



Department
of Energy &
Climate Change

Additional Indicators, 2014



Fuel Poverty: Additional Indicators

This annex to the Government's Annual Statistics Report on Fuel Poverty 2014 summarises a range of indicators that can provide a useful background to consider alongside the report. A copy of the 2014 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: masuma.ahmed@decc.gsi.gov.uk;

Lizzie Brocklehurst: lizzie.brocklehurst@decc.gsi.gov.uk

Sam Trewin: sam.trewin@decc.gsi.gov.uk

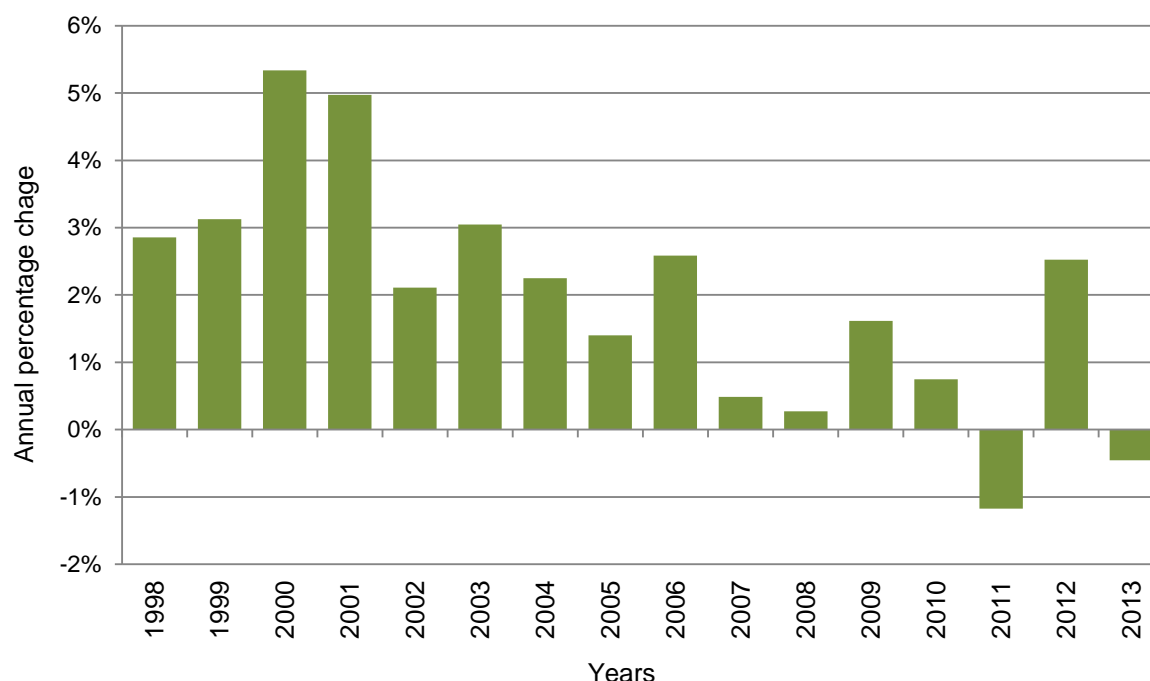
Contents

Fuel Poverty: Additional Indicators	3
Income Indicators.....	5
1. Disposable Income	5
2. Children, work age and pension age adults living in households with low incomes (absolute and relative)	6
3. Winter Fuel Payments	8
4. Cold Weather Payments	9
Fuel Prices Indicators.....	10
5. Actual expenditure on fuel (as a percentage of total income).....	10
6. Fuel prices.....	12
7. Number of customers on pre-payment meters	13
8. Fuel Debt.....	15
9. Customers switching supplier.....	18
Housing Indicators	19
10. Energy efficiency (SAP rating) of the housing stock.....	19
11. Excess winter deaths.....	21
12. Expenditure on and number of households helped through Warm Front	22
13. Number of insulated homes	23
14. Local Authority housing investment on energy efficiency improvements	24

Income Indicators

1. Disposable Income

Year-on-year change in real disposable income, UK, 1998 – 2013



Source: Office for National Statistics (ONS)

Coverage: United Kingdom

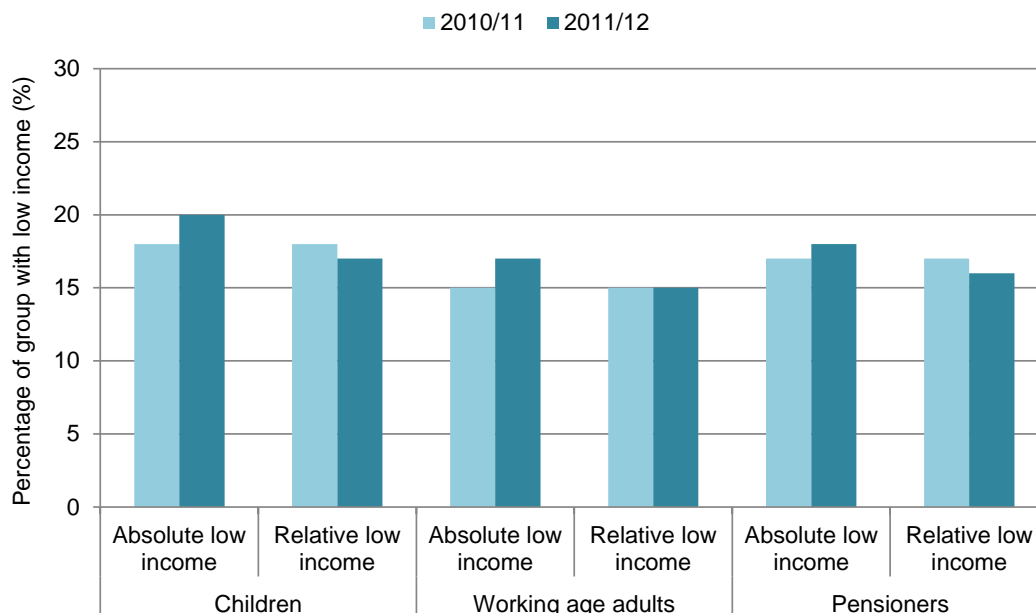
Key messages: Real disposable household income increased every year between 1996 and 2010, with the largest increases seen in the late 1990s and early 2000s. In 2011, real incomes fell slightly, representing the first decrease in recent years. However, incomes then rose again between 2011 and 2012, before falling fractionally in 2013.

It should be noted the income series presented above differs to income patterns seen through the EHS fuel poverty data. This is because the fuel poverty dataset considers incomes in cash terms, whereas the above ONS series considers incomes in real terms.

