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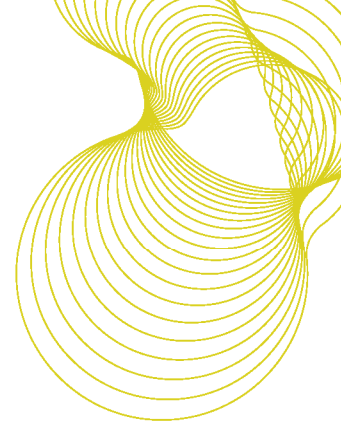
**Living in Wales 2008 –
Modelled headline fuel
poverty statistics for
2009 and 2010**

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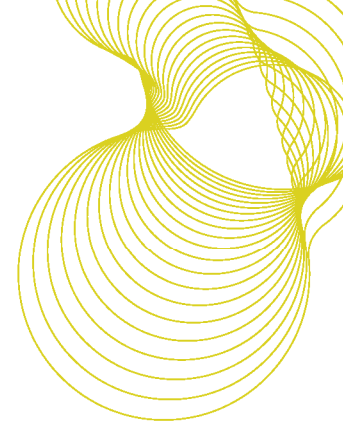
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1 Modelled headline fuel poverty statistics for 2009 and 2010

This report presents the results from a modelling study carried out to update the Welsh 2008 fuel poverty headline figures to 2009 and 2010. The headline fuel poverty statistics for 2009 and 2010 in Wales have been estimated using a modelling approach. The fuel poverty models were run as for 2008 (using the 2008 Living in Wales (LiW) survey data as base data) but using predicted fuel price and income changes for 2009 and 2010. These assumptions are described in greater detail below. This analysis does not take into account changes in energy use which may have occurred over the scenario time period. Household and dwelling stock numbers have also been assumed to remain static.

1.1 Detailed methodology

Fuel price scenarios

Changes in fuel prices between 2008 and 2010 were modelled using the retail price index fuel component data obtained from the Department of Energy and Climate Change for the cost of metered fuels (gas and electricity) and non-metered fuels (solid fuels and oil). 2010 prices were assumed not to change from the latest available prices given in the DECC tables (April 2010) for the remainder of the year. The prices of all of the fuels changed between 2008 and 2010 by the percentages shown in Table 1.

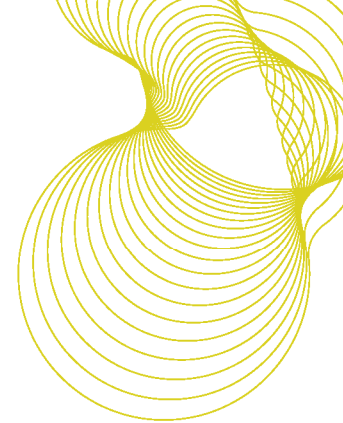
Table 1: Average changes to fuel prices in Wales between 2008 and 2010 used in the scenario modelling

Fuel Type	% change in price 2008 to 2009	% change in price 2009 to 2010
Gas	+13.7%	-6.3%
Electricity (all tariffs)	+4.6%	-2.5%
Coal and other solid fuels	+17.5%	+1.4%
Oil	-23.3%	+26.6%

Income scenarios

It is difficult to predict and model with accuracy how households' incomes will have changed over the two years, particularly given the widespread economic changes that have occurred over this time. We have therefore followed the approach taken in the previous fuel poverty report¹ and applied a generalised approximation to the whole population. Income from non-benefit sources (this includes private income and savings) for the Household Reference Person (HRP) and any partner was increased by the average earnings increase of 2% for 2008 to 2009 and 1.8% for 2009 to 2010. All other income (including any additional benefit unit income) was increased by the Retail Price Index (RPI) ratio which, for 2008 to 2009

¹ Welsh Assembly Government, 2007. Fuel Poverty in Wales, 2004. Modelled headline fuel poverty statistics for 2005 and 2006.



was -1.1% and for 2009 to 2010 was 5.1%. The reference point for each year has been taken as May of that year.

