

Top-down and Bottom-up evaluation of government policies on fuel poverty

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Executive Summary

This report evaluates the effectiveness of policies in tackling fuel poverty amongst vulnerable households. It combines a top-down analysis, which looks at the content of government policies, with a bottom-up evaluation based on data recorded from 284 home energy visits to vulnerable households¹ in Bradford between December 2012 and April 2014. It considers policies that relate to all three factors that influence fuel poverty, energy prices, household income, and energy efficiency.

1. Energy prices

a) *Energy consumption*

The average annual energy cost was £1,406 amongst the households visited - this is £171 higher than the national average at that time. The average household used 18,516kWh of gas and 3,546kWh of electricity per year, both of which are higher than the UK average. These figures reflect the fact that homes were likely to be occupied for a high proportion of time during the day and needed to be kept warm for vulnerable residents such as the elderly or very young children. Additionally, a high proportion of Bradford's housing stock is 'hard-to-treat'.

b) *Payment types and tariffs*

Nearly two-thirds of all households visited were on the most expensive payment types, paying either quarterly on receipt of bill or through prepayment meters. Only 31% paid by direct debit which compares to 55% nationally. Figures also showed that:

- 94.7% of households are supplied by one of the Big 6 energy suppliers.
- 26 households were not on a dual fuel tariff and could make savings by switching to one supplier for both gas and electricity.
- Only 42 of the 284 households (14.8%) were on a fixed rate tariff, leaving the vast majority on more expensive variable rate tariffs and at risk of increasing energy prices (this is again lower than the national average of 25%).
- Only 29 households (10.2%) managed their account online.

c) *Potential savings by switching tariffs*

A price comparison was undertaken for 230 households to show potential savings if they switched energy supplier and/or changed their payment type. The average savings are shown in Figure ES1:

Current payment means	Annual saving if keep same payment means but switch to new supplier	Annual saving if switch to direct debit with a new supplier
Prepayment	£62	£330
Quarterly on receipt of bill	£143	£240
Direct debit	£156	n/a

ES1: Possible savings by switching energy supplier and payment type

The biggest savings rely upon households paying by direct debit yet two-thirds of households we visited pay by prepayment or quarterly tariffs. We found a significant number of barriers to residents paying by direct debit, for example, concerns about money being in the account every month, worries that the amount taken may change without warning, or lack of a bank account. These price differentials are, therefore, penalising large numbers of

¹ To receive a home energy visit households had to meet certain eligibility criteria, e.g. being on a low income, or having a child under 5 years old, an elderly resident or a resident with a physical or mental disability in the home. They then also had to be referred for a visit by a frontline organisation, thus ensuring that help was given to those who most needed it..

vulnerable households. Prepayment customers are further disadvantaged as the potential savings from switching supplier are much less than those available to other customers and there are limited fixed price prepayment tariffs available.

d) Impact of policies and programmes

Ofgem-led reforms to the energy market in 2013 simplified energy tariffs for consumers. We noted a significant loss of online tariffs from the market place around this time which helps to minimise the financial bias towards residents who have a home computer. There does, however, remain an ongoing lack of awareness that there are different tariffs available from the same energy supplier - 34 households could save an average of £104 per year by switching to a different tariff with their existing supplier. Six Npower customers saved an average of £236 per year by switching from a variable tariff to a fixed rate deal.

The Ofgem reforms do not help people to identify if there is a cheaper deal with another supplier and perceptions (which are often true) remain that it is difficult to compare energy suppliers without a computer. Whereas it seems commonplace that people will shop around for things like car insurance, very few people are yet to do the same for their energy supplier.

The government's £5 million Cheaper Energy Together Fund aimed to help people get cheaper prices by supporting collective energy switching schemes. However, it is debatable whether this type of scheme is reaching vulnerable households who are on the most expensive payment means and who are most at risk of fuel poverty. For example, 65% of the total number of households that switched through this scheme paid by direct debit whereas only 7% paid by cash or cheque and even fewer (3%) paid through prepayment meters². Only 13% of registered households had an annual income of less than £14,000 and just 12% of people had no internet access. Only one household we visited had signed up to the Bradford Collective Energy Switching scheme that ran in early 2013. Using community based organisations to help residents switch tariffs through the government's Big Energy Saving Network project does however seem to have directly helped to reach vulnerable groups.

Summary: Energy prices

Vulnerable households are using more energy than an average household so it is vital that residents can access the cheapest possible rates. We found that significant savings can be made if residents switch their energy supplier but they are often limited by the current tariff system which charges higher prices to people who pay through prepayment meters or when they receive a bill. Making different payment types more equitable would be an excellent way of helping to maximise the money residents can save on their energy bills and, therefore, to help tackle fuel poverty. There needs to be more recognition that paying by direct debit is not practicable or desirable for significant numbers of households so, by making payment types fairer, the people who can least afford to heat their homes will no longer be being charged significantly more because of how they choose to pay. Furthermore, confusion remains around the information provided on energy bills and types of tariffs, and it is unrealistic to assume that people will automatically phone up to change to a cheaper tariff if information is put on their bill. Energy companies could be doing more to proactively put people onto the cheapest tariff for their payment type.

2. Household income

There are three main policies that aim to boost household income in relation to energy bills.

² DECC 2013. Helping customers switch: Collective switching and beyond. [Please note that not all schemes were able to provide these details].

a) Warm Home Discount:

The Warm Home Discount (WHD) gives a one-off payment of £135 (2013/14) towards winter electricity bills and is specifically targeted at households most at risk of fuel poverty. Residents who are in receipt of the Guarantee element of Pension Credit get the WHD automatically (this is the 'Core Group') but other households may also be eligible through the 'Broader Group'.

The WHD is having a very minimal impact in tackling fuel poverty amongst vulnerable households classified as the 'Broader Group' in Bradford. There is very poor awareness of the scheme – only 19 out of the 284 households visited knew about it and 5 of these received Pension Credit so got the payment automatically. There were 177 households who were not aware of the WHD but were eligible – helping them to apply brought in over £24,000.

There are significant differences between the Core Group and Broader Group:

- *Reach of scheme:* For the Core group, effective matching of government and energy company data means that over 93% of residents who receive Pension Credit get the WHD automatically. Our figures show that less than 10% of eligible households in the 'Broader Group' knew about the WHD scheme and had received the financial support in the past.
- *Application process:* Prior to 2014/15 most energy companies required a phone application, primarily to a number chargeable from mobile phones. This, together with often lengthy queuing times, restricted the likelihood of households to apply for the payment. In 2014/15, most companies offered an online application option but that relied upon internet access.
- *Eligibility criteria.* The eligibility criteria for the Broader Group vary between different energy companies whereas it is consistent for the Core Group. This situation has been improved recently following a government consultation on the scheme³ but there may still be some discrepancies which will give an extra complication when residents are considering switching energy supplier. Through our latter visits we found that 16 households could apply for the payment with a different energy company but not the one they were with.
- *Closing dates.* Some suppliers close their WHD scheme when they have reached a maximum number of applications and do not give a definite closing date. This makes it unpredictable as to when the deadlines will be and many eligible households will miss out.
- *Capacity to switch supplier.* Members of the Broad Group have to re-apply for the WHD if they switch energy supplier as applications are not transferable. This, together with the unpredictability of closing dates, makes switching energy supplier difficult at certain times of the year and reduces the opportunity to maximise savings from cheaper tariffs. Again this is in contrast to the Core Group where payments are made automatically and residents are able to switch supplier at any time and still receive the payment.

b) Winter Fuel Payments

This scheme makes payments of between £100-£300 to residents over the age of 65. It is indiscriminate and is not specifically targeted at households at risk of fuel poverty. In 2013/14, Winter Fuel Payments totalled £2.124 billion pounds but less than a quarter of these households are in receipt of Pension Credit⁴. In comparison just £81.7 million was paid out to non-Pension age vulnerable households through the WHD scheme in 2013/14.

³ DECC 2015. Warm Home Discount: Extension to 2015/16. Consultation response document.

