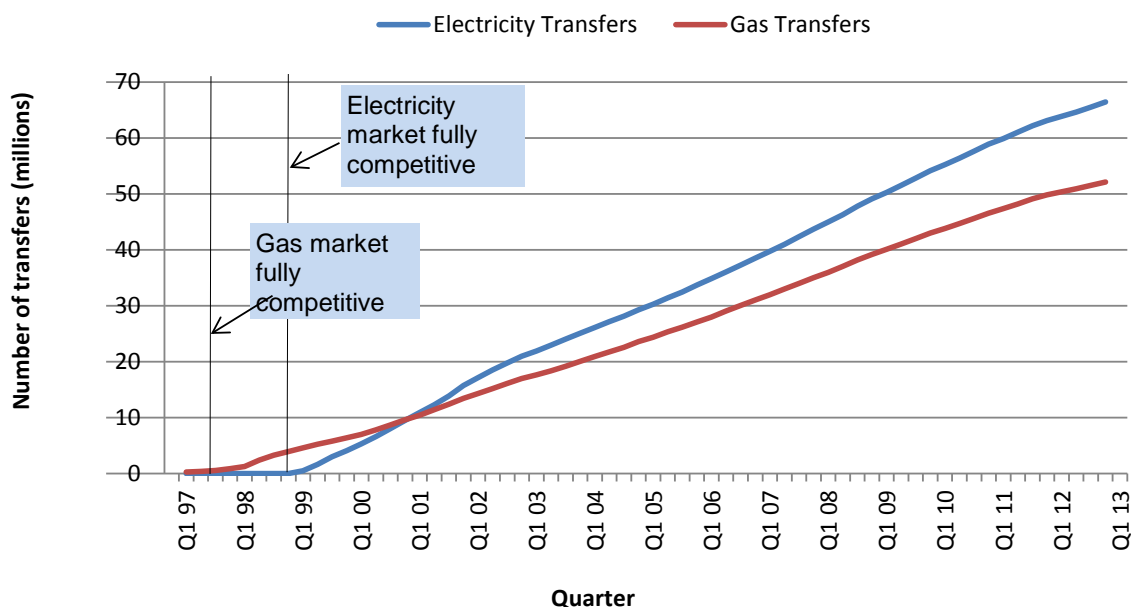
Coverage: United Kingdom

Key Messages: Between 2010 and 2011, disconnections for debt more than halved for both fuels, to 331 for gas and 921 for electricity. For both fuels, the levels are significantly reduced from the early 1990s.

⁴ See Ofgem review of suppliers' approaches to debt management and prevention: <http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Documents1/Debt%20Review%20Report.pdf>

9. Customers switching supplier

Cumulative numbers of gas and electricity transfers



Source: Ofgem; DECC

Coverage: Great Britain

Key Messages: By the end of 2012, there had been 66 million changes of electricity supplier and 52 million changes of gas supplier since their respective markets opened to competition. However, these figures are likely to include some consumers switching many times, whilst others haven't switched at all.

There are different rates of switching supplier between customers on the three main payment methods. For both gas and electricity, direct debit customers were most likely to have switched away from their home supplier, with 68 per cent of gas customers and 67 per cent of electricity customers having done so. Standard credit customers were least likely to have switched away, with 55 per cent of electricity customers and 43 per cent of gas customers having done so.

