

# Rural Fuel Poverty and Oil Buying Groups

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Durham Rural Community Council

## **Background:**

- Fuel Poverty
- Why rural is especially difficult
- Rural inequality

## **What can be done:**

- Reducing heat loss
- Reducing waste
- Minimising costs of fuel

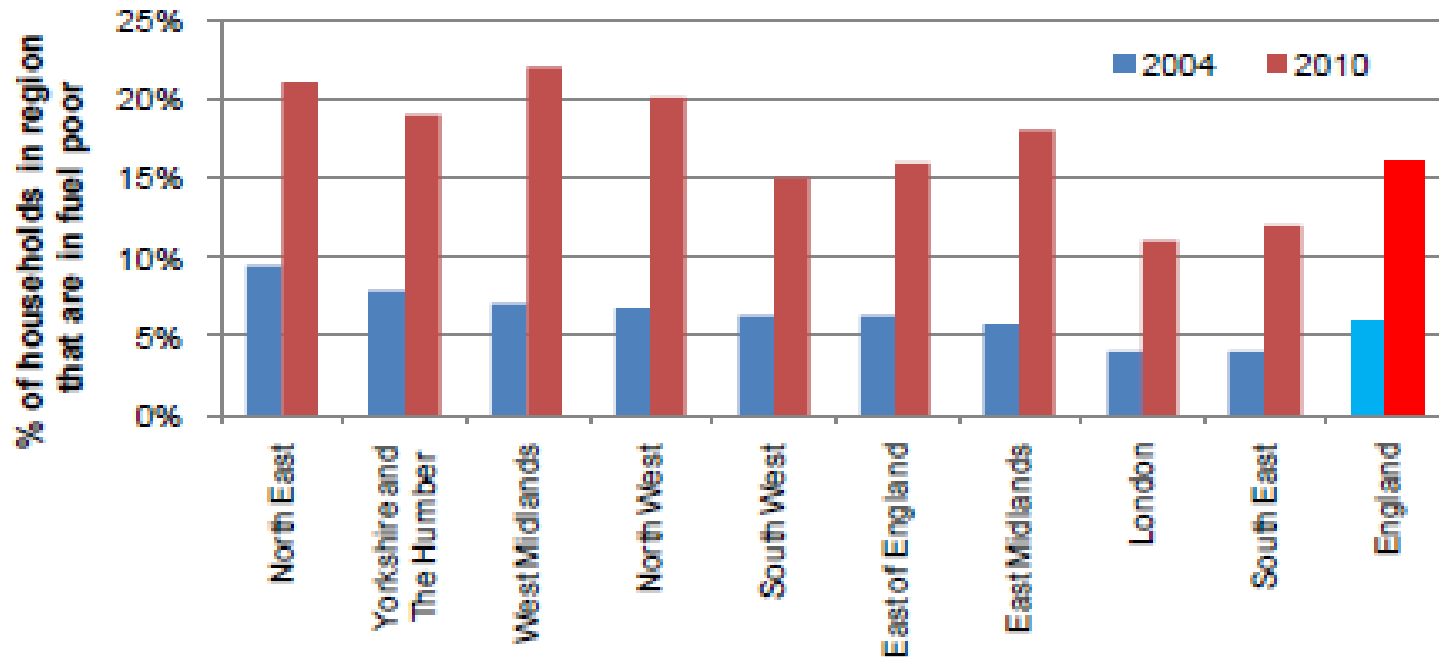
## **Collective Oil Buying Groups**

# Fuel Poverty

A household that spends more than 10% of its income to maintain adequate warmth (21<sup>o</sup> living room, 18<sup>o</sup> other occupied rooms) [DECC]

