

RURAL FUEL POVERTY:

Defining a research agenda

A report to Eaga Charitable Trust
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EXECUTIVE SUMMARY

Eaga Charitable Trust (Eaga-CT) wants to initiate a new programme of research into 'rural fuel poverty'. The Trust provided funding to the Centre for Sustainable Energy (CSE) to prepare this position report to inform the development of the programme. The report addresses the themes of fuel poverty, rural poverty and social exclusion and the adequacy of current anti-fuel poverty programmes for addressing the problem.

The report builds upon a major conference, jointly organised by Eaga-CT and CSE, on rural fuel poverty. The conference was held on 22 May 2001 in central London. (See Appendix 1 for a transcript of the conference proceedings). It also draws upon the results of a consultation exercise, carried out by CSE, to gather the views of conference participants and other interested parties on priorities for research.

Section 1 briefly examines the literature on rural poverty and social exclusion. This is important because it provides a context for understanding rural fuel poverty. Whilst the research reviewed in this report has not considered fuel poverty in any depth, it does suggest that there are a number of specific characteristics of rural areas that may affect the nature of fuel poverty. In brief, these include:

- Poverty is often hidden and dispersed. Poverty and affluence exist side by side. Traditional deprivation indicators are poor at identifying the problem. Area-based policy solutions are often unsuitable.
- Lack of affordable housing is a severe problem. This factor is a major driver of social change in many rural areas.
- Declining local services, poor public transport and 'mobility poverty' affect many rural areas and lead to poor physical 'access to services' for low-income households.
- There is low take-up of benefits and grants, due to poor advice and information services, differing perceptions of poverty, and a culture of independence in rural areas.
- The experience and dynamics of poverty and social exclusion is different in rural areas than urban. The composition of 'vulnerable groups' also differs.

Section 2 reviews existing research on rural fuel poverty, acknowledging that the field is very limited. Characteristics of rural fuel poverty include:

- The low take-up of energy advice and grants, combined with low take-up of benefits in general, means that Warm Front and similar grants often do not reach the people most in need in rural areas.

- Fuel costs are often higher, due to lack of access to mains gas. Rural households typically have to rely on expensive heating fuels, such as electricity, solid fuel or bottled gas (average costs for electrically-heated homes are 40% higher than for gas-heated homes). Proportionately fewer rural households switch energy supplier than urban, meaning they do not benefit from the lower prices on offer.
- Energy-inefficient housing appears commonplace in rural areas. There is evidence that a higher proportion of properties are older, semi-/detached and built with solid walls, compared to urban areas. The properties of the 'rural fuel poor' are also more likely to need remedial works before Warm Front measures can be installed.
- Problems in delivering energy efficiency programmes arise from the costs involved in travelling to rural properties and from inappropriate measures packages for rural properties.
- Shortage of affordable homes means that low-income households who stay in rural areas either put up with poorer quality homes or pay high housing costs that they can ill afford. This means they have less money for such essential items as fuel.
- Lack of bill payment facilities, due to the closure of rural post offices and other local services, means that people who pay fuel bills by frequent cash or prepayment meter face higher travelling costs and inconvenience.

Section 3 gives an overview of the main policy responses to fuel poverty and rural social exclusion in England, namely the UK Fuel Poverty Strategy and the Rural White Paper. The review assesses the adequacy of the Strategy for tackling rural fuel poverty and of the White Paper for addressing fuel poverty. The review concentrates on policy in England, rather than the UK as a whole. However, it makes reference to initiatives in the Devolved Administrations because these can help inform the development of appropriate policy solutions in England.

The report concludes that while the final version of the UK Fuel Poverty Strategy is an improvement upon the draft Strategy, with respect to addressing rural fuel poverty, more action is still needed. The Rural White Paper, however, does not make any reference to rural fuel poverty and suggests that poor housing quality (of which fuel poverty is one aspect) is not a major issue in rural areas. The report suggests that the lack of policy on rural fuel poverty may arise from poor information and evidence on the precise nature of the rural fuel poverty problem. This has important implications for defining a research agenda. Discussion at the May 2001 conference, and subsequent feedback, suggests that future research must focus on practical outcomes, with respect to suggesting both policy solutions and delivering projects on the ground.

Section 4 of the report concludes with some initial proposals for research priorities on rural fuel poverty. The section draws extensively on themes raised at the conference and from feedback gathered during the consultation. The report proposes 3 broad themes for a research agenda:

1. **Understanding the nature and extent of rural fuel poverty** – there is potentially a wealth of reference material that contains information on

rural housing conditions and fuel poverty. However, there is very little analysis that compares urban and rural areas. The report suggests research should explore some of the specific characteristics of rural fuel poverty, e.g. measuring the distribution of property and heating system type, age, fuel source, vulnerable groups and extent of disrepair. The report also suggests this work should consider the value of distinguishing different types of rural area, e.g. 'deep' and 'shallow' (in part reflecting the degree of 'remoteness' and 'peripherality').

The report suggests that research should investigate the development of appropriate indicators of rural fuel poverty, despite the problems of area-based analysis for understanding rural problems. This work should dovetail with the ongoing work of the Countryside Agency and others on developing general indicators of rural deprivation. This argues that it is more appropriate to combine separate indicators into 'bundles' that identify specific aspects of rural disadvantage, rather than an overall composite indicator of deprivation.

2. **Delivering energy programmes in rural communities** – it is proposed that research should focus on two broad priorities: delivering advice and information to rural communities and developing appropriate measures packages for rural fuel poor households. There is evidence that a community presence is essential for developing advice and information services in rural areas. It may be appropriate to develop a common approach with other advice providers, e.g. welfare rights. Research could focus on the production of 'best practice' guidelines, case studies of existing projects and recommendations for improving provision.

Research on measures packages should focus on developing appropriate delivery mechanisms for rural areas, increasing awareness of the benefits of packages and building upon the Government's 'difficult to heat' pilots. Research should explore the cost implications of innovative packages within the context of overall costs of programmes, operational issues (e.g. contractor travelling time), integration with wider housing improvement programmes and acceptability to rural fuel poor households. Again, research should establish existing good practice.

3. **Innovative energy services in rural areas** – there is considerable potential for establishing innovative energy service projects in rural areas. This is because there are certain inherent characteristics of rural areas that improve the viability of such projects (e.g. biomass) and because costs are less prohibitive in rural areas when compared to more traditional measures (e.g. extension of the gas network). Innovative energy services include: renewable schemes, small scale CHP/district heating, local energy service companies, initiatives focused on individual homes (PV, solar water heating, etc.) and decentralised electricity networks.

Research should build upon the Government's plans to establish renewable pilots as a potential means of addressing rural fuel poverty and regenerating rural economies. It should also compare costs with conventional but expensive insulation measures, such as external cladding. Research should therefore focus on feasibility studies, pilots, social and environmental cost/benefit analyses and community participation potential.

1. RURAL POVERTY AND SOCIAL EXCLUSION

1. Introduction – change in rural areas

"Rural areas of Britain are changing rapidly in the face of globalisation, economic restructuring, migration and other social and policy changes" (Shucksmith, 2000). These processes are affecting rural areas, and social groups within rural areas, in very different ways. Some rural areas are now growing faster than urban areas, while others are experiencing decline. This has important implications for understanding the nature of poverty and social exclusion in rural areas.

The decline of agriculture and other traditional rural industries is more than offset by the growth of service industries. Services now account for 73% of jobs in rural Britain, compared with 60% in 1981. Agriculture only accounts for 4% of jobs in rural areas, compared with 6% in 1981 (Shucksmith, 2000). Furthermore, the foot-and-mouth outbreak has brought about a crisis in many rural economies that extends well beyond the agricultural sector. It has also led to Government calls for a major restructuring of the agriculture and food processing industry in Britain (DEFRA, 2001a).

The overall population of rural areas is growing considerably, particularly in England (although some rural areas are still losing population). Between 1971 and 1996, the population of rural England grew by 24%, compared with 6% across England as a whole (Shucksmith, 2000). However, this migration is very socially selective. 'Gentrification' is evident in many rural areas of Britain, as more affluent people move in and displace the less affluent, primarily through competition for scarce housing (Cloeke et al., 1994).

Lack of affordable housing is the principal driver of rapid social change in many rural areas. It has knock-on effects for service provision, access, community networks and perceptions of poverty and social exclusion in rural areas.

