



Fuel Poverty Indicator

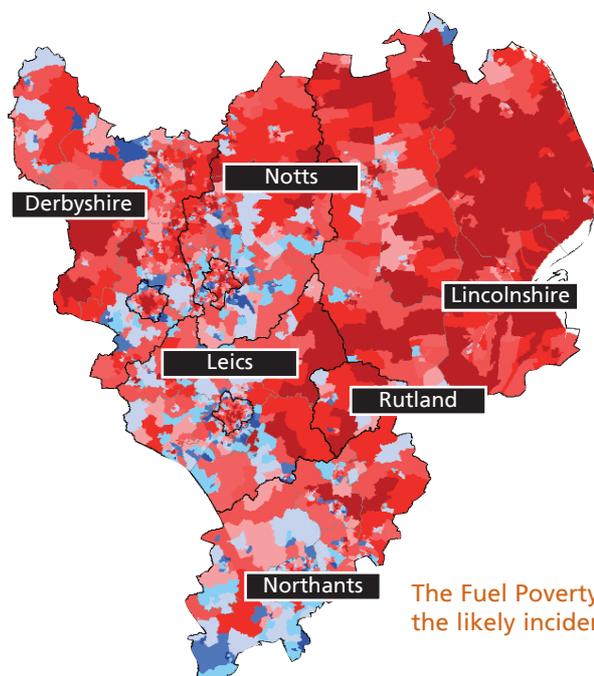
Predicting fuel poverty at the local level

The Fuel Poverty Indicator is a powerful tool for informing policy, targeting programmes and aiding research

The ability to target households suffering fuel poverty is vital to meeting the Government's objective of eliminating fuel poverty from this country. The Centre for Sustainable Energy (CSE) and University of Bristol have produced a new fuel poverty indicator (FPI) to predict the incidence of fuel poverty in small areas across England. We have also set up a dedicated website, free to all users, to display FPI maps and data.

The new FPI has updated and improved the research for the original FPI (also carried out by CSE and the University of Bristol), with funding from the DTI, DoH, Eaga Partnership Charitable Trust, Energy Retail Association and Ofgem. The new FPI uses modelled data from three sources:

- 1) the 2001 Census;
- 2) the 2003 English House Condition Survey (EHCS);
- 3) property database, RESIDATA.



The Fuel Poverty Indicator can generate region or county-specific maps showing the likely incidence of fuel poverty in small (approx 400-household) areas

The new FPI will enable policy makers and programme managers to target resources at areas most in need by showing how the incidence of fuel poverty, as identified by the EHCS, is distributed across the country.

Using the Fuel Poverty Indicator

The FPI is a versatile and powerful tool that can be used for the following:

- Informing the targeting of fuel poverty programmes
- Informing the development of local affordable warmth strategies
- Monitoring the success of Government, local authority, energy supplier and others' programmes in alleviating fuel poverty
- Raising awareness of fuel poverty as an issue for concern (the maps are particularly useful in this respect)
- Supporting funding bids for projects to combat fuel poverty
- Helping make sure grant programmes and other fuel poverty resources are reaching areas with high levels of fuel poverty
- Informing research, e.g. exploring the relationship between fuel poverty and health inequalities, other health indicators and deprivation indicators.

Who will find the FPI useful?

- Central Government
- Local authorities
- Energy regulator
- Energy consumer representatives
- Energy suppliers
- Energy efficiency advice centres
- Primary Care Trusts
- Public health bodies
- Registered Social Landlords
- Others working to combat fuel poverty

What is fuel poverty?

Fuel poverty occurs when a household needs to spend more than 10% of its income on fuel to maintain satisfactory heating and other energy services. ■ In 2004 there were around 1.2m households in fuel poverty in England, according to official figures. However, the Government estimates that fuel poverty doubled between 2004 and 2006, due to the rise in fuel prices over this period. ■ The consequences of fuel poverty include cold, damp homes; reduced quality of life; poor health and debts.



