



The hardest hit: Impact of the energy crisis

UK FUEL POVERTY MONITOR 2021-2022



Action for Warm Homes



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Executive summary

National Energy Action (NEA) and Energy Action Scotland (EAS) are the UK's national charities aiming to end fuel poverty. For two decades, we have published an annual investigative report on progress to eliminate fuel poverty across the UK and within each of the four UK nations: the UK Fuel Poverty Monitor (UKFPM).



This year's UKFPM considers the causes and impacts of soaring energy prices on UK households. The report investigates the responses to the current 'energy crisis' across the four nations and the roles that different actors are playing this winter to help support fuel poor households. It also seeks to highlight the actions that are still needed to help mitigate this current crisis, as well as averting the worst impacts from future price spikes.

The report has been informed by a Call for Evidence (CfE), which gained responses from 119 respondents covering the breadth of the UK, as well as drawing on wider engagement with stakeholders through one-on-one meetings and crucially we drew on the direct experience of people who are living through the crisis. The real-life experience of households is contained within six case studies that each tell a different story, but with a common thread. Fuel poor households have borne the brunt of this crisis. Finally, polling of the general public has been carried out to gain a representative view of the report's findings and conclusions.

The report findings are stark. The personal impacts of high prices on households are exceptionally acute. For households on the lowest incomes, living in the least efficient homes, **the impossible cost of this essential service is devastating.**

With deficit budgets and nothing left to ration, the poorest households are facing desperate conditions. Forced to live in one room, because that is all they can try and heat. Eating cold food because they cannot afford to feed the meter. Often going without energy entirely, to the acute detriment of their health and wellbeing. Self-rationing. Self-disconnecting. Falling into overwhelming debt. The severity of the situation has prompted the energy crisis and its impacts to be one of the most prominent public policy challenges facing the UK in recent history.

Our polling suggests that 81% will ration energy this winter, while 55% are already rationing hot water, and 13% are reducing use of medical equipment.

Many of the most vulnerable households are falling through the gaps of national or local assistance schemes, receiving little or no support to get them through the most egregious situations. The research considered the actors beyond the UK Government who can contribute towards helping fuel poor households across the UK, and identified roles that regulators, energy companies, local authorities, landlords and health practitioners can each take to help low-income households stay warm and safe this winter.

We have also found that, despite the exceptional efforts of hundreds of local and national organisations that are on the frontline of the current crisis, there are unprecedented capacity issues to deal with the volume and complexity of cases. Even before the spike in demand which winter typically prompts with shortfalls in the systems, tools and resources needed to support vulnerable people through the current extreme difficulties.

Our research has made conclusions around **six themes:**

1. Households living on the **lowest incomes**, in the least efficient homes are being hardest hit.
2. Households falling into multiple intersecting **categories of vulnerability** are being disproportionately affected.
3. Households using **prepayment meters** have faced the biggest challenges accessing support and are at acute risk due to self-disconnection.
4. Organisations across the sector have stepped up support to help households through the crisis, but there are unprecedented **capacity challenges** to deal with the volume and complexity of cases.
5. The scale of current national support is unprecedented but the hardest hit **require deeper, targeted support.**
6. Recognition has grown that we must accelerate a fair and **affordable transition to net zero** to abate this emergency and avoid future crises.



1.



1. Households living on the lowest incomes, in the least efficient homes, are being hardest hit

Few of us will be unaffected by these energy price rises. However, fuel poor households often live on the lowest incomes and in the most inefficient homes. This overlap means the ‘average’ impact of price rises is magnified for people with the least space in their budgets to cope. As well as the acute financial impacts, households are seeing huge negative consequences for their health and wellbeing.



2.



2. Households falling into multiple intersecting categories of vulnerability are being disproportionately affected

While all low-income households are feeling a significant strain during the crisis, impacts go beyond those receiving means-tested benefits, and are felt most acutely by those households that have intersecting categories of vulnerability. These households are not caught by traditional identification measures and new ways of finding vulnerable households are required.

In particular, those households that have both a low income and have a medical condition or in need of powered medical equipment at home; these are most at risk of the worst impacts of living in a cold home but have not been provided with adequate support.

3.



3. Households using prepayment meters have faced the biggest challenges accessing support and are at acute risk due to self-disconnection

Millions will accrue a debt to stay warm or ration their usage to avoid falling behind with bills. However, those with prepayment meters often do not have a choice. If they cannot afford to top up, they will lose access to energy entirely by self-disconnecting.

Prepayment customers using older, legacy meters have faced the most challenges in accessing support compared to other payment types and have higher costs of energy compared to direct debit customers. The latest government statistics indicate that only 65% of vouchers have been redeemed¹, meaning there is a risk the households needing this support the most could miss out.

4.



4. Organisations across the sector have stepped up support to help households through the crisis, but there are unprecedented capacity challenges to deal with the volume and complexity of cases

Despite the exceptional efforts of hundreds of local and national organisations that are on the frontline of the current crisis, there has been an unprecedented volume and complexity of cases. This is even before the spike in demand which winter typically prompts with shortfalls in the systems, tools and resources needed to support vulnerable people through the current extreme difficulties.

The report finds there are also other key actions that regulated entities such as energy suppliers, energy networks and landlords need to enhance to meet their statutory obligations as well as the conditions that have been set out for them by their regulators in licence conditions. Regulators, local government, energy companies, landlords and health practitioners cannot affect the price of energy or the direct financial support afforded to households. However, they do each have interactions with people that are vulnerable to the impacts of fuel poverty, and should look to give advice, signpost, and use the resources at their disposal to help those that would otherwise be left behind.



5.



5. The scale of current national support is unprecedented but the hardest hit require deeper, targeted support

Direct UK Government support for households to date has totalled £40bn but vital resources have been poorly targeted, and many households are falling through the gaps of assistance schemes, or the level of support is not sufficient. Income support has also been welcome but is likely to be defrayed over a number of essentials including food and rent, each of which has also seen significant increases in price during the crisis.

Despite the promise of milder weather, from April these challenges will grow with some current support mechanisms dropping away and others made less generous.

6.



6. Recognition has grown that we must accelerate a fair and affordable transition to net zero to abate this emergency and avoid future crises

The impact of high energy prices has been badly exacerbated by the poor energy efficiency standards that millions of low-income households have to endure at home.

While there may be a limit to the number of homes that could be upgraded in any given year, each home that can be made more energy efficient will be much more resilient to the severity of this crisis and other future price shocks. There should be a plan to upgrade as many homes as possible. In the longer-term, decarbonising homes with a fabric first, worst first approach is the best way to shield low-income households from the impacts of future price spikes.

Despite this stark situation, the report finds that the route to a warm and safe home this winter and beyond is rooted in solutions that are well-known and well-trodden. Using the evidence we have collected from our clients, stakeholders and the general public, the report makes recommendations across **five key areas** to overcome the challenges that are faced in the short, medium, and longer-term to help the most vulnerable people in society through the energy crisis and beyond:

1. Better identifying of the households that require **financial support**.
2. **Providing specific support** to prepay households so that self-disconnections can be minimised in the medium-term.
3. Ensuring that those most affected by the crisis are the **priority** for future support.
4. Providing support for fuel poor households **from organisations** beyond the national governments.
5. Accelerating a **fair and affordable transition** to net zero to abate this emergency and avoid future crises.



1. Better identifying of the households that require financial support

UK Government should use existing powers to allow energy suppliers to target government support on households vulnerable to the impacts of fuel poverty. This targeting should include all means-tested benefits, disability benefits, bereavement support payments, carer's allowance and attendance allowance.

UK Government should include eligibility criteria for support schemes that use energy supplier data, including households that use a prepayment meter, households that are in debt to their supplier, and households that have a debt repayment plan with small monthly payments (implying a low ability to pay back a debt).

UK Government should use all of its legal data-sharing powers to ensure that future financial support for energy bills can be targeted to those most in need. This could, for example, help them to target support on households with low EPC scores, households with health conditions, and households with low incomes. If current powers do not go far enough, new legislation should be explored.

To ensure that support can be targeted on vulnerable prepayment customers:

- **Ofgem** should work with suppliers to identify households that self-disconnect.
- **Ofgem** should work with energy suppliers to develop a package of additional support for vulnerable energy consumers for the remainder of this winter, and in advance of next winter.
- **Ofgem** should work with energy suppliers to introduce a 'financial vulnerability flag'.



2. Providing specific support to prepay households so that self-disconnections can be minimised

To reduce the number of legacy prepayment meters being installed:

- **UK Government** should assess whether the current process for issuing warrants to install prepayment meters fully takes into account the vulnerability of the household.
- **Energy suppliers** should agree to a temporary moratorium on new prepayment meter installs (including remote switches of payment mode for smart meters) this winter unless requested by the customer.
- **Ofgem** should ensure that medically vulnerable households are moved away from prepayment meters.
- **Ofgem** should proactively enforce the New and Replacement Obligations.
- **BEIS and Ofgem** should direct suppliers to prioritise replacing legacy prepayment meters in their smart meter rollouts.

To address the price structure of energy for prepayment customers:

- **HM Treasury, BEIS and Ofgem** should work together to reduce the levels of standing charges for prepayment customers this winter, and bring prepayment prices down in line with direct debit prices.
- **HM Treasury** should move the cost of failed suppliers into general taxation.
- **HM Treasury** should ensure that from April, the targeted Energy Price Guarantee results in no standing charges for prepayment customers.

To address the debt burden for prepayment customers:

- **UK Government** should consider how to help accelerate the repayment of utility debts through a new debt repayment matching scheme.
- **Ofgem** should more actively enforce the 'ability to pay' licence conditions.
- **HM Treasury** should provide financial support to help clear the debt of prepayment customers that are vulnerable to self-disconnection.

3. Ensuring that those most affected by the crisis are the priority for future support

UK Government should urgently consult on a mandatory social tariff to begin in April 2024, or sooner if practicable, to provide an affordable price of energy for low-income and vulnerable households. The focus of this should be to ensure that the targeting of such a scheme goes beyond just those households that receive means-tested benefits.

HM Treasury should ensure that any underspend on the Energy Bills Support Scheme be recycled to help those households that have missed out on the benefits of the scheme. This will reduce the number of households falling through the cracks of support.



4. Providing support for fuel poor households from organisations beyond the national governments

Ofgem should:

- **Work** with energy suppliers to develop a package of additional support for vulnerable energy consumers in advance of this winter.
- **Reduce** standing charges for prepayment users.
- **Proactively enforce** all vulnerability-related licence obligations.
- **Investigate** how price protection might be possible via a new mandatory Social Tariff.

The Northern Ireland Utility Regulator should explore the introduction of a Northern Ireland Warm Home Discount Scheme.

Energy suppliers should:

- Ensure call centres are adequately resourced and skilled.
- Enhance visibility and accessibility of current assistance available to their customers.
- Ensure that ability-to-pay processes are fully embedded across all relevant teams, promote a range of debt repayment options, and help customers reduce problem debt.

Energy networks should:

- Enhance visibility and accessibility of current assistance provided by RIIO-funded schemes.
- Develop or update advice resources for those in or at risk of fuel poverty to signpost wider support available.
- Train and resource frontline staff to identify financial vulnerability and fuel poverty risk factors when carrying out their operational duties within domestic premises.
- Work with energy suppliers to consistently identify financial vulnerability through the PSR.
- Review priorities within business plans, CSR partnerships and programmes to better address fuel poverty.

Local governments should:

- Enhance awareness and accessibility of relevant crisis support funds.
- Provide information and advice on the wider support those most at risk of fuel poverty can access via energy suppliers and other key agencies.
- Use central government energy scheme grants to help those most at risk and improve the energy efficiency of council housing stock.
- Enforce existing regulations on energy efficiency and property standards in the private rented sector.

Housing providers and private landlords should:

- Social landlords should enhance tenants' knowledge of where they can access support (nationally or locally) to help manage their energy bills.
- Social landlords should train and resource social housing provider tenant liaison staff to identify financial vulnerability and fuel poverty risk factors.
- Private landlords should enhance tenants' knowledge of where they can access support (nationally or locally) to help manage their energy bills.
- **Landlords should** improve the thermal efficiency and property standards up to statutory requirements in the private rented sector.

Health practitioners should:

- Identify patients most at risk of a cold home and refer to others who can provide support.
- Ensure staff are properly trained to address the health risks associated with cold homes.
- Identify the local support available to make improvements to homes and help patients to access such support.
- Ensure people who are vulnerable to health problems from living in a cold home have a plan for how to tackle the problem before they return home from a health setting.
- Support the wider implementation of NICE Guidance.

5. Accelerating a fair and affordable transition to net zero to abate this emergency and avoid future crises

Governments across the UK should commit (and importantly, spend) more funding to decarbonise fuel poor homes:

- In England, the UK Government should increase the funding envelope within the Home Upgrade Grant scheme by £1.4bn to 2025 to match the commitment made in the Conservative Party manifesto to support fuel poor homes in the least efficient properties.
- In Wales, the Welsh Government should increase fuel poverty funding to £325m to 2025, as per the recommendation from the Future Generations Commissioner for Wales.²
- In Scotland, funding to improve the energy efficiency of fuel poor homes should increase to £522m to 2025.
- In Northern Ireland funding totalling £440m³ should be committed to 2025 to ensure that all fuel poor homes can reach EPC C to 2030.

Governments across the UK should extend the regulations in the private rented sector minimum energy efficiency standards so that all private landlords upgrade their properties to EPC C by 2028.

Governments across the UK should replicate the PRS standard so that there is an equivalent standard for social housing.

Structures to address fuel poverty should be introduced in the devolved nations:

- **Welsh Government** should introduce a statutory 2035 fuel poverty target and corresponding milestones for 2025 and 2030.
- **The Northern Ireland Assembly** should publish a new Fuel Poverty Strategy.



Fuel poverty across the UK nations

Changes to the number of fuel poor households

Since the winter period of 2020/21 energy prices have soared from an average of £1,042. They are now being set at £2,500, more than doubling in the space of just two years. It is estimated that 6.7m UK households are now living in fuel poverty, up from 4m two years ago. When the Energy Price Guarantee increases to £3,000 for the typical household in April 2023, it is expected that the figure will increase to 8.4m.

Because of the rapidly changing price for energy, some of the traditional methods for measuring fuel poverty are no longer fit for purpose. This short section considers how to measure fuel poverty in such a crisis and makes an estimate for the current level of fuel poverty, and how this might change as prices shift over time.

UK-wide legislation defines fuel poverty as “a member of a household living on a lower income in a home which cannot be kept warm at reasonable cost”. While our understanding of fuel poverty is still consistent across the four nations of the UK, it is now measured in different ways. These are explored later in this

section. Because they are all different, and they often rely on old data, there is utility in using a separate methodology to describe the scale of fuel poverty in the UK as a whole. To do this NEA has used an alternative methodology to estimate the scale of fuel poverty across the UK. We have based our estimates on the 10% definition of fuel poverty which gives a realistic picture of the scale of the issue when we have volatile energy prices. As of winter 2022/23, we estimate that the number of households in fuel poverty across the UK is 6.7m. This estimate takes into account the £400 Energy Bills Support Scheme as well as the Energy Price Guarantee.

These estimates are similar to estimates by the Resolution Foundation, for what they call ‘fuel stress’, which considers households who spend more than 10% of their income after housing costs on energy. This metric is broadly in line with the way that fuel poverty is measured in Wales, Scotland, and Northern Ireland. Resolution Foundation’s figure was marginally higher than NEA’s estimate, owing partly to the fact that like Wales, they do not exclude households from the metric with higher incomes. The figure, however, is broadly commensurate with our own.

The following sections describe the individual, official fuel poverty metrics and targets for each of the four UK nations. These metrics are all different to our headline UK metric, meaning that the numbers are not comparable.

England



Metric

A household is deemed to be living in fuel poverty if they:

1. Live on a low income (less than 60% of the median income).
2. Live in a house that has an EPC of worse than C.

Target

For all fuel poor households to reach EPC C by 2030 as far as is reasonably practicable (statutory).

For all fuel poor households to reach EPC D by 2025 as far as is reasonably practicable.

For all fuel poor households to reach EPC E by 2025 as far as is reasonably practicable.

Progress towards the fuel poverty targets and milestones			
Target/ Milestone	2010 Progress	2018 Progress	2020 Progress
2020 Milestone (EPC E or above)	Target Missed		
2025 Milestone (EPC D or above)	64.6%	86.8%	90.1%
2030 Target (EPC C or above)	14.6%	44.4%	52.1%

Wales



Metric

A household is deemed to be living in fuel poverty if they need to pay more than 10% of their full household income to maintain a satisfactory heating regime.

A household is in severe fuel poverty if they need to pay more than 20% of their full household income to maintain a satisfactory heating regime.

A household is at risk of fuel poverty if they need to pay between 8% and 10% of their full household income to maintain a satisfactory heating regime.

A household is in persistent fuel poverty if they are classed as fuel poor in two of the last three years.

Target

No households are estimated to be living in severe or persistent fuel poverty as far as reasonably practicable.

Not more than 5% of households are estimated to be living in fuel poverty at any one time as far as reasonably practicable.

The number of all households 'at risk' of falling into fuel poverty will be more than halved based on the 2018 estimate (i.e. an estimated 144,504 households).

Progress towards fuel poverty targets		
	Target	Current (2022)
In fuel poverty	At most 5% by 2035	Up to 45%
In severe fuel poverty	0% by 2035	Up to 8%
At risk fuel poverty	At most 72,250 households by 2035	Up to 15%

Scotland



Metric

A household is deemed as living in fuel poverty if:

In order to maintain a satisfactory heating regime, total fuel costs necessary for the home are more than 10% of the household's adjusted net income (after housing costs), and if after deducting fuel costs, benefits received for a care need or disability and childcare costs, the household's remaining adjusted net income is insufficient to maintain an acceptable standard of living.

The remaining adjusted net income must be at least 90% of the UK Minimum Income Standard

to be considered an acceptable standard of living. If more than 20% of net income is needed the household is defined as being in extreme fuel poverty.

Target

No more than 5% of households should be in fuel poverty.

