



Out in the cold

Conversations about fuel costs
with the low paid

June 2010

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Introduction

This report was written for UNISON by the National Right to Fuel Campaign (NRFC) to highlight the impact of rising energy prices on low-paid workers. This is a relatively under-researched area, but clearly a major problem that is set to get far worse in the period ahead.

The report is based on a series of interviews with applicants to UNISON Welfare. It clearly demonstrates the difficulties that people on low pay face when it comes to meeting the costs of heat and power in their homes.

It is already the least well-off who pay the highest proportion of their income on energy. With pay restraint, wage freezes across the economy and the impact on domestic fuel bills of the investment needed for new low-carbon generating capacity, this is a problem that is set to get far worse in the future.

The scale of future price increases was indicated in Ofgem's recent Project Discovery report, which said that fuel bills could rise by 25% by 2020. This is on top of current bills that already top £1,000 a year for many typical households.

As a trade union, UNISON believes that higher wages should be a major component of the solution. But in addition to this – and in the context of the need for greater sustainability – policy changes, the way in which energy companies behave towards their customers and better energy efficiency measures should all form part of the solution too. This is the overwhelming message of this report.

Following the 2010 general election and the formation of a coalition government it's clear that all organisations that want to see an end to fuel poverty, including UNISON, will have to raise their game. The last Labour government did make some good progress, not least in relation to Warm Front and its related programmes across the UK; the beginning of a more systematic approach to domestic energy efficiency; and most recently, mandatory price support for the most vulnerable customers. Although some of these policies are yet to bear fruit, many have continued to call for the government to go further and faster.

Neither of the two governing coalition parties mentioned fuel poverty directly in their manifestos, though both talked about energy-efficiency programmes. The extent to which this is a priority for the new government remains to be seen.

In this context, this report is a highly topical analysis of a growing problem that includes some extremely useful recommendations about how this situation should be addressed.

The National Right to Fuel Campaign

The National Right to Fuel Campaign (NRFC) came into existence in 1975 with the single aim of ensuring that every household was able to afford adequate heat, light and power. Over 30 years later, we are still fighting to achieve that objective. Energy is vital to life, health and well-being and not something that we can live without and remain part of society. It is shocking that there have been nine elections since then and no government has taken adequate action to eliminate fuel poverty. There are still households in Britain that must make choices each day for essential goods and services because the homes they live in are so energy inefficient that they need to spend over 10% of their income to heat their homes to an adequate level. This will only become a greater challenge as households deal with the severe economic downturn at the same time as trying to cope with the impact of climate change policy. This will inevitably mean higher energy bills at a time when their incomes are going down.

Government needs to be courageous and commit to a strategic policy framework that addresses both the short- and long-term needs of those in fuel poverty so that we can permanently remove the blight of fuel poverty from the lives of people in the UK. Steps are being taken in the right direction but the NRFC remains concerned that the interests of the fuel poor are seen as a low priority compared to climate-change policy.

The authors

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What is UNISON Welfare?

UNISON Welfare is the registered charity serving members of the trade union UNISON, which represents 1.4 million public service workers. The aim of UNISON Welfare is to provide support to members and their dependants during times of financial hardship or personal difficulty such as redundancy, bereavement, illness or relationship breakdown. The charity provides support services to

current members and their families (and to past members of NALGO) through the delivery of confidential information, advice and guidance on areas such as debt management, benefits and housing and through the provision of financial assistance through grants and loans.

In 2008, UNISON Welfare had a total income of just under £1.5 million, the majority of which came from donations from UNISON and its members. Over half of this money is used to provide grants to recipients, with 2,730 grants being paid to 2,154 individuals. The amounts paid for 2008 and 2007 are shown in the table below:

Grants	2008 £	2007 £
Health	44,900	49,687
Well-being breaks	121,200	104,896
Household	203,600	177,161
Debt and bankruptcy	221,700	186,083
Farepak	—	56,028
Funeral expenses	46,600	45,589
Income subsidy	130,900	119,879
Other purposes	16,830	34,581
Total	785,730	773,904

Grants for debt and bankruptcy have increased by 19%, household by 15% and income subsidy by 10% over the past year. It is likely that this is in response to the increased challenges faced by low-income workers in an economy facing a severe recession.

The voice of low-paid workers

The experience of the low-paid workers, particularly in relation to the impact of high energy prices, is relatively under-researched. The aim of this report is to make a contribution to this issue by giving a voice to some of the low-paid workers who struggle each day of each week to make ends meet.

The report is structured in the following way: the next section outlines the research methods used in the report's development, followed by a short summary of the main policy proposals arising from the research. The report then sets out in detail the main themes that emerged from the research. The questionnaire and details of the project steering group are in the Appendices.