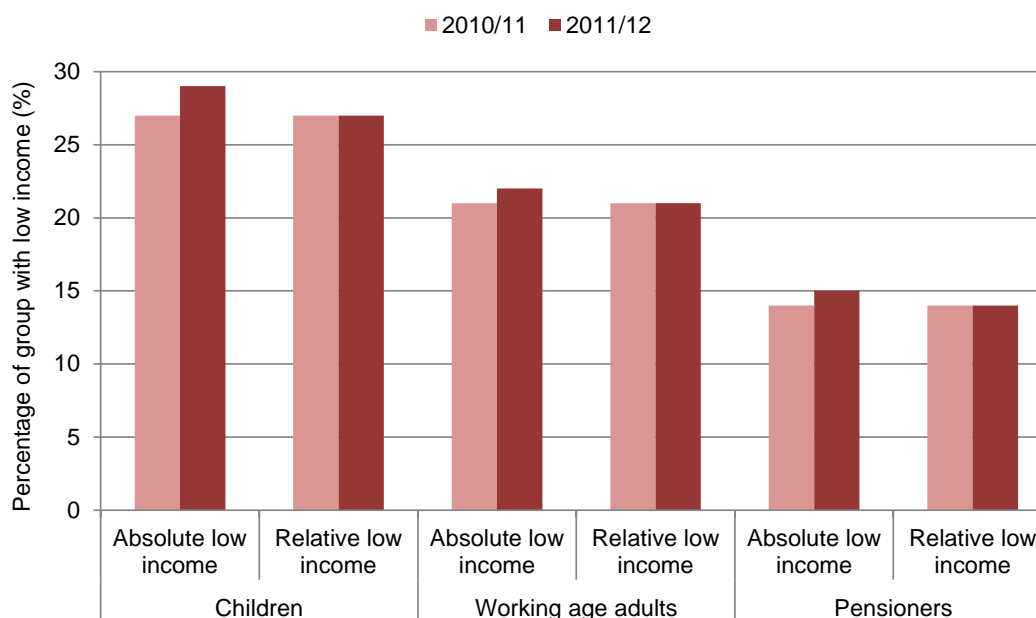
Technical notes: This indicator shows real disposable income and is based on the Real Disposable Income Series (series NRJR from the National Accounts), using calendar years.

2. Children, work age and pension age adults living in households with low incomes (absolute and relative)

Proportion of children, work age and pension age adults living in households with equivalised¹ incomes below 60% of the median (*before housing costs, BHC*)



Proportion of children, work age and pension age adults living in households with equivalised incomes below 60% of the median (*after housing costs, AHC*)



¹ The process of equivalisation is used to determine household income for this indicator – equivalisation attempts to account for the variance in the size of households.

Source: Households Below Average Income (HBAI),
Department for Work and Pensions (DWP)

Coverage: United Kingdom

Key messages: In 2011/12 the proportion of children in *absolute low income*, as measured against the 2010/11 baseline, increased by 2 percentage points for both the BHC and AHC measure. The proportion of children in relative low income is currently the lowest it has been since the mid 1980's under the BHC and AHC measures.

In line with this, the proportion of working age adults in *absolute low income*, as measured against the 2010/11 baseline, also increased by 1 percentage point for both the BHC and AHC measure. The proportion of working age adults in *relative low income* remained constant under both BHC and AHC.

In 2011/12 the proportion of pension age adults in *absolute low income*, as measured against the 2010/11 baseline, increased by almost 1 percentage point for both the BHC and AHC measure. This is due to falling real term incomes for households containing pension age adults. The proportion of pensioners in *relative low income* is currently at a historic low for both BHC and AHC, due to incomes for pensioners at the lower end of the income spectrum, falling less than incomes around the median.

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 publication, available at:

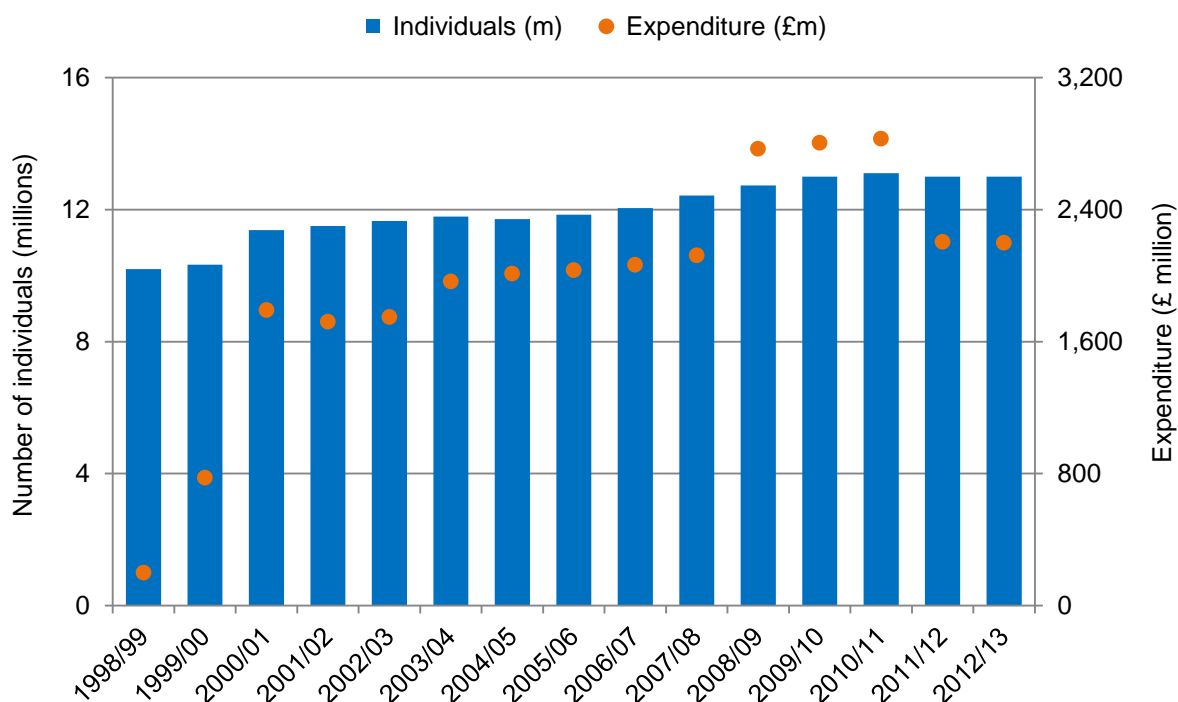
<https://www.gov.uk/government/publications/households-below-average-income-hbai-199495-to-201112>

The absolute measure shown here fixes the low-income threshold at 60 per cent of the 2010/11 level in real terms.

The relative measure uses 60 per cent of the annual median income.

