



ESRI Research Bulletin

Fuel Poverty: a Matter of Household Resources or a Matter of Dwelling Efficiency?

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Introduction

The concept of fuel poverty refers to the inability to afford adequate heat (and other energy services) in the home. There is increasing concern with fuel poverty, because of rising energy prices in recent years and because the recession has left many struggling to heat their homes. This raises the issue of whether fuel poverty is a genuinely distinct form of poverty which might require specific policy responses. The present study looked at the evidence.

Measuring Fuel Poverty

There are different ways to measure fuel poverty, including self-reports by households of their capacity to afford to purchase the fuel they need and approaches based on the amount actually spent on fuel or the amount that would be needed to achieve an adequate temperature in the home. Here we present results based on a self-report measure drawn from the Survey of Income and Living Conditions (SILC), from 2004 to 2011. SILC is a survey of over 4,000 households carried out annually by the Central Statistics Office (CSO). We define fuel poverty as living in a household experiencing at least one of three types of deprivation on at least one occasion: going without heating in the past year, inability to afford adequate warmth or arrears on utility bills.

Rates of fuel poverty were about 10-11 per cent from 2004 to 2007, rising to 12 per cent in 2008 and continuing to rise steeply to reach 21 per cent by 2011.

A matter of resources or a matter of dwelling energy efficiency?

A key policy concern is whether fuel poverty is distinctive enough from general poverty and deprivation to warrant a different policy response, perhaps focused on measures to reduce the cost of heating dwellings. We investigated this by looking at the overlap between fuel poverty and nine other aspects of deprivation, including an inability to afford adequate food or clothing, to replace worn household furniture and to engage in commonly-accepted social activities.

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It is not surprising that fuel poverty and the other types of deprivation are correlated. The overlap is far from being perfect because people have different coping strategies and make different choices when resources are scarce. However, we argue that fuel poverty is better regarded as an aspect of material deprivation in general rather than being a distinct phenomenon. The argument is based on the following results:

- There is a strong overlap between the three fuel poverty indicators and the other nine indicators of deprivation;
- The risk factors for fuel poverty are substantially the same as the risk factors for other types of material deprivation: household joblessness, unskilled or 'unknown' social class, low levels of education, disability, lone parenthood or larger family size.
- Certain aspects of poor dwelling quality (leaks, too dark, lacking central heating) are indeed associated with fuel poverty but are also more common among those experiencing general material deprivation who are not also in fuel poverty;
- Dwelling types that we would expect to be more expensive to heat (e.g. being detached vs. semi-detached or terraced) are associated with a *reduced* risk of fuel poverty, not the increased risk we would expect if energy efficiency were the driving factor;
- Those with higher housing costs (owners with mortgages and renters vs. those who own outright) show higher levels of deprivation with respect to both fuel poverty and general deprivation.

Conclusion

The central concern here is whether fuel poverty is a distinct dimension of deprivation that warrants a different type of explanation and a different policy response than deprivation more generally. The results suggest that fuel poverty is primarily a matter of inadequate resources rather than the cost of heating or the energy efficiency of the dwelling. This suggests that the solution to the problem of fuel poverty lies in understanding and addressing people's access to resources in general. In addition, given that many people experiencing fuel poverty do not own their dwellings (54 per cent on average from 2004 to 2011), there is no guarantee that the benefits of improvements to dwelling energy efficiency will accrue to those who are poor.

This does not mean that there are not perfectly valid reasons for a policy focus on energy affordability and the energy efficiency of dwellings. It does mean that such policies must be justified with respect to other goals than the reduction of fuel poverty.