

# Priced out

The plight of low income families and young people living in fuel poverty

Believe in children



Barnardo's

February 2012



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# Introduction



# Introduction

**'Electricity and gas are so expensive this year. I had a bill for £250 for electricity and £150 for gas for a quarter each. I cannot afford to pay all of this in one go. It's been agreed with the providers that I can pay in instalments. I've paid about £30 for each. I can't pay it all.'**

Single mother with five children <sup>1</sup>

The most recent official statistics from 2009 show that four million households in England were living in fuel poverty.<sup>2,3</sup> The number of families living in fuel poverty increased significantly from one in 50 in 2003, to one in 10 by 2009.<sup>4</sup> However, as Consumer Focus has highlighted, the problem may have become worse as current unofficial estimates for 2011 put the actual level of fuel poverty at just over five million households.<sup>5</sup>

Low income is a key driver of fuel poverty, whereby around 33 per cent of the poorest fifth of households are living in fuel poverty.<sup>6</sup> Some groups are at greater risk of living in fuel poverty – for example around one in five lone parents, and a similar proportion of households in the private rented sector, are living in fuel poverty.

2011 saw large hikes in energy bills with all six of the main energy companies (the 'big six')<sup>7</sup> increasing their prices between August and November. Gas increased by 17.35 per cent on average and electricity saw a rise of roughly 9.95 per cent.<sup>8</sup> Inflation data from the Office of National Statistics (ONS) indicates that energy prices have been on an upward trajectory since 2000. While there have been times when energy prices have fallen, the general picture is one of increasing prices for electricity, gas and other fuels.<sup>9</sup> Although the 'big six' energy companies have recently started to announce some reductions in prices, many customers are now locked into fixed deals and will not benefit from these price reductions. Price increases in 2011, combined with high inflation,<sup>10</sup> have proved a colossal financial

strain on families living in poverty<sup>11</sup> who have just £13 per person per day to live on.<sup>12</sup>

## Fuel poverty

The UK Fuel Poverty Strategy 2001 describes a fuel poor household as:

*'One that needs to spend in excess of 10 per cent of household income on all fuel use in order to maintain an adequate level of warmth.'*<sup>13</sup>

An adequate level of warmth in the home is usually defined as 21 degrees Celsius for the main living area, and 18 degrees for other occupied rooms.<sup>14</sup> While fuel poverty is generally understood in terms of the ability to keep the home warm, it also encompasses heating water for baths, showers and washing up; lighting; appliance usage and cooking costs.

## The impact of fuel poverty on families living on low incomes

Barnardo's works directly with over 190,000 children, young people and their families every year through more than 800 services across the UK. We work with families and young people who are living on low incomes and are struggling to pay their energy bills; those who are feeling the squeeze on their tight budgets as a result of increases in the cost of gas and electricity, food and housing. A survey of Barnardo's services<sup>15</sup> in England suggests that families with young children under the age of five and disadvantaged young people in the 16 to 24 age group are struggling to pay their fuel bills and are living in cold homes. Many of those in the 16 to 24 age group are young parents or lone parents.

- Fuel debt is a big issue among the families that Barnardo's works with. Over 90 per cent of staff responding to Barnardo's survey of its services said they worked with families that owe debt to their gas or electricity supplier.
- Over 90 per cent of respondents reported that families were cutting back financially on essentials to pay for higher energy bills: **74 per cent said they were cutting back on food**; 84 per cent said they were cutting back on heating and 60 per cent said they were cutting back on buying clothes.
- 94 per cent of respondents reported that high energy bills were impacting adversely on the mental health of the families they work with.

Fuel poverty affects the families that Barnardo's works with across England and the devolved administrations. This report focuses on England and Wales.<sup>16</sup> Whilst the UK Fuel Poverty Strategy 2001 was agreed with the devolved administrations, the Warm Homes and Energy Conservation Act 2000<sup>17</sup> covers only England and Wales. Data is collected through different means in each of the devolved nations and in Northern Ireland there is no statutory duty to address fuel poverty.<sup>18</sup> This makes it difficult to compare fuel policies and their impact on low income families in Scotland and Northern Ireland with England and Wales.

## Fuel poverty and child poverty

**'Individuals who are already suffering from financial poverty are increasingly having to decide between keeping themselves and their families warm or having sufficient food to keep them healthy. This then impacts in all other**

**areas of their life from relationships to mental health and other general health issues.'** Barnardo's worker<sup>19</sup>

In the UK there are 2.6 million children living in poverty, before housing costs are taken into account, and 3.8 million after housing costs.<sup>20</sup> The Institute for Fiscal Studies (IFS) predicts that the number living in poverty before housing costs is likely to increase by a further 800,000 children by 2020.<sup>21</sup> The reality of living in poverty is about families having to make hard choices between eating and heating their homes. The UK Government must ensure that tackling fuel poverty is a key part of its strategy to end child poverty by 2020.


The Child Poverty Act 2010 places a statutory duty on the UK Government to end child poverty by 2020. It requires the publication of a child poverty strategy which is updated every three years. The UK Government's child poverty strategy was published in April 2011.<sup>22</sup> The strategy made reference to the links between poor housing conditions in childhood and lasting impacts on physical and mental health. Despite the clear evidence about the impacts of fuel poverty, particularly for those families with low incomes or living in private rented accommodation, the child poverty strategy did not include a specific indicator on addressing fuel poverty. The Government's progress on reducing child poverty will be heavily compromised unless it addresses the issue of fuel poverty as an integral part of the child poverty strategy.<sup>23</sup> Barnardo's welcomes the recognition given to the cost of fuel in the Welsh Assembly Government's child poverty strategy.<sup>24</sup> The UK Government must replicate this and include a specific indicator on fuel poverty in the child poverty strategy when it is reviewed in 2014.

Analysis of a survey undertaken with Barnardo's services has identified a range

of family groups that have experienced fuel poverty in the last year. Chapter one of this report examines the growing gap between how much families spend on fuel and the amount needed to keep their homes warm, fuel debt and the problems of tariffs and pre-pay meters. Chapter two examines energy efficiency measures and financial support for families on low incomes. Chapter three assesses the impact that fuel poverty has on the lives of children, young people and their families. Finally, chapter four sets out a full list of recommendations for tackling fuel poverty.







**Chapter one:  
Tariffs, the fuel  
gap and increasing  
levels of debt**

# Tariffs, the fuel gap and increasing levels of debt

This chapter describes the growing fuel gap between the amount that families actually spend to heat their homes, and the amount needed for an adequate level of warmth. The complexity of tariffs and different payment methods results in low income families paying a premium for their fuel. This together with increasing fuel prices has led to a significant increase in the number of families who are in debt to their energy supplier.

## Case study: Getting credit for an oil tank

### Barnardo's Allerdale Children's Centres in Cumbria

Naomi lives with her partner and four children aged five, seven, nine and 11 years. She recently contacted the family support service saying she was 'at the end of her tether' because she had been trying to obtain fuel for her heating and hot water for several weeks. Her family income was £266 per week plus housing benefit.

Naomi and her family had moved home approximately four weeks prior to her contact with Barnardo's to a remote area in north Cumbria. The private landlord had advised her before the move that the oil tank had 125 litres of fuel in it. However, once she had moved in, Naomi found that this was not enough oil to enable the tank to function properly. All the oil companies she contacted refused to give her credit because she was a new customer. She discovered it would cost over £300 for a minimum delivery. Naomi applied for a community care grant and a crisis loan but was refused. She asked the landlord for support but he also refused. She did not want to take out a loan because she was already in arrears. In the meantime, the weather had turned colder. The only heating in the house was via one electric fire and the family had no hot water.

Barnardo's provided Naomi with an emergency grant<sup>25</sup> to enable her to pay for her fuel.

## Tariffs and switching

The Energy Act 2011 gave the Secretary of State for Energy and Climate Change powers to simplify the complex range of discounts and subsidies for vulnerable customers offered by energy suppliers. The Office of Gas and Electricity Markets (Ofgem) has been tasked with reviewing the offers and will be enforcing new simplification measures from winter 2012-13.

As part of this package Ofgem will be encouraging more competition between energy suppliers by educating consumers about the benefits of switching supplier. This could be difficult for poor families and young people who may not have access to the Internet; who may be concerned about switching suppliers in case they are faced with a huge fuel bill; or if they do not have the flexibility within a tight budget to adjust their payments.