Methodology

Respondents were selected from those who had received support from UNISON Welfare. Potential respondents, who had agreed to be contacted while their case was being handled, were sent a letter setting out the purpose and nature of the research. They were asked to indicate whether they were happy to take part in the research. From these letters, 28 positive responses were received. An initial group of 18 were identified who met the required characteristics for the research project and, of these, 11 people were interviewed.

All the interviews were carried out in August 2009. Respondents were interviewed over the telephone using a qualitative questionnaire. The questionnaire was developed by Lesley Davies, in conjunction with a steering group set up to advise the project. Details of the steering group can be found in Appendix 3.

Respondents were single parents, couples with no children, family with children at home and disabled workers. The researchers wanted to include several respondents who were young single adults living away from home. This proved not to be possible within the context of this general piece of research but still remains a relatively under-researched area in the context of energy consumer issues.

The questionnaire (Appendix 2) covered four main topic areas:

- general economic issues
- energy prices
- energy debt
- energy efficiency.

The first section identified the reasons that respondents came to UNISON Welfare in the first instance, the overall economic challenges they face and the impact that these problems have had on them and their families where relevant.

Sections 2 and 3 focused on the impact of rising energy prices and the extent to which these have led to energy debt.

Section 4 examined the experiences of respondents in terms of energy efficiency, what they know about it and whether they have received any help and advice in the past.

The final section of the questionnaire gathered personal information about the respondent.

The questionnaire functioned primarily as a guide to what were, by the nature of the subject matter under discussion, conversations with respondents. Respondents were informed at the beginning of the session that if any of the guide questions were too sensitive they did not have to respond. This did not happen in any of the conversations. The interviews were then analysed to identify key themes and issues relating specifically to respondents' experiences of dealing with fuel costs and energy companies.

"I know that there isn't much help for people not on benefits. We have to pay for everything"

Policy recommendations

This kind of research highlights all the human variations that make planning difficult for government, fuel suppliers and the regulator. However, it also shows up characteristics that could help to improve the support offered to low-income households and to identify households where energy-efficiency investment should be targeted as a priority.

A fair deal for low-income households

The research highlights the problems for households whose income is just above cut-off levels for benefits, or whose benefits do not make them eligible for grants such as Warm Front. This has always been an area of concern for the National Right to Fuel Campaign (NRFC). There was a sense, in some of the interviews, that there is a lack of fairness in the way low-income households are treated.

We would recommend that the government finds an innovative approach to the issues in this report that includes these households in its various programmes, especially for energy-efficiency investment.¹

Fuel suppliers to rethink their customer support

In the following analysis, we have looked closely at the experience of our interviewees with their fuel suppliers. The picture is not good. There were problems with switching suppliers and with direct debit amounts, not much evidence of sensitive help with fuel debt and real worries about contacting the fuel supplier in the first instance.

We would recommend that the fuel suppliers rethink their customer services arrangements to enable customers who are having real difficulties to be given appropriate support, such as longer debt repayment times, and to avoid expensive payment methods such as prepayment meters.

¹ For example, the green loan system, Pay as you Save, which is being piloted by the Energy Saving Trust, is not one that low-income groups would be likely to consider and thus benefit from. Advice from National Energy Action (NEA) suggests that a loan system should not replace the grant system for fuel-poor households, but where the fuel poor fall outside grant eligibility then government should consider a sliding scale for those able to pay. However, the logistics of this would be complicated and therefore it would really only work as part of an area-based approach, as set out in NEA's single national energy efficiency scheme paper.

There needs to be clearer, and more accurate, information about and during the switching process. Suppliers should improve the knowledge they have of customers' energy use when they switch to ensure that there are no surprises when direct debit amounts are adjusted.

Suppliers' advisory systems should ensure that clients are either referred to an in-house energy-efficiency adviser or given the national energy-efficiency advice helpline number.

Ofgem should be monitoring suppliers' customer services closely following the changes to consumer advice and support with the set-up of Consumer Direct, the energy ombudsman and Consumer Focus².

Better training for advisers

The Energy Saving Trust should do more to publicise its energy-efficiency advice centre network to other types of advice agencies, such as CAB and local advice centres. The experiences of our respondents support the case for debt and money advisers to be skilled in delivering advice on energy efficiency and affordable warmth or to have a worker in the office who can support these cases.

² Following the introduction of the new complaint-handling standards, the energy regulator, Ofgem, commissioned an audit of suppliers' compliance with the new standards plus separate research into customer satisfaction with the process. In the report, Consumer First – Complaints Handling, published June 2009, key findings from the customer research showed that, while there are low levels of customer satisfaction across all suppliers, some performed better than others.