⁴ Recent figures show that there are 2.24million recipients of Pension Credit in GB
<https://www.gov.uk/government/collections/dwp-statistical-summaries>

c) Cold Weather Payments

Cold Weather Payments consist of £25 for each 7 day period of very cold weather between 1st November and 31st March and are paid automatically to eligible households – it is the only income-related scheme which does not prioritise residents of pensionable age over other vulnerable groups. There was only one trigger to these payments in 2013/14 at one weather station, no payments were made to households in Bradford. In contrast, the cold winter of 2012/13 saw a total of £13.35 million paid to 106,800 Bradford households, 57% of these were in receipt of Pension Credit. This scheme is more targeted at tackling fuel poverty across the board but, due to its dependence on the weather, it is unpredictable between winters.

Summary: Household income

The government policies that enhance household income around energy bills favour older residents with all residents over 65 automatically receiving the Winter Fuel Payment and all residents on Pension Credit (Guarantee element) receiving the WHD. These policies are not effective at tackling fuel poverty in Bradford amongst other vulnerable groups such as those with very young children or where a resident has a disability. Where the payments are not made automatically, uptake is extremely poor with a range of barriers to applications. Cold Weather Payments are the most equitable scheme covering all vulnerable groups but vary significantly from year-to-year due to the vagaries of the weather. There needs to be more recognition that elderly residents are not the only group vulnerable to cold homes and fuel poverty. A recent report, for example, shows that half of fuel poor households had someone in work⁵. The budget for Winter Fuel Payments is massive and money is allocated irrespective of need. It would be more equitable if monies were diverted to a scheme that could help other groups of vulnerable residents and if the WHD Broader Group processes were brought into line with those of the Core Group so vulnerable residents receive the payments automatically.

3. Energy efficiency

Improving the energy efficiency of homes is the most sustainable long-term way of reducing household energy demand and making homes warmer. Our visits highlighted excellent uptake of condensing boilers, and loft and cavity wall insulation in households, reflecting the effectiveness of schemes such as Warm Front.

However, we can also draw a number of other conclusions:

- Nearly one-third of properties we visited had solid walls and a quarter had a room in the roof. There are, therefore, significant numbers of older 'hard-to-treat' properties that have not been tackled by any of the existing energy efficiency schemes. The average annual energy bill for residents living in solid wall properties was £1,586, compared to £1,332 for households living in properties where the cavity walls have been insulated. It will be difficult to tackle fuel poverty in these housing types without expanding the range of measures available through schemes such as the Energy Company Obligation (ECO).
- Many Bradford properties have cellars or basements where floor insulation could make a big difference to the warmth of the home but this measure is yet to be made widely available.
- The cessation of Warm Front and changes to its successor, the ECO scheme, have had adverse impacts on the measures available to households. For example:

⁵ Policy Exchange 2015. Warmer Homes: Improving fuel poverty and energy efficiency policy in the UK.
<http://www.policyexchange.org.uk/publications/category/item/warmer-homes-improving-fuel-poverty-and-energy-efficiency-policy-in-the-uk>

- There is no longer any help for people with inadequate heating. From December 2013 onwards we visited 3 households with children under 3 years old who could no longer get a central heating system installed (when they would have previously qualified).
- There is no longer any help for residents who heat their homes with electricity or oil.
- Contractors have started to suggest that households will have to make a contribution towards the cost of energy efficiency improvements such as a new replacement boiler.
- Schemes that were planned around solid walled properties have been cut or dramatically scaled back after the government reduced the green taxes on energy bills in late 2013.

Summary: Energy efficiency

Schemes such as Warm Front have been very effective at helping low income households in Bradford. However, the energy efficiency measures currently available through the Energy Company Obligation are inadequate. Fewer measures were already available compared to the previous Warm Front scheme but they have been scaled back even further following cuts to the green taxes on energy bills made by the government in December 2013. For example, many people (regardless of income) are being asked to contribute to the cost of a like-for-like boiler replacement. The majority of homes we visited had already accessed boiler and insulation schemes and it is only by making measures available for the hard-to-treat properties or those homes that are inadequately heated that we can start to tackle the heating costs for all vulnerable residents.

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1. Introduction

Bradford Environmental Action Trust (BEAT) is an environmental charity based in Bradford. Between December 2012 and April 2014 BEAT delivered 284 home energy visits to vulnerable households in the Bradford District. The households visited were referred for support by frontline organisations and were defined as vulnerable by having a child under 5 years old, an elderly resident, a resident living with a physical or mental disability, or a resident in receipt of means-tested benefits. A home energy visit typically takes one hour and provides advice on switching energy tariffs, accessing grants towards energy bills and improving the energy efficiency of the property. By covering these elements, the advice is addressing all three factors that influence fuel poverty (energy prices, household income, and energy efficiency).

In 2014 BEAT was awarded a grant from the Cheshire Lehmann Fund to collate all of the information and data collected through the home energy visits (which were done through three separate projects) and then use it to evaluate the effectiveness of government policies on tackling fuel poverty on the ground. Areas where positive progress has been made will be identified and key areas explored where there is still scope for action.

2. The policy context

There were 2.28 million households (10.4%) in fuel poverty in England in 2012⁶, meaning that their energy costs are higher than is typical for their household type and, were they to spend that amount, their residual income would be below the poverty line⁷. This means that many households are choosing between heating and eating and are putting their health and well-being at risk by living in homes that are inadequately heated⁸. There were 18,200 excess winter deaths in England and Wales in 2013/14⁹ and evidence shows that living in a cold home can cause or exacerbate cardiovascular and respiratory diseases, and have detrimental impacts on educational attainment, mental health, and emotional well-being¹⁰. Reducing fuel poverty therefore has significant social and health benefits.

In 2000, the government adopted the Warm Homes and Energy Conservation Act which pledged to eradicate fuel poverty by 2016¹¹. This fuel poverty target is currently undergoing consultation¹² but fuel poverty remains an issue of vital importance and a number of policies have been introduced to tackle all three elements that drive fuel poverty, energy prices, household income, and energy efficiency of the property¹³ (see Figure 1).

⁶ DECC 2014. Annual fuel poverty statistics report 2014. <https://www.gov.uk/government/statistics/annual-fuel-poverty-statistics-report-2014>

⁷ This is the new definition of fuel poverty adopted by the UK Government in 2013, it replaces the previous definition which classed households as being in fuel poverty if they spent more than 10% of their household annual income on their energy bills.

⁸ Beatty, T.K.M, Blow, L., and Crossley, T.F. 2011. Is there a “heat or eat” trade-off in the UK? Institute for Fiscal Studies <http://www.ifs.org.uk/wps/wp1109.pdf>

⁹ Excess Winter Mortality in England and Wales, 2013/14 (Provisional) and 2012/13 (Final)

¹⁰ Marmot Review, 2011. The health impacts of cold homes and fuel poverty. <http://www.instituteofhealthequity.org/projects/the-health-impacts-of-cold-homes-and-fuel-poverty>

¹¹ Warm Homes and Energy Conservation Act 2000.

¹² HM Government. 2014. Cutting the cost of keeping warm: A new fuel poverty strategy for England. Consultation document, July 2014.

¹³ Fuel poverty: The problem and its measurement. Interim report of the fuel poverty review. CASE Report 69. October 2011.

