

Disabled people's extra burden of energy

A WPI Economics report for Scope

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Our focus is on important social, environmental and economic policy debates, such as the future of the green economy, productivity and growth, levelling up and mental health. We are driven by a desire to make a difference, both through the work we do and by taking our responsibilities as a business seriously. We are a Living Wage employer, currently working towards BCorp accreditation.

ABOUT SCOPE

We're Scope, the disability equality charity. We won't stop until we achieve a society where all disabled people enjoy equality and fairness. At home. At school. At work. In our communities.

We're a strong community of disabled and non-disabled people. We provide practical and emotional information and support when it is needed most. We use our collective power to change attitudes and end injustice.

We campaign relentlessly to create a fairer society. And we won't stop until we achieve a society where all disabled people enjoy equality and fairness.

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Headline findings

Our analysis in this short briefing note shows that disabled people have to allocate a higher proportion of their overall spending to paying for energy and that this impacts heavily on their living standards. Overall, compared to otherwise equivalent households that do not include a disabled person, households that include one or more disabled people face an extra burden of energy that is worth £317 per year.

Our analysis shows that action to tackle this extra burden of energy would support an increase in living standards for many disabled people. For example, support of £5 per week (equivalent of £260 per year) for disabled people living in the least well off 40% of households, would reduce poverty amongst disabled people by 80,000 and reduce deep poverty amongst disabled people by 105,000.

Introduction

A forthcoming report by WPI Economics finds that disabled people face an extra burden in their daily lives; that of higher spending on essentials. Compared to otherwise equivalent households that do not include a disabled person, households that include one or more disabled people allocate a higher proportion of their spending to essential items such as food and energy.

This matters. Alongside spending on additional items and services that disabled people often need, it reduces the amount that they are able to spend on discretionary items and impacts negatively on their living standards.

This extra burden on disabled people has been exacerbated by the cost-of-living crisis, which has led to large increases in the cost of essentials and, in particular, the price of energy. In October 2022 the energy price cap rose by 80%, with the average household spending an additional £1,570 more per year on gas and electricity.¹

This short briefing summarises analysis from WPI's forthcoming report and focuses on the impacts of the extra burden of energy – one part of the overall extra burden of essentials that disabled people and their families face.

Results

Households that include a disabled person allocate more of their spending to energy.

Households that include one or more disabled people allocate 8% of their spending to energy. This compares to 5.7% for households that do not include a disabled person. Although this difference of 2.3% might seem small, it is substantial in financial terms.² For the average household, it is equal to £12.18 per week, or £634 per year.

Table 1: Monetary and percentage spend on energy for households that include one or more disabled people versus households that do not include a disabled person by equivalised income quintile.

	Households that include one or more disabled people		Households that do not include a disabled person	
	£ spend on energy (per week)	% spend on energy	£ spend on energy (per week)	% spend on energy
All people	24.40	8.00	23.55	5.70
By income quintile (equivalised)				
Lowest income quintile	22.55	11.90	21.15	9.50
2	23.60	8.65	21.75	6.75
3	23.90	6.40	22.85	5.45
4	25.35	5.10	23.80	4.60
Highest income quintile	29.45	4.50	26.55	3.85

Source: WPI Economics analysis of Living Cost and Food Survey

By taking account of differences in demographic characteristics, we can calculate the “extra burden of energy” for disabled people. It amounts to a significant sum over the course of a year.

Whilst this difference in proportion of spending is informative, it does not capture the fact that households that do and do not include disabled people have different characteristics, which might impact on their spending choices. This means that to understand what the actual extra burden of energy on disabled people is, we need to take account of these by undertaking regression analysis that controls for different socioeconomic and demographic characteristics.

Our analysis indicates that the extra burden of energy for disabled people stands at £6.10 per week, or £317 per year (see Table 2). For households in the bottom two equivalised income quintiles, this extra burden is between £4.05 (bottom quintile) and £5.80 (second quintile) per week. While smaller than that of the average household, the extra burden of energy on low income households makes up a considerably larger share of their overall expenditure. It is disabled people living in low income households who bear the heaviest burden.

Table 2: The extra burden of energy on households that include one or more disabled people by equivalised income quintile.

	Extra burden of energy on households that include one or more disabled people (per week)
All	£6.10
By income quintile (equivalised)	
Lowest income quintile	£4.05
2	£5.80
3	£7.00
4	£6.85
Highest income quintile	£6.85

Source: WPI Economics analysis of Living Cost and Food Survey

Reducing or eradicating the extra burden of energy would be effective in reducing poverty amongst disabled people and their families

We then used modelling of poverty rates to understand the impact of the extra burden of energy on living standards, for working-age households that include a disabled person.³ Our analysis indicates that a £5 per week (equivalent to £260 per year) reduction in the extra burden of energy for disabled people in the bottom two unequivalised income quintiles⁴ would lift 70,000 people out of poverty and 85,000 people out of deep poverty. This would amount to a total reduction in the extra burden of energy for disabled people in the bottom two unequivalised income quintiles of £1.0bn per year.

If instead it were possible to support all disabled households in this way, our analysis indicates this would reduce disabled households extra burden of energy bills by £1.9bn over a year. Poverty would fall by 150,000 and deep poverty by 105,000.

Recommendations

There are a range of measures that the Government and energy sector could take to reduce the impact of the extra burden of energy on disabled people. Our forthcoming report outlines a package of potential measures to tackle this and the broader extra burden of essentials faced by disabled people. Key to this will be:

- The introduction of a *social tariff* for energy for disabled people, like the one already proposed by Scope and other organisations.
- Linking this to a new scheme providing finance and support to fast-track retrofitting of disabled people's homes and take up of smart technology to improve their energy performance rating in order to reduce energy bills.

Method

Our work to understand the differences in spending between disabled and non-disabled people has used the Living Costs and Food Survey (LCFS); an annual survey of around 6,000 UK households, designed to allow a detailed record of spending to be captured and analysed. To ensure we had a sufficiently large sample to provide robust analysis, we pooled three years of data up to 2019/20.

We used a standard linear regression to estimate the difference in proportional expenditure on energy between disabled and non-disabled households. Our model controls for a wide range of different socioeconomic and demographic characteristics. As far as possible with the existing data, this allows us to compare 'like-for-like' across different households. Estimates of the extra burden of energy from this analysis were then updated to account for inflation in the price of essentials and energy since 2019/20. In this way, our estimates of the extra burden on disabled people capture the additional inflationary pressures that disabled people have experienced during the cost-of-living crisis.

ENDNOTES

¹ For example, see: <https://www.london.gov.uk/city-hall-blog/rising-energy-prices-latest-advice> Accessed 09/11/2023.

² Estimates of proportional expenditure on energy are based on data published two years before the cost-of-living crisis. In this respect, it is important to consider that it is likely that *a*), proportional spend on energy has increased for all households as result of energy price inflation and *b*), disabled people have seen an even greater increase in their proportional spend on energy since their medical needs may not allow them to regulate or reduce their energy usage in the same way as people who do not have a disability.

³ We have excluded pension age households for this analysis: the policy context for increasing incomes for this group is materially different.

⁴ Note here that we have assumed this support is provided to families based on their unequivalised incomes. Whilst basing it on equivalised incomes would more effectively target those most in need, in practice, it would be hard to design a policy intervention that was based on this, whereas there is already precedent for basing support on individuals' or families' (unequivalised) income levels.