

Rural Fuel Poverty



**RURAL
ENGLAND**

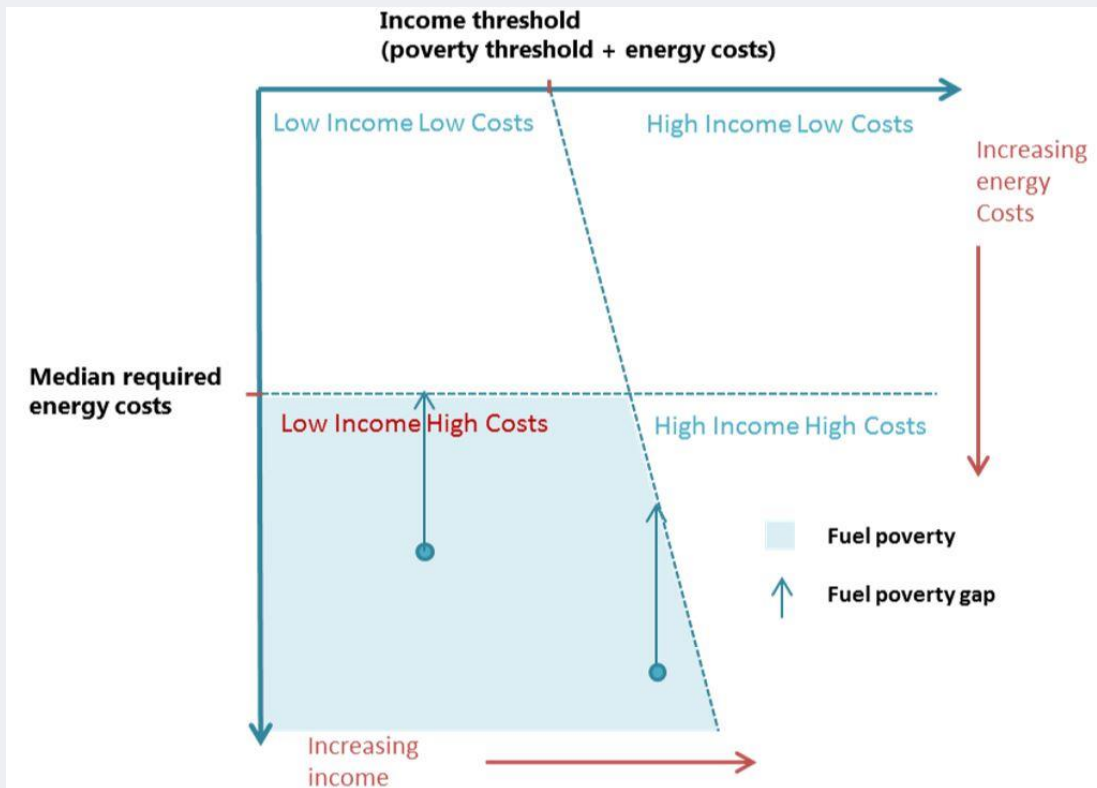
Community Interest Company

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The official definition of fuel poverty in England uses the Low Income High Costs (LIHC) indicator.

A household is considered to be fuel poor if:

- they have required fuel costs that are above average (the national median level)
- were they to spend that amount, they would be left with a residual income below the official poverty line (which is defined as being below 60% of the median household income.)



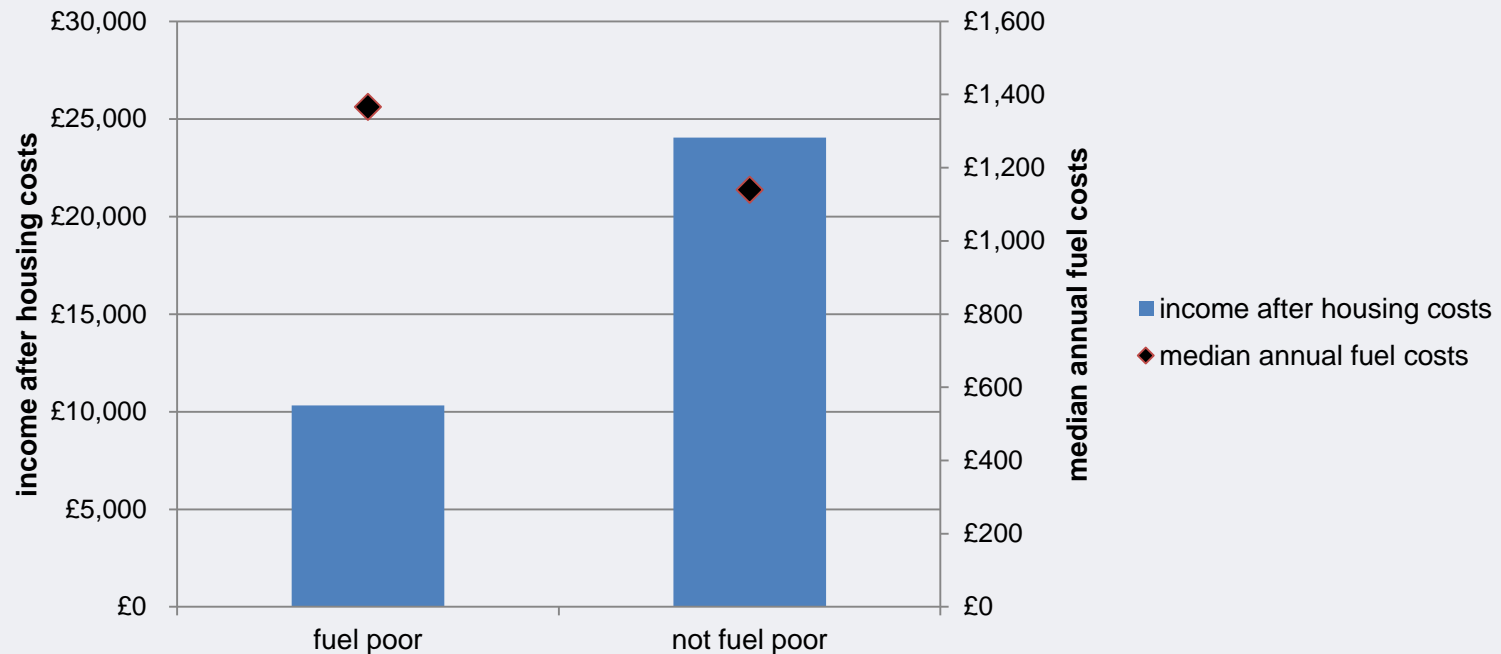
The fuel poverty gap is a measure of the additional income which would be needed to bring a fuel poor household to the point of not being fuel poor.