In 2011, over 400 different online and offline energy tariffs were available on the market.<sup>26</sup> The range of complex pricing structures makes it incredibly difficult for customers to choose between tariffs. *Which?* recently asked the 'big six' energy suppliers about their cheapest deals and found that customers are rarely told about exit fees and the best prices available to them.<sup>27</sup> A report from the Office of Fair Trading (OFT) found that 40 per cent of the public believe the energy market is too confusing and believe it is too difficult to calculate the amount due, with 61 per cent finding it difficult to choose a supplier.<sup>28</sup>

Many of the families that Barnardo's works with do not have access to the Internet and are confused by the complexity of tariffs and support that is available to them.<sup>29</sup>



Research also shows that vulnerable families and young people are the least likely to know about or be able to access the best deals as many do not have access to the Internet or bank accounts.<sup>30</sup>

**‘Supporting teenage parents to contact energy companies regarding social tariffs<sup>31</sup> I find the companies evasive or vague, and calls usually involve the client having to ring back at a later date to speak to another person or provide other information. In over six years working with young people, I have yet to have a young person changed to a social tariff.’**  
Barnardo’s worker

Barnardo’s is calling on Ofgem to ensure that information is adequately targeted at the poorest and most vulnerable families who may not have access to the Internet. The UK Government, Ofgem and energy companies should also work together to ensure that accessible information on tariffs is provided to a wide range of audiences using a number of methods including, the telephone, websites, advertising on the Home Heat Helpline, and leaflets which could be disseminated through children’s centres, schools, libraries, hospitals, job centres, supermarkets, as well as directly to homes in areas of high deprivation.

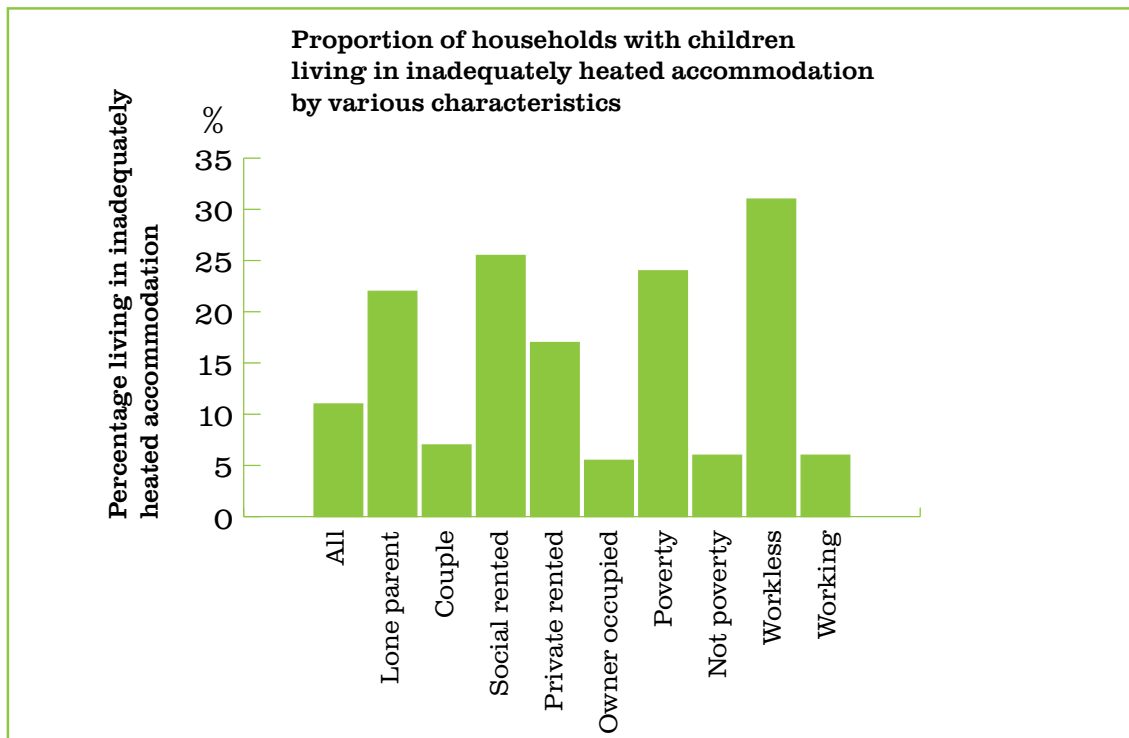
## **Inadequately heated homes and the growing fuel gap**

There is strong evidence that increasing fuel prices do not just impact on fuel poverty rates, but also have a big impact on the material living conditions of low income families. The *Family Resources Survey* shows that those on low incomes are much more likely to report having an inadequately heated home. Figure one on page 10, based on Barnardo’s analysis of the *Family Resources Survey* and *Households Below Average Income*

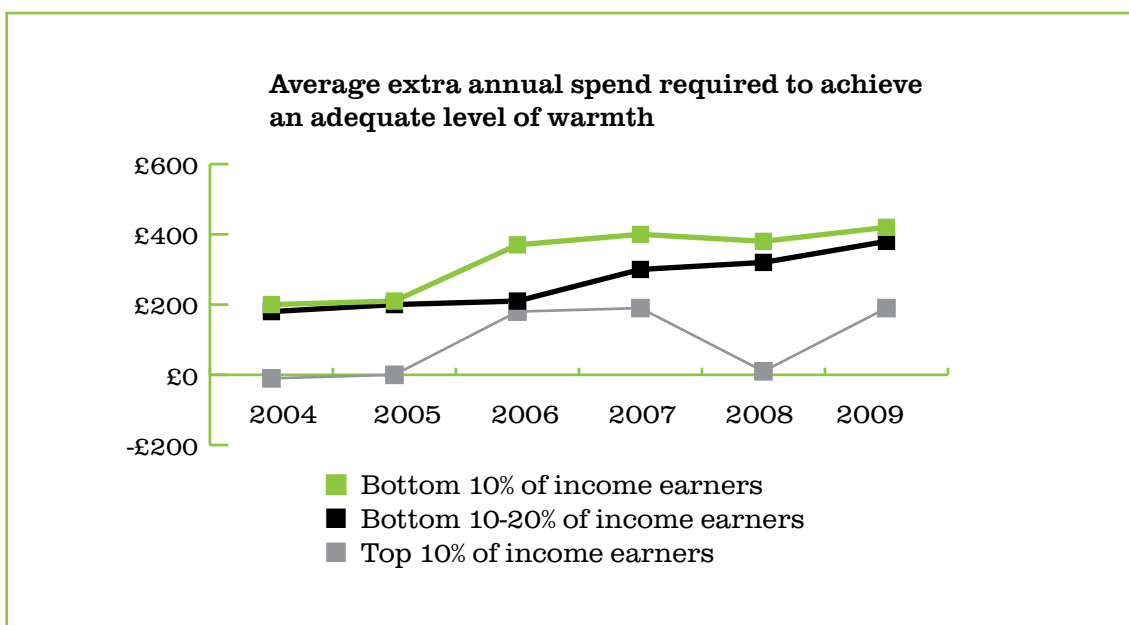
datasets, shows that nearly one in four families with children living in poverty,<sup>32</sup> report living in inadequately heated accommodation. Groups that are at greater risk of living in poverty are also at greater risk of reporting living in inadequately heated homes. For example, around one in four social tenants with children and one in three workless households with children report living in inadequately heated homes.

Evidence of the impact of rising fuel prices on low income households can be found by comparing what is spent on energy compared with the amount that the Department for Energy and Climate Change (DECC) considers necessary to heat homes adequately. Over time the shortfall between the amount low income households spend on heating and the amount that needs to be spent to adequately heat their home has been growing (see figure two on page 10). In 2004 the bottom 10 per cent of income earners spent, on average, around £200 less per year on heating their home than would be required for an adequate standard of heating. By 2009, this group needed to spend around £1,165 per year to provide an adequate level of heating for their home. However on average they spent only £723, meaning that they spent £442 less than they needed to maintain an adequate standard of heating.<sup>33</sup> There was a similar picture for those in the bottom 10 to 20 per cent of the income distribution who in 2004 spent £125 less on fuel than needed to provide adequate heating, but by 2009 on average spent nearly £350 less than necessary for a well heated home. It is also clear that those on the lowest incomes struggle more than those on the highest incomes. In 2009 those at the very top of the income distribution only experienced a shortfall of around £133.<sup>34</sup>

Further evidence of this comes through looking at the proportion of household income that families on the lowest incomes need to spend in order to heat their homes



**Figure one.** Source: Analysis of the *Family Resources Survey 2009/10* and *Households Below Average Income 2009/10*



**Figure two.** Source: The *English Housing Survey (2008, 2009)*, *English Household Conditions Survey (2004-07)*, *Family Spending (2004-09)*

adequately.<sup>35</sup> Barnardo's analysis of the *English Housing Survey*<sup>36</sup> shows that in 2004 a family living in poverty<sup>37</sup> would, on average, have had to spend seven per cent of their income in order to maintain an adequate standard of heating in their home. By 2009 this had risen to 11 per cent. One of the main reasons for this increase is likely to be the large increase in energy prices over this time period. This means that on average, in 2009, families living in income poverty had energy requirements that were above the fuel poverty threshold of 10 per cent.<sup>38</sup>

where the proportions reporting not being able to adequately heat their homes rose by eight percentage points during this period, from 15 per cent to 23 per cent.<sup>40</sup>

Closing the fuel gap will require energy companies to take pro-active steps to ensure that their customers are on the lowest tariffs, so that they are able to use any savings to heat their homes adequately. Barnardo's research shows that the poorest families are paying the highest costs for their energy bills, especially if they are on pre-payment meters.