3. Winter Fuel Payments

Annual number of payments and total expenditure on Winter Fuel Payments



Source: Department for Work and Pensions (DWP)
Department for Social Development Northern Ireland (DSD NI)

Coverage: United Kingdom

Key messages: Expenditure on Winter Fuel Payment remained unchanged since 2011/12, at around the £2.2 billion mark. In 2012/13 around 13 million older people benefited 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.

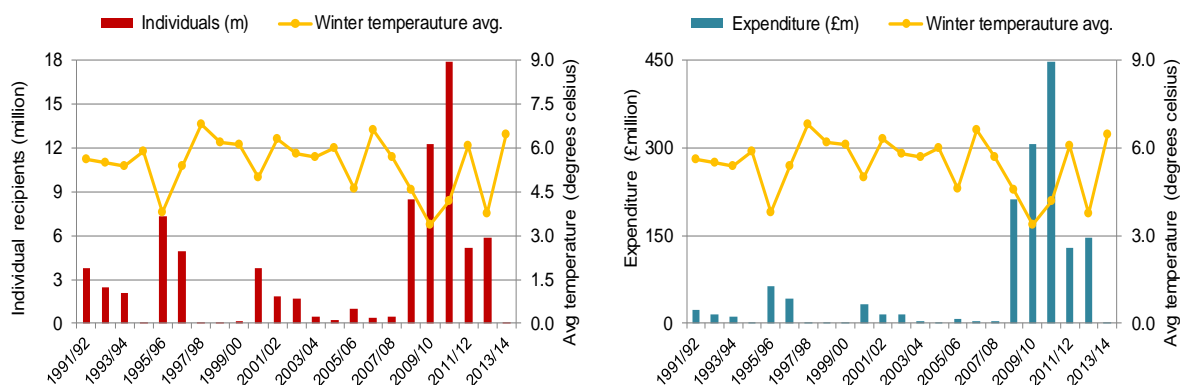
Winter Fuel Payments were increased to £100 for all pensioners in winter 1999/2000, and increased again to £200 the following winter. In 2003/04 an extra £100 was awarded to households with a person aged 80 or over. In the winters of 2008/09, 2009/10 and 2010/11, Winter Fuel Payments were increased again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

Where 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

Annual number of payments and total expenditure on Cold Weather Payments



Source: Department for Work and Pensions (DWP)
Department for Social Development Northern Ireland (DSD NI)

Coverage: United Kingdom

Key messages: Cold Weather Payments reflect extended 7-day 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. A combination of these reasons appears to be responsible for the smaller number of payments made in winter 2013/14.

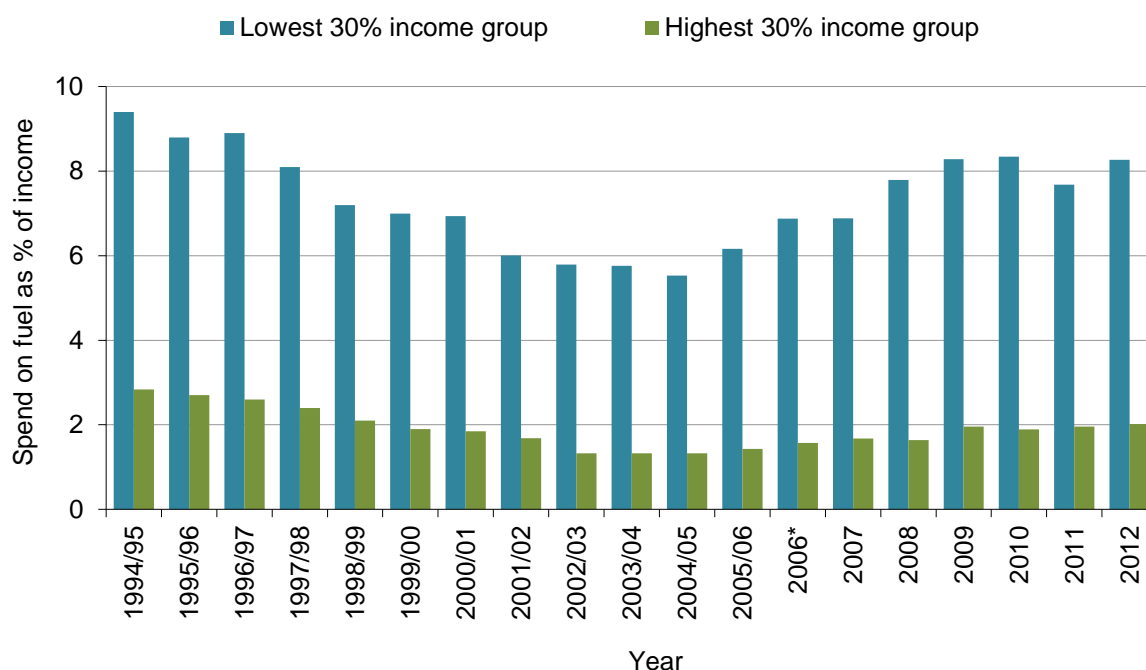
Technical notes: Cold Weather Payments are made to those eligible without the need to claim for every week of very cold weather (defined by the average temperature being, or forecast to be, 0°C or below over 7 consecutive days at the weather station linked to an eligible customer's postcode). People 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



* Survey changed to calendar year basis

Source: Office for National Statistics, Living Costs and Food Survey (formerly Expenditure and Food Survey, Family Expenditure Survey)
<http://www.ons.gov.uk/ons/rel/family-spending/family-spending/2013-edition/index.html>

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 2012, a significant difference existed between them throughout this period.