The 3 main factors that influence whether a household is fuel poor

- household income
- household energy requirements
- fuel prices

Typical characteristics of fuel poor households

- A much lower income after housing costs (£10,325 fuel poor, £24,050 not fuel poor)
- Higher fuel costs (median annual costs fuel poor £1366, £1140 non fuel poor)
- Less energy efficient homes. Rural homes twice as likely to be bands E-G

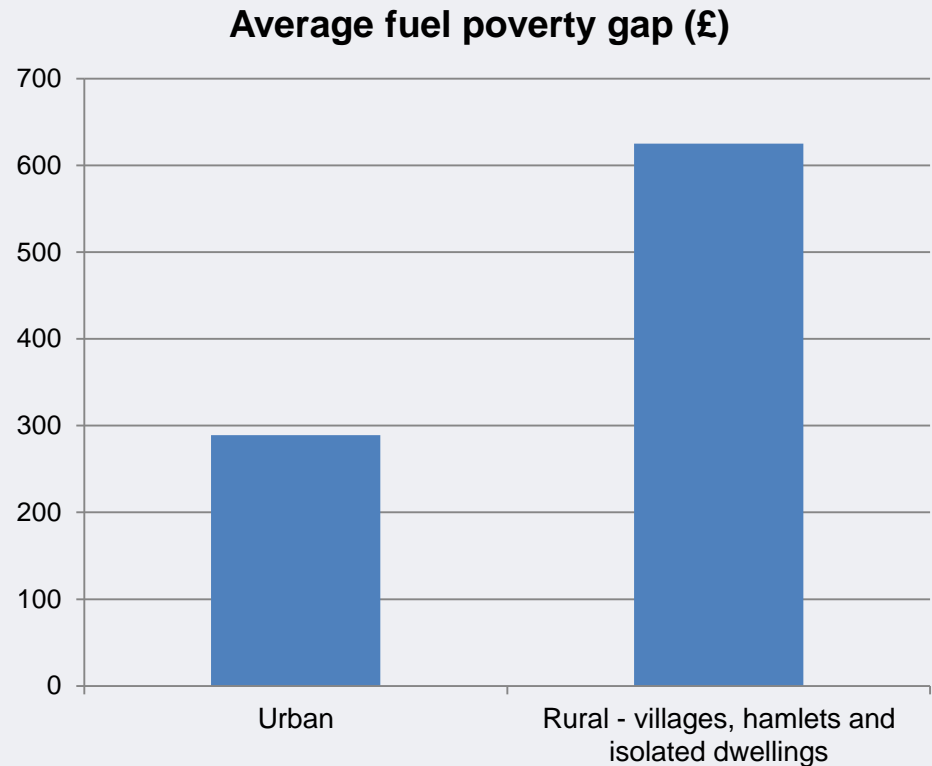


Rural Fuel Poverty

..is both more prevalent and more acute than urban

Approximately 13% of household in rural villages and hamlets are fuel poor compared to 11% of urban households

Average fuel poverty gap in 2016 was more than twice as high in rural villages, hamlets and isolated areas (£625) as in urban (£289).



Why is fuel poverty worse in rural areas?

- Lower workplace earnings
- Rural homes twice as likely to have poor thermal efficiency (bands E-G)
- Fuel prices. Mains gas is available to only 41% of rural homes (90% of urban). 15.5% of households with no mains gas are fuel poor compared to 10.4% of those with mains gas.

Issues with unmetered fuels

- More expensive than mains gas
- Variations in costs (often seasonal or related to supply issues)
- Usually bought in bulk and paid for prior to use, although often delivered before payment.
- Both trade associations (UKLPG and FPS) have schemes seeking to protect vulnerable customers. However, particularly for households using a variety of different oil suppliers, such customers may be harder to identify.
- Often a limited choice of suppliers
- Difficulty in comparing prices (no comparison websites) and less easy to switch.

Key policy issues and tensions

- Energy company obligations are not required to specifically target areas 'off mains gas'.
- Rural fuel poor households are more scattered and difficult to identify so obligated companies are likely to concentrate on small towns and larger villages rather than remoter rural.
- Conflating carbon reduction and fuel poverty reduction objectives can disadvantage those unable to access mains gas.
- Park homes a particular issue - rarely eligible for national insulation schemes.