

## **RURAL FUEL POVERTY CONFERENCE - 21 May 2001**

### **Royal Horticulture Halls, Westminster**

MARTIN COX, HEAD OF RURAL WHITE PAPER TEAM, DETR - The Rural White Paper

The Rural White Paper was published alongside the Urban White Paper in October 2000. Both have common themes, for example access to services, health, transport. However both refer to different challenges facing rural and urban areas. For example, access to services is a key issue in rural areas whereas in urban areas the issue is more one of quality of services.

The development of the Rural White Paper involved extensive consultation and drew extensively on the PIU report 'Rural economies'. It also involved input from a 'sounding board' of rural stakeholders. Major themes of the White Paper include the relationship between the rural economy and agriculture and the need for diversity. The DETR has also published an Implementation Plan alongside the White Paper.

The White Paper recognises that rural areas are popular - many people are moving out of urban areas into rural areas because of the perception of higher quality of life. Unemployment is generally lower in rural areas, although wages are also lower. At the same time rural areas are suffering from declining local services and lack of affordable housing. The latter is exacerbating social exclusion. Many rural areas are dependent on a narrow economic basis and have been hit by the crisis in agriculture. Tourism is often a key industry. Social exclusion in rural areas is characteristically dispersed, with few concentrations (unlike urban areas). Poverty and affluence often exist in close proximity. Key issues include the seasonal and low paying nature of many jobs, the lack of affordable housing, poor access to jobs and services because of the large distances often involved and isolation. There is also a 'self-sufficient' ethos among people in rural communities. This often means poverty is hidden.

The Government's main policies for rural areas, in summary, are:

- Enabling local and accessible services
- Better provision of affordable housing
- Improved transport and better access to market towns
- Encouraging community development through work with Parish Councils
- Encouraging the development of market towns as centres for services and focal points for regeneration
- Providing a new direction for agriculture and a more diverse rural economy
- Protection of the countryside alongside improving access for all
- Introducing a system whereby all Government policies are 'rural proofed' to assess the impact of policies on rural areas



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Centre  
B-Bond  
Warehouse  
Smeaton Road  
Bristol BS1 6XN

Tel: 0117 929 9950

Fax: 0117 929 9114

E-mail: [cse@cse.org.uk](mailto:cse@cse.org.uk)

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## **RURAL FUEL POVERTY CONFERENCE - 21 May 2001**

### **Royal Horticulture Halls, Westminster**

NEIL RITCHIE, INFORMATION OFFICER, NEA - The Government's draft Fuel Poverty Strategy

NEA has a number of concerns with the draft Strategy (a summary of the Strategy is given in Appendix 2).

NEA's first concern relates to the Government's definition of fuel poverty. The 1996 English House Condition Survey identified 6.9 million households as living in fuel poverty, using a definition that excludes housing costs. The draft fuel poverty strategy uses two definitions of fuel poverty: one that excludes Housing Benefit and Income Support Mortgage Interest Relief as income (giving a figure of 5.3 million in fuel poverty) and another that includes HB and ISMI (giving a figure of 4.3 million in fuel poverty).

The Strategy goes on to suggest that the problem is of a smaller scale again due to the impact of falling fuel prices since 1996 (giving a figure of 3.3 million). It then differentiates the 'vulnerable' fuel poor from the 'non vulnerable' fuel poor. The Strategy only gives details of how fuel poverty will be eliminated for the 'vulnerable' fuel poor - 2.3 million. This group consists of pensioners, disabled people and families with young children claiming means-tested Benefits.

The draft Strategy does not give any details of the scale of fuel poverty in rural areas, although it does give a regional breakdown. This shows that North East England and Yorkshire have the highest proportion of residents in fuel poverty - around 30%.

The draft Strategy estimates that the cost of bringing all properties up to a SAP rating of 50 would cost £20 billion. £2bn pa is allocated through the Capital Receipts programme to local authorities. Of this 30% is to be spent on energy efficiency measures ie £670m. Similarly, £600m pa is allocated to the private sector through the New Home Energy Efficiency Scheme, now re-branded Warm Front. In other words there are insufficient resources for achieving only a modest improvement in energy efficiency standards within England's housing stock.

There are also significant problems with the HEES programme. NEA has carried out a small research project that suggests only 56-68% of people benefiting from HEES are in fuel poverty. Conversely the proportion of all fuel poor households actually eligible for HEES is only 48-51%. Furthermore, HEES does not necessarily lift people out of fuel poverty. The HEES pilots found that only 44% of people benefiting from the scheme were actually lifted out of fuel poverty.

NEA consider the key issues for the Fuel Poverty Strategy are:



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Fax: 0117 929 9114

E-mail: [cse@cse.org.uk](mailto:cse@cse.org.uk)

Website: [www.cse.org.uk](http://www.cse.org.uk)

- Access to the gas pipe network;
- how to improve the energy efficiency of appliances (which account for an ever increasing proportion of household fuel bills); and
- support for households in difficult-to-heat properties ie restore the former 'heating addition' system as a temporary measure before improvements are carried out.

## **Discussion**

Martin Cox had to leave before the question and answer session. All questions were therefore directed towards Neil Ritchie.

**Anne Robinson, energywatch** asked why only 44% of people receiving HEES grants in the pilots were taken out of fuel poverty.

Neil replied that the main reasons related to solid wall properties, lack of access to mains gas and ineligibility for HEES plus. The first two reasons were particularly common in rural areas.

**Rebecca Ratchy, REEAP**, asked if there was any flexibility in the strategy to reflect climate and regional differences and the higher costs associated with rural areas.

Neil replied that HEES did not have any flexibility, although there was some flexibility within Warm Deal (the Scottish equivalent of HEES).