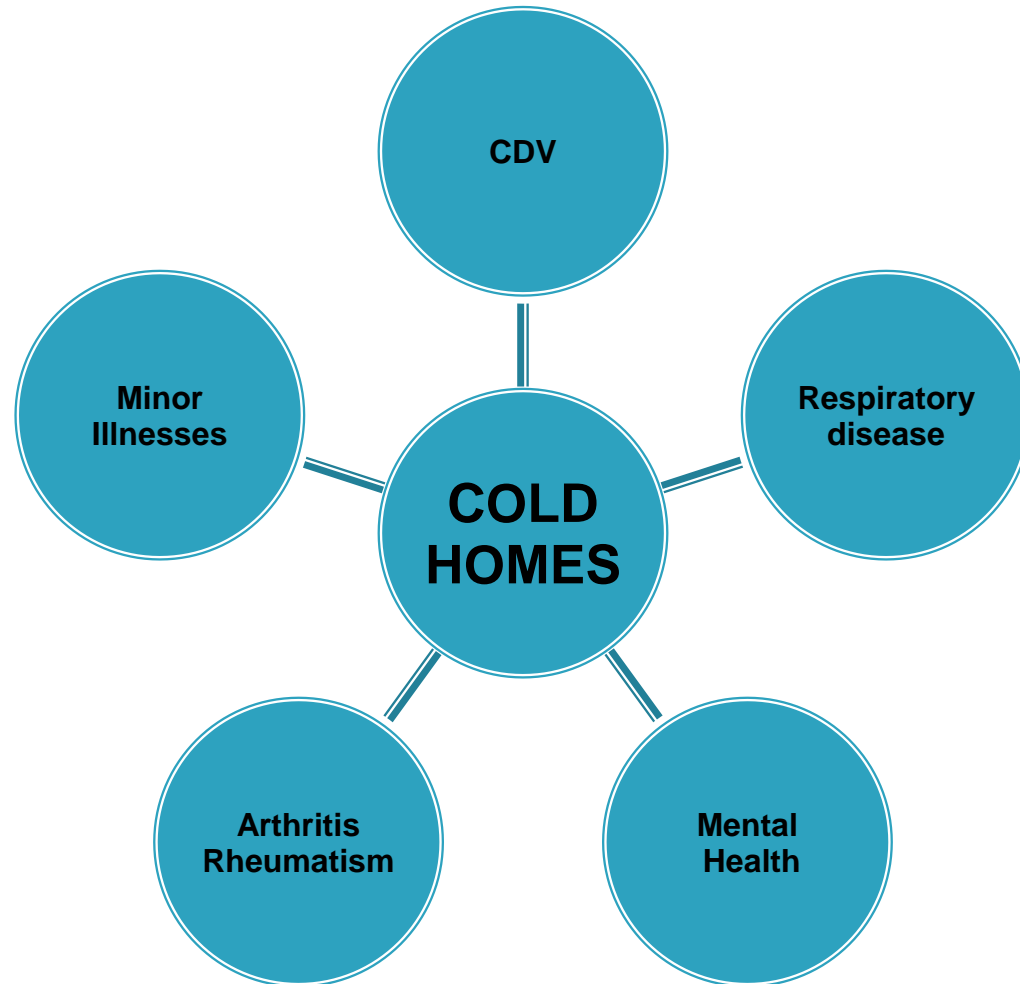
England	No. of fuel poor households (million)
1996	5.1
1998	3.4
2001	1.7
2002	1.4
<b>2003</b>	<b>1.2</b>
2004	1.2
2005	1.5
2006	2.4
2007	2.8
<b>2008</b>	<b>3.3</b>
2009	4.0
<b>2010</b>	<b>3.5</b>

# Fuel Poverty by Region

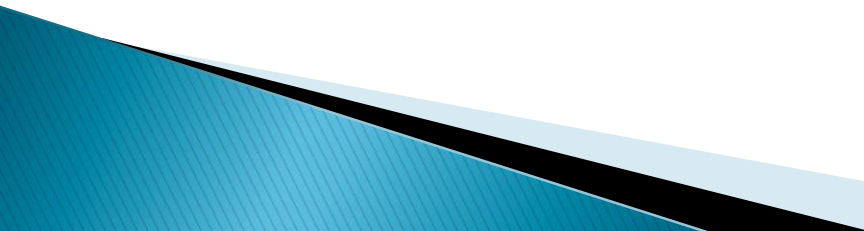


DECC Annual Report on Fuel Poverty Statistics 2012

# Why is it important?



# Factors influencing Fuel Poverty

- ▶ Energy efficiency of property
  - ▶ Cost of energy supply
  - ▶ Household income
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# What's different about Rural FP?