No more than 1% of households should be in extreme fuel poverty.

Progress towards fuel poverty targets			
	Target	Current (2019)	SG Estimate September 2022 ⁴
In fuel poverty	<15% by 2030, 10% by 2035, 5% by 2040	24.6%	40%
In extreme fuel poverty	<5% by 2030, 3% by 2035, 1% by 2040	12.4%	37%
The median fuel poverty gap	£350 by 2030, £300 by 2035, £250 by 2040	£750	Not available

Northern Ireland



Metric

A household is considered to be in fuel poverty if, in order to maintain a satisfactory level of heating (21°C in the main living area and 18° C in other occupied rooms), it is required to spend in excess of 10% of its household income on all fuel use.

A household is considered to be in severe fuel poverty if it needs to spend more than 15% of income on all fuel use.

Target

There is no live fuel poverty target in Northern Ireland.

Progress towards fuel poverty targets		
	Target	Current (2022)
In fuel poverty	No live target	45%

1. Introduction

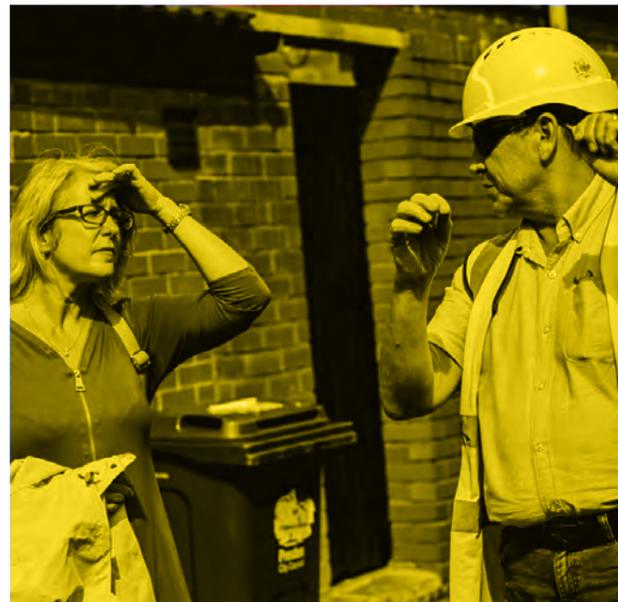
National Energy Action (NEA) and Energy Action Scotland (EAS) are the UK's national charities aiming to end fuel poverty. For over two decades, we have published an annual investigative report on progress to eliminate fuel poverty across the UK and within each of the four UK nations: the UK Fuel Poverty Monitor (UKFPM).

While in previous years this annual publication has focused on how fuel poverty interacts with the narratives of the day, this year fuel poverty is the focus itself. Last year we were able to take a longer lens view, considering the links between fuel poverty and decarbonisation and focusing on how the drive to decarbonise domestic heating can be harnessed to alleviate fuel poverty across the nations. While this is still extremely important in the current context, the scale of the situation has been dwarfed by the impending situation this winter.

Over the last year, energy prices have soared, and the average energy bill this winter will be unrecognisable compared to winters gone by. Since October 2021, there has been an unprecedented rise in the cost of domestic gas and electricity in the UK. In April 2022, an increase in the energy price cap, which restricts the price of energy that suppliers can charge households, meant average bills increased from £1,277 to £1,971 per annum. From October 2022, energy prices will be capped at a level such that a typical home can expect to pay £2,500/year for energy. This support will last until April. This will nonetheless represent a doubling of energy costs in less than a year, and we estimate that 6.7m households are now in fuel poverty this winter, unable to keep their homes comfortably warm and safe at an affordable cost.

This year's UKFPM focuses on the causes and consequences of, and solutions to, the energy crisis. It analyses the historical causes of the crisis and early attempts by national and devolved governments across the UK to provide support to households,

and tracks changes in the number and proportion of fuel poor households in the UK up to the winter of 2022/23. It then looks at the impacts of the crisis on fuel poor households, exploring how the crisis has deepened and accelerated levels of utility debt, as well as mental and physical ill health. It examines the extent to which these impacts have been disproportionately felt by different vulnerable groups, arguing that those on prepayment meters and with intersecting or overlapping vulnerabilities to fuel poverty have been the worst affected – and will continue to be the worst affected, if further action is not taken. To this end, the final part of the report investigates the actions that need to be taken, and by whom, to support fuel poor households through the coming winter and ultimately end the energy crisis.



To inform our analysis, in August 2022 we issued a Call for Evidence (CfE) to stakeholders across the UK, which received 119 responses. The CfE was circulated across sectors such as energy supply, distribution and installation; local, regional, and national governments; health and social care; housing; not-for-profits and charitable organisations. The CfE aimed to explore the views of our stakeholders and members on

the energy crisis, particularly on its impacts and potential solutions. Most importantly, most of the organisations that responded to our CfE count fuel poor households among their clients and customers, and we therefore asked several questions about how the crisis was affecting, and would continue to affect, the people whom they work with and support on a daily basis. Put differently, our CfE was partly an intelligence gathering exercise on how the crisis is impacting people across the UK, and we have channelled the views and experiences of fuel poor households via the organisations that support them into this work.

To support our analysis further we interviewed representatives from governments, regulators, and consumer advocacy groups to understand their views on the causes and consequences of the crisis. We also conducted interviews with fuel poor and vulnerable households to understand more about how the crisis was impacting them, which we have incorporated into this report as case studies. Throughout, we have also referred to examples or case studies of fuel poor households submitted by CfE respondents. All case studies are anonymised to protect the identity of households and, where appropriate, the CfE respondents who submitted their stories. As always, we are enormously grateful to all of our CfE respondents for taking the time to submit their views and experiences to us, and to those respondents who kindly responded to our requests for further evidence and information.



2. The energy crisis – a background

2.1 Timeline to date

The energy crisis first became apparent during the summer of 2021, when wholesale prices began to surge. The timeline below shows the events since then that had a significant impact on energy prices and vulnerable energy consumers. Developments in NI are indicated by a **green** colour.



2.1 The causes of the crisis

The energy price crisis has been almost exclusively driven by increasing gas prices but exacerbated significantly by the number of energy suppliers that failed as a result of the rapidly increasing price of gas. These **two causes** are considered below.

High wholesale prices

Wholesale prices have risen significantly since the summer of 2021. The rises have come about through **two phases**:

- 1. Before the invasion of Ukraine**, where prices were driven mostly by low wind output, higher than average demand, and a reduction in other types of energy generation.
- 2. The invasion of Ukraine**, where the price of gas has been substantively driven by geopolitics and low gas storage levels.

Before the Ukraine invasion, the cost of gas increased significantly. In September 2021, prices had reached historic levels, driven by a number of factors. Firstly, demand for gas after the pandemic increased substantially, with markets in Asia in particular driving competition for a limited amount of gas.

Additionally, output from wind generators across the UK was consistently low in the autumn of 2022, meaning that demand for gas was increased, as this gap in generation had to be filled at least in part by gas generators. In normal times, that would not be a significant issue, but in September 2021 over 17GW of generators were offline across Great Britain; 22% of the entire fleet. This included five nuclear generators being offline (three of which were unexpected), and an interconnector being offline due to a fire.

This accounted for the majority of both the October 2021 and April 2022 price rises.

After Russia invaded Ukraine in February 2022, increases in the wholesale price of gas have largely been driven by several responses to the war. Sanctions on Russia, and the Russian response to these economic restrictions, has led to Russia cutting flows of natural gas into Europe, constraining gas supply and putting upwards pressure on the wholesale price of natural gas.

This has been compounded by historically low levels of stored natural gas across Europe, which came about because of supply and demand pressures during winter 2021/22. The natural gas price increased almost exponentially over the course of 2022. This affects not just the retail price of gas, but the electricity price too, as the wholesale electricity price is driven by the cost of generating energy through gas generators.

These huge increases in the wholesale price for energy are the main drivers for the price crisis, but they have been **exacerbated by two other things**:

- **Poor quality housing** in the UK which has inefficient housing stock when compared to its European neighbours.
- **The cost of failed energy suppliers**, which is paid for through an additional levy on energy bills.

These are discussed in turn.



Poor quality housing

In our Fuel Poverty Monitor 2020-21, we investigated the benefits to decarbonising fuel poor homes. We found that fuel poor households are more likely to live in a thermally inefficient home than the average household, something that is particularly marked in Scotland and Wales. Latest statistics show that in Wales in 2018, 43% of households living in properties with poorer energy efficiency (EPC Bands F and G) were fuel poor compared to 5% of households living in properties in bands B to C.⁵ In Scotland, poor energy efficiency standards are the core driver of fuel poverty for households not defined as income poor, especially in electrically heated properties and rural properties.⁶

Lower energy efficiency standards shape how badly the crisis is felt by a household for a price cap at the October level, a property at EPC band F would pay approximately 50% more per year than the average household.



Failing suppliers

During the energy crisis, 31 energy suppliers, supplying more than 4m households, have left the energy market, largely because they have not been able to continually finance their activities. When a supplier fails in this way, there are significant costs that are felt by energy customers. This cost includes:

- The protection of credit balances of customers of failed suppliers.
- The cost of maintaining the cheaper tariffs that customers had been on before the supplier failure.
- Any administration costs faced by the supplier that takes on the customer base of the failed supplier.

In February, Citizens Advice said that the overall cost of this to date had hit £2.6bn⁷, or £94 per customer in 2022. That did not include the cost of the biggest supplier to fail, Bulb. Bulb was placed under a Special Administration Regime, meaning that it could no longer finance its activities, but instead of being forced to exit the market was essentially taken over by the UK Government. In March, the Office for Budget Responsibility said that this would likely come at a cost of £6.5bn⁸. This cost will be covered through increases to energy bills.

3. Impacts of the crisis

3.1 The impacts of the crisis on fuel poor households and their coping strategies

9 in 10
 CfE respondents said it is likely that fuel poor households will ration their energy use this winter as a result of the energy crisis

94%
 of CfE respondents said it is likely that fuel poor households have fallen or will fall into unmanageable debt this winter



95%
 of CfE respondents said energy is much less affordable for the fuel poor households they work with or support since the beginning of the energy crisis

97%
 of CfE respondents said they expect the number of fuel poor households to have increased significantly across the UK since the start of the energy crisis



The coping strategies of fuel poor households

With high prices, we and our partners have seen our clients turn to more extreme, and in many cases dangerous or illegal, coping strategies to stay warm at home, or avoid getting into debt. We have polled the public to determine the coping strategies that households use. Below are the results.



In the autumn of 2022, households told us that over the winter they would:

- 88% Put on more layers at home
- 81% Leave heating on for less than usual (i.e. rationing)
- 77% Turn thermostat down
- 69% Heat fewer rooms than usual
- 41% Go to bed earlier than usual for warmth
- 41% Turn the heating off completely, even when it is cold inside
- 30% Spend less time at home to avoid spend on heating (i.e. times in libraries/public transport etc)
- 18% Use their oven for heating
- 16% Use improvised fuels in a fire (stated fuels were clothes/books/waste/furniture)

Households also told us that they had already (at least weekly):

- 55% Reduced their use of hot water
- 25% Chosen to eat cold meals to reduce energy cost
- 20% Used candles for lighting
- 13% Reduced the use of medical equipment
Cooked at a friend/relative's house
- 11% Showered away from home
- 10% Limited participation in outdoor activities to reduce the need to wash
- 9% Turned their fridge/freezer off
- 9% Taken laundry to a friend/relative's house
- 8% Sent children to live with a relative

The poorest households told us that they had taken extreme measures to pay their energy bills

- 23% Cutting back on essential items to pay
- 17% Using savings to pay energy bills
- 15% Selling personal belongings
- 11% Borrowing money from friends/family
- 11% Asking their supplier if they can make a reduced payment
- 5% Raising money through unconventional means, including gambling

Energy rationing and coping strategies

Faced with spiralling costs, stagnating incomes that do not keep pace with inflation, and negative budgets, fuel poor households will commonly ration their consumption to try and make ends meet. This is sometimes referred to as the ‘heat or eat’ trade-off, but more accurately reflects a far more complex situation where household budgets and spending exist in a state of perpetual (or worsening) precarity, uncertainty, and scarcity.⁹ In this context, the heat or eat trade-off is underpinned by the notion that energy, (hot) water, and food consumption have an inherent flexibility and elasticity, which can be controlled (and therefore rationed) by a household. Energy, (hot) water, and food are therefore among the first forms of household consumption that are rationed to save money if a household is experiencing financial difficulty, typically requiring a relentless micromanagement of bills and household expenditure which can cause considerable stress, worry, and anxiety.

In addition to rationing heat, food, light, power, and other household essentials, it is recognised that fuel poor households engage in alternative practices

Energy

9 in 10 respondents said it is likely that fuel poor households will ration their energy use this winter as a result of the energy crisis.

In our CfE, we asked respondents how likely or unlikely they felt it was that different vulnerable groups, as discussed in the previous section, will ration their energy use over the winter of 2022/23. However, we also asked this question for fuel poor households in general. CfE respondents agreed that the majority of rationing practices and coping strategies identified by NEA research and frontline advice services were both occurring now, and likely to occur in the winter of 2022/23. To explore this, in our CfE we asked respondents how often, in their experiences of supporting fuel poor households through the energy crisis to date, their clients/

to attempt to access some standard of warmth, cleanliness, nutrition, and comfort. NEA has tracked the development of these ‘coping strategies’ through our research activities and frontline advice services for several years. The necessity of engaging in such practices to try and meet basic human needs is in itself an indicator of fuel poverty. Almost all without exception these practices are experienced by households as exhausting, stigmatising, and humiliating, contributing to mental and physical ill health and excluding people from ordinary living patterns, customs, and activities.¹⁰ Often, coping strategies can pose a significant risk to health and life, such as when gas ovens are used to heat kitchens¹¹ or extension cables are daisy chained to a plug socket exterior to the home to access electricity.¹² Part of our research this year has therefore focused on understanding the prevalence and impacts of common coping strategies during the energy crisis, as well as identifying and defining new coping strategies that have emerged. This section explores the findings of this work with reference to energy in general, and subsequently to four key areas: heat, power, (hot) water, and food.

customers were engaging in several different rationing practices and coping strategies. We also asked how likely it is that their clients/customers would engage in each of the practices and strategies over the winter of 2022/23. The following sections break these results down into four components: heat, power, (hot) water, and food.



Heat

99% of respondents said their clients were only heating one room of the home or avoiding central heating altogether.

The rationing of heat and its associated coping strategies are numerous and complex. In many cases, heat rationing can simply be defined as having the heating on lower or less often than one would like to save money. In this definition, turning a thermostat down one degree could be seen as a form of heat rationing. However, for fuel poor households, heat rationing is typically more nefarious, and the inability to keep a home warm leads not only to severe health consequences but also to a range of harmful coping strategies.

What has sometimes been termed ‘spatial shrink’ is among the most common, which refers to situations where households will only heat and occupy one or certain rooms of the house to try and keep warm while saving money.

We were told by CfE respondents that households turn to many different coping strategies to stay warm, avoid debt, or both:

- Avoiding use of central heating (if they have it) and using secondary appliances such as gas fires and plug-in electric radiators to minimise energy costs while concentrating as much heat as they can in one room.



- Going to bed to stay warm.
- Spending the day in heated spaces such as public transport, cafes, and A&E departments.
- Using candles for heat as well as light.
- Changing sleeping patterns to sleep during the day when it is warmer.
- Asking if their gas can be capped off to avoid using it (where households were living in social housing).

The use of unsafe, un-serviced, or inappropriate appliances to stay warm was also prevalent in responses:

- Most said their clients were using unsafe, un-serviced, or inappropriate appliances to stay warm (61%).
- Almost a quarter said they had heard of clients burning furniture, flooring, and other items like clothes in open fires to try and keep warm (23%).

Using heating methods such as these dramatically increases the risk of carbon monoxide poisoning and, through the emission of other particulates, can aggravate respiratory and other health conditions. Fire and Rescue Services across the UK are reporting heightened concern about practices prompted by unaffordable energy that are increasing both the risk of fire but also carbon monoxide poisoning.

“I visited a client who was only able to sit in the kitchen and was using her oven for heat. The house was full of damp and the client suffered from COPD. There was a fully working heating system, but the client was frightened to use it due to increasing fuel bills.”

Energy adviser, Wales

Power

As well as heat, power is often rationed. Rationing the use of mains lighting and using alternative lighting was described by several CfE respondents, especially the use of candles. Beyond this, one referred to a client they had supported “relying on battery operated fairy lights as her main lighting to save electricity”.

Rationing light can be a health risk for households that need good lighting to accurately perform daily medical tasks (e.g. using an EpiPen), or for households that are partially sighted.

“I am partially sighted. Turning off my lights puts me in danger of tripping. The rise in energy and food costs leaves me and my two children with the tough decision whether to turn lights on or eat.”

Client testimony submitted by a charity, working across the UK



(Hot) Water

CfE respondents also reported instances of households rationing water, both in relation to the consumption of hot water and water more generally. Coping strategies included:

- Washing and bathing less at home to avoid using hot water (90%).
- Showering and washing in public facilities (e.g. leisure centres) to avoid using hot water at home (60%).

We were told that there was an expectation that this would carry on into the winter. One respondent remarked that “mothers are having to make children share baths and showers, or go without these, to make the gas and electricity last longer”.

The way in which water is rationed differs between households; some cut back on heating water specifically while continuing to use some mains water, with others cutting back on water entirely, hot or cold.

Self-Disconnection

Across Great Britain, more than 4m households use a prepayment meter, and about half of these are still reliant on old, legacy meters that require topping up through making a physical purchase at a shop. Between June and September 2022, 7 in 10 prepayment meter users reported difficulty in affording their energy.¹³ One awful consequence of using a prepayment meter is ‘self-disconnection’, meaning that when the meter runs out of credit, the household loses access to energy until they can top up again.