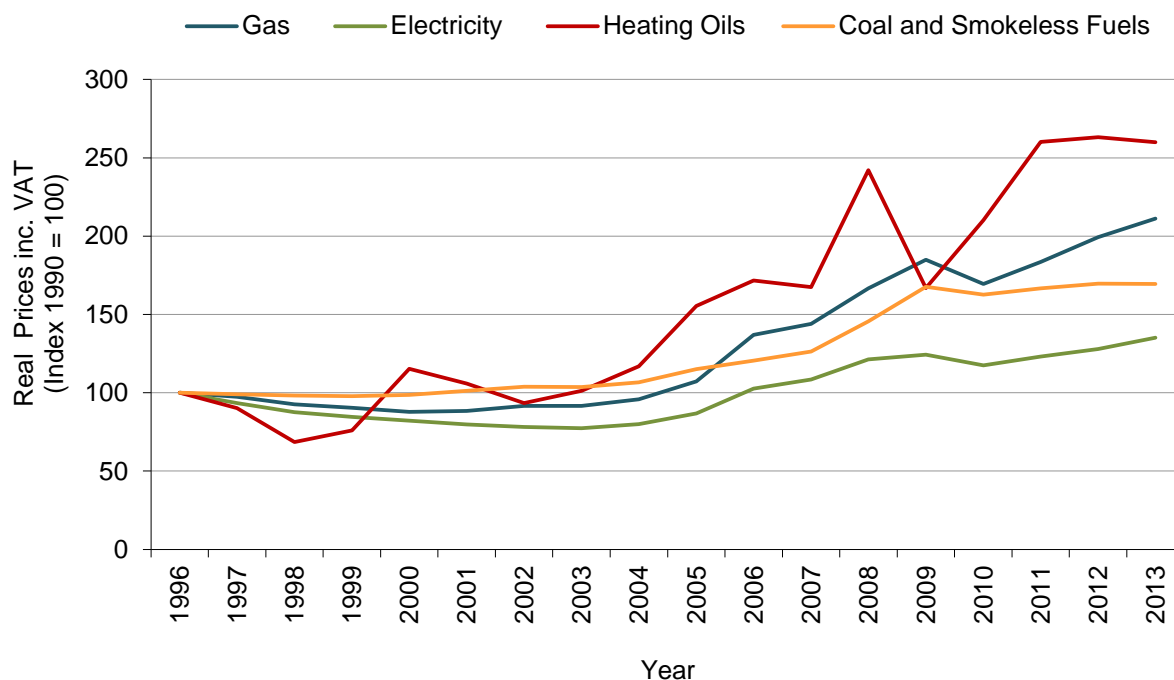
From 1994/95 to 2004/05, the proportion of income that the lower income groups spent on fuel did not decrease by as much as for the higher income groups (41% decrease vs 53%). Yet from 2004/05 to 2010, this proportion increased by more for the lower income groups than the higher ones. This suggests that 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.

Between 2011 and 2012 this trend reversed, as both income groups saw an increase in the proportion of income spent on fuel, with a greater increase for the lower income groups.

6. Fuel prices

Average domestic energy prices in real terms



Source: Office for National Statistics, Consumer Prices Index; DECC, Quarterly Energy Prices
<https://www.gov.uk/government/statistical-data-sets/monthly-domestic-energy-price-stastics>

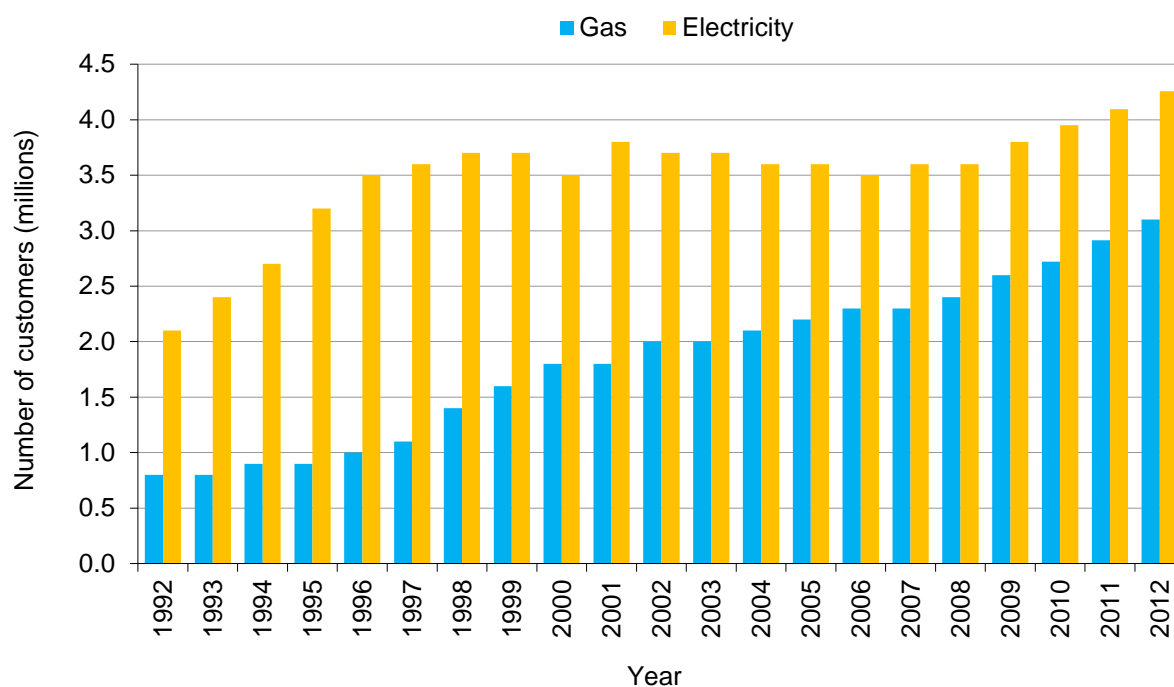
Coverage: United Kingdom

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 2012 and 2013, the prices of gas and electricity both increased by about 6 per cent, continuing the trend seen between 2011 and 2012. Over the same period the price of heating oil fell by about 1 per cent in real terms from the high reached in 2012, and the price of coal remained about the same.

7. Number of customers on pre-payment meters

Customers on prepayment meters for gas and electricity



Source: Ofgem Domestic Suppliers' Social Obligations: 2012 Annual Report available online at: <https://www.ofgem.gov.uk/publications-and-updates/domestic-suppliers-social-obligations-2012-annual-report>

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 2012, there were increases in both the number of gas and electricity pre-payment meter customers. At the end of 2012, around 16 per cent of electricity customers and 14 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 2013, approximately 308,000 electricity prepayment meters and approximately 117,000 gas prepayment meters in Northern Ireland. This was a considerable increase on 2012, 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 2012, around 19 per cent of both gas and electricity pre-payment customers were fuel poor. 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 3,800 kWh for electricity and 15,000 kWh for gas.