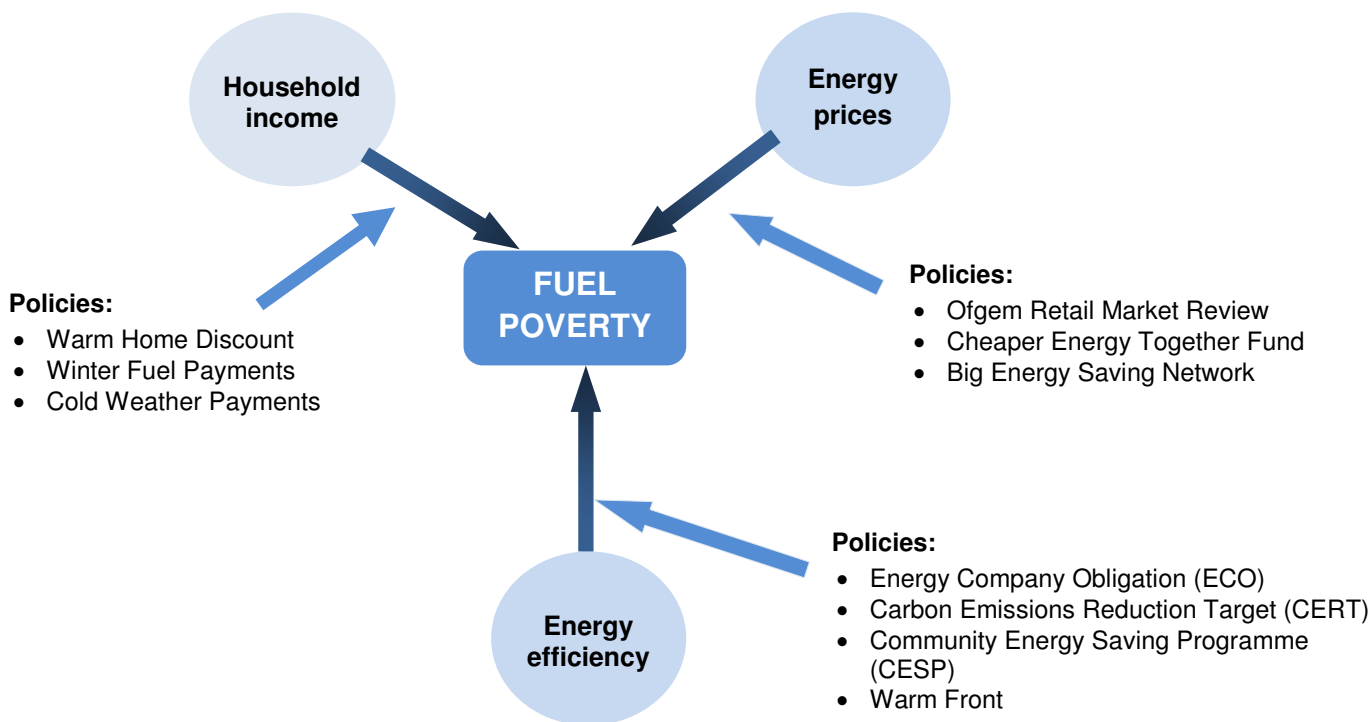


Figure 1: Government policies and programmes designed to tackle fuel poverty

This study undertakes a combined top-down and bottom-up approach to evaluate the government’s fuel poverty policies. The top-down approach involves a desk-based study of policy content to look at whether policies enable or constrain our ability to tackle fuel poverty. The bottom-up approach draws upon data gathered from home energy visits to households in Bradford (see below), combined with 5 interviews with frontline organisations responsible for implementing these policies.

3. Data collection

All of the information and data recorded from our home energy visits has been collated. This comprises records from 284 individual households in the Bradford District, split across three projects (see Figure 2).

Project	Dates	Number of households
Warm Homes Healthy People	Dec 2012 to April 2013	69
Children’s Services	July 2013 to Dec 2013	122
Warm Homes Healthy People	Dec 2013 to April 2014	93

Figure 2: Projects through which home energy visits have been undertaken

The Children’s Services project was specifically targeted at families with a child under 5 years old. The Warm Homes Healthy People (WHHP) programmes had wider eligibility criteria but relied upon referral from frontline professional staff. Households were eligible (in theory) if there was an elderly resident (over 75 years old), a resident over 65 with an existing medical condition, a resident with a mental or physical disability, a child under 5

years old or a resident in receipt of means-tested benefits. The referral only system ensured we reached the most vulnerable people within these groups.

The data collated and evaluated includes information on boiler efficiency, insulation levels, annual energy use and costs, energy supplier, tariff type, possible savings by switching supplier, take-up of the Warm Home Discount, and any other advice given.

4. **Top-down and bottom-up policy analysis**

The subsequent analysis is framed around the three elements influencing the propensity of a household to be in fuel poverty:

- Energy prices
- Household income
- Energy efficiency

4.1 ***Energy prices***

4.1.1 **Background**

In 2013, households in the UK were paying an additional £187 per year for their energy bills compared to 2008, an increase of 17.8%¹⁴. This is despite the fact that actual energy consumption reduced by around 12% over the same period. Energy prices have become a key political issue with households being urged to shop around in efforts to switch to a new supplier and reduce their bills. However, despite rising fuel prices, and the high profile nature of the issue, the number of people switching energy suppliers has, with the exception of late 2013, been steadily declining since 2008¹⁵ (see Figure 3).

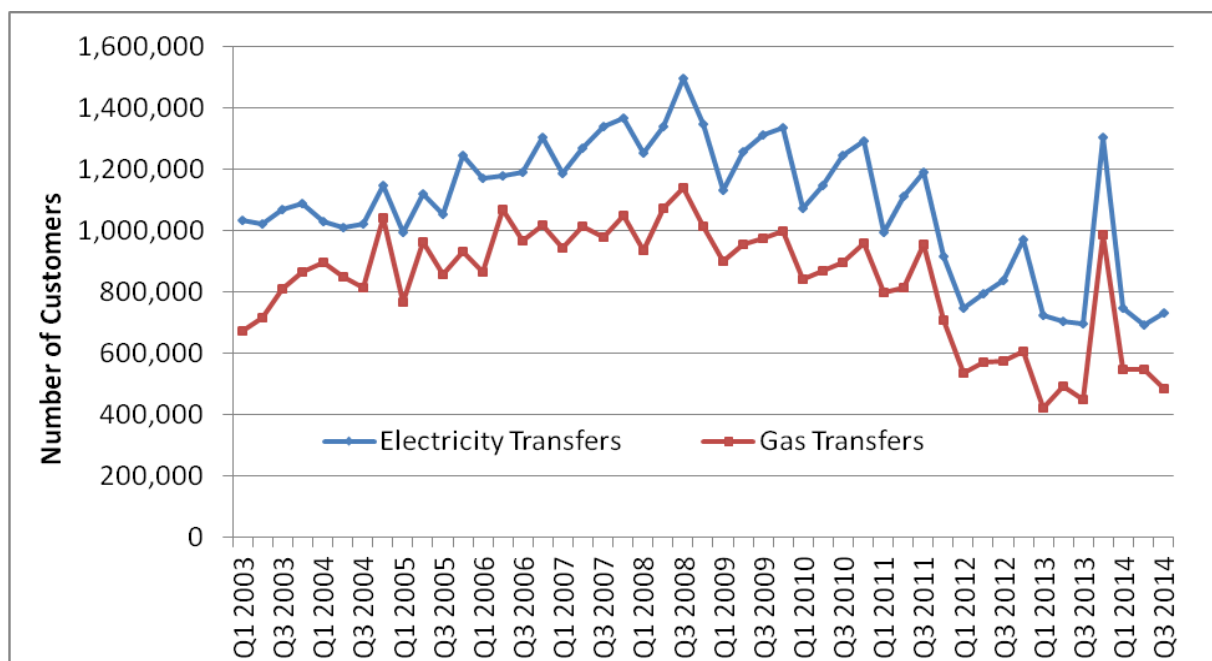


Figure 3: Domestic electricity and gas transfers in Great Britain¹⁵

¹⁴ DECC 2014 Annual domestic energy bills. <https://www.gov.uk/government/statistical-data-sets/annual-domestic-energy-price-statistics>

¹⁵ DECC 2014 Quarterly Domestic Energy Switching Statistics <https://www.gov.uk/government/collections/domestic-energy-prices>

Official statistics have revealed that around 60% of households in the UK have never switched energy supplier yet 84% know that it is possible to switch¹⁶. Research by Ofgem has shown a plethora of barriers amongst different groups of vulnerable customers to switching energy supplier, including a fear of problems, uncertainty of savings, a lack of interest or laziness, or it just not being something that has ever been considered¹⁷.

Ofgem launched a review in 2010 which aimed to make the energy retail market work more effectively for households. As an outcome of this process, the Energy Act 2013 enforces obligations on energy suppliers to simplify energy tariffs, restrict the number of domestic tariffs, improve the clarity of information provided on bills and ensure customers are moved onto the cheapest standard tariff. Simpler tariff choices were introduced from December 2013 onwards with each energy supplier only now able to offer four core tariffs; this is with the aim of making it easier for households to identify the cheapest tariff for them¹⁸. This review also resulted in the withdrawal of many social tariffs from the market place.

