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Energy and Social Policy

Edited by
**Jonathan Bradshaw and
Toby Harris**



Energy and Social Policy

Energy price rises have been amongst the biggest change that has taken place in our society over the last few decades. Their impact, particularly when this book was first published in 1983, had a growing importance in social policy, in its practice and research, and fuel was, and still is, a major public issue. This collection of essays describes how and why domestic fuel prices have been rising faster than other prices and incomes, what impact this has on domestic budgets, and the extent of 'fuel poverty'. The resulting problems of debts, disconnections, cold conditions and hypothermia are discussed by specialists in these fields. This book is ideal for students of economics and social policy.

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PREFACE

This is the first book that has been published which is devoted entirely to the social aspects of energy policy. It brings together the work of some of the still relatively small number of people who are applying their minds to the social problems that are emerging as a result of rising energy prices and the social policies that have or are being developed to meet them. In selecting material for an introduction to this subject, we have sought to illuminate what is a new policy area and a developing field of research. The contributions come from colleagues working in our own disciplines of social administration and economics. We are aware that other disciplines also have a role to play, particularly architecture, planning and social psychology, but they are not represented here.

The collection also reflects perspectives on the subject developed from our working experience in organisations representing electricity consumers. A major part of the time of the national Electricity Consumers' Council and local Consultative Councils is absorbed in dealing with debts, disconnections, the Code of Practice, payments methods and the other 'coal-face' problems associated with rising energy prices. This book is therefore concerned with the domestic energy consumer. It is not about the big techno-economic issues of energy policy such as whether to invest in nuclear plant or which alternative energy source has most potential. It is about the problems and policy requirements which emerge from current energy developments.

Energy price rises have been one of the biggest changes that have taken place in our society over the last decade. It is a change that will continue for the foreseeable future. Yet, if this change is not met with sensitive social policies it could become a major cause of human misery. Social scientists can make a contribution to the development of such policies. It is in this spirit that we present this book.

Jonathan Bradshaw
Toby Harris

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The chapters by Jonathan Bradshaw and Sandra Hutton draw on research funded by the Energy Panel of the Social Science Research Council (RB 18/12/16). The Department of Health and Social Security is supporting the continuation of that work.

The chapters by Toby Harris make use of work carried out at the Electricity Consumers' Council, but do not necessarily reflect the views of that Council.

Gillian Parker's chapter draws, in part, on work done during a University of Birmingham/Birmingham Settlement research project into the causes and consequences of indebtedness. The project was funded by the Esmée Fairburn Charitable Trust.

Frances Williams is grateful to the National Consumer Council and the Electricity Consumers' Council for allowing her to draw freely on two publications which she had a hand in preparing: 'Paying for Loft Insulation: A Review of the Homes Insulation Scheme 1978' (NCC, 1980), and 'Improving Insulation in Existing Dwellings: A Discussion Paper' (ECC/NCC, 1981).

1 INTRODUCTION

Jonathan Bradshaw

On 6 October 1973 - the Jewish Day of Atonement - Egyptian and Syrian forces attacked Israeli positions across the Suez Canal and through the Golan heights. Within four days the price of heating oil in the Rotterdam spot market had jumped 20 per cent. On 17 October the Arab oil producers raised oil prices by 70 per cent and cut production by 5 per cent per month. By 25 October the public were being asked to turn down central heating and share car rides. On 27 October the miners called an overtime ban and they were followed by the power engineers on 2 November. In mid-November Britain declared a state of fuel emergency and by mid-December ration coupons had been issued, there was a 50 m.p.h. speed limit, a voluntary Sunday driving ban, office temperatures were turned down to 63°F and street lighting halved. Then in the fourth week in December Britain began a three-day week.

Social problems associated with fuel had no doubt existed before the autumn of 1973 but it was not until these events that they emerged from being a marginal aspect of the wider problem of poverty to become a major social issue in their own right.

These events had more impact because they followed a period from 1969 when energy prices had been declining in real terms as a result of the introduction of North Sea gas and also price restraint in the nationalised industries. They now rose very rapidly. The age of cheap fuel was over.

There is no consensus about when the demand for oil will reach the limits of available supply. Predictions tend to recede as the last predicted date gets nearer. But whether it is this decade or next or the one after, we have since 1973 already begun to experience the consequences of the shortage of energy we can expect in the future.

FUEL POVERTY

Into the language of social policy has come the notion of 'fuel poverty'. Fuel poverty is useful as a simple collective description of the social problems associated with rising fuel prices, and is used in that sense from time to time in this book. The phrase also has a rhetorical purpose - those who use it are attempting to assert that these problems should be on the agenda of political and social policy. But does fuel poverty have any analytical value in social science? The most precise definition of

2 Introduction

fuel poverty has come, appropriately enough, from the National Right to Fuel Campaign. Fuel poverty is:

the inability to afford adequate warmth at home. It arises when low income is combined with high heating costs. It is not the same as poverty itself. Some poor families who have cheap and efficient heating systems are not in fuel poverty. On the other hand, many families who have incomes above normal definitions of poverty cannot afford adequate warmth.