Average Annual Gas and Electricity Bills by Payment Method

Real 2010 terms (£) ⁽¹⁾	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Electricity																		
Credit	459	433	399	385	372	354	344	338	339	369	425	465	519	523	493	521	543	569
Direct Debit	451	422	386	370	356	339	329	323	323	350	395	430	479	480	453	482	501	526
Prepayment	491	459	426	410	397	378	367	360	362	394	453	486	542	535	505	530	545	572
Prepayment less Credit	32	27	26	25	25	24	23	22	23	25	28	21	23	12	12	9	2	3
Prepayment less Direct Debit	39	37	39	40	41	39	38	37	39	44	58	56	63	55	52	48	44	46
Gas																		
Credit	386	377	356	337	323	314	324	328	333	379	452	500	565	625	586	629	691	725
Direct Debit	360	352	312	295	289	284	293	298	308	345	403	451	522	573	546	584	635	663
Prepayment	410	401	374	351	341	331	342	344	351	393	475	534	588	656	584	624	682	717
Prepayment less Credit	24	24	18	14	18	17	18	16	18	14	23	34	23	31	-2	-5	-9	-8
Prepayment less Direct Debit	50	49	62	56	52	47	49	46	43	48	72	83	66	83	38	40	47	54

(1) Bills deflated to 2010 terms using the GDP (market prices) deflator

Source: <https://www.gov.uk/government/statistical-data-sets/annual-domestic-energy-price-statistics>

Coverage: UK for electricity, Great Britain for gas

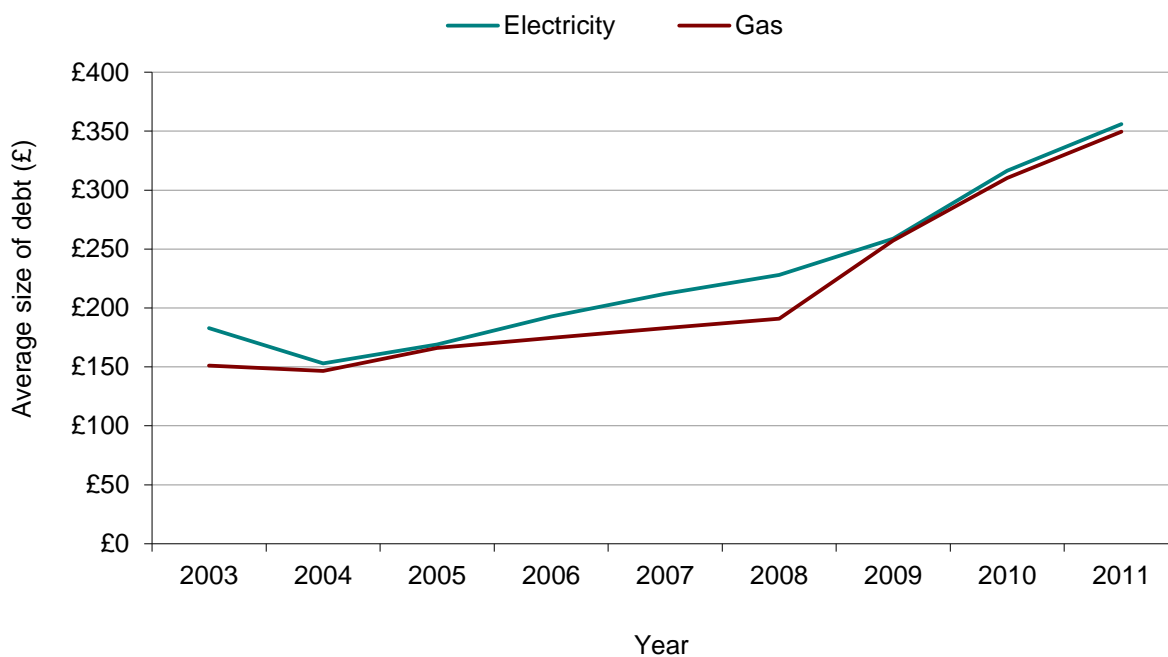
Bills are calculated assuming annual consumption of 3,800kWh for electricity and 15,000 kWh for gas.

8. Fuel Debt

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



Average Level of Customer Debt²



² In 2012 Ofgem began collecting more detailed data on debt as opposed to a simplified overall average figure, to help improve the consistency of reporting.

Source: Ofgem, Domestic suppliers' Social Obligations: 2012 annual report <https://www.ofgem.gov.uk/ofgem-publications/84390/domesticsupplierssocialobligations2012annualreport.pdf>

Coverage: Great Britain

Key Messages: Overall, in the last quarter of 2012, 3.4 per cent of electricity customers and 3.6 per cent of gas customers were repaying a debt³. Of the gas customers repaying debt, 59 per cent owed more than £100, compared to 63 per cent in the same quarter in 2011. Of the electricity customers repaying debt, 56 per cent owed more than £100, compared to 59 per cent in quarter 4 of 2011.

While the overall numbers repaying a debt has decreased since early 2009, there are signs that high energy bills are continuing to have an impact on customers struggling to pay. The average debt owed by electricity customers in 2011 was £356, and the average owed by gas customers was £350. This is an increase of 13 per cent for both compared to the average debts owed in 2010.

In 2012 Ofgem began to collect more detailed data on debt to improve the consistency of reporting. Snapshot debt shows the debt that remains as owed at a particular point in time following a repayment arrangement, and at the end of quarter 4 of 2012 this averaged at £304 for electricity and £313 for gas. Take on debt shows the total debt the customer agreed to pay at the start of the repayment arrangement. At the end of 2012, average levels were £454 for electricity and £468 for gas.

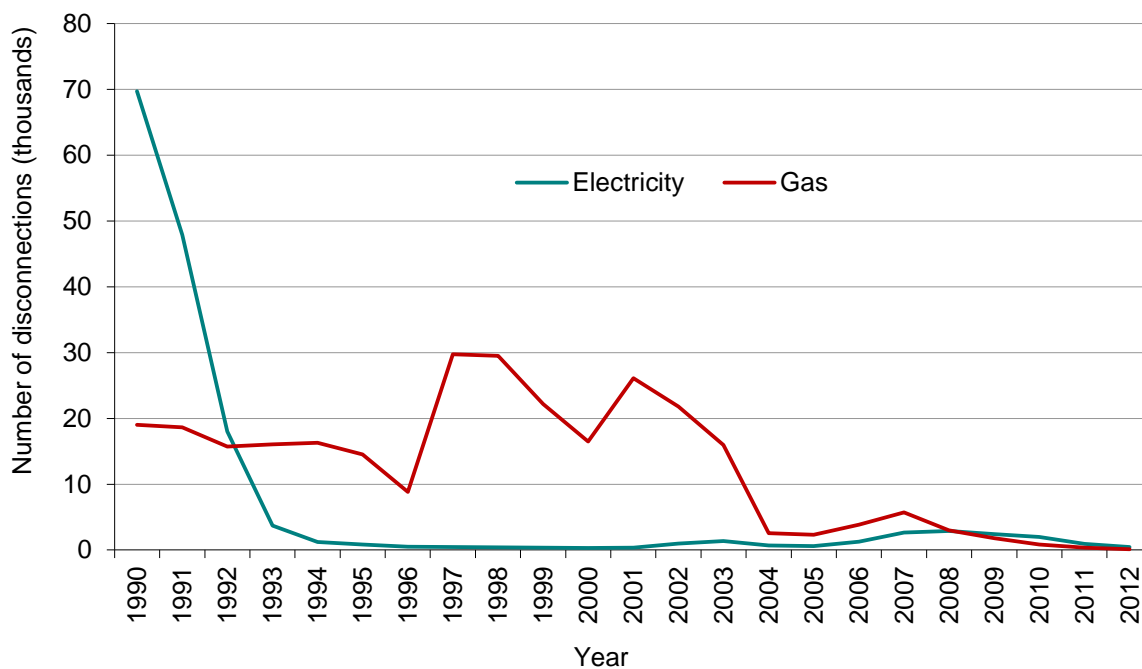
In quarter 4 of 2012, approximately 7.9 per cent of electricity prepayment meter customers (0.34m) and 10.6 per cent of gas prepayment meter customers (0.33m) were repaying a debt through a prepayment meter. Compared to the same quarter a year earlier, this represents a slight change in the proportion of prepayment consumers in debt, with electricity increasing from 7.7 per cent and gas decreasing from 11.0 per cent.