During our home energy visits we talked to households about their energy supplier, how they pay for their gas and electricity, how much energy they use, and looked at opportunities for saving money by switching tariff and/or energy supplier.

4.1.2 Payment types and energy use

We found firstly that the vast majority of households (94.7%) have their energy supply with one of the 'Big 6' energy suppliers (British Gas, EDF Energy, E.ON, Npower, Scottish Power or SEE). This is almost identical to national figures which show that 94.6% of households are with a 'Big 6' supplier¹⁹. It is however interesting to note that nearly two-thirds of all households we visited pay either quarterly on receipt of bill or through prepayment meters, with less than one-third paying by monthly direct debit (Figure 4).

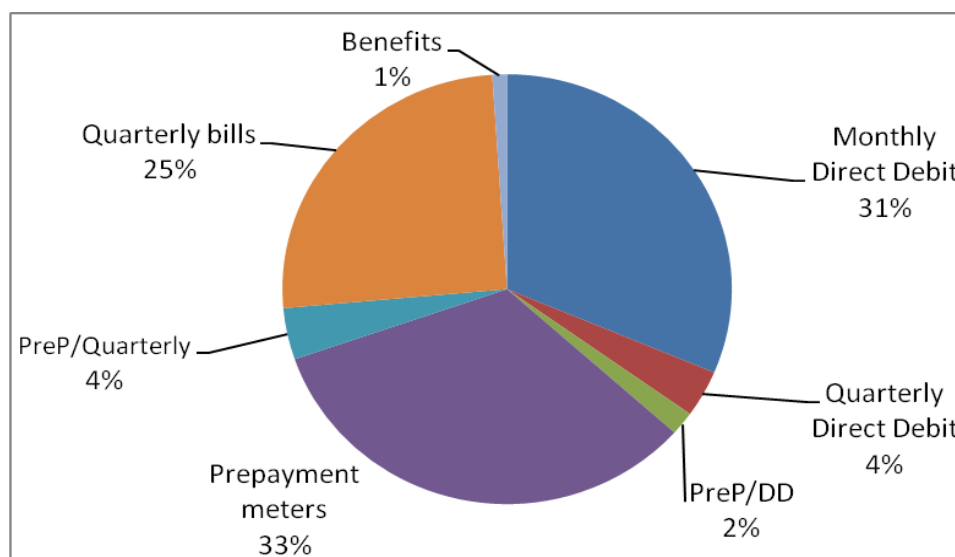


Figure 4: How residents pay for their energy

¹⁶ Ofgem 2014 Customer Engagement with the Energy Market: Tracking survey 2014. Ipsos Mori survey.

¹⁷ Ofgem 2011 Vulnerable Customer Research <https://www.ofgem.gov.uk/ofgem-publications/39714/ofgemvulnerablecustomersresearchfinal.pdf>

¹⁸ Ofgem 2013. The Retail Market Review – Implementation of Simpler Tariff Choices and Clearer Information

¹⁹ Buckley, R. And Moss, A. 2014. Competition in British household energy supply markets: An independent assessment. Cornwall Energy

These figures are significantly different from the national picture where 55% of households pay by direct debit, 29% pay quarterly and 16% have prepayment meters¹⁴. These figures are supported by those elsewhere which show that the lower the household income, the more likely the household is to be on prepayment meters²⁰.

When looking at actual energy use figures we found that the annual average energy bills were £171 higher than the average for Great Britain as a whole at that time (see Figure 5).

	kWh		Total cost	No. households ²¹
	Gas	Electricity		
Dec 12 to April 13 (Project 1)	18,056	3,533	£1,338	59
Jul 13 to Dec 13 (Project 2)	18,629	3,367	£1,382	98
Dec 13 to April 14 (Project 3)	18,726	3,797	£1,493	73
All projects	18,516	3,546	£1,406	230
Great Britain¹⁴	15,000	3,300	£1,235	

Figure 5: Annual energy use and costs

These figures also show that both the electricity and gas use of the households we visited were higher than average. This is perhaps un-surprising as we were visiting residents where homes are more likely to be occupied for a high proportion of the time during the day and where residents need to maintain a comfortable temperature, for example, for young children, elderly or disabled residents.

4.1.3 Potential savings

Using the figures we took from household bills (if available) or acquired by phoning the energy supplier, we looked at the possible savings available to residents if they were to switch to a different energy supplier and/or to an alternative tariff. Through this process we identified the following issues:

Issue 1: Households not benefitting from dual fuel discounts or fixed term tariffs

The majority of energy suppliers offer a 'dual fuel discount' if a household has both gas and electricity supplied by them. We found that 26 households were not on a dual fuel tariff and could make savings by switching to one supplier for both gas and electricity.

Furthermore, only 42 of the 284 households were on a fixed term tariff (14.8%), leaving the vast majority of people susceptible to rising energy prices. This is much lower than the national average where 25% of households are on fixed rates²². This became a real issue during our projects, particularly during winter 2013 where all major suppliers increased their prices. We did find that 34 households could make immediate savings if they kept the same energy supplier but just switched to a different tariff – the average saving was £104 per year. For six Npower customers, they could have saved (at the time) an average of £236 per year if they switched from a Standard (variable) tariff to a fixed rate deal. These ways of making savings are particularly important to highlight as many of the usual barriers to switching energy supplier do not come into play – households keep the same supplier and same payment means so changes are minimal. It is recognised that the majority of our visits took place before changes to the tariff structures were enforced by Ofgem. However, we have

²⁰ Hills, J. 2012. Getting the measure of fuel poverty. Final report of the Fuel Poverty Review. Case Report 72.

²¹ Figures on energy consumption were not available for all of the households visited

²² Quarterly domestic energy customer numbers <https://www.gov.uk/government/statistical-data-sets/quarterly-domestic-energy-price-stastics>

more recently done a further 35 home energy visits (data not included in this report) and still found that only around 18% of residents were on a fixed price tariff.

Issue 2: Price differential between payment types

Figure 6 shows the possible average annual savings that can be made by switching energy supplier, firstly if residents keep the same payment means and, secondly, if they switched to paying by direct debit²³.

Current payment means	Annual saving if keep same payment means but switch to new supplier	Annual saving if switch to direct debit with a new supplier
Prepayment	£62	£330
Quarterly	£143	£240
Direct debit	£156	n/a

Figure 6: Possible savings by switching energy supplier and payment type

In the last couple of years many prepayment rates have been brought into line with the standard quarterly rates so they are no longer the most expensive payment means. However, Figure 6 shows a significant price differential between prepayment or quarterly tariffs and direct debit rates and the biggest savings can only be realised if households sign up to pay by direct debit. This means that nearly two-thirds of the vulnerable households we visited would have to change their payment means for either gas and/or electricity (Figure 4).

Switching to direct debit is not a realistic or practical option for many people. A significant number of households paying quarterly told us time and time again that they do not want to make direct debit payments. There were a number of reasons for this, some residents were worried about not having the money in their account when the payment is taken, others worried that the energy company may suddenly decide to take more money than initially discussed, others felt more in control if they waited for a bill and then just paid for what they used, and some others did not have a bank account.

The vast majority of residents with prepayment meters also did not want to change them and find paying for energy upfront the best way to manage their household budgets, often worrying about getting into debt if they moved to credit meters. We found that nearly one-third of prepayment customers did not even want to compare energy suppliers (the highest proportion of all groups) – typical comments were that they are all the same anyway and people would rather be with what they know rather than risk changing. Some residents had also had bad experiences in the past when switching supplier. For those prepayment customers who were interested in switching, they were further disadvantaged as the potential savings from switching supplier are far less than those available to other customers and fixed price tariffs are much rarer. At the time of writing a price comparison exercise only identified 3 possible fixed rate tariffs for prepayment customers across the whole market place.

As switching to direct debit is not always a practical or viable option, it is vital to address the differences in prices between payment means. Simplifying tariff structures has not helped with this and there are no government policies that address a barrier which is severely

²³ Please note that data used to produce these figures span an 18 month period and there have since been changes to the tariff system. They may not therefore reflect current price differentials between payment types. These figures only include households who were interested in comparing prices, a number did not even want to look at this.

constraining the ability of many households to access the cheapest possible rates. This action would make a significant difference to those in, or at risk of, fuel poverty.

