UK FUEL POVERTY MONITOR

2019-20

NEA
Action for Warm Homes

energy action SCOTLAND
for a future without fuel poverty

DEDICATION

This report is dedicated to all the people that have worked tirelessly to ensure that the provision of essential services has continued during what has undoubtedly been one of the most challenging periods in recent memory.

We are especially thankful to all of the organisations that have relentlessly worked to support those households that struggle to afford to power and heat their homes, and those that found the time, even in these challenging circumstances, to engage with us in the research leading to this report.

NEA
Action for Warm Homes

energy action SCOTLAND
for a future without fuel poverty

EXECUTIVE SUMMARY

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

This year's UK Fuel Poverty Monitor (UKFPM) reviews the events that have resulted from the COVID-19 pandemic, and how they have impacted vulnerable energy consumers and the organisations that look to support them, cataloguing the response to this challenge from these organisations. It concludes with an investigation of the policies, strategies and other key actions that are urgently needed to address the impact of the pandemic this winter and beyond.

Through our Call for Evidence (CfE), which received responses from 73 respondents covering the breadth of the UK, and wider engagement with stakeholders, we found that the impact of COVID-19 has been unparalleled, both for fuel poor households, and those that support them.

"We have major concerns about impact this winter." Charity, England

"Many households will fall into fuel poverty due to increased unemployment." Charity, Northern Ireland

"For many customers shock bills are on the horizon when lockdown is lifted and we start to return to normal." Charity, Wales

We found the following five main impacts on fuel poor households:

1. **An increase in energy use, due to more people spending more time at home**
2. **A reduction in income, as many jobs were either lost or placed on furlough**
3. **Increased affordability issues and therefore debt, leading to energy rationing**
4. **Reductions in smart meter/ECO installs**
5. **Difficulties in accessing support, especially where households were digitally excluded or spoke English as an additional language**

The impact on households has been stark.

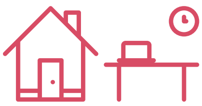
Energy rationing can be deadly during cold winters and 95% of respondents to our CfE said there was a moderate or high risk of more households cutting back on their energy use due to being forced to spend more time at home during lockdown.

Three quarters of respondents said they were concerned that there is a high risk of the increased building up of fuel debt this winter, as a direct result of the pandemic.

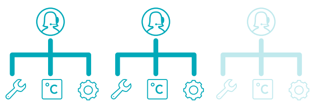
At the same time, critical organisations that support fuel poor households often had to constrain their services at a time when they were most needed, or work tirelessly to provide the additional support and services needed during the outbreak. In these testing conditions, innovative best practice has also been found, where organisations have managed to support households in new ways.

In summary, we found that:

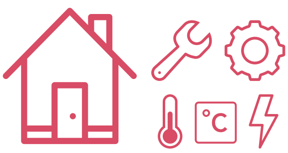
1 in 3 organisations we surveyed had to furlough staff



Three quarters of all staff of respondent organisations switched to homeworking



Two thirds noted the crisis had a significant or very significant impact on the type and range of services they were able to offer



More than 3 in 4 organisations have had to change the way they deliver services to vulnerable households. Almost half of the organisations experienced increases to the number of vulnerable households to whom they provide services

Over half of respondents changed how they communicate with partners since the crisis began

Governments and regulators across the UK told us the crisis has had a profound impact. Their priorities and capacity saw dramatic changes, and whilst some policies designed to help fuel-poor households have been delayed, quick action was also taken to ensure that vulnerable energy consumers were able to stay on supply during lockdown. In other instances, regulators struggled to secure commitments and mobilise the industry to provide appropriate support.

This mixed response to the unprecedented events that are still unfolding has prompted deep concern that fuel poor and vulnerable households could be hit particularly hard over this coming winter. During the colder months, many people will continue to stay at home for longer periods.

Alongside the psychological stress and social isolation caused by the virus, there are fears many will have to choose between heating their home adequately and falling into debt, or rationing their energy use and living in cold damp homes that are dangerous to their health and can shorten their lives. Millions also face this winter in properties which are dangerous or unfit for colder seasons.

Poor housing leads to sharp rises in energy use and a recent independent analysis highlighted that, if a second lockdown was reimposed during winter months, families in cold, leaky homes would face heating bills elevated on average to £124 per month, compared with £76 per month for those in well-insulated homes – a difference of £49 per month[1].

Three quarters of respondents to our CfE said there was a high risk of the increased building up of fuel debt this winter, as a direct result of the pandemic.

This can lead to a vicious cycle of hospital admission, discharge and readmission. Even before the current crisis, the economic burden of this ‘carousel of morbidity’ cost the NHS between £1.4 and £2.0 billion every year just in England[2].

Beyond the respondents to the CfE, many medical experts have also expressed heightened fears that a second COVID-19 wave during a cold spell this winter could be catastrophic for individuals and families and could overwhelm our health and social care services.

NEA wrote to the Prime Minister alongside more than 120 health professionals, elected officials, housing and energy sector professionals, EAS and Citizens Advice offices, urging him to follow through with manifesto commitments and Queen’s Speech proposals to invest in Warmer and Healthier Homes.[3]

In response to these risks this report finds conclusions around 5 key themes and makes recommendations to ensure that there is sufficient preparation ahead of a potential second wave.

IDENTIFYING NEED

Data that identifies the most vulnerable households is available to suppliers and the UK Government. This can be used to proactively target assistance. There are however large variances in the quality of data and systems of energy suppliers, and barriers to sharing data sets between a range of parties to deliver assistance directly to vulnerable households.

- Ofgem and energy companies should work to ensure that financially struggling households are more easily identified through the creation of a financial vulnerability flag or 'needs code' within the Priority Services Registers (PSR).
- Energy suppliers and networks should use their current available data to identify customers that could be particularly vulnerable during lockdown and proactively contact them to highlight relevant assistance.
- The UK Government should consult publicly on how accessing the shielded patients list could result in enhanced outcomes for energy and water customers and any legal barriers to realising these opportunities.
- Section 36(3) of the Digital Economy Act should be further expanded to allow local authorities, public sector health bodies and energy network companies to undertake direct data matching access with the Department for Work and Pensions (DWP), independent of licensed gas and electricity suppliers.

SUPPORTING PREPAYMENT (PPM) CUSTOMERS

Households with PPM meters suffered significant difficulties during the crisis, much of which could have been avoided if they had smart meters. Emergency and friendly credit were often lifelines for PPM customers to keep on supply.

- Ofgem should give clear direction to energy suppliers to significantly accelerate the smart meter roll-out for PPM customers.
- Energy suppliers should ensure that they have sufficient stocks of PPM top-up cards so that they can support more households.
- In Northern Ireland, the regulator must conduct a full analysis of the gas PPM infrastructure with medium and long-term strategies for an alternative to the existing system.

RAISING AWARENESS AND COMMUNICATION OF SUPPORT

There were many challenges to accessing support, especially where households did not feel comfortable contacting their energy supplier for help.