## Energy efficiency of rural housing

Older housing = solid walls, &

- ▶ draughty?
- ▶ large rooms?
- ▶ high ceilings?
- ▶ loft difficult to access?
- ▶ poorly maintained?



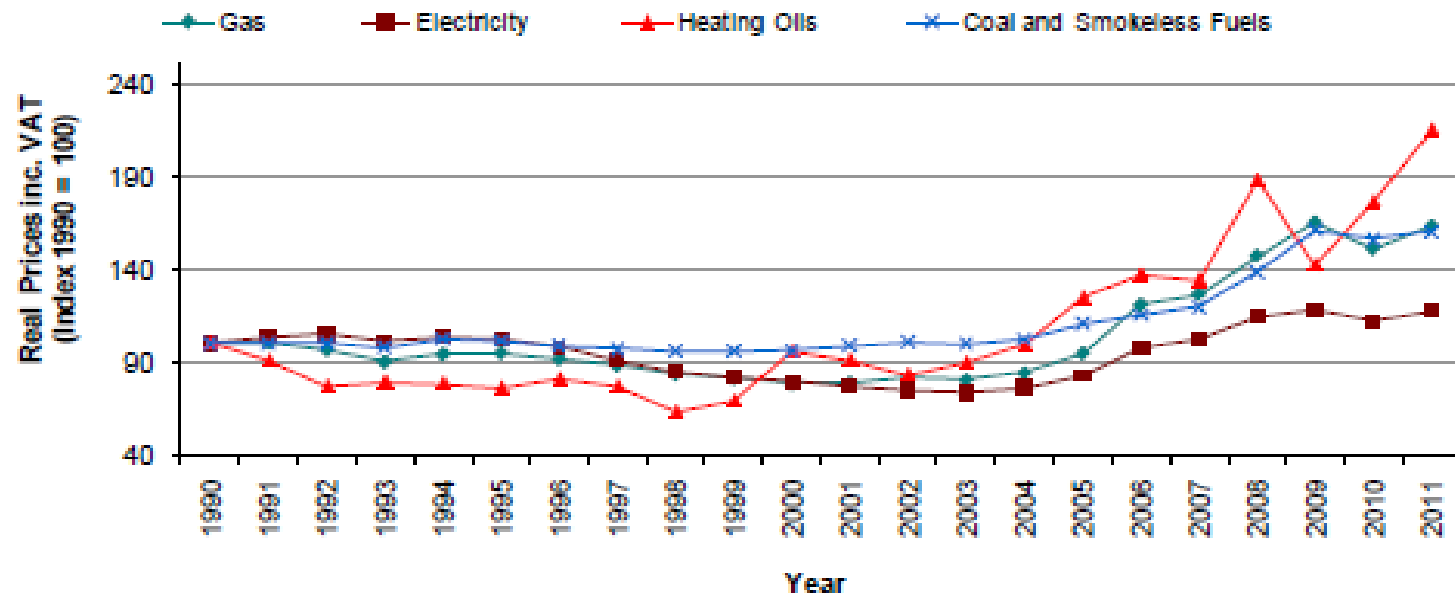
# What's different about Rural FP?