Issue 3: Cheapest tariffs available to online customers

Data from our second project showed that by far the most significant savings were available to households who signed up to an online account. By our third project a large proportion of these online tariffs had disappeared, which can perhaps be attributable to the changes to the tariff system that were introduced in December 2013. Overall we found that only 29 households we visited managed their account online (10.2%). Although this is comparable with national figures, this previous bias towards those with a computer is inequitable for the vast majority of vulnerable households, including those on a prepayment meter. The Ofgem reforms appear to have had some success in removing this favouritism towards households who are on the internet.

Issue 4: Greater savings by switching energy suppliers

Data from our home visits shows that for customers who want to keep the same payment means, greater savings are possible by switching to a new supplier rather than switching tariffs with the existing supplier. The Ofgem reforms to energy tariffs help customers compare rates with their existing supplier but not across suppliers. To accurately find the cheapest energy supplier for a particular household information is required on their current tariff and annual energy consumption. Our experiences however suggest that residents find interpreting energy bills very difficult and very few households compare energy suppliers as they would, for example, compare car insurance quotes. Even if residents have the correct information to hand, comparing energy suppliers is tricky without internet access.

The government has tried to enable tariff switching through its Cheaper Energy Together Fund and Big Energy Saving Network (BESN) initiative. The Cheaper Energy Together Fund made £5 million available to support collective energy switching schemes whereby households could group together to negotiate lower energy prices. Through 31 projects, 190,575 consumers provided their details and 21,641 (11.36%) accepted the offer made to them and switched tariff, this generated an average saving of £131 per year. Follow-up work was not done to see why other people did not take up the offer but local figures suggest that as many as 75% of households found it difficult to understand the offer²⁴.

It is also revealing that of the total number of households that switched through the Cheaper Energy Together initiative, 65% paid by direct debit whereas only 7% paid by cash or cheque and even fewer (3%) paid through prepayment meters²⁵. Furthermore, only 13% of registrations to the scheme were from households with an annual income of less than £14,000 and only 12% of people had no internet access. This suggests that this type of scheme is not adequately reaching the households that are already on the most expensive payment means and who are most likely to be in fuel poverty. It is also consistent with the evidence gathered from our home visits which suggested that prepayment customers were the least likely to want a price comparison done of other energy suppliers. Our first phase of home energy visits took place around the time of the Bradford Collective Energy Switching scheme in January 2013. From subsequent visits we found only one household that had signed up to (and switched through) that scheme, again raising the question as to whether this type of initiative is engaging with the most vulnerable households.

²⁴ Pers. Comm., 2014, participant organisation in Collective Switching initiative

²⁵ DECC 2013. Helping customers switch: Collective switching and beyond. [Please note that not all schemes were able to provide these details].

The Big Energy Saving Network programme has now run for two years, providing nearly £2 million of funding which has enabled local organisations to help vulnerable residents make informed choices on switching energy supplier and reducing energy bills. It is a positive scheme in that it specifically targets households in, or at risk of, fuel poverty and works on a local level, including building the skills of frontline staff to be able to advise their clients on switching energy supplier. The evaluation report for the first year of the programme suggests that nearly one-third of people participating in workshops contacted their energy supplier about their tariff and 11% switched supplier²⁶. Overall however it was suggested that it is dedicated one-to-one advice which is most effective in securing action which makes it difficult to reach large numbers of consumers.

Indeed an interview with a participant from year one of the BESN suggests that it was only an Age UK organised session where people “came with the attitude that they wanted to switch” where real positive action was taken²⁷. In other sessions key barriers were prepayment meters, people not having the right information to hand and attitudes of people just not wanting to switch and that they wanted to make their own mind up. This shows the difficulties of convincing people that switching is a good thing, let alone reaching the stage of completing a switch over.

Issue 5: Criteria around removing prepayment meters

For prepayment customers who were interested in switching to direct debit there were additional complications in the requirements for successful credit checks and the differences in charges that energy companies make for removing prepayment meters (for example, British Gas remove meters for free whilst Npower charges around £60 per meter). These charges are nearly always prohibitive in terms of getting people off meters but many people are not aware that they can avoid these charges by switching to a different supplier first.

Issue 6: Removal of social tariffs

Only 6 of the 284 households benefitted from social tariffs and by the third project the two households on them had just been told that they were being withdrawn. This was going to increase their annual bills by over £350 per year. The Ofgem reforms explained that social tariffs were being abolished in order to be replaced by the Warm Home Discount scheme which would be “better targeted” and “non-discretionary”.

4.1.4 Summary

Vulnerable households are using more energy than an average household so it is vital that they can access the cheapest possible rates. We found that significant savings can be made if residents switch their energy supplier but they are often limited by the current tariff system which charges higher prices to people who pay through prepayment meters or when they receive a bill. Making different payment types more equitable would be an excellent way of helping to maximise the money residents can save on their energy bills and, therefore, to help tackle fuel poverty. There needs to be more recognition that paying by direct debit is not practicable or desirable for significant numbers of households so, by making payment types fairer, the people who can least afford to heat their homes will no longer be being charged significantly more because of how they choose to pay. Furthermore, confusion remains around the information provided on energy bills and types of tariffs, and it is unrealistic to assume that people will automatically phone up to change to a cheaper tariff if information is

²⁶ DECC 2015. Evaluation of the Big Energy Saving Network. <https://www.gov.uk/government/publications/evaluation-of-the-big-energy-saving-network-final-report>

²⁷ Pers comm., 2014 participant in Big Energy Saving Network project 2013/14

put on their bill. Energy companies could be doing more to proactively put people onto the cheapest tariff for their payment type.

4.2 Household income

There are three main policies that aim to boost household income in relation to energy bills.

4.2.1 Warm Home Discount

The Warm Home Discount (WHD) gives a one-off payment towards winter electricity bills and is specifically targeted at households most at risk of fuel poverty. This was £135 in winter 2013/14, rising to £140 in 2014/15. Residents who are in receipt of the Guarantee element of Pension Credit get the WHD automatically (this is the 'Core Group') but other households may also be eligible through the 'Broader Group'.

In 2013/14, payments of £167m were made to the Core Group and £81.7m to the Broader group²⁸. This means that over two-thirds of the payments are going to older residents who are in receipt of Pension Credit (Figure 7).

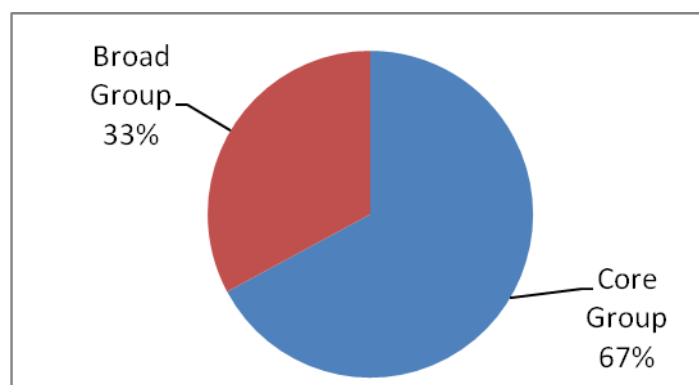


Figure 7: Breakdown of funding for Warm Home Discount scheme

Across the country as a whole the energy companies have successfully met their targets for the WHD scheme for the Broader Group²⁸. However our bottom-up analysis shows that the WHD has had a very minimal impact in tackling fuel poverty amongst vulnerable households classified as the 'Broader Group' in Bradford. Out of the 284 households we visited, only 19 knew about the scheme and 5 of these received Pension Credit so got the payment automatically. There were 177 households who were not aware of the WHD but were eligible through the Broader Group – helping them to apply brought in over £24,000.