Several groups of households, especially those who are digitally excluded and speak English as an additional language, demonstrated very low or confused awareness of the support that could be provided by their supplier during the crisis.

Large variations in support creates confusion for householders and those supporting them.

- Regulators should ensure that energy and water suppliers have detailed plans for mobilising additional call centre support and/or ensuring call centre staff can work effectively from home.
- Regulators should work with utilities suppliers to set out what criteria they are adopting for 'emergency' calls and their call triage methodology/protocols for prioritising customer queries.
- Suppliers should also set out how customers without internet access and those unable to resolve BAU issues such as billing are able to contact their supplier and how soon their issues are likely to be addressed.
- Ofgem and BEIS should have regard to how companies have used different communication channels to see how non-digital consumers have missed out on support/advice during COVID-19.
- Regulators and Government should ensure that utilities have plans in place to provide information on emergency support in different languages and formats, including Braille, BSL, and languages such as Polish, Punjabi and Urdu.
- Suppliers should ensure that they have mechanisms for obtaining Authority to Act in lockdown that are streamlined while still being compliant, clearly set out, and able to be activated and communicated quickly to support organisations.
- Suppliers should develop a cross industry platform to allow faster understanding of what support is available from individual suppliers.

ADDRESSING UTILITY DEBT

Energy debt has built up over the crisis and is expected to surge over winter.

Whilst existing debt write-off schemes and debt advice are welcome, it is unlikely to be sufficient to address the impacts on customers or companies' financial viability.

- Ofgem should ensure that the risks of self-disconnection are fully understood by energy suppliers, including:

  - Monitoring to determine its scale

  - Embedding consistent processes to recognise self-disconnections

  - Ensuring that a customers' ability to pay is considered when creating debt repayment plans

- Whilst the off-gas grid sector is not regulated by Ofgem, it is important that these key protections are considered across all fuels.

- The UK Government should consider how to help accelerate the repayment of utility debts or as a minimum mainstream the adoption of current good practices within the energy industry or from within other industries. They should also ensure sensitive treatment of debt by bailiffs and sheriff officers.

- Governments, regulators and utility suppliers must promote fuel and water direct as a payment method in order for more eligible households to access the system.

- Boosting incomes can also help to reduce debt. Therefore:

  -DWP should work with BEIS to investigate the impact that delays in benefits payments are having on access to essential services.

  -The increase to the Universal Credit allowance and other benefits should be maintained or strengthened after the crisis abates.

ADDRESSING A HIATUS IN BAU POLICY MAKING

There has been a significant impact on business as usual policy making and programme delivery, including lost progress on energy efficiency and smart meter installs and delays in publishing new fuel poverty strategies and plans.

- BEIS must immediately consult on an extension to the existing Warm Home Discount (WHD) scheme in its present form in order for the programme to continue in April 2021.

- BEIS should set out the options or prepare the ground for further improvements and a necessary expansion of the programme which would be implemented from April 2022.

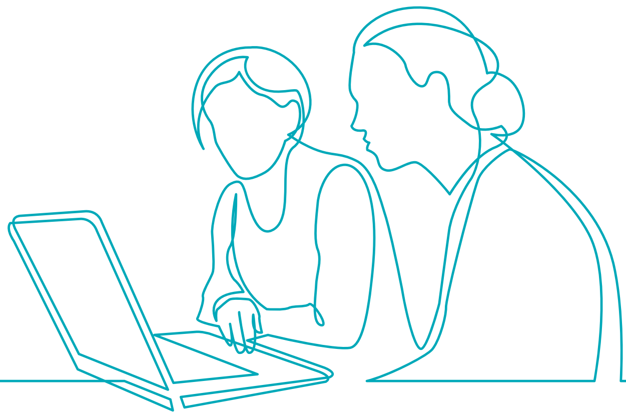
- The new Fuel Poverty Strategies for England and Scotland must be published as soon as possible.

- The fuel poverty plan for Wales and Fuel Poverty strategy for Northern Ireland should be consulted on immediately, each establishing targets for energy efficiency.

- The UK Government and Ofgem should work with the Northern Ireland Executive and Utility Regulator (UR) to ensure vulnerable energy consumers in Northern Ireland benefit from a comprehensive and consistent response from the energy industry to COVID-19.

- Ofgem must ensure that its proposals to improve market conditions for households that self-disconnect from their energy supply are applied in full, and in good time ahead of the coming winter.

- As part of the upcoming Comprehensive Spending Review, Treasury should ensure that the Shared Prosperity Fund helps end cold homes across the UK by providing funding for energy efficiency across the nations.



INTRODUCTION

National Energy Action (NEA) and Energy Action Scotland (EAS) are the UK's national charities aiming to end fuel poverty. For almost 20 years we have published an annual investigative report on progress to eliminate fuel poverty across the UK and within each of the four nations in the UK: the UK Fuel Poverty Monitor (UKFPM)

Typically, the UKFPM assesses and reviews policies or challenges that impact the main drivers of fuel poverty: the energy efficiency of domestic dwellings, household income, and energy costs. This year, however, the UKFPM focuses on addressing the unprecedented impacts of the COVID-19 pandemic on fuel poor households and on organisations that deliver services and crucial support to those households, and the urgent support that will be needed this winter to mitigate further impacts.

In May 2020 NEA issued a Call for Evidence (CfE) to stakeholders across the UK and across sectors such as energy supply, distribution, and installation; local, regional, and national government; health and social care; housing; and not-for-profits and charitable organisations. The CfE aimed to understand the varied consequences of the crisis on fuel poor and vulnerable households and how the ability of organisations to provide essential services and support to households was impacted by the restrictions put in place in March 2020.

Amid an extremely challenging and pressured time, 73 organisations responded to our Call. We also interviewed representatives from governments and regulators from across the nations to understand the impact of the crisis on their operations and how they had responded, and held workshops with our members to understand in greater depth how the virus and its consequences have impacted on the fight against living in a cold home. Taken together, these contributions are an invaluable archive of the impacts of and responses to the worst public health crisis that we are likely to see in our lifetimes. Using this evidence, the report begins by assessing the energy impacts that have arisen during the crisis due largely to the lockdown measures that were put in place to stop the spread of the virus. It then considers the impacts on the organisations that look to support fuel poor households and catalogues the response to this challenge from these organisations. It concludes with an investigation of the policies, strategies and other key actions that can be taken to address the impact of the pandemic this winter and beyond. In particular, it explores the overlaps between the health implications that result from living in a cold home (including respiratory and cardiovascular conditions) and those that make us medically vulnerable to the impacts of COVID-19, as well as other key actions that can be taken to address the impact of the pandemic.

Why does the overlap between COVID-19 and fuel poverty matter?