**Jane Hegley, Solid Fuel Assn** asked if there any plans to change the restrictive nature of planning consents for open cast mining and wind farms.

Neil replied that planning guidance has changed recently.

**John Henland, energywatch Scotland** asked if the Government was going to review its opposition to heating additions within Income Support.

Neil suggested that respondents to the draft strategy consultation raised this within their submissions.

**William Baker, CSE** commented that the Warm Zone initiative did represent an attempt at coordinating different energy efficiency programmes, particularly HEES and EEC/EESOP, to achieve affordable warmth objectives. However, integrating the different programmes represents a considerable challenge, as does replicating the Warm Zone approach throughout the country.

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# **RURAL FUEL POVERTY CONFERENCE - 21 May 2001**

## **Royal Horticulture Halls, Westminster**

DUNCAN SCOTT, MANCHESTER UNIVERSITY - Rural poverty and social exclusion

(Some key statistics relating to rural poverty, prepared by CSE as part of the briefing paper, are given in Appendix 3)

There are three key points to understanding rural social exclusion:

1. Politicians and policy makers like indicators and maps of deprivation. However this leads to area-based policy making which is particularly inappropriate in rural areas.
2. People should not be seen as victims but rather as opportunities for improvement - they should be recognised for their capacity and potential.
3. Policy makers should not add 'rural' as an adjunct to existing programmes but rather fundamentally re-think the delivery of such programmes so that rural issues are tackled as an integral element of programmes.

### **Understanding rurality**

It is possible to differentiate 'deep' and 'shallow' rurality. The former characterises remote rural areas that are particularly prone to economic decline and population loss. By contrast, 'shallow' rural areas are characterised by population growth, prosperity and gentrification. Much of rural England can be characterised as 'shallow' rural. The biggest single demographic shift in the late 20th century - a process continuing to this day - is the shift of economic activity and populations from large cities to rural areas.

There is a deep rooted ideology within the British psyche that identifies British identity with the British countryside and in turn with agriculture. The Countryside Alliance has been particularly effective in tapping into this ideology. However, by far the biggest single employer within rural areas is the public sector, followed at a distant second by tourism. Agriculture, food and fishing represent only a small section of rural economies. Furthermore, poverty is extensive in many rural areas although it is often hidden.

Rural social exclusion should be understood as a multi-dimensional, dynamic process. People move in and out of poverty. A study by Mark Shucksmith in 1998 found that one third of rural households experienced a phase of poverty during the 1990s. Rural areas are often characterised by extremes of income, with very affluent groups living in close proximity to very low income groups. Many of the latter work in forestry, quarries or tourism.



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Smeaton Road  
Bristol BS1 6XN

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Fax: 0117 929 9114

E-mail: [cse@cse.org.uk](mailto:cse@cse.org.uk)

Website: [www.cse.org.uk](http://www.cse.org.uk)

Groups of the rural population particularly likely to make up the socially excluded include older people (particularly single women living on state pensions), the self-employed, the long term sick, unemployed people and the low paid. Provision for the rural poor is very poor. They are particularly vulnerable to the decline of local services, often exacerbated by the influx of high income groups who can bulk-buy at distant supermarkets. Similarly housing association provision is 50% lower in rural areas than urban.

## **The policy response**

The Rural White Paper includes a lot of useful analysis. However it is not sufficient for the scale of the problem. For example, the goal of providing 6000 new housing association units per year is nowhere near sufficient for addressing the severe shortage of affordable housing in rural areas. Similarly the goal of regenerating market towns does not tackle the problems caused by the rapid growth of supermarkets on the outskirts of many market towns. Supermarkets have led to a rapid decline of local shops and associated rural economies in both market towns and nearby villages. People without transport are hit particularly hard by the decline in local shops.

Initiatives to encourage take up of welfare benefits do not take account of the problem of 'claiming in the goldfish bowl'. Lack of access to information, stigma and the culture of self-reliance all prevent eligible people claiming Benefits in rural areas. Similarly 'rural proofing' will only work if it also explicitly involves 'rural anti-poverty proofing'.

An ideal shopping list for tackling rural social exclusion might include:

- encourage the development of community-led rural anti-poverty strategies;
- re-think indicators of deprivation to incorporate the notion of 'bundles of indicators' - these reflect the multi-dimensional nature of rural social exclusion but do not rely on area-based solutions;
- establish a Government Department of Rural Affairs and disband MAFF, to provide a more appropriate focus for dealing with rural issues in England; and
- develop education and training courses that provide appropriate skills for the needs of rural economies eg land management (not agriculture), community development in rural areas.

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## **RURAL FUEL POVERTY CONFERENCE - 21 May 2001**

### **Royal Horticulture Halls, Westminster**

LES ROBERTS, ENERGYWATCH COUNCIL - Protecting rural consumers

Poverty affects 25% of households in many rural areas. However the problem is scattered - 'pockets' of poverty are rare. Policies to tackle the problems should recognise the extra costs of meeting needs in rural areas and the fact that rural poverty is spread across communities. Of course, rural poverty is so extreme in certain areas, eg parts of Cornwall and Durham, that it is picked up by standard indicators.

Many people in rural areas effectively have no choice of fuel. Everything costs more, both in terms of transport and in terms of time. Furthermore, the cost of installing energy efficiency measures effectively removes real choice from people on low incomes.

### **Policy solutions**

There should be a fuel cost allowance with a rural premium for people on Benefits. The Government should consider extending energywatch's brief to cover non-metered fuels eg oil, coal, bottled gas etc. Ofgem should give greater priority to social issues. The plans to extend the gas pipe network might represent too broad brush an approach. It will benefit the better off, not just the fuel poor.

Fuel poverty has not been identified as a key issue for regeneration policy. None of the recent regeneration initiatives, such as the Rural White Paper, Urban White Paper or Neighbourhood Renewal Strategy, refer to fuel poverty at all. Regional Development Agencies in particular, should treat fuel poverty as a priority.