Much can be done locally to better promote the scheme but we would suggest that the overarching framework governing the targets, the amount of money available, and the application process for the Broader Group mean that many non-Pension age vulnerable households are missing out. The issues can be summarised as follows:

- a) Application process. For the Core group, effective matching of government and energy company data means that over 93% of residents who receive Pension Credit get the WHD automatically. In contrast, our figures from Bradford show that less than 10% of eligible households in the 'Broader Group' have received this help where they have to firstly know about the scheme and then make an application for the payment, either by phone or online. This introduces the risk of further inequalities such as those arising from chargeable phone numbers or language constraints, or by disadvantaging the most vulnerable people who aren't linked in to other advice services and who, therefore, never hear about such schemes. There was an obvious improvement between 2013/14 and

²⁸ Ofgem 2014. Warm Home Discount Annual Report 2013/14. October 2014.

2014/15 by which most energy companies offered an online application form which avoided phone expenses, lengthy waits on the phone and generally made it much easier for applications to be made.

- b) Criteria. The criteria for the Core Group are consistent across all energy companies whereas the criteria for the Broader Group vary. For example, in 2013/14, a working family on a low income with a child under 5 years old would be eligible if their electricity was supplied by British Gas, E.ON or Scottish Power but would not be eligible with Npower, EDF or SSE. This penalised very low income working households. This specific discrepancy was removed in 2014/15 and the government has since announced that many of the criteria will now be standardised³. However, there will still be a degree of discretion permitted when setting criteria and this does introduce an extra complication when residents are considering switching energy supplier. By influencing who a household wants to switch to, this potentially constrains the ability of a household to select the cheapest supplier. In our latter two projects we recorded who would be eligible for the WHD if they switched energy supplier and found that 16 households could apply for the payment with a different energy company but not the one they were with. One particular problem we found was with Utilita who have a lot of prepayment customers but who are not part of the scheme - this is not made clear when switching over supplier.
- c) Switching energy supplier. With the Core Group, households still receive the WHD automatically from their old supplier if they switch supplier whereas with the Broad group households have to make a brand new application to their new energy company. This means that many households are reluctant to switch over the winter period until they have received their discount.
- d) Limited funding available and inconsistent timescales. The energy suppliers have limited funding and some close their schemes when they have reached their maximum number of applications. This makes it unpredictable as to when the deadlines will be and many eligible households will miss out again just because they are with the 'wrong' energy supplier. British Gas helpfully specify their closing date as 31st January 2015 but E.ON, for example, closed their 2014/15 scheme in November whilst the Npower scheme was still open on 25th March. These uncertainties around timescales makes it difficult to advise on switching energy supplier as it cannot be known for sure whether someone can switch in time to then also apply for the Warm Home Discount. This is not the case for the Core Group who receive the payment automatically so don't need to worry about application deadlines.

4.2.2 Winter Fuel Payments

This scheme makes payments of between £100-£300 to residents over the age of 65. Payments are made irrespective of household income or wealth and are not therefore specifically targeted at households at risk of fuel poverty. In 2013/14, 9 million households in Great Britain received the Winter Fuel Payment, totalling £2.124 billion pounds²⁹. Figures show that less than 25% of these households are in receipt of Pension Credit³⁰.

²⁹ DWP Winter Fuel Payment Statistics 2014. <https://www.gov.uk/government/collections/winter-fuel-payments-caseload-and-household-figures>

³⁰ Recent figures show that there are 2.24million recipients of Pension Credit in GB <https://www.gov.uk/government/collections/dwp-statistical-summaries>

4.2.3 Cold Weather Payments

Cold Weather Payments consist of £25 for each 7 day period of very cold weather between 1st November and 31st March and are paid automatically to eligible households. As the scheme is weather-dependent, the payments made are very variable. For example, there was only one trigger to these payments in 2013/14 and no payments were made to households in Bradford. In contrast, £146.1million was paid out in Great Britain during the cold winter of 2012/13, with £13.35 million going to 106,800 Bradford households. The scheme is criteria based and is, therefore, more targeted at tackling fuel poverty across the board. It helps all types of vulnerable households and 58% of the total payments go to households in receipt of Pension Credit. However, due to its dependence on the weather, it is unpredictable between winters.

4.2.4 Summary

Figure 8 compares the money allocated to households through different schemes that help with winter fuel bills. It shows the total money from each scheme and the total amount going to vulnerable/low income households. For Winter Fuel Payments we have defined this as households who receive Pension Credit.

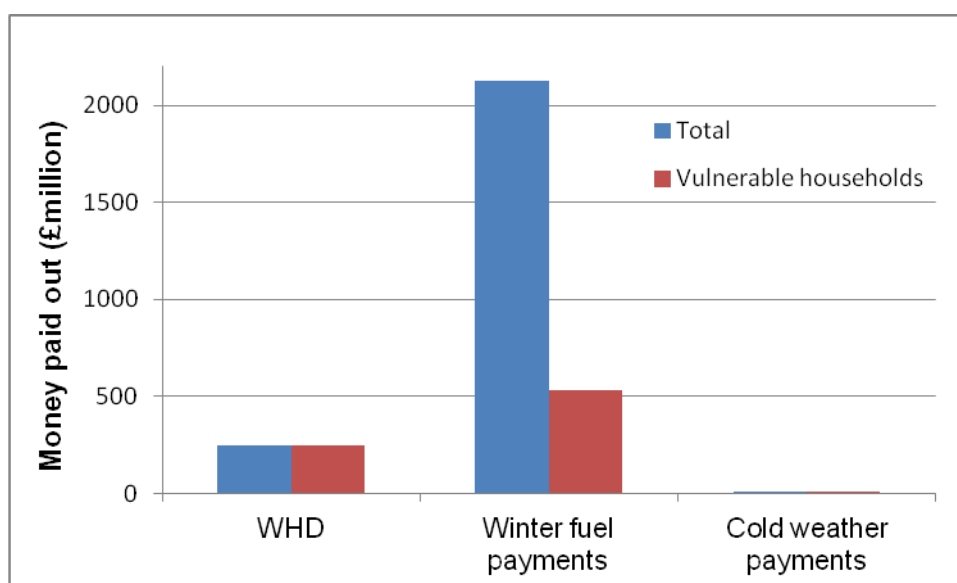


Figure 8: Money allocated to households to help with winter energy bills in 2013/14

The majority of financial support that is specifically targeted at enabling warm homes during the winter is made available to residents of pensionable age. This is clearly important given the vulnerability of this group to cold weather. However, there are other groups, particularly those with children under 5 years old and those with a disability, who are also at risk of the cold and the associated adverse health impacts of living in a cold home. A recent report, for example, shows that half of fuel poor households had someone in work³¹. Schemes that would be available to these groups, such as the Warm Home Discount, has seen very poor uptake from eligible households in Bradford, primarily because payments are not made automatically and there a range of barriers to applications. Cold Weather Payments are the

³¹ Policy Exchange 2015. Warmer Homes: Improving fuel poverty and energy efficiency policy in the UK. <http://www.policyexchange.org.uk/publications/category/item/warmer-homes-improving-fuel-poverty-and-energy-efficiency-policy-in-the-uk>

most equitable scheme covering all vulnerable groups but vary significantly from year-to-year due to the vagaries of the weather.

However, by far the largest sum of money is allocated in Winter Fuel Payments to those over the age of 65, irrespective of need, and this leaves other groups vulnerable. A proportion of these households who receive Pension Credit will also get an additional sum of money through the Warm Home Discount scheme. There is a key need for government policies to recognise the danger of living in cold homes to other groups and respond by a fairer distribution of resources across all vulnerable groups. It would be more equitable, for example, if funding for the Broader Group under the Warm Home Discount scheme was expanded and the Broader Group processes brought in line with those of the Core Group so vulnerable residents receive the payments automatically through cross-referencing with other databases.

4.3 Energy efficiency

4.3.1 Background

Improving the energy efficiency of homes is the most sustainable, effective way of tackling fuel poverty²⁰. Indeed, the government is currently consulting on a new target for fuel poverty which focuses on maximising the number of people living in homes rated at a Band C or above¹². As such, policies that improve the energy efficiency of properties are of utmost importance.

Energy companies have had obligations to save energy and improve the energy efficiency of domestic properties for the last 20 years through schemes such as the Energy Efficiency Standards of Performance, Energy Efficiency Commitment (EEC), Carbon Emissions Reduction Target (CERT) and the Community Energy Saving Programme (CESP) (see Figure 9). The most recent scheme was introduced in January 2013 and replaced CERT and CESP – this is the Energy Company Obligation (ECO) and its partner scheme, the Green Deal.