Even before the COVID-19 outbreak, it was well known that cold, damp and unhealthy homes cause unnecessary physical and mental harm[4], needless health and social care costs[5], queues at GPs and A&E, as well as delaying the discharge of patients from hospital[6]. Respiratory and circulatory diseases in particular have been linked to fuel debt and living in a cold and damp home[7].

As a result of the direct impacts of the crisis, it is now even more crucial to explore the synergy between COVID-19 and fuel poverty.

COUNTRY SUMMARIES

ENGLAND

Definition:
Low-Income, High-Cost (Household income lower than 60% of median income; higher than average energy costs).

Definition is in the process of changing to living in a home with an EPC of below C, whilst having a residual income below the poverty line.

Statutory Target for all fuel poor households to reach EPC C by 2030. Corresponding milestones to reach EPC D by 2025 and EPC E by 2020.

Progress Towards the Fuel Poverty Target and Milestone

Target/Milestone	2010 Progress	2017 Progress	2018 Progress
2020 Milestone (EPC E or above)	81%	92%	93%
2025 Milestone (EPC D or above)	33%	66%	69%
2030 Target (EPC C or above)	2%	10%	12%

SCOTLAND

Definition:
A household is defined as being in fuel poverty if more than 10% of its net income (after housing costs) is required to heat the home and pay for other fuel costs. If more than 20% of net income is needed, the household is defined as being in extreme fuel poverty.

Statutory Target:
No more than 5% of Scottish households in fuel poverty by 2040, and no more than 1% of households being in extreme fuel poverty.

There are also targets to reduce household fuel poverty levels as progress is made towards meeting the 2040 targets.

	Target	Current
In Fuel Poverty	<15% by 2030, 10% by 2035, 5% by 2040	25%
In Extreme Fuel Poverty	<5% by 2030, 3% by 2035, 1% by 2040	11.3%
The Median Fuel Poverty Gap	£350 by 2030, £300 by 2035, £250 by 2040	£650

WALES

Definition:
A household is defined as being in fuel poverty if they would have to spend more than 10% of their income on maintaining a satisfactory heating regime.

Any household having to spend more than 20% is defined as being in severe fuel poverty.

Statutory Target:
To eradicate fuel poverty as far as reasonably practicable:

- in vulnerable households by 2010
- in social housing by 2012
- in all households by 2018.

	Target	Current
Fuel Poverty in All Households	0% by 2018	12%
Fuel Poverty in Vulnerable Households	0% by 2010	11%
Fuel Poverty in Social Housing	0% by 2012	9%

NORTHERN IRELAND

Definition:
A household is said to be in fuel poverty if it needs to spend more than 10% of its income on energy costs.

Statutory Target:
2014 target to alleviate fuel poverty by targeting 33,000 in extreme fuel poverty (25% of income).

	Target	Current
Fuel Poverty in All Households	None at present	22% (160,000)
In severe fuel poverty (15%+)	Target 33,000 spending 25% of income	6% (43,800)

TIMELINE OF COVID-19 EVENTS

There have been events since the start of the pandemic that have shaped lives. The timeline below shows the events that had a significant impact on vulnerable energy consumers.

MARCH 3rd Governments of the UK publish a coronavirus action plan which sets out a collective approach to the outbreak.

11th The UK Government announces a budget including £12 billion for temporary, timely and targeted measures to provide security and stability for people and businesses.

18th Scottish Government issues guidance for social landlords.

19th BEIS came to an agreement with all energy suppliers to ensure they support their customers through the pandemic.

NEA releases a statement regarding our own operations.

20th The Government announces further measures to support workers, including the Coronavirus Job Retention (Furlough) Scheme.

In Northern Ireland, the Utility Regulator makes a statement regarding their expectations of utilities during the pandemic.

23rd The UK Government decided to go into a full-scale lockdown.

APRIL 2nd It is reported that one million applicants for Universal Credit were made in the two weeks since the 16th of March.

3rd Energy UK makes a statement about COVID-19, and the actions its members are taking to support households.

16th Ofgem updates its new work plan as a result of changes relating to COVID-19.

May 1st Heat networks in Great Britain reach a similar agreement to the suppliers within themselves to support their customers through the pandemic.

4th It is reported that 2 million applicants for Universal Credit were made in the period since the 16th of March.

11th In Northern Ireland, the Executive publishes their Coronavirus Recovery Strategy.

13th UK Government extends the furlough scheme until October. At the same time, more people are encouraged to return to their places of work.

15th Advice NI release a COVID-19 update on their activities.

20th The UK Government announces support for the charity sector.

JUNE 1st Lockdown restrictions are partially lifted, with more people able to go back to work.

9th In Northern Ireland, a £15.5m fund to support charity sector during COVID-19 crisis is announced.

19th Lockdown restrictions in Scotland are partially lifted.

JULY 1st Ofgem announce that they are back to 'business as usual'.

4th Social distancing measures become more relaxed 6th – the UK government announces an economic recovery plan, including a £2bn energy efficiency voucher scheme to support jobs in the sector.

6th The UK government announces an economic recovery plan, including a £2bn energy efficiency voucher scheme to support jobs in the sector.

17th A local tightening of restrictions is announced in Leicester.

30th A local tightening of restrictions is announced in North West England.

AUGUST 4th More detail on the £2bn Green Homes Grant is announced, including a £500m pot that local authorities can access.

SEPTEMBER 1st Local authorities bid to access the £500m pot of money to improve the energy efficiency of fuel poor homes through the Green Homes Grant.

THE IMPACTS OF COVID-19

How COVID-19 has impacted domestic energy consumers

This section explores the key changes that have impacted domestic energy consumers since the crisis began. In summary, they have felt 5 main impacts during the crisis:

1. An increase in energy use, due to more people spending more time at home
2. A reduction in income, as many jobs were either lost or placed on furlough
3. Increased affordability issues and therefore debt, leading to energy rationing
4. Reductions in smart meter/ECO installs
5. Difficulties in accessing support, especially where households were digitally excluded or spoke English as an additional language

Increased energy demand

An important impact to consider is how energy use in the home has changed, particularly since many people have spent significantly more time in their homes instead of, for example, their place of work.

CfE respondents corroborated that there was a risk of higher domestic electricity and heat consumption for vulnerable households who have been obligated to spend more time at home as a result of COVID-19. Over 90% believed that there was a moderate or high risk of increased consumption of gas and electricity. Respondents explained that this was likely not just due to increased time spent at home for adults, but because of school closures forcing children to also stay at home and parents wanting to ensure that they stay warm. Due to these restrictions, two thirds of CfE respondents thought there was a high risk of increased energy consumption by vulnerable households, and over half of CfE respondents thought there was a high risk of increased heat demand and water consumption.

Outside of our CfE, data from EDF suggests that increases in energy consumption for households that have been required to spend more time at home have been paired with changes to practices of washing and cleaning.[8] In a survey of 2,000 households, 72% of consumers reported increased energy use during lockdown.[9]

Overall, it is difficult to discern the impact on energy use for any particular set of households because of a lack of data, a view that was shared with representatives from both BEIS and the Welsh Governments in their respective interviews for this piece of research. However, the qualitative logic that we have all spent more time at home during the crisis points towards a single conclusion – that fuel poor households will have had a higher energy requirement during the lockdown period meaning that they would either need to ration their energy use or increase their costs.