Warm Zones do not constitute a strategic approach to tackling fuel poverty, welcome as the pilots are. They are also likely to come across the same problems as Health Action Zones and Education Action Zones.

Communities should play a key role in identifying their own solutions to rural fuel poverty. Acre's Rural Action Scheme provides a model for such an approach.

Not sure whether more research is needed. The information already exists. The priority should be to introduce schemes that make a real difference to rural areas. It is particularly important to introduce a pricing policy that is sustainable and recognises the particular issues of rural areas.



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# **RURAL FUEL POVERTY CONFERENCE - 21 May 2001**

## **Royal Horticulture Halls, Westminster**

CHRIS COLLINS, DIRECTOR OF NEA WALES - Tackling rural fuel poverty: a Welsh case study

### **Key indicators of fuel poverty in rural Wales**

Wales suffers from an underdeveloped infrastructure, particularly in relation to accessing affordable fuels such as mains gas. There is a higher than average number of poorly maintained properties that, due to structural features, are inherently energy inefficient and difficult to keep warm.

Wales also has an ageing population living on lower than average incomes, with limited opportunities for other age groups to move into the area. Many parts of rural Wales have exceptionally sparse communities with population densities as low as 24 people per sq. km (Powys). It also has less well-developed community networks, with many people reluctant to seek advice.

### **Underlying trends**

Many people rely on expensive forms of fuel such as oil, bottled gas (the price of which is not regulated) and non off-peak electricity tariffs. Furthermore many people cannot afford the costs of setting up for Economy 7. People also tend not to have access to wider fuel markets, due to the limited availability of gas in isolated communities and rural hinterlands bordering semi-urban areas. There is low level of awareness of energy efficiency issues, affordable budgeting methods and grants available.

### **Delivering targeted measures**

The National Assembly for Wales Home Energy Efficiency Scheme (HEES) is the principal programme for tackling fuel poverty. The Assembly has made a number of significant enhancements following the evaluation of the pilot. These include:

- Increases to the grant maxima to £1,500 for HEES and £2,700 for HEES Plus, in recognition of the poor house conditions in Wales;
- provision for the conversion of gravity-fed solid fuel heating systems to gas or an electric heating alternative; and
- piloting an oil-fired central heating system within the HEES packages; and
- 14% of the overall HEES grant allocation is targeted at rural mid-Wales.

Energy supply companies are also making innovative use of EESoP funds by supporting voluntary groups and Credit Unions in rural areas. HECA is



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being used to fund energy efficiency community volunteers in rural areas to advise fuel poor households (REACT).

Housing Repair Agencies are also providing pre-HEES grants to vulnerable rural households to enable remedial improvements prior to the installation of HEES measures (Powys Council/Health Alliance). These include the installation of loft hatches, re-wiring and plumbing measures.

### **Seeking solutions**

A synergistic and co-ordinated approach is required towards informing vulnerable rural households. It is also important to integrate both mainstream and supplementary measures, and use community gate-keepers as referral channels eg WRVS, Meals on Wheels.

Ofgem should review regulations governing the extension of the gas supply network, and allow longer pay-back times for capital investment. It should also establish a system for transferring the costs of gas supply installation between different energy suppliers.

The Welsh Assembly should recognise many householders' reliance on coal and oil in rural areas and former mining villages, particularly where households are in receipt of coal allowances. It should also support research to identify all aspects of rural fuel poverty. This should inform policy on the range of measures available, focusing in particular on issues unique to rural areas.

### **Discussion**

**John Chesshire** first commented that any research planned by EAGACT would very much be of the 'action research' variety ie it would involve practical delivery, as well as analysis to inform the practical implementation of initiatives.

**Gretel Jones, Age Concern England** referred to the cost of extending the gas pipe network. Who should pay?

Les replied that the gas consumers benefiting from extension are expected to pay. However, the whole emphasis on cost-reflective-pricing could lead to an unravelling of the urban/rural relationship. The implications are far-reaching.

**Bob Wilkinson, energywatch Wales**, commented that much of Wales was covered by the European Union's Objective 1 and 2 regional aid programmes. What role could they play in combating rural fuel poverty? Bob also referred to the devastating impact of the decline of the coalfields on local communities. What is happening to give these communities something back?

Chris replied that European programmes should recognise the problem of

fuel poverty. However, the programmes cannot spend money on direct housing measures, only those construed as 'economic'. Chris also referred to the 'Communities First' initiative - this has placed a high priority on consulting communities about their needs.

**Zoltan Zavody, EST**, asked what obligations or incentives should be placed on local authorities or EAGA to address the problem of rural fuel poverty?

Chris replied that these organisations should recognise that extra investment is required to combat the problems. Also schemes should be more localised and budgets ring-fenced for combating rural fuel poverty.

**Katrin Maby, Severn Wye Energy Agency**, asked about measures not covered by HEES. These could make a significant impact on rural fuel poverty eg solid wall insulation. She also asked whether renewables had any potential role in rural areas. She went on to comment that it was very difficult for local agencies to achieve integration of the various programmes 'on the ground' eg HEES, EEC. Surely national bodies should sort out these problems?

Neil Ritchie replied that cost effectiveness should not be the only criteria for assessing rural fuel poverty. For example, solar power may provide a solution in remote rural areas.

**Nick Merleau Ponty, NEA**, asked if there was an agreed definition of 'rural'?

Duncan replied that all the common definitions are geographically based, for example where are the 'most needy' located?

Les referred to the 'scarcity formula' developed by Salford University and the formula used by the DETR for determining the SSA - areas with a population density of less than 100/km<sup>2</sup>.