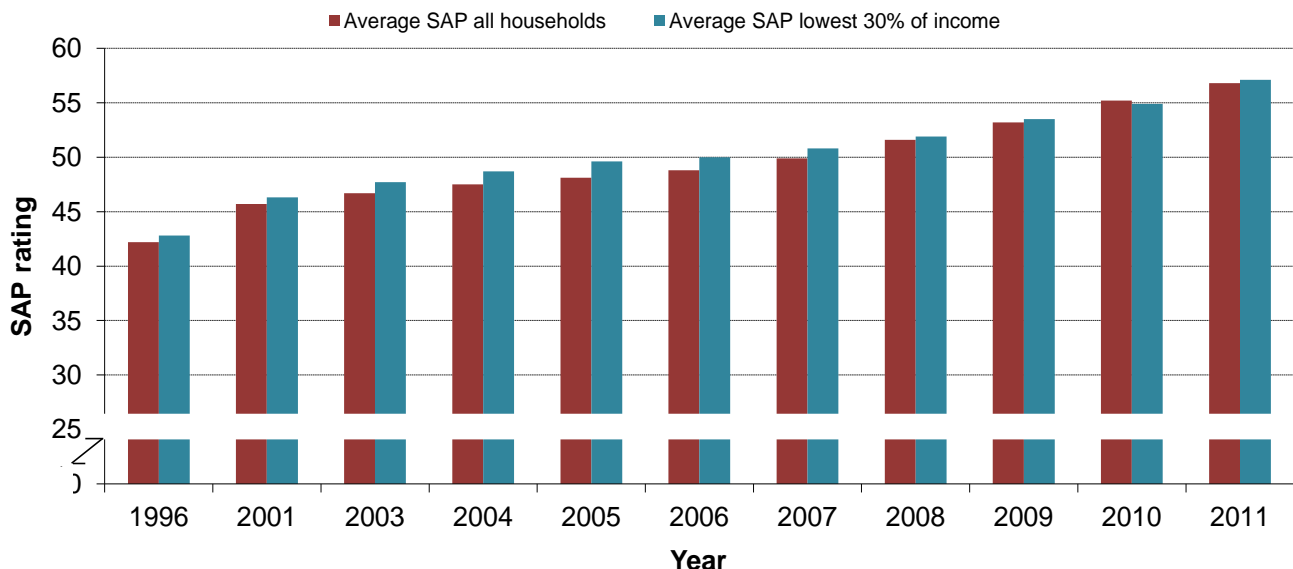
Technical Notes: The term "original supplier" or "home supplier" refers to the former Public Electricity Suppliers operating within their historical distribution boundaries in the electricity market, and to British Gas in the gas market. Before the market opened up to competition, all customers would have been with their home supplier.

All domestic customers in Great Britain have been able to choose their gas supplier since May 1998 and their electricity supplier from May 1999.

Housing Indicators

10. Energy efficiency (SAP rating) of the housing stock

SAP rating of households in the lowest 30 per cent of income groups and the average SAP rating for England



Source: EHCS 1996, 2001, 2003, 2004, 2005, 2006 and 2007; EHS 2008, 2009, 2010, 2011 (DCLG)

Coverage: England

Key Messages: The average (mean) SAP09 rating has increased by more for dwellings occupied by households in the lowest three income deciles than for all households between 2010 and 2011. Whilst SAP ratings increased by an average of 2.2 points for low income households, they only increased by an average of 1.6 points across all households. After an unusual year in 2010, where the average SAP of all households was higher than for those with low incomes, 2011 saw households with low incomes having the higher average SAP rating once again.

Results from the 2011 EHS have again indicated that there is a direct relationship between the degree of fuel poverty experienced, and SAP ratings. This is illustrated in the detailed tables available at:

<https://www.gov.uk/government/organisations/department-of-energy-climate-change/series/fuel-poverty-statistics>

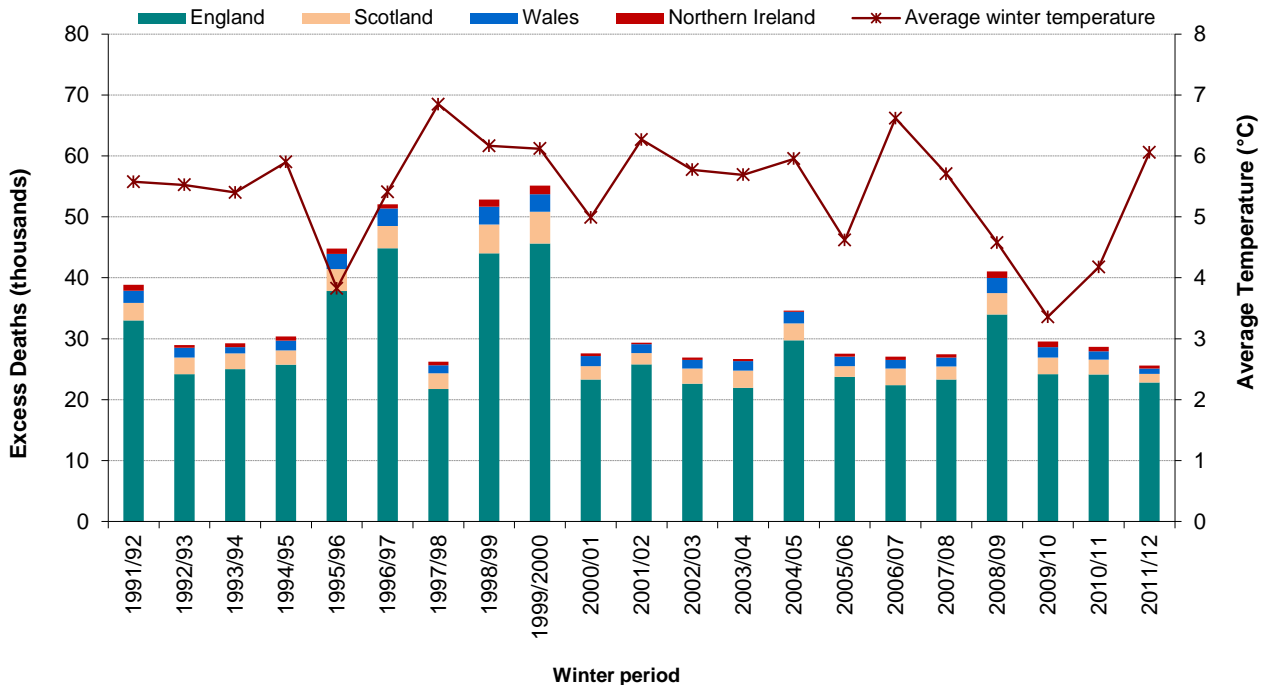
Technical Notes: The Standard Assessment Procedure (SAP) is adopted by Government as the methodology for calculating the energy performance of dwellings. The SAP rating is based upon the energy costs associated with space heating, water heating, cooking and lighting in a dwelling. It is adjusted for floor area so that it is essentially independent of this for a given built form. SAP ratings