While in many instances, this self-disconnection is a consequence of forgetting to top up, or maybe going on holiday, for hundreds of thousands of households across the country, they self-disconnect because they cannot afford to top up. Prepayment customers are disproportionately low income, with more than half having an income of less than £18,000/year.¹⁴ According to Citizens Advice in 2018, there were 140,000 households self-disconnecting each year due to affordability issues. More recently, but before the large price rise in April 2022, they have said that self-disconnections from within their client base had doubled.¹⁵ It is expected that self-disconnections will be a severe problem within the energy sector this winter.

Debt is a significant issue for prepayment customers, and it exacerbates self-disconnections. Households are often moved onto prepayment meters because of a pre-existing debt, which is often taken from each top-up. And while a prepayment customer is self-disconnected, standing charges, currently at an all-time high, accrue as a debt that must be cleared before energy can be accessed again. Energy suppliers have a licence obligation to take all reasonable steps to identify on an ongoing and continuous basis whether that domestic customer is self-disconnecting, and to offer them support, taking into account whether or not they are vulnerable, including assessing their debt repayment plan.

CfE respondents regularly reported issues with self-disconnection and debt. One housing provider told us that they have had properties abandoned with prepayment meters left with hundreds of pounds worth of debt showing the extent of the dire situation that exiting residents were in.

We heard from respondents that for those on electricity prepayment meters and who are self-disconnecting, the choice of coping strategies, like

whether or not to turn on lights is not a choice at all. Households self-disconnecting from electricity supply are simply unable “to run a fridge, have lights on, or eat food”, as one respondent put it; “the usual £20 top up has become £50.” In the dark, cold, hungry, and alone, candles and batteries will be the only sources of light and power for millions of households this winter.

Our own advisers, as well as CfE respondents, therefore, have consistently reiterated that low-income prepayment customers face the worst impacts of the energy crisis, often losing access to energy altogether, and regularly living without heat or power at home.



“I have got several clients who are already in debt which is just increasing as they can’t even afford to pay for usage, let alone reduce the debt. I have got several clients with prepay meters which take £6+ per week towards debt, so when they can only afford to top up £20 per week, only £14 of that actually goes towards energy bills”

Charity, England

Food

The majority of CfE respondents (87%) said their clients were only eating cold meals at home to avoid using electricity

Households are rationing food and other essential items to try and save money. This is usually done in one of two ways:

- Rationing direct expenditure on food and essentials or rationing heat and power in situations where they are necessary for food consumption, primarily cooking. Across the board, we and our stakeholders are finding that our clients are cutting back on buying essential items including food to save money, with foodbank usage becoming the norm for millions of households. This was attributed by the vast majority of our stakeholders at least partially to skyrocketing energy prices.
- Only eating cold meals at home to avoid using electricity. We have been told that clients are only purchasing food (e.g. ready meals) that required heating up in microwaves or toasters, switching off fridges and freezers to minimise baseline electricity consumption, and eating only tinned vegetables to avoid using the hob to boil fresh ones.

Joint research from NEA and the Food Foundation¹⁶ has found the following impacts arising from the intersection of food insecurity and fuel poverty on young parents and adults:

- **Babies** living in colder temperatures require more calories for growth and, without this additional nourishment, they are more likely to have lower than average weight gain and dietary deficiency as young children.
- **Children** living in households experiencing food insecurity and fuel poverty have higher rates of asthma, as well as other severe respiratory problems. Children who are unable to access a healthy diet also have an increased risk of obesity or medical issues like headaches, stomach aches and backaches, as well as having difficulties sleeping. Children growing up hungry are also twice as likely to be anxious compared to their peers who get enough to eat.
- Adolescents growing up cold and hungry face stigmatisation, social isolation, and feelings of helplessness, which can negatively impact

on educational attainment and social mobility. Teenagers that are going hungry and live in a cold home are more likely to suffer severe depression or attempt suicide.

- **Lone parent** households and households where the age of the youngest member is under 5 are at the highest risk of experiencing fuel poverty. Households where the age of the youngest member is 11-15 live in the deepest fuel poverty.
- **Parents** living in fuel poverty are much more likely to develop depression compared to parents who live in a warm home. Adults who are trying to cope with food insecurity and economic hardship may be extremely stressed, this can affect the way they interact with and are able to care for their children.

In addition, respondents reported that unsafe cooking practices were occurring on some occasions and including the use of cooking with alternative sources such as BBQs to save money. Used indoors, cooking methods such as this risk carbon monoxide poisoning and health risks in the same way that using unsafe heating methods does.



Kathryn's Story

Kathryn is a single parent, living in the Midlands with her two daughters and two dogs. She lives in an old, three-bedroomed social housing property with gas central heating. The property is at the upper end of EPC Band D, and Kathryn says it keeps the heat in well. However, looking forwards to the winter of 2022, she doesn't think she is going to be able to afford to have her heating on at all.

Kathryn is one of millions of prepayment meter customers dreading the months ahead. She has a legacy prepayment electricity meter, and a smart gas meter. She self-disconnected from supply during the winter of 2021, and in the summer of 2022 received support from NEA with top-up fuel vouchers because she was struggling to keep her meters in the green, even in the warmer weather. She was putting roughly £30 on her electricity meter every fortnight, and paying £55 a month for her gas, despite not using her heating and strictly ensuring that she minimised her electricity use wherever possible.

Now, with rising costs across all areas of her life, Kathryn is increasingly finding that her income barely covers her essential outgoings. She is too ill to work, and receives Personal Independence Payments (PIP), Carer's Allowance for one of her daughters, as well as other forms of means-tested income support. Her mobility is severely limited - she describes herself as "riddled with arthritis" - and it is therefore especially important for her to keep warm at home.

When we spoke to her after the price increases of 1 October 2022, she described with horror the impact of the new standing charges on her gas and electricity meters and told us how she was "wearing loads of layers of clothing, a pair of leggings, a pair of trousers, two jumpers, and two throws, just to sit in my own house." She still has some of the prepayment credit left from her fuel vouchers and her first credit from the Energy Bills Support Scheme but said that "this winter is going to be even worse" than the previous one. With the rate her meter is consuming the credit, she knows it is only a matter of time before she self-disconnects again, placing the health and wellbeing of her and her daughters in peril. "I just don't know what I'm going to do", she said, thinking about the prospect of no heating and no electricity in her home. "I'm always in pain, but daren't put my heating on."

As well as the universal support, Kathryn has received a large chunk of the UK Government's targeted financial support, including the £150 Disability Cost of Living Payment and the first lump sum of the £650 Cost of Living Payment. Reflecting on their impact, she said "it's a good thing, but they didn't even break the surface for me." Kathryn said she needs further help if she is going to spend the winter warm and free of pain at home and told us the three things she knew would help. Firstly, she said she needs further financial support to prevent her from self-disconnecting, and that two more payments of £150 would help her enormously. Secondly, she said it was "disgusting" that there had not yet been a commitment to raise benefits in line with inflation in April 2023 and said this had to happen for her to be able to pay for her outgoings in the future.

Finally, even with these two points, she said that her energy costs would still be too high for her to stay warm and safe at home. Kathryn said she simply needs her energy costs to not be so high, something a social tariff - targeted at households like hers - would help to achieve.



Debt

The energy crisis will have, and is having, a catastrophic impact on levels of energy debt. Ofgem data from September 2022 shows that a sharp increase in the number of gas and electricity accounts in arrears has occurred since the beginning of 2022. Specifically, the number of domestic customers who were repaying a debt to their supplier at the end of Q2 2022 was the highest in recent history, with the total number increasing to 1,450,771 for electricity, 5.0% of all customers, and 1,139,469 for gas, 4.7% of all customers (see Figure 1).¹⁷ Furthermore, Ofgem data also shows that the average level of arrears also reached unprecedented levels over the winter of 2021/22 (see Figure 2).¹⁸ All indicators suggest that this trend is continuing. For example, in July 2022, StepChange reported that the proportion of clients they helped with gas and electricity arrears reached its highest ever level.¹⁹ This is not just true for energy customers. Research by Ofwat carried out in 2022

revealed that over half of water bill payers believed they would struggle to pay a utility bill over the coming year, rising to 7 in 10 if there were children in the household.²⁰

CfE respondents were unanimous that levels of debt would continue to rise into the winter of 2022/23. Overall, 94% of CfE respondents believed it was likely that fuel poor households have fallen into unmanageable debt or will fall into unmanageable debt in the winter of 2022/23. To cope with this, we were told that clients were borrowing money from friends or family to make ends meet (93%). We were also told of using overdrafts, illegal lending services (i.e. loan sharks), and Buy Now Pay Later (BNPL) services to afford their bills. This has also been noted in research undertaken by the Vulnerability Registration Service.²²

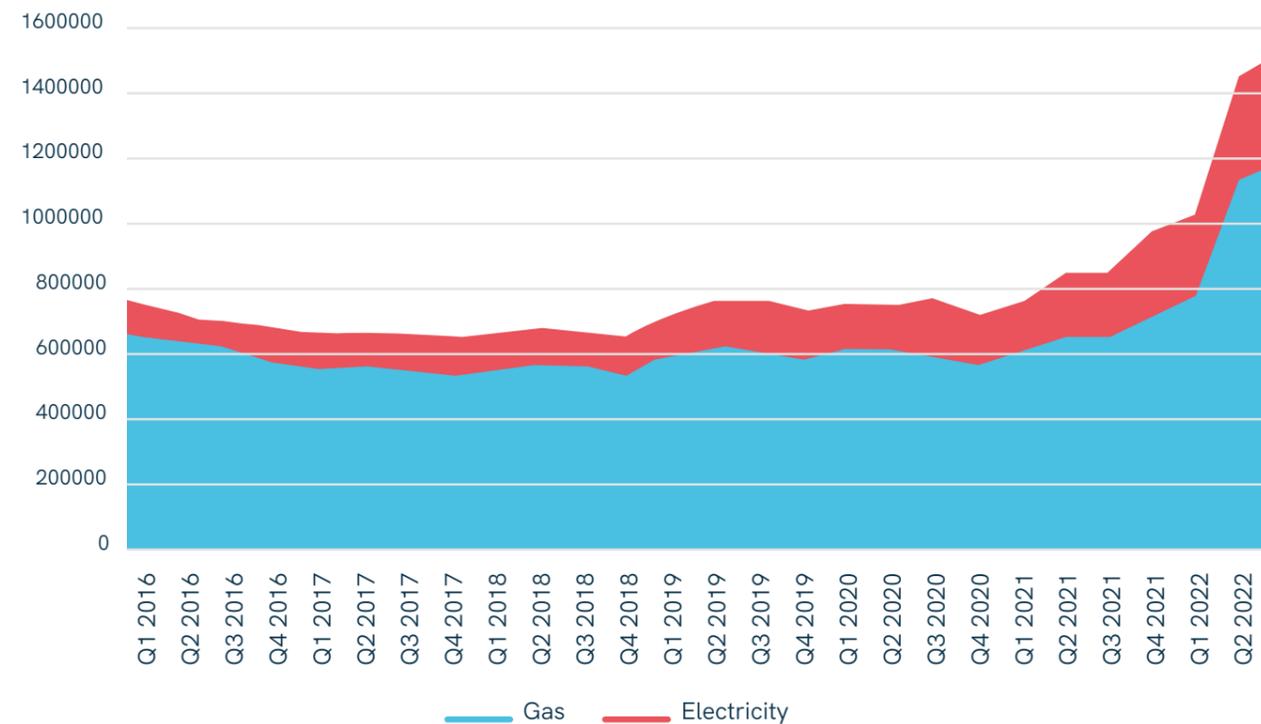


Figure 1: Number of accounts with a consumer repaying an energy debt, as of Q2 2022.²¹



Figure 2: The average customer debt level where there is no arrangement to repay the debt.²³

Scott's Story²⁴

Scott is a lone parent who is registered on the Priority Services Register, and in receipt of benefits, including Personal Independence Payment. He is a client with the National Debtline, which is supporting him because he is in arrears with his supplier.

Scott's supplier wants to increase his direct debit to £250 per month, despite his electricity usage standing at £80 a month. They told him that £250 was the lowest amount they could accept, with the only other option being the installation of a prepayment meter. Scott agreed to the direct debit increase because the supplier threatened him with a court order to install the prepayment meter. Now, Scott's direct debit has failed because he does not have the required amount available in his bank account.

Glenda's Story²⁵

Glenda is a lone parent with health issues, in receipt of benefits and with a new baby in her home. She has a prepayment meter and is in arrears with her supplier. The rate of recovery on her meter has been reduced from over £40 per week to £16 per week, but this is still leaving Glenda short on money to pay for food and her households bills. Now, her supplier is refusing to reduce the rate of recovery any further for arrears on the meter. She has used up all the emergency credit on her meter and has been forced to turn to the National Debtline for help with food and fuel vouchers.

Health

The impacts of fuel poverty, debt, energy rationing, and coping strategies on health are considerable in usual circumstances. Previous research has consistently demonstrated the links between cold homes and health conditions, especially musculoskeletal, cardiovascular, and respiratory conditions, as well as conditions related to mental ill health.²⁶ A recent systematic review of evidence from across the globe concluded that fuel poverty is associated with “poorer general health, poorer mental health, poorer respiratory health, more and worse controlled chronic conditions, higher mortality, higher use of health services and higher exposure to health risks, with worse results for vulnerable groups across dimensions of inequality.”²⁷ Moreover, cold homes are linked to the development and/or exacerbation of cold-related illnesses, especially in winter, and contribute directly to excess winter deaths, hospitalisations, and wider pressure on health and social care services.

Respondents to our CfE overwhelmingly agreed that the mental and physical health impacts of the energy crisis will be negative this winter. This correlates with a review conducted by the Institute for Health Equity, which concluded that growing levels of fuel poverty over the winter of 2022/23 amounted to a humanitarian crisis, especially for several of the vulnerable groups: households with children, those on low incomes, living with disabilities, and black and minority ethnic groups.²⁸ Respondents to our CfE highlighted how the health impacts of the crisis are affecting households they work with – both over the summer of 2022 and in the following winter.

Physical illness

CfE respondents were clear that the impact of the crisis on physical health will be acute. One respondent noted that “people will become physically unwell because of an increase in damp and mould”, and wider research has consistently shown that cold and damp homes are linked with the development and exacerbation of cold-related illnesses, especially respiratory illnesses such as asthma.²⁹

These impacts are pernicious for babies and children who are more than twice as likely to suffer from a variety of respiratory problems as children living in warm homes.³⁰ Households with colds, flus, and

musculoskeletal conditions are already seeking advice about the coming months, worried that their conditions would become unbearable over winter. Several CfE respondents were also concerned that households reliant on essential powered medical equipment would ration their electricity use to the point of becoming severely ill and requiring admission to hospital.

Diet

Research has shown that “one of the clearest and most immediate impacts of being in poverty is an inability to buy nutritious food.”³¹ As demonstrated previously, rising energy costs translate directly into various forms of food rationing, and food insecurity contributes to health inequalities in cancer and numerous cardiovascular diseases.

Research by the Food Foundation has highlighted the damaging impacts of restricted diets on children; children who are unable to access a healthy diet have an increased risk of obesity, stomach ulcers, and collapsed bowels, and more commonly experience headaches, backaches, and stomach issues.³² Furthermore, recent research has shown that using a prepayment meter is associated with lower fruit and vegetable intake, establishing a robust link between prepayment meter usage and unhealthy food consumption.³³

Food and fuel rationing also combine to shape health inequalities at the beginning of the life course; babies living in colder temperatures require more calories to grow, and if additional nourishment cannot be accessed or afforded, they are more likely have lower than average weight gain and dietary deficiency as they grow up.³⁴



Stress, anxiety, and mental wellbeing

The links between fuel poverty, mental ill health, and debt are well established. For example, a recent pathbreaking quantitative study, using longitudinal data from UK Government surveys, concluded that there are more pronounced associations between fuel deprivation and mental rather than physical health functioning.³⁵ Recent research has shown, for example, that parents living in fuel poverty are much more likely to develop depression compared to parents who live in a warm home,³⁶ and fuel poverty has also been associated with higher levels of stress and anxiety.³⁷ This was echoed by CfE respondents who highlighted the mental health impacts of the energy crisis particularly strongly. In many cases, the actions taken by energy suppliers to recover debt or increase direct debit payments were described as acutely exacerbating these situations. In turn, CfE respondents suggested this was having, and would continue to have, two detrimental knock-on effects.

1. Feelings of social isolation, stigma, and powerlessness. This has been noted by other research³⁸, and in our CfE, we were told that clients were not inviting friends or family to their home (83%)
2. Self-harm and suicide. Previous research has observed the connections between debt, self-harm, and suicide.³⁹ However, no study we are aware of has demonstrated a link between fuel poverty and self-harm. It was, however, raised consistently by our stakeholders, with real examples given, not just speculation. This is one of the most worrying findings we have found in this edition of the Fuel Poverty Monitor. These testimonies correlate with the experiences of frontline staff at NEA, who also noted a rise in mentions of suicidal feelings from clients from the summer of 2022.



One respondent said: “I have had a client break down and sob for the entire appointment whilst saying she just didn’t care, ‘they’ could have it all, and she didn’t want to be here any longer. I have also had one client who told me he was sorry he couldn’t give me any more readings as he wouldn’t be here on Monday, as he had just had enough.”⁴⁰

Charity, Scotland

Another respondent said that: “I have already had two clients tell me directly that they feel suicidal due to rising energy bills, both single males who are unable to work due to physical and/or mental health.”

Charity, England



Colin's Story

Colin lives in a private rented property in Wales and has done for nearly seven years. Before that he was homeless. He is in his late 50s, suffers from multiple physical and mental health conditions, and is in receipt of Income Related Employment and Support Allowance (ESA) and Personal Independence Payment (PIP). When he spoke to us, Colin described himself as having lived through some of the worst crises in modern times but said that nothing compared to what was happening in the UK at that moment.