% Domestic customers either "quite satisfied" or "very satisfied" with the overall complaint handling process (based on a sample of 2,708 customers)

SSE 29%

EON 29%

SP 24%

Centrica 20%

EDF 20%

Npower 16%

Billing and prices are the most common cause of complaint among all customers with price-related complaints the most likely to be resolved on initial contact.

Suppliers' complaint handling is a crucial factor in retaining customers – 15% of domestic customers who complained had either changed or were going to change their supplier.

“Energy is too expensive and it should not be down to the vagaries of the market, companies should not be allowed to make profits out of essentials, it’s not morally justifiable”

While the issue of benefit entitlement did not come up very much in these interviews, there is real concern that low-income households are not claiming benefits to which they are entitled. All advisers dealing with these clients should either do a benefit check or refer the client to someone who can do this. This will ensure that these households receive the maximum income to which they are entitled, and may make them eligible for other benefits and schemes such as Cold Weather Payments, Warm Front or social tariffs from their fuel suppliers.

While it is clear that UNISON Welfare does a very good job of supporting people with difficulties, we would recommend that it ensures that all its advisers know about energy advice and support sources, include energy efficiency and relevant grants, so they can pass this information on to clients who do have fuel-debt problems.

Action on energy efficiency

As well as being given improved access to energy-efficiency advice, as recommended above, households in fuel poverty should be the priority group for action. For example, low-income households should be included in the proposed Super Priority Group for the Carbon Emissions Reduction Target (CERT). From the point at which they contact their fuel suppliers for help, they can be identified as likely to need improvements in the energy efficiency of their homes and referred on for help. These households could miss out on the Community Energy Saving Programme (CESP) as they may not live in the most deprived areas.^{3, 4}

A couple of respondents mentioned seeing no difference as a result of reducing their energy use by a small amount. The NRFC has argued for higher ratings as targets for energy-efficiency investment. From this research, we would suggest that householders may be more likely to maintain energy-efficient behaviour if coupled with direct measures, such as better insulation and more efficient boilers etc., that deliver substantial and effective cost savings to achieve affordable warmth. Householders will only see real financial benefits if the buildings they live in have high standards of energy efficiency.

“Energy companies estimate your bills and then get you to read the meter for them and then, when you get the bill, it’s still wrong”

3 CERT: in the current consultation there is a proposal for a new Super Priority Group obligation to ensure that the most vulnerable householders who are least able to afford energy-saving measures are offered assistance. This ‘super’ priority group means mandating that a proportion of the existing Priority Group activity be offered to poorer vulnerable households (for example, recipients of pension credit and possibly recipients of Child Tax credit at existing or lower income thresholds).

4 CESP, as part of Home Energy Saving Programme, targets the most income-deprived communities – the bottom 10% in England and bottom 15% in Scotland and Wales. However, the measures used to identify the most deprived communities mean that some pockets of deprivation within more affluent areas may not be assisted, for example rural pockets of deprivation.

Findings

General comments

This research looked at a number of households whose circumstances had changed due to factors beyond their control. The household income dropped dramatically and they were no longer able to sustain lifestyles, which had previously been manageable. Within the context of personal and multiple financial problems, they were asked about the impact of fuel costs and their attempts to get advice and support to help with these new conditions.

These respondents were dealing with multiple problems, difficulties in adjusting to changing household circumstances and sorting out various different repayment and debt issues. They were trying to find what, if any, help was available on a number of fronts while they were still suffering from the initial impact of the original problem.

We have concentrated on the energy issues, cost and energy saving, and believe that these cases highlight the problems faced by households in fuel poverty as they show the problems of high fuel bills, inadequate help and support facilities and the lack of resources to make their homes energy efficient enough to keep their fuel bills down.

These cases also show fear and uncertainty about the energy market and how these households can find it hard to identify a clear way through the options available and receive a fair, sympathetic treatment from energy suppliers.

In terms of developments relating to climate change, this group also shows that they are reducing their energy use, not necessarily to be more energy efficient but to try to keep out of fuel debt. As fuel bills rise, in response to additional levies for climate-change investment and world energy prices, households in fuel poverty will be increasingly deprived of the ability to use adequate energy for hot water and heating their homes. This will have an increasing impact on the health and social well-being of these and other households in fuel poverty.

