



# An empirical investigation into students' experience of fuel poverty

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## ABSTRACT

The trend of expansion in Higher Education in the UK since 1992 has created a massive demand for accommodation for students, where the housing stock is one of the oldest and least efficient in Europe, and the private rented sector is often singled out for containing some of the least energy efficient, and in worst condition properties. The extent to which students factor in energy efficiency and fuel poverty concerns into their accommodation choices is explored in this paper, along with the perception of the phenomena by students. From a survey of 286 students it was revealed that while students themselves may not consider themselves to be living in fuel poverty, the activities taken in their day-to-day lives suggest the opposite. The impact of the housing stock on student quality of life is investigated as well.

## 1. Introduction

The UK housing stock is one of the oldest and least efficient ones in Europe (Boardman et al., 2005); in particular, prior research has highlighted that the private rented sector has a disproportionate number of housing below decent home standard (Kemp, 2011) – i.e. failing to meet health and safety standards relating to excess cold, mould growth, overcrowding, as well as failing to satisfy minimum criteria regarding the state of repair of the property, the standard of electrical and heating facilities, and a minimum level of insulation (UK Parliament, 2010; Shelter, 2016). The private rented sector also houses a disproportionate percentage of households defined as living in poverty (Kemp, 2011). A study of the UK housing stock from Leicester and Stoye (2016) highlights how households renting from private landlords who had been in the property for less than two years were 11% less likely to have insulation measures than owner occupiers who had lived in their property for the same period.

From a social policy perspective, there is merit in targeting the housing with the worst energy efficiency performance in order to alleviate fuel poverty levels. However, current UK policy is focused on directing a compulsory levy imposed on electricity suppliers towards those areas ranking highest for income deprivation, such as the Energy Company Obligation (ECO) and its predecessor, the Community Energy Saving Programme (CESP) (HM Government, 2009; Rosenow et al., 2013). Such schemes do not necessarily reach those most in need, due to the highly variable nature of household energy consumption which is strongly influenced by socio-economic factors (Morris et al., 2016).

In this context, the *Green Deal* was launched in 2011 to ‘support the

retrofit of 1.4 million homes’ by 2020, focused on creating markets for energy efficiency measures and aimed at incentivising owners to invest in measures and receive pay-back from reduced energy bills (Rosenow et al., 2013; Hope and Booth, 2014; Morris et al., 2016). In principle, the Green Deal's payback mechanism, combined with the 2011 Energy Act which prevented landlords from refusing ‘reasonable’ requests from tenants for energy efficiency improvements should have helped overcome the split-incentive problem that persists in the private rented sector, where upgrading the energy efficiency of the dwelling is the responsibility of the landlord, yet tenants receive the benefit through lower energy bills and increased internal warmth (Ambrose, 2015; Leicester and Stoye, 2016). However, the Green Deal failed to deliver even a small proportion of its promised energy efficiency measures, and Government backing of the scheme was withdrawn in 2014. While other frameworks have undoubtedly increased energy efficiency in many deprived communities, it is highly likely that other groups of people in need of fuel poverty alleviation measures are overlooked. Indeed, such frameworks do not measure people's specific circumstances (Rosenow et al., 2013). Specifically, when considering findings from schemes in Austria and Belgium where energy efficiency improvements in the private rented sector were associated with 4.4% and 3.2% increases in rents respectively (European Commission, 2013; Carroll et al., 2016), there is a fear from tenants that requesting energy efficiency measures may lead to rent rises (Ambrose et al., 2016). This combination of cost burden and fear may deter those who are not classified as ‘deprived’ from requesting and taking-up energy efficiency measures.

In the UK, a widely accepted definition of fuel poverty was provided by Boardman (1991), which states that fuel costs should be no higher

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than 10% of income in order to maintain a satisfactory heating regime (recently defined as 18 °C in all parts of the house; [Public Health England, 2016](#)). The work of [Hills \(2012\)](#) provides a general review of Fuel Poverty in the UK, proposing a ‘low income, high costs’ approach to defining fuel poverty, identifying households who spent more than the median level on fuel costs, and by doing so were left with residual incomes that placed them below the official poverty line ([Li et al., 2014](#)). This approach has been adopted as the official fuel poverty measure for England in 2012 though Wales, Scotland and Northern Ireland retain the 10% measure of fuel poverty ([DECC, 2016](#)). As such, the fuel poverty concept is highly complex and presents difficulties for policy makers, as it covers not only the physical properties of the housing stock, but also the socio-economic status of the occupants residing in within the property ([Middlemiss, 2016](#)). The Warm Homes and Energy Conservation Act of 2000 set out targets for the UK Government to eliminate fuel poverty in vulnerable households (defined as households with at least one member over 60 years old, living in rural areas, or long-term disabled<sup>1</sup>) by 2010 and from all households by 2016 ([HM Government, 2000; Middlemiss, 2016](#)). The reality is that, over the past 10 years fuel poverty has increased from 1.7 million households in 2001 to 4.4 million (2.5 million using the 2012 Hills definition) by 2010 under the 10% definition ([DECC, 2013](#)). Within national and local governments, the setting of fuel poverty appears to be poorly understood, often confused between being either a purely environmental, or social problem ([Rosenow et al., 2013](#)).