Just prior to the Covid-19 pandemic, Colin had a stroke, after which he was in an ICU for a month before being moved to a rehabilitation facility. Unwell and unable to walk, he eventually returned home to learn he had fallen into £1,000 worth of debt with his energy supplier while he was in hospital. This began a vicious cycle of indebtedness that has contributed to the worsening of his health. Most recently, in the summer of 2022, Colin was visited by a debt collector after again falling into arrears, and although he was able to pay some of this off, he was still in debt to his energy supplier when he spoke to us. Colin knows that he might not be far away from being one of the 225,000 people predicted to be forced onto a prepayment meter over the winter, putting him in danger of self-disconnection and risking a further deterioration of his health.⁴¹ "I don't want a prepayment meter", Colin insisted, "I want to pay by direct debit." Colin is appalled by the treatment he has received from his energy supplier, saying that: "They're setting me up to fail. They talk to you as if you're a child, sending people to the door saying you've defaulted. If it happens again, my head will go."

To try and stop his debt increasing further, Colin is cutting back on everything he possibly can. "I have one meal a day", he said. "Everything is so expensive. I don't socialise. I don't have lights on. I haven't got the money." He has already told his three children that "this Christmas is going to be different because I haven't got the money." He has noticed food prices going through the roof, and the week before he spoke to us couldn't afford to pay for a small amount of food shopping because the prices of what he wanted had gone up again. Despite his difficulties, Colin is most worried about others even less fortunate than he is. "People are struggling to eat, people are struggling to heat their homes", he said. "Elderly people are absolutely petrified, and the younger generation need help as well."

Due to his benefit entitlement, Colin has received the £150 Disability Cost of Living Payment and the £650 Cost of Living Payment. He described them as "doing nothing" to help his situation, saying the money was immediately swallowed by his other bills. Looking to the UK Government for help, he said that "at this moment in time, the Government, I don't know where they are." Colin was clear about the help he needed to stay warm and stop himself accumulating more debt over winter, further financial support, whether in the form of "extending benefits until we get out of this crisis" or through a different mechanism. Colin's story emphasises that more financial help is needed for those most at risk over the winter of 2022/23, and that market reforms are urgently required to rewire the endless circuit of debt, ill health, and forced prepayment meter installations.



Impacts arising from suppliers failing

When suppliers have failed, it has not only led to higher energy prices to cover the costs of failing, but it has also led to poor outcomes for energy customers who are transferred from the failed supplier to the Supplier of Last Resort (SOLR). These impacts were felt in several ways.

At a base level, poor customer service was an often-experienced outcome of the SOLR process. 95% of respondents to our CfE found that their clients had difficulties communicating with their new supplier. Many (93%) had been automatically moved to a more expensive tariff or had been offered a fixed tariff that is more expensive than the price cap (88%).

Worryingly, almost all (95%) found that their clients' credit balances had not been transferred in a timely manner. In many cases this caused significant detriment, as households had begun to build up a large credit balance over the summer, in preparation for what was expected to be an expensive winter. They saw this balance evaporate when their supplier failed, with many not seeing it again for more than six months.

Worst of all, in many instances, households lost access to vital protections and fuel poverty schemes that would have otherwise helped them financially such as the Warm Home Discount scheme – a £140 payment for some low-income and vulnerable households (82%). More worryingly, a significant number of our stakeholders (77%) said that debt had often not been transferred to the new supplier and was being collected outside of the regulatory environment of energy supply. Administrators who were collecting this debt are able to do so much more aggressively than energy suppliers, which can lead to unaffordable repayment plans and even repossessions.



Our stakeholders also noted:

- Interoperability issues with smart meters (same as the usual SMETS1 interoperability issues).
- Energy advisers needing to restart old cases/complaints with the new supplier, and encountering difficulties in doing so.
- Suppliers not automatically flagging the setting of direct debits at an astronomical level for new customers brought over through the Supplier of Last Resort process.
- Metering issues and issues with the transfer of meter readings, resulting in large bills when incorrect meter reading used.
- Bills from a new supplier not being received in a timely manner, in some cases resulting in the accumulation of debt and 'shock' bills when they finally did arrive.
- The identity of the new supplier not being communicated to customers in an accessible way.





Martha's Story⁴²

Martha lives in a two-bedroom end terrace, a solid brick property built sometime around 1900. It has gas central heating, a gas shower, and mains electricity. Despite having a smart meter, Martha had always manually recorded her meter readings – something she was very thankful for during her experience of the Supplier of Last Resort (SoLR) process.

Martha was moved to her SoLR when her old supplier entered administration in 2021. Shortly after her switch, she received a gas bill of nearly £1,000 from her SoLR, which was supposed to cover the final billing period with her old, now extinguished supplier. In light of her supplier failure and the intense media coverage surrounding the energy market, Martha and her partner initially believed the bill was a consequence of increasing wholesale gas prices. Shocked and fearing the consequences of debt and potential disconnection, they began rationing their heating, cutting back on food and other essentials, and hunting for funds to pay the bill. As the winter of 2021 approached, they braced for a cold, hungry Christmas while they put every penny they had towards their enormous bill.

Although she felt the bill was correct, Martha realised that the meter reading quoted by her SoLR did not match her own, meticulously kept records. Struggling to contact her SoLR for clarification through their congested customer service telephone lines, she sought help from a charity, who pointed her to her SoLR's customer complaints department. After finally being able to have a conversation with someone from her SoLR, it transpired that her old supplier had given an erroneous final meter reading to her new supplier, and that her smart meter – being an old SMETS1 type – had not been communicating with her SoLR at all.

Martha dug into her records and provided the correct meter reading to her SoLR, after which the final bill of nearly £1,000 was replaced by a bill closer to £200. Later, Martha's new supplier were able to calculate that her original final bill had been produced from a true reading that was actually taken in the summer of 2020, a full year before her old supplier entered administration. Had she not been fastidious with collecting and cataloguing her meter readings by hand, Martha would likely not have realised the £1,000 bill was incorrect and suffered the consequences in winter.

Martha was very lucky, as it is unlikely that all households with a smart meter also take manual readings as carefully as she did. For others in the same situation, hit with shock first bills from their SoLR but unable to correctly identify an erroneous meter reading like Martha did, better procedures and wider reforms to the process are clearly required.



3.2 How different vulnerable groups have been impacted

The impacts of the energy crisis discussed in the previous section do not fall evenly across all households. This section analyses the impact of the energy crisis on different vulnerable groups, based on the findings of our CfE and wider research and analysis undertaken by NEA.

Traditionally, vulnerability to the negative impacts of fuel poverty have been understood in terms of the personal, household, or market characteristics that make it more likely certain groups will come to harm through living in a cold home. For example, the NICE NG6 guidelines on excess winter deaths and illness and the health risks associated with cold homes define a wide range of people as vulnerable to the negative impacts of being unable to heat and power their home, such as pregnant women, people with cardiovascular and respiratory conditions, and older people.⁴³ Eligibility for different support schemes targeted at fuel poor households, such as the Energy Company Obligation (ECO) and the Warm Home Discount (WHD), also make use of similar groupings, which Ofgem terms 'Priority Groups'. Since the definition and adoption of these initial categorisations, a wider range of household circumstances and characteristics have been linked to vulnerability to cold homes, such as those with no or limited access to the internet, those who are lone parents or provide unpaid care, and finally those who are from a minority ethnic group and/or do not have proficiency in the English language.⁴⁴

The energy crisis has deepened the wide range of vulnerabilities to fuel poverty and intensified the negative impacts faced by different vulnerable groups. In our CfE, we sought to gather views on how precisely this is occurring. Our respondents highlighted that all of the groups we asked about were being severely impacted by the energy crisis, but to slightly differing degrees. Our findings are analysed according to six different types of energy vulnerabilities: financial, health-based, compositional, technical, market, and geographical, each composed of different household characteristics and circumstances. In this section we discuss groups of households falling into each type and use evidence from our CfE and wider research to demonstrate the ways in which they are being negatively impacted by the energy crisis.

It should be noted that many household groups discussed in this section could conceivably fall into two or more types of vulnerability. We address this in the following subsection on intersecting vulnerabilities. In each subsection that follows, we analyse the main groups falling into each type of vulnerability, based on evidence from our CfE and wider research. Before this, for groups that we specifically asked respondents about in our CfE, we present quantitative findings on the extent to which our respondents thought each group a) was being impacted by the energy crisis, b) will ration their energy use this winter, and c) have fallen into or will fall into unmanageable debt⁴⁵ in the winter of 2022/23.



Vulnerable group	Severity of the impact of the energy crisis (where 1 is least severe, 7 is most severe) ⁴⁶	Proportion of CfE respondents who thought it was likely this group will ration their energy in the winter of 2022/23	Proportion of CfE respondents who thought it was likely this group has fallen or would fall into unmanageable debt over the winter of 2022/23
Households defined as fuel poor in general	6.7	90	94
Low-income households	6.6	92	94
Private rented sector households	5.6	81	87
Social rented sector households	5.7	86	85
Prepayment metered households	6.3	92	86
Single parent households	6.3	93	92
Households with children	6.1	91	90
Ethnic minority households	5.4	73	72
Households with a long-term illness or disability	6.2	86	88
Households with powered essential medical equipment	6.3	77	84
Households with older occupants (65+)	6	91	83
Households with unpaid carers	5.8	85	84
Households using unregulated heating types (e.g. LPG, district heating, oil)	5.9	84	81
Households in receipt of means tested benefits (e.g. Universal Credit)	6.2	89	93
Digitally excluded households	5.8	79	76

Financially vulnerable groups

Financial vulnerability typically refers to the inability of households to respond to actual or future financial shocks. It can include being in a cyclical and persistent status of low household income, an unexpected loss of income, and/or an unexpected and unmanageable increase in expenditure. The energy crisis represents an increase in expenditure that is placing severe financial pressure on low- and middle-income households, whose only means of responding is to significantly ration their consumption of energy, food, and other essentials, as shown in the previous section.

Those on low incomes, both from low wages and low benefit incomes, are especially vulnerable to the negative impacts of the energy crisis. CfE respondents referenced an ongoing issue whereby neither wages nor benefits were increasing sufficiently to keep pace with rising energy costs and runaway inflation, which soared to 9.9% in August 2022, close to a 30-year high.⁴⁷ Several noted that increases in energy costs were dragging households usually defined as middle or median earning households into fuel poverty. Respondents also frequently referenced households who could be thought of as on the ‘cliff edge’ of government support, such as “those who are in paid employment but not entitled to additional financial support or are just over the threshold for financial support.” Energy and debt advisers who responded to our CfE told us that these households were increasingly indebted and also often in negative budgets, at its simplest a situation where “a client cannot meet their living costs.”⁴⁸

Two final financially vulnerable groups were noted by CfE respondents.

- 1. Those who had experienced a life event.** This can include an event which significantly decreases household income such as redundancy, maternity leave, or the death of the main household earner, or an event that demands an immediate and substantial expenditure to resolve, such as a broken boiler. CfE respondents highlighted those in these situations are especially vulnerable, particularly if they were already on a low household income prior to the event. For this group, they are “only ever a broken appliance or a child needing new shoes away from financial crisis, existing from one payment to the next with nothing beyond the basics”, as one respondent put it.
- 2. Unpaid carers.** Research by Carers UK, for instance, has shown that soaring energy costs are entwining with broader cost of living pressures. This places unpaid carers in an impossible position, with 2.2m unpaid carers worrying about their ability to cope financially due to their caring responsibilities.⁴⁹ One CfE respondent echoed this in their submission of findings from a survey carried out before the increase in energy costs in October 2022, that found that 42% of families with caring commitments said they would be unable to keep their accommodation warm this winter.

“Our experience is primarily that incomes have reduced or stagnated overall, unable to match the increases in energy costs. In particular those on means-tested benefits are more likely to struggle, with a huge (and growing) proportion of this group having their income absorbed by energy costs.”
Charity, working across UK

“We work in Leicester and Leicestershire where there are a lot of people in low-income jobs. We have seen an increase in working families unable to afford rising energy bills. They are in low-income jobs and their budgets are very tight with no disposable income. Their wages have not increased so any increase in bills results in hardship and debt.”
Charity, England

Health-based vulnerabilities

As shown in the previous section, the health impacts of the energy crisis are considerable. However, they are arguably even more so for households with pre-existing health-based vulnerabilities. The NICE NG6 guidelines on excess winter deaths and illness and the health risks associated with cold homes are clear that people with pre-existing health conditions, especially long-term illnesses, disabilities, and longstanding conditions related to respiratory, cardiovascular, and musculoskeletal complications, are especially vulnerable to living in a cold home.⁵⁰ In the present context, these groups are severely at risk of having their illnesses and conditions exacerbated by being unable to heat and power their homes due to soaring energy costs. For several years, it has been



recommended that households with disabilities, long-term illnesses, and other health-based vulnerabilities to the cold maintain a temperature of 23°C in the living room and 18°C in other rooms for 16 hours in a 24-hour period, to maintain good health and wellbeing.⁵¹ If they do not, any health conditions present in the household risk exacerbation, with the possibility of hospitalisation and death in some cases. Indeed, an average of 80 people die every winter as a direct consequence of living in a cold home, and it is estimated that poor and cold housing costs the NHS in England £1.4bn every year.⁵²

Our research has identified two further groups with pre-existing health-based vulnerabilities.

1. Those reliant on powered medical equipment.

Kidney Care UK has estimated that the cost of running a home dialysis machine for a year will be between £814 and a staggering £1,918 per year from October 2022⁵³. Furthermore, a piece published in the British Medical Journal noted that even the most basic essential powered medical equipment can consume 6.15kWh of electricity per day, before factoring in other equipment such as nebulisers.⁵⁴ Additionally, households with electrically powered mobility scooters will see a sharp increase in their mobility costs. CfE respondents were also very worried about the fate of those reliant on powered medical equipment over the winter of 2022/23, with particular concern that benefits do not cover extra costs.

2. People who are terminally ill. Research by Marie Curie has shown that the issues experienced by people with several different terminal conditions (e.g. cancer, dementia, Parkinson's disease), "increases both the need for their house to be heated for longer and the risks to their health if they can't afford the resulting high heating cost."⁵⁵ Dying people, Marie Curie's research concluded, face a vicious cycle of fuel poverty, "they have to spend a lot more to heat their homes sufficiently, which some can't afford, but the consequences of living in a cold home can cause their health and wellbeing to get even worse." The impact of higher energy costs on terminally ill people is therefore extremely damaging, and significantly reduces the possibility of a dignified death.

Vulnerabilities based on household characteristics

It is recognised that some households are more vulnerable to the negative impacts of fuel poverty due to their characteristics. 'Household characteristics' is an amorphous term, which can refer, at the very least, to protected characteristics (e.g. age, sex, race, pregnancy), household composition (e.g. numbers of adults and children in the household), and tenure (e.g. social or private rented). Age, race, and ethnicity were the most discussed groups within the CfE, with respondents also mentioning expectant parents, small households and those in rented homes. How these different groups are impacted is summarised below:

- **Older people (65+), young adults (16-24), and children** were the age groups deemed to be most at risk during the energy crisis by CfE respondents. This was mostly as a result of the intersection of their age with other vulnerabilities, especially financial and health-based vulnerabilities, and because they often spend more time at home and therefore have an additional need for warmth.
- **Ethnicity** - recent academic research has found extensive evidence that people from ethnic minorities face a higher risk of fuel poverty than the rest of the population in the UK. This research



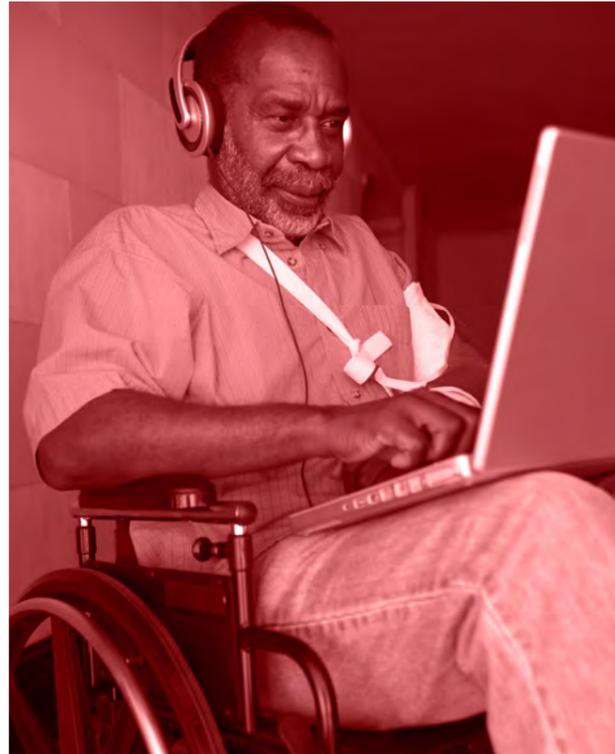
highlighted that the core drivers of this are persistent disadvantages in access to affordable, safe housing, inequities and challenges engaging with the energy market, and a limited policy understanding of the "specific positionalities of ethnic minority communities".⁵⁶ This is supported by recent ONS data, which shows that around 4 in 10 (44%) white adults reported finding it difficult to afford their energy bills, compared with around two-thirds (69%) for Black or Black British adults and around 6 in 10 (59%) Asian or Asian British adults.⁵⁷

- **Pregnant women and/or expectant parents** have been noted as a particularly vulnerable group. For example, the charity Maternity Action has shown that "the failure of maternity pay to keep up with the dramatic increase in the cost of living is driving more and more pregnant women and new mothers into poverty and financial hardship at a time when they need their income to keep up with the costs of a new baby."⁵⁸
- **Single adults and single parents** were frequently noted by CfE respondents and energy price analysis conducted by the Joseph Rowntree Foundation in July 2022 is instructive in demonstrating this. Suggesting that single parents would be paying "almost two thirds of their income just to keep the lights on or cook dinner every day." Staggeringly, their analysis also suggested that "the energy bill for a low-income single adult household is forecast to exceed the entirety (up to 120%) of their income after housing costs."⁵⁹
- **Households that rent** were flagged by CfE respondents as being negatively impacted by the energy crisis. A social landlord submitted evidence to our CfE noting that "12% of our residents admitted they were not able to pay utility bills even before the increased price cap." In the private rented sector, high rents, a higher prevalence of prepayment meters, and poor landlord practices were all discussed by CfE respondents as exacerbating the negative impacts of the energy crisis for tenants. We were also told of concerns that privately renting tenants often find it harder to access government energy support schemes, further exacerbating the issues.