There are a variety of definitions of rural. Most are spatial and relate to population density or size of settlements. However, rural areas vary considerably. They encompass popular tourist destinations, commuter belts, ex-mining villages, remote and

marginal economies, large-scale 'agribusiness' and others. Rural commentators sometimes refer to 'shallow' and 'deep' rurality as a means of differentiating rural areas by sociological characteristics, as well as geographical (see Duncan Scott's presentation, Appendix 1).

'Deep rurality' is characterised by population loss, economic decline, low income and a tendency to be remote geographically. 'Shallow rurality' is characterised by population gain, high levels of commuting, early retirees, gentrification and rising house prices. Much of rural England is considered 'shallow rural'. This report will return to this theme later in considering its possible implications for understanding rural fuel poverty.

2. Characteristics of rural poverty and social exclusion

There are many similarities between poverty and social exclusion in rural and urban areas, for example, low pay, unemployment, lack of access to affordable childcare, inability to participate in social networks. However, there are some important differences. The conference summarised these as:

Urban:

- High concentrations of deprivation
- Local services appropriate to needs more likely to be available
- Health/education
- Public transport
- Public services
- Community facilities/support
- When income allows, families move out
- The stigma of claiming benefits and grants is less pronounced

Rural:

- Dispersed nature of low-income households amongst affluence
- Local service provision uneconomic; both goods and access are more expensive
- When income allows, families stay, but enjoy higher quality of life
- Tendency for low-income households to move out
- Stigma of claiming grants and benefits in small communities – 'claiming in a goldfish bowl'

1. The hidden nature of rural poverty

"Rural poverty is often hidden – physically, because of scattered communities; culturally, because our national image of the countryside is beautiful and idyllic; and statistically, because the

indicators used to measure poverty only identify it as an inner-city problem" (ACRE, 2000).

Households on low income in rural areas often live in close proximity to affluent households. This often makes them feel more isolated and exacerbates their feelings of social exclusion. It also means they are more reluctant to claim the benefits and grants they are entitled to.

Take-up of benefits and grants is generally lower among eligible groups in affluent areas, regardless of whether the area is urban or rural. However, there are further factors that exacerbate this problem in rural areas. These include poor access to information and advice services, an 'ethos' of self-sufficiency and differing perceptions of poverty (Shucksmith, 2000).

The 'rural idyll' is deep-rooted in the British psyche – it has a profound effect on planning, agriculture and housing policy. It also leads to a perception that 'natural beauty', clean air and a slower pace of life compensate for lack of other material benefits – income, mobility, services, etc. (Cloke et al., 1994).

The distribution of power in rural communities can also exacerbate social exclusion. Local institutions, such as parish councils, rarely acknowledge poverty and place little priority on addressing the needs of low-income households.

There are exceptions to 'hidden' rural poverty. In certain rural areas, economic change and 'peripherality' have led to whole communities affected by poverty. The closure of coal mines, reduction in defense bases, decline of agriculture and centralisation of economic activity have led to large spatial concentrations of poverty in places such as Durham, South Wales, Highlands and Islands, and Cornwall.

2. Indicators of deprivation do not reflect rural poverty

Traditional deprivation indicators are inadequate for identifying the specific nature of rural poverty. This is because the variables selected have less relevance to the characteristics of rural disadvantage, and because the incidence of poverty is more dispersed in rural areas (Dunn et al., 1998). Low car ownership, for example, is often used as a proxy for low income. However, car ownership is much more prevalent in rural areas, including among low-income groups. This is because cars are regarded as an essential necessity due to poor public transport and the dispersed nature of service provision and social networks.

Similar problems are encountered with variables such as children living in unsuitable accommodation, overcrowding,

derelict land, ethnic minorities and unemployment rate (Bruce et al., 1995).

Indicators dependent on benefit claims, such as the Index of Multiple Deprivation (IMD), also underestimate rural disadvantage because take-up of benefits is lower in rural areas than urban. Furthermore, older people represent a higher proportion of low-income groups in rural areas than urban, yet take-up rates are particularly low among this group.

Traditional indicators are also poor at reflecting the dispersed nature of rural poverty. This is because they use a large geographical area as the basic unit for 'counting' the extent of the problem, e.g. electoral wards. They are therefore insufficiently 'fine-tuned' for detecting rural deprivation. Selecting a smaller geographical unit, e.g. enumeration district, can help reduce the problem. However, many databases do not collect information at such a small area level.

Indicators such as the IMD are used to shape many area-based policies, particularly the Standing Spending Assessment (SSA). The Government uses SSAs as a mechanism for allocating resources to local government, health and Training and Enterprise Councils (soon to be replaced by Learning and Skills Councils). Many commentators argue that SSAs have an urban bias because they do not take account of the extra costs of providing services in rural areas (see, for example, Dunn et al., 1998). The Government has attempted to address this through the 'Access to Services' indicator within the IMD. However, the indicator only reflects geographical distance and not other non-spatial aspects of poor access, such as the higher costs associated with many everyday items in rural areas.

More fundamentally, area-based policies, such as regeneration programmes, are often considered inappropriate for rural areas. This is because such policies work best when the problem is concentrated and 'geographically limited'. The very dispersed nature of rural poverty undermines the effectiveness of this approach.

3. Groups most vulnerable to poverty

18% of rural households have income levels below half the mean income and are therefore living in poverty (Chapman et al., 1998). The principal groups affected by rural poverty are older people living alone (predominantly older widows), older couples often solely reliant on state pensions, low-paid manual workers, the self-employed and people detached from the labour market, e.g. long-term sick or disabled. Ethnicity is not a significant factor (Shucksmith, 2000).

The incidence of persistent unemployment is less in rural areas than urban areas, but low pay is greater. 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. 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 (Chapman et al., 1998).

Despite the significance of low pay in rural economies, it only accounts for a small proportion of the total number of people on low incomes in rural areas. This is because a large proportion of the 'rural poor' is detached from the labour market altogether. Of those of working age on low income, 41% did not participate in the labour market in the period 1991–96, for example because they were long-term sick or family carers. A further 13% were unemployed (Chapman et al., 1998).

The age profile of the rural population is much higher than that in urban areas. This is in part due to retirees moving to popular rural destinations and in part because of younger people moving to cities in search of employment or affordable housing. Nevertheless, there is a high incidence of poverty among older people, many of whom are owner-occupiers.

4. Lack of affordable housing

There is a widespread and severe shortage of low-cost housing in rural areas. Two-thirds of households could not afford to purchase an appropriately-sized home, given their current income (DETR, 1998). The problem is exacerbated by high rents in the private sector and a severe lack of social housing (in part due to 'right to buy'). 74% of properties in rural areas are owner-occupied and only 15% in the social housing sector.

Lack of affordable housing is a major contributor to rural disadvantage and the principal driver of social change in rural areas. The limited amount of new-build housing is only affordable to the more affluent. Furthermore, planning policy, underpinned by notions of preserving the 'rural idyll', has forced up house prices and restricted the supply of low-cost housing appropriate to low-income households. This has also accentuated 'gentrification' as the more affluent outbid people on low incomes in a scarce market, while reinforcing the social exclusion experienced by low-income households remaining.

There is general consensus (ACRE, RDC and many others) that the provision of affordable housing, particularly for younger

people, is central to the sustainability of a living, working and inclusive countryside.

The concern of rural policy-makers with the shortage of affordable housing has tended to 'downplay' housing quality as an issue for concern. This may explain the urban bias to fuel poverty policy since poor housing quality is a major element of fuel poverty. Indeed, a 1994 Rural Development Commission report stated that substandard or poor condition housing only affected a small minority of households that participated in its survey of rural lifestyles (Cloke et al., 1994). The Countryside Agency repeated this theme more recently in its statement: "rural housing problems may relate more to affordability than to quality" (Countryside Agency, 2001).

There are two problems with this analysis. First, the ability to keep a property warm at an affordable level is an important aspect of the affordability debate. Second, there is some evidence that rural properties tend to be older, constructed of solid walls and reliant on expensive fuels. All of these factors contribute to fuel poverty. Section 2 will review these issues in greater depth.

5. The decline of local services

Many rural areas suffer from declining services, both public and private. Factors contributing to decline include the economies of scale achieved by centralising services (e.g. schools, hospitals), the growth of large supermarkets on the outskirts of larger towns and increased mobility among the more affluent, leading to less reliance on local provision.