Unexpected drops in income

Almost all respondents had been brought to UNISON Welfare through a personal catastrophe, either in the form of an illness, the loss of a partner through divorce or prison, or the loss of employment. Many of the

respondents had already been dealing with life on a low income. It was apparent, through the conversations, that there was absolutely no capacity within their situations to deal with anything that was out of the ordinary. This was not through extravagant living - several were already dealing with their finances in a reasonably efficient manner by paying bills by direct debit and ensuring that bills came out at the beginning of the month. A small number of respondents had had relatively high incomes, yet they too found that the changes that brought them to the welfare fund had had a catastrophic effect and were finding it difficult to adapt to the changed circumstances.

Cut off from benefits

Most respondents were left in a financial position where they were not apparently entitled to any benefit and thus denied access to grants such as Warm Front. This group highlights problems for those households whose income is above benefit cut-off levels.

Mrs N had contacted her supplier to see if there was any help but was told that there was none available because they were not on any benefits. She said that she used to work for a CAB and "I know that there isn't much help for people not on benefits. We have to pay for everything".

Mrs M never has money left at the end of the month. She described herself as "being between a rock and a hard place". She was not eligible for benefits yet her income did not meet her financial commitments.

Mr G is aware that his energy companies, British Gas and Scottish Power, offer special tariffs and services but believes that he is not eligible for them, "because I am on incapacity benefit and not on income support".

Money is extremely tight for Mrs V. She said she had not qualified for any welfare support because she did not earn enough money for tax credits and earned too much to receive income support.

Spiralling fuel bills

As the following selection of quotes from the different interviews demonstrate, most respondents had recognised that energy prices had increased and were shocked by the levels of expenditure on energy for their daily needs.

“It’s disgusting that energy prices have shot up as they have but that companies are still making ginormous profits.”

[Energy prices have] “increased enormously, they are astronomical.”

“Energy is too expensive and it should not be down to the vagaries of the market, companies should not be allowed to make profits out of essentials, it’s not morally justifiable.”

As the case studies below show, this situation was exacerbated in households where there was additional need for heating where a household member was ill or disabled:

Mrs B’s husband’s illness had required that the heating be on all the time and the winter bill was £850. Her energy supplier, npower, informed her, via her energy bill, that her monthly direct debit was being increased to £160. She said she had always paid as much as she could by direct debit so that she would avoid the shock of big bills. Her husband contacted npower and explained their situation and the reason for the high energy bills. As a result npower offered a discount. Her husband’s MacMillan nurse had also contacted npower, which said that it was doing all that it could for the couple.

Mr F’s electricity bill is around £80 per month and his gas bill is not much less. The heating is on all the time for his osteoarthritis. He also has a skin condition, which means that it is uncomfortable to wear too many clothes. He describes things as being “bad but not the worst off in the scheme of things”.

These cases highlight issues for households with limited income. Two aspects are shown clearly: problems arising from switching energy suppliers when the level for the direct debit is inaccurately assessed, and problems arising when the customer contacts the supplier for help when

their circumstances have changed. The former resulted in some cases from switching in response to a doorstep sale, where the expenditure on fuel was underestimated. Eight out of the eleven respondents had one or more problems with their energy supplier.

The level of direct debits⁵ being set either too high or too low affected five of the respondents. Generally, the payments were set too low initially, which led to the build-up of debt. Then the supplier increased the direct debit to a much higher level, beyond the limits of the customer’s finances.

Ensuring direct-debit levels are set at the appropriate level is obviously very important and raises questions over the doorstep sales techniques used – not just the ethics over pressure selling or mis-selling but the importance of gathering accurate information.

Mr G had switched to paying for gas by direct debit. The level of the direct debit was not sufficient and he ended up owing an additional £400. He fell behind and had a prepayment meter installed.

Mrs V’s current supplier had door-stepped her and said her monthly energy bills would be £25 per fuel. However, a debt had quickly built up because of an underestimation of consumption and increasing energy prices. Mrs V had assumed that her monthly direct debit was sufficient to cover her consumption until she received a statement saying that her direct debit would need to increase from £25 per month to £90 each for gas and electricity.

Other problems highlighted in the interviews included inexplicably not being able to get direct debits set up, bill disputes in spite of providing meter readings and an inability to get keys for meter boxes.

⁵ The regulator, Ofgem, undertook a review of direct debit arrangements of the six major energy suppliers after customers complained about significant increases in amounts they were being asked to pay. The results of this review, published in March 2009, highlighted a number of issues and areas of best practice. Ofgem has introduced new obligations on suppliers to ensure direct debit payments are accurately set and clearly explained. These came into effect on 18 January 2010.

For some reason that British Gas had not been able to explain, it had been impossible to set up a direct debit for Mrs M's electricity account. This meant she had to pay the bill at the bank.