Vulnerabilities based on energy efficiency and dwelling characteristics

As one of the three core drivers of fuel poverty, energy efficiency is a key determinant of the extent to which a household will be particularly susceptible to the negative impacts of the energy crisis. In addition, a second dwelling characteristic identified through our research is the use of unregulated heating fuels:

- **Households living in the least efficient homes** are particularly at risk of high energy costs, and the impacts of high costs that are noted elsewhere in the report. The least efficient homes, with an Energy Performance Certificate rating of F or G, on average use about 50% more energy to achieve the same outcomes of warmth and utility when compared to a household with typical consumption. In England alone, there are still 643,000 households in this category, 191,000 of which live on a low income that is below 60% of the median.⁶⁰ In the coldest months, those that live in inefficient homes who do not pay by direct debit face substantive cashflow problems. Even with the support available this winter, a dual fuel prepayment user living in an inefficient home can expect to pay more than £400 over the course of the month, just to access the energy they need to stay warm and power their home.
- **Users of unregulated heating fuels** are also at heightened risk of detriment as the energy crisis unfolds.
 - o Users of oil and LPG have witnessed price rises of over 100% since the beginning of the crisis. 1000l oil stores are now regularly costing £1,000 and above to top up, which is an impossible capital outlay for low-income and fuel poor households. Moreover, many suppliers often have a minimum purchase number of litres (e.g. 500l minimum). CfE respondents noted that this was a particular risk in Northern Ireland and in rural areas, which are more dependent on oil for heating as they are more likely to be off the gas grid. In addition to oil and LPG, heat network customers have also been severely affected by increasing energy costs.
 - o Heat networks have no price protection in place. The National Housing Federation has reported that heat network operators have faced operating cost increases of up to 700% - much of which is passed through to consumers.⁶¹ Evidence from our CfE points towards less than adequate support given by heat network operators to vulnerable energy customers.



Market vulnerabilities

Market vulnerabilities can be defined in Ofgem's terms. Ofgem defines vulnerability as when a consumer's personal circumstances and characteristics combine with aspects of the market to create situations where he or she is:

- a) significantly less able than a typical domestic consumer to protect or represent his or her interests; and/or
- b) significantly more likely than a typical domestic consumer to suffer detriment or that detriment is likely to be more substantial.⁶²

Our CfE and wider research highlighted four groups, independent of others discussed in this section, that are being negatively impacted by the energy crisis due to exacerbated vulnerabilities to aspects of the energy market:

1. **Households experiencing digital exclusion** are consistently highlighted in our CfE and in wider research as unable to sufficiently engage with the energy market and likely to suffer detriment as a result. Research by NEA, conducted in collaboration with academics and local authorities,

has demonstrated several ways that digitally excluded households lose out in the energy market, from being unable to access digital products and services, to finding it difficult to interact with increasingly digitalised communication channels (e.g. chatbots) used by energy suppliers.⁶³

2. **Households with additional communication needs**, which includes people with disabilities, learning difficulties, visual and hearing impairments, and who do not speak English as a first language. In different ways, these groups require tailored and accessible communication to support them in accessing and engaging with the energy market. Ofgem has noted that accessible and inclusive design principles, for example through assistive technologies that provide people with "a suite of online tools, all available in one location, to allow engagement with the supplier's products and services", are being increasingly adopted by energy suppliers.⁶⁴ However, respondents to our CfE commented that these groups were still struggling to access support as the energy crisis deepened.
3. **Gypsy, Roma, Traveller, and nomadic communities**, which includes communities such as boat dwellers. Recent academic research has exposed the housing and energy needs of these communities, and uncovered how "extreme energy and transport poverty reduce the earning capacity and resilience of Gypsies and Travellers, making them more susceptible to peripheralisation and patterns of spatial injustice."⁶⁵ Evidence submitted to our CfE by a charity supporting these communities revealed that, before the energy crisis began, "Gypsy, Roma, and Traveller people living on sites (around 24% of the population) [paid] as much as 42% more for their energy than those in bricks and mortar accommodation."
4. **Those experiencing mental ill health.** CfE respondents emphasised how pre-existing mental health conditions, especially anxiety, were exacerbating the negative impacts of the energy crisis because they are making it more difficult for people to constructively engage with the market. One respondent, for example, told us that "people with mental health issues are also detrimentally affected as they are less likely to engage with suppliers." This evidence shows that it is not only the case that households are experiencing negative mental health impacts as a result of the energy crisis, but also that those with pre-existing mental ill health are being particularly affected, likely leading to a downward spiral of worsening mental health.

Geographical vulnerabilities

Finally, CfE respondents highlighted that the impacts of the energy crisis are different depending on geographical and spatial factors. This was split into two groups:

- **Households in different nations across the UK.** As discussed in section 4, households in different nations across the UK have received differing levels of support. In particular, residents of Northern Ireland have had significantly less support as a result of the lack of a functioning Northern Ireland executive. In addition to this, energy prices vary by region across GB, with Northern Ireland also paying different prices. This tends to lead to more rural, remote areas paying a premium for more expensive per capita network costs.
- **Households living in colder areas.** CfE respondents emphasised that households in the remotest corners of Scotland were particularly at risk over the winter of 2022/23. One respondent, for example, commented that "people in remote rural areas of north and west Scotland have no mains gas, particularly high electricity prices, particularly bad weather, elderly demographics, low average incomes and a higher cost of living". Broader increases to the cost of living were also described as impacting rural, remote, and island communities particularly severely, especially increases in the cost of petrol and diesel.
- **Households in rural, remote and island areas.** Previous research by NEA has documented at least six ways that the characteristics of rural areas interact to create fuel poverty risk: relatively low household incomes; limited connectivity (digital, transport, and social); limited access to essential services; old and hard-to-treat housing stock quality; socio-demographics, especially ageing populations; and the greater prevalence of more extreme weather conditions.⁶⁶ This tends to translate into higher levels of fuel poverty; in Northern Ireland, for example, 31.6% of all households in rural areas were in fuel poverty in 2016, compared to 22% of the total population.⁶⁷

Intersecting vulnerabilities

Finally, our research has underlined not only that all of the groups we asked about were being severely impacted by the energy crisis, but also that households falling into multiple intersecting categories of vulnerability are being the worst affected. The notion that energy vulnerability is intersectional is well established in academic literature⁶⁸ and is being increasingly adopted in industry practice.⁶⁹ It typically refers to the ways “in which a variety of deprivileging characteristics of a household intersect and further interact with external conditions”⁷⁰ to produce vulnerability. It “explores how vulnerabilities or resilience can be determined by several characteristics intersecting in individuals’ lives.”⁷¹

An ongoing review by NEA into cross-utility approaches to vulnerability has analysed common intersections of vulnerability in this way.⁷² For example, tying together financial vulnerabilities with vulnerabilities related to household composition, Fair by Design have shown that for Black women, there is a higher chance of being a single parent and of working in low paid jobs. They also found that Black, Pakistani and Bangladeshi households are more likely to have dependent children and larger families, and are thus more vulnerable to cuts to Universal Credit.⁷³ NEA’s work has also analysed the intersections between digital exclusion, financial vulnerability, market structures, tenure, and refugee status, showing that relations of identity associated with particular vulnerable groups shape the substance of their relations with friends, family, agencies, and communities in ways that contribute to overlapping forms of digital exclusion and inclusion in the energy market.⁷⁴

Susceptibility to the negative consequences of the energy crisis is therefore more pronounced for some intersecting vulnerable groups than others.

However, responses to our CfE highlighted that while the negative impacts of the energy crisis are especially detrimental for those falling into multiple intersecting categories of vulnerability, this is not necessarily taking place in a way that is formulaic or easily predicted. Respondents, to take two illustrative examples, suggested that “single older people, women in particular, who are also digitally excluded or whose spouses used to deal with bills but have passed away” were especially at risk, or that “older people that use a prepayment meter for their energy and that have specific medical equipment such as ventilators, electric wheelchairs or even fridges for insulin and medication are a primary concern.”

This means that future targeted support should seek to include a wide range of households and use all available types of data to identify those most vulnerable to the negative impacts of the energy crisis. Ways in which this can be achieved are discussed in the conclusions and recommendations of this report.

“Our clients are intersectional, and so individual clients will fall into many of these categories all at once. Often the intersectionality of someone’s identity or experiences makes them more susceptible to difficulties or challenges, as solutions are not always built with them in mind.”

Charity, Wales



3.3 The impact on support organisations

Capacity

The increase in energy prices, and subsequently the number of households struggling with energy bills, has led to higher than usual demand for the services of those organisations that provide energy bill support. NEA’s own experience is that demand for services has outstripped our capacity consistently since the beginning of the crisis, and while that capacity has been increased, it will continue to be an issue through the winter.

“At the start of the energy crisis we experienced a surge in people contacting us for help to make their home more energy efficient. We are also receiving more contact from people who can’t pay their energy bills that are asking us for financial help - this wasn’t a common occurrence prior to the energy crisis.”

Local authority, England

These issues have been felt throughout the sector. Local authorities have told us that they have seen surges of people contacting them to try and make their homes more energy efficient, and to access any financial support that is available – a notable difference when compared to the pre-crisis period. Charities have seen similar situations, with demand for financial assistance payments skyrocketing when prices increased in April 2022.

In addition to capacity, the wellbeing of frontline staff has become very stretched, as the situations that clients find themselves in becomes ever more dire, and demand for services increases seemingly exponentially. As one charity in Northern Ireland told us “the crisis is affecting the emotional wellbeing of our staff and volunteers, feeling it themselves and knowing how much worse it is for our service users.” And such is the severity of the price increase that, some advisers are personally facing similar challenges to their clients.

“We have seen a huge increase in the number of people accessing emergency support through our emergency top-up support scheme. In 2021 we provided 590 payments totalling £32k in Yorkshire alone and £151,649 across the north of England. Since April in the first quarter alone, we have made payments in total of £55,180 in just Leeds and Bradford, so we expect to give out significantly higher amounts in the winter period across our network.”

Charity, England

“I work full time, and have never been in fuel poverty, but for the first year I am in the fuel poverty category. £400 will not make much of an impact to the cost of my energy bills and there is no other help given. I will have no choice but to ration my usage and I have a condition that is affected by the cold. I don’t qualify for any benefits as I work full time and own my own home which was built in 1890 and is not well insulated and need heating to stop damp. I am dreading the winter months along with most of my clients that I visit.”

Energy adviser, Wales

Funding

Alongside issues with the human resources available to meet the demand from households, the funding available to support organisations to provide advice and financial assistance has not been able to keep up with the need that is there.

While a new Warm Home Discount scheme does provide for increases in funding for advice over a four-year period, there is no such increase this winter, the first of the new scheme. Additionally, many aspects of the scheme had not been finalised until the autumn of 2022, making it more difficult to arrange contracts between energy supplier and support agencies to provide energy advice.

Financial assistance has become more sought after by our households, even with the significant support that has been offered by the UK Government and devolved nations. However, Ofgem decided in 2022 to revert the rules of the “Energy Redress Fund” back to the original remit, meaning that support agencies can no longer access funding for financial assistance through the scheme. This gap in funding has not been replaced elsewhere to date.

Tools to help households

Beyond the financial assistance that is available to charities, many of the tools which would usually be in the arsenal of advisers can no longer be relied on to save households money.

In particular, advice on switching can no longer be relied upon to save households money on their energy bills. In a market that once could provide hundreds of pounds worth of savings with a simple switch, pricing in the market is now clustered tightly around the price cap, meaning that minimal savings can be made simply by changing energy supplier.

Additionally, the fruits of energy efficiency advice are ever reducing, as households are already down to the bare bones of usage.



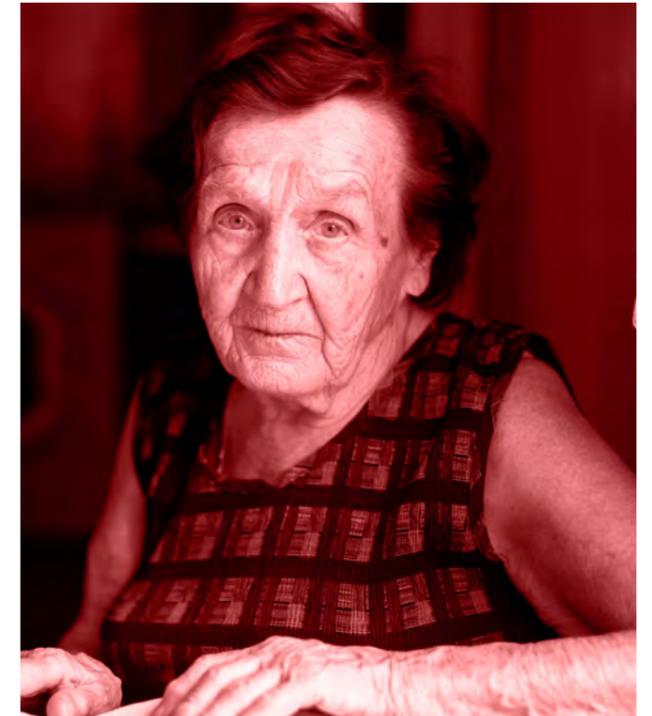
3.4 The impact on energy companies

Energy companies themselves have also felt significant stress during the crisis. In particular, the finances of many energy suppliers have been stretched to breaking point, with the increases in wholesale prices in winter 2021/22 in particular leading to 31 suppliers leaving the market.

Those suppliers that survived were not shielded from financial impacts, and customer service in many cases, has suffered as a consequence. This has led to two sets of enforcement actions from Ofgem.

Firstly, relating to the setting of direct debits, Ofgem found that:

- Over 7m energy consumers on a Standard Variable Tariff (SVT) saw an increase in their direct debit between February and April 2022, before the change of the energy price cap.
- On average, direct debit levels for customers on an SVT increased by 62% in this period.
- 8% of SVT customers seeing an increase (around 500,000 households) experienced an increase of more than 100%.
- There was evidence that some suppliers’ processes are not as robust as they could be, and that this could lead to inconsistent, incorrect, or poor treatment for customers.
- A lack of formally documented policies and processes within some suppliers, which risks inconsistent and poor consumer outcomes.



All but four suppliers were found to have minor or moderate to severe weaknesses in their systems regarding the setting of direct debits.

Ofgem subsequently investigated the treatment of vulnerable households in the market, in particular adherence to rules governing the repayment of debt.

This investigation found that:

- Companies were unable to identify customers in payment difficulty and a lack of help given to those requiring crucial payment plans.
- Five suppliers had some issues in the support they provide, and all of those identified have been asked to submit information to Ofgem, to set out how they will improve.
- Three suppliers had severe weaknesses in how they support customers in payment difficulties as part of the Ofgem review.

This second investigation led to provisional orders for two suppliers, who are required to urgently improve their processes or face enforcement action.

4 Support for households to date

4.1 Solutions implemented to date

Governments across the UK have introduced several different solutions in order to combat the energy price crisis for households. These have come in the form of:

- Universal rebates/payments
- Targeted rebates/payments
- Universal price support
- Uprating benefits
- Crisis funding
- Tax cuts

Each of these is discussed in turn.

Universal rebates/payments

In February 2022, the UK Government announced the first tranche of support to help with the rising cost of living. This included a £200 energy bill rebate called the Energy Bills Support Scheme (EBSS), that everyone would receive. This would be paid for through increased energy bills in the subsequent five-year period. This scheme was originally conceived with the ambition being that every household would receive exactly £200, then pay back £200, effectively

making it a zero-interest loan. This incarnation of EBSS was condemned by consumer groups, who generally said that such a loan was an inappropriate measure for low-income households that would keep prices high for half a decade. The repayment of the £200 was progressive, with low-income households contributing a much higher proportion of their income towards it. The design also created a risk for prepayment users, who would receive their rebate as a voucher. Previous schemes showed that 30% of vouchers in such schemes do not get claimed.⁷⁵ If this was repeated, it would lead to a significant number of prepayment users, often financially vulnerable with very low incomes, seeing no benefit, yet paying back the full costs.

In May 2022, the UK Government changed the EBSS so that it was double the size and would be funded by general taxation. This way of funding the scheme is significantly more progressive. Consumer groups were much more positive about this scheme design than previously. The risk for prepayment households had not been entirely eliminated by this, but had been reduced, as they would not have to pay back the £400 through increased energy costs.



Targeted rebates/payments

In addition to universal support, a string of policies across the nations that offered a flat payment to a targeted set of households has steadily increased over the year.

In the UK, the February cost-of-living package included a £150 council tax rebate for all households in England that have a council tax band between A and D. This was an attempt at targeting the rebate at lower-income households. While some vulnerable households outside of those bandings would be able to access the support through an application, around 640,000 households in England in the lowest three income deciles live in homes in Band E and above.⁷⁶ There was also an issue with getting payments to households who did not pay for their council tax through direct debit. As of July, 3m households had not yet received a rebate, with a cut-off date for payments set for the end of September.

The devolved nations received consequential funding as a result of this support.

In Wales, this funding went towards a similar scheme, with a £150 council tax rebate for those living in a home that has a council tax band of A-D as well as all households in receipt of Council Tax Reduction support. In Scotland, there was also a similar scheme, recipients of Council Tax Reduction regardless of council tax band and to households in council tax band A-D, but instead of a rebate, the money was given as a council tax reduction. This eliminated issues with payments, meaning that qualifying non-direct debit households did not struggle to access support.