Impact on Incomes

Furlough

In addition to changes in domestic energy use, incomes have been dramatically impacted by the crisis. After the Government introduced the "Coronavirus Job Retention Scheme", a significant number of employers took up this opportunity to reduce their costs. Government data shows that as of 16 August, 9.6 million jobs had been furloughed at some point through the crisis period, with 1.2 million employers accessing the scheme, and claims totalling £35.4bn.[10] As the scheme offered to cover 80% of salaries, it is safe to assume that a significant proportion of those on furlough experienced a reduction in income.

As a result, while the Job Retention Scheme undoubtedly helped many people, Government data[11] shows that even when changes to Universal Credit and other benefits are included (see below), all income deciles apart from the 1st decile had seen an average reduction in income as of May 2020 compared to the start of the year. Analysis by the Resolution Foundation has also shown that growth in nominal annual earnings fell from 3-4% in the early months of the year to essentially zero in April, a drop that they describe as "a terrible outcome for family living standards."[12]

The findings from our CfE correlate with this analysis, with 7 out of 10 respondents telling us they thought there is a high risk that vulnerable households will have experienced a decrease in household income as a result of the crisis. In their written comments, respondents returned time and time again to the 'double whammy' of reduced incomes and increased household demand, with charities in particular offering comments such as "people are worried about reduced income and increased costs as a result of being at home all day."

Universal Credit and the benefits system

Between the beginning of March and the end of June, over 3.4million individuals submitted new claims for Universal Credit, with the number of claims made per day peaking on the 27th March.[13]

These figures show the growing demand placed on the benefits system since the Government urged people to avoid non-essential travel and contact with others to curb the spread of the virus on the 16th March.

To provide additional support, Government introduced a temporary increase of £1,000 to the Universal Credit standard allowance for one year, increasing the amount of earnings a household could make before they became ineligible. Working Tax Credit was also increased by £20 per week on top of the planned annual uprating, and there was an increase in the Local Housing Allowance to the 30th percentile of market rents in 2020-21.

People who are in receipt of legacy benefits such as employment and support allowance have however not received this uplift and some individuals and families now find themselves subject to the benefit cap, meaning that they will not receive the full value of the uplift. In addition, households with children have seen no increase to child tax credits and the two-child limit on benefits has been retained.

The Government's job retention scheme however undoubtedly stopped a large number of people becoming unemployed, moving into Universal Credit and potentially fuel poverty.

CfE respondents who work with the benefits system, for example in providing income maximisation services and helping people to access benefits, relayed the ways that the crisis had impacted on the demand for these services.

Over 80% of these respondents said that they have experienced a rise in the number of clients seeking support since the outbreak of COVID-19.

Two thirds have experienced more delays with the benefits system than they did before the outbreak.

Almost 9 in 10 said they expect that benefits delays will have an impact on national and regional levels of fuel and water poverty.

For example, in their response to our CfE, one housing provider said that the overall demand for benefits has increased by a third among their tenants, and a local authority reported that between March and April, Universal Credit claimants in their remit had increased by 3,000. Other respondents also expected that demand will go up even further after summer, as the Government's job retention scheme is wound down and unemployment increases.

However, it is clear that issues with the benefits system have had a detrimental impact on households that are at risk of fuel poverty. While some of these respondents reported positive experiences with the benefits system, such as faster than expected approvals of Attendance Allowance applications, respondents had faced delays in contacting the DWP, due to the operating desk reducing their operating hours and longer waiting times; delays in initial payments being made to new claimants, resulting in them falling into arrears; and delays in benefit appeals processes, resulting in clients not receiving the full benefits they are entitled to soon enough and therefore also falling into arrears.

Respondents also raised concerns about the amount of benefits that have gone unclaimed during lockdown, particularly by vulnerable, digitally excluded households. One respondent, for example, reported that an elderly client was not claiming Pension Credit because she could not do so online, and, as she was shielding, her family were not able to visit and complete the application for her. She was left with an income of £100 per week as a result.

The Fuel Direct scheme, a budgeting scheme that lets money be deducted directly from a customer's social security benefits to pay off a debt or energy use to a supplier (along with applications for other third party deductions), was suspended during the pandemic and that has placed a strain on the Department for Work and Pension's Universal Credit Service Centre's administration processes.

Although the scheme is useful for many households its usage has, in recent years, waned, with only tens of thousands of households now taking part in the scheme[14]. It is likely that this is due to lack of promotion.

In Northern Ireland, there were several easements that extended the safety valve for the social security system such as virtually verifying claims and postponements of face-to-face medicals. Like in Great Britain, it was also legislated that there would be no evictions for private or social tenants during the lockdown.

Energy affordability

One of the most dramatic impacts of the crisis was a very significant reduction in the wholesale price of oil. In April, the crude oil price briefly turned negative for the first time in history.

Given its reliance on heating oil, the impact of this reduction was positively felt by consumers in Northern Ireland. This drop also reduced other wholesale energy prices. Ofgem has lowered the energy price cap because of lower wholesale prices over the spring and summer months.

However, during those months, household energy prices remained relatively stable due to the impact of price caps across Great Britain, and consumers generally see the benefit only once a new price cap period is entered.

Despite these lower prices, however, an increase in domestic energy usage accompanied by a reduction in incomes means that energy, for many, has become less affordable. Whilst this has made the spring and summer months hard for some, the extra heating costs that arise during winter, coupled with a potential increase in job redundancies, could mean a much harder winter for many more.

LOCKDOWN • HOT MAY • SUMMER • OCTOBER – FURLOUGH ENDS • WINTER

INCREASED HOUSEHOLD DEMAND	REDUCED INCOMES	UNAFFORDABLE ENERGY COSTS AND DEBT	SELF-RATIONING, SELF-DISCONNECTION
More time spent at home = increased gas, electricity, and water usage	Furlough and redundancy disproportionately impacts vulnerable and fuel poor households	Soaring energy costs Building up of debt, especially for PPM customers who have received emergency credit	Increase in households rationing their energy use and self-disconnecting from supply to manage debt and increased bills

Self-rationing

The issue of affordability manifests itself in the act of rationing energy. The 'heat or eat' trade-off is frequently discussed in the context of fuel poverty, food poverty, and poverty in its broadest sense. Analysis by the Institute for Fiscal Studies in 2013 demonstrated that cold weather shocks are essentially equivalent to income shocks,[15] and there is considerable evidence that households on the lowest incomes make complex trade-offs between food and heat to manage the (un)affordability of their household outgoings. The complexity of these trade-offs was evident in the responses to our CfE. The majority of respondents believed that there was a moderate or high risk of self-rationing among vulnerable households during lockdown.

