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## **6.3 MILLION OR ALMOST A QUARTER OF HOUSEHOLDS ARE IN FUEL POVERTY**

Shocking new research<sup>[1]</sup> reveals that fuel poverty levels in the UK are spiralling dangerously with 6.3 million or almost a quarter of all households (24%)<sup>[2]</sup> now classed as fuel poor. Previously thought to affect mainly lower income households and pensioners, the fuel poverty net is now spreading rapidly into the more affluent middle classes too. But, if fuel poverty is re-defined to be calculated after housing costs, as currently being suggested<sup>[3]</sup>, fuel poverty levels rocket to almost 9 million or a third (33%) of all households<sup>[4]</sup>:

- **Single working parents are the most likely group to be in fuel poverty – 39% of these households are fuel poor<sup>[1]</sup>**
- **36% of working class households are in fuel poverty, but 15% of middle class households are fuel poor too<sup>[1]</sup>**
- **No escape: while 44% of working class pensioners are struggling with fuel poverty, so are 24% of middle class pensioners<sup>[1]</sup>**
- **A third of households (33%) with an income of up to £30,000 a year are in fuel poverty while one in fifty households (2%) with an income of over £30,000 a year are in fuel poverty<sup>[1]</sup>**
- **Current definition of fuel poverty doesn't take into account housing costs – if rent or mortgage payments are factored in<sup>[3]</sup> then 22% of middle class and 47% of working class households would be considered fuel poor<sup>[4]</sup>**
- **Household energy bills have rocketed by £472 or 71% in just over 5 years<sup>[5]</sup> making affordability and fuel poverty a middle class issue too.**

The high cost of energy is forcing growing numbers of UK households, including middle class families, into fuel poverty, according to new research<sup>[1]</sup> out today by [uSwitch.com](http://uSwitch.com), the independent price comparison and switching service. The findings show that 6.3 million<sup>[2]</sup> or

almost a quarter of all households (24%) are now living in fuel poverty, with single working parents the most likely to be fuel poor.

Fuel poverty is where 10% or more of net household income is spent on energy bills. Previously it was seen as an issue affecting mainly pensioners and lower income groups. However, as energy bills have gone through the roof the total number of households in fuel poverty has soared, with the more affluent middle classes now also falling prey.

In just over five years, household energy bills have rocketed by £471 or 71% from £660 a year in 2006 to £1,131 a year today<sup>[5]</sup>. As a result, a third of households (33%) with an income of up to £30,000 a year are in fuel poverty while one in fifty households (2%) with an income of over £30,000 a year are in fuel poverty<sup>[1]</sup>. However, these numbers do not take into account ScottishPower's forthcoming price rise and if other suppliers follow suit fuel poverty will only get worse.

#### Fuel poverty in 2011<sup>[6]</sup>:

Type of household	% working class in fuel poverty	% middle class in fuel poverty	Total % in fuel poverty	Total % in fuel poverty (net of housing costs)
Pensioner	44%	24%	33%	36%
Single parent (working)	45%	33%	39%	52%
Single person (working)	16%	11%	13%	32%
Couple (one income, no children)	47%	14%	31%	39%
Couple (two incomes, no children)	5%	6%	5%	11%
Family with children and a stay-at-home parent	38%	13%	25%	44%
Family with children and two incomes	12%	5%	8%	16%
<b>All households</b>	<b>36%</b>	<b>15%</b>	<b>24%</b>	<b>33%</b>

Source: uSwitch.com/YouGov

More worryingly, the current definition of fuel poverty doesn't take into account housing costs – mortgage or rent payments. There have been calls for the definition to be updated so that fuel poverty would be calculated as 10% of net household income after household spend on mortgage or rent<sup>[3]</sup>. If this was the case then fuel poverty numbers would rocket to almost 9 million or a third (33%) of all households<sup>[4]</sup>.

Incredibly, 22% of middle class households would be classed as being amongst the fuel poor, along with 47% of working class households<sup>[4]</sup>. But the greatest impact would be seen on households made up of a single person who works and families with children and a stay-at-home parent. Both of these groups would see an extra 19% classed as fuel poor if the definition was revised to take into account the cost of keeping a roof over their heads<sup>[4]</sup>.

However, the highest incidence of fuel poverty would still be seen amongst single working parents where over half of such households (52%) would be in fuel poverty under the proposed new definition. This shows the powerful impact that a combination of high energy costs along with mortgage or rental payments can have on family finances.

**Ann Robinson, Director of Consumer Policy at [uSwitch.com](https://www.uswitch.com), says:** “Rocketing energy prices mean that the middle classes are no longer immune to social ills such as fuel poverty. The fact is that we can now find the fuel poor amongst all walks of life and in all types of households. Start to factor in housing costs such as mortgage and rental payments and we are left with the shocking image of a third of all British households living in fuel poverty. The sad truth is that consumers are paying a heavy price for this country's disjointed, incoherent and unaffordable energy policy.