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 debt⁴.

³ To note that some of these consumers are the same individuals, repaying a debt on both fuels.

⁴ See reporting guidance set out by Ofgem for more details: <https://www.ofgem.gov.uk/publications-and-updates/guidance-monitoring-suppliers%E2%80%99-performance-relation-domestic-customers-updated-march-2012>

Number of customers disconnected due to debt

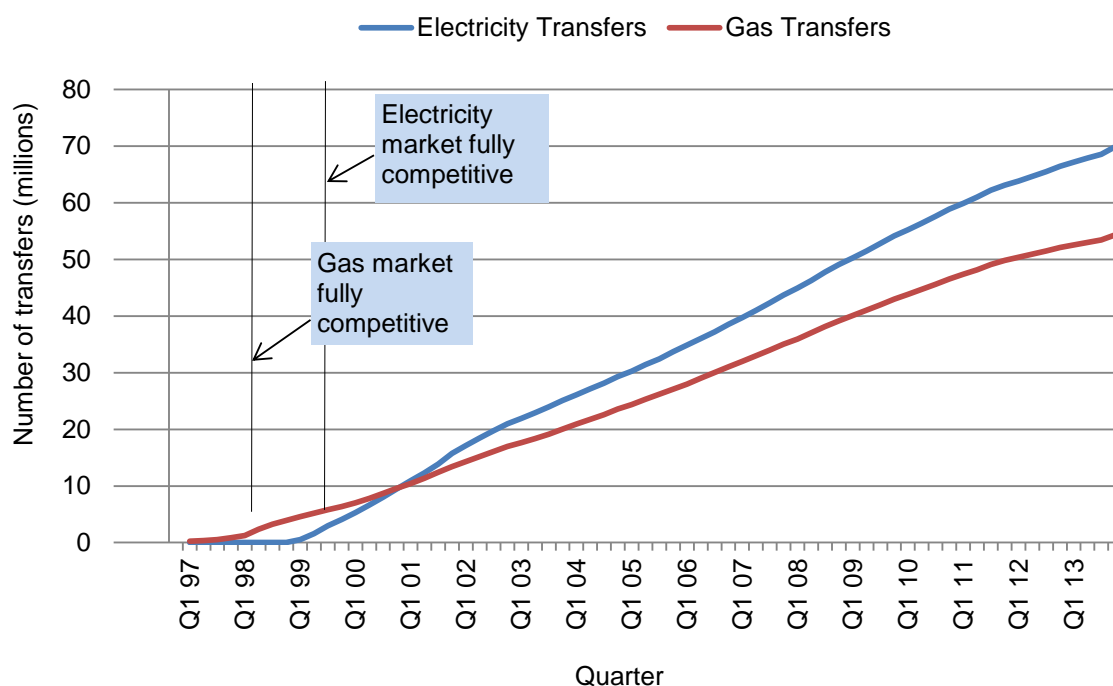


Coverage: United Kingdom

Key Messages: Disconnections for debt in 2012 had fallen to about one third the 2011 level for gas and to about half of the 2011 level of electricity, to 104 and 453 disconnections respectively. For both fuels, the levels are significantly reduced from the early 1990s.

9. Customers switching supplier

Cumulative numbers of gas and electricity transfers



Source: Ofgem; DECC, Quarterly Energy Prices
<https://www.gov.uk/government/statistical-data-sets/quarterly-domestic-energy-switching-statistics>

Coverage: Great Britain

Key Messages: By the end of 2013, there had been 70 million changes of electricity supplier and 54 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 56 per cent of electricity customers and 44 per cent of gas customers having done so.

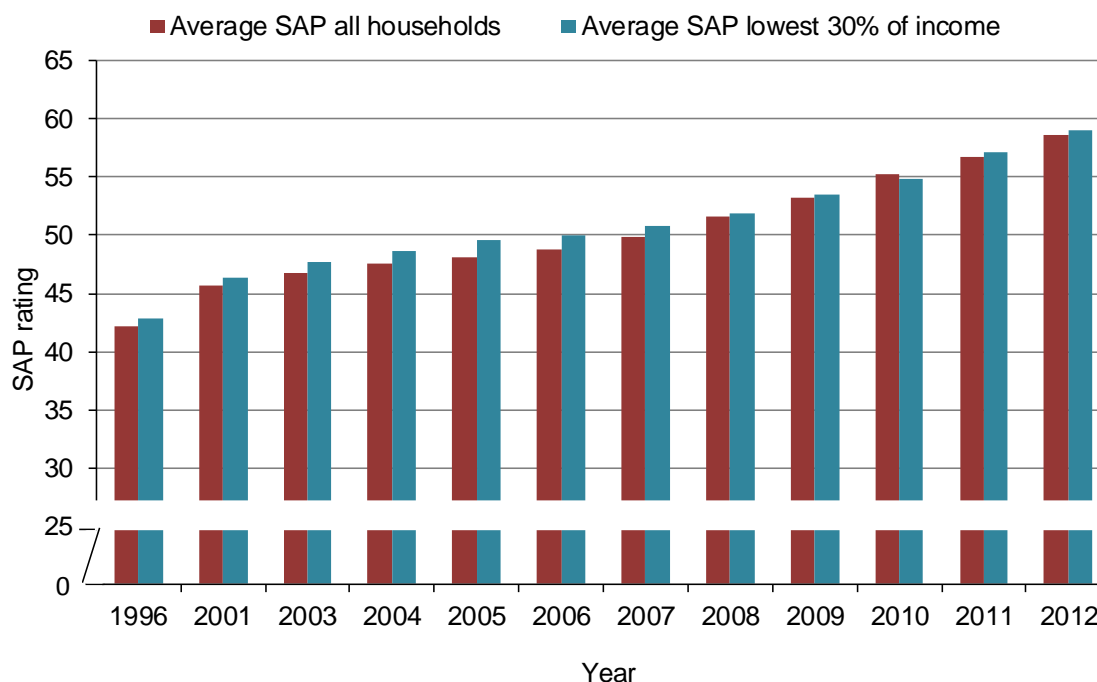
Technical Notes: The term "original supplier" or "home supplier" refers to the former Public Electricity Suppliers operating within their historical distribution boundaries in the electricity market, and to British Gas in the gas market. Before the market opened up to competition, all customers would 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 to 2007; EHS 2008 to 2012 (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 2012. Whilst SAP ratings increased by an average of 2.0 points for low income households, they only increased by an average of 1.8 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, in 2011 and 2012 households with low incomes continued to have higher than average SAP ratings.