In Mrs N's experience, energy companies "estimate your bills and then get you to read the meter for them and then, when you get the bill, it's still wrong". Mrs R wanted a key for her meter box and had been promised that one would be sent so that she could check her consumption. Southern had not sent it to her and she was now waiting for a statement to see what her bill would be.

Several respondents had a poor experience of dealing with their energy suppliers. One said: "it was like talking to a brick wall", while another described her treatment as "terrible". Only one respondent mentioned having any assistance in dealing with energy suppliers, although respondents were not asked this question directly.

Mrs D was very unhappy at the way she was treated by British Gas. She had explained her financial situation and none of the many advisers she had spoken to had been at all sympathetic. She had had to make "millions" of calls and had got "fed up" with the whole thing. If she missed a payment even by a day, they were on the phone straight away to ask her for the payment.

Mrs N had contacted her energy supplier because she was trying to get them to correct a direct debit payment that was too high. She found this difficult to achieve and said that on occasions it was like "talking to a brick wall", with the supervisor wanting to increase the payment to £135 per month. She stuck to her guns and kept the payment at £129.

Mr F pays for his gas and electricity by direct debit. He had previously been paying by cash on a monthly basis. "So I put it on direct debit and let them sort the amount out. The overdraft has absorbed the increases." Mr F had had an energy debt, which he described as "a short-term thing bound up in paying for the repairs to the shower". He had been reluctant to contact his energy supplier saying that he was a bit "frightened that they would not be very sympathetic because they can insist on you having a prepayment

meter". He said these were much more expensive to use. He said it was "pointless to contact them and the less they know about you the better. They have all the power in the relationship".

Mrs V described her supplier, SWALEC, as being very good when she contacted them about the massive increase in her direct debit amount (see above) and was "quite surprised" at the support she had received. The adviser had explained that the new payments had been generated automatically and that she would not have to pay that amount. The adviser said that they were expecting people to be in difficulty because of the cold weather and higher energy prices. A new monthly amount of £45 per month was agreed, which would recover her debt and pay for her current consumption.

An important issue around switching suppliers is shown in these cases. From this small sample, nine of the 11 respondents had either switched and had problems or were fearful of switching in case there were problems. Respondents feared loss of supply, final bills that would upset finances, problems from overuse of energy on a capped tariff, or were generally sceptical or confused about the process and benefits. The other two respondents did not consider changing as they did not want to upset current arrangements.

Mrs N said she would not switch supplier because she would have to pay the final bill and also have two direct debits in one month, the one from the previous supplier and one from the new supplier, "they all want their money in the same month".

Mrs M had considered switching to M&S Energy but had decided against this; she had heard horror stories about switching supplier and she also had her servicing contract with them, which she did not want to disrupt.

Mr G knows that he can switch supplier but has not attempted to do so because "with being in arrears to British Gas, I can't imagine anyone else wanting to take them over".

Mrs D had been approached by Scottish Power who said that she could save more with them. She switched supplier and found that she was putting more money

into her prepayment meter so she switched back to EdF, “he (the SP representative) said it would have been cheaper than EdF but it wasn’t”.

Mrs V said that, having got into trouble as a consequence of switching supplier, she would be unlikely to switch again in future. She felt she had not made the savings she had expected and described suppliers at “six of one and half a dozen of the other”.

Mrs R switched from EdF, because she felt they were too expensive, to Southern Electricity. She could not say whether or not she felt that Southern’s prices had gone up or down since May 2008. She was, however, having some difficulties with Southern.

Mr F knew that he could change supplier but had never tried to switch. Friends had switched telephone supplier, which had ended up leaving them without access to a phone, and he was fearful that the same thing might happen with his energy supplier. “I don’t want to be without a phone or fuel. I don’t know how to change supplier and I’m not sure I would make any savings. They’d want their money back at some point in the future.”

Mr W has little idea whether or not he can trust what gas and electricity companies tell him about energy prices. He said it was all “so confusing, I don’t know what is true ... I don’t know how they work it all out and I don’t know if I’m being ripped off ... I just go with the flow”. It appears that he switched supplier when sales agents were in the area but had no idea that his previous supplier, British Gas, would require him to pay off the debt he had with them and his final bill. He has now had to sort out a payment arrangement with British Gas.

Mrs C switched supplier last year to Eon, having used a price comparison service, after seeing Martin Lewis’s advice on GMTV to look out for capped energy prices. She pays £70 per month for her gas and electricity via direct debit. She manages her account online and worked out that she was using a lot more energy than £70 per month. She still turns off lights and appliances in her home for fear that the energy company will say that she’s using more than she should. The capped price arrangement comes to an end this month and she is hoping to arrange another deal.