In May, the UK Government announced significant further targeted support. This would come in the form of:

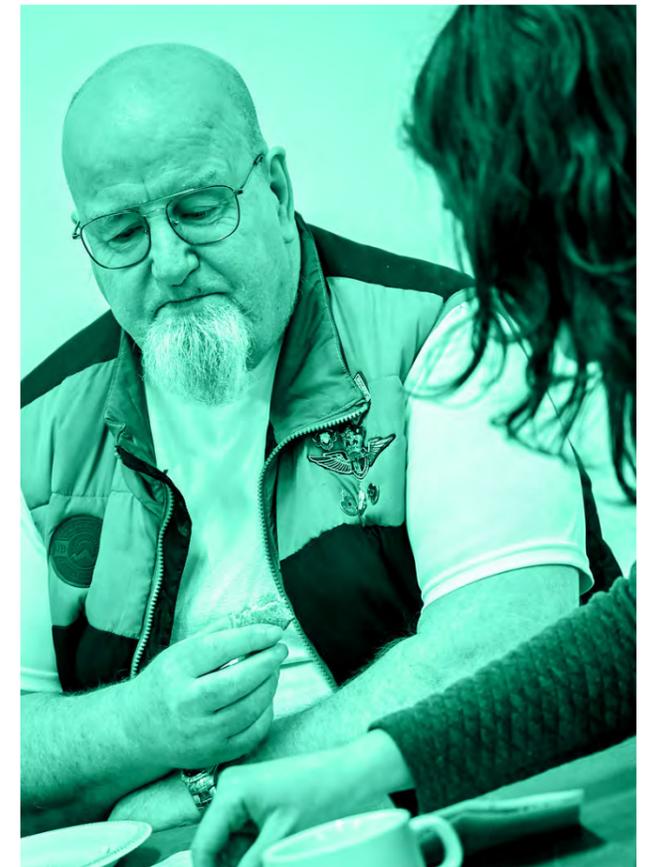
- A £650 payment for all households receiving a means-tested benefit
- A £300 payment for households receiving the winter fuel allowance
- A £150 payment for all households receiving a disability benefit

These payments are significantly better targeted than the council tax rebate schemes, with the money going either to households on a low income, or those that are more likely to be vulnerable to the impacts of living in a cold home. Because these were paid for through the taxation system, they are very progressive

responses to the cost-of-living crisis. There are, however, two downsides relating to this approach:

1. The payments increase income, rather than reduce energy costs. Although all income increases are welcome during this period, it means that these policies are less likely to result in warmer homes, because the spending of the payments will be defrayed across many different essential items.
2. Although the targeting is good, there is a significant cliff edge. Working-age households with a low income that do not receive a benefit will miss out. This is a worry considering that there is a significant number of fuel poor households who are not in receipt of a benefit.

These payments were given to households across the UK, meaning that there was no issue in distributing the money in Northern Ireland. Devolved nations did however choose to supplement the support with their own additional schemes.



Universal price support

One idea that had been consistently floated by commentators and political parties was that there could be a hard limit to the unit rates that could be charged by consumers, regardless of what happened in the wholesale market. This would be in contrast to the approach that Ofgem legally has to take when setting the price cap, which is to update prices every quarter in line with market conditions.

In September, the UK Government announced that they would do just this, providing central funding for a discount on unit rates of domestic gas and electricity,



which would mean that a typical household would expect to have an annual energy bill of £2500. From April 2023, this will change to £3000 for the typical household, and will last until the beginning of April 2024. Those who used other fuels to heat their home would receive a payment of £200 towards their cost. This has been named the “Energy Price Guarantee”. This is a very significant intervention – possibly the single most costly fiscal intervention on record. Analysts say that over the two-year period that the policy could cost upwards of £100bn.

While the scale of this approach is clearly commensurate with the issues that are faced, there are some significant downsides:

- **It is not targeted** and the benefits of the scheme are not progressively distributed. Historically, richer households have tended to use more energy so will naturally see a bigger benefit from a discount per unit used. Additionally, demand for energy becomes more elastic at lower income levels. Put simply, the poorest households are most likely to severely ration their energy at relatively high prices, so will see a relatively lower benefit. The Institute for Fiscal Studies has said⁷⁷ that it expects the top half of the income distribution to benefit by just over £60bn as a result of the Energy Price Guarantee.
- **It is not enough.** Capping unit rates such that a typical household can expect to pay £2500 for their annual energy bill averts a catastrophic situation, but leaves millions in fuel poverty. At prices less than half that level, millions across the UK faced unimaginable choices between heating their homes and eating. They cannot simply cover an additional £1000+ on bills.
- **It is fiscally unsustainable.** While the Government had initially committed to providing the support over a two-year period, it has now had to reduce the scheme to one that lasts six months due to its fiscal impact in an economically unstable period.
- **It has been badly communicated.** There have been a number of errors in communicating the scheme to the public, where senior government ministers, including the Prime Minister, have said that they are limiting bills to £2500 per household. This has been a factor in a significant portion of the public believing that their energy bills will not be higher than £2500 per year. A survey by Uswitch⁷⁸ suggested that this amounts to 40% of the public.

Uprating benefits

Increased energy costs have been fuelling inflation for over a year, and the ONS has said that the Consumer Price Index inflation has reached over 10% over the summer of 2022. This was the highest that inflation had been in a generation and erodes the value of income for everyone. It is most acute for the poorest, who see a higher rate of effective inflation than those with higher incomes. The IFS has said that in April 2022, for example, those on the lowest incomes faced inflation 1 percentage point higher than the average household.

Typically, social security payments are increased every year in April, using CPI figures from the previous September. This resulted in benefits being increased by 3.1% in April 2022 at a time when CPI was being recorded at 9%. This lag meant that households on the lowest incomes ended up more than 5% worse off over the course of the year 2022/23 than they otherwise would be, by that quirk of policy alone. Politicians argued that this would be eventually redeemed in the succeeding year, as the inflation that wasn’t captured in April 2022 would be captured in April 2023.

In May 2022, the then Chancellor of the Exchequer made a promise that benefits would indeed be uprated

by inflation in April 2022. In the Autumn Statement, it was confirmed that this would go forward as planned. Although this was welcome, organisations across the political spectrum have asked the Government to go further, asking for:

- The timeframe to be brought forward so that households can have increased incomes sooner
- The increase to be higher than inflation, to account for the higher inflation suffered by those on the lowest incomes
- An equivalent increase in the benefits cap, so that the cap does not end up catching more households just because of inflationary pressures.

“Means-tested benefits need to be uprated because people cannot afford their basic costs.”
Local authority, England

Lily’s Story

Lily lives with her husband Mal. They are both in their 60s and live in a small town in Wales. They both suffer from multiple forms of ill health, and “our needs are a lot greater” when it comes to energy, as Lily described it to us. Lily has been unable to work for many years due to long-term medical problems, including Type 1 diabetes, asthma, arthritis, and an underactive thyroid. Mal owned and operated his own successful business prior to the COVID-19 pandemic, but he was forced to close it after his work dried up not long after the first lockdown was imposed in March 2020. Months later, he was diagnosed with kidney cancer and received immunotherapy treatment, which Lily says, “destroyed his thyroid and left him completely dependent on a very high level of thyroxine.” With no prospect of returning to work, they receive contributory Employment Support Allowance (ESA), Personal Independence Payments (PIP), and Carer’s Allowance.

Soaring fuel prices have made it impossible for Lily and Mal to heat, power, and light their home to the standard they need to stay healthy. On the contrary, the energy crisis is leading to an even higher risk of their health deteriorating. Lily told us their energy bills are “a lot more than last winter, and last winter we were really struggling.” They are cutting back on heat and power wherever they can, which is placing their health at risk and making their lives close to unbearable. Mal needs heat due to his recovery from immunotherapy and gets cold easily. “He really suffered last winter”, Lily says. She has been washing in cold water, leaving her hands “so cracked they were red raw in places.” Distressingly, Lily also relies on an ‘artificial pancreas’ system because her blood sugar levels are so difficult to control. While her system consists of an insulin pump and blood sugar sensor that do not require electricity to function, she needs light to work the system safely: “I couldn’t give up light, I’d have an accident, and I



need it to do my insulin pen safely." In other words, Lily has to make the impossible choice between turning the light on and skipping her insulin.

Discussing her diabetes, Lily describes her last line of defence against a cardiovascular illness as a jumper and a duvet; she lives in the hope that "as long as you dress up warmly, you won't have a heart attack or stroke." In the winter of 2021/22, she and Mal wrapped up as best they could, and Lily recorded daily temperatures of 12-15 degrees downstairs, 9 degrees in the kitchen and hallway. Studies have suggested that for older people, blood pressure rises with prolonged exposure to indoor temperatures below 18°C, and that every 1°C drop in living room temperature results in a 1.3mmHg rise in systolic blood pressure and a 0.6mmHg rise in diastolic blood pressure amongst those aged 65-74. Lily knows this well: she acknowledges she is "skating very near the edge with not having the heating on." However, the cost of doing so makes her keep the heating off, burrowing deeper into her blankets and warm clothing.

Lily recognises that the government support provided in 2022, including the Energy Price

Guarantee, has been a huge help. She says if prices hadn't been frozen, "I wouldn't have had hands or feet left this winter." But due to her and Mal's medical requirements, she needs to spend a lot more than the average household to keep them warm and healthy in the winter months. The £150 Disability Cost of Living Payment and the £400 Energy Bills Support Scheme have not been enough. Lily is clear about what she needs: further financial support. She couldn't understand why she missed out on the £650 Cost of Living Payment provided to those on means-tested benefits just because she is not on income-related ESA, noting that she is means-tested for various other things, such as Council Tax Reduction.

More generally, Lily said that thousands more will be in the same position as her in the winter of 2022/23 - medically dependent on heat and power but unable to afford to use as much as they need. Concluding our conversation, she summarised that everyone who is sick, disabled, or vulnerable needs more financial support if they aren't to see their health deteriorate over winter.

Crisis funding

Since the pandemic, the UK Government has often relied on crisis funding to provide support to households through the Household Support Fund. This approach has continued during the Energy Crisis with an additional £1bn committed through the financial year 2022/23. This funding is welcome but goes towards helping low-income households with a number of different essentials, and so does not represent a sharp intervention if the desired outcome is to secure warmth for low-income households. Additionally, there is very limited reporting on the scheme meaning that it is not known who the money has helped, or what the money has gone towards.

Tax cuts

- This year the UK Government announced several new tax measures which would aim to ease the energy price crisis alongside the spending measures outlined above. These measures included:
- Increasing the National Insurance primary threshold from £9880 to £12570.

- Reducing the Universal Credit taper rate from 63% to 55%, and increasing Universal Credit work allowances by £500.

These tax cuts are worth significant amounts of money. However, the distribution of this benefit, especially relating to the changes to National Insurance, is not progressive. Neither of the changes provides a benefit to those households who receive a means-tested benefit but are not in work. It is almost universally recognised that tax cuts are not a feasible way to address the energy price crisis.



4.2 Specific solutions and responses in the devolved nations

Fuel poverty is a devolved responsibility, and some of the measures announced by the UK Government did not translate automatically over to the devolved governments. Additionally, the devolved nations often implemented solutions that went beyond what was set out in Westminster. The approaches taken in Wales, Scotland and Northern Ireland are set out below.

Wales

Higher energy costs are felt starkly in Wales, which has a low average income and very leaky housing stock. In April, the Welsh Government estimated that up to 45% of all households were in fuel poverty and 98% (217,700) of all lower-income households in Wales could now be in fuel poverty, with up to 41% (91,700) estimated to be in severe fuel poverty following April's increases.

Government response to the crisis

In immediate response to the developing crisis, the Welsh Government announced a £38m Winter Fuel Support Scheme in November 2021 (as part of a bespoke £51m Household Support Fund) to provide households across Wales in receipt of working-age means-tested benefits with support towards paying their winter fuel bills via their local authority. The scheme opened in mid-December, but seemingly owing to relatively low take-up at the time, the payment was doubled on 1 February to £200 and the deadline to apply extended. Payments were made by local authorities by the end of April 2022.

As energy prices continued to soar, the Welsh Government announced in February 2022 a £330m package of expanded measures to help tackle the cost-of-living crisis. This included:

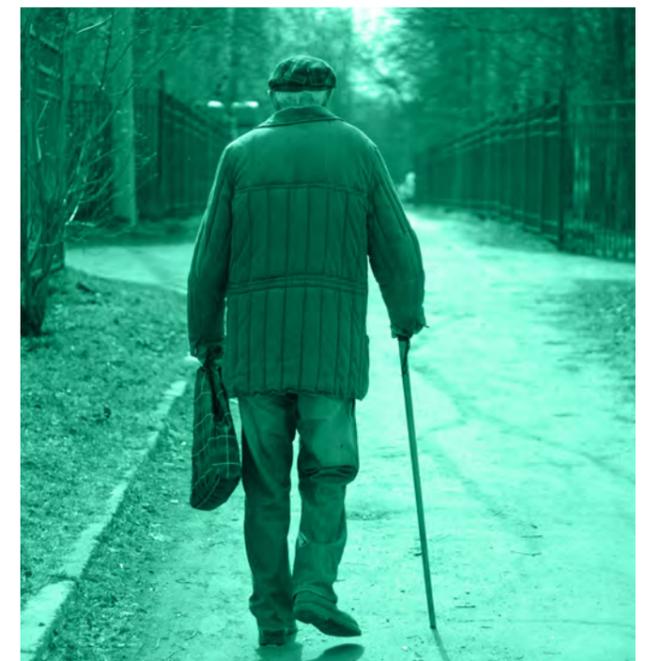
A second Welsh Fuel Support Scheme payment of £200, to be paid from October 2022 and expanded to include households on child tax credits, pension credits, disability benefits, carer's allowance, contributory benefits, or those receiving help via the Council Tax Reduction Scheme, alongside those in receipt of working-age means-tested benefits (including Universal Credit, Working Tax Credit, and related legacy benefits).

An additional £15m to the Discretionary Assistance Fund (DAF) to help those in financial hardship pay for essential costs, allowing for the extension of flexibilities previously introduced through the COVID-19 pandemic, including the extension of support to help off-gas households top up oil or LPG throughout 2022/23, not just in the coldest months of the year.

A £150 cost-of-living payment to be provided to all households who live in properties in Council Tax bands A-D, as well as all recipients of the Council Tax Reduction Scheme in all Council Tax bands.

A further £25m discretionary fund for local authorities to allow councils to use their local knowledge to help households who may be struggling.

In May 2022, the Welsh Government also announced a national £4m Fuel Voucher Scheme with the Fuel Bank Foundation to provide help to households in crisis across Wales who must pay for their energy in advance. This includes emergency prepayment meter vouchers and a Fuel Bank Heat Fund to help off-gas households who are unable to buy gas bottles or fill their oil tank, log store or coal burner.



Adequacy of government response

The Welsh Government has responded urgently to the crisis, seeking to target support to those most in need, supplementing Barnett consequentials with considerable sums of money of its own. Mechanisms to distribute support are limited, meaning many of the measures above cannot be paid automatically and are reliant on households having to apply. This has been with mixed success across local authorities in Wales, with varying take-up rates of the original Winter Fuel Support Scheme (WFSS) for example. Local authorities have undoubtedly had to work hard under strained capacity, with reports of ranging engagement and processing practices. In total, over 166,000 WFSS payments were paid across Wales in 2021/22, indicating a potential national take-up rate of approximately 76% for the first iteration of the scheme.

The Welsh Government has responded to efforts to expand support, widen it to other households in need, and see it be made available ahead of winter 2022/23. This is very welcome, and efforts are ongoing to ensure that measures are kept under review and reach as many eligible households as possible. It is also important that assistance for households on heating oil enables them to meet the minimum 500 litre delivery. Efforts also continue to see the acceleration of energy efficiency of fuel poor homes, ensuring the Warm Homes Programme in Wales is sufficiently equipped to lift those most in need out of fuel poverty, helping insulate their homes to achieve sustainable warmth.

Scotland

The impact of higher energy costs has deepened fuel poverty in areas which by the definition were already high. Areas including the Western Isles, Orkney, Shetland and large parts of the Highlands and Argyll and Bute are estimated to have fuel poverty rates, as of 1 April 2022, in excess of 50%. A map of fuel poverty based on February 2022 Scottish Government estimates shows the likely distribution of fuel poverty across local authority areas in Scotland.

Government response to the crisis

In Scotland there have been several measures both one-off and structural in response to the rising costs of energy and/or the wider impact of the cost-of-living crisis. It is difficult to separate these out given the cross-cutting nature of the impact of these measures.

Of these we have highlighted the following:

- **£150 council tax reduction to households** already in receipt of a reduction and to all other households in Council Tax Bands A-D was announced in February 2022 taking effect from 1 April 2022. Barnett Formula consequentials were applied to achieve this broadening of eligibility against what was provided in England and Wales.
- **Low-Income Winter Heating Assistance** benefit to replace the Cold Weather Payment. It will provide a single payment of £50 to all eligible households to support winter fuel costs. Payments started from February 2022.
- **Increased Child Payment**, a benefit to certain qualifying households, to £25 per week per child. It has increased its Child Winter Heating Assistance, for families with a child/children under 19 with a disability and certain qualifying benefits, to £214.10 per child.
- **£20m Fuel Insecurity Fund** to support households in Scotland, providing support for advice services and the provision of crisis payments through local and national charities.

Additionally, in September the Scottish Government committed to introducing rent controls in the social rented and private rented sectors which are expected to have a beneficial impact as these sectors have a greater likelihood of households being in fuel poverty. It has also proposed to convert/change the cashback element of the Energy Efficiency Loan Scheme, which enables homeowners to borrow funds for energy and energy efficiency measures, to a grant. It is intended that this will encourage an uplift in application and the installation of measures during 2022/23 onwards.

Adequacy of government response

In December 2021 the Scottish Government published its latest Fuel Poverty Strategy⁷⁹ which now looks largely out of date within the context of the energy-fuelled cost-of-living crisis.

The Scottish Government could be criticised for a lack of targeting within financial support with notable exceptions for the Child Payment and Child Winter Heating Assistance. Otherwise, Scotland has followed a similar pattern of flat and shallow support as has been rolled out by the UK Government.

The council tax scheme positively included all those already in receipt of a council tax reduction. It was

otherwise consistent with the council tax reduction for bands A-D introduced by the UK Government for England. Operationally it has reached the vast majority of households as it was mainly applied by local authorities by way of a council tax reduction.

The Fuel Insecurity Fund has been broadly welcomed as it provides respite for hard pressed families at risk of self-disconnection or with mounting debts. However, the value of energy-related support has been falling in real terms as energy prices have continued to rise.