**Average proportion of household income needed to be spent by households living in poverty in order to heat their home to an adequate standard**

2004	7%
2005	7%
2006	9%
2007	10%
2008	10%
2009	11%

Source: Analysis of the *English Housing Survey (2008-09)* and *English Housing Conditions Survey (2004-07)*

This evidence is mirrored by the *Family Resources Survey* which shows that over time a growing proportion of families are reporting being unable to adequately heat their home. In 2004-05 around six per cent of families with children reported living in an inadequately heated home. By 2009-10 this had risen to 11 per cent. The picture is magnified for those families in poverty,<sup>39</sup>

## Energy debts

More evidence about the impact of fuel poverty and rising energy prices on households can be found by looking at the composition of energy debts. According to Ofgem data, whilst the total number of people in debt to energy companies did not show dramatic changes between 2005 and 2011 – and if anything showed a slight decline; however the average debt owed to energy companies has increased substantially. At the beginning of 2005 average debts to electricity companies were £170 and to gas companies £150. By the second quarter of 2011 these had risen to nearly £320 for both. This increase is above the overall level of inflation, and could in part be driven by the rises in energy prices that were observed over this time period. Figure three on page 12 shows the total number of people in debt to energy companies – which has been broadly flat over time. It is interesting to note the seasonality, particularly in debts to gas companies – where the number of people with a debt appears to peak in the second quarter of each year before falling back again.

Ofgem data on energy debt does not provide specific information on changes for low income households so it is



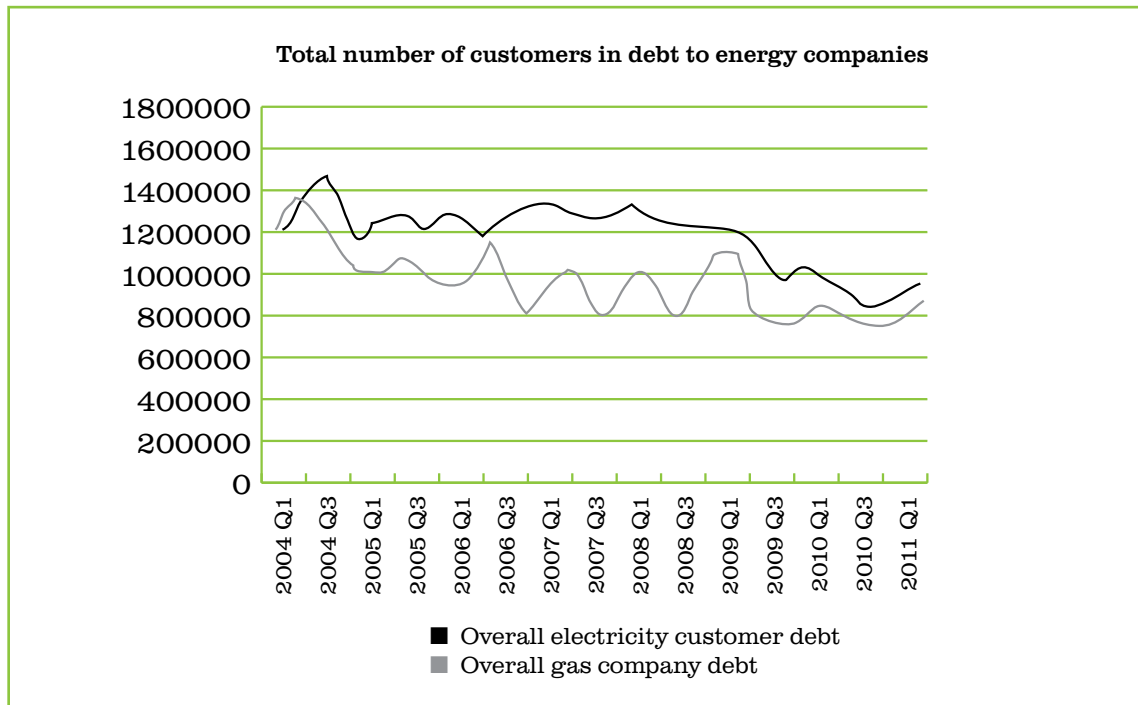


Figure three. Source: *Ofgem Social Obligations Data 2004 Q1-2011 Q2*

necessary to look at survey evidence to examine the picture for families living in poverty. Barnardo’s analysis of the *Family Resources Survey* shows small increases in the proportion of families reporting holding debts to energy companies over time. In 2009-10 around 16 per cent of families with children living in poverty reported having outstanding fuel debts, compared to around 12 per cent in 2004-05.<sup>41</sup> The proportion reporting holding debts to energy companies is around three times higher than for families with children not living in after housing costs poverty (around five per cent). Unfortunately the *Family Resources Survey* does not capture information on the level of energy debts held, so it cannot be used to test whether the level of debt held to fuel companies has increased. The *Family Resources Survey* would be an ideal tool to record the level of energy debts held in different family and housing tenure types, this could be done with little extra resource, with an additional question on the survey. The data could

then be used to better target financial support and energy efficiency measures for families and young people.

One in 10 low income households do not have a bank account<sup>42</sup> which means that they cannot take advantage of the cheapest direct debit tariffs. As recommended in Barnardo’s report *A vicious cycle*,<sup>43</sup> the UK Government should adhere to the commitment in the Coalition Agreement and extend access, through the Post Office Card Account (POCA), to accounts which allow payment of bills by direct debit. Barnardo’s is also calling for the Government to work with the banks to ensure that anyone can open a bank account with proof of an address.

### Methods of payment

**I pay [gas and electricity] in cash... I get charged £280 a year more for having them there meters [card/key]... People**

that pay by direct debit get a discount. But I pay in cash... I never get a bill so I should get a discount... But it's like speaking to a brick wall speaking to these people... They get the poor people all the time. People that can't afford to pay standing orders because they haven't got bank accounts, they're the people who get shafted.' Gary<sup>44</sup>

Barnardo's works with many families and young people who use pre-pay meters for their gas and electricity. Customers on pre-payment meters, who are most likely to be low income households, are paying a premium when compared to those on other standard or direct debt tariffs.<sup>45</sup> Households using a pre-payment meter are more likely to be in fuel poverty than those using other payment methods.<sup>46</sup> Research has found that vulnerable households in or on the margins of poverty are forced to pay an extra £1.1 billion a year through energy bills above those on higher incomes.<sup>47</sup>

Although energy companies have argued that the costs of providing and servicing pre-payment meters are higher than other payment methods, the increase in the number of pre-pay meters in recent years should have resulted in some economies of scale. The relatively reasonable cost of the Northern Ireland keypad demonstrates that pre-pay meters do not necessarily need to have such a large premium and demonstrates what can be done through innovative and rigorous regulation.<sup>48</sup> While the premium paid by those on pre-payment meters by comparison with those on standard tariffs has narrowed, those on low incomes remain the least likely to be on the cheapest direct debit or online tariffs.<sup>49</sup>

### It all adds up

An annual dual fuel bill for a customer using an average amount of gas and electricity would be £1,176 per year for someone paying by direct debit compared to around £1,255 for someone paying by

pre-payment meter.<sup>50</sup> This means that an average user pays around £80 extra for their electricity and gas every year if they are on pre-payment meters. In 2004 a large proportion of pre-payment meter installations were on a voluntary basis but over time there has been a significant increase in the proportion installed to collect debt. In the second quarter of 2011 around 53,000 electricity pre-payment meters and around 52,000 gas pre-payment meters were installed. Of these, around 90 per cent of electricity and 87 per cent of gas pre-payment meters were installed to collect debt. This contrasts with 2004 where only 44 per cent of electricity and 50 per cent of gas pre-payment meters were installed to collect debt.<sup>51</sup>

'People using pre-payment meters are complaining that they have debts from the last two very bad winters we have experienced. They find that when they top up their meter card they get the debt deducted, so do not get as much electricity as they need. One family's experience is that a mother and child have moved in with the grandmother so that only one house needs to be heated.' Barnardo's worker<sup>52</sup>

Energy companies should review their price bands for customers who are on pre-payment meters and bring them in line with other forms of payment as has been done in Northern Ireland. Whilst the price difference between pre-pay meters and standard credit tariffs has reduced in recent years, cheaper tariffs should be made available for families who use pre-payment meters.

There is a need for early help for young people and families on low incomes who are struggling with fuel debt. Ofgem should work with the energy companies to ensure that they re-assess whether a customer has the correct tariff for their

needs and to agree a repayment plan if they default on their energy payments for two months in a row rather than simply moving them to a pre-payment meter.

After a customer defaults for two months, energy companies should also provide information on how they can access independent advice from national consumer organisations and their rights to cancellation within the 'cooling off period' when they sign up to

an agreement. Energy companies should ensure that all customers are able to access the Home Heat Helpline so that they can find out whether they are entitled to any additional support for energy efficiency measures or fuel rebates such as the Warm Home Discount.

The Money Advice Service should include guidance on its website on switching energy suppliers and coping with fuel debts that is tailored to young people and families.