88% of respondents said there was a moderate or high risk of self-rationing among PPM users forced to spend more time at home due to the crisis

95% of respondents said there was a moderate or high risk of more households cutting back on their energy use due to being forced to spend more time at home

For example, some charities told us how they had helped households that were prioritising having enough food in the house over their heating, especially large families with low household incomes. They also relayed how, with travel restrictions in place, some households were being forced to shop at more local, smaller food shops where essential items were more expensive than at larger, but now inaccessible, supermarkets. In such examples, a larger proportion of an already reduced household income is spent on food, leaving even less available for heating.

These respondents, particularly those with experience of working with households on PPM and households with children, described a constant process of spinning plates for struggling households in lockdown; a series of impossible choices that for too many culminated in self-disconnection or desperate requests for emergency food and fuel vouchers. Simultaneously, another respondent reported that “I am noticing more households not using storage heaters as off-peak rates increase, and using portable heaters instead.”

At the same time, strict energy rationing practices can, under normal circumstances, be offset by coping mechanisms and strategies. Individuals and households living in cold homes often take to public spaces such as cafes, pubs, and buses to try and stay warm, and to maximise the amount of energy they can affordably use in the evenings at home and the amount they can spend on food.

However, work by the Fuel Poverty Research Network has shown that, during lockdown, “by considering only the home we risk forgetting that the spaces of coping are varied and dispersed. With libraries and cafes closed, and public transport services limited, those opportunities to seek out warmth in a public space are lost, and those opportunities for warmth and companionship with family and friends are restricted.”1[6] While the sheer existence of such coping mechanisms is a searing indictment of the extent of fuel poverty in the UK, their absence in lockdown meant that people in freezing cold homes were unable to seek respite, even for a moment, in a local café or community centre.

Wherever different respondents believed the balance was poised between eating or heating during lockdown, many agreed that COVID-19 had intensified and highlighted the links between food poverty and fuel poverty.

One city council described how, early in lockdown, they began offering food parcels to vulnerable residents along with financial assistance to households eligible for Free School Meals. As they put it, “we are aware of significantly more vulnerable residents than we were previously through the food poverty work, which we would expect to extrapolate out to mean these are also households in, or at risk of, fuel poverty.”

Food poverty and fuel poverty intersect not just because their definitions rely on the same methodological denominator, income, but because the practices of rationing and self-restraint combine in what NEA have previously referred to as the ‘tyranny of the small things’ - the constant calculations of how much longer a carton of milk will last or at what time a portable heater might need to be moved into the bedroom for it to be warm at bedtime.[17]

Other Impacts on Householders

In addition to the larger impacts on energy use and income, there were several other consequences of the lockdown that had an impact on householders, which have been summarised in the table below:

IMPACT	DESCRIPTION
Reduction in Smart Meter installs	Smart meter installs significantly fell due to lockdown measures. BEIS reported just 135,000 installs occurred between April and June, compared to over a million in the same period in the preceding year.[18]
Reduction in ECO installations	The official BEIS statistics on household energy efficiency shows that ECO installs fell sharply in April and May compared to March, by more than 55%, meaning that almost 30,000 fewer measures were installed in fuel poor and vulnerable households than expected.[19]
Difficulties contacting utilities for assistance	Some households found it very difficult to contact their suppliers during lockdown. CfE respondents supporting vulnerable households highlighted that long call waiting times, 'emergency' triage procedures, and some suppliers' focus on signposting customers to online or email services all had a negative impact for customers. **These issues were particularly acute for those households that did not speak English as a first language, and who did not have access to the internet.**
Difficulties identifying support on Government and industry websites	Some CfE respondents emphasised that their clients found it extremely difficult to identify what support might be available to them on Government and industry websites. They also highlighted information was often difficult to understand for vulnerable households, difficult to identify among business as usual content, and inconsistently adopted and made available on different supplier websites.
Difficulties in obtaining third party representation through an intermediary	CfE respondents also told us the mechanisms through which Authority to Act could be obtained during lockdown were inadequate and inconsistent across suppliers. While some suppliers proactively engaged with alternative arrangements, such as three-way phone calls between supplier, intermediary, and customer, others were far less willing to suggest or agree on workable solutions, leaving customers and intermediaries unable to resolve often urgent issues in a timely manner.
Issues specific to different vulnerable groups	Legacy PPM customers had difficulty keeping their meters topped up, as this often meant leaving the house to go to a shop. Some people with existing mental health issues had these compounded by the extra stress of unaffordable utility bills. Families with children faced more difficult choices when it came to choosing between energy or food rationing. Households in the private rented sector whose income had been impacted by the crisis saw extra pressures on their finances.

Issues Particular to Northern Ireland

In Northern Ireland, a much higher proportion of households use PPM than in the rest of the UK. The widescale prevalence of these meters in NI, and the difficulties that PPM customers have faced in topping up during the lockdown period, would suggest there is a need to review their suitability for the future. This is a persistent issue that NEA raised before the pandemic, and is again raising as a priority for immediate attention in the short term, especially in the light of a much predicted second COVID-19 surge and in the medium term as we enter autumn and the critical winter period. We have found several issues relating to PPM customers in Northern Ireland during the period:

- **PayPoint is a part of the supply chain in gaining access to gas for a PPM household. There is a limit of £49 to vending for an individual. Additionally some Paypoint outlets have a limit to daily vends. Despite a 10% increase, if the limit is reached, the outlet has to contact Paypoint to request an increase.**
- **The reliance on having to physically go to a shop/venue to top up has been one of the key challenges during COVID. Some PayPoint outlets wouldn't accept card payments and needed cash at a time when the public were being encouraged to use cashless payment options. Frequently waiting in queues and needing to go outdoors is contrary to public health messaging.**
- **Where the meters are situated can also be problematic for physical mobility and dexterity.**
- **If an individual is running out of credit, there are no warning signs. If they run out of credit and are cut off, they need to get to a PayPoint and secure credit.**
- **The high proportion of PPMs masks the size and scale of debt issues.**
- **There is a lack of information around PPMs and the ability to change to a credit meter.**

How Governments and Regulators Responded to the Crisis

As well as the dramatic impacts felt by energy consumers, the UK government, devolved nations and regulators were immediately impacted by enforced social distancing measures, including large-scale shifts to home working across many sectors and roles.

Initially, there was a very quick reaction to the crisis. Before the lockdown officially began, an agreement was reached between BEIS and domestic energy supply companies setting out principles to support energy customers impacted by COVID-19. These principles were: Identifying customers at risk; Supporting customers who are impacted financially as a direct or indirect result of COVID-19; Supporting PPM customers directly or indirectly impacted by COVID-19 to stay on supply; and Providing Information. This was an extremely welcome development, although the lack of prescription over what had to be done to meet the principles led to a wide range of offerings between energy suppliers, as noted by a number of our CfE respondents.

