**UNIVERSITY OF YORK**

**Social Policy Research Unit**

**UPDATE OF FUEL POVERTY ESTIMATES FOR APRIL 2023 FOLLOWING THE AUTUMN STATEMENT ON 17 NOVEMBER 2022. (An update taking into account the proposed mitigations for social security recipients)**

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Since August 2022 we have been making estimates of household fuel poverty (spending more than 10% or more of net after housing costs equivalent income on fuel) based on the secondary analysis of the ONS Living Costs and Food Survey 2019/20. The most recent version of these was published by the Child Poverty Action Group in their journal *Poverty* [here](https://askcpag.org.uk/content/208471/rising-fuel-poverty).

On 17 November 2022 the Chancellor announced that the Energy Price Guarantee (EPG) would be raised from £2500 to £3000 from April 2023 when the £400 per household energy rebate would also end. He also announced that social security benefits and pensions would rise by 10.1% and there would be a new set of costs of living payments for pensioner, those receiving means-tested benefits and people on disability benefits.

Meanwhile the ONS had sent the micro data from the 2020/21 LCFS to the survey archive. This update is based on that data.

There is one other addition that we have made to our original analysis. Unlike our previous analyses using the 2019/20 LCFS in this version using LCFS 2020/21 we have increased net household income by 10%. This is an attempt to adjust for improvements in net income between September 2020 and April 2023. We have to acknowledge it is only an estimate. Household incomes will have been affected by Covid during 2020/21 especially the £20 per week uplift in Universal Credit. There were upratings of benefits in April 2021 (by 0.5%) and 2022 (by 3.2%) and they will increase again in April 2021 (by 10.1%). Also the National Minimum Wage has been increased faster over this period than general increases in earnings. ONS estimates show that nominal earnings grew by 1.0% in the year ending April 2020, 5.5% in the year ending April 2021 and 6.9% in the year ending April 2022. But all those increases will have been offset by reductions in UC and/or increases in taxation. Remember we are dealing with net household income.

In this version we have also taken account of the cost-of-living payments that will be paid through the social security system in 2023-24. These include £300 for all pensioner households, £150 for disability benefit recipients and £900 for recipients of means-tested working age benefits. Taking into account these payments has made remarkably little difference to the results, though we should acknowledge some limitations: There is a well- known underreporting of benefit receipt in survey data; only around 5 million households received the mean-tested benefits eligible for the cost of living payment in LCFS 2020-21 dataset and the government predicts 8 million will be eligible in 2023-24; there were only around 3 million people in receipt of disability benefits in LCFS 2020/21 and the government predicts 6 million people in 2023-24. This discrepancy can also partly be explained by the lack of data in the LCFS on the following eligible disability benefits: Scottish Disability Benefits, Armed Forces Independence Payment, Constant Attendance Allowance, and War Pension Mobility Supplement. However there does not seem to be any difference between the LCFS and government estimates for pensioner households.

There are still defects in this analysis. We take no account of any behavioural responses. The energy price cap is applied to all expenditure on fuel and it is still not at all clear how the EPG is going to be delivered to oil and LPG users. This is particularly problematic for Northern Ireland estimates. It is not possible to take account of household energy requirements using the LCFS. The [government measure of fuel poverty](https://www.gov.uk/government/collections/fuel-poverty-statistics#2020-statistics) based on the English Housing Survey attempts to do that. But their estimates are not up to date.

We have added one new indicator of fuel poverty in Table 5. This is closer to, but not identical to, the measure proposed by Professor John Hills in his [review of fuel poverty](http://eprints.lse.ac.uk/51237/). It shows the proportion of households that are pushed into poverty by rising fuel costs using the conventional income poverty threshold of net income after housing costs less than 60% of the median.

**Table 1: Weekly fuel expenditure, fuel poverty rates and fuel poverty gaps and numbers of households and individuals in fuel poverty**