**Chapter two:  
Energy efficiency  
and financial  
support**

# Energy efficiency and financial support

## Energy efficiency

Targeting the energy efficiency of fuel poor households by permanently reducing energy consumption is one of the most effective ways of tackling fuel poverty.<sup>53</sup> The Government is currently overhauling its energy efficiency programmes phasing out current schemes including Warm Front,<sup>54</sup> the Carbon Emissions Reduction Target (CERT) and Community Energy Savings Programme (CESP), and replacing them with the Green Deal and the Energy Company Obligation (ECO). There are a number of serious flaws in both the current and proposed energy efficiency policies which prevent disadvantaged young people and families from benefitting from them.

Evidence from Barnardo's services<sup>55</sup> demonstrates that accessible information and advice about energy efficiency schemes is very limited.

**'In terms of energy efficiency schemes, it's difficult when the property is rented... one young parent lives in social housing and although there are plans to install double glazing, her property is not due to be fitted with this for another year or so.'** Barnardo's worker<sup>56</sup>

### Case study: A lone parent's experience of fuel poverty

#### Riverside Children's Centre in Worcestershire

Samantha is a lone parent with an 18-month-old child. She was receiving income support and was referred to the children's centre for a general benefit check by a family support worker. The support worker discovered that Samantha was living in fuel poverty as she did not have adequate insulation or an efficient boiler. Her energy bills were

so high that Samantha was extremely worried about falling into arrears with her mortgage. She had no savings to repair her washing machine or deal with unexpected bills. Samantha was reluctant to use the heating because of the expense but was concerned for her child.

Samantha did not have access to a social tariff because she did not meet the eligibility criteria for her energy supplier. However she was advised that she was eligible for a Warm Front Grant, which would help with the installation of a new gas boiler and insulation for her home. The centre also found her a cheaper home contents and buildings insurance option to maximise Samantha's income.

## The Energy Act 2011

The **Green Deal** is a flagship policy within the Energy Act 2011. Energy companies will finance the upfront costs to install energy efficiency measures in their customer's homes. Householders will then make savings as a result of improved energy efficiency in their home, and will pay back the money for the efficiency measures through instalments in their energy bills. This can be a barrier for low income families who do not have access to bank accounts with direct debit facilities or who are already struggling with debt.

- The latest Office of Gas and Electricity Markets (Ofgem) figures show that 1.8 million customers in Great Britain are in debt to their energy supplier.<sup>57</sup> Families and young people on low incomes that are already in debt will be unable to take on even the most favourable energy efficient investment loans.<sup>58</sup> The Government has therefore introduced a new **Energy Company Obligation (ECO)** as part of the Energy Act that will replace the Warm Front, CERT and CESP<sup>59</sup> and will be the only programme

providing energy efficiency measures for financially disadvantaged households. One aspect of the ECO is designed to meet the needs of those households living in fuel poverty. From autumn 2012 an **Affordable Warmth Obligation** will oblige energy companies to fund and offer energy efficiency measures, such as insulation, or boiler improvements, to low income households.<sup>60</sup> Ofgem should monitor the take up of new energy company schemes under their Affordable Warmth Obligations to ensure that the most vulnerable families and young people can benefit.

## A regressive approach to energy efficiency

The new Green Deal and ECO will mean that all energy efficiency programmes will be funded by utility companies, rather than the Government. Barnardo's has concerns that these costs could be passed on to customers. As all energy customers pay the same additional rates for energy efficiency programmes, they are highly regressive as low income families and young people will be paying the premium to fund measures that they may not benefit from and cannot afford. The premium as a component of average energy bills is currently £88 per year and predicted to rise to £120 by 2020.<sup>61</sup> Despite the wide variety of schemes to install homes with energy efficiency measures, almost 60 per cent of respondents to Barnardo's survey reported that families rarely know how to make their homes more energy efficient and over 50 per cent thought that this is not a priority for social landlords.

Private rented housing is often some of the lowest Standard Assessment Procedure (SAP)<sup>62</sup> rated housing stock with the highest rates of fuel poverty, as landlords are only required to bring

housing up to health and safety standards, rather than energy efficiency standards. This is set to change under the Energy Act 2011 which requires that from April 2016 private residential landlords<sup>63</sup> will not be able to unreasonably refuse requests from tenants for consent to energy efficiency improvements and from 2018, all private rented properties must be brought up to a minimum energy efficiency standard rating, making it unlawful to rent out a house that does not reach this minimum standard.<sup>64</sup> Currently there are few incentives for landlords to increase the energy efficiency of their properties and many tenants fear eviction if they complain.<sup>65</sup> Barnardo's is calling on the UK Government to bring forward the new regulations on private residential landlords so that families living in substandard accommodation can benefit from energy efficiency improvements.

**'Private landlord homes are much less efficient and much more costly for young people and families to run. Very little is ever done to improve the heat efficiency in private homes.'**

Barnardo's worker<sup>66</sup>

## Financial support

The **Warm Home Discount (WHD)** was a key part of the Energy Act 2011 replacing individual social tariffs run by energy companies. The WHD saw the introduction of rebates on electricity bills of £120 from April 2011, rising to £140 by 2015. The payment is automatic for those in the 'core group' in receipt of pension credit. Families with children under five are in the 'broader group' and although they are eligible they will not automatically receive the discount because payment is at the discretion of the energy companies.

The limited publicity of the WHD is compounded by the lack of information on



all rebates for fuel poor families and young people. A survey of Barnardo's services demonstrated that information available to young people and families about the discounts and rebates that they are entitled to is inaccessible and confusing.<sup>67</sup> The different eligibility requirements for the WHD set by suppliers also create confusion for disadvantaged families. Barnardo's is calling on Ofgem to ensure that the information and eligibility criteria for the WHD is simplified and uniform across energy suppliers so that all families can understand and access the same levels of support.

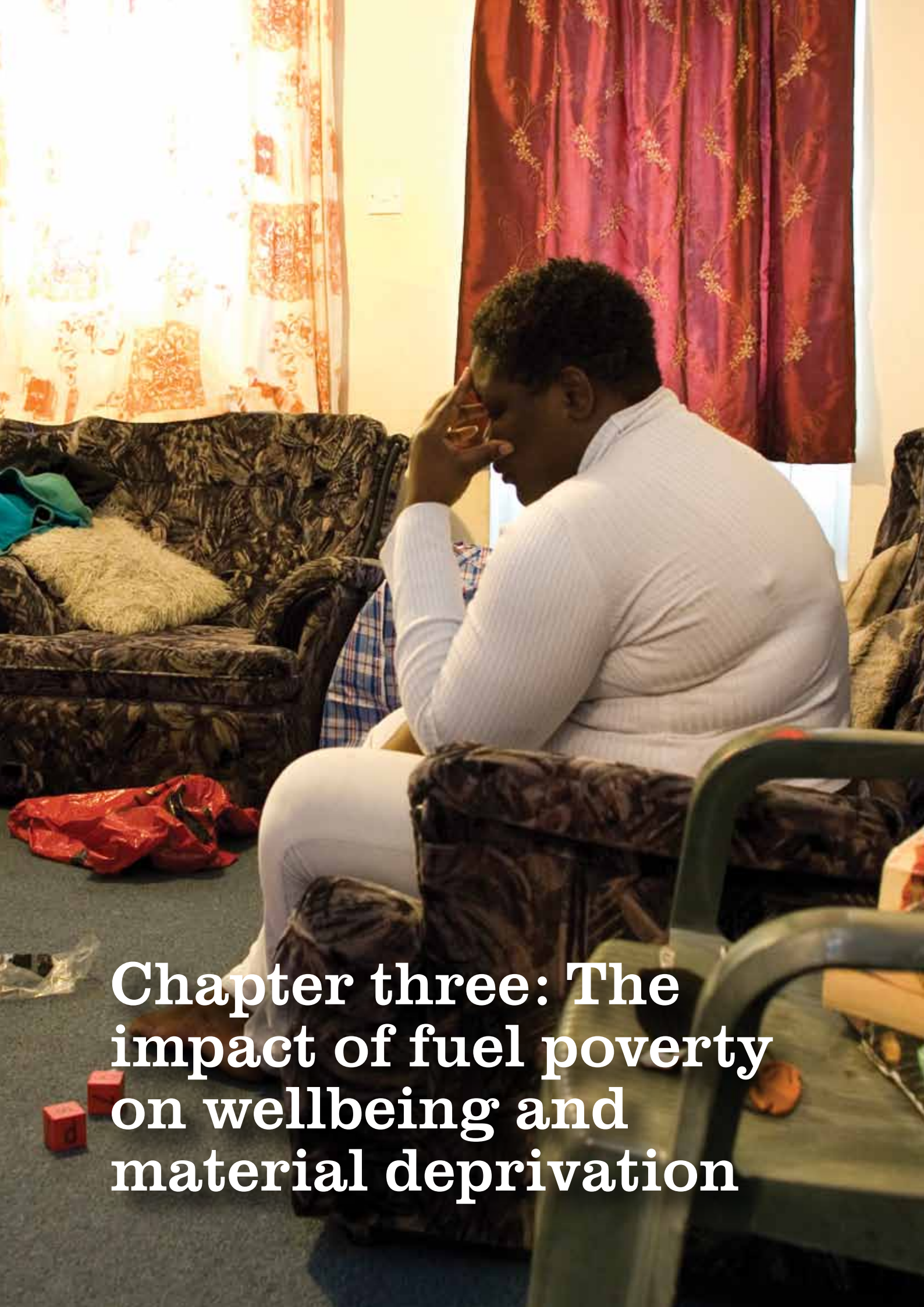
Data matching has ensured that pensioners who are on pension credit automatically receive the WHD. However low income families still need to claim the discount from their energy supplier – potentially leading to people not taking it up when entitled.