Scottish Government-funded energy efficiency programmes to improve the quality of homes have experienced issues of delivery. In 2020/21 during the height of the COVID pandemic restrictions, underspending on the Energy Efficient Scotland Area Based Schemes for domestic energy efficiency amounted to approximately £25m and in 2021/22 this increased to over £30m. The most recent Scottish Government Emergency Budget review (2 November 2022) saw a reduction of over £35m in its budget allocation for measures. The resultant impact is that tens of thousands of households over these three

periods will have missed out on improvements which could have helped them manage better with soaring energy costs.

Changes to support programmes for fuel poverty has meant that support for households that are reliant on oil or LPG with energy measures is limited to low carbon solutions. Households in remote, rural, and off-gas areas are at a disadvantage as a result and it isn't clear what support will be available in the event of heating system failures for these systems for low-income vulnerable households.

The Scottish Government has reached out to energy suppliers with two Energy Summit events during August and October 2022, called by the First Minister Nicola Sturgeon. Reassurances were sought from suppliers that they will protect vulnerable households in Scotland, taking steps to reduce the likelihood of disconnection and self-disconnection for prepayment households, supporting households to manage debt better. Following the initial summit, the Scottish Government increased funding to its existing energy advice services as they identified challenges in dealing with the increased demands on those services.



Northern Ireland

Impact of the energy crisis

On 25 August 2021, the NI Utility Regulator (UR) issued a warning to consumers in Northern Ireland that they would face higher energy bills in the coming winter. This would prove to signal the beginning of a tumultuous period of energy price hikes for NI consumers which would see suppliers of gas and electricity increase their prices up to four times in the following 12-month period.

The high prevalence of PPM customers in Northern Ireland, along with the lack of a price cap in the Northern Ireland energy system meant that consumers were exposed to rising energy prices earlier in the crisis than their UK counterparts. The model of regulation in Northern Ireland incorporates a greater frequency in tariff reviews, meaning price changes are often passed through to consumers much quicker than in other parts of the UK. During winter 2021, this meant consumers in Northern Ireland found themselves paying significantly more for their energy during that period.

Another specific impact of the crisis in Northern Ireland relates to the region's high dependency on home heating oil. The price of home heating oil (an unregulated fuel in NI) would become equally volatile, with the cost of 900 litres of oil rising dramatically from £454.75 in December 2021 to £1181.53 in early March 2022. 68% of NI households rely on home heating oil to heat their homes. The rapid rise in prices, some of which fluctuated greatly on a daily basis, caught many consumers unaware and resulted in increased hardship for the most vulnerable.

These challenges were exacerbated by a sluggish response from the Northern Ireland Assembly due in part to political instability brought about by the resignation of the then DUP First Minister in protest against the Northern Ireland Protocol. The power-sharing arrangements in Northern Ireland mean that an Executive cannot be established without representation from each of the largest Unionist and largest Nationalist parties. The DUP's decision prevents the Executive from functioning properly, limiting the power of ministers to bring forward new legislation to address the 'Energy and Cost of Living Crisis'.

This means that in terms of interventions on energy prices, Northern Ireland has been limited to those

measures brought forward by the Chancellor on a UK-wide basis. However, even these interventions were delayed. In December, no household in Northern Ireland had received the Energy Bills Support Scheme payment, and it was indicated by the UK Government that this would be paid in January 2023.

Government response to the crisis

In response to the dramatic rise in energy prices the Minister for Communities announced two schemes during the 2021/22 winter period:

- £2m Emergency Fuel Payments Scheme.** This was delivered by the Department for Communities, in collaboration with Bryson Charitable Group, the Consumer Council NI and a range of local energy companies. It was aimed at supporting 20,000 households with £100 worth of energy where the household was low-income and could not afford to pay for energy. Demand for the scheme meant that the availability of support was quickly outstripped. Many households could not access support simply because applications were online only.
- £55m Energy Payment Support Scheme.** In mid-January it was announced that there would be a targeted one-off payment of £200 to provide support for people struggling to meet rising energy costs, targeted at around 280,000 eligible people in receipt of specified benefits. The payment was made automatically through existing payment channels. The funding for this intervention was drawn from underspend across all NI departments following a budgetary review exercise. Due to the collapse of the NI Assembly there was a delay in the rollout of the scheme and payments were not issued until after 10 March, meaning that many vulnerable households didn't receive the support during the coldest months.

Following the Chancellor's announcement in March, Northern Ireland received £435m in funding through the Barnett Formula. To date this money has not been allocated due to the collapse of the Northern Ireland Assembly.

Adequacy of government response

The response in Northern Ireland has been woefully inadequate and NEA NI is deeply concerned that low-income and vulnerable households in Northern Ireland have been left significantly disadvantaged when compared to their UK counterparts. This was

something that the Fuel Poverty Coalition Northern Ireland raised in a Northern Ireland Affairs committee session in the UK Parliament⁶⁰.

Due to the Northern Ireland Executive not functioning, money allocated to Northern Ireland through the Barnett consequential formula has been 'frozen' in the Stormont accounts. This money could have been allocated to emergency measures to help keep homes warm and is estimated to have been between £235m to £435m. To compound the situation further, Northern Ireland's unique energy market and the associated challenges means that BEIS was delayed in identifying a clear delivery method for the Energy Bills Support Scheme, meaning that citizens in Northern Ireland did not receive support until after the cold weather spell in December.

Furthermore, 68% of Northern Ireland homes rely on home heating oil to keep their homes warm. This fuel is unregulated, meaning these consumers don't have the same level of protection and wider support as those on the gas network. Neither do they benefit to the same degree from the Energy Price Guarantee.

While The Alternative Fuel Payment will be provided to all households in Northern Ireland, its delay in payment until after the cold snap in December have left many households struggling to keep warm.

In June a Northern Ireland-wide representative survey carried out by NEA NI found that the soaring energy prices have led to a rise in dangerous 'coping' mechanisms as households look to manage rising costs on ever-tightening budgets. In response to NEA NI's survey 80% of Northern Ireland homes admitted to rationing the use of their central heating in an effort to reduce costs, and 1 in 10 households admitted to skipping meals in order to ensure they had enough money to pay for their energy. These behaviours put households at increased risk in terms of their health and wellbeing.

Comparing Responses across the Nations

The different nations have taken different approaches. For a quick comparison, the table below summarises the support given across each of the four nations. An asterisk indicates that the support was universal.

	ENGLAND	WALES	SCOTLAND	NORTHERN IRELAND
Income support	Cost-of-living payments announced in May			
	£150 council tax rebate			
Energy rebates	£400 Energy Bills Support Scheme*			
		£200 Wales Fuel Support Scheme		£200 Energy Bill Payment Scheme
		£4m National Voucher Scheme		£100 Emergency Fuel Payments Scheme
Energy price support	Energy Price Guarantee*			
Discretionary support	Household Support Fund	Discretionary Assistance Fund	Household Support Fund	

4.3 Potential solutions not yet implemented

Three types of solutions have been considered by different organisations, but have not been implemented:

- Targeted price support
- Debt relief
- Accelerating a fair and affordable transition to net zero

These are considered below.

Targeted price support

As a result of the changes to the EPG, the Government has indicated that it will look to reform the energy market when it ends on 31 March 2024 with the possibility of targeted price support, in the form of a social tariff, being its ultimate replacement.

Energy suppliers, charities, green NGOs, select committees, and others have all advocated for targeted price support as part of the solution to the energy crisis. The main mechanism to achieve this is a "Social Tariff". This would be materially different to the Warm Home Discount, which gives a flat £150 payment to certain households. Targeted price support would instead give a discount on the unit rate and give the opportunity to shape a tariff around the needs of vulnerable households, for example updating less frequently and potentially reducing standing charges to nil.

NEA has presented a form of social tariff that meets the following criteria:

- Is additional to the Warm Home Discount and Default Tariff Price Cap. These policies perform different specific functions that cannot be replicated by a social tariff.
- Is mandated across all suppliers: this will mean that those who qualify for a social tariff do not lose out because their supplier has not gone as far as other suppliers.
- Is targeted at those most in need: low-income and vulnerable households that use prepayment meters are currently seeing significant detriment in the market. They must be a priority group benefiting from the introduction of a social tariff.



- Reduces costs for consumers: at a minimum the new social tariff must help vulnerable consumers reduce their energy costs and be priced below the default tariff price cap.
- Auto-enrols all eligible consumers: this can be done using suppliers' existing customer data and/or via data-sharing with the Department for Work and Pensions (DWP).

The advantages of this approach include its targeting (in that it does not provide support to households that do not need it), and the fact that it provides more support to low-income households living in the least efficient homes, who will see unabated energy costs 50% higher than the average household. However, much like other targeted schemes, if the targeting is not perfect, some will miss out on potentially significant support.

NEA has identified several groups that could be automatically identified, that should be a priority for such a tariff. These include:

- Low-income/financially vulnerable households
- Households with people with disabilities and households with medical dependencies.
- Carers
- Low-income households living in low energy-efficiency homes
- Low-income rural households

The data sets that can help to identify these groups are shown in Appendix 1. We estimate that the crossover of these groups results in approximately 10m households being in the priority group for targeted support.

"Energy suppliers should have a social tariff like water companies offer, based on income and health issues."
Local authority, Wales

Debt relief

As a result of the energy crisis, the number of households in Great Britain who are repaying a debt has increased to the highest levels since records began in 2006, with over 1m electricity customers in debt, and over three quarters of a million gas customers in debt as of the first quarter of 2022. There is also a record number of customers who are in arrears (in debt to their supplier when there is no formal plan in place to repay that debt). This will likely become worse as the crisis goes on, with energy becoming less affordable through 2023 as a result of changes to the Energy Price Guarantee.

Under their supply licences, electricity and gas suppliers are required to offer domestic customers in payment difficulty a range of options for repayment, including the option of paying via Fuel Direct. Fuel Direct is a budgeting scheme that lets money be deducted directly from a customer's social security benefits to pay off a debt or energy use to a supplier. A fixed amount is taken directly from the customer's weekly benefits by the Department for Work and Pensions (DWP) and paid to the supplier to help clear a debt. A very similar scheme, Water Direct, is operated by water companies. As with the energy

"Ofgem must reinstate the safeguard tariff and work with the Government to produce a workable social tariff which supports consumers on the lowest incomes."

Charity, England



sector, customers generally must be in debt and on benefits for an arrangement to be set up, although some water companies allow customers to continue to use the facility to pay for their utility costs after debts are repaid. Currently limits apply to the amount which companies are permitted to collect from benefits with five per cent of the standard allowance (plus an estimated amount for current consumption) being netted off for both energy and/or water costs.

The UK Government could promote the benefits of the scheme to customers who are in debt to both utilities and adopt new mechanisms to accelerate the clearance of utility debt within the schemes. This can be achieved by matching the contribution customers make to paying off their debt from their benefits. This could be matched £1 for £1 by the Government for utility debts, reducing the time to repay the debts in total. This is something that has been recommended by the BEIS Select Committee⁸¹ and would not only benefit the household themselves, but also their energy supplier and the wider economy, as their spending power would increase as a result.

Accelerating a fair and affordable transition to net zero

A key factor in the acuteness of the energy crisis has been how leaky homes are in the UK, as well as how reliant we are on natural gas to heat our homes. In last year's fuel poverty monitor we estimated that the financial value to households of decarbonising fuel poor homes could amount to a saving of £850m per year. Prices since then have more than doubled, and that figure would increase in a commensurate way. This means that the price we are paying for poorly insulated, high carbon, fuel poor homes across the UK can be estimated to be approximately £2bn per year.

Unfortunately, in the 2010s, spending on energy efficiency was significantly reduced by the UK Government. The Energy and Climate Intelligence Unit has estimated that this meant that the failure to insulate homes is costing the country £18bn.⁸²

While in recent years the UK Government has made some steady progress to expanding state funding for increasing the energy efficiency of fuel poor households, a big funding gap still exists, and

throughout the crisis there has only been one policy introduced to try and reduce energy demand (ECO+), and this will not come into force until April 2023.

Green NGOs, anti-poverty charities and politicians from different political parties have stated a need to accelerate the transition towards net zero in order to help with this crisis, and to protect ourselves from future price shocks. This is a sentiment that many of our call for evidence respondents agreed with, alongside the experts that we interviewed as part of the research.

“Longer-term, improved energy efficiency is essential in addressing price volatility and keeping consumer bills as low as possible.”
Charity, England



5. The roles of different actors this winter

5.1 The actors that might have a role to play

Hundreds of organisations across the UK have a role in helping fuel poor households. Although they are largely unable to affect the price of energy, there are many different activities that they can undertake to provide support either directly, or indirectly. This section seeks to identify the different actors that have a role to play, and which roles are most suitable for them.

We have identified six sets of actors that have active relationships with fuel poor households and therefore have a role to play in attempting to mitigate the worst impacts of the crisis for the most vulnerable households:

- **Regulators**, who have a key role to play in shaping the energy market, as well as ensuring that energy companies comply with the rules that have been set out for them to follow.
- **Energy suppliers** who are the key interface between households and the energy they consume in order to power their homes and stay warm.
- **Energy networks**, who do not have a direct contractual relationship with households, but some of whom (the distribution networks for both gas and electricity) have responsibilities towards energy

customers, and therefore a role to play in the current crisis.

- **Local government**, who are a trusted point of contact for many vulnerable households when it comes to searching for help, not least because a significant portion of funding, for both crisis financial assistance (through the Household Support Fund) and grants for decarbonising homes (through, for example, the Home Upgrade Grant scheme) lies with local government themselves.
- **Landlords (social and private)**. About a third of households rent their properties, either privately or from a social housing provider. A number of rental agreements include a contractual agreement for energy, where the landlord manages energy bills on behalf of the tenant. Landlords are also responsible for the energy efficiency of the property.
- **Health Practitioners**. The impacts of fuel poverty on health are well known and will become a reality for many people this winter. This means that those working in the health sector will interact with fuel poor households every day over the winter period, and therefore have a role to play over the coming months.



5.2 Progress to date

Some of these organisations have already taken direct action to help fuel poor households in meaningful ways. This has included:

- Ofgem has looked to proactively enforce licence conditions relating to vulnerability. This has led to Ofgem finding that seven suppliers have major weaknesses regarding the unfair setting of direct debit amounts and has given provisional orders to three suppliers who have not followed rules on debt repayment plans.
- While regulators have not taken action to reduce standing charges, some energy suppliers have. Octopus Energy, for example, has offered a standing charge holiday to some of its most vulnerable customers.
- Suppliers have also, as a result of Ofgem’s Market Compliance Review, taken steps to ensure that ability-to-pay processes are fully embedded across all relevant teams.
- Some energy networks have adapted their operations to ensure that they are appropriate in an energy crisis. This has been most apparent within the use of the GDN Vulnerability and Carbon Monoxide allowance, which is now more focused on resolving cost-of-living pressures.

- Local governments have often looked to use their reach to enhance the awareness of support schemes, as well as advice on the support that can be accessed through charities and energy suppliers. Many have been able to use funding from the affordable warmth competition to improve fuel poor homes in their area to a better energy efficiency standard, providing a more effective shield from high prices.
- Landlords (social and private) now have a legal requirement to pass through any government energy support to their tenants as a result of the Energy Prices Bill gaining Royal Assent. We have also seen evidence of social landlords in particular striving to ensure that their tenants are fully aware of the support that is available for them.
- While health practitioners are hugely stretched this winter, there has been some effort to make the links between ill health and fuel poverty, and to provide mitigation where possible. The BMA, for example, published an opinion piece which explained these links, which will be accessed by medical professionals across the UK.

This is an excellent start, but there is much more that can be done by all of these actors if we are to avoid the gravest situations this winter.



5.3 Further actions that could be taken

We asked our CfE respondents what actions each of these actors should take this winter to help fuel poor households, and there was a broad consensus among a number of areas.

The table below summarises the roles that our stakeholders thought each of the above actors should take.