Mr W said that he was also on a special tariff, possibly a social tariff that gave him cheaper prices, in addition to the discounts from the direct debit tariff of which he was aware. He felt that British Gas was a reputable firm, that everyone buys their gas and electricity from them. He had previously been with npower but had switched to British Gas because of the capped prices deals on offer. He had been contacted by other suppliers but did not intend to switch again.

Until the onset of Mrs B’s husband’s illness, they had switched supplier regularly as a means of ensuring their energy costs were as low as possible. She said that her husband was “always on the internet” trying to get the best deal. Their most recent switch had come about as a consequence of an approach at a supermarket. However a month into the deal, and prices began “creeping up”. She went on to add that all energy suppliers were “much of a muchness”.

In these conversations, there was some evidence that respondents were unaware about the costs of different fuels and how expensive they were to use. For example:

Mr W described his house as “big and cold.” One of his coping strategies is to only use electricity because gas “is so much more expensive”.

Living with financial hardship

Two statements stand out from these interviews about the impact of financial difficulties on a household: “not living but existing” and “living from hand to mouth”. Several households were reliant on family members to help with basic necessities such as food or clothes washing and some mentioned that they no longer took part in social activities.

Many of the respondents mentioned cutting back on energy use, not for reasons related to energy efficiency but to save money and keep their fuel bills down.

The findings from this group have implications for the energy-saving aspects of climate-change strategies. It is important to ensure that fuel-poverty policies are given equal priority to carbon-reduction policies within wider energy policy. These respondents show clearly that low-income

households are reducing their energy consumption because of the size of their fuel bills as a proportion of their income.

Mrs C pays as many of her bills as possible by direct debit and what is left at the end of the month, if anything, is used for “food and outstanding bills”. She has contacted almost all of her service providers to move her payments to the beginning of the month so that she knows how much money she has left for food. She has avoided having an overdraft but recently needed the support of her sick mother to feed her daughter.

Mrs M’s family had lived within their means with various financial commitments such as credit cards and loans and, suddenly, they were struggling to make the payments. She said that she had never expected to be in a situation where she would need help. Her parents regularly feed her and her daughter.

Mr G copes with high energy bills by avoiding using fuel. For example, he tries not to use the washing machine. His daughter, who lives with him, takes her washing each week to her mother’s house over 15 miles away.

The size of Mrs D’s energy bills have led her to dramatically alter how she consumes gas and electricity. She only heats water when she needs to and doesn’t turn the central heating on, preferring instead to use the gas fire, which she says is “cheaper to use”. Her new home is much more difficult to heat. She said that it was really cold in winter and she had to increase the amount she spent on gas to £20 per week.

Mrs V said that she was “not living but existing”. Going out was a rare event and she could not even afford a takeaway. Her social life depended on others paying for her and she no longer invited her friends and family to her home as frequently as she used to.

Mrs R said: “I freeze leftover food so that I have enough to eat at the end of the month. I am living hand to mouth.”

Mr W said that he felt he had “declined from being somebody to nothing, I just want my two jobs back”.

Accessing advice and support

As union members, most of the respondents got their initial advice and help from their union. From there, they were signposted to UNISON Welfare, which helped alleviate immediate problems and gave further advice on ongoing problems, such as debt. Support ranged from paying for holidays or household appliances to financial help with specific costs, including council tax, fuel, living and housing costs. It is clear from the conversations that this help was extremely beneficial.

Mrs C is an active union member who is used to giving advice to other members and thought that she would see what help was available from UNISON Welfare. She received money to cover a long weekend and travelling costs. She also got advice on how to cope with her debt. She described the break as a “godsend” for her and her daughter.

Mrs N had seen something in UNISON literature about the welfare fund and had contacted the fund to see if it could help. UNISON Welfare was able to provide a grant of £500, which she used to help cover outstanding bills.

MR W had contacted UNISON Welfare after his second operation. They had helped to provide a much-needed family holiday for a week, which he said gave them the opportunity to have real “quality time”.

A UNISON worker told Mrs V that she may be able to get some financial support from UNISON Welfare. She contacted them and was given money to pay for her gas and electricity bills. They also provided money for food. She said: “without their help we would have gone under and I can’t praise them enough ... I could have quite happily kissed her (the adviser)”.

MR F applied for grants to fix and replace items in his home and also to fund a holiday. He said that UNISON Welfare had been “very helpful”. He had needed to fix his shower and put heating in the bathroom. He had also needed to have his orthopaedic chair recovered.