Barnardo's supports Save the Children's<sup>68</sup> call that energy companies should ensure that all families eligible for Cold Weather Payments,<sup>69</sup> (predominantly made up of low income families with children under five or a disabled child) receive the WHD.

One in 10 low income households do not have a bank account<sup>70</sup> which means that they cannot take advantage of the cheapest direct debit tariffs. As recommended in Barnardo's report *A vicious cycle*,<sup>71</sup> the UK Government should adhere to the commitment in the Coalition Agreement and extend access, through the Post Office Card Account (POCA), to accounts which allow payment of bills by direct debit. Barnardo's is also calling on the Government to work with the banks to ensure that anyone can open a bank account with proof of an address.

## Data shortage

- There is currently a data gap on the number of families and young people feeling the effects of fuel poverty. The *English Housing Survey* contains key data assessing housing conditions and fuel poverty in England. The survey conducts interviews with a sample of around 13,300 households each year and conducts inspection of a subsample of 6,200 properties by qualified surveyors.<sup>72</sup> Surveyors examine the insulation, energy efficiency of a property, type of heating and the energy use per year. However, since 2001 the survey has not recorded the actual temperature inside the home and therefore there is no specific data which assesses how many properties are inadequately heated.
- Barnardo's is calling for the Department for Communities and Local Government to adapt the *English Housing Survey* to collect data on the actual temperatures of properties visited in winter which would provide a snapshot of the numbers of households living in cold homes. The Department for Work and Pensions should include a question on levels of fuel debt in the *Family Resources Survey* from 2014, and include analysis in its HBAI data. Alternatively the question could be asked in the 'Understanding Society' longitudinal survey every two years. The data could then be used to better target financial support and energy efficiency measures for families and young people.



**Chapter three: The impact of fuel poverty on wellbeing and material deprivation**



# The impact of fuel poverty on wellbeing and material deprivation

Fuel poverty blights the lives of some of the most disadvantaged children and young people that Barnardo's works with. The impacts are varied and can mean parents cutting back on essentials to keep their homes warm, heating their homes for fewer hours or to lower temperatures and fewer social activities in the home for children, young people and families. Fuel poverty can also force families and young people into debt when they cannot afford to pay their energy bills.

## Physical and mental health and wellbeing

The impacts of living in a cold home on children's health are well documented.

Across various surveys long-term exposure to a cold home has been shown to impact on weight gain in young children and babies, increase hospital admission rates for children and increase the severity and frequency of asthmatic symptoms.<sup>73</sup>

Children living in cold housing are more than twice as likely to suffer from breathing problems, including asthma and bronchitis. Children living in damp and mouldy homes suffer from similar symptoms and are up to three times more likely to suffer from coughing, wheezing and respiratory illness as their peers who live in dry homes.<sup>74</sup>

**'I work with a number of young people who live alone or with a partner in poverty. They all have pre-payment meters and can rarely afford to cover costs, which means they are regularly left without power and have to do without essentials, such as food, to put money back onto meters. There have been a number of**

**times when young people have informed me they have spent the weekend without power or heating, unable to prepare hot food and have suffered physically (cold and hungry) and emotionally (depressed and feeling unable to cope).'**

Barnardo's worker<sup>75</sup>

Barnardo's survey of services showed strongly the relationship between fuel debt and mental health problems, with 94 per cent of respondents reporting that high energy bills were impacting on the mental health of the families they work with and on their capacity to have money left over for essentials. According to the Royal College of Psychiatrists, one in two people in debt have a mental health problem.<sup>76</sup> In comparison to householders who can easily pay their fuel bills, those who had a difficulty in paying their fuel bill were four times as likely to suffer from anxiety, depression, or psychological distress.<sup>77</sup> These are worrying statistics given the implications for parents and young people who are struggling to pay their energy debt and worried about rising fuel prices.

According to the Marmot Review Team, there are a number of indirect health impacts on young people as a result of living in inadequate housing which is poorly heated. Teenagers may be bullied or become socially isolated by their peers<sup>78</sup> and it can impact on their social activities, preventing them from inviting friends to their home. More than one in four adolescents living in cold housing are at risk of multiple mental health problems.<sup>79</sup>

Respondents to Barnardo's survey of services reported overwhelmingly that young people living independently are spending time without heating switched on as they cannot afford to top up their meters. Owing debt to energy suppliers from previous cold winters also causes worry and stress.<sup>80</sup>

### **Case study: Barnardo's Stokewood Children's centre in Bournemouth**

Karen is a single parent with two children, one aged two years and an eight-month-old baby. The family lives in a two bedroom flat on the second floor. Due to the design of the building Karen is often confined to the flat as she cannot negotiate the stairs by herself with both boys and a double buggy. As a result, the family spends long periods of time in the flat and heating costs have spiralled, particularly as the flat has electric central heating. Karen is reliant on benefits and pays for her electricity via a pre-pay meter, which is inconvenient and very difficult to judge, leaving Karen constantly anxious that the electricity will be cut off.

Karen has learnt to budget well and has accessed Food Bank Vouchers, but she has no money left over for emergencies or even some essentials. She has developed mental health problems as her financial situation has led to severe anxiety and depression.

At the centre a Barnardo's family support worker is working with Karen to assess her electricity usage more accurately, to help alleviate some of Karen's concerns. Karen's anxiety and depression are closely monitored by health visitors and the family support worker. The worker is also liaising with Bournemouth Housing Options to move Karen and her family to more suitable accommodation.

## **Education**

The impact of fuel poverty and living in a cold home can have a wider impact on children and young people than their physical health and wellbeing. A 2008 National Centre for Social Research (NatCen) and Shelter study highlighted the impact of bad housing on a variety of poor outcomes. Children living in inadequately heated accommodation often had no quiet place to complete their homework as only the main room in the house was heated to an adequate level.<sup>81</sup> In addition, other research has highlighted further potential negative impacts on education, for example if a child or teenager is ill as a result of living in a cold home, they may need time away from school. Missing out on lessons,<sup>82</sup> is particularly concerning for teenagers approaching their exams. Following insulation measures in fuel-poor homes there has been a 50 per cent reduction in self-reported school absence days.<sup>83</sup> Educational factors are important predictors of long-term health outcomes as well as future income levels.

## **Cutting back on necessities**

The impact of rising fuel bills on poor families and young people inevitably means that they are cutting back on essential necessities; be it cutting their heating use, having no money for other essentials, such as travel, or reducing spending on food and clothing. Where families don't cut back they are often faced with debt and struggle to pay their bills.

Barnardo's services see at first-hand the impact on the families and young people that we work with. Over 90 per cent of respondents to our survey reported that families were cutting back financially to



pay for energy bills; 74 per cent said they were cutting back on food; 84 per cent said they were cutting back on heating and 60 per cent said they were cutting back on buying clothes.

**‘The young people we work with are struggling to pay their energy bills due to low income and this is having an impact on their health; for example, being able to afford to eat healthy food, buy essentials i.e. toiletries and travel to employment or education. Once a young person has missed a payment on their payment plan they [energy companies] take that option away and [the young people] are landed with a huge bill, so some are not using their heating and lighting when they cannot afford to.’** Barnardo’s worker<sup>84</sup>