The growing reliance on cars, two or more cars in the case of many affluent rural households, undermines the viability of local shops and other services. However, this only reinforces the exclusion faced by those without their own transport. Certain low-income groups are particularly affected, generally older people and young people.

The decline of local services is exacerbated by the decline in public transport in rural areas, since people cannot easily access centralised services by foot. The problem is directly related, in a negative loop, to increased car ownership. Car ownership penetrates much further down the income scale in rural areas than urban because cars are regarded as essential items (Lucas et al., 2001).

A recent Joseph Rowntree Foundation (JRF) study suggested that environmental policies designed to reduce car use (e.g. the fuel price escalator) could conflict with social inclusion policies

(Lucas et al., 2001). The study found that public transport is never likely to be a viable option for some people, however low their income, and in these instances they will forgo other basic amenities to maintain car ownership. The study found this was particularly the case for people living in isolated rural communities – cars were the only means by which they could access services, employment and leisure.

The study implies that if the Government wishes to discourage car use in urban areas, whilst encouraging social inclusion in rural areas, other policy instruments than petrol tax increases may be required, e.g. congestion charges.

The 1997 Survey of Rural Services in England found that 42% of rural parishes were without a shop, 45% had no post office, 83% had no GP based in the parish and 75% had no daily bus service (Countryside Agency, 1999). Furthermore, the rate of post office closures is accelerating, despite the Government's requirement on Consignia to maintain the rural network. 547 post offices closed in 2000/2001 (441 of them rural), up from 382 in 1999/2000 and 233 in 1998/1999 (Postcomm, 2001).

Public expenditure on provision of services is often substantially lower per capita in rural areas than in urban areas. There is less adult education, fewer sport and leisure centres, and outreach services and home visits are more expensive to deliver. Rural local authorities often argue that SSAs do not sufficiently recognise the higher costs of providing services in rural areas (Dunn et al., 1998).

6. Contrasting urban and rural poverty

Social exclusion is not confined to inner cities and outer council estates. One in three people in rural Britain experienced at least one spell of poverty during 1991–96, although this was typically of shorter duration than for people in towns and cities.

There is evidence that the processes leading to poverty and social exclusion differ between rural and urban areas (JRF, 1999). A far smaller proportion of those escaping from low income in rural areas experienced an increase in the number of earners in the household, or a change in household composition, compared to those in urban areas. Similarly, entry into low income among rural populations was far less associated with a fall in the number of earners, a change in family economic status or a change in household composition (JRF, 1999).

The Joseph Rowntree Foundation argues that four factors may explain these differences (JRF, 1999):

2. **Historical** – rural areas are associated historically with agricultural production which, in turn, is characterised by conservative (with a small 'c') ideologies. This leaves behind low-wage economies, non-unionised labour forces and a relative lack of council housing.
3. **Sparse populations and 'peripherality'** – the geographical aspects of rurality have a distinctive influence on exclusion. These include higher costs of services and consumer goods and greater car dependency.
4. **The 'social construction' of rurality** – the quality of environment is protected by preventing house building in rural areas, whereas in urban areas it is pursued by design standards. Shortage of housing is a major cause of exclusion in rural areas. Furthermore, the 'rural idyll' does not admit the possibility of exclusion.
5. **Social heterogeneity** – because social classes in rural areas are less socially segregated than in urban areas, collective identities (other than 'rural') are less pronounced. Community action by groups of similar 'status' or income is uncommon. Conversely, the strong sense of rural identity among large and diverse sections of rural communities is manifestly demonstrated by the Countryside Alliance's influence. The considerable diversity between rural areas means that processes of exclusion occur in different ways from one locality to another.

1. Conclusion

This overview of rural poverty and social exclusion may appear remote from the specific issue of fuel poverty. However, this reflects the disassociation of fuel poverty research and policy (urban and rural) from mainstream research and policy on poverty and social exclusion. Tackling fuel poverty appears more amenable to 'technocratic solutions', particularly energy efficiency programmes. It is only fairly recently that concepts commonplace to mainstream thinking on poverty have started to inform research on fuel poverty; for example, fuel poverty as a dynamic state, movement into and out of which is extensive (see, for example, Merleau-Ponty, 2001).

Similarly, while it appears feasible to contemplate eliminating fuel poverty (or at least much reducing its prevalence), this is much more difficult in the case of general poverty. This is possibly because poverty is widely understood as a relative concept, closely related to inequalities in society. Conversely, the standard definition of fuel poverty is an 'absolute' one. It is 'fixed' at the '10% of income' level and not, for example, at twice average current expenditure on fuel (see Section 2.2 for further explanation of the '10% of income' definition). The latter has declined over recent years in line with rising living standards (and falling fuel prices).

This report argues that the development of a research agenda on rural fuel poverty needs to relate to discourse on both fuel poverty and rural poverty and social exclusion. Similarly, the

development of a policy response should relate to both fuel poverty and rural policy. Initiatives to tackle rural poverty and social exclusion are particularly important in the latter respect.

Key characteristics of rural poverty – for example, its ‘hidden nature’, poor access to services, high travel costs, high housing costs and the processes that give rise to exclusion – have important implications for developing understanding of rural fuel poverty. Later sections will elaborate on these themes and demonstrate their significance for rural fuel poverty. This will help identify gaps in understanding and priorities for research and policy action.

1. RURAL FUEL POVERTY – CURRENT KNOWLEDGE

1.

Introduction

This section summarises the key features of rural fuel poverty by drawing upon existing research, the proceedings of the May 2001 conference and other related work. It begins with a brief overview of fuel poverty in general. There are few studies that focus specifically on rural fuel poverty, although a slightly larger body of evidence touches on issues that are particularly problematic in rural areas. This includes non-access to the gas network and ‘difficult’ properties (although both problems also occur in urban areas).

The section concludes with a discussion on whether it is meaningful to differentiate fuel poverty according to the urban/rural dimension. Is rurality a key ‘variable’ for understanding fuel poverty in rural areas? The report argues that it is. However, this report also argues that the nature of fuel poverty varies considerably between different rural areas. This has important implications for defining a research agenda on the subject.

2. Fuel poverty – a brief overview

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 link between cold and damp homes and respiratory and cardiovascular illnesses is widely acknowledged (see, for example, Hunt, 1993). 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.

The standard 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. This is generally defined as 21°C in the living room and 18°C in other occupied rooms – the temperatures recommended by the World Health Organisation. However, this definition does not encompass non-heating related fuel requirements and there are different views about the definition of income.

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, e.g. 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. Useful references for further analysis of the nature of fuel poverty include DEFRA/DTI (2001), Boardman (1991), Rudge (2000) and Bown et al. (2000).

3. Main characteristics of rural fuel poverty

This report suggests that there are six specific problems associated with rural fuel poverty:

i. Low take-up of energy advice and grants

Section 1.3 suggested that rural households do not access advice and information services for three main reasons: lack of provision of drop-in advice services; reluctance to admit to problems when living among affluent households; and cultural tendencies towards 'self-sufficiency' and independence. These factors apply equally to energy efficiency as they do to benefits or housing advice (see Rebecca Rattray's presentation at the May 2001 conference, in Appendix 1).

Thus, take-up of Warm Front grants is lower in rural areas than urban (EST, 2000). This increases the likelihood of fuel poverty since eligible households miss

out on grants that could help reduce fuel costs and/or improve comfort levels. Furthermore, some rural households may not apply for grants because they consider them inappropriate for their circumstances (see section iv below). Energy for Sustainable Development (ESD), in their study of rural fuel poverty in South Wiltshire, also found that there was very low awareness of energy efficiency among rural low-income households and that few sought energy advice (Gill, 1998).

Speakers at the May 2001 conference suggested that providing mobile advice units in rural communities may initially have only limited impact (see Appendix 1). A long period of community outreach is required first, to build up relationships of trust and overcome people’s reluctance to admit that they need advice. While the stigma of seeking advice on energy efficiency may be smaller than that for benefits, low levels of energy awareness meant that few rural households appreciated that they could benefit from advice. Conference speakers also stressed the importance of maintaining a physical presence in rural areas, to supplement telephone-based services.

ii. **Higher fuel costs**

Rural households face higher fuel costs for a number of reasons. The most important relates to non-access to gas. The UK Fuel Poverty Strategy refers to the fact that households without gas need to spend, on average, 40% more on their total energy use, assuming use of an electric storage heating system rather than gas central heating (DETR/DTI, 2001). This is a particular problem in rural areas, although certain urban properties are also affected (e.g. tower blocks, remote urban areas – particularly in Scotland – and former coalfield towns).