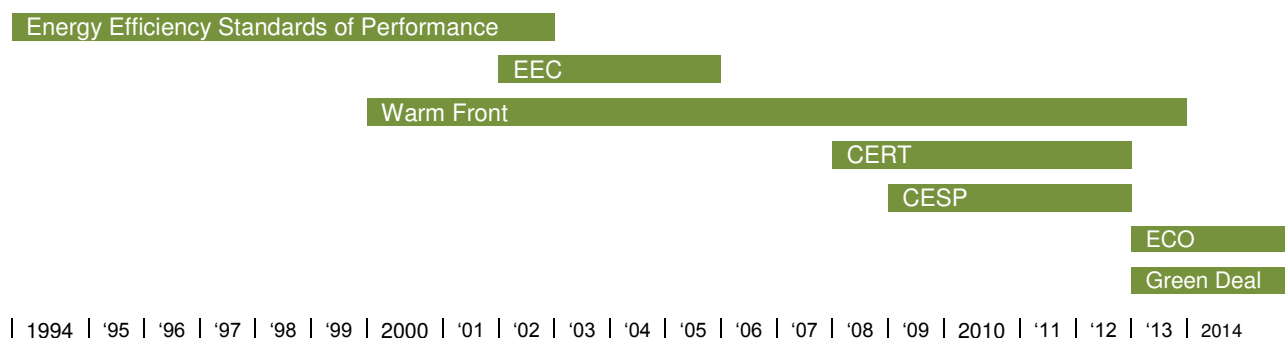


Figure 9: Schemes to improve the energy efficiency of domestic properties over the last 20 years

The Carbon Emissions Reduction Target (CERT) required certain gas and electricity suppliers to reduce carbon emissions within domestic properties³². 40% of the required savings had to be within the Priority Group (people over 70 and on certain qualifying benefits). A total of 513 million measures were installed under CERT through direct and

³² Ofgem 2013. The final report of the Carbon Emissions Reduction Target (CERT) 2008-2012.

retail routes including low energy lightbulbs, DIY loft insulation, energy efficient TVs, and cold and wet appliances.

The Community Energy Saving Programme (CESP) targeted specific low income geographical areas. The scheme was designed to promote a 'whole house' approach by incentivising the installation of multiple measures in a single dwelling, as well as the treatment of as many dwellings as possible in a single area, households being selected if they fell within the bottom 10% of the Indices of Multiple Deprivation (IMD) in England. A total of 293,922 measures were installed in 154,364 dwellings³³. CESP was particularly effective in incentivising measures in properties of solid and non-traditional wall construction and over 75,000 dwellings were treated with external solid wall insulation.

The Warm Front scheme operated from 2000 through to January 2013 during which time it offered grants of up to £3,500 (or £6,000 for properties classified as hard-to-treat) for energy efficiency improvements, including new central heating systems (of a boiler and up to 5 radiators), boiler repairs or replacement, loft and cavity wall insulation, draught proofing and hot water tank insulation. Warm Front helped 2.3 million households between 2000 and January 2013³⁴.

4.3.2 Uptake of measures

The success of these schemes was evident from our home visits which showed a very high level of uptake of energy efficient boilers (Figure 10) and insulation (Figures 11 and 12). Indeed, from the figures available between 2005 and 2013, 28,937 households in Bradford received help through Warm Front, the third highest of all local authorities in the country, behind only Liverpool and Birmingham³⁵.

		No. households
Boiler efficiency	<70%	14
	70.1 - 74%	5
	74.1 - 78%	30
	78.1 - 82%	29
	Over 82.1%	180
Other heating systems	Communal heating	2
	Gas room heaters	6
	Electric only	16
	Unknown	2

Figure 10: Heating systems

³³ Ofgem 2013. The final report of the Community Energy Savings Programme (CESP) 2009-2012.

³⁴ Watson, C. and Bolton, P. House of Commons Library. 13 August 2013. Warm Front scheme.

³⁵ DECC 2012 Warm Front Scheme <https://www.gov.uk/government/policies/helping-households-to-cut-their-energy-bills/supporting-pages/warm-front-scheme>

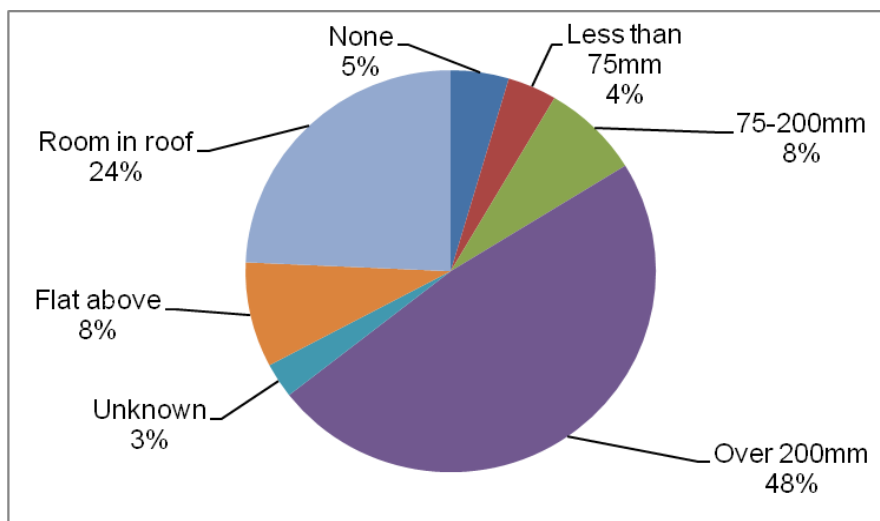


Figure 11: Levels of loft insulation

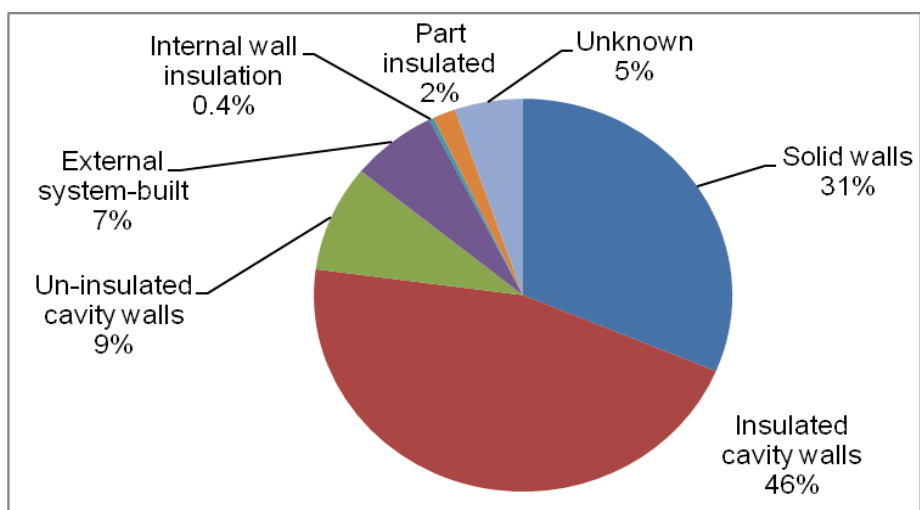


Figure 12: Wall insulation

These figures suggest that a large number of vulnerable households have already accessed schemes to improve the energy efficiency of their properties where it has been possible (and easy) to do so. There are however a significant number of older properties that have not been tackled by any of the existing energy efficiency schemes. For example, nearly one-third of the properties visited had solid walls and nearly one-quarter had an attic room/ room-in-the-roof. Our dataset shows that the average annual energy bill for residents living in solid wall properties is £1,586, compared to £1,332 for households living in properties where the cavity walls have been insulated. Furthermore, a lot of the Bradford properties also have cellars or basements where floor insulation could make a big difference to the warmth of the home. Tackling fuel poverty in these harder-to-treat properties requires schemes to significantly expand the measures that are available.