**Julia Detch, High Weald smallholder**, commented that fuel should be considered in the widest sense eg bio fuels, water, solar, wind etc. Developing countries provide a good example in this respect. She felt that people were prepared to set up their own schemes but were put off by all the different agencies involved.

**Joanne Wade, ACE**, asked if 'the socially excluded' became involved in community groups?

Duncan replied that they often did not. Groups could be quite exclusionary and unaware of the problems. Getting their involvement takes time and sensitivity. Women play a particularly important role.

**Grenville Jackson, Rural energy awareness project (Lincolnshire)**, commented that gatekeepers were often a big problem. Parish Councils

often did not recognise that poverty existed in their area. It was very difficult to engage them in delivering solutions. There is a major need to capacity-build.

**Michael King, National Right to Fuel Campaign**, commented that it was important to devolve decision-making to as local a level as possible. Regional government might help this process.

Duncan felt that Parish Councils should be given more powers and resources but also made more accountable. Northern France provides an example of how such structures might work.

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## **RURAL FUEL POVERTY CONFERENCE - 21 May 2001**

### **Royal Horticulture Halls, Westminster**

JOHN STONE, ENERGY EFFICIENCY PROJECTS MANAGER, SWEB - Fuel poverty in the South West: a supplier's perspective

A large part of the traditional SWEB service territory is rural. The only major urban areas are Bristol, Exeter, Torbay, Plymouth, Falmouth and Penzance. The company therefore has to be aware of the difficulties of servicing rural customers. However, the company is not responsible for the distribution network. This removes an important conduit of information and contact with customers.

The company therefore has to rely on fairly typical methods of communication with customers. For example, account stuffers with bills, the "At home with SWEB" magazine, advertising, call centres, correspondence by mail, and work with partner organisations such as Red Cross, Age Concern, CABx and other advice providers. Also, many consumers do not have access to telephones, let alone the internet.

The information SWEB holds on customers is very scant. Information is held on their consumption, location, payment history, complaint history and type of metering. However SWEB does not have details of their housing condition, income or health.

#### **Targeting vulnerable customers**

SWEB therefore has to use a variety of methods to make sure help is targeted at those most in need. One project involves the Centre for Sustainable Energy. CSE are developing a fuel poverty index, made up of a variety of indicators that contribute to the fuel poverty problem. CSE has already mapped a number of deprivation indicators - child, disability and pensioner - that show where the worst problems occur at ward level within the South West.

These maps show major concentrations of deprivation in the urban areas of Bristol and Plymouth for example, but also in large rural areas in the far West of Cornwall. SWEB has already used this information for targeting purposes, for example its SoP kettle scheme. The indicators will contribute to the final fuel poverty index. SWEB believe this will provide a valuable tool for targeting programmes, such as SoP at a strategic level.

SWEB has also set up partnership arrangements with a number of referral organisations, eg WPD, Care & Repair, Social Services and healthcare providers, as a means of getting information to vulnerable customers. Also, it has used its SoP experience to target owner occupiers with a mail order lamp scheme and has run a very successful Fridgesavers scheme.

#### **Challenges and opportunities**



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Bristol BS1 6XN

Tel: 0117 929 9950

Fax: 0117 929 9114

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A major challenge for the future is to create a system whereby price messages are balanced with environmental responsibility. The competitive market also raises important issues relating to regulation, social obligations, control and responsibility. Should the financial services sector also have a role in the alleviation of fuel poverty?

Should private landlords be regulated on the grounds of energy efficiency and fitness for occupation? How do we engage the healthcare sector to make the link between fuel poverty & cold related illness/excess winter deaths?

## **Energy for everyone**

John concluded by commenting that SWEB's core principles are particularly relevant in the fight against rural fuel poverty:

- Accessibility - SWEB is committed to delivering energy for all - SWEB wants everyone to have access to the best possible service and support.
- Affordability - SWEB is committed to providing disadvantaged and vulnerable customers with affordable energy
- Accountability - SWEB is committed to sustainable development; its practices aim to be socially and environmentally accountable

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## **RURAL FUEL POVERTY CONFERENCE - 21 May 2001**

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RICHARD GRANT, HEAD OF ENVIRONMENTAL AFFAIRS, LATTICE GROUP -  
Gas to non gas areas

Introducing gas to 'non-gas' areas (predominantly rural) forms part of Lattice's overall sustainability agenda. This includes the pioneering of new, more environmentally friendly efficient uses of gas, promotion of the environmental and social advantages of gas and the establishment of policy frameworks that allow gas to play its full social and environmental role.

The social advantages of gas were recently highlighted in the Government's draft Fuel Poverty Strategy:

*"The coverage and capacity of the gas transmission network affects the ability of consumers, including low income and disadvantaged consumers, to use gas rather than more expensive or inconvenient alternative fuels"*

Gas also has environmental advantages. For example, CO<sub>2</sub> emissions from burning fossil fuels for power and NO<sub>x</sub> emissions from industrial boilers are all lower for gas than other fossil fuels. It is also demonstrated by air quality standards. These have improved dramatically in both London and, more recently Belfast, as a result of increased use of gas for heating.

#### **Extent of 'non-access' to gas**

However 3m domestic households in Britain still do not have access to mains gas. This includes 1m low income households. Increasing access to mains gas would fulfil a wide range of Government policy priorities, for example climate change, air quality, fuel poverty, community health, social inclusion, housing stock improvement and the rural agenda.

Lack of access to gas is a particular problem in rural areas. 4,000 settlements with over 150 dwellings and 105 settlements with over 750 dwellings do not have access to gas. In numerical terms, the problem is particularly extensive in the South West and East Anglia - regions with large rural populations. It is also an extensive problem in Wales and Scotland.