In the UK, 4000 settlements of over 150 dwellings and 105 settlements of over 750 dwellings do not have access to mains gas (see Richard Grant’s presentation, Appendix 1). Most of these are rural settlements. Figure 1 below gives more details of this problem.

Figure 1: Number of settlements without access to gas

Region	Settlements > 150 dwellings	Settlements > 300 dwellings	Settlements > 750 dwellings
East Anglia	729	217	17

East Midlands	248	60	3
North London	39	8	0
North	237	85	7
North West	94	23	2
Scotland	281	131	13
South East	191	63	4
South	568	183	16
South West	799	318	31
Wales	396	139	8
West Midlands	301	82	4
Yorkshire	134	32	0
Total	4017	1341	105

Source: Lattice, 2001

The table shows that the problem of non-access to gas is particularly pervasive in certain regions of the country, for example the South West and East Anglia. Figure 1 also shows that a significant number of fairly large settlements are affected. The figures for Scotland and Wales are fairly low because of low populations and highly dispersed settlement patterns.

The problem is more extensive in rural areas than urban because the original establishment of the gas pipe network did not follow principles of universal access, unlike electricity (with some marginal exceptions). Many rural communities were therefore not connected to the network, partly because of their peripheral nature or because it was not considered cost-effective to connect a small number of properties. In fact, many of these communities are relatively close to the network. For example, 1280 of the 4017 settlements without gas are less than 2km from the network (see Appendix 1).

The issue of 'non-access' is therefore related to population sparsity and 'peripherality'. Of course, the problem affects affluent households as well as those on low incomes. However, it significantly increases the risk

of a low-income household living in fuel poverty and acts as an important contributory cause of fuel poverty in rural areas.

Lack of access to mains gas means that many rural homes rely on expensive fuels for heating, such as electricity, coal, oil and LPG. Many rural households also rely on a wide range of fuel sources for heating, e.g. electricity, coal/wood and Calor gas, although there are no figures on how extensive this is. Even if the gas network is extended in some rural areas, households still have to bear the costs of converting their existing equipment to use gas (installing pipes, converting cookers, heating, etc.).

Some rural communities rely extensively on coal for heating for historical reasons. For example, many ex-mining communities had cheap or free coal provided as part of their remuneration while mines were still open. The extensive availability of coal in South Wales valleys, for example, meant that gas pipelines were not laid in these areas, including to quite sizeable communities (EST, 2001). The ESD study also found that many residents of large estates relied solely on open fires for heating (Gill, 1998).

While there is some evidence that there are significant differences between urban and rural areas (and between different rural areas) in fuel or heating system type, no studies have made a systematic quantitative comparison, for example by analysis of House Condition Surveys.

There is evidence that rural households are also paying higher tariffs for their fuel than necessary. The National Audit Office's review of energy competition found that rural energy consumers were not switching gas or electricity supplier to the same extent as urban consumers (NAO, 2001). The energy regulator, Ofgem, believes that this was because of the lack of gas supply in rural areas (larger savings can be made from switching gas supplier than switching electricity supplier) and because there was less doorstep selling activity (due to the dispersed nature of rural settlements). Again, the problem affects higher-income households as well as low-income. However, it means that low-income households are missing out on a possible route for reducing their fuel expenditure.

Ofgem is now working with ACRE and other rural organisations to promote the benefits of competitive

energy markets to rural consumers. It is also reviewing its approach to the pricing of new gas and electricity connections to make it easier and more financially viable for people to connect to the gas and electricity systems (Ofgem, 2001).

iii. **Energy-inefficient housing**

There is some evidence that certain characteristics of rural housing result in poor energy efficiency levels, thereby exacerbating fuel poverty. In comparison to urban areas, rural properties tend to be older and detached; there are also fewer flats (Gill, 1998). This, of course, only represents a very generalised picture of rural areas. For example, there is a significant proportion of relatively new properties in popular tourist, commuter or retirement localities.

Older and detached houses inherently have higher heating costs since walls are more likely to be solid and the heating loss area is larger. However, the ESD study found that few residents of detached houses reported that they found their properties difficult to heat (Gill, 1998). It was thought that this was because residents of detached houses in the study area were generally wealthier.

The Countryside Agency and the former Rural Development Commission consider poor house conditions as more of a problem in urban areas than rural, although issues relating to poor thermal efficiency or heating systems were probably not investigated. It is possible that the evidence for low levels of disrepair was based on self-reported surveys (see, for example, Cloke et al., 1994). However, self-reporting of housing disrepair always leads to extensive underestimation (personal communications from housing and environmental health officers). Trained surveyors generally report a much higher level of housing disrepair than householders themselves.

The Centre for Sustainable Energy (CSE) evaluation for the Energy Saving Trust (EST) of the pilot New HEES programme in rural Wales found that poor repair was a major problem in the study area (Ceredigion – a particularly remote part of Wales) (EST, 2000). This often prevented contractors installing energy efficiency works, e.g. rotten window frames and doors, poor or unearthed wiring and antiquated boilers/heating appliances. Installers were sometimes obliged to condemn boilers for

safety reasons, although the household was not eligible for HEES plus (which would fund a replacement boiler).

NEA Wales report that many households in Wales cannot afford the rewiring required to take advantage of Economy 7 tariffs (see Chris Collins's presentation, Appendix 1). In effect, people reliant on electric heating have to pay peak-rate tariffs for their electricity. This further exacerbates fuel poverty.

The ESD study identified housing disrepair as a particular problem in tied cottages in large rural estates. Low rents meant that landlords lacked incentives to invest in repairs or energy efficiency measures. The Countryside Agency believes that poor housing conditions are a particular problem in ex-mining communities in rural areas (personal communication).

This suggests that rural areas can be classified as 'deep' and 'shallow', with respect to housing disrepair (see Section 1.1). It is possible that housing disrepair (and poor energy efficiency) is much more of a problem in 'deep' rural areas than in 'shallow'. However, there is no quantitative evidence on differences between rural areas, or between rural and urban areas, with respect to housing conditions and energy efficiency standards.

iv. **Problems in delivering energy efficiency programmes**

There are two aspects of rurality that cause problems for delivering energy efficiency programmes in rural areas. The first relates to problems caused by the dispersed nature of rural areas. The CSE study of the Welsh New HEES pilot found that there were few local contractors based in the study area and that contractors took longer to install measures because of the large travelling distances involved (EST, 2000). Contractors often waited for a sufficient number of jobs within an area to build up before undertaking works. This led to long delays for HEES recipients.

Sparsity also means that electricity distributors rely on overhead distribution systems, rather than underground. However, this also means increased vulnerability to weather damage and power cuts. The CSE study found that this discouraged some households from converting from solid fuel to electric storage radiators (EST, 2000). They were concerned that they would have no heating during prolonged power failures.

The second aspect of rurality relates to the adequacy of standard energy efficiency packages for tackling the type of housing problems found in rural areas. The CSE study found that the HEES packages on offer to households participating in the pilot removed few people from fuel poverty, although only a small number of households were investigated (EST, 2000). The study suggested this was because most properties had solid walls and could not benefit from cavity wall insulation, and because installation of electric storage heaters had a smaller impact on reducing heating costs than installation of gas condensing boilers.

v. **Shortage of affordable houses**

Section 1.6 suggested that historical characteristics of rural areas have led to a shortage of council housing. In addition, the twin processes of 'gentrification' and scarcity (to help preserve the rural 'idyll') have driven up house prices and rents, pricing many low-income households out of the market.

A priori assumptions would suggest that the shortage of housing in rural areas has two implications for fuel poverty. First, it is possible that low-income rural households can only afford to live in poorer quality housing (which is also likely to be thermally inefficient, with poor quality heating systems). In the worst cases, people live in mobile home parks that are damp and very difficult to heat adequately.