Results from the 2012 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>

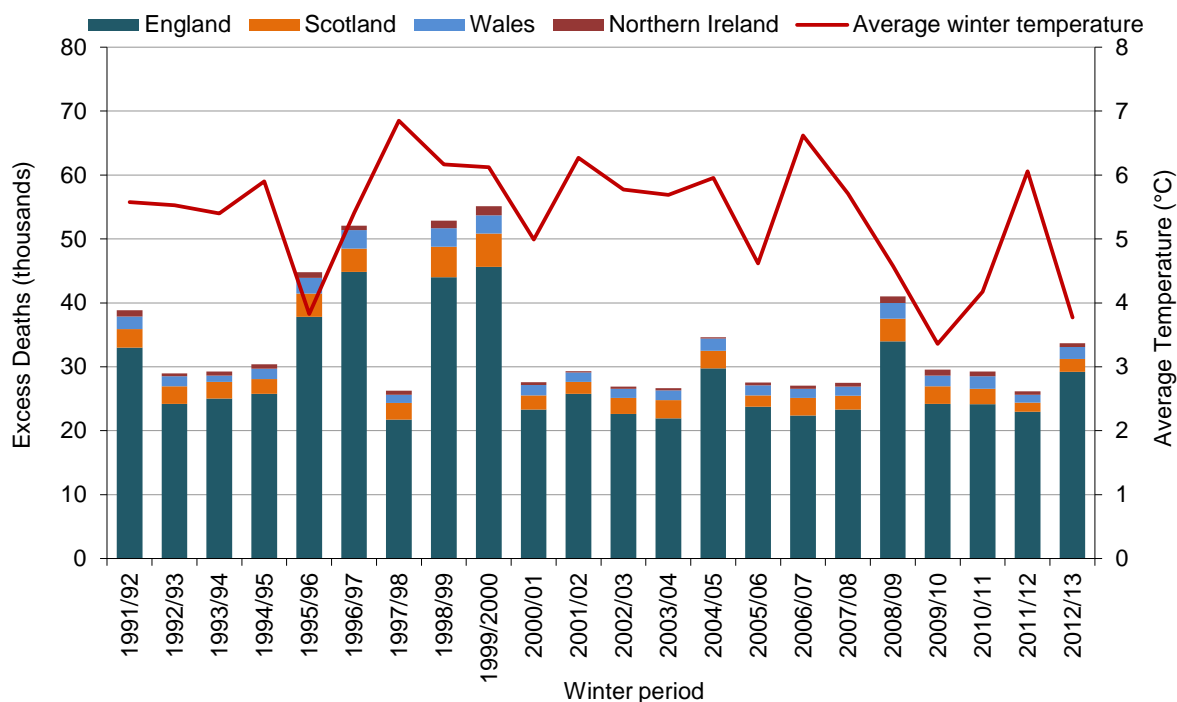
Technical Notes: The Standard Assessment Procedure (SAP) is adopted by Government as the methodology for calculating the energy performance of dwellings. The SAP rating is based upon the energy costs associated with space heating, water heating, cooking and lighting in a dwelling. It is adjusted for 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 from 2010 onwards, and SAP05 data for earlier years where data on a SAP09 basis is not available. This creates a break in the time series.

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 National Register Office for Scotland;
Northern Ireland Statistics and Research Agency;
Met Office

Coverage: United Kingdom

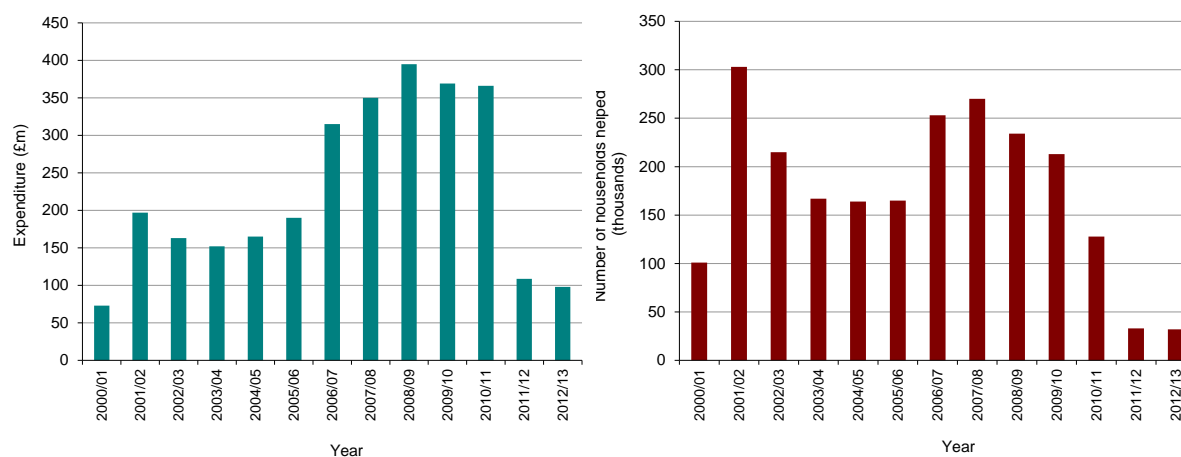
Key Messages: The number of excess winter deaths increased in 2012/13 from 26,000 in 2011/12 to 34,000. The average temperature was lower in the winter of 2012/13 compared to 2011/12. The increase in the number of excess winter deaths reverses the trend seen in the previous four years where the number of excess winter deaths had been falling since 2008/09.

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: The Warm Front scheme closed to new applications on 19 January 2013. The scheme helps people at risk from fuel poverty, specifically those on low incomes living in properties with poor insulation or without a working heating system.

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).