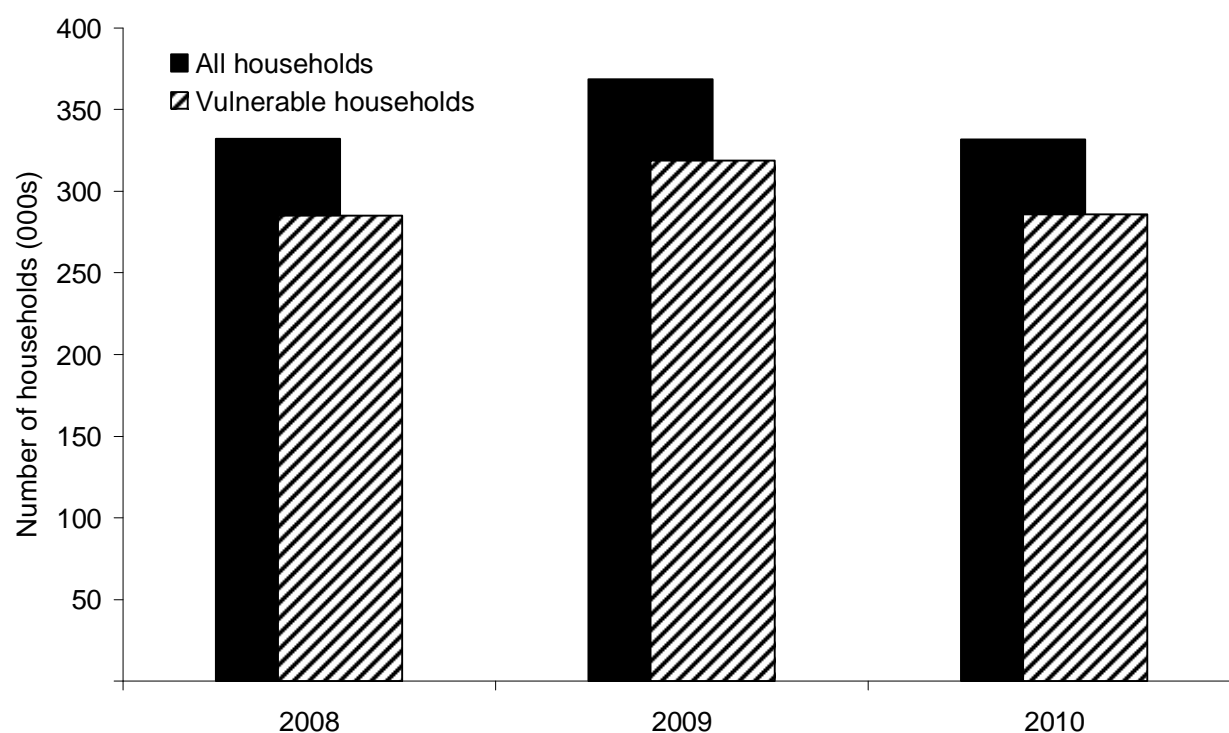
1.2 Results

The result of the model run is shown in Table 2 for all households and vulnerable households. All figures are based on the full income definition of fuel poverty. The changes in income and fuel prices results in an increase of ~36,000 fuel poor households and an increase of ~34,000 vulnerable households between 2008 and 2009 and an decrease of ~36,000 fuel poor households and ~33,000 vulnerable households between 2009 and 2010 (see Figure 1).

Table 2: Predicted number of households in fuel poverty for 2009 and 2010. In the 'base position' there were 332,000 households and 285,000 vulnerable households.

	2008 'Base position'	2009	2010
No. of FP households	332,000	368,000	332,000
(% of all households)	(26%)	(29%)	(26%)
No. of FP vulnerable households	285,000	319,000	286,000
(% of vulnerable households)	(29%)	(33%)	(29%)

Figure 1: Modelled estimated change in the number of fuel poor households between 2008 and 2010.