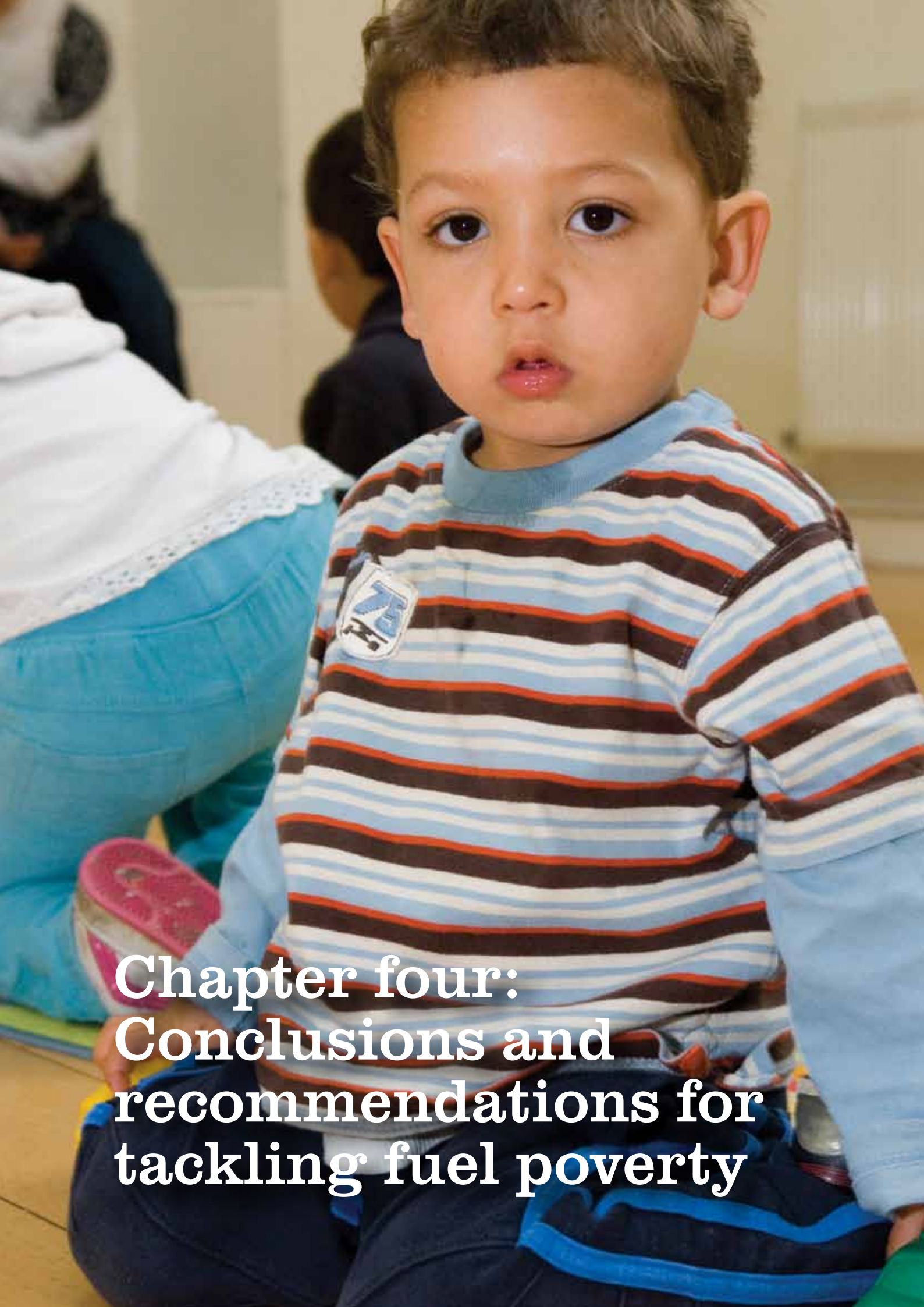
There is evidence of the positive impact of policy initiatives in this area, for example as part of the Warm Front Health Impact Evaluation, grant recipients reported an expansion of the domestic space used during cold months, greater use of kitchens and improved nutrition as a result of improved insulation measures. A fifth of participants reported improved cooking, since previously cold kitchens were now

comfortable to work in and a tenth of cases felt they could purchase more and better quality food because of cost savings.<sup>85</sup> This highlights the beneficial effect that support for energy efficiency measures can have on the lives of young people and families living in cold homes.

Local authorities working with health professionals and other partners at a local level are well placed to assess the impact of fuel poverty on the families in their localities.

Barnardo’s is calling for assessments of the impact of fuel poverty on the health and wellbeing of children and families to be included within policies to improve health outcomes at both a local and national level. Local Health and Wellbeing Boards<sup>86</sup> at local authority level in England should assess their geographical patterns of fuel poverty as well as the public health impact on children, young people and parents living in their localities. At a national level in England, Public Health England<sup>87</sup> should monitor the impact that fuel poverty has on the health of families.





**Chapter four:  
Conclusions and  
recommendations for  
tackling fuel poverty**

# Conclusions and recommendations for tackling fuel poverty

Fuel poverty impacts on the lives of low income families, especially those with children under the age of five years old and the most disadvantaged young adults aged between 16 and 24; both those living independently and also those who are young parents and struggling to pay fuel bills.<sup>88</sup> Barnardo's believes that more can and should be done by the Coalition Government, The Office of Gas and Electricity Markets (Ofgem) and the energy companies in order to reduce the impact of fuel poverty on these vulnerable groups.

The Barnardo's survey of its services, as well as research evidence, has demonstrated the potential negative impact that fuel poverty has on physical and mental health and wellbeing. Low income families are confused by the vast number of tariffs available and are unlikely to take advantage of energy efficiency measures, especially if they are living in the rented sector. Levels of debt to energy suppliers are increasing while low income families are paying the most for their gas and electricity.

Barnardo's calls on the UK Government and the Welsh Assembly to work with energy companies and other key partners to formulate a strategy to address fuel poverty specifically focused on the following issues:

- **fair fuel pricing**
- **debt and methods of payment**
- **tariffs and switching**
- **energy efficiency**
- **financial support**
- **health and wellbeing**
- **data collection to better target support**

**for families and young people living in fuel poverty**

- **recognition of fuel poverty within the Government's child poverty agenda.**

## Fair fuel pricing

Barnardo's survey of its services shows that the poorest families are paying the highest costs for their energy bills, especially if they are on pre-payment meters. Barnardo's is calling on the energy companies to close the 'fuel gap' by:

- reviewing their price bands for pre-pay meters to bring them in line with other forms of payment as has been done in Northern Ireland.

The UK Government must legislate for these changes if energy companies fail to do so voluntarily.

## Debt and methods of payment

Barnardo's is calling on Ofgem to ensure that:

- Energy companies reassess whether a customer has the correct tariff for their needs and agree a repayment plan if they default on their energy payments for two months in a row rather than simply moving them on to a pre-payment meter.
- After a two month default, energy companies must provide information on how consumers can access independent advice from national consumer organisations and their rights to cancellation within the 'cooling off period' when they sign up to an agreement. Energy companies should ensure that



all customers are able to access the Home Heat Helpline so that they can find out whether they are entitled to any additional support for energy efficiency measures or fuel rebates such as the Warm Home Discount.

- The Money Advice Service should include guidance on its website on switching energy suppliers and coping with fuel debts that is tailored to young people and families.

## Tariffs and switching

Barnardo's survey of its services has highlighted the widespread confusion amongst families about the number of energy tariffs available and about eligibility for energy efficiency measures or rebates on fuel bills. The Energy Act 2011 requires Ofgem to review the complex array of tariffs and offers.

- Barnardo's is calling on Ofgem to ensure that information is adequately targeted at the poorest and most vulnerable families who may not have access to the Internet.
- The UK Government, Ofgem and energy companies must also work together to ensure that accessible information on tariffs is provided to a wide range of audiences using a number of methods including the telephone, websites, advertising on the Home Heat Helpline, and leaflets which could be disseminated through children's centres, schools, libraries, hospitals, job centres and supermarkets, as well as directly to homes in areas of high deprivation.

## Energy efficiency

- The UK Government should bring forward the new requirements in the Energy Act 2011 on private residential landlords so that families living in substandard accommodation can benefit from energy efficiency improvements.
- Low income families with children under the age of five and young people living independently should be prioritised for receiving energy efficiency measures to their homes from the Green Deal Affordable Warmth Scheme. The UK Government should hold energy companies to account in reaching their Affordable Warmth targets to ensure that low income families benefit from the energy efficiency measures.

## Financial support

- Ofgem should take steps to ensure that the information and eligibility criteria for the Warm Home Discount is simplified and uniform across energy suppliers so that all families can understand and access the same levels of support.
- Barnardo's supports Save the Children's<sup>89</sup> call that energy companies should ensure that all families eligible for Cold Weather Payments,<sup>90</sup> (predominantly made up of low income families with children under five or a disabled child) receive the Warm Home Discount.
- As recommended in Barnardo's report *A vicious cycle*,<sup>91</sup> the UK Government should adhere to the commitment in the Coalition Agreement and extend access, through the Post Office Card Account (POCA), to accounts which allow payment of bills by direct debit. The UK



Government should work with the banks to ensure that anyone can open a bank account with proof of an address.

## Health and wellbeing

The potential impact of cold homes on both physical and mental health and wellbeing is well documented as set out in chapter four. Local authorities working with health professionals and other partners at a local level are well placed to assess the impact of fuel poverty on the families in their localities.

Barnardo's is calling for assessments of the impact of fuel poverty on the health and wellbeing of children and families to be included within policies to improve health outcomes at both a local and national level. Local Health and Wellbeing Boards<sup>92</sup> at local authority level in England should assess their geographical patterns of fuel poverty as well as the public health impact on children, young people and parents living in their localities. At a national level in England, Public Health England<sup>93</sup> should monitor the impact that fuel poverty has on the health of families.

## Data collection to better target support for families and young people living in fuel poverty

There is currently a gap in data on the number of families and young people living in fuel poverty. Better data is key to ensuring that policies are targeted at the most vulnerable families and young people. Barnardo's is calling on:

- The Department for Communities and Local Government to adapt the *English Housing Survey* to collect data on the actual temperatures of properties visited in winter which would provide a snapshot of the numbers of households living in cold homes.
- The Department for Work and Pensions to include a question on levels of fuel debt in the *Family Resources Survey* from 2014, and include analysis in its HBAI data. Alternatively the question could be asked in the 'Understanding Society' longitudinal survey every two years. The data could then be used to better target financial support and energy efficiency measures for families and young people.