are expressed on a scale of 1 to 100, with higher numbers reflecting lower energy costs. This indicator is based on SAP09 data for 2010 and 2011, and SAP05 data for earlier years where data on a SAP09 basis is not available. This creates a break in the time series, as shown in the chart.

More information on SAP ratings can be found here:
<https://www.gov.uk/standard-assessment-procedure>

11. Excess winter deaths

Excess winter deaths in countries of the UK



Source: Office for National Statistics; The Scottish Executive Government; Northern Ireland Assembly; Met Office

Coverage: United Kingdom

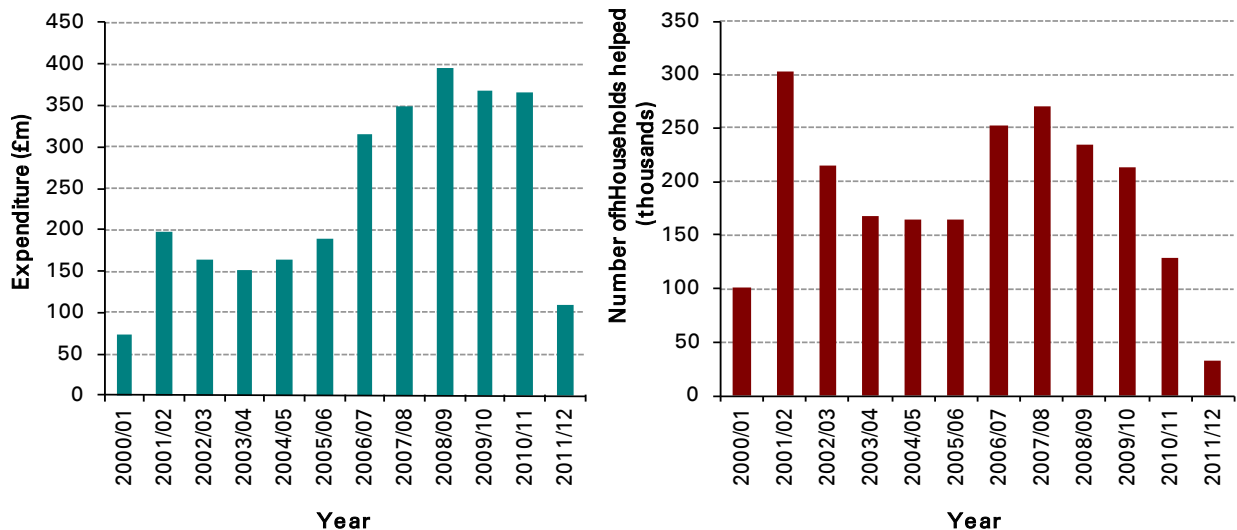
Key Messages: The number of excess winter deaths in the UK has fallen considerably since 1999/2000, despite average winter temperatures changing little. Although the 2011/12 winter was as cold on average as 1999/2000, there were fewer than half as many excess winter deaths, with 26,000 in 2011/12 compared with 55,000 in 1999/2000. The 2011/12 winter continues a steady trend of falling excess winter deaths in the last 3 years.

Technical Notes: Excess winter deaths are defined as the difference between the number of deaths which occurred in winter (December to March), and the average number of deaths during the preceding and subsequent four month periods (August to November and April to July).

The temperature data used for this indicator relates to the average temperature during the months of December to March, and is consistent with the temperature data used in the indicator on cold weather payments.