## Cost of energy supply

- ▶ In UK, 4m households (15% of population) are off the gas grid
- ▶ Average heating costs/annum:
  - Gas: £975
  - Oil: £1,575
  - LPG (bulk): £2,175



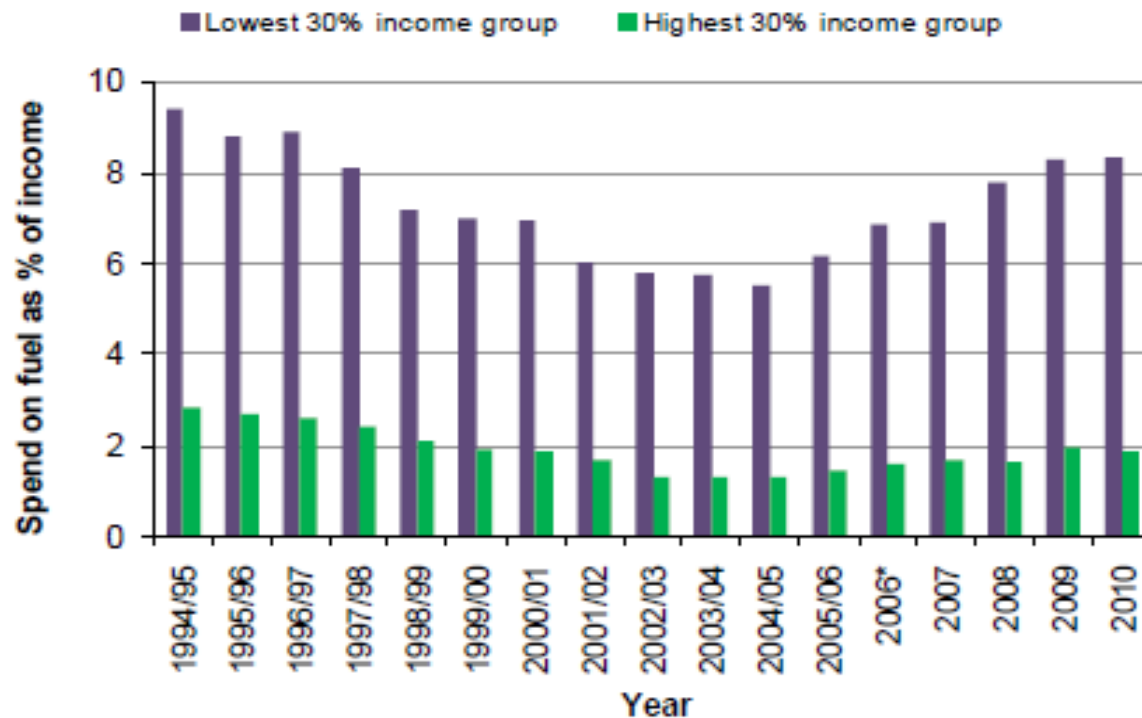
# Average domestic energy prices in real terms: 1990 – 2011



Office for National Statistics, Retail Prices Index; DECC, Quarterly Energy Prices

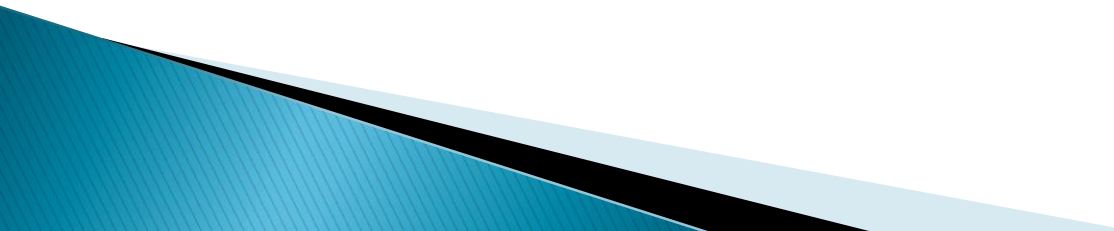
# What's different about Rural FP?