## Recognition of fuel poverty within the Coalition Government's child poverty agenda

Almost one in four families with children in poverty (after housing costs) are living in inadequately heated accommodation; this rises to nearly one in three families with children where no one is in work.<sup>94</sup> The first child poverty strategy published in 2011<sup>95</sup> set out a number of indicators to tackle child poverty but did not include a specific indicator addressing fuel poverty.

The Welsh Assembly Government has recognised the cost of fuel in its child poverty strategy, which we welcome.<sup>96</sup>

- Barnardo's is calling on the UK Government to include a specific indicator on fuel poverty in the child poverty strategy when it is reviewed in 2014.



**Appendix/notes,  
glossary of terms  
and endnotes**

# Appendix/notes

## Barnardo's survey of services

Barnardo's surveyed 80 of our services across England that deliver direct support to vulnerable children, young people and families who have experienced fuel poverty. The survey is a snapshot of some of Barnardo's services. It demonstrates some of the issues related to fuel poverty that our workers are experiencing but is not representative of all of our services across the UK.

Case studies show examples of individual families and young people's experiences, and are not a reflection of all families and young people living in poverty or fuel poverty.

- Over 90 per cent of respondents worked with families that **have issues of debt** owed to their gas or electricity supplier.
- Almost 70 per cent of respondents reported that families **do not know what support is available**, such as the Home Heat Helpline, free insulation or energy company grants.
- Only four per cent of respondents reported that the majority of families they work with receive **discounted energy prices**, while 36 per cent reported that none of their service users do.
- Over 90 per cent of respondents reported that families are cutting back financially to pay for energy bills: **74 per cent said they were cutting back on food**; 84 per cent said they were cutting back on heating and 60 per cent said they were cutting back on buying clothes.
- 94 per cent of respondents reported that **high energy bills were impacting on their service users' mental health** and on their capacity to have money left over for essentials.

- Almost 60 per cent of respondents reported that families rarely know how to make their homes more **energy efficient** and over 50 per cent thought that this is not a priority for social landlords.

## Barnardo's grants

Barnardo's assists some of the most vulnerable families by providing emergency grants which help them avoid having to borrow money. In 2010-11 Barnardo's provided nearly £370,000 to 1,600 people facing severe financial difficulty.

## Policy context for Wales

Wales is covered by the Warm Homes and Energy Conservation Act 2000 and is committed to the target of eradicating fuel poverty. The Welsh Assembly Government has legally binding targets to eliminate fuel poverty among vulnerable households by 2010, in all social housing by 2012 and every household by 2018. The Energy Act 2011 and the Fuel Poverty Strategy 2001 also apply in Wales.

Fuel poverty is a serious issue in Wales, particularly in the context of rural fuel poverty, where many homes are not on the main grid. Nearly a quarter of households in Wales experience fuel poverty, with 320,000 households affected. In Wales, householders pay five per cent more for their electricity than the rest of the UK with 50,547 households in debt to electricity suppliers and 46,588 in debt to gas suppliers.<sup>97</sup> The **Living in Wales Survey** is used to estimate levels of fuel poverty in Wales. Figures are updated less frequently than in England, but methodology is similar to the *English Housing Survey*.

Households with dependent children under 16 years are a core vulnerable group in the Welsh Fuel Poverty Strategy and, as a member of the End Child Poverty Network in Wales, Barnardo's Wales is signed up to support the Fuel Poverty Charter for Wales.

## Policy context for England

England is at the centre of the Warm Homes and Energy Conservation Act 2000 and committed to eradicating fuel poverty by 2016. England is also committed to implementing the reforms that will come into place as part of the Energy Act 2011. The Energy Act will

bring in a new Green Deal programme for energy efficiency improvements in people's homes, and the Energy Company Obligation and Affordable Warmth Schemes will support low income vulnerable groups to make improvements.

The Hills Review is currently looking at the measurement of fuel poverty in England and is expected to make recommendations to monitor the depth, as well as the extent of fuel poverty.

In England there are a number of financial support schemes that are available to low income families with young or disabled children. These include cold weather payments and the Warm Home Discount.<sup>98</sup>

## Energy price rises in 2011

Provider	Month	Gas	Electric
Scottish Power	August	19%	10%
Scottish and Southern	September	18%	11%
British Gas	August	18%	16%
Npower	January	5.1%	5.1%
	October	15.7	7.2%
E.ON	February	3%	9%
	September	18%	11%
EDF	March	6.5%	7.5%
	November	15.4%	4.5%

Source: [www.bbc.co.uk/news/business-14928311](http://www.bbc.co.uk/news/business-14928311), accessed 30 November 2011



# Glossary of terms

## Before housing costs (BHC) and after housing costs measures of poverty

A household is classed as living in poverty if their income, adjusted for the size of their household, is less than 60 per cent of the median (or middle) income of all households. In order to get a full reflection of the extent of poverty this figure is examined both before housing

costs have been deducted from income and after housing costs have been deducted. Barnardo's takes the view that after housing costs is a better measure of poverty than before housing costs as it reflects what households have left to spend (or their disposable income) after they have paid for the basic necessity of housing. A household is defined as being in poverty if their weekly income (before or after they have paid for housing costs) is below the following poverty lines:

Family type	Before housing costs	After housing costs
Lone parent, one child under 14	£216	£167
Lone parent, one child over 14	£248	£214
Lone parent, one child under 14, one child over 14	£298	£257
Couple, one child under 14	£298	£257
Couple, one child over 14	£330	£304
Couple, one child under 14, one child over 14	£379	£347



## Affordable Warmth Obligation

The Affordable Warmth Obligation will be targeted at private tenure properties and those in receipt of certain means tested benefits and tax credits. Those eligible will include people who are in receipt of: state pension credit, child tax credit under the 'free school meals' income threshold, or people in receipt of either income support, income-related employment and support allowance (where this includes a work related activity or support component), income-based jobseeker's allowance and at least one of the following:

- parental responsibility for a child under the age of five who ordinarily resides with the person
- child tax credit which includes a disability or severe disability element
- a disabled child premium
- a disability premium, enhanced disability premium or severe disability premium
- a pension premium, higher pension premium or enhanced pensioner premium.

The Government will set energy companies affordable warmth targets.

## Carbon Emissions Reduction Target (CERT)

CERT is a Government scheme which requires energy companies to fund a number of energy saving measures, including energy efficient light bulbs and cavity wall and loft insulation, to reduce emissions in private and social housing.<sup>99</sup>

Support from the CERT scheme is open to those in receipt of: council tax benefit; housing benefit; income support; income-based jobseeker's allowance; employment and support allowance; attendance allowance; disability living allowance; disablement pension; war disablement pension; child tax credit or working tax credit (where the consumer's relevant income is less than £16,190).

## Community Energy Savings Programme (CESP)

CESP was introduced by the Government in 2009 targeted at 4,500 low income communities and was expected to achieve £350 million of energy efficiency improvements. The scheme requires energy companies to pay for energy efficiency measures to be installed in low income communities taking a 'whole-house' approach using multiple measures to achieve savings. The scheme was to be implemented in local partnerships with local authorities, community groups and energy companies working together to identify streets and houses in need. In June 2011 only 201 scheme proposals had been submitted to Ofgem, half the target number.<sup>100</sup>

## Cold weather payment

The cold weather payment is a £25 payment for each seven day period of very cold weather (below 0 degrees Celsius) between 1 November and 31 March. Those eligible include people on: pension credit, income support, income-based jobseeker's allowance or income-related employment and support allowance (ESA).

## **Decent Homes Standard**

The Decent Homes Standard is the primary indicator of stock condition applied in England. A dwelling is defined as 'decent' if it meets the statutory minimum standard, provides a reasonable degree of thermal comfort, is in a reasonable state of repair and has reasonably modern facilities. Measures for thermal comfort include cavity wall and loft insulation.

## **Equivalised income**

Equivalised income weights a household's income in line with the number of people living in that household. For example, households with more people living in them have their income weighted downward to reflect the idea that people with larger households need more money to live on. Unequivalised income represents the raw, unadjusted income that households report.

## **Fuel poverty measurement**

Fuel poverty is defined as a household that needs to spend in excess of 10 per cent of household income on all fuel use in order to maintain an adequate level of warmth. An adequate level of warmth is 21 degrees Celsius for the main living area and 18 degrees Celsius for other occupied rooms.

The measure of 10 per cent of household income spent on an adequate level of warmth as a fuel poverty threshold was based on 1988 data when average expenditure on energy for use in the home was five per cent of the weekly budget, and 30 per cent of households with the lowest income did spend 10 per cent on fuel bills.<sup>101</sup>

## **Green Deal**

The Green Deal is a flagship policy within the Energy Act 2011. Energy companies will finance the upfront costs to install a range of energy efficiency measures in their customer's homes. Householders will then make savings as a result of improved energy efficiency in their home, and will pay back the money for the efficiency measures through instalments in their energy bills.