Technical Notes: The Warm Front scheme closed to new applications on 19 January 2013. Warm Front, launched in June 2000, was designed to tackle fuel poverty amongst vulnerable low income households across England. The insulation and heating measures installed through Warm Front delivered 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:

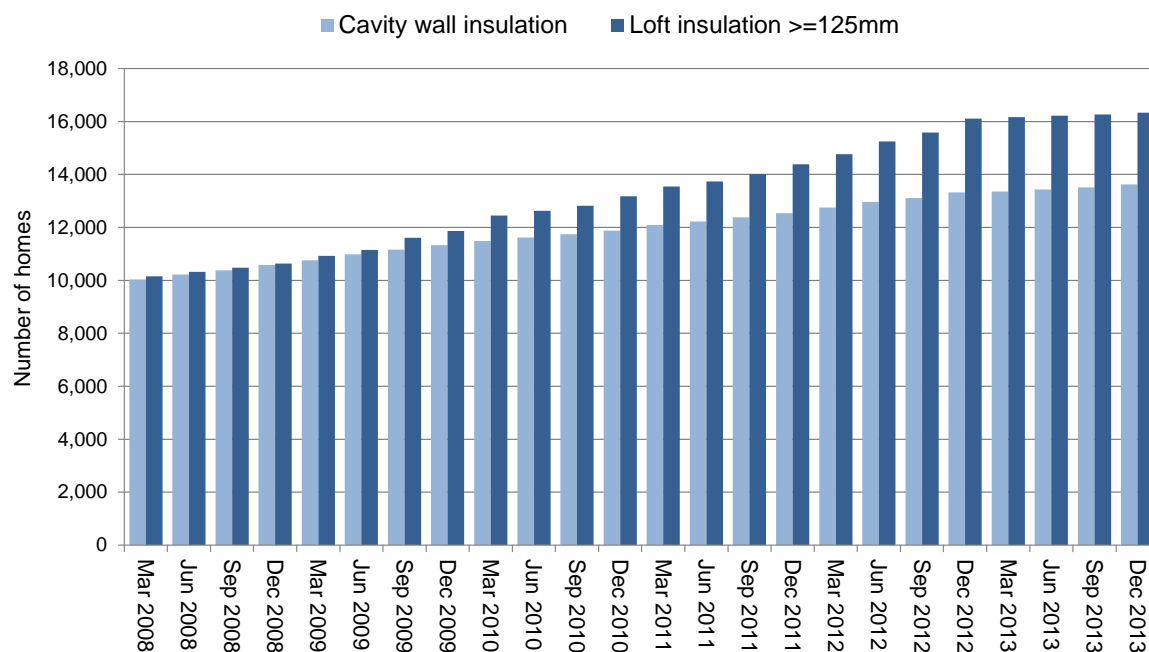
<http://www.energysavingtrust.org.uk/scotland/Scotland-Welcome-page/At-Home/Energy-Assistance-Package>

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

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

13. Number of insulated homes

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



Source: DECC: Green Deal, Energy Company Obligation (ECO) and Insulation Levels in Great Britain: <https://www.gov.uk/government/collections/green-deal-and-energy-company-obligation-eco-statistics>

Coverage: Great Britain

Key Messages: There were 27.2 million homes in Great Britain. Of these 19.2 million had cavity walls with the remaining 8.0 million having solid walls. 23.8 million properties had a loft. In December 2013, 16.3 million homes had loft insulation of at least 125mm, a one per cent increase from December 2012. 13.6 million homes had cavity wall insulation, representing a 2 per cent increase from December 2012.

Technical Notes: The estimates provided in this time series use 2008 housing survey data, which coincides with the start of the Carbon Emissions Reduction Target (CERT), and adds known measures delivered through Government schemes (these include CERT⁵, the Community Energy Saving Programme (CESP)⁶, Warm Front⁷, Green Deal (including Cashback)⁸ and the Energy Company Obligation⁹ (ECO)). This is supplemented with data on house building published by Communities & Local Government to provide an estimate for the latest quarter. Data for June 2011 to Sep 2013 are revised data, while figures for Dec 2013 are provisional.

⁵ <https://www.ofgem.gov.uk/environmental-programmes/energy-companies-obligation-eco/previous-energy-efficiency-schemes>

⁶ <https://www.ofgem.gov.uk/environmental-programmes/energy-companies-obligation-eco/previous-energy-efficiency-schemes>

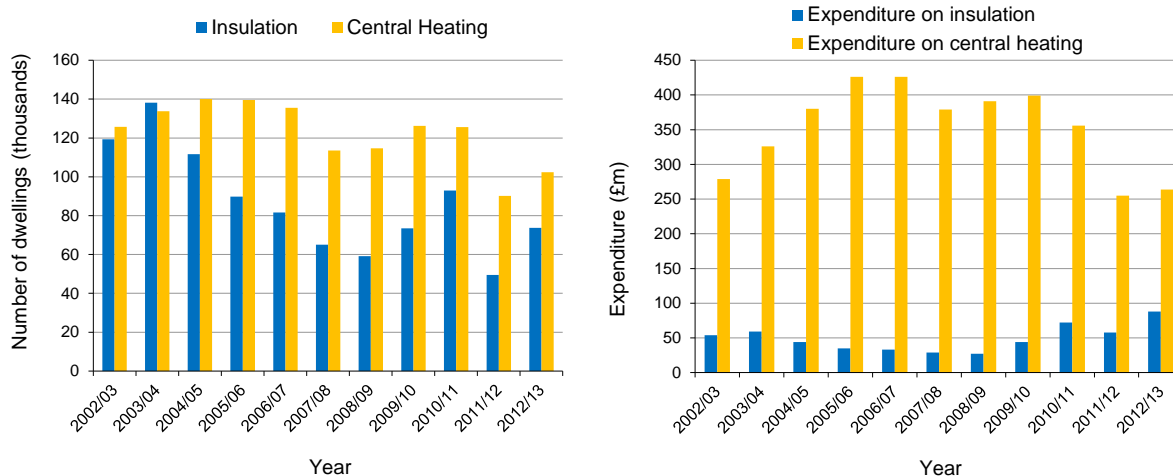
⁷ <https://www.gov.uk/government/policies/helping-households-to-cut-their-energy-bills/supporting-pages/warm-front-scheme>

⁸ <https://www.gov.uk/green-deal-energy-saving-measures>

⁹ <https://www.gov.uk/government/policies/helping-households-to-cut-their-energy-bills/supporting-pages/energy-companies-obligation-eco>

14. Local Authority housing investment on energy efficiency improvements

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



Source: Local authority housing statistics data returns for 2012 to 2013, DCLG

Coverage: England

Key Messages: After a fall in the number of insulation measures installed between 2010/11 and 2011/12, the number of measures installed increased in 2012/13 by almost 50 per cent from 49,000 to 74,000. This is reflected by an increase in spending by just over 50 per cent, from £58m to £88m over this time.

The number of dwellings receiving new central heating systems (either for the first time or as a renewal/replacement) also increased between 2011/12 and 2012/13, by around 14 per cent. However, spending on this increased by only 4 per cent, from approximately £250m to £260m.

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.

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.