Second, it is possible that low-income households spend a high proportion of their income on housing costs, leaving less money to spend on other essential items such as fuel (if they are not claiming Housing Benefit or pay rent above the local Housing Benefit 'cap'). However, there are no quantitative studies that compare urban and rural areas or different types of rural areas on these two sets of assumptions.

vi. **Lack of bill payment facilities**

The ESD study found that many rural households incurred extra travelling costs to pay fuel bills or 'charge up' their prepayment meters (Gill, 1998). The dispersed nature of rural areas, coupled with the decline of rural post offices and other local services (e.g. Paypoint facilities are sometimes available in local shops), means that paying fuel bills can be particularly problematic for rural households.

Low-income households are more likely to pay bills by frequent cash payment or prepayment meter, and are therefore more in need of local facilities. Travel costs also take up a higher proportion of income than for urban households, exacerbating these problems. Higher-income households are more likely to pay by Direct Debit and are therefore less reliant on access to local bill payment facilities. There is little research that compares urban and rural households on payment methods or on the scale of the problem with respect to extra costs associated with using specific payment methods in rural areas.

4. Conclusion

The above evidence suggests that it is meaningful to differentiate fuel poverty according to the urban/rural dimension. However, some issues commonly identified as rural problems also occur in urban areas, e.g. non-access to mains gas or 'difficult' properties. Thus policy should focus on extending the gas network or tackling 'difficult' properties, rather than on rural issues per se.

Nevertheless, the evidence reviewed above suggests that the processes giving rise to rural poverty and social exclusion also impact on fuel poverty. Since these processes do vary between urban and rural areas, as discussed in the previous section, it is appropriate to distinguish rural fuel poverty as a distinct phenomenon. Thus the combination of declining local services, higher living costs (travel and other items), underclaiming of benefits, shortage of housing, sparsity and social heterogeneity all influence the nature of fuel poverty in rural areas.

There is also evidence that the nature of fuel poverty can vary between different types of rural area, for example the contribution of housing disrepair to fuel poverty. The 'deep' and 'shallow' distinctions may be particularly helpful in providing a typology. Section 4 ('Defining a research agenda') will elaborate on this theme.

2. THE POLICY CONTEXT

1.

Introduction

This section gives an overview of the main policy responses to fuel poverty and rural social exclusion in England, namely the UK Fuel Poverty Strategy and the Rural White Paper. The section focuses on policy in England, rather than the UK as a whole. However, it makes reference to initiatives in the Devolved

Administrations because these can help inform the development of appropriate policy solutions in England.

The section concludes that neither the Strategy nor the White Paper adequately address the specific nature of fuel poverty in rural areas. However, the final version of the Strategy represents a considerable improvement, in terms of addressing rural issues, on the consultation version released in early 2001. The lack of policy on rural fuel poverty may arise because of lack of information and evidence on rural fuel poverty, or because rural fuel poverty has only recently been identified as an issue for concern. The concern of rural policy-makers with housing shortage, rather than housing quality, may also have 'downplayed' the rural fuel poverty problem. The section makes some suggestions for how research can play a role in underpinning rural fuel poverty policy.

2. The UK Fuel Poverty Strategy

The Government produced a draft UK Fuel Poverty Strategy for consultation in February 2001. The final version of the Strategy was published in November 2001. The Strategy was produced in response to the 2000 Warm Homes and Conservation Act. This required the Secretary of State for England and the National Assembly for Wales to set out a 15-year programme for eliminating fuel poverty in England and Wales by November 2001. A similar requirement exists in Scotland.

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. Additionally, they must be claiming a means-tested or disability benefit. The Government intends to widen its focus to 'healthy adults in fuel poverty' once progress has been made on the priority vulnerable groups.

The Strategy summarises the four countries' programmes for eliminating fuel poverty, as well as giving a detailed account of the approach in England (the remaining countries are producing their own detailed strategies as separate documents). Each country has also set specific interim targets. For example, England intends to assist 800,000 'vulnerable' households through Warm Front and reduce the number of non-decent social sector properties by one-third by 2004.

The Government and Devolved Administrations have put in place a range of programmes to meet these targets. These are described below.

3. **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 to take up energy efficiency measures. The current programme is £50 million p.a. and will increase to £150 million p.a. in 2002. Although the programme's objectives are primarily environmental (in terms of target setting), suppliers are expected to prioritise low-income households (by expenditure prior to 2002 and by energy savings post 2002).

The Energy Efficiency Commitment for 2002–2005 assumes a notional spend by fuel companies of £3.60 per household per fuel. Fuel companies are required to secure at least 50% of their energy savings from households in receipt of income or disability benefits.

The Transco 'Affordable Warmth' programme supports the installation of gas central heating systems, community heating and insulation in up to 1 million homes by 2007. A major element of the programme involves training heating engineers to meet the expanded demand created by the programme.

The Government has also taken a number of steps to expand training for heating engineers. This is because the current shortage of engineers is leading to severe delays in many parts of the country in installing heating works as part of fuel poverty programmes.

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. All authorities have a target of improving energy efficiency by at least 30% by 2005 (from a 1995 baseline). Authorities are also required, as part of their HECA reports, to outline anti-fuel poverty work within their areas.

The Government is currently reviewing local authority energy efficiency activity to identify ways in which it can be made more effective, particularly with respect to integrating HECA policy with affordable warmth strategies.

The Utilities Act 2000 gives the Government powers to provide guidance to the regulator 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' (HMSO, 2000).

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, 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 are designed to raise income levels among people on low incomes, thereby making fuel more affordable. They include the national minimum wage, the Working Families Tax Credit, the Minimum Income Guarantee for pensioners, the Neighbourhood Renewal Strategy for regenerating deprived neighbourhoods and measures to combat financial exclusion (e.g. establishment of the Universal Bank).

Extension of the gas network/other technologies

The Government has established a working group to explore options for extending the gas network or consider the potential for innovative technologies (such as renewables). 4.5 million households in Britain (20% of all households) do not have access to mains gas, of whom about 1.3m are on low incomes. Lack of access to gas makes it harder to eradicate fuel poverty because gas is currently the cheapest heating fuel. The working group has recommended that extension of the network is viable in some communities, although is not feasible across the whole country. The working group intends to carry out further work to test the impact of gas network extension on addressing fuel poverty.

The working group also recommended exploring the use of renewable and other technologies to assist fuel poor households, particularly in rural areas, where connection to the gas network is unlikely to be economically viable (see 'renewable energy pilots' in Section 3.4 below).

4. England – specific policies

All local authorities are expected to spend around a third of **capital expenditure** on energy efficiency measures through the phased release of capital receipts. In addition, the Government has set a target of bringing all social housing up to 'decent'

status by 2010. The decency threshold includes minimum energy efficiency standards. The Government believes this will eliminate fuel poverty in the social housing sector by 2010.

Warm Front (previously known 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. Eaga Partnership's Warm Front team is the managing agent for the scheme in three of England's four regions; TXU Warm Front team is the managing agent in the Eastern region.

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. £600 million has been allocated to Warm Front up to 2004. By then, this is expected to have reached 800,000 households, 480,000 of whom will be over 60.

Because of concerns that Warm Front grants do not take households in 'hard to heat' properties out of fuel poverty, the Government is piloting a micro-CHP project in 6,000 homes. Micro-CHP gas boilers provide both heating and power and offer substantial savings in fuel costs. If the pilot is successful, micro-CHP will be offered as part of Warm Front packages to eligible households from 2005. The pilots are primarily targeted at households on the gas network. However, CHP is also being considered, in conjunction with LPG-fired boilers, for rural communities off the gas network.

Warm Zones – a pilot programme (originally developed by Eaga Partnership but now established as a separate company) designed to bring together all the key agencies within a local area in a coordinated effort to tackle fuel poverty. Warm Zones aim to substantially reduce fuel poverty over 3 years within the locality through an area-based approach, rather than the referral mechanism central to Warm Front. There are currently 5 Warm Zone pilots. Each is supported by a local energy supplier and, in some cases, the local authority. If the pilots are successful, the Government plans to roll the programme out to other areas.

Renewable energy pilots – the Government intends to pilot a range of renewable and related technologies to help combat fuel poverty among households off the gas network. Technologies that will be investigated include ground, air and water source heat pumps, solar water heating, biofuel heating and wind or hydro- electric generation. The pilot will investigate the savings

achievable through emerging technologies, their overall reliability and their suitability for fuel-poor households.

5. **Scotland – specific policies**

The **Central Heating Programme** is the Scottish Executive's key policy for tackling fuel poverty. This will install central heating and insulation in all social housing properties (around 100,000) and 40,000 pensioner homes in the private sector that currently lack central heating. The targets for completing the programme are 2004 in the social housing sector and 2006 in the private sector. The package is worth up to £2,500 per household.