Fuel poverty is a state of existence known to hundreds of thousands of UK citizens who have homes that are too cold for their health and comfort because their income is inadequate to purchase the fuel they need.¹

According to this definition, poverty and fuel poverty are not the same. Poverty is a relative lack of resources. Fuel poverty is a lack of sufficient resources to buy adequate heat and light. Some people are poor but can afford adequate warmth. Others are not in poverty but nevertheless cannot afford adequate warmth - because their houses are very difficult or expensive to heat. There are also people who purchase adequate warmth only at the expense of adequate diets or going short in other ways. Then there are those who live in cold conditions despite having incomes which are sufficient to purchase adequate warmth - because of helplessness or a fear of fuel bills. The difficulty with the notion of fuel poverty is in operationalising it - in distinguishing between these groups. To determine whether someone is or is not in fuel poverty it is necessary to take account of their expenditure on fuel and other commodities, the adequacy of their warmth as well as their income.

RIGHT TO FUEL

Another principle that has been espoused is that there is a (moral) right to fuel sufficient to provide adequate light and heat at home.

The United Nations Declaration of Human Rights (Article 24) states that: 'Everyone has the right to a standard of living adequate for the health and well being of himself and his family including food, clothing, housing and medical care...' but fuel is not mentioned. The right to fuel would depend on arguing that fuel is necessary for 'health and well being' - that there is a need for it. So let us turn to the concept of need.

Fuel along with food, clothing and shelter, is often described as a *basic* need. Basic in the sense that it is different in character from a want. Plant has argued that the essential difference between a want and a need is that a person 'will be harmed by his lack of it ... and getting what he needs will overcome this harm.'² There can be disagreement about whether harm will result from a need not being met but Plant argues that there

can be no dispute about the basic moral worth of survival (and autonomy) and therefore a basic need exists where, if it is not met, survival will be threatened.

The trouble with fuel is that it is questionable whether it is essential to survival. Given food, adequate clothing and shelter most households could exist without fuel, at least in our temperate climate. Indeed some do, even in Britain in the 1980s.³ Even if there is a consensus that some fuel is a basic need, there would be no consensus about what amount of fuel is basic. Most would probably accept that fuel for cooking, light and perhaps heating water are basic needs, or that living without them is too severe a deprivation to countenance. But what about heating? It is principally heating costs that present the problems. Certainly some households - those, in particular, containing the very old and very young - probably have a basic need for heat, but it is still questionable how essential heating is for the rest of us. It may be basic for our comfort but is it basic for our health and survival?

Fuel poverty, like poverty itself, can only be understood as a relative concept. Indeed it is instructive to adapt Townsend's classic definition of relative poverty (words in *italics* changed or added).

Individuals, families and groups in the population can be said to be in *fuel* poverty when they lack the resources to obtain the *reasonably warm and well lit homes* which are customary, or at least widely encouraged or approved in the societies to which they belong.⁴

SOCIAL DETERMINANTS OF FUEL CONSUMPTION

Thus fuel poverty is a deprivation of something which we have all come to expect as part of normal living standards. This style of living is not just a personal fashion or convention but is to a considerable extent determined by factors outside individual control. Individuals have only limited choice over the amount of fuel they consume. There are some particularly notorious examples of this, such as district heating systems where individuals actually have no control over their fuel consumption, or deck-access flats built by many local authorities in the 1960s, converted from gas to electric air central heating after the Ronan Point disaster and thermally so badly designed that tenants have a choice between black mould when the heating is turned off or bills they cannot afford to pay if it is turned on. These properties are hard to let and therefore occupied by the most hard-pressed tenants, so many authorities have decided that the only solution is to pull them down at enormous cost after less than twenty years' life. This is an extreme example, but it shows how planners, architects, the fuel industries and government have to a considerable extent determined the way

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energy is used.

These changed expectations have occurred very rapidly and are only of recent origin. Before the last war it would have been most unusual even for upper-income families to heat every room in their houses. Central heating was regarded as a luxury, even a frivolity. Many houses lacked hot-water systems, fixed baths or indoor lavatories. Rising standards of living, improved housing and cheap fuel have led people to expect space heating as normal. Although many households still heat only one room in the winter (including over half of pensioners in Townsend's survey in 1968/69), for many of us the inability to afford adequate space heating is a deprivation. Central heating is now available in 52 per cent of dwellings in the UK⁵ and the vast majority of new dwellings are being built with facilities for space heating. Consumption has become the mother of necessity.