However, this is not reflected in the statistics due to the very low and dispersed populations in Wales and Scotland. Of the 4,000 settlements without access to gas, 1,300 are within 2km from a gas main and 2,200 are between 2 and 7km.

#### **ExternE**



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The Create  
Centre  
B-Bond  
Warehouse  
Smeaton Road  
Bristol BS1 6XN

Tel: 0117 929 9950

Fax: 0117 929 9114

E-mail: [cse@cse.org.uk](mailto:cse@cse.org.uk)

Website: [www.cse.org.uk](http://www.cse.org.uk)

A major project has been established in the European Union to evaluate the external costs of energy use - the ExternE project. The study involves 20 teams from across Europe and aims to develop a consistent methodology for assessing 'externalities' (costs not recognised by conventional market-based pricing structures). It also provides a useful tool for assessing the full costs of extending the gas network by assigning monetary values to social and environmental factors.

The project has already compared the emissions of greenhouse gases from different heating sources. Gas central heating compares favourably with oil-fired central heating, coal fires and electric heating (central heating and 'stand alone').

The project has identified a wide range of other social and environmental benefits to gas. They include reduced fuel poverty health costs, lower fuel bills, marginal utility of income, reduced indoor air quality health costs, reduced building fabric and maintenance costs, employment benefits, reduced social security costs and increased tax revenue.

### **Key messages**

The increased use of gas plays an important role in meeting a wide variety of government environmental, social and economic targets. Economic gains include cheaper fuel, wider competitive choice and security of supply. Social gains include reductions in fuel poverty, associated respiratory health benefits and employment and training opportunities. Environmental gains include reduced carbon, acidic and particulates emissions.

The gas industry, Government and regulator should work in partnership to realise the 'win-win-win' solutions gas offers. However, this will require strong policy support and the right market structures. In effect, a social and environmental strategy is required that is firmly based on economic costs.

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# RURAL FUEL POVERTY CONFERENCE - 21 May 2001

## Royal Horticulture Halls, Westminster

REBECCA RATTRAY, ENERGY ADVISER, RURAL ENERGY EFFICIENCY  
ADVICE PROJECT - Delivering advice in rural areas

The Rural Energy Efficiency Advice Project (REEAP) was set up in 1985 with funding from the National Lottery Charitable Board. The project is managed by SCARF, an Aberdeen-based advice project. The project provides services to rural residents of Aberdeenshire.

The project aims to tackle the problems of fuel poverty, promote energy efficiency and improve people's living environment by providing energy efficiency advice through providing a freephone telephone number, community advice sessions and visits to people's homes. It also carries out presentations and training sessions in local, accessible venues.

The extent of the problem in rural areas of Scotland is illustrated by findings from the Scottish Home Conditions Survey (1996). This found that 33% of housing was built before 1919, compared to 19% in urban Scotland. The average NHER in rural homes is 3.0, compared to 4.2 in urban homes. The odds of damp and condensation are 15% more likely in rural areas. The combination of these problems means that annual fuel costs are, on average, £154 more in rural areas. For homes using LPG, this rises to £700 more, compared to mains gas.

The physical presence of REEAP has had a dramatic impact on take up of services by rural residents in Aberdeenshire. Before the project was established the main provision was a free-phone telephone line. Since establishment, advice sessions have increased from 50 to 529; home visits from 0 to 377; and events such as road-shows from 4 to 33. In addition, 300 presentations were made to local groups. (Figures are for the 1998 to 2001 period.)

Key messages for providing effective advice to rural households

- Advice should be free, impartial, confidential, and comprehensive.
- Energy advisers must have a physical presence in the area.
- Home visits should be an essential element of the service.
- It is important to establish partnerships with other rural agencies.
- It takes time to build up trust and confidence with households.
- The planning of provision must take account of the time and distance involved in outreach work.

### Discussion

**John Chesshire** asked how REEAP assessed the impact of advice provided?

Rebecca replied that much of the advice was in-depth and involved



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Centre  
B-Bond  
Warehouse  
Smeaton Road  
Bristol BS1 6XN

Tel: 0117 929 9950

Fax: 0117 929 9114

E-mail: [cse@cse.org.uk](mailto:cse@cse.org.uk)

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spending time with households in the home to make sure they knew how to act upon advice provided. REEAP would also hold follow up sessions with households.

**Peter Capener** asked Richard Grant how social and environmental costs were assessed?

Richard replied that first and second order costs were agreed by economists at a European level. Proxies were sometimes used eg health costs for environmental impact.

**Peter Capener** commented that from CSE's experience of providing advice it took a long time to build up community partnerships and build up trust with local people. Word of mouth is also important.

**John Chesshire** asked what SWEB's motives were in developing targeting methods?

John Stone replied that SWEB was obliged by licence to target EESOP funds on fuel poor households. It was also obliged to develop Priority Service Registers of vulnerable customers. SWEB is leading a Social Action Plan project to go beyond the legal minimum and develop a quality priority service register. It aims to double the number of customers on the register. It has also commissioned CSE to develop a Fuel Poverty Index to help identify at a strategic level priority areas for help with EESOP funds.

**Noel Olsen** commented that financial advisers should highlight the savings householders can make from energy efficiency investment. Nurses should also include energy efficiency products in the 'bounty packs' distributed to mothers giving birth. He went on to ask SWEB about the differentials between tariffs and between the amount paid to householders for electricity generated and electricity sold?

John Stone replied that SWEB were piloting, alongside London Electricity, a new tariff for prepayment meter customers whereby a discount was given to customers who did not call out engineers (unless SWEB itself was at fault). The explanation for the different unit costs between money paid for electricity (produced by households with renewable generators) and electricity sold related to distribution charges. These do not reflect the true costs of distribution. However another company is responsible for these charges, not SWEB.