12. Expenditure on, and number of households helped through, Warm Front

Expenditure and number of households helped through Warm Front, England



Source: DECC

Coverage: Private domestic housing sector of England

Key Messages: As part of the Spending Review 2010, the Government committed to continue to fund a smaller, targeted Warm Front programme for 2011-13. The total budget for Warm Front and associated fuel poverty expenditure was £145m⁵ in 2011/12 and is £100m in 2012/13. Following Government consultation, the scheme's eligibility was revised with effect from April 2011. Eligibility is now be based on a combination of income related benefits, mirroring those used to identify Cold Weather Payment recipients, and the thermal efficiency of the applicant's property. This ensures those most vulnerable to fuel poverty, who are also living in the most energy inefficient homes, are targeted for help under the scheme. Eligible applicants continue to receive a grant of up to £3,500, or up to £6,000 in the case of those off the gas-grid.

Until 2011/12, the figures show a general increase in funding for the scheme over time, and a decrease in the number of households helped. This is due to changes made to scheme architecture and a shift in the volumes of the various measures installed over time (i.e. a movement away from insulation to predominantly heating measures being provided).

⁵ The total budget of £145m consists of £110m allocated to Warm Front and associated activities secured through the Spending Review 2010. The budget was increased by £35m during the year as a result of £25m allocated to support the completion of outstanding works from 2010/11 with a further £10m provided by the Department of Health.

Technical Notes: Warm Front, launched in June 2000, is designed to tackle fuel poverty amongst vulnerable low income households across England. The insulation and heating measures installed through Warm Front deliver a range of benefits including reductions in household energy bills, carbon savings and positive health impacts. The scheme has evolved over time, in terms of scheme architecture, delivery and in the range of measures and value of support provided. For further information see:
<http://www.direct.gov.uk/warmfront>

Similar schemes operate in Scotland, Wales and Northern Ireland:
<http://www.energysavingtrust.org.uk/scotland/Scotland-Welcome-page/At-Home/Energy-Assistance-Package>

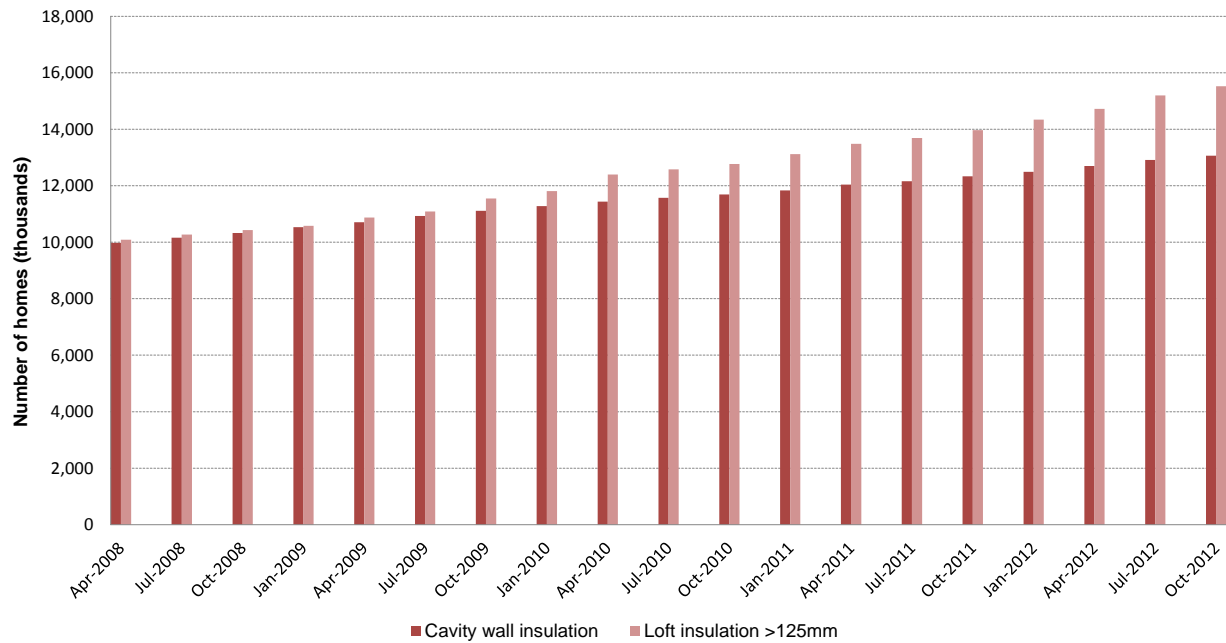
<http://www.nestwales.org.uk/>

<http://www.warm-homes.com/>

DECC will publish data on expenditure and the number of households helped through Warm Front for the period from 1st April 2012 until the end of the scheme, when it becomes available. This is likely to be towards the end of 2013.