The **Warm Deal** provides a grant worth up to £500 per household for a package of insulation measures for all other households dependent on benefits. 96,300 homes were insulated under the programme between 1999 and 2001. A further 27,700 will receive measures in 2001/2002. In 1999/2000 Scottish councils spent £345 million on improving their own stock, with a third going on energy efficiency measures.

SAP targets – all new housing association stock is now expected to achieve a SAP rating of between 85–90 and all rehabilitated stock a SAP of between 65–70.

Stock transfer programmes are expected to generate £2 billion for home improvements, including energy efficiency measures, for social housing. If tenants approve transfer plans, 20% of local authority will be transferred by 2002.

6. **Wales – specific policies**

HEES – The Welsh Assembly has set up a HEES programme broadly similar to the English programme. However, unlike England, 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.

'Difficult' property and off-gas pilots – The National Assembly has commissioned consultants to propose options for tackling fuel poverty in 'difficult' properties and properties off the gas network (NAW, 2001). Possible options include LPG, solar energy, oil and new insulation measures. The project will investigate costs, other installation issues, payback periods and the potential risk of fluctuations in market fuel prices. The project will also propose pilots to test possible options.

Local authority pilots – The National Assembly has grant-funded five 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. Following the pilots, the Assembly is offering grant assistance to all local authorities over the next three years to commence surveys of their stock, including energy efficiency assessments.

Development quality requirements for existing and rehabilitated buildings in the registered social landlord sector state SAP rating targets that are related to a range of dwelling floor areas. The Assembly expects to eradicate fuel poverty in this sector by 2010.

7. Northern Ireland – specific policies

The new **Warm Homes Scheme** targets households vulnerable to cold-related ill health in the private sector with a package of energy measures. Grants of up to £750 are 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 £2,700 are provided for insulation and heating measures to older households on eligible benefits. It is likely that the scheme will be extended to all people aged over 70, regardless of benefit status. The £750 maximum has been raised to £1000 for rural households to take account of their extra needs.

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 2001/2002 to improve energy efficiency standards in homes owned by less well-off RHAs.

Solid fuel replacement programme – the Housing Executive, as Northern Ireland's HECA and public sector housing 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 Northern Ireland Assembly recently voted to raise the **energy efficiency levy** (the equivalent to EESoP/EEC) on Northern Ireland Electricity and Phoenix Gas from £2 per customer per fuel to £5. All of the £3.25 million raised will be

spent on fuel-poor households. The regulator is currently consulting on the details of this decision. The new **Supply Price Control**, in place until 2005, will provide a further £10 million for 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.

8. The Rural White Paper

There is now one single department responsible for rural policy in England – the Department for Environment, Food and Rural Affairs (DEFRA). Previously, responsibility was shared between the former DETR and MAFF. The Department aims to broaden rural policy beyond the current agricultural focus to tackle a wide range of economic, environmental and social concerns.

In 2000, DEFRA's predecessors published a Rural White Paper (DETR/MAFF, 2000). This set out the Government's intentions for tackling rural poverty and social exclusion in England, as part of a broad programme for economic and community regeneration in rural areas. This is complemented by an Implementation Plan that gives a detailed description of progress on meeting targets set out in the White Paper (DEFRA, 2001b). Key elements of the White Paper, of relevance for tackling rural poverty, are outlined below:

Investment in better public services – the Government is allocating extra resources for schools, childcare, health, transport and crime reduction. It has introduced a new rural service standard as part of this. It is also investigating new ways of delivering services to reflect the small and scattered nature of rural communities through internet access and learning points, sharing buildings between different providers and use of mobile units. It hopes to retain rural post offices through extending the range of business activities and services they offer.

Private sector services – the Government is establishing a £15 million 'community service fund' to help local groups re-establish local services. 50% rate relief may be offered to pubs, garages and shops that benefit local rural communities.

Housing support – 3,000 new homes that are affordable to local people, particularly young couples, will be built every year in small rural settlements. Registered social landlords will double the number of subsidised homes for rent from 800 to 1,600 homes each year. A new starter home initiative will help key workers buy in areas of high prices and high demand. Planning authorities will be encouraged to secure affordable housing as part of new developments. It is currently consulting on whether

local authorities should charge full Council Tax on second homes and use the money raised to meet local housing needs.

Public transport support – the Government is planning to improve public transport through such initiatives as the Rural Transport Partnership Scheme, the Rural Bus Challenge (funding for innovative bus and minibus services) and a new special parish fund.

Economic regeneration – the Government is focusing on investment in market towns and rural economies through targeted help from RDAs, skills training and business advice. It has also introduced a range of measures to offset the damaging effect of the foot-and-mouth crisis on rural economies. These extend beyond farming to encompass support to tourism and other rural businesses.

‘Rural proofing’ – the Government will ‘rural proof’ all its policy initiatives to assess the impact of policies on rural areas and take remedial action if necessary.

1. Conclusion

The above review suggests that the Government has neglected rural fuel poverty as an issue for concern, although the Fuel Poverty Strategy now includes several important new initiatives that attempt to address this.

The Rural White Paper focuses on increasing the number of affordable homes, although it does not refer to affordable heating costs. (Many rural commentators do not consider the scale of increased provision sufficient for meeting demand.) It also does not address the need to improve housing conditions in rural areas. This may be because housing disrepair is not regarded as a pressing issue. However, it may be because there is a lack of evidence on factors contributing to fuel poverty, such as poor thermal efficiency, expensive heating systems, expensive fuels or the nature of properties in rural areas.

While the White Paper refers to improving local services and transport, it does not relate these initiatives to their impact on fuel poverty. For example, expansion of Paypoint may help some low-income households pay their fuel bills, as will retention of rural post offices. However, other options may be needed to make it easier for low-income households in rural areas to pay bills.

The White Paper does not specifically address support for rural energy businesses. Yet there is considerable potential for supporting farmers and rural businesses develop a range of

innovative energy services that would supplement declining agricultural income. These include wind farms, energy crops, biomass schemes, small-scale CHP/district heating schemes, and support for local heating and insulation contractors to improve delivery of energy efficiency programmes.

National Wind Power (a subsidiary of npower) recently launched an initiative to support farmers and landowners develop small wind farm operations and thereby diversify from reliance on agricultural income (Energy World, 2001). However, the expansion of land-based wind farms has almost been frozen in recent years because of planning restrictions and resistance from local residents keen to protect the 'rural idyll'.

The final version of the Fuel Poverty Strategy includes a number of new initiatives, not included in the consultation version, that will benefit rural areas. As well as plans to extend the gas network in some areas, the Strategy now refers to projects for tackling 'difficult to heat' properties, renewable pilots and pilots for exploring the use of innovative technologies within HEES/Warm Front packages (see 3.4 and 3.6 above. The Welsh Assembly pilots will also inform English policy.) The Northumberland Warm Zone is also designed to identify any problems related to using an area approach for tackling fuel poverty in rural areas, for example, the extra costs involved in carrying out door-to-door assessments.

While the Fuel Poverty Strategy has made some attempt to tackle rural problems, there is little evidence of 'joined-up thinking' with mainstream rural policy. Indeed, the establishment of the new Department for Environment, Food and Rural Affairs seems to have led to a considerable downgrading of energy efficiency and fuel poverty programmes. A recent DEFRA consultation, for example, puts considerable emphasis on rural regeneration, diversifying rural economies and tackling rural poverty (DEFRA, 2001c). However, the document makes no reference to energy efficiency or fuel poverty at all, let alone suggest a common approach.

The Strategy still needs to tackle a number of issues raised in this report relating to rural fuel poverty. While the Warm Front 'difficult to heat' pilots may improve the suitability of Warm Front packages for rural properties, there are a range of other problems relating to the delivery of the Warm Front programme in rural areas. These include lack of awareness of the programme, lack of local contractor capacity and (possibly) extensive housing disrepair in 'deep' rural areas. Further, in delivering Warm Front and other energy efficiency programmes, rural areas cannot benefit from the economies of scale achievable in urban areas.

Other rural problems omitted from the Strategy include:

- The additional costs faced by low-income households, e.g. transport costs
- Extra costs in installing measures in rural areas (recognised in Northern Ireland)
- Expensive to heat property types
- Lack of bill payment facilities
- Low take-up of benefits and grants
- Low fuel company switching rates
- Low energy awareness, lack of drop-in advice provision and low take-up of advice
- Household costs of converting existing equipment to use gas, in projects where the gas network has been extended.