INDIVIDUAL RESPONSIBILITY

One possible response to fuel poverty would be to argue that the revolution in expectations over the last three decades was based on a false premise; that with diminishing energy resources and rising fuel prices we must return to the heating patterns and expectations of the 1940s and before; that the solution to fuel poverty is in the hands of the individual. There are a number of difficulties with this argument. First there are the institutional constraints that have been discussed above. There may well be room for a reduction in space-heating levels but there is a limit to which individuals are free to respond quickly. Fuel-use behaviour cannot be changed rapidly. As the Right to Fuel Campaign has bluntly put it, the state shares a responsibility:

in many cases the income comes from the State; their homes are built by and let from the State; and their fuel is almost always purchased from the State. So their inability to afford adequate fuel can be seen as a failure of the State to manage its own resources.⁶

Second, the problem of fuel poverty is not entirely or mainly one of feckless or extravagant consumption. It is also a problem of people trying to maintain minimal levels of comfort with expensive equipment or in badly insulated dwellings, or it is a problem of people spending little on fuel but because their incomes are low it takes a disproportionate part of their budget.

In this context the question is asked why should fuel be singled out as an expenditure commodity deserving to be a focus for public concern? Why should difficulties in paying for fuel have priority over for example difficulties in paying for food or children's clothing - if fuel poverty, why not food poverty

or children's clothing poverty? One answer lies in the characteristics of fuel expenditure. As we shall see in chapter 3, households tend to spend a relatively fixed amount on fuel regardless of their income. They tend to spend what they need. But at the same time fuel expenditure varies considerably as a proportion of income. For the average-income household, despite price increases, fuel is still a relatively unimportant commodity in their budgets. Perhaps it appears larger than it really is because it looms large in the consumer's budget when money to pay fuel bills has to be found quarterly. But Sir Francis Tombs, former chairman of the Electricity Council, was able to claim in a memorandum to the Energy Commission⁷ that the average household still spent more on alcoholic drink than electricity. What he did not point out was that there was a wide dispersion about the average and that the distribution of expenditure on fuel as a proportion of income is not evenly distributed about the mean, like food, but skewed with a long tail of households spending well above the average - up to 25 per cent of their incomes on fuel. In that tail of the distribution are found low-income households, those requiring extra warmth and people at home all day. For low-income households fuel is the third largest expenditure commodity after food and housing. In fact, the distribution of housing expenditure as a proportion of income is very similar to that of fuel, and housing costs have already become the focus of an elaborate system of direct and indirect subsidies. Why should fuel costs not also be eligible for similar relief - particularly, as Isherwood and Hancock have pointed out,⁸ as the upper tail of the distribution of housing costs tends to contain younger and more active members of society than the upper tail of the fuel expenditure distribution?

There is a third, and perhaps more controversial, objection to the argument that fuel poverty should be solved by individuals consuming less. This concerns inequality. The National Fuel Poverty Forum have put the point with rather telling effect. Why, they have asked,⁹ should ministers and civil servants in the Department of Energy be sitting in offices centrally heated at a level well above the norm set by government and at the same time urging householders, some of whom are already living in cold conditions, to save it? A rather less tendentious way of making the point is that a policy that requires individuals to find the solution to their own fuel poverty will not affect everyone equally - indeed it is likely to hit hardest those who need fuel most. It emphasises and increases existing inequalities.

SOCIAL PROBLEMS

All these arguments are perhaps unnecessarily elaborate justifications for viewing fuel poverty as a problem deserving the

attention of social policy. In practice the hardship, debt, disconnection and other difficulties associated with paying for fuel are already a daily preoccupation of many of the helping professionals. An extensive and articulate lobby has grown up around the problems of fuel - the Right to Fuel Campaign, the National Fuel Poverty Forum and a host of local energy advice or fuel poverty groups have become established in the last ten years. It is the problems that these bodies attempt to tackle that form the focus of the first half of this book.

But first we start in chapter 2 by discussing the price increases that are the reason why domestic fuel expenditure has emerged over recent years from the private world of consumer expenditure to become a public issue. The chapter explores recent trends in prices and investigates the factors tending to push them up.

The problems of debt, disconnection and cold conditions receive most attention in discussion of fuel poverty but underlying these problems is the amount households spend on fuel and the relation between their fuel expenditure and their income. Chapter 3 presents evidence of the burden of fuel expenditure on households, exploring how fuel expenditure varies, what factors are associated with this variation, which types of household have high expenditure and the expenditure of particular vulnerable groups.

The most commonly observed consequence of the level of fuel costs is debt. Chapter 4 discusses fuel debts, the characteristics of fuel debtors and the interaction of fuel and other debts.

A common result of debt is the disconnection of supply discussed in chapter 5. Around 150,000 households have their electricity or gas supply disconnected for non-payment each year. This chapter discusses the rates of disconnection and explores the characteristics of households who are disconnected.

At worst rising energy prices may cause death. Even before the advent of rising fuel prices there was a growing concern in medical circles with the effects of cold on health and well-being. This concern has heightened in recent years and in chapter 6 we discuss the relationship between cold, hypothermia and other medical conditions. The chapter also discusses the uncertainty there is as to the size and significance of the problem of hypothermia and cold conditions.

There may be a growing recognition of the problems of fuel poverty outlined in the first part of this book but this is not yet reflected in the social policies that are discussed in the second part of the book, introduced in chapter 7.

NOTES

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