## Household Income

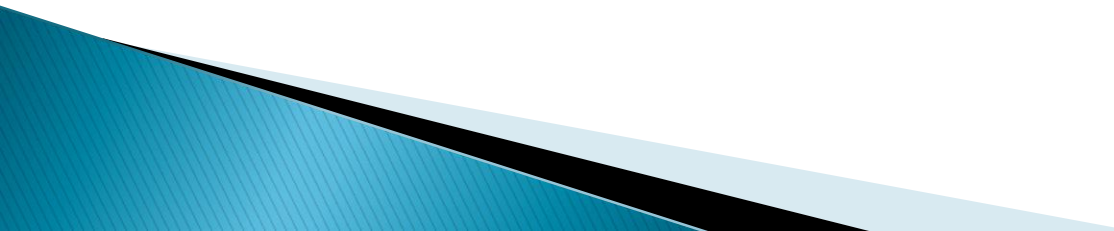


Office for National Statistics, Living Costs and Food Survey  
(formerly Expenditure and Food Survey, Family Expenditure Survey)

# What's different about Rural FP?

- ▶ Off-gas population is much more likely to be fuel poor:
    - 32% of off-gas households are in fuel poverty
    - 15% of on-gas households are in fuel poverty
- 

# Unequal conditions for off-gas customers


- ▶ Poor market regulation
  - ▶ Have to pay in advance for bulk fuel supplies
  - ▶ Lack of transparency and consistency of prices (oil)
  - ▶ Lack of safeguards to protect vulnerable customers
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# Unequal conditions for off-gas customers

## Winter Fuel Allowance

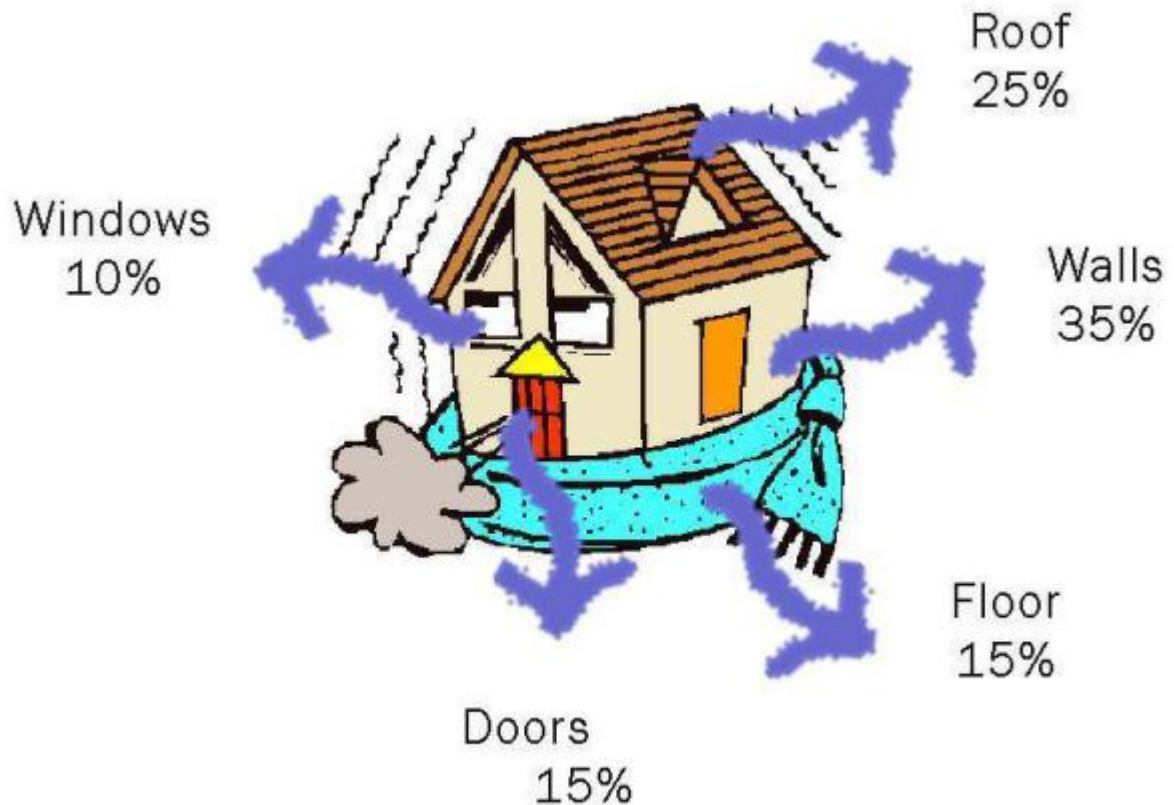
- ▶ 25% of households with 1 or more people over 60yrs are off-gas compared with 16% for all ages (England)
- ▶ WFA arrives too late for Oil customers