The construct and measurement of fuel poverty also by-passes student groups, a key demographic often living in low quality housing. Indeed, Fuel Poverty policy has been historically focused on: elderly populations; increases in seasonal mortality rates ([Healy, 2003; Chard and Walker, 2016; Ambrose et al., 2016](#)); financial pressures on those with fixed incomes such as pensions, who are more likely to be paying a higher tariff for their energy due to prepayment meters ([Ofgem, 2015](#)).

The recent trend of expansion in Higher Education in the UK since 1992 has created a massive demand for term-time accommodation for students in the UK, where the majority of full-time students live away from the family home ([Hubbard, 2008; Smith and Hubbard, 2014](#)). In conjunction with this, the UK has experienced rapid growth in the number of buy-to-let landlords, who have moved in to providing private rented accommodation to young adults (including both professionals and students) in City Centre locations ([Leyshon and French, 2009; McKee et al., 2017](#)). The majority of students live in relatively old housing stock, i.e. constructed pre-1991, which is energy inefficient and requiring infrastructure improvements to make them more thermally efficient ([Li et al., 2015](#)), but is also characterised by high turnover of tenants. This reduces incentives for landlords to invest in these improvements as well as reducing incentives for the student tenants to demand those ([Li et al., 2015](#)).

This paper investigates the extent to which students consider energy efficiency and fuel poverty concerns into their accommodation decision-making. The study also assesses the perceptions of the fuel poverty phenomena by students’ population, in an attempt to gain insights about incidence and awareness of the issue. The remainder of this paper is organised as follows: in the next section, the literature background is presented, focused on previous studies both about fuel poverty and on students’ living conditions.

## 2. Fuel poverty: students in private rented accommodation

To date renting privately is still a minority option in the UK which

<sup>1</sup> [Ofgem \(2008\)](#) recognised a number of other groups that may be vulnerable, including those with low levels of literacy, or without a good command of English making it difficult to engage with suppliers, those without a bank account and are restricted in their payment method, lacking easy internet access and unable to access information on new tariffs, those living in poor housing that is hard to heat; and those restricted by their landlord from switching supplier.

accounts for just 18% of households, but there is a clear exception to this pattern in from the student population, where a niche market has developed in the last decades ([Rugg et al., 2002; Li et al., 2015](#)). The student rental market is characterised by intensive concentrations in ‘student areas’, high demand for multiple occupancy accommodations, short-term contracts and an ability to adapt to any type of property ([Rugg et al., 2002](#)). Within the private rented sector in England there are concerns about poor conditions, particularly at the bottom end of the market ([Kemp, 2011](#)). The Green Deal struggled to attract uptake despite the benefits of interventions directly benefitting owner occupiers ([Marchand et al., 2015](#)), and marketing this type of scheme to landlords remains a difficult proposition, described by [Hope and Booth \(2014, p. 374\)](#) as a situation where ‘many landlords simply do not view that there is any benefit from undertaking energy efficiency measures, as it is the tenant, not the landlord, who pays the energy bills’. This situation is exacerbated for student populations due to the short-term nature of student tenancies that reduces their bargaining power with landlords over any sort of improvements (including energy efficiency ones) to these properties. Whilst tenants may request energy efficiency improvements, landlords are not obligated to fulfil them, and unhappy tenants can end up searching for alternative accommodation ([Hope and Booth, 2014](#)).

The Energy Performance of Buildings Directive (EPBD; 2002/91/EC), stipulates energy performance requirements for both new and existing buildings ([European Commission, 2003; Dixon et al., 2014](#)) and the production of Energy Performance Certificates indicating current and potential energy efficiency levels ([Watts et al., 2011](#)). These directives only apply to self-contained dwellings and do not apply to Houses in Multiple Occupancy (HMO), which are accommodations that are let on a room-by-room basis ([Bouzarovski et al., 2012; Bouzarovski and Cauvain, 2016](#)), a common tenancy choice for student groups. The UK Government is providing further incentives to private landlords by providing tax reductions as part of the Landlord Energy Saving Allowance (LESA) of up to £1500 per property for the implementation of energy-saving measures, including: cavity wall and loft insulation; solid wall insulation; draught-proofing; hot water system insulation; floor insulation ([HM Government, 2016](#)). Landlords are increasingly viewing higher energy performance standards as part of marketing a property and potentially increase the renting value ([Dixon et al., 2014](#)). This drive however does not appear to have proliferated into the student market.

### 2.1. Recording fuel poverty

There are no clear definitions or guides to fully identify what is meant by the term ‘fuel poverty’, particularly due to determining what constitutes ‘income’ ([Moore, 2012](#)). For example, should this be gross income, net income, housing costs, or should an equalised income measure be used for determining fuel poverty? In practice, the UK Government used average fuel prices in their calculations, significantly underestimating the risk of fuel poverty since those on lower incomes are more likely to be on pre-payment meters which are the most expensive way to pay for utilities. Any financial-based efforts to measure the incidences of fuel poverty in the student population are likely to be undermined by the lack of economic capital that students possess. Student incomes are likely to be small, based on part-time, discontinuous, precarious and seasonal employment, supplemented by parental support and a system of student loans and credit cards ([Smith and Holt, 2007](#)). Parental support can vary to a very large extent, and even be absent in some cases. By the late 2000s, over 80% of students were taking out loans to cover their tuition and living expenses, a figure expected to grow, both in extent and value given the rises in tuition fees up to £9000 ([Harrison et al., 2015](#)). Students from low income and disadvantaged backgrounds can gain financial assistance from Universities and funding bodies, and a range of sporting and academic grants and scholarships are also available. Therefore accurately quantifying student income can be problematic, particularly given the

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