|  |  |  |  |
| --- | --- | --- | --- |
|  |  | **Actual 20/21** | **April 2023 to April 2024**  **EPG cap: £3000 (Cost of Living payment to eligible households applied)** |
| **Average weekly fuel expenditure** | |  | |
|  | Mean £ | 23.50 | 57.66 |
|  | Median £ | 20.77 | 50.96 |
| **% of UK household in fuel poverty on different measures** | | | |
| > 10% net income after housing costs | | 23.5 | 64.7 |
| > 20% net income after housing costs | | 7.3 | 26.4 |
| > 25% net income after housing costs | | 4.8 | 17.8 |
| > 30% net income after housing costs | | 3.6 | 12.7 |
| **Average weekly fuel poverty gap on different measures** | | | |
| > 10% net income after housing costs | |  |  |
|  | Mean £ | 13.25 | 32.56 |
|  | Median £ | 8.87 | 24.34 |
| > 20% net income after housing costs | |  |  |
|  | Mean £ | 15.77 | 31.53 |
|  | Median £ | 9.95 | 20.77 |
| > 25% net income after housing costs | |  |  |
|  | Mean £ | 18.55 | 32.88 |
|  | Median £ | 12.18 | 21.20 |
| > 30% net income after housing costs | |  |  |
|  | Mean £ | 21.39 | 34.67 |
|  | Median £ | 14.35 | 21.88 |
| **Number of households living in fuel poverty on different measures** | | | |
| > 10% net income after housing costs | | 6,525,000 | 17,956,000 |
| > 20% net income after housing costs | | 2,037,000 | 7,317,000 |
| > 25% net income after housing costs | | 1,330,000 | 4,944,000 |
| > 30% net income after housing costs | | 996,000 | 3,510,000 |
| **Number of people in fuel poverty on different measures** | | | |
| > 10% net income after housing costs | | 17,128,000 | 45,264,000 |
| > 20% net income after housing costs | | 5,207,000 | 19,333,000 |
| > 25% net income after housing costs | | 3,167,000 | 13,050,000 |
| > 30% net income after housing costs | | 2,330,000 | 9,371,000 |

Source: LCFS 2020-21 weighted data.

Note: The estimations for 2023/24 are based on after net household income being uprated by 10% for all UK households and with the second round Cost of Living payment applied to eligible households. The EPG average cap for a typical household in GB is around £3000 (starts from April 2023 and ends in April 2024).

**Table 2: Estimated percentages and numbers of households living in fuel poverty by region**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **April 23 to April 24**  **(with the Cost of Living payment applied to eligible households)** | | | | | | | |
|  | **Fuel poverty thresholds, after housing costs** | | | | | | | |
|  | 10% | | 20% | | 25% | | 30% | |
| **Region** | **Count (000s)** | **% within region** | **Count (000s)** | **% within region** | **Count (000s)** | **% within region** | **Count (000s)** | **% within region** |
| **North East** | 875 | 73.1% | 396 | 33.1% | 264 | 22.1% | 198 | 16.5% |
| **North West & Merseyside** | 2143 | 68.8% | 745 | 23.9% | 475 | 15.3% | 288 | 9.3% |
| **Yorkshire and the Humber** | 1721 | 69.2% | 743 | 29.9% | 479 | 19.3% | 352 | 14.2% |
| **East Midlands** | 1385 | 62.2% | 440 | 19.8% | 307 | 13.8% | 208 | 9.3% |
| **West Midlands** | 1534 | 65.4% | 551 | 23.5% | 412 | 17.6% | 291 | 12.4% |
| **Eastern** | 1624 | 62.8% | 746 | 28.8% | 487 | 18.8% | 374 | 14.4% |
| **London** | 1872 | 57.1% | 933 | 28.4% | 681 | 20.8% | 492 | 15.0% |
| **South East** | 2133 | 58.0% | 756 | 20.6% | 521 | 14.2% | 384 | 10.4% |
| **South West** | 1567 | 65.8% | 654 | 27.5% | 431 | 18.1% | 280 | 11.8% |
| **Wales** | 853 | 67.7% | 401 | 31.9% | 253 | 20.1% | 170 | 13.5% |
| **Scotland** | 1732 | 70.1% | 692 | 28.0% | 457 | 18.5% | 355 | 14.4% |
| **Northern Ireland** | 516 | 71.6% | 261 | 36.1% | 177 | 24.5% | 119 | 16.5% |
| **Total** | 17955 | 64.7% | 7318 | 26.4% | 4944 | 17.8% | 3511 | 12.7% |

Sources: LCFS 2020-21 weighted data.