## Energy Efficiency Schemes

- ▶ Higher costs associated with rural areas means they have not worked well for rural customers
  - ▶ New regime may be more helpful
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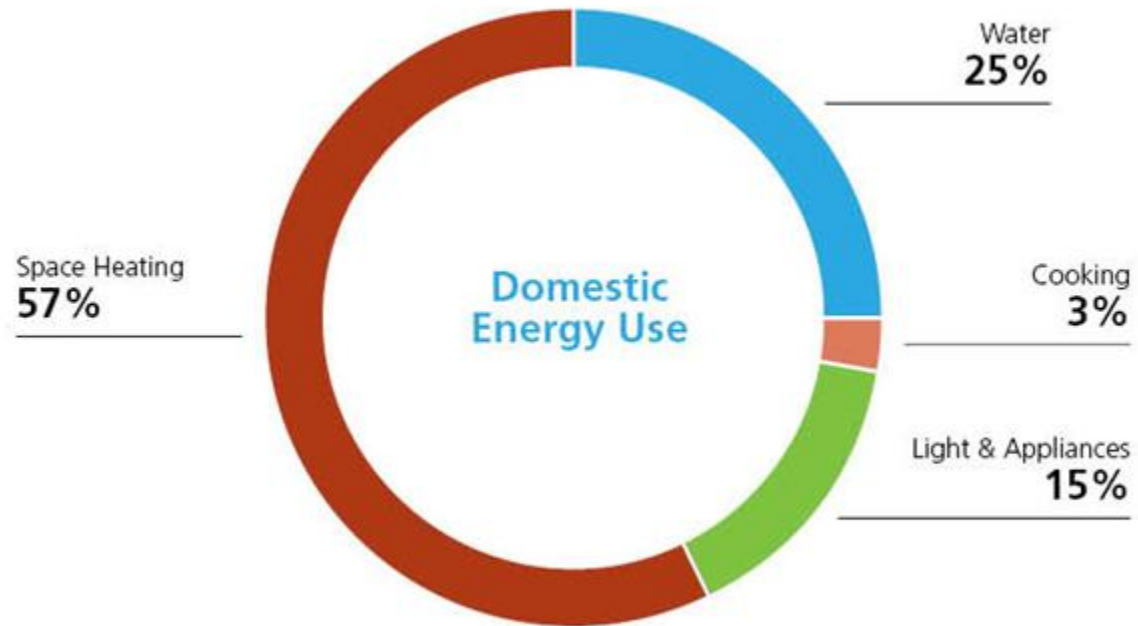
# What can be done?