4.3.3 Current energy efficiency support: ECO

The CERT, CESP and Warm Front schemes have all now finished and have been superseded by the Energy Company Obligation (ECO) scheme. As with some of the previous schemes, ECO places obligations on any energy supplier that has over 250,000 domestic customers. It was introduced to work alongside the Green Deal which provides a financing mechanism for any household in the UK to improve the energy efficiency of their home. ECO specifically targets vulnerable and low income households and hard-to-treat properties and has three elements, as shown in Figure 13.

ECO element	Focus	Targets
Carbon Emissions Reduction Obligation (CERO)	Hard-to-treat homes, primarily focusing on solid wall insulation and hard-to-treat cavity wall insulation	<ul style="list-style-type: none"> • 20.9mtCO₂³⁶ savings • Estimated cost £760m per year
Carbon Saving Community Obligation (CSCO)	Insulation and connections to domestic district heating systems supplying areas of low income. Sub-target: 15% must be achieved by promoting measures to low income and vulnerable households living in rural areas	<ul style="list-style-type: none"> • 6.8mtCO₂ savings • Estimated cost £190 million per year³⁷ • Expected 250,000 major insulation measures
Home Heating Cost Reduction Obligation (HHCRO)	Measures to improve the ability of low income and vulnerable households to heat their homes (the 'Affordable Warmth' group). Includes actions to generate heating savings e.g. replacement boiler	<ul style="list-style-type: none"> • £4.2bn cost savings¹ • Estimated cost £350m per year³⁸

Figure 13: Elements of the Energy Company Obligation scheme

From a top-down perspective, ECO looks like it will expand the measures that are available to vulnerable households, with an emphasis on harder-to-treat properties. However, in December 2013, amid controversies of rising energy prices, the government announced it was reducing the 'green levies' charged to energy companies. This was designed to reduce the energy bills for everyone in the country but it has also had significant impacts on the ECO scheme, with adverse implications on the money available to improve the energy efficiency of fuel poor households. The government consulted on the ECO scheme in 2014 and, despite objections from a significant number of respondents, has proceeded to reduce the CERO target by 33% and to allow easy-to-treat cavities and lofts to be included as primary measures. The CSCO and HHCRO targets will remain the same but the eligibility for the CSCO will be extended from the lowest 15% most deprived areas to the lowest 25%.

³⁶ The Electricity and Gas (Energy Company Obligation) Order 2012
<http://www.legislation.gov.uk/ukdsi/2012/9780111525456/part/2>

³⁷ DECC 2012. The Energy Company Obligation: Carbon Saving Community Obligation Guidance
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/65608/6968-energy-company-obligation-carbon-saving-community.pdf

³⁸ DECC Calculation of the ECO targets in the Final Impact Assessment
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/65694/7387-calculation-eco-targets-final-ia.pdf

Our evidence suggests that the end of Warm Front and the introduction of ECO (combined with its subsequent reductions in funding) are having significant adverse impacts on our capacity to improve the energy efficiency of households in fuel poverty. Some examples of this are:

a) Central heating systems

Homes that rely upon room heaters can no longer access any help to have a central heating system installed. We saw a clear example of this between the projects - in summer 2013, a household with a very young baby was able to have their old room heaters replaced with a full central heating system. From December 2013 onwards we visited 3 households with children under 3 years old who could no longer get a central heating system installed and whom were living in homes that were inadequately heated. They previously would have all qualified for a central heating system under Warm Front.

b) Boiler replacements

There has been a change to the support available for those households with broken or inefficient boilers since the government made changes to the 'green levies'. ECO initially offered free replacement boilers to eligible households but most schemes now ask households to make a contribution towards the cost of a new boiler. We saw evidence of this after visiting a lady with mobility problems who had a very old boiler and had had no hot water for several weeks. We referred her to an ECO contractor, her eligibility was approved and a surveyor came round to look at her property. However, the scheme was then put on hold whilst the implications of funding changes came to light and the lady was still waiting 2-3 months later.

c) Reduced scope of support

The inflexibility in the current support available through ECO was also illustrated through a visit to another low income family with very young children. Their boiler was an old, non-condensing model which would have qualified for replacement, apart from the fact that this only served their central heating and they had a separate hot water boiler. They had problems with both but we were advised that companies would only do a like-for-like replacement and would not consider a situation such as this. Furthermore, households heating their home by either electricity or oil can not currently access any support through ECO.

d) Solid wall insulation

Figure 12 showed a high proportion of vulnerable residents living in solid wall properties. ECO did initially look like it would meet this need but again the government's changes to its funding has resulted in a number of widescale energy efficiency programmes being either cancelled or vastly scaled back³⁹. Some of these programmes had been expected to tackle measures such as solid wall insulation which can make such a big difference to people living in cold, hard-to-treat homes. One contractor told us that "In *December [2013] the solid wall market effectively died as it cost the most*" and that "*money that was available dried up very quickly*".

In the view of an installer of energy efficiency measures, ECO had "*gone from a universal scheme into a scheme which is tinkering around the edges*". This seems to be supported by a recent report which suggests that there has been an 80% decrease in the numbers of measures installed in winter 2014/15 compared to the same period in 2011/12 and the numbers of measures targeting low income and vulnerable households has fallen by 76%⁴⁰. Our observations certainly back-up the feeling that there are no longer the policies in place

³⁹ Pers comm. through interviews with three installers of energy efficiency measures

⁴⁰ Association for the Conservation of Energy and Energy Bill Revolution. 2015. Left out in the cold: The reduction in energy efficiency support for UK households. ACE, London

that will make a difference to people on the ground by supporting the types of measures that are needed. It is estimated that cutting the green taxes on energy bills has saved the average household just £35 per year or less than £1 per week yet the implications for people living in cold, energy inefficient properties are much more serious.

4.3.4 Summary

Schemes such as Warm Front have been very effective at helping low income households in Bradford. However, the energy efficiency measures currently available through the Energy Company Obligation are inadequate. Fewer measures were already available compared to the previous Warm Front scheme but they have been scaled back even further following cuts to the green taxes on energy bills made by the government in December 2013. For example, many people (regardless of income) are being asked to contribute to the cost of a like-for-like boiler replacement. The majority of homes we visited had already accessed boiler and insulation schemes and it is only by making measures available for the hard-to-treat properties or those homes that are inadequately heated that we can start to tackle the heating costs for all vulnerable residents.

5. Conclusions

Policies have been introduced in the UK that address all three elements that influence the likelihood of households to be in fuel poverty, energy prices, household income and energy efficiency. In line with other studies we have found that vulnerable households are more likely to be paying for their energy through prepayment meters or on receipt of a quarterly bill and cannot, therefore, access the cheapest tariffs available to direct debit customers. Savings can still be made by helping residents to switch their energy supplier and by getting households onto cheaper fixed rate tariffs. However, removing the price differentials between payment types would make the most significant difference to households at risk of fuel poverty.

Three key schemes enhance household income with respect to energy bills. Both the Winter Fuel Payments and Warm Home Discount scheme are favourable to residents of pensionable age and more could be done to help other vulnerable groups. The Winter Fuel Payments in particular are not targeted at those most in need and support would be more equitable if, firstly, additional funds were provided for the Broader Group for the Warm Home Discount scheme and, secondly, if payments were made automatically (as they are with the Core Group). Only the Cold Weather Payments offer the same support irrespective of age but this scheme responds to specific weather conditions so is, by nature, unpredictable.

Finally, our dataset shows that there has been significant uptake of new boilers and 'easy' insulation measures through schemes such as Warm Front. The current ECO scheme is much more restricted in the support available and government changes to the green levies on energy bills in late 2013 has resulted in many projects being cut or vastly scaled back. Support is currently limited for people living in the coldest homes, such as those with solid walls or those with inadequate heating.

Based on these findings, the most effective short-term ways of tackling fuel poverty are continuing to get people switched to a cheaper energy supplier and raising awareness of the Warm Home Discount scheme amongst the Broader Group of households. However, policy interventions are really needed in order to maximise the impact of these across the huge numbers of people in fuel poverty. This primarily would involve removing the price differentials between payment types, increasing the funding available for the Warm Home Discount scheme and changing the processes so Broader Group households receive the discount automatically. In the longer-term, more is needed to improve the energy efficiency of properties and to make homes warmer for residents to live in.