Several respondents had actively sought independent financial advice. A number mentioned having seen programmes on television that offered advice on sorting

out debt situations. However, none appeared particularly keen to spend money sorting their debts out when they could be paying that money to one of the companies with whom they had a debt. However, few mentioned, in the course of the conversation, alternative free sources of debt advice. One mentioned using Citizens Advice but said that the support it offered had only been available for six months. Another mentioned a local advice agency.

Mrs R had thought about getting independent advice to deal with her financial difficulties. She said that she had seen something on the TV but didn't really understand it. "I contacted them and tried to sort it out but what bothered me was that I was giving them money. Instead of paying them, I would rather give it to the people I owe money to." She did not take out an arrangement with the company in question.

Mrs C had received support from Citizens Advice, which had been able to help her for 6 months. During this time, advisers had helped her set up payment arrangements but she now had to contact them by herself every few months.

Mrs D had received advice from a local financial advice centre and was advised to declare herself bankrupt. She felt alright now but, at the time, it was as if her "life had fallen apart" with people calling her day and night to hassle her for money she did not have. After she had declared herself bankrupt, all this stopped.

Only one respondent had had a reasonable experience in asking his fuel supplier for assistance with his difficult situation. Others had either had a bad experience or had been too worried about the likely outcome to contact them. See 'Cut off from benefits', page 7.

No one mentioned being advised about Consumer Direct, the Energy Ombudsman or Consumer Focus for further advice and help with their problems.

While there was some awareness of the availability of energy- efficiency advice, none of the respondents mentioned that other advice sources had suggested they get this type of advice or where they might be able to find it. This advice is available from the national network of energy efficiency advice centres run by the Energy Saving Trust or the Home Energy Helpline.

Making homes more energy efficient

Most respondents had at least a basic understanding of what was involved in being energy efficient. Only a small number linked energy efficiency to climate-change policies about reducing carbon emissions and that was either because energy issues were part of their work or because the issue had been raised with them by their children. When describing what it took to be more energy efficient, most respondents were able to mention normal measures such as loft insulation, low-energy light bulbs and cavity wall insulation. No respondent mentioned any renewable measures, such as solar energy, micro generation or ground-source heat pumps. The overall view was that there was little more that could be done by way of making their homes any more energy efficient.

There is a very patchy picture of how energy efficient the homes of these respondents were; six of them mentioned some energy- saving measures but there is no sense that any of their homes would rate very high on an energy- efficiency scale. Most talked about cutting back on energy use by turning down thermostats or turning off lights. Some respondents were clearly talking about reducing energy consumption, turning off heating and hot water, solely as a way of dealing with reduced income and high fuel bills. There is limited experience of receiving energy- efficiency advice and most respondents talked about getting leaflets from gas and electricity suppliers and others and throwing them away. No one mentioned getting energy-saving advice from advisers helping with fuel debt, or being referred to this sort of help. This supports the case for debt and money advisers to be skilled in delivering energy- efficiency and affordable-warmth advice or having a worker in the office who can support these cases.

There was also some scepticism about using energy advice if it was available, including a statement that "it's not for people like me, I don't want to feel like a beggar". There was also some uncertainty among respondents about the effectiveness and benefits of the energy-saving measures they had undertaken.

Mrs V said she possibly felt warmer but had not really noticed any change as a consequence of the efforts she had made.

"Turning heating off? Sometimes we [Mr F and his wife] go out and turn the heating off but that doesn't save enough."

Appendix 1

Questionnaire

General economic issues

- 1 Can you give me some background information about yourself and your family – for example your job, do you have children, where do you live?
- 2 Can you tell me something about what brought you to UNISON Welfare in the first place?
- 3 How did UNISON Welfare help you?
- 4 Can you tell me something about your financial commitments, for example:
 - rent/mortgage
 - utility bills, food
 - loans/credits cards
 - regular savings?
- 5 Which of the financial commitments above do you find hardest to meet? Which do you give priority to?
- 6 Do you find you have money left after paying all your bills?
- 7 I'd like to ask you a few more questions about your finances. Let me confirm again that everything you tell me is in the strictest confidence and your anonymity is confirmed. Can you tell me whether you are in difficulty with any of your financial commitments or debts? By this I mean have you missed more than one payment or made arrangements with the provider? Have you been contacted by a debt-collecting agency?
- 8 How have you coped with these problems? Have you sought any advice? Who from? Do you have any plans for the future?
- 9 How have these debt problems affected you and your family?

Energy prices

- 10 I'd like you to talk to you now about energy issues in a little more detail. Can you tell me generally what has happened to the price of gas and electricity you pay for recently?