**Katrin Maby** commented that the Wye Valley Energy Agency was already running a 'bounty pack' scheme in Gloucestershire.

**Norri Kerr**, Energy Action Scotland commented that the market was close to saturation point with CFLs. Providing CFLs to low income households will not achieve affordable warmth. He also referred to the cost of bringing gas to certain rural areas. For example, it would be more effective to carry out a major house improvement programme in Fort William so that every house reached a certain minimum standard (eg SAP 50) than invest

in extending the gas network. New technologies or renewables may also provide a more effective solution in some areas.

Richard Grant replied that the EnergE methodology allowed for a hierarchy of measures to be investigated. Gas might be appropriate in some areas, other solutions might be more appropriate in others. The Warm Zone initiative provides a mechanism for exploring different solutions.

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## **RURAL FUEL POVERTY CONFERENCE - 21 May 2001**

### **Royal Horticulture Halls, Westminster**

SYLVIA BROWN, ACTING CHIEF EXECUTIVE OF ACRE - Defining rural fuel poverty

It is important to establish indicators of rural poverty and fuel poverty because so many policies are area-based. However, as the Countryside Agency's 'State of the Countryside' report points out, traditional indicators do not reflect the problem of rural poverty. The Index of Local Deprivation, for example, has attempted to inject a rural dimension by including a domain called 'access to services'. However, there are considerable problems in defining access.

The Rural White Paper is the first Government report to recognise the problems of rural communities. It recommends more rural community development workers. However, in defining need it relies on the Index of Local Deprivation.

The problems of developing rural indicators relate to the very different nature of poverty in rural and urban areas. Urban areas are characterised by high concentrations of deprivation, the availability of local services and a tendency for households to move out of an area when their income rises. Rural areas, by contrast, are characterised by dispersed deprivation, uneconomic local services, a tendency to stay in the area as income rises (and enjoy a higher quality of life) and a tendency for low income households to move out.

Rural poverty is very hidden and exists alongside relative affluence. However, a wide range of rural issues are inter-linked. This is graphically illustrated by the foot and mouth crisis. The whole community is affected by the crisis, although the number of people in direct agriculture employment is small. Whilst there may often be strong community ties, this rarely translates into neighbourhood feeling.

It is therefore important to develop methods of targeting resources, both at an area level and at individual households. Area targeting can take place at two levels - at the local authority level eg Community Plans and at the local community level.

Acre prefers to talk about 'quality of life' indicators, rather than poverty. In developing rural 'quality of life' indicators, it is worth considering the basic factors that impinge on the individual household. These include income, expenditure and exclusion/access to services.

However, the model becomes a lot more complex once all the different issues that affect each of these factors are taken into account.

If only issues that affect fuel poverty are considered, the model becomes a little simpler. This model provides a basis for developing appropriate



**CENTRE FOR  
SUSTAINABLE  
ENERGY**

The Create  
Centre  
B-Bond  
Warehouse  
Smeaton Road  
Bristol BS1 6XN

Tel: 0117 929 9950

Fax: 0117 929 9114

E-mail: [cse@cse.org.uk](mailto:cse@cse.org.uk)

Website: [www.cse.org.uk](http://www.cse.org.uk)

indicators of rural fuel poverty.

The model also suggests possible solutions. These include the development of local credit unions to overcome lack of access to financial services, long term investment in local support networks (eg LA21) and the factoring in of both additional heating costs and additional travel costs faced by rural households.

Finally, it is important to recognise that it takes a long time to impart information to local rural communities before people act upon it. Rural links schemes provide one model for making sure this happens.

## **Discussion**

**John Stone** commented that grant aid is moving to a situation whereby HEES pays for heating and EEC for insulation. However EEC energy saving targets prevent insulation of solid walls because of the costs. Fuel poverty groups should lobby for EEC to become more flexible.

**Katrin Maby** commented that many people are not interested in insulating their homes if it is not grant-aided.

**Gretel Jones** referred to an Age Concern study of how older people access services in East Anglia. This found that many people in rural areas did not use services because of transport problems. She asked if there was a health dimension to rural fuel poverty.

**William Baker** referred to the early results of some research by CSE and Bristol University into excess winter deaths. Bristol University has developed a ward-level 'excess winter deaths index' by bringing together 5 years worth of data for the South West. Virtually all the worst wards were rural in nature. The researchers are looking at possible explanations, such as access to health services or exposure to external cold temperatures.

**Noel Olsen** referred to 'pre-mortality' migration - people moving to rural areas after retirement. However they often found services difficult to access and support structures non-existent.

**Jocelyn Stevenson** suggested CAB and energy advice should be made available in GP surgeries and supermarkets.

**Sylvia** commented that it was important to use existing networks in rural areas to overcome the extensive problem of under-claiming.

**Peter Capener** referred to the new Energy Efficiency Partnership/EST programme for supporting community energy projects. He also commented that small area indicators could work in rural areas, providing the base unit was small enough. He felt indicators, for all their imperfections, provided a useful baseline position.

**Julia Detch** proposed that a website is set up to provide information on support structures in rural areas.

**Zoltan Zavody** referred to an EST scheme - CHES - for accrediting heating installers. He suggested that it might be worth looking at the perceptions of installers towards rural areas.

**John Stone** suggested that there should be an obligation on supermarkets in rural areas to invest in transport provision.

**Sylvia Brown** replied that the power already exists in Section 106 of planning law.

**John Chesshire** drew the conference to a close by stating that the event was the first in a programme of activities EAGACT intend to sponsor that will stimulate research, action and new thinking on the issue of rural fuel poverty.