The FPI research

The FPI is a statistical model of fuel poverty based on the 2003 English House Condition Survey (EHCS) and 2001 Census. In brief, the EHCS was used to predict the risk of fuel poverty for different household types, using four definitions of fuel poverty. The results of the four models were then applied to the 2001 Census to predict the level of fuel poverty for all Lower Super Output Areas (LSOA) in England. A LSOA typically contains about 400 households.

The four definitions of fuel poverty are:

- 1) 'Full income': a household is in fuel poverty if, in order to maintain a satisfactory heating regime and cover other normal fuel costs, it would be required to spend more than 10% of its income on all household fuel use. 'Income' includes Housing Benefit, Income Support for Mortgage Interest and Council Tax Benefit.
- 2) 'Basic income': as above except that Housing Benefit, Income Support for Mortgage Interest and Council Tax Benefit are not included as income.
- 3) 'Full income (equivalised)': as (1) except that income is 'equivalised' and very low incomes are not 'imputed'.
- 4) 'Basic income (equivalised)': as (2) except that income is equivalised and very low incomes are not 'imputed'.

Definitions (3) and (4) are consistent with the measurement of income in the Government's Households Below Average Income (HBAI) statistical series.

'Equivalised' incomes refer to the process by which incomes are adjusted for household size and composition. 'Imputed low incomes' refers to the process used in the EHCS by which all households are assumed to have incomes at benefit levels as a minimum. By contrast, the HBAI assumes reported low incomes are accurate.

More information about the four definitions and the FPI methodology is given in the full report of the research, available on the FPI website. Please note that the FPI maps correspond to definition 1 (above), the Government's preferred definition of fuel poverty.

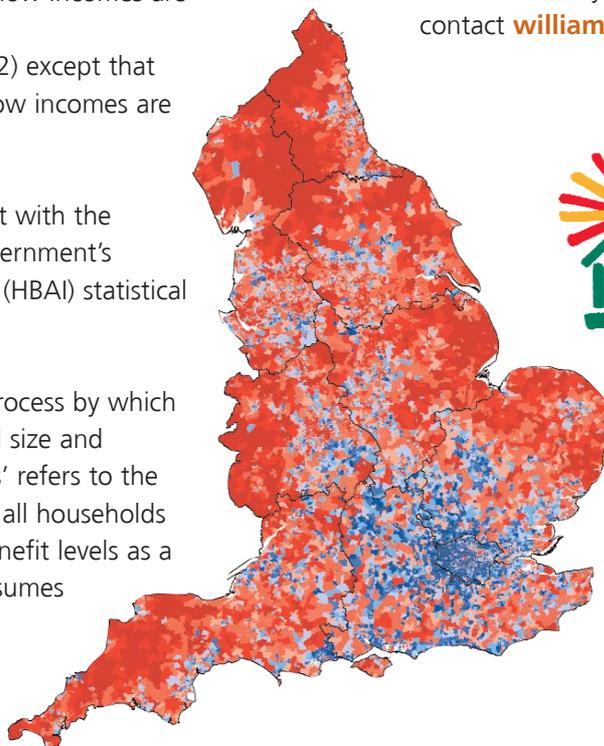
The FPI research was overseen and approved by a steering group of representatives from DTI, Defra, DoH, Ofgem, ERA and Eaga PCT.

We hope to update the FPI models, subject to funding, as more recent EHCS data becomes available. This will allow the FPI to reflect the impact of changing fuel prices on fuel poverty levels.

Fuel Poverty Indicator website

FPI maps at Lower Super Output Area level are available for every county in England from the CSE website, www.cse.org.uk/fuelpovertyindicator. The site also contains FPI data, guidance on how to interpret the FPI data and some suggestions for how the FPI might be used.

CSE welcomes feedback from users of the Fuel Poverty Indicator. Please contact william.baker@cse.org.uk



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