- ▶ Retain heat for longer: improve energy efficiency of properties



# What can be done?

- ▶ Use less energy



# What can be done?

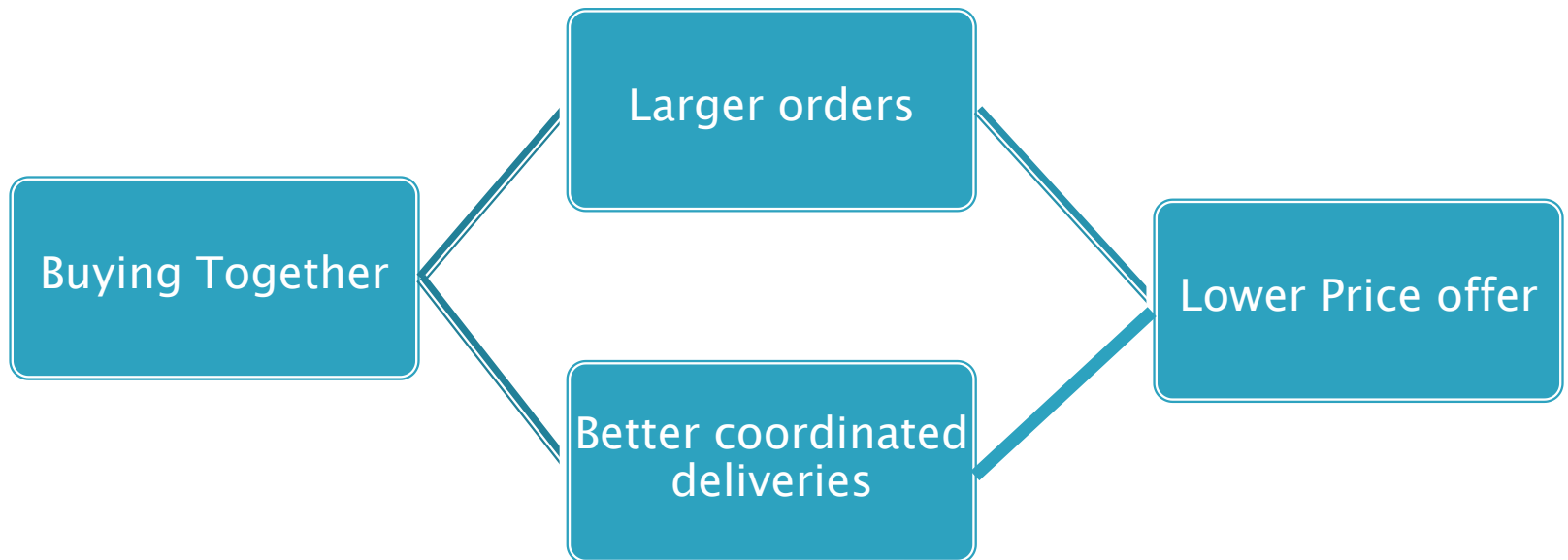
- ▶ Reduce the cost of fuel
  - Switching supplier
  - Warm homes discount
  - Winter fuel allowance

But

- Options are limited for off gas customers , hence the growth of collective purchasing schemes