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# **RURAL FUEL POVERTY CONFERENCE - 21 May 2001**

## **Royal Horticulture Halls, Westminster**



**CENTRE FOR  
SUSTAINABLE  
ENERGY**

The Create  
Centre  
B-Bond  
Warehouse  
Smeaton Road  
Bristol BS1 6XN

Tel: 0117 929 9950

Fax: 0117 929 9114

E-mail: [cse@cse.org.uk](mailto:cse@cse.org.uk)

Website: [www.cse.org.uk](http://www.cse.org.uk)

### Appendix 1: Fuel poverty

The term 'fuel poverty' describes the interaction between low income, poor access to energy services, poorly insulated housing and inefficient heating systems. The consequences of fuel poverty include indebtedness, marginalisation of people on low incomes within competitive energy markets, rapid deterioration of housing and ill-health. The need to spend a large proportion of income on fuel can lead to fuel poor households cutting back on other essential items such as food and clothing. It can also exacerbate other forms of social exclusion, particularly financial exclusion.

A common definition of a fuel poor household is one which needs to spend more than 10% of its income to heat its home to an adequate standard of warmth: 21°C in the living room and 18°C in other occupied rooms. However, this definition does not encompass non-heating related fuel requirements and there are different views on how income should be defined.

A number of groups are particularly vulnerable to fuel poverty. They include older people, young children within low income households, disabled people and low income private sector tenants. Other groups recognised as vulnerable to fuel poverty include unemployed people and lone parents. Such groups often spend longer periods at home than those in paid work and therefore have higher heating requirements.

Many fuel poor households live in energy inefficient housing, which is often related to wider problems of poor housing, eg lack of repair. They also tend to use expensive-to-run appliances, such as older or second hand fridges and cookers. Many of the fuel poor have to pay higher fuel prices because they use prepayment meters or cannot take advantage of cheaper Direct Debit tariffs.

### **The draft UK Fuel Poverty Strategy**

The Government and Devolved Administrations have set a target of eliminating fuel poverty among all vulnerable households and social housing tenants by 2010. Vulnerable households are defined as older households, families with children and households who are disabled or suffer a long-term illness. Each country has also set specific interim targets, for example Scotland aims to ensure that all pensioner households and social housing tenants live in a centrally heated and well insulated home by 2006.

The Government and Devolved Administrations have put in place a range of programmes to meet these targets. They include:

### **National policies (policies operating throughout the UK or Great**

## **Britain)**

- The Energy Efficiency Commitment (formerly known as the Energy Efficiency Standards of Performance) - an obligation on energy suppliers to encourage or assist households take up energy efficiency measures. The current programme is £50m pa and will increase to £150m pa in 2002. Although the programme primarily has environmental objectives in terms of target setting, a significant proportion of expenditure is allocated to fuel poor households.
- The Transco 'Affordable Warmth' programme supports the installation of gas central heating systems, community heating and insulation in up to 1million homes by 2007. A major element of the programme involves training heating engineers to meet the expanded demand created by the programme.
- The Home Energy Conservation Act (HECA) requires all UK housing authorities to report on the current measures in place for improving energy efficiency of all housing stock within their areas. Authorities were also recently required, as part of their HECA reports, to outline anti-fuel poverty work within their areas.
- The Utilities Act 2000 gives the Government powers to give the regulator guidance on meeting social and environmental objectives, set energy efficiency targets for energy companies and invoke a reserve power to cross-subsidise specific disadvantaged groups. It also requires the regulator to have regard to older people, people who are disabled or have a long-term illness, low income households and people in rural areas. The regulator has implemented this responsibility through producing a Social Action Plan. This includes new licence conditions targeted at disadvantaged consumers, a research programme and ongoing work to reduce prices for all consumers (regulation of monopoly elements within the energy industry and enhancing competition within supply etc).
- The Utilities Act has also created an independent gas and electricity consumer council - energywatch - to represent consumers, with a particular focus on combating fuel poverty.
- The Strategy also outlines the Government's social inclusion measures since these will help make fuel more affordable for people on low incomes, eg income measures (eg national minimum wage, Working Families Tax Credit, Minimum Income Guarantee for pensioners) neighbourhood renewal, measures to combat financial exclusion.

## **England**

- All local authorities are expected to spend around a third of capital expenditure on energy efficiency measures through the phased release of capital receipts.
- Warm Front (previously know as the Home Energy Efficiency Scheme or HEES) provides grants for insulation and heating measures to vulnerable groups - older households, families with children and people who are disabled or have a long-term illness. It is targeted at households within the private sector (owner occupier and rented) who are in receipt of qualifying benefits.

Warm Front grants (worth up to £1,000) predominantly fund insulation measures for non-pensioner households. Grants of up to £2000 are available for eligible pensioner households to fund insulation and central heating systems. £600m has been allocated to Warm Front up to 2004. This is expected to have reached 800,000 households, 480,000 of whom will be over 60.

- The 'Warm Zones' initiative is a pilot programme designed to bring together all the key agencies within a local area in a coordinated effort to tackle fuel poverty. The Zones will aim to substantially reduce fuel poverty over 3 years within a locality through an area-based approach, rather than the referral mechanism central to Warm Front. There are currently 5 Warm Zone pilots supported by a local energy supplier and, in some cases, the local authority.

## **Scotland**

- The Scottish Executive's key policy for tackling fuel poverty is to install central heating and insulation in 100,000 social housing properties and 40,000 pensioner homes in the private sector currently lacking central heating by 2006. The package is worth £2,500 per household.
- The Warm Deal provides a grant worth up to £500 per household to all other households dependent on Benefits for a package of insulation measures. Over 38,000 households benefited in 1999. A further 60,000 will benefit by 2003. In 1999/00 Scottish councils spent £345m on improving their own stock, with a third going on energy efficiency measures.
- From 2000, all new housing association stock will be expected to achieve a SAP rating of between 85-90 and all rehabilitated stock a SAP of between 65-70.