However, this swift move, and others taken by Government, signalled a shifting set of priorities towards reacting to the COVID-19 emergency, and a delay of some policies. The Spring Budget, which took place just before the lockdown but after it was clear that there was an emerging crisis, did not contain any reference to the promises made in the Conservative Manifesto[20] (and solidified within this Government's first Queen's Speech) regarding funding for energy efficiency for fuel poor homes.

The initial intention, within the manifesto, was for a £2.5bn Home Upgrade Grant scheme, which would run for 5 years and help fuel poor households to increase the energy efficiency of their homes. It instead focused on supporting the economy through what would evidently become an extremely challenging time. It included several measures to help reduce the impact of a stalling economy on incomes. These are discussed in later sections.

Additionally, the shift in focus delayed two further major developments designed to help fuel poor households. A consultation on the future of the Warm Home Discount (WHD) after March 2021 was intended to be released in the first half of the year, but now will be released "this year"[21]. This has created uncertainty for suppliers who directly deliver the discount to their customers, and for organisations, like NEA and our partners, that deliver the "Industry Initiative" element of the scheme, which crucially is the only major funding mechanism that directly delivers projects to benefit fuel poor households. The second, The Fuel Poverty Strategy for England, also touted for finalisation in early 2020, has also been delayed and will not be released until autumn. This delay has led to an ongoing lack of clarity in how fuel poverty should be addressed overall, and to impacts on decisions made by other stakeholders, such as Ofgem, on how their schemes should be designed to help meet the strategy. It should be noted that whilst these releases have seen a delay, other work has continued.

Consultations on the Future of Low Carbon Heat, Smart Meter Coordinated Engagement, a Combined Heat and Power Route to 2050 and the capacity market were all undertaken during the lockdown period, implying that this was where the priority had shifted. "Consultations on the Future of Low Carbon Heat, Smart Meter Coordinated Engagement, a CHP route to 2050 and the capacity market were all undertaken during the lockdown period, implying that this was where the priority had shifted. BEIS have commented, in an interview undertaken for this report, that a range of considerations were accounted for in timing of any consultations . As part of this policies supporting vulnerable households would, for example, look to take account of the impacts of lockdown.

After the initial lockdown, and in a reaction to an expected sharp increase in unemployment, the Chancellor of the Exchequer announced in July a new "Plan for Jobs" which would provide funding for several sectors to kick start the economy in England (it has since been suggested that this would result in no consequential spending for the devolved nations[22]). Importantly, this included significant provisions for the energy efficiency sector, with £2bn earmarked in the form of grants for households to improve the efficiency of their homes in the form of the Green Homes Grant.[23] The overall scheme has three parts: a £500m voucher scheme for low-income owner occupiers; £500m for local authorities to primarily address fuel poverty, with £200m of this being spent in 2020/21 and the rest in 2021/2022; and £1bn that all owner occupiers and landlords can access. Low-income households can access £10,000 in grants without any contribution, whilst others can access up to £5,000 if they contribute a third themselves. Local authorities will be able to access their portion of the money through an application process.

In Wales, the Fuel Poverty Plan also saw a delay. In our interview with Welsh Government representatives, they explained that this was not because of shifting priority, or lack of resource, but due to wanting to take extra time to consider the impact COVID-19 was having on lower-income households and whether issues were sufficiently addressed in the draft plan. It was also important to take into account the recommendations made by the Climate Change, Environment and Rural Affairs Committee following its inquiry into fuel poverty published on 24th April.

In Scotland, delays were also felt. The full Fuel Poverty Strategy for Scotland has been delayed; this was set to be completed in September 2020. The Scottish Government did however use some of its own resources to help struggling households. They announced a £350 million package of support that included an additional £45 million for the Scottish Welfare Fund that can provide crisis grants to households who need immediate financial support – including financial support for energy costs. They have also provided funding through their Wellbeing and Supporting Communities Funds where they are supporting a range of organisations helping those struggling with their energy costs, including support to top up PPM, payments to suppliers and support in off-gas grid areas to access fuel deliveries.

In Northern Ireland, the restoration of the Northern Ireland Assembly in January 2020 provided a welcome return to devolved government and a collective sigh of relief across all sectors. Faced with challenging upheavals including managing already tightened budgets and Brexit uncertainty, the COVID-19 pandemic was a fast-moving societal shock that required immediate action from government and the other sectors. Restoration of devolved government was however very fortuitous timing given the necessary turnaround of emergency powers to deal with the spread of infection in different pieces of legislation requiring ministerial approval.

Consequently, Northern Ireland's unique welfare reform mitigations did not end in March 2020, as initially planned. Instead, the initial commitment made by the incoming Communities Minister prevented a cliff-edge stop to payments, and the Finance Bill acted as a temporary measure that allowed mitigation payments to continue.

However, the long-awaited Fuel Poverty Strategy for Northern Ireland was again delayed, despite the progress made on the Draft Strategy and the planned stakeholder engagement for the summer. Due to the crisis, this engagement was cancelled. In parallel, a CfE and consultation was opened prior to lockdown for the Draft Energy Strategy and is proceeding with thematic virtual working groups. The final Energy Strategy is due in November 2021.

From a regulatory point of view, back in Great Britain Ofgem gave a significant amount of early clarity to their stakeholders on the shifted timescale because of the lockdown, and their expectations of energy suppliers and networks during the lockdown period.

The shifted timescale had two major implications for fuel-poor households. Firstly, the statutory consultation on the PPM price cap was prioritised, meaning that Ofgem could look to guarantee the continuation of the cap, through the default tariff price cap, after the current end date of 31st March 2021. Although there was a small delay, Ofgem prioritised the publication of the statutory consultation on proposals to reduce levels of self-disconnection. This will mean that the thousands of households that self-disconnect, and the more than one million who are in debt or arrears with their energy supplier, could see protections in place to help them before the winter months, when this is most needed. Ofgem also sent clear signals to energy suppliers and networks to make them aware of their obligations to customers during the lockdown period.

This was incredibly important. On the 8th April[24], it clarified that:

- **Consumer needs should be met, particularly those of people in vulnerable situations;**
- **Suppliers should maintain secure, reliable and safe supplies of energy to consumers in Great Britain;**
- **It does not expect suppliers to be disconnecting domestic customers because of debt;**
- **There must be consideration of customers' ability to pay off debt depending on their circumstances, and to help them to understand their options if they are struggling to pay bills, including new Government support introduced as a result of the crisis.**
- **There was also information on:**
    - Home site visits
    - Proactive customer communications
    - Customer compensation
    - Guaranteed standards; and
    - Regulatory reporting and engagement.

This guidance lasted from 8th April to 16th June, where Ofgem issued a new letter[25] to suppliers, where they set out that they "anticipate suppliers will begin to restart debt management activities that may have been paused during the immediate crisis", but that they would "not tolerate sharp practice or aggressive debt collection and suppliers could face enforcement action where this is the case".

