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The Production of Estimated Levels of Fuel Poverty in Wales: 2012-2016

Summary

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
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The Production of Estimated Levels of Fuel Poverty in Wales: 2012-2016

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Views expressed in this report are those of the researcher and not necessarily those of the Welsh Government

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Summary

- 1.1 The Welsh Government has a responsibility to report on the level of fuel poverty (10% indicator) in Wales and a statutory obligation to do everything reasonable to reduce the number of fuel poor households, with the aim of eradicating fuel poverty in Wales by 2018. This report presents the findings from research undertaken by BRE to develop a model to predict overall levels of fuel poverty, severe fuel poverty, fuel poverty amongst vulnerable households and levels of fuel poverty amongst social housing tenants in Wales for the years 2012 to 2016.
- 1.2 The 2008 Living in Wales dataset was used as the base dataset and estimates of the fuel poverty levels were derived by modelling the installation of reported numbers of energy efficiency improvement measures, along with changes to fuel prices and household incomes and recalculating the fuel poverty indicator for each household in the dataset. Projections of energy efficiency installations, fuel prices and income changes for 2015 to 2016 were used to predict the 2016 fuel poverty levels. A Monte-Carlo method was used to simulate the application of the reported numbers of energy efficiency improvements to the Welsh housing stock.
- 1.3 In 2012, 29% of all households (364,000 households) were predicted to be in fuel poverty, decreasing slightly in 2013 to 28% (351,000 households) and peaking in 2014 at 30% (376,000 households). The combination of (moderately) rising household incomes, reduction in household energy consumption due to energy efficiency improvements, and decreasing gas and oil prices since 2014, have led to fuel poverty levels across all Welsh households decreasing since 2014 to a projected level of 23% (291,000 households) in 2016.
- 1.4 Levels of severe fuel poverty (defined as any household having to spend more than 20% of household income on household fuel costs) were calculated to remain broadly level between 2012 and 2014, followed by a decrease in 2015, resulting in a projected level of severe fuel poverty of 3% (43,000 households) in 2016.

- 1.5 A vulnerable household is defined by the Welsh Government as one with any member aged 60 years or over, with a child/young person under the age of 25 years or with any long-term limiting condition or disabled member. A similar pattern of changes in the levels of fuel poverty were seen for vulnerable households, although a slightly higher proportion of vulnerable households are calculated to be in fuel poverty, decreasing from a level of 31% in 2012 (328,000 vulnerable households) to 24% in 2016 (261,000 vulnerable households).
- 1.6 Amongst social housing tenants, 33% (73,000 social sector households) were predicted to be in fuel poverty in 2012, decreasing to 27% (61,000 social sector households) in 2016. Compared to all households, a similar pattern in the changes of fuel poverty levels between 2012 and 2016 was seen for social housing tenants although a higher proportion of social housing tenants were calculated to be fuel poor compared to all households.
- 1.7 The predicted national levels of fuel poverty for Wales are higher than in England but lower than in Scotland or Northern Ireland (as a percentage of all households).
- 1.8 Under the Low Income High Costs (LIHC) definition, 141,000 households (11%) were predicted to be in fuel poverty in 2012, decreasing to 132,000 (10%) in 2016. The LIHC indicator comprises a second indicator relating to the depth of fuel poverty amongst fuel poor households, measured through a fuel poverty gap which represents the difference between the required fuel costs for each household and the median required fuel costs. The aggregated fuel poverty gap of the fuel poor households was estimated to be £78 million in 2012, decreasing to a projected £60 million in 2016. The average fuel poverty gap reduced from £552 in 2012 to £453 in 2016.