## **Wales**

- The Welsh Assembly has set up a HEES programme that is broadly similar to the English programme. However, it differs in some important aspects. Lone parents and sick and disabled households on Benefits are eligible for central heating systems, as well as pensioners. Pensioners not on Benefits are also able to claim 25% grants towards a standard package of insulation and heating measures.
- The Assembly is developing a pilot scheme to enable rural households to claim grants for installing oil-fired central heating systems. This is designed to overcome the problem of lack of access to mains gas.
- The Assembly has grant funded 5 Welsh local authorities to participate in a pilot scheme to carry out detailed condition surveys of their stock, which includes an energy efficiency assessment. This aims to help identify the most cost effective measures for improving energy efficiency.

## **Northern Ireland**

- The Housing Executive (Northern Ireland's single housing authority) has prioritised energy efficiency/fuel poverty measures within its capital and revenue programmes. The average SAP rating in public housing is now 40.
- Registered Housing Associations (RHAs) are required by the Department of Social Development's Design Standards Guide to use cost-effective energy efficiency measures in all new build or rehabilitated properties. The Housing Executive and Northern Ireland Electricity allocated £100,000 in 2001/2 to improve energy efficiency standards in homes owned by less well-off RHAs.
- The Housing Executive, as Northern Ireland's HECA Authority, is aiming for 34% energy efficiency savings by 2006-2011 (from 1996). A key measure for achieving this will be the replacement of all solid fuel heating systems in public housing with efficient gas or oil-fired systems. RHAs are encouraged to adopt a similar policy.
- The new Domestic Energy Efficiency Scheme (DEES II) will target households vulnerable to cold-related ill health in the private sector with a package of energy measures. Grants of up to £750 will be provided for insulation measures to families with young children and householders who are disabled or have a long-term illness on eligible benefits. Grants of up to £2000 will be provided for insulation and heating measures to older households on eligible benefits.
- Implementation of measures under DEES will start in July 2001. The maximum grant for households in remote rural areas will be £1000, rather than £750, since these are regarded as particularly vulnerable.
- The regulator of Northern Ireland Electricity and Phoenix Gas<sup>1</sup> has set an energy efficiency levy of £2 per customer. This raises £1.3m pa for schemes mostly targeted at the fuel poor. The new Supply Price Control, in place until 2005, will provide a further £10m of savings through energy efficiency investment. The surcharge for prepayment meters has also been eliminated. However, this investment has to be set against the fact that electricity is considerably more expensive in Northern Ireland than Britain.

<sup>1</sup>Mains gas has only arrived recently in Northern Ireland and is currently confined to Greater Belfast and Larne.

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# **RURAL FUEL POVERTY CONFERENCE - 21 May 2001**

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**CENTRE FOR  
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The Create  
Centre  
B-Bond  
Warehouse  
Smeaton Road  
Bristol BS1 6XN

Tel: 0117 929 9950

Fax: 0117 929 9114

E-mail: [cse@cse.org.uk](mailto:cse@cse.org.uk)

Website: [www.cse.org.uk](http://www.cse.org.uk)

### Appendix 2: Rural poverty and social exclusion

The experience of poverty by people in rural areas is particularly insidious because it is often hidden. This is exacerbated by 'gentrification' of certain rural areas brought about by an in-migration of 'richer' people and an out-migration of 'poorer' people. It enhances the feelings of isolation experienced by those who are excluded. Some of the key characteristics of rural poverty are summarised below:

- 18% of rural households had income levels below half the mean income. However, take-up of benefits is low, reflecting inaccessible advice and information services, differing perceptions of poverty within rural areas and a culture of independence.
- Incidence of persistent unemployment is less, but incidence of low pay is greater, in rural areas than non-rural areas. This is due to the domination of low paying sectors, such as tourism and food processing, and small workplaces in rural economies. The problem is compounded by the seasonal and part-time nature of many rural jobs.
- However, low pay accounts for a small proportion of the total number of people on low incomes in rural areas. Of those of working age on low income, only 22% are in employment, 23% are self-employed, 13% are unemployed and 41% are not in the labour market (eg long-term sick or family carers).
- The gap in unemployment rates between rural and non-rural areas has disappeared. All of the growth in employment in rural England between 1991 and 1996 was female. This led to a much more rapid growth in wages for women than for men.
- The age profile of the rural population is much higher than urban. However, there is a high incidence of poverty among older households, many of whom are owner occupiers.
- There is a widespread and severe shortage of low cost housing in rural areas. This is a major contributor to rural disadvantage and the principal driver of social change in rural areas. Younger people on low incomes in particular are excluded as a result. Housing options are limited as 74% of properties are in owner-occupation and only 15% in the social housing sector.
- Many rural areas suffer from declining services: the 1997 Survey of Rural Services in England found that 42% of rural parishes are without a shop, 45% had no post office, 83% had no GP based in the parish and 75% had no daily bus service.
- Public transport is minimal in most rural areas, leading to a much higher level of car ownership, even among people on very low incomes. Access to a car is regarded as critical to employment opportunities. Those without cars suffer from 'mobility poverty'.
- Public expenditure on provision of services is often substantially lower per capita in rural areas than in urban areas, despite the higher costs of provision. There is less adult education, fewer sport and leisure centres and outreach services and home visits are more expensive to deliver.

The hidden and dispersed nature of poverty in rural areas makes it harder to address through area-based policies or community development. Many indicators of deprivation are not sufficiently fine-tuned to identify the 'rural poor'. Because public service provision is often based on deprivation indicators, the 'rural poor' can often miss out. There is little material within the literature on rural social exclusion that distinguishes different types of rural area, eg remote, urban 'hinterland' or popular tourist destinations. The literature generally distinguishes rural from urban rather than identifying the particular problems associated with different types of rural area.

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