13. Number of insulated homes

Time series of homes with cavity wall insulation and loft insulation in Great Britain



Source: DECC Insulation Statistics
<https://www.gov.uk/government/organisations/department-of-energy-climate-change/series/estimates-of-home-insulation-levels-in-great-britain>

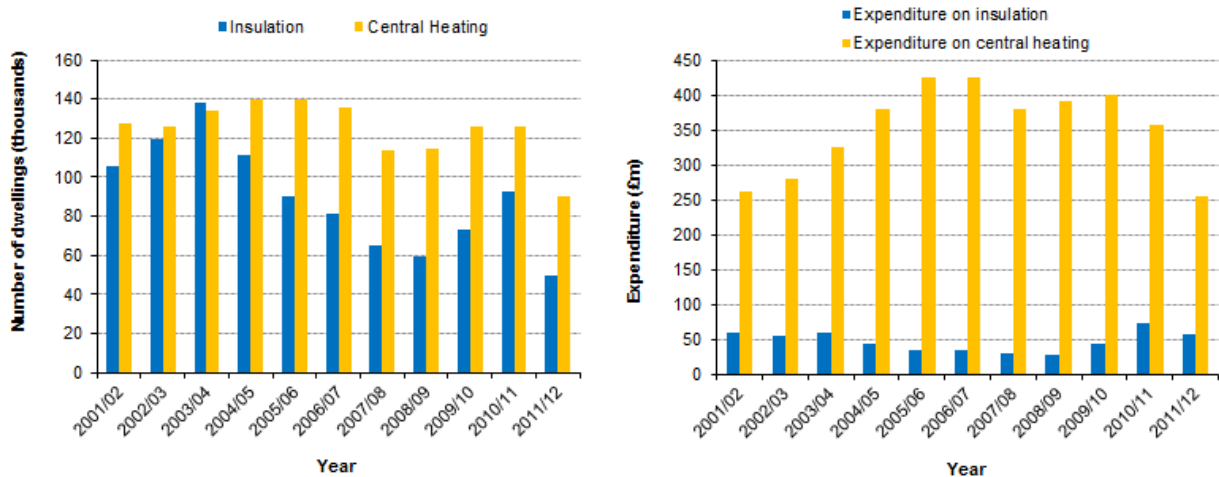
Coverage: Great Britain

Key Messages: There are 26.9 million homes in Great Britain. Of these, 23.5 million have lofts and 18.9 million have cavity walls, with the remaining 7.9 million having solid walls. In October 2012, 15.5 million homes had loft insulation of at least 125mm, an 11 per cent increase from October 2012. 13.1 million homes had cavity wall insulation, representing a 6 per cent increase from October 2011.

Technical Notes: The estimates for this statistical series are produced by using the 2008 English Housing Survey as a baseline, and then adding known changes from the Carbon Emissions Reduction Target (CERT), the Community Energy Saving Programme (CESP), and Warm Front schemes. This is supplemented with data on house building from Communities & Local Government.

14. Local Authority housing investment on energy efficiency improvements

Number of Local Authority-owned dwellings receiving insulation and central heating



Source: DCLG, Local Authority Housing Statistics, England 2011/12: Housing Strategy Statistical Appendix (HSSA) & Business Plan Statistical Appendix (BPSA) Statistical Release

Coverage: England

Key Messages: The number of local authority owned dwellings receiving insulation measures fell by nearly half in 2011/12, from over 90,000 to just under 50,000. This reflected by a smaller drop in spending of just under a quarter, from £72million to £58million. These changes followed three consecutive years of increases in the number of measures received, which coincided with increased spending.

The number of dwellings receiving new central heating systems (either for the first time or as a renewal/replacement) also fell between 2010/11 and 2011/12, by just over a quarter. Spending fell by a similar amount proportionally, from around £350million to £250million.

Technical Notes: Dwellings in receipt of more than one type of measure are counted under each category of works, e.g. a dwelling counted as having new insulation installed may be counted again as having central heating installed. Therefore, the dwellings receiving new insulation cannot simply be added to those receiving central heating as an estimate of the number receiving either measure.

Installations under the CERT programme are included in the expenditure figures. The increase in dwellings receiving insulation during 2009/10 was mainly due to cavity wall insulation from the SHESP Programme, which concluded in March 2011. Local authority-owned dwellings receiving insulation are also counted in the number of insulated homes in Indicator 13.

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