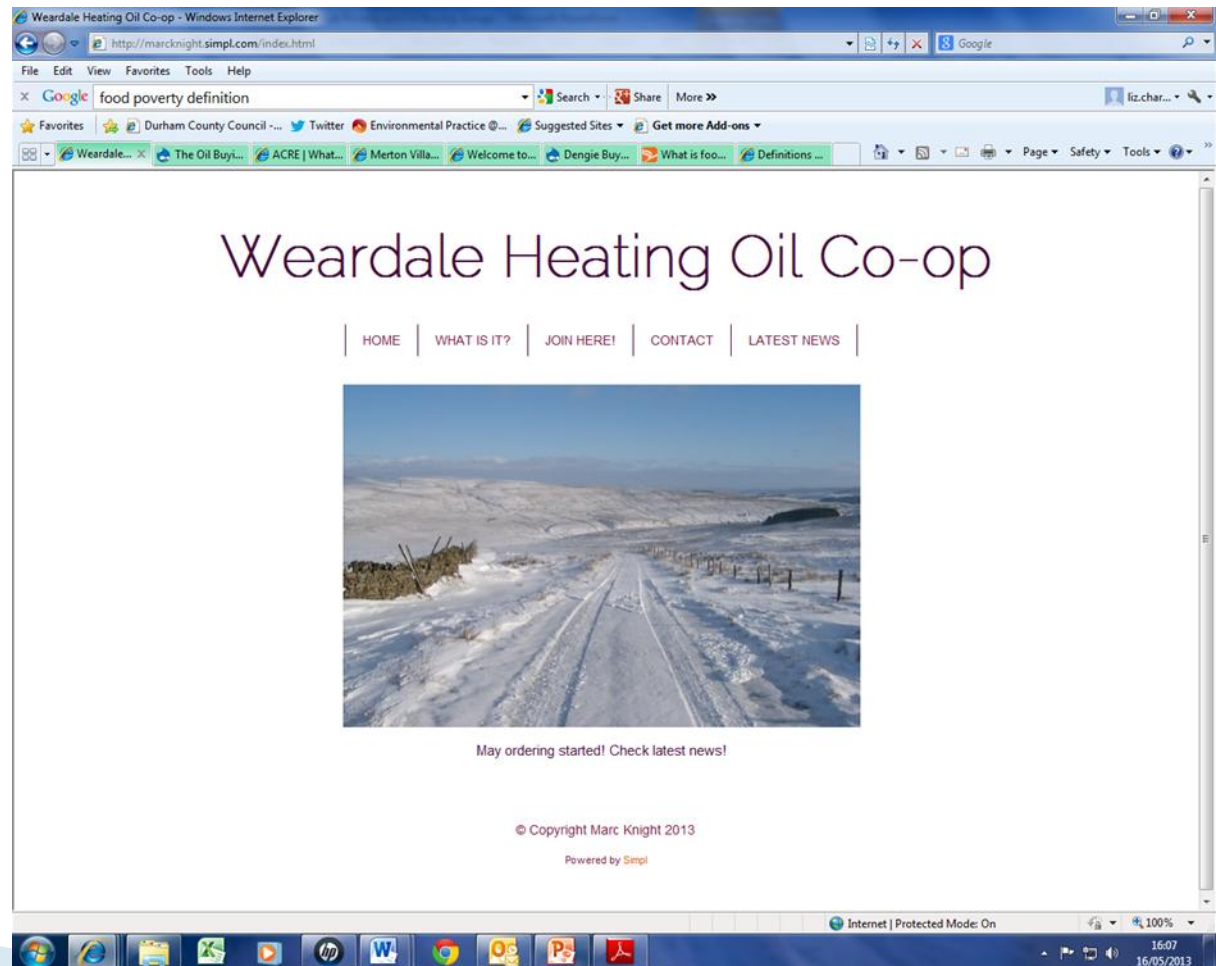


# Oil Buying Groups



# Different models

## a) Volunteer led



# Different models

## b) Sole Supplier schemes

- **Community initiated (e.g. Caldbeck and Hesket Newmarket)**
- **Supplier initiated (e.g. some village schemes in Teesdale)**

# Different models

- c) **Rural Community Action Network model**
  - ▶ **Started by OXRCC in 2011**
  - ▶ **22 RCAN members now operate the franchise**
  - ▶ **Key features:**
    - **Countywide – open to all**
    - **Paid administrator**
    - **Volunteer co-ordinators**
    - **Monthly orders (except December)**
    - **Partner with specialist oil buying negotiator**
    - **Small annual membership fee**

# Rural Community Action Network model

- ▶ 2012 – 7m litres purchased, saving members £385,000
- ▶ Durham Community Oil: savings of between £38 – £74/1000L (average of £131 /L compared to highest P)
- ▶ OCRCC now have > 1,000 members
- ▶ Potential for further developments e.g.
  - smart meters (oil tanks)
  - bulk purchase of coal, wood, road salt

# Solution or sticking plaster?

- ▶ Lobbying for better regulation and transparency
- ▶ Renewables provide a more sustainable solution for off-gas communities





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