To summarise, the Fuel Poverty Strategy has attempted to 'rural proof' some of its main programmes, although it could do more. However, mainstream rural policy (namely, the White Paper Implementation Plan) appears to almost entirely neglect fuel poverty, energy efficiency and wider energy programmes.

1. DEFINING A RESEARCH AGENDA

Participants at the May 2001 conference stressed that research should focus on practical outcomes. The previous sections have argued that policy has neglected rural fuel poverty and that this, in part, arises from lack of evidence. This section draws together some of these themes and suggests some possible priorities for research. The section also draws extensively on themes raised at the May 2001 conference and from feedback gathered during the consultation.

The report suggests three broad themes for research:

1. Research on the nature and extent of fuel poverty
2. Delivering energy programmes in rural communities
3. Developing innovative energy services in rural areas.

1. Research on the nature and extent of rural fuel poverty

Secondary data analysis

Standard reference reports, such as the English House Condition Survey, do not differentiate fuel poverty according to the rural/urban dimension. Indeed, there is little that compares housing characteristics in general, e.g. property type (detached, terraced, etc.), age, thermal efficiency, extent of disrepair, heating systems, main fuel source, etc.

Comparisons of this nature help identify whether certain factors predominate in rural areas and the actual scale of the problem. For example, while difficult properties may feature extensively in certain rural areas, numerically the problem may be small-scale (given that Britain is predominantly an 'urban' population). This helps provide a context for the scale of the problem and may make 'expensive' solutions more palatable.

Research may wish to distinguish different types of rural area, according to the type of fuel poverty encountered. The 'shallow'/'deep' distinction may be useful; however, this needs to be defined in fuel poverty terms. Research may also wish to investigate some of the dynamics of rural fuel poverty – movements in and out of fuel poverty, who is affected and the wider context of rural economic change. The body of research on rural poverty and social exclusion is particularly pertinent in this respect.

Potential information sources on rural fuel poverty include the English, Welsh and Scottish House Condition Surveys, the Census, the Building Research Establishment's (BRE) forthcoming fuel poverty model, Ofgem's licence condition monitoring returns (particularly those relating to the Social Action Plan) and the British Household Panel Survey (a longitudinal study).

Indicators of rural fuel poverty

Indicators of deprivation identify geographical areas that have a high incidence of particular forms of deprivation or of multiple deprivation in general. A robust indicator will highlight the risk of an individual being disadvantaged from living in a particular place. The Rural Development Commission identified three main policy uses for deprivation indicators:

- Indicating rural needs and circumstances, and making the case for rural policies
- Producing indicators to include formulae for resource allocation purposes
- Helping to target economic and social policies at the most disadvantaged areas or groups.

While 'area-based indicators' are poor at highlighting rural disadvantage (due to its dispersed nature, etc.), the RDC argued that it was still appropriate to develop rural indicators, not least because considerable public policy is area-focused.

Work on developing indicators of deprivation has involved combining single indicators to produce a multiple deprivation index (e.g. the Index of Multiple Deprivation). However, rural commentators are concerned that this work has an urban bias. They have therefore sought to combine indicators, not into a composite index, but into 'bundles' that identify specific aspects of rural disadvantage (Dunn et al., 1998).

'Bundles' identify a number of people or households who are exposed to, or respond to, a specific set of circumstances. They focus on different aspects of disadvantage and hence are relevant to different areas of policy. Rural fuel poverty research could provide a useful function in developing the case for a 'rural fuel poverty bundle'. This would require engagement with the Countryside Agency's work on developing rural deprivation indicators in general. It should also feed into the Government's Fuel Poverty Monitoring and Technical Group's work on developing indicators of fuel poverty.

Research of this nature would have to tackle the problem of the lack of a general fuel poverty indicator, urban or rural. While the English House Condition Survey identifies national and regional differences, it cannot reveal the extent of fuel poverty at small area level. Potential uses for a local indicator include:

- The development of local affordable warmth strategies
- HECA reporting
- Targeting EEC resources
- Baseline data for the potential roll-out of Warm Zones (or similar local authority initiatives)
- Comparisons between local areas, including urban and rural.

ACRE has suggested a model for developing indicators of rural fuel poverty (see Appendix 2). This could provide a useful starting point for research. Again, it may be useful to distinguish different types of rural fuel poverty.

1. Delivering energy programmes in rural communities

Advice and information

This report has identified some of the problems in delivering advice to people on low incomes in rural communities. Speakers at the May 2001 conference referred to the importance of establishing a community presence and the time taken to develop trust and understanding in developing energy advice services. They suggested that community development principles should inform the development of advice and information services and build on existing networks. This approach should interpret community in its broadest sense (i.e. beyond geographical definitions) and be sensitive to the exclusionary nature of certain networks.

There are obviously practical difficulties in establishing a community presence in rural areas, quite apart from the reluctance of rural households to take advantage of advice services. It may therefore make sense for energy advice providers to link in with other advice providers, e.g. CABs, housing and health advisers, to provide a 'one-stop shop' service. Advice could also include fuel tariffs and payment methods.

Research should focus on the production of 'best practice' guidelines, the additional costs of providing advice in rural areas, case studies of existing projects and recommendations for improving provision. It may also wish to examine the institutional barriers that face low-income rural households e.g. fuel company payment facilities and payment options and access to finance. The work should feed into appropriate forums for making sure it informs practice e.g. Ofgem's Social Action Plan, HECA forums, EEAC networks, EEP Advice group and similar networks in the welfare rights and money advice fields.

Energy efficiency measures

Research on energy efficiency should aim to complement the Government's 'difficult to heat' pilots (see 3.4 and 3.6 above). Particular attention should be paid to identifying appropriate delivery mechanisms and promoting awareness of current packages among rural communities.

The Government's pilots should investigate the cost implications of innovative packages within Warm Front (particularly with respect to mainstream insulation works, such as external cladding), their acceptability to rural households and any operational issues, e.g. contractor travelling time, installation issues. The pilots and related research should also investigate the scale of need. Though alternatives may be costly, it is possible that they would only account for a small proportion of total Warm Front or EEC budgets due to the limited extent of the problem.

There is some evidence that rural properties in some rural areas are more in need of remedial works before energy efficiency measures can be installed, e.g. rewiring, replacing rotten window frames and doors, upgrading/replacing boilers and other heating appliances. Research should establish whether this is the case or whether the problem varies between different types of rural area, e.g. 'deep' and 'shallow'. It should also highlight good practice in terms of integrating housing repair and HEES/Warm Front programmes.

Finally, research should seek to establish the extent to which rural housing initiatives address fuel poverty concerns, particularly measures to improve the supply of affordable housing and how such measures are targeted spatially.

Key policy forums in England that this work should address are DEFRA and EST's ongoing work on tackling 'difficult' properties, DEFRA's Rural Development Division's Rural White Paper Implementation Plan (with respect to affordable housing) and the new Fuel Poverty Advisory Group, established as part of the Fuel Poverty Strategy. Research should establish good practice, produce case studies of existing projects and propose recommendations for policy.

2. Developing innovative energy services in rural areas

This research topic is related to theme 4.2 above. However, the term 'energy services' relates to a broader range of energy activities than energy efficiency advice and measures packages. It includes renewable schemes, small scale CHP/district heating, local energy service companies (the provision of fuel and energy efficiency measures as one package), initiatives focused on individual homes (photovoltaics, solar water heating, etc.) and

decentralised electricity networks. Some of these initiatives may have relevance for tackling rural fuel poverty, in that their costs may compare favourably with more traditional measures, e.g. extension of the gas network.

The Government's renewable pilots (see 3.4 above) represent important progress on this front. It is possible that a lot more could be achieved by linking these pilots to wider rural regeneration objectives. Research could explore the potential for developing innovative community 'ownership' structures for renewable projects. This may help improve their acceptability to local rural communities.

There are certain features of rural areas that may make the economics of innovative technologies more attractive, for example biomass, compressed woodchips, local windfarms, etc. This work should engage with wider policy initiatives to renew rural economies in the wake of foot-and-mouth and DEFRA's plans to encourage alternatives to traditional farming (which itself depends heavily on subsidy).