ACTOR	ACTIONS
REGULATORS	<p>Work with energy suppliers to develop a package of additional support for vulnerable energy consumers in advance of this winter (98%).</p> <p>Reduce standing charges for prepayment users (97%⁸³).</p> <p>Work with energy suppliers to better identify and act on financial vulnerability of energy consumers (98%).</p> <p>Proactively enforce all vulnerability-related licence obligations (85%).</p> <p>Investigate the reintroduction of the previous Safeguard Tariff and how deeper price protection might be possible via a new mandatory Social Tariff (89%).</p> <p>In Northern Ireland, explore the introduction of a Northern Ireland Warm Home Discount Scheme (98%⁸⁴).</p> <p><i>“Ofgem must take more robust steps to ensure that its own guidance is being adhered to. Ofgem should have an oversight in ensuring that Supplier of Last Resort take more responsibility to flag domestic bills that are out of the ordinary, and much higher than the average bill for that customer. Clearly state on first bills how new customers can get in touch to raise any queries, allocate a specific telephone number/email address for customers who have been moved to a SoLR’. Ofgem also needs to communicate better to energy customers what its role is, and ways in which energy companies should be supporting vulnerable customers.”</i> Charity, Wales</p> <p><i>“I have a client whose standing charges are over 25% of their Universal Credit.”</i> Charity, England</p>
	<p>Ensure call centres are adequately resourced and call centre staff are suitably skilled to engage with vulnerable energy customers (98%).</p> <p>Enhance visibility and accessibility of current assistance provided by the UK Government, obligated and/or any current or voluntary agreement with Ofgem or via Energy UK’s vulnerability commitment (99%).</p> <p>Improve identification of financial vulnerability and review self-disconnection identification processes (98%).</p> <p>Ensure that ability to pay processes are fully embedded across all relevant teams, promote a range of debt repayment options and take more active steps to identify and reduce problem debt for customers (98%).</p> <p><i>“Training of staff to be empathetic and compassionate when dealing with people in fuel poverty is also essential.”</i> - Academic, Wales</p>
ENERGY SUPPLIERS	

ACTOR	ACTIONS
ENERGY NETWORKS	<p>Enhance visibility and accessibility of current assistance provided by RIIO-funded schemes (91%).</p> <p>Develop or update advice resources for those in or at risk of fuel poverty to signpost wider support that is available (97%).</p> <p>Train and resource frontline staff to identify financial vulnerability and fuel poverty risk factors when carrying out their operational duties within domestic premises (98%)</p> <p>Work with energy suppliers to consistently identify financial vulnerability through the Priority Services Register (PSR) (98%).</p> <p>Review priorities within business plans and investigate bringing forward any relevant initiatives that can have a positive impact on those in or at risk of fuel poverty (96%).</p> <p>Review current CSR partnerships and programmes to give households in or at risk of fuel poverty priority access to any related support programmes (95%).</p>
LOCAL GOVERNMENT	<p>Enhance awareness and accessibility of relevant crisis support funds (99%).</p> <p>Provide information and advice on the wider support those most at risk of fuel poverty can access via energy suppliers and other key agencies (99%).</p> <p>Use central government energy scheme grants to help those most at risk and improve the energy efficiency of council housing stock (98%).</p> <p>Enforce existing regulations on energy efficiency and property standards in the private rented sector (94%).</p> <p><i>"I would like to see funding and capacity for local authorities to enforce MEES on private landlords as private rental tenants are struggling massively."</i> Community Interest Company, England</p>
LANDLORDS	<p>Social landlords should enhance tenants' knowledge of where they can access support (nationally or locally) to help manage their energy bills (98%).</p> <p>Social landlords should train and resource social housing provider tenant liaison staff to identify financial vulnerability and fuel poverty risk factors (98%).</p> <p>Private landlords should enhance tenants' knowledge of where they can access support (nationally or locally) to help manage their energy bills (94%).</p> <p>Landlords should improve the thermal efficiency and property standards up to statutory requirements in the private rented sector (96%).</p> <p><i>"Landlords need to make their homes more energy efficient - a lot of people have single glazing and old double glazing, no insulation and mould in their homes"</i> Charity, Scotland</p>

ACTOR	ACTIONS
HEALTH PRACTITIONERS	<p>Identify patients most at risk of a cold home (98%). It was suggested by some that this should be complemented by referring on to another agency who can take action, but that this would require more resource.</p> <p>Undertake training and/or professional development on addressing the health risks associated with cold homes (96%).</p> <p>Identify what local support is available to make improvements in homes (for example, heating repair services and building insulation providers) and help the patient to access them (94%).</p> <p>Ensure people who are vulnerable to health problems from living in a cold home have a plan for how to tackle the problem before they return home from a health setting (97%).</p> <p>Support the wider implementation of NICE Guidance on helping to prevent winter deaths and illnesses associated with cold homes (95%).</p> <p><i>"Cold homes need to be identified as a key public health issue and addressed in a strategic and joined-up manner by central and local gov."</i> Community Interest Company, England</p> <p><i>"I recently supported a gentleman who was discharged from hospital to a home with no heating or hot water and a hole in his roof, and no help available to him. He had no savings and was refused help as he is a hoarder."</i> Charity, Wales</p>

While many of these actions are being taken up by the different types of organisations, they are not being done on a consistent basis by all of the organisations

that fit into those types. Much more can, and must, be done to ensure that these actions are taken forward in a consistent way.



6. Summary and conclusions

Through our research and own experience over the last year, we have considered how the energy crisis has developed, what support has been made available for households, the impact that this has had on households and the sector, and the roles that different actors should take this winter. We have found that:

- Households living on the lowest incomes, in the least efficient homes are being hardest hit.
- Households falling into multiple intersecting categories of vulnerability are being disproportionately affected.
- Households using prepayment meters have faced the biggest challenges accessing support and are at acute risk due to self-disconnection.
- Organisations across the sector have stepped up support to help households through the crisis. But there are unprecedented capacity challenges to deal with the volume and complexity of cases.
- The scale of current national support is unprecedented but the hardest hit require deeper, targeted support.
- Recognition has grown that we must accelerate a fair and affordable transition to net zero to abate this emergency and avoid future crises.

Below is a summary of the key insights for each of these categories.

Households living on the lowest incomes, in the least efficient homes are being hardest hit

Few of us will be unaffected by these energy price rises. However, fuel poor households often live on the lowest incomes and in the most inefficient homes. This overlap means the ‘average’ impact of price rises is magnified for people with the least space in their budgets to cope. As well as the acute financial impacts, households are seeing huge negative consequences for their health and wellbeing.

April brings a new challenge, with current support mechanisms dropping off. Prices are due to remain high, and fuel poor households will need more support even through that period.

Households falling into multiple intersecting categories of vulnerability are being disproportionately affected

While all low-income households are feeling a significant strain during the crisis, impacts go beyond those receiving means-tested benefits, and are felt most acutely by those households that have intersecting categories of vulnerability. These households are not caught by traditional identification measures and new ways of finding vulnerable households are required.

In particular, those households that have both a low income and have a medical condition or in need of powered medical equipment at home; these are most at risk of the worst impacts of living in a cold home but have not been provided with adequate support.



Households using prepayment meters have faced the biggest challenges accessing support and are at acute risk due to self-disconnection

Millions will accrue a debt to stay warm or ration their usage to avoid falling behind on bills. However, those with prepayment meters often do not have a choice. If they cannot afford to top up, they will lose access to energy entirely by ‘self-disconnecting’.

Prepayment customers using older, legacy meters have faced the most challenges in accessing support compared to other payment types and have higher costs of energy compared to direct debit customers. The latest government statistics indicate that only 65% of vouchers have been redeemed, meaning there is a risk the households needing this support the most could miss out.

Organisations across the sector have stepped up support to help households through the crisis, but there are unprecedented capacity challenges to deal with the volume and complexity of cases

Despite the exceptional efforts of hundreds of local and national organisations that are on the frontline of the current crisis, there has been an unprecedented volume and complexity of cases, even before the spike in demand which winter typically prompts with shortfalls in the systems, tools and resources needed to support vulnerable people through the current extreme difficulties.

The report finds there are also other key actions regulated entities such as energy suppliers, energy networks and landlords need to enhance to meet their statutory obligations as well as the conditions that have been set out for them by their regulators in licence conditions. While regulators, local government, energy companies, landlords and health practitioners cannot affect the price of energy or the direct financial support afforded to households, they do each have interactions with people that are vulnerable to the impacts of fuel poverty, and should look to give advice, signpost, and use the resources at their disposal to help those that would otherwise be left behind.

The scale of current national support is unprecedented but the hardest hit require deeper, targeted support

Direct UK Government support for households to date has totalled £40bn but whilst vital resources have been poorly targeted, and many households are falling through the gaps of assistance schemes, or the level of support is not sufficient. Income support has also been welcome but is likely to be defrayed over a number of essentials including food and rent, each of which has also seen significant increases in price during the crisis. Despite the promise of milder weather, from April these challenges will grow with some current support mechanisms dropping away and others made less generous.

Recognition has grown that we must accelerate a fair and affordable transition to net zero to abate this emergency and avoid future crises

The impact of high energy prices has been badly exacerbated by the poor energy efficiency standards that millions of low-income households have to endure at home.

While there may be a limit to the number of homes that could be upgraded in any given year, each home that can be made more energy efficient will be much more resilient to the severity of this crisis and other future price shocks and there should be a plan to upgrade as many homes as possible.

In the longer-term, decarbonising homes with a fabric first, worst first approach is the best way to shield low-income households from the impacts of future price spikes.



7. Recommendations

In order to address the extreme difficulties that fuel poor households will face this winter and beyond, fuel poor households should be supported through:

- **Better identifying** of the households that require financial support.
- **Providing specific support** to prepay households so that self-disconnections can be minimised in the medium-term.
- Ensuring that those most affected by the crisis are the **priority** for future support.
- **Providing support** for fuel poor households from organisations beyond the national governments.
- Accelerating a **fair and affordable** transition to net zero.

We consider these recommendations through three different timescales:



1. Better identifying of the households that require financial support

UK Government should use existing powers to allow energy suppliers to target government support on households vulnerable to the impacts of fuel poverty. This targeting should include all means-tested benefits, disability benefits, bereavement support payments, carer's allowance and attendance allowance.

UK Government should include eligibility criteria for support schemes that use energy supplier data, including households that use a prepayment meter, households that are in debt to their supplier, and households that have a debt repayment plan with small monthly payments (implying a low ability to pay back a debt).

UK Government should use all of its legal data-sharing powers to ensure that future financial support for energy bills can be targeted to those most in need. This could, for example, help them to target support on households with low EPC scores, households with health conditions, and households with low incomes. If current powers do not go far enough, new legislation should be explored.

To ensure that support can be targeted on vulnerable prepayment customers:

- **Ofgem** should work with suppliers to identify households that self-disconnect.
- **Ofgem** should work with energy suppliers to develop a package of additional support for vulnerable energy consumers for the remainder of this winter, and in advance of next winter.
- **Ofgem** should work with energy suppliers to introduce a 'financial vulnerability flag'.

2. Providing specific support to prepay households so that self-disconnections can be minimised

To reduce the number of legacy prepayment meters being installed:

- **UK Government** should assess whether the current process for issuing warrants to install prepayment meters fully takes into account the vulnerability of the household.
- **Energy suppliers** should agree to a temporary moratorium on new prepayment meter installs (including remote switches of payment mode for smart meters) this winter unless requested by the customer.
- **Ofgem** should ensure that medically vulnerable households are moved away from prepayment meters.
- **Ofgem** should proactively enforce the New and Replacement Obligations.
- **BEIS and Ofgem** should direct suppliers to prioritise replacing legacy prepayment meters in their smart meter rollouts.

To address the price structure of energy for prepayment customers:

- **HM Treasury, BEIS and Ofgem** should work together to reduce the levels of standing charges for prepayment customers this winter, and bring prepayment prices down in line with direct debit prices.
- **HM Treasury** should move the cost of failed suppliers into general taxation.
- **HM Treasury** should ensure that from April, the targeted Energy Price Guarantee results in no standing charges for prepayment customers.

To address the debt burden for prepayment customers:

- **UK Government** should consider how to help accelerate the repayment of utility debts through a new debt repayment matching scheme.
- **Ofgem** should more actively enforce the 'ability to pay' licence conditions.
- **HM Treasury** should provide financial support to help clear the debt of prepayment customers that are vulnerable to self-disconnection.



3. Ensuring that those most affected by the crisis are the priority for future support

UK Government should urgently consult on a mandatory social tariff to begin in April 2024, or sooner if practicable, to provide an affordable price of energy for low-income and vulnerable households. The focus of this should be to ensure that the targeting of such a scheme goes beyond just those households that receive means-tested benefits.

HM Treasury should ensure that any underspend on the Energy Bills Support Scheme be recycled to help those households that have missed out on the benefits of the scheme. This will reduce the number of households falling through the cracks of support.



4. Providing support for fuel poor households from organisations beyond the national governments

Ofgem should:

- **Work** with energy suppliers to develop a package of additional support for vulnerable energy consumers in advance of this winter.
- **Reduce** standing charges for prepayment users.
- **Proactively enforce** all vulnerability-related licence obligations.
- **Investigate** how price protection might be possible via a new mandatory Social Tariff.

The Northern Ireland Utility Regulator should explore the introduction of a Northern Ireland Warm Home Discount Scheme.

Energy suppliers should:

- Ensure call centres are adequately resourced and skilled.
- Enhance visibility and accessibility of current assistance available to their customers.
- Ensure that ability-to-pay processes are fully embedded across all relevant teams, promote a range of debt repayment options, and help customers reduce problem debt.

Energy networks should:

- Enhance visibility and accessibility of current assistance provided by RIIO-funded schemes.
- Develop or update advice resources for those in or at risk of fuel poverty to signpost wider support available.
- Train and resource frontline staff to identify financial vulnerability and fuel poverty risk factors when carrying out their operational duties within domestic premises.
- Work with energy suppliers to consistently identify financial vulnerability through the PSR.
- Review priorities within business plans, CSR partnerships and programmes to better address fuel poverty.

Local governments should:

- Enhance awareness and accessibility of relevant crisis support funds.
- Provide information and advice on the wider support those most at risk of fuel poverty can access via energy suppliers and other key agencies.
- Use central government energy scheme grants to help those most at risk and improve the energy efficiency of council housing stock.
- Enforce existing regulations on energy efficiency and property standards in the private rented sector.

Housing providers and private landlords should:

- Social landlords should enhance tenants' knowledge of where they can access support (nationally or locally) to help manage their energy bills.
- Social landlords should train and resource social housing provider tenant liaison staff to identify financial vulnerability and fuel poverty risk factors.
- Private landlords should enhance tenants' knowledge of where they can access support (nationally or locally) to help manage their energy bills.
- **Landlords should** improve the thermal efficiency and property standards up to statutory requirements in the private rented sector.

Health practitioners should:

- Identify patients most at risk of a cold home and refer to others who can provide support.
- Ensure staff are properly trained to address the health risks associated with cold homes.
- Identify the local support available to make improvements to homes and help patients to access such support.
- Ensure people who are vulnerable to health problems from living in a cold home have a plan for how to tackle the problem before they return home from a health setting.
- Support the wider implementation of NICE Guidance.



5. Accelerating a fair and affordable transition to net zero to abate this emergency and avoid future crises

Governments across the UK should commit (and importantly, spend) more funding to decarbonise fuel poor homes:

- In England, the UK Government should increase the funding envelope within the Home Upgrade Grant scheme by £1.4bn to 2025 to match the commitment made in the Conservative Party manifesto to support fuel poor homes in the least efficient properties.
- In Wales, the Welsh Government should increase fuel poverty funding to £325m to 2025, as per the recommendation from the Future Generations Commissioner for Wales.²
- In Scotland, funding to improve the energy efficiency of fuel poor homes should increase to £522m to 2025.
- In Northern Ireland funding totalling £440m³ should be committed to 2025 to ensure that all fuel poor homes can reach EPC C to 2030.

Governments across the UK should extend the regulations in the private rented sector minimum energy efficiency standards so that all private landlords upgrade their properties to EPC C by 2028.

Governments across the UK should replicate the PRS standard so that there is an equivalent standard for social housing.

Structures to address fuel poverty should be introduced in the devolved nations:

- **Welsh Government** should introduce a statutory 2035 fuel poverty target and corresponding milestones for 2025 and 2030.
- **The Northern Ireland Assembly** should publish a new Fuel Poverty Strategy.

Appendix 1

Identifying the most vulnerable households for targeted Support

Vulnerable Group	Rationale
Low-income and financially vulnerable	<p>Low-income and financially vulnerable households are the least able to afford high prices, and more likely to ration their energy use.</p> <p>Previously targeted for support through the £650 cost-of-living payment, but only using benefits data.</p>
Disabled/has a medical condition	<p>Disabled households often need greater levels of warmth to manage their health condition, and spend more of their time at home, leading to higher energy need (and therefore costs).</p> <p>Many also have higher electricity demand as a result of being dependent on powered medical equipment at home.</p> <p>Previously targeted for support through the £150 cost-of-living payment, but only through benefits data.</p>
Carer	<p>Carers are often in financially difficult situations due to their reduced earning potential and diminished opportunities for higher level learning and training.</p> <p>This has been further stretched by not receiving targeted support to date.</p>
Low Energy Efficiency Homes	<p>Low energy efficiency homes have much higher energy demands, leaving occupants more exposed to high energy prices. This often overlaps with households who also live on the lowest incomes.</p> <p>Previously targeted for support through energy efficiency schemes and the Warm Home Discount.</p>
Off-gas homes	<p>Homes heated electrically by technologies other than heat pumps often have higher energy costs as the unit price of electricity is so much higher than gas.</p> <p>Those that use neither gas nor electricity for heating are particularly exposed - their heating fuels are not regulated.</p> <p>Previously identified for support through the off-gas element of the EPG.</p>

Government Data Available	Other data that can be overlaid to provide effective support
<p>Universal credit and legacy means-tested benefits (captured by the Digital Economy Act).</p> <p>Bereavement support payment</p> <p>Income data via HMRC (may require new powers).</p>	<p>Supplier data:</p> <ul style="list-style-type: none"> • In arrears • On a debt repayment plan • Repaying small sums per week to a relatively large debt • Prepayment customers⁸⁷ (can split between prepay and smart) • Customers who self-disconnect <p>The Priority Services Register can indicate single people and lone parents.⁸⁸</p>
<p>DLA</p> <p>PIP</p> <p>Attendance Allowance</p> <p>NEA believes these benefits fall within the Digital Economy Act powers.</p>	<p>Data from the Priority Services Register can indicate households with a disability, with a medical condition or wider health-related conditions, including mental health.</p>
<p>Carer's Allowance</p> <p>NEA believes Carer's Allowance falls within the Digital Economy Act powers.</p>	
<p>Higher Cost Targeting (already used to deliver the Warm Home Discount from this winter).</p> <p>Wider EPC data (not available for all households and may require new powers).</p>	<p>Usage data via smart meters.</p> <p>Fuel poverty low income, low energy efficiency data (national and local - England only, and sometimes held by local authorities).</p>
	<p>Suppliers will have identified these households as part of this winter's £100 payment for off-gas households.</p>

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- 83 Note that a high number of respondents selected ‘Don’t know’ in response to this question, likely because they did not have the requisite information on or understanding of volumetric recovery to comment. These have consequently been excluded from the reported percentage. With ‘Don’t know’ responses included, the percentage agreeing was 64%.
- 84 Note that a high number of respondents selected ‘Don’t know’ in response to this question, the majority not based in Northern Ireland. These have consequently been excluded from the reported percentage. With ‘Don’t know’ responses included, the percentage agreeing was 65%.
- 85 New Economics Foundation (2021) [Homes Fit for the Future](#).
- 86 Based on an average cost to upgrade a dwelling to EPC C of £6,200, and a flat approach over 9 years. Average cost to upgrade dwellings from NIHE (2020) [Home Energy Conservation Authority Annual Progress Reports](#)
- 87 Over half of prepayment customers earn less than £18,000/year. See CMA (2016) [CMA Energy Market Investigation Appendix 9.6: Prepayment](#).
- 88 Low income single people and lone parents have been disproportionately impacted by the rising cost of essentials. See JRF (2022) [New analysis shows Chancellor must act to avoid devastating damage to living standards of poorest families](#).



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