“There is now a real urgency for the Government to get on with its review of fuel poverty so it can relieve the misery facing those who cannot afford to keep warm this winter. But, in the meantime, households have to start protecting themselves and there are two key steps to this: pay the lowest possible price for your energy and learn to use less of it.

“With household energy prices likely to rise again, many households, especially those on tight budgets, may like the security of a fixed price energy plan. But all households should also look to invest in longer-term energy efficiency measures, such as insulating lofts and cavity walls. Those who would struggle to afford this investment should contact their energy supplier to see whether they would qualify for any energy efficiency grants or financial support. Suppliers have

a pot of money available to help customers in this way and those who qualify could see their energy bills substantially reduced as a result.”

**For more information visit [www.uSwitch.com](http://www.uSwitch.com) or call 0800 093 06 07**

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**Notes to editors:**

1. Research conducted by YouGov on behalf of uSwitch.com. Total sample size was 2,323 adults with bill paying responsibility for their household. Fieldwork was undertaken 12<sup>th</sup>-15<sup>th</sup> April 2011. The survey was carried out online. The figures were weighted and representative of all GB adults (aged 18+). The groups identified as in fuel poverty were calculated by cross referencing type of household and social grade (ABC1 classified as middle class, C2DE classified as working class) with net monthly household income and average monthly energy spend. Respondents who answered “Don’t Know” or “Prefer not to say” have been excluded from fuel poverty calculations. ABC1/C2DE are classified as follows:

social grade	social status	occupation
A	upper middle class	higher managerial, administrative or professional
B	middle class	intermediate managerial, administrative or professional
C1	lower middle class	supervisory or clerical, junior managerial, administrative or professional
C2	skilled working class	skilled manual workers
D	working class	semi and unskilled manual workers
E	those at lowest level of subsistence	state pensioners or widows (no other earner), casual or lowest grade workers

Fuel poverty calculation = Monthly energy bill divided by net monthly income. Those who were spending 10% or more of their net monthly income on energy bills are classified as being in fuel poverty.

2. Research as per point 1 above – number based on 26 million households in the UK and 24.4% of respondents classified as being in fuel poverty.
3. Consumer Focus, NEA, FOE, ACE and Age UK joint submission to inquiry on social justice in the low carbon economy, where they say: “remove housing costs from income to give an After Housing Costs measure. The government’s Before Housing Costs measure does not allow like-for-like comparison of fuel poverty across tenures and different geographic areas” as a way of strengthening the definition of fuel poverty: <http://www.consumerfocus.org.uk/files/2011/06/Joint-submission.pdf>
4. Research as per point 1 above, but numbers in fuel poverty were re-calculated taking into account the household’s monthly spend on rent or mortgage. Fuel poverty calculation (net of housing costs) = Monthly energy bill divided by (net monthly income minus monthly rent/mortgage). 9 million is based on 26 million households in the UK with 33.4% in fuel poverty under the revised definition.
5. Based on a medium user customer consuming 3,300 kWh of electricity and 16,500 kWh of gas, on a standard plan paying by cash or cheque with bill sizes averaged across all regions and all the big six suppliers.
6. Based on following base sample sizes for working class households: pensioner (190), single parent working (33), single person working (87), couple with one income and no children (64), couple with two incomes and no children (88), family with children and stay at home parent (89), family with children and two incomes (106). Based on following base sample sizes for middle class households: pensioner (218), single parent working (30), single person working (123), couple with one income and no children (57), couple with two incomes and no children (217), family with children and stay at home parent (99), family with children and two incomes (176).

**About us**

uSwitch.com is a free, impartial, online and telephone-based comparison and switching service, helping consumers compare prices on gas, electricity, water, heating cover, home telephone, broadband, digital television, mobile phones and personal finance products including mortgages, credit cards, current accounts and insurance. In 2010 uSwitch.com celebrated ten years of saving customers money.

uSwitch.com is the first comparison website to achieve the Plain English Campaign's Internet Crystal Mark, which is recognised as a standard that a website has clear language, is accessible and easy to use, and has been tested on a sample of its users.

uSwitch.com is dedicated to helping consumers save money whether they have internet access or not. It offers a dedicated call centre, manned by uSwitch customer service representatives, as well as a freepost 'Send us your bill' service, whereby customers can post their latest energy bills with their telephone number to FREEPOST USWITCH, to get a free call back from a dedicated customer services representative. The service is also available via fax, email and post. Consumers should fax 0203 214 8417, email [CustomerServices@uswitch.com](mailto:CustomerServices@uswitch.com) or write to Customer Services, uSwitch.com, Centro 3, 19 Mandela Street, London, NW1 0DU with their postcode and usage details.

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