Ofgem's fast reaction to the situation, including sending strong signals around debt collection and disconnections, likely meant that thousands of households were able to keep using energy at a time when incomes had reduced, energy use had increased, and many people were finding it hard to afford essential services like energy.

As a result of changes to wholesale prices during the pandemic, primarily due to lower than expected demand in the industrial and commercial sectors, Ofgem were able to announce a reduction in the level of the domestic default tariff price cap in August, ahead of the changes being implemented in October. The average customer on a standard variable tariff will see a saving of £84 per year, whilst the average PPM customer will save £95 per year. This will last for the winter months, October to April.

In our interview with an official from Ofgem, they concluded that a key reason that they were able to do so much to increase protections for consumers during the lockdown was due to previous work on vulnerability, in particular the two consumer vulnerability strategies that they have published[26]. This, they said, gave them a head start on understanding some of the issues that would be felt during the crisis.

In contrast to Ofgem, the Utility Regulator (UR) in Northern Ireland did not give the same level of initial clarity to companies or consumers. This is potentially due to a lack of precision on the defined roles for both the Department of the Economy and Regulator and the Utility Regulator, and how they were each accountable in this particular situation. In their statement, in lieu of an interview, the UR said that:

"Our approach to the management of the COVID-19 outbreak was to engage and communicate with both consumers and industry. In order to do this, we placed a consumer-focused communication on our website; this provided accurate and quality information for both domestic consumers and consumer representative bodies".

They further added that they had, in reaction to the pandemic:

- **Established the COVID-19 Retail Market Forum (CRMF) which included all electricity and gas suppliers and network companies, which facilitated the development of the Northern Ireland Electricity Networks PPMtop-up service for those who could not top up because they were in isolation.**

- **Engaged with the Consumer Vulnerability Working Group (CVWG) on a more frequent basis during COVID-19 to ensure members were up-to-date with the work being conducted by the UR regarding consumer protection.**

Indirect Impacts to Households through Policy and Programme Delay

The developments in the previous section have impacts on households. They meant that people and priorities saw significant shifts. The policies that were due to be progressed but saw a delay are outlined in the table below.

DELAYED ACTION	IMPLICATION
Delay of the Warm Home Discount Scheme Consultation	Because this consultation referred to the scheme continuation after March 2021, there is no implication for the winter of 2020/21. However, there are long-term consequences: 1. Increased uncertainty of the scheme for the year 2021/22 could create difficulties for organising industry initiative projects to start in April 2021, meaning a delay in provision for households. 2. A delay has almost certainly meant that a long-awaited expansion of the scheme will not start until April 2022, meaning that hundreds of thousands, if not more than a million households, miss out on this important discount to help keep their home warm.
Delay of the Publication of the new Fuel Poverty Strategies in England, Wales, Northern Ireland and Scotland	The delayed Fuel Poverty Strategies/Plans across the UK leaves the direction for fuel poverty policy in limbo; where there is reduced confidence in the previous strategy a replacement has been consulted on, whilst no new strategy is in place. This means that other decisions, such as the design of the Fuel Poverty Network Extension Scheme for gas networks in Great Britain, may be designed using old information.
Delay of Ofgem's Self-Disconnection Proposals	Whilst these proposals may have only been delayed by a few months, this will mean that the thousands of households that self-disconnect, and the more than one million who are in debt, or arrears with their energy supplier, may not see new protections come into place until the start of next year. In contrast, the original plan would have meant that protections could begin in autumn, before the heating season, where more self-disconnections take place.

The impact of COVID-19 on Organisations Supporting Fuel Poor Households

Our CfE found that COVID-19 and the lockdown had a significant impact on organisations that support fuel poor households. In particular, we found that:

1 in 3 organisations we surveyed had to furlough staff

Three quarters of all staff of respondent organisations switched to homeworking

Two thirds noted the crisis had a significant or very significant impact on the type and range of services they were able to offer

More than 3 in 4 organisations have had to change the way they deliver services to vulnerable households. Almost half of the organisations experienced increases to the number of vulnerable households to whom they provide services

Over half of respondents changed how they communicate with partners since the crisis began

Whilst it is important to consider the overall impacts for organisations, disaggregating the impacts for different types of organisation is also important. Below, we consider the impacts for:

- Energy suppliers
- Energy networks
- Contractors and installers
- Charities and local authorities

Energy Suppliers

Suppliers reported disruptive and uneven impacts to their service provision. One respondent had faced difficulty transitioning their customer service telephone systems to accommodate homeworking, largely due to the complexity of the systems themselves and the need to ensure staff could safely and securely access central systems from home.

As a result, this respondent immediately had to restrict their telephone lines to emergency callers only and point other customers online, before slowly regaining their operational capacity as lockdown progressed.

A second respondent managed to maintain their 24/7 customer helpline and described how they sustained their service provision by facilitating homeworking for their 100-strong workforce.

In the context of a possible second wave of COVID-19, these examples point towards the vital importance of suppliers having robust plans to maintain effective channels of communication with their customers. They also show the need for further regulatory steps to ensure suppliers are ready should a winter rise in COVID-19 cases occur.

In our interview with a representative from Ofgem, they commented that the impact on suppliers had been varied, in part due to differing ways of doing business. For example, where suppliers had offshore call centres, lockdowns that were announced with short notice (for example the lockdown announced in India with four hours' notice) had a significant impact on operations.

"Our metering activity, including smart meter installation and meter reading visits, have been significantly constrained by lockdown and social distancing, with only emergency home visits taking place. Like others in industry we believe it will remain challenging as householders will be reluctant to let meter fitters into their homes whilst social distancing remains in place." **– Energy supplier, working across Great Britain**

Energy suppliers' metering activity and their role in the installation of energy efficiency measures was also acutely impacted by the crisis. At the height of lockdown, all non-essential home visits were banned and smart meter installs significantly fell. Meter reading visits and smart meter installations (including the rescheduling of appointments) were described by one CfE respondent as being significantly constrained by lockdown, with emergency home visits only being permitted.

Finally, suppliers' progress towards their ECO installation targets also stalled during lockdown, with progress between April and May rising by only 0.6%, almost 2% less than between the same months in 2019.[27] While these figures are now improving again, CfE respondents told us that installation partners who deliver ECO-funded measures were either not working or installing emergency measures only during lockdown, and that demand for energy efficiency measures such as insulation had fallen as people did not want installers in their homes.

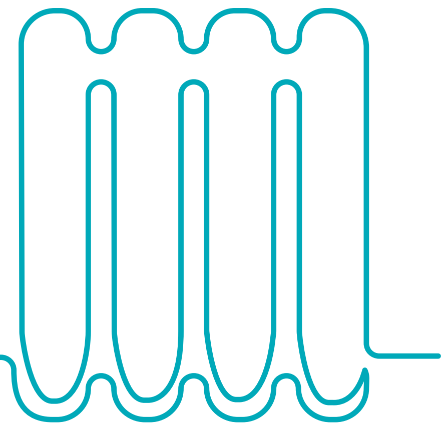
They also expressed concern that even as social distancing measures are relaxed, people may still be hesitant about allowing installers access to their properties, further jeopardising progress towards ECO targets.