The Government has established a working group to investigate the potential for extending the gas pipe network and alternative options for rural areas. The group is looking at existing costs, barriers, options for funding and how to target schemes to ensure that they have the greatest social and environmental benefits. This group will also explore the costs and benefits of innovative energy service alternatives.

In summary, research should explore the potential for developing innovative energy services in the context of both rural regeneration and tackling rural fuel poverty. It should therefore focus on feasibility studies, pilots, social and environmental cost/benefit analyses and community participation potential.

1. Conclusion

The above section makes some initial proposals for research into rural fuel poverty. It suggests this can be grouped under three themes. There is obviously considerable overlap between these themes. No doubt other themes could be suggested. The research proposed consists of a mixture of desk-based activity and 'action research'.

This report is designed to stimulate concrete proposals for research and discussion. CSE and Eaga-CT hope that it provides a useful starting point for developing both understanding of the rural fuel poverty problem and for

proposing policies and programmes that tackle the problems. We welcome comments on the report.

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GLOSSARY – Abbreviations

ACRE – Action for Communities in Rural England. A national charity responsible for supporting sustainable rural community development. Represents rural community councils and aims to alleviate rural disadvantage in England.

BRE – Building Research Establishment is a non-profit distributing private company that provides consultancy, testing and information services on construction, buildings and fire. Much of its work underpins statutory building and fire regulations.

CHP – Combined Heat and Power. A type of boiler (typically using gas as fuel) that provides both heating and electricity and is often linked to a district heating scheme. Micro-CHP boilers provide heating and some electricity to a single household.

Countryside Agency – a statutory body responsible for conservation of the countryside and the promotion of social equity and economic opportunity. The Countryside Agency resulted from the merger of the former Countryside Commission and Rural Development Commission.

DEFRA – Department of Environment, Food and Rural Affairs. A new department, established in 2001, that was merged from part of the former DETR (Department of Environment, Transport and Regional Affairs) and MAFF (Ministry of Agriculture, Food and Fisheries). Key responsibilities, with respect to rural fuel poverty, include fuel poverty (with DTI), energy efficiency and rural policy.

DTI – Department of Trade and Industry. Jointly responsible, with DEFRA, for fuel poverty policy. Also responsible for energy policy.

Eaga Partnership Ltd – the managing agent for the Government's main energy efficiency programme, Warm Front, in three of four regions in England. TXU's Warm Front Team manages Warm Front in the eastern region of England.

Eaga-CT – Eaga Charitable Trust. Established by Eaga Partnership Ltd to relieve fuel poverty and preserve and protect health by the promotion of the efficient use of energy.

EEC – Energy Efficiency Commitment (formerly known as the Energy Efficiency Standards of Performance). An obligation on gas and electricity suppliers to encourage or assist domestic customers to take up energy efficiency measures. It will start in Britain in April 2002. There is a similar scheme in Northern Ireland.

Energywatch – an independent, non-Government Departmental public body responsible for representing the interests of gas and electricity consumers.

EST – Energy Saving Trust. A non-profit organisation funded by the Government to help reduce CO₂ emissions in the UK. Responsible for

stimulating energy efficiency in domestic households and promotion of clean fuel vehicles.

HECA – Home Energy Conservation Act. Requires all UK housing authorities to report on current measures in place for improving energy efficiency of all housing stock in their areas. Authorities have a target of improving energy efficiency by at least 30% by 2005 (from a 1995 baseline).

HEES – Home Energy Efficiency Scheme. This was recently re-branded 'Warm Front' in England and is the Government's main programme for tackling fuel poverty in private sector housing (rented and owner-occupied). A similar programme in Wales is still referred to as HEES.

IMD – Index of Multiple Deprivation. Produced by DEFRA, the IMD gives a score and rank for every ward in England based on the level of deprivation in that ward. The IMD is constructed by combining the weighted scores of six individual deprivation 'domains'.

ISMI – Income Support Mortgage Interest relief. Benefit paid to owner-occupiers who claim Income Support to cover their interest payments on mortgage costs.

JRF – Joseph Rowntree Foundation. An independent charity that supports research and development in housing, social care and social policy.

LPG – Liquid Petroleum Gas. A common fuel source in rural areas off the gas network. Gas is supplied in stored form, e.g. bottles.

NEA – National Energy Action. A charity responsible for developing and promoting energy efficiency services to tackle the heating and insulation problems of low-income households. Campaigns for the eradication of fuel poverty.

Ofgem – Office of Gas and Electricity Markets. The combined gas and energy regulator for Britain responsible for 'protecting the interests of consumers, wherever appropriate by the promotion of effective competition' (in gas and electricity markets).

RDA – Regional Development Agency. There are nine RDAs, with a responsibility for regional economic development and regeneration in the English regions.

RDC – Rural Development Commission (see 'Countryside Agency').

SAP – Standard Assessment Procedure. The Government's standard for home energy rating. SAP ratings give an indication of the efficiency of energy use for space and water heating in domestic properties, using a scale of 1 (poor) to 100 (excellent).

SSA – Standing Spending Assessment. The Government's mechanism for allocating resources to local government, health and training (via Training and Enterprise Councils, soon to be replaced by Learning and Skills Councils). The level of allocation is based on an area's needs, as measured by a range of indicators.

APPENDIX 1 – Rural fuel poverty conference

Transcript of proceedings

22 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.

NEIL RITCHIE, Information Officer, NEA – The Government's draft Fuel Poverty Strategy

NEA has a number of concerns with the draft Strategy.

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. £2 billion p.a. is allocated through the Capital Receipts programme to local authorities. Of this, 30% is to be spent on energy efficiency measures, i.e. £670 million. Similarly, £600 million p.a. 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 considers the key issues for the Fuel Poverty Strategy to be:

- 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, i.e. 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 Rattray, 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 Heginbotham, Solid Fuel Assn, asked if there were any plans to change the restrictive nature of planning consents for opencast 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.

DUNCAN SCOTT, Manchester University – Rural poverty and social exclusion

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 rethink 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.

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
- rethink 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, e.g. land management (not agriculture), community development in rural areas.

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, e.g. 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, e.g. 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.

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 a low-level of awareness of energy efficiency issues, affordable budgeting methods and grants available.

Delivering targeted measures

The National Assembly for Wales's Home Energy Efficiency Scheme (HEES) is the principle 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 being used to fund energy efficiency community volunteers in rural areas to advise fuel-poor households.

In a joint Powys Council and Health Alliance initiative, housing repair agencies are providing pre-HEES grants to vulnerable rural households to enable remedial improvements prior to the installation of HEES measures. These include the installation of loft hatches, rewiring 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 gatekeepers as referral channels, e.g. Women's Volunteer Service, Meals on Wheels.

Ofgem should review regulations governing the extension of the gas supply network, and allow longer payback 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 Eaga-CT would very much be of the 'action research' variety, i.e. 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.

Catrin Maby, Severn Wye Energy Agency, asked about measures not covered by HEES. These could make a significant impact on rural fuel poverty e.g. 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', e.g. HEES, EEC. Surely national bodies should sort out these problems?

Neil Ritchie replied that cost effectiveness should not be the only criterion 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/km².

Julia Detch, High Weald smallholder, commented that fuel should be considered in the widest sense, e.g. 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.

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, CABs 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 believes 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, e.g. 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 Fridge savers scheme.

Challenges and opportunities

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

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, CO₂ emissions from burning fossil fuels for power and nitrogen oxide 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, 3 million domestic households in Britain still do not have access to mains gas. This includes 1 million 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 of a gas main and 2,200 are between 2km and 7km.

ExternE

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.

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 1995 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 via 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 roadshows 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 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, e.g. 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.

Catrin 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 (e.g. 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 ExternE 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.

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 interlinked. 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, e.g. 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 (see Figure 1 in Appendix 2).

If only issues that affect fuel poverty are considered, the model becomes a little simpler (see Figure 2 in Appendix 2). This model provides a basis for developing appropriate 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 (e.g. 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.

Catrin 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 – CHeSS – 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 Eaga-CT intend to sponsor that will stimulate research, action and new thinking on the important issue of rural fuel poverty.

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APPENDIX 2 – Indicators of rural poverty and fuel poverty

Figure 1: 'QUALITY OF LIFE' MODEL:

Interactions

**Figure 2: 'QUALITY OF LIFE' MODEL:
Isolating potential
fuel poverty factors**