## **Health and Wellbeing Boards**

Health and Wellbeing Boards will be a forum for local commissioners across the NHS, public health and social care, elected representatives, and representatives of HealthWatch (new patient involvement groups) to discuss how to work together to better the health and wellbeing outcomes of the people in their area. Health and Wellbeing Boards will be the responsibility of top tier local authorities.<sup>102</sup>

## **Low income**

In this report we define families living on low incomes as families living on less than 60 per cent of median income.

## **Public Health England**

Public Health England will combine experts from public health bodies such as the Health Protection Agency and the National Treatment Agency as part of the Department of Health. It will focus on national resilience against things like flu pandemics and other health threats, as well as being a 'knowledge bank' for the best and most up to date evidence on behaviour change techniques and

monitoring data. Public Health England will set a series of outcomes for local authorities to measure whether people's health actually improves.

## Standard Assessment Procedure (SAP)

SAP is the Government-recommended measure to assess the energy performance of a dwelling. The SAP rating is on a scale from 1-100, whereby a higher number denotes a higher home energy efficiency and lower energy costs.

## Warm Front England

Warm Front England is a Government-funded energy efficiency programme which provides assistance to vulnerable households on means-tested benefits<sup>103</sup> in privately owned or rented homes through the installation of energy-efficiency measures,<sup>104</sup> energy-efficiency advice and benefit-entitlement checks. From 2008 to 2011 funding totalled £1.1 billion including £110 million in 2010-11, benefiting an estimated 57,000 and 50,000 households respectively.<sup>105</sup>

Those eligible for support include people who own their own homes, or live in private rented accommodation and are entitled to the following benefits: working tax credit (with an income of less than £15,460 and which must include a disability element); child tax credit (with an income of less than £15,460); attendance allowance; disability living allowance; income support (must include a disability premium); housing benefit (must include a disability premium); council tax benefit (must include a disability premium); war disablement pension (must include a mobility

supplement or a constant attendance allowance); industrial injuries disablement benefit (must include constant attendance allowance); households with a child under 16, or where a householder is pregnant, and get income support or council tax benefit or housing benefit or income-based jobseeker's allowance or pension credit; aged 60 or over and get pension credit, or council tax benefit, or housing benefit or income-based jobseeker's allowance.

## Warm Home Discount

The Warm Home Discount was a key part of the Energy Act 2011 replacing individual social tariffs run by energy companies. It is a rebate of £120 per year (£140 by 2015) on electricity bills. Whilst the payment is automatic for those in the 'core group' in receipt of pension credit, for vulnerable families in the 'broader group' the discount is more complex. Eligibility criteria is determined by the suppliers themselves but must include households with a child under five or those with a disabled child and who are on certain income benefits. Eligibility is for those on one of the following: pension credit; income support or income-based jobseeker's allowance and there is a child aged under five in the family; pensioner premium, higher pensioner premium or enhanced pensioner premium; a disability premium or severe disability premium; a disabled child premium or a child tax credit that includes an individual element for a child or qualifying young person who is disabled or severely disabled.

The Government expects that the scheme will support two million low income and vulnerable households each year, and will be worth £1.1 billion over the four year period.<sup>106</sup> The energy suppliers are expected to cover the cost of the scheme which is likely to mean that costs will be transferred to consumers in higher energy bills.



# Endnotes

## Introduction

- 1 Maynard, K; Clewitt, N (2009) *From Crunch to Crisis*. Barnardo's, Barking. Quote taken from a previous policy briefing.
- 2 A fuel poor household is one that needs to spend in excess of 10 per cent of household income on all fuel use in order to maintain an adequate level of warmth. See glossary for more details.
- 3 Department for Energy and Climate Change (2011) *Annual Report on Fuel Poverty Statistics*. DECC, London. [www.decc.gov.uk/assets/decc/Statistics/fuelpoverty/2181-annual-report-fuel-poverty-stats-2011.pdf](http://www.decc.gov.uk/assets/decc/Statistics/fuelpoverty/2181-annual-report-fuel-poverty-stats-2011.pdf), accessed 7 November 2011.
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- 7 British Gas, EDF, E.ON, npower, Scottish and Southern Electric and Scottish Power.
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- 9 [www.ons.gov.uk/ons/datasets-and-tables/data-selector.html?odid=DK9U&dataset=mm23&table-id=1.7](http://www.ons.gov.uk/ons/datasets-and-tables/data-selector.html?odid=DK9U&dataset=mm23&table-id=1.7)
- 10 Inflation is currently at 4.8 per cent (Retail Price Index) and 4.2 per cent (Consumer Price Index). Office of National Statistics (2011) *Consumer Price Indices*. [www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/december-2011/index.html](http://www.ons.gov.uk/ons/rel/cpi/consumer-price-indices/december-2011/index.html), accessed 17 January 2012.
- 11 For definition of poverty please see the glossary.
- 12 £13 per person per day after housing costs, adjusted for family size and inflation. Based on Barnardo's calculations for the 2011-12 poverty line uprated at RPI; based on the official 2008-09 poverty line of 60 per cent of median income of £206 per week. Median income in the HBAI report: [http://research.dwp.gov.uk/asd/hbai/hbai\\_2009/pdf\\_files/chapters/chapter\\_2\\_hbai10.pdf](http://research.dwp.gov.uk/asd/hbai/hbai_2009/pdf_files/chapters/chapter_2_hbai10.pdf), accessed 17 January 2012.
- 13 Department for Energy and Climate Change (2001) *The UK Fuel Poverty Strategy*. DECC, London. [www.decc.gov.uk/assets/decc/what%20we%20do/supporting%20consumers/addressing%20fuel%20poverty/strategy/file16495.pdf](http://www.decc.gov.uk/assets/decc/what%20we%20do/supporting%20consumers/addressing%20fuel%20poverty/strategy/file16495.pdf), accessed 31 November 2011.
- 14 Department for Energy and Climate Change (2011) *Annual Report on Fuel Poverty Statistics*. DECC, London. [www.decc.gov.uk/assets/decc/Statistics/fuelpoverty/2181-annual-report-fuel-poverty-stats-2011.pdf](http://www.decc.gov.uk/assets/decc/Statistics/fuelpoverty/2181-annual-report-fuel-poverty-stats-2011.pdf), accessed 7 November 2011.
- 15 Information on methodology is included in the notes section at the end of this report.
- 16 See appendix/notes for details on the English and Welsh specific policy contexts.
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- 18 See appendix/notes at the end of the report for the policy contexts of England and Wales.
- 19 Quote from Barnardo's survey of services; see appendix/notes for full details of survey.
- 20 [www.statistics.dwp.gov.uk/asd/hbai/hbai2010/pdf\\_files/full\\_hbai11.pdf](http://www.statistics.dwp.gov.uk/asd/hbai/hbai2010/pdf_files/full_hbai11.pdf), accessed 21 December 2011.
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- 22 Department for Education (2011) *A New Approach to Child Poverty: Tackling the Causes of Disadvantage and Transforming Families' Lives*. <https://www.education.gov.uk/publications/standard/publicationDetail/Page1/CM%208061>, accessed 14 January 2012.
- 23 Ibid.
- 24 Welsh Assembly Government (2011) *Child Poverty Strategy for Wales*. <http://wales.gov.uk/docs/dsjlg/policy/110203newchildpovstrategy2en.pdf>, accessed 14 January 2012.

## Chapter one: Tariffs, the fuel gap and increasing levels of debt

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- 29 Findings from Barnardo's survey of services. See appendix/notes at the end of this report for full details.
- 30 A third of low income households have access to the Internet compared with 60 per cent of the population as a whole. [www.oft.gov.uk/shared\\_of/research/OFT1268.pdf](http://www.oft.gov.uk/shared_of/research/OFT1268.pdf), accessed 3 February 2012.
- 31 Social tariffs have been replaced by the Warm Home Discount. The families that Barnardo's works with are often unaware that this has happened due to the complexity of support available.
- 32 Before housing costs.
- 33 Based on comparing *English Housing Survey with Family Spending reports*. Note – actual spend figures from Family Spending are based on unequivalised income deciles whereas modelled spend from the *English Housing Survey* is based on equivalised income deciles. See glossary for definitions.
- 34 There are slight discrepancies between these figures and those reported in the annual report on fuel poverty statistics. This is due to slight differences in methodologies where DECC calculate income deciles based on individual years whereas we have calculated them based on combined two years of data included in fuel poverty datasets.
- 35 According to the measure adopted for fuel poverty statistics.
- 36 *The English Housing Survey (2008, 2009)* and *English Housing Conditions Survey* before 2008.
- 37 As measured by the before housing costs measure – see glossary for explanation.
- 38 Note – these are average requirements. Some households in poverty will have energy requirements below the fuel poverty threshold.
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## Chapter two: Energy efficiency and financial support

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## Chapter three: The impact of fuel poverty on wellbeing and material deprivation

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## Chapter four: Conclusions and recommendations for tackling fuel poverty

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## Appendix/notes

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## Glossary of terms

- 99 [www.decc.gov.uk/en/content/cms/funding/funding\\_ops/cert/cert.aspx](http://www.decc.gov.uk/en/content/cms/funding/funding_ops/cert/cert.aspx), accessed 8 December 2011.
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***Priced out***  
***The plight of low income***  
***families and young people***  
***living in fuel poverty***

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