**Table 3: Estimated percentages and numbers of households living in fuel poverty by household type**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **April 23 to April 24**  **(with the Cost of Living payment applied to eligible households)** | | | | | | | |
|  | **Fuel poverty thresholds, after housing costs** | | | | | | | |
|  | **10%** | | **20%** | | **25%** | | **30%** | |
| **Family Type** | **Count (000s)** | **% within Family Type** | **Count (000s)** | **% within Family Type** | **Count (000s)** | **% within Family Type** | **Count (000s)** | **% within Family Type** |
| **Single** | 2109 | 49.8% | 1126 | 26.6% | 844 | 19.9% | 647 | 15.3% |
| **Couple** | 2371 | 45.0% | 812 | 15.4% | 518 | 9.8% | 351 | 6.7% |
| **Couple with 1 child** | 1291 | 63.9% | 508 | 25.2% | 372 | 18.4% | 283 | 14.0% |
| **Couple with 2 children** | 1932 | 76.8% | 768 | 30.5% | 478 | 19.0% | 348 | 13.8% |
| **Couple with 3 children** | 713 | 86.7% | 417 | 50.7% | 280 | 34.1% | 220 | 26.8% |
| **Couple with 4 or more children** | 186 | 100.0% | 115 | 61.8% | 105 | 56.5% | 91 | 48.9% |
| **Lone parent with 1 child** | 437 | 83.1% | 214 | 40.7% | 162 | 30.8% | 131 | 24.9% |
| **Lone parent with 2 or more children** | 582 | 96.2% | 373 | 61.7% | 266 | 44.0% | 211 | 34.9% |
| **Pensioner, single** | 2684 | 70.4% | 916 | 24.0% | 623 | 16.3% | 413 | 10.8% |
| **Pensioner couple** | 2962 | 69.6% | 984 | 23.1% | 613 | 14.4% | 376 | 8.8% |
| **Other pensioners (living with dependent children or multi-unit)** | 581 | 79.4% | 247 | 33.7% | 153 | 20.9% | 77 | 10.5% |
| **Other (multi-unit)1** | 2109 | 76.1% | 839 | 30.3% | 532 | 19.2% | 363 | 13.1% |
| **Total** | 17957 | 64.7% | 7319 | 26.4% | 4946 | 17.8% | 3511 | 12.7% |

Sources: LCFS 2020-21 weighted data. A household with more than one benefit unit.

**Table 4: Estimated percentages and numbers of households living in fuel poverty by the ethnic origin of the head of household**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **April 23 to April 24**  **(with the Cost of Living payment applied to eligible households)** | | | | | | | |
|  | **Fuel poverty thresholds, after housing costs** | | | | | | | |
|  | **10%** | | **20%** | | **25%** | | **30%** | |
| **Ethnicity** | **Count (000s)** | **% within region** | **Count (000s)** | **% within region** | **Count (000s)** | **% within region** | **Count (000s)** | **% within region** |
| **White** | 10823 | 64.6% | 4285 | 25.6% | 2885 | 17.2% | 2010 | 12.0% |
| **Mixed race** | 175 | 71.4% | 89 | 36.3% | 73 | 29.9% | 73 | 29.9% |
| **Asian /Asian British** | 534 | 63.1% | 236 | 27.9% | 147 | 17.4% | 122 | 14.4% |
| **Black/Black British** | 244 | 81.3% | 122 | 40.5% | 91 | 30.2% | 73 | 24.3% |
| **Other ethnic group** | 200 | 72.5% | 133 | 48.4% | 104 | 37.7% | 92 | 33.5% |
| **Total** | 11976 | 65.0% | 4865 | 26.4% | 3300 | 17.9% | 2370 | 12.9% |

Sources: LCFS 2020-21 weighted data.

**Table 5: Weekly energy expenditure, % of households and number of individuals with residual net income less than 60% of the median after housing (AHC) and energy costs (AEC), and the poverty gaps**

|  |  |  |
| --- | --- | --- |
|  | **Actual 2020/21** | **April 2023 to April 2024**  **EPG cap: £3000 (Cost of Living payment to eligible households applied)** |
| **Energy expenditure** | Mean £23.50 | Mean £57.66 |
| Median £20.77 | Median £50.96 |
| **Equivalised net household income** **AHC and AEC** | Mean £383.74  Median £344.15 | Mean £411.66  Median £367.60 |
| **% of households living in poverty AHC only (A)** | 29% | 26.9% |
| **% of households living in poverty AHC and AEC (B)** | 31.9% | 33.7% |
| **% point difference (B) - (A)** | +2.9% point | +6.8% point |
| **Average poverty gap AHC and AEC** | Mean £95.32  Median £80.94 | Mean £108.63  Median £91.65 |
| **Number of households living in poverty AHC and AEC** | 8,859,000 | 9,361,000 |
| **Number of people living in poverty AHC and AEC** | 19,296,000 | 20,463,000 |

Source: LCFS 2020/21 weighted data.

Note: The estimations for 2023/24 are based on after net household income being uprated by 10% for all UK households and with the second round Cost of Living payment applied to eligible households. The EPG average cap for a typical household in GB is around £3000 (starts from April 2023 and ends in April 2024).