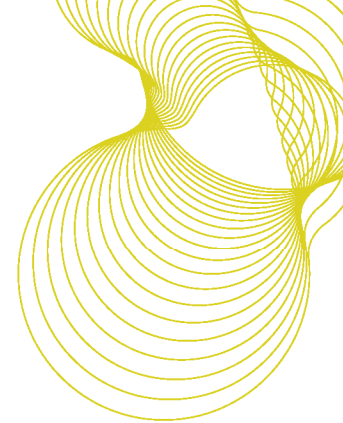
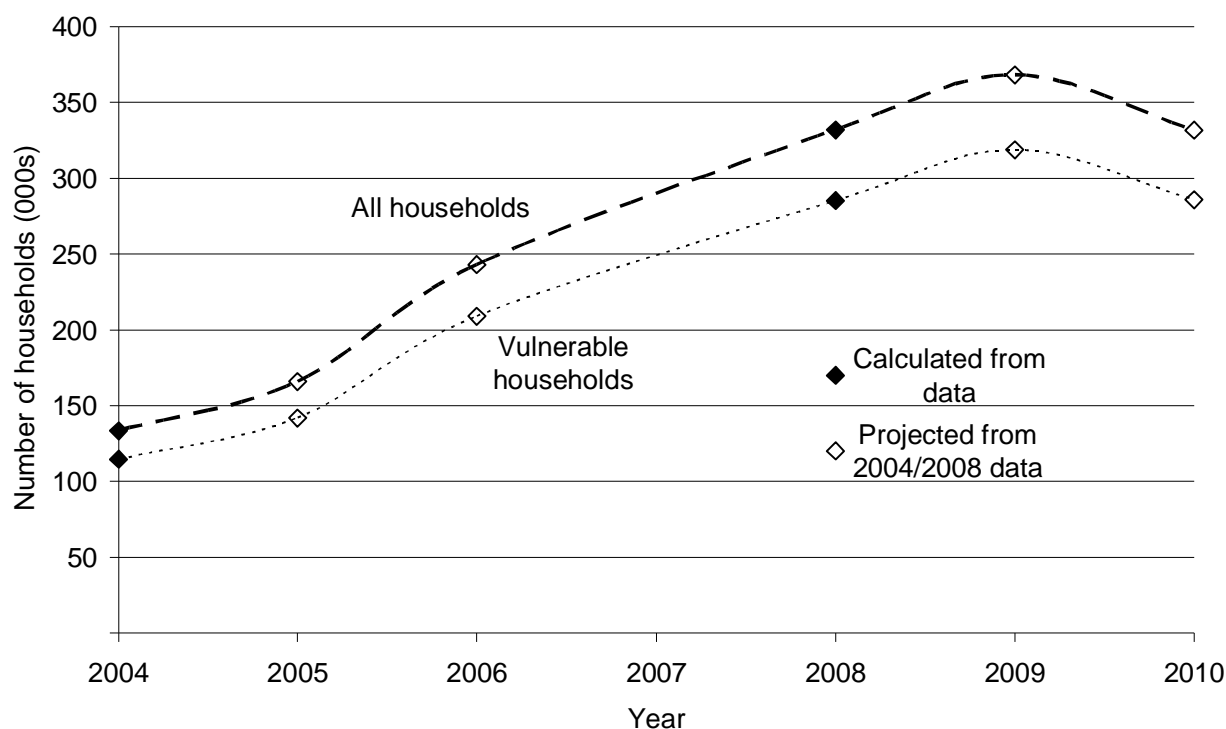


Figure 2 shows a timeline of fuel poverty figures for all households (dashed line) and vulnerable households (dotted line) between 2004 and 2010. The open symbols represent the projected fuel poverty levels calculated from applying the income and fuel price scenarios to the 2004 (see footnote 1) and 2008 base data.

Figure 2: Fuel poverty time series for Wales including projections for 2009 and 2010 based on 2008 data and previous projections for 2005 and 2006 based on 2004 data.



1.2 Summary

The results from this modelling study suggest that in 2009 there were approximately 368,000 households in fuel poverty in Wales, about 29% of all households. However, the number of fuel poor households is predicted to have decreased in 2010 back to the level seen in 2008 i.e. 332,000 households, ~26% of all households. The increase in the number of fuel poor households to 2009 predicted from this modelling study results from the large rise in metered and solid fuel prices that occurred during this time. However, between 2009 and 2010, the cost of metered fuels (gas and electricity) decreased and this, coupled with a significant rise in non-earnings income, indicates that fuel poverty levels will have returned to 2008 levels in 2010. It should also be remembered that this study did not take into account the improvements in the energy efficiency of the housing stock that will have been made over this time due to programmes such as the Home Energy Efficiency Scheme (HEES). These improvements will have reduced the energy demands of dwellings and would therefore lead to a reduction in the predicted number of households in fuel poverty from the statistics presented above. A further modelling study addressing the energy efficiency improvements to the stock and extending the predictions of the numbers of households in fuel poverty to 2018 is presented in Part 4 of this work.