- 11 What impact has this had on you and your family?
Thinking back over the past 6 to 12 months, has it altered how you use energy in your home?
Has it had any effects on your children, for example their ability to do their homework?
Do you feel able to invite friends and family to your home?

- 12 How easy or difficult is it to keep your home warm when it's cold outside?
If difficult:
 - is this because your home is hard to keep warm – why is this the case
 - or is it because it's expensive to keep the heating on
 - or maybe a bit of both?If easy:
 - Why is this the case?

- 13 How did you cope when it was cold? Did you:
 - have the heating on less or lower than you would have really liked?
 - just turn up the heating or have it on longer?
 - cut back on any other things that are really necessities such as food or clothing?
 - go to bed earlier than you would have liked?
 - go out to friends' homes or public buildings to keep warm?
 - reduce the number of rooms you used at home?

- 14 Who is your supplier for gas and/or electricity? How do you pay for your gas and electricity? What do you think about how you pay for fuel – are you happy with it?
How much do you pay per month/week for each fuel?

- 15 Have you ever switched gas or electricity supplier?
When was the last time you switched? Who did you switch from? What was the reason for switching?
Have you ever switched your tariff or the way you pay for your fuel? Please tell us more about why and what you switched from and to.
If you never switched tariff or supplier – why not?

- 16 How did you find out who to switch to?
How did you find the switching process?

- 17 Have you made the savings on your fuel bills that you expected from switching supplier and/or tariff?

Energy debt

18 You mentioned that you had an energy debt [interviewer check above]. Can I find out a little more about it? Have you discussed the debt with your energy supplier? What did they say? How did they treat you?

19 What do you think about the way in which you were treated? How did it make you feel and how has it affected you and your overall household budgeting?

20 How large is the debt and over what period are you repaying it? Do you make payments towards the debt weekly or monthly? How much are the payments?

Are you repaying debt and paying for your current energy consumption?

21 Has repaying your debt altered how you use gas and electricity:

- it's made no difference
- I use a lot less
- I use a lot more?

Energy efficiency

22 What do you understand by the idea of energy efficiency? What does it mean to you?

23 Have you ever taken any action to improve the energy efficiency of your home? What did you do? Think about heating and power saving such as lighting and not leaving appliances on standby?

24 Why did you take the steps you mentioned? Did they have any effect Is your home warmer? Are your bills lower, for example?

25 Have you ever received any advice on how to be more energy efficient? Who from? Did you use it?

Have you ever been offered or received energy-efficiency or heating measures (for example, cavity wall insulation, loft insulation or a new heating system from WF or Warm Zones or your energy supplier)?

If you were offered it but didn't take-up – why? (prompt: was a contribution required? Did it seem too much hassle? Weren't you sure about what you'd get?)

If you were offered it took it up:

- did you make a financial contribution towards this?

- were you happy with the work done, has it made a difference to how easy your home is to keep warm, the amount of energy you use and/or your fuel bills?

26 What would help you to become more energy efficient? How important do you think it is to save energy at home? Please tell me why:

- to save money on bills
- to save carbon
- to help deal with climate change
- to be less wasteful?

27 Is there anything else you would like to add to the discussion we have had today?

Socio-demographic information

28 Gross income

Ethnicity

Age

Disability

Long-term illness

Number of children under 16

Number of adults in household

Number of adults in full-time, part-time or self-employed paid work

Tenure

Number of bedrooms in property

Property age

Housing costs

- rent

- mortgage

Water bill

Phone bill

Council tax

Financial commitments

- debt (amount and frequency)

- savings (amount and frequency)

Appendix 2

Steering group and advisers

Ian Preston	Centre for Sustainable Energy
Helen Stockton	National Energy Action
Brenda Boardman	Environmental Change Institute

Janet Rudge	Ealing Council
Mike Jeram	UNISON
Maureen Le Marinel	Chair, UNISON Welfare
William Baker	Consumer Focus

Lesley Davies	NRFC
Caroline Heijne	NRFC
Dave Arnold	UNISON
Julie Grant	UNISON

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This report was written for UNISON by the National Right to Fuel Campaign (NRFC) to highlight the impact of rising energy prices on low-paid workers.

It is based on a series of interviews with applicants to UNISON's own charity, UNISON Welfare. It clearly demonstrates the difficulties that people on low pay face when it comes to meeting the costs of heat and power in their homes. It is the least well-off who pay the highest proportion of their income on energy.

Following the 2010 general election and the formation of a coalition government it's clear that all organisations that want to see an end to fuel poverty, including UNISON, will have to raise their game. In this context, this report is a highly topical analysis of a growing problem that includes some extremely useful recommendations about how this situation should be addressed.

This report was funded by UNISON's General Political Fund.



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