Although suppliers were impacted by the pandemic in a significant way, they took many steps to help their most vulnerable customers.

As noted previously, suppliers were impacted by the pandemic in a significant way, they took many steps to help their most vulnerable customers. This was welcomed by NEA, whilst challenging some of the deficiencies of the agreement.

ECO progress was only 0.6% between April and May 2020, compared to 2.4% at the same time in 2019.

April 2020 saw a decrease in smart meter installs of almost 95% compared to the same month in 2019.



NEA said at the time, about the supplier agreement:

- **The on-the-day media outreach did not seem to reach many vulnerable households, who subsequently demonstrated very low or confused awareness of the support that could be provided by their supplier.**

- **There was little to no ongoing media, wider communications activity or information in different languages/British Sign Language/Braille/audio format to help make all customers aware of the support that could be available.**

- **NEA staff members and CfE respondents reported long delays getting through to suppliers on the phone or suppliers limiting their interaction with customers on the phone, with some saying they were only taking 'emergency calls', which were not well defined.**

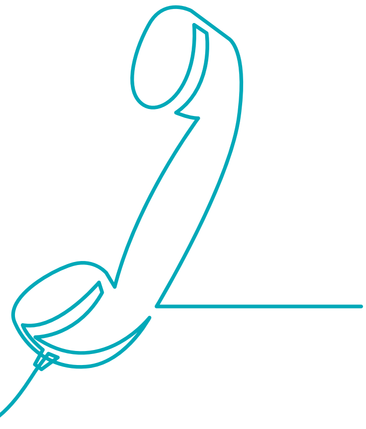
- **Information on the support was often only available for customers on suppliers' websites. Some clients NEA supported also encountered frequent requests to provide very similar information about their (non-financial) circumstances, often having to repeat sensitive or upsetting details about their situation.**

- **The agreement led to a large variance in the criteria suppliers adopted for supporting vulnerable customers. In particular, the criteria used to add funds to credit accounts or for customers to be sent a pre-loaded PPM top-up card.**

Irrespective of some of these concerns, it should be noted that suppliers and their staff worked tirelessly to provide the additional support and services needed during the outbreak.

The three energy suppliers that responded to our CfE all reported that they were homeworking as a result of the crisis but had not needed to take advantage of the furlough scheme. They also reported few changes to the partners that they work with but highlighted how forms of working and communicating with their partners had changed in the transition to home working.

The table on the following page details some of the new ways in which suppliers have helped their customers through the pandemic.



RESPONSE	EXAMPLE
Payment holidays	Some domestic customers were offered payment holidays of up to two months, which were applied for online.
Flexible payment options	One supplier allowed domestic customers to reduce their direct debit payments to a minimum of £5 per fuel per month.
Credit options for PPM customers	Suppliers issued pre-loaded cards/keys for legacy PPM customers, and remote credit to smart PPM customers.
Proactively Communicating with Customers	Whilst suppliers do not have access to DWP benefits data through the digital economy act (except to administer the Warm Home Discount), some suppliers proactively contacted their customers on their PSR. Whilst this has limits, as the PSR does not have a financial vulnerability indicator, proactively contacting households with other vulnerabilities has considerable value. In Northern Ireland, a representative from one supplier said in an interview that they wrote to all 3,500 PPM meter users on the register encouraging a 'buddy' system i.e. family or friend to top up the meter or alternatively find local community groups providing top ups. They also contacted vulnerable credit customers to ensure that any needs they had were flagged and accommodated.
Setting up funds to help struggling customers	Suppliers from across the UK set up funds to support their customers. For example, one supplier met the crisis with their own funds of £250,000. They moved quickly to support households who were struggling – including providing tablets to young learners, offering food vouchers and help with utility bills to struggling families, and volunteering to visit local shops to get top-ups for householders shielding.
Priority and emergency contact management	Suppliers proactively contacted vulnerable customers and tried to keep phone lines open for digitally excluded customers by triaging calls and pointing non-emergency cases online.
Support to help with emergencies	One supplier developed emergency measures to ensure customers with gas leaks or broken heating appliances could be reconnected to supply.
Debt collection pauses	In line with Ofgem's actions, suppliers suspended debt collection operations, but also other payment mechanisms such as proactively increasing direct debit levels after payment plan reassessments.
Creation of bespoke webpages	Suppliers created bespoke websites directing customers to COVID-19 information pages, with the aim of allowing customers to resolve queries quickly without getting in touch.
Redeployment of low-demand staff	Suppliers reported that while staff were not furloughed, a decrease in demand led to some staff being redeployed to deliver prescriptions and food parcels, make befriending calls, and work with community and mutual aid groups.
Communicating with partners to make them aware of supplier support	Recognising customers will not always approach energy suppliers for help, suppliers also established relations and channels of communication with charities and community groups, so they were aware of support available to clients.

While this support is commendable, with many examples of innovative practice that should be adopted across the industry should a second wave of COVID-19 occur, one respondent noted that Government support might be necessary if industry was required to provide this type of support again.

> ***"While companies continue to offer support to customers who need it at this time, we would highlight that offering such support does not come at zero impact to those organisations and therefore depending on the extent of the crisis, companies may not be able to continue to offer this level of support for an extended period of time."***
> **– Supplier, working across Great Britain**

Energy Networks

Distribution companies, specifically Gas Distribution Networks (GDNs) and Distribution Network Operators (DNOs), are responsible for maintaining a secure supply of gas and electricity to customers across the UK. GDNs are integral to the delivery of fuel poverty schemes, primarily the Fuel Poor Network Extension Scheme (FPNES). Both GDNs and DNOs provide a range of emergency response and repair services that are vital for keeping customers safe and warm.

Five distribution companies responded to our CfE. They highlighted the immediate impacts of the crisis on their service provision and wider activities:

- 3 out of 5 agreed that the services they provide to vulnerable households have decreased in scope as a result of the crisis.
- Most office activities were moved to homeworking, such as connections quotations and scheduling. Operations staff immediately prioritised critical asset maintenance and emergency services to limit interruptions to supply.
- Face-to-face energy advice services stopped and were replaced by telephone services. This led to a decrease in referrals to social scheme operators.
- Engineers were not furloughed but were placed on new rotas to accommodate reduced demand. One respondent said delivery was at 25% of the expected level.
- Although some work continued,[28] non-essential gas connections ceased, primarily because requests decreased as referral partners struggled to operate. One respondent said connection requests were reduced by 60% during lockdown, and that regulatory targets were at risk. In Northern Ireland, NISEP and Affordable Warmth interventions also stopped.
- In Northern Ireland, one network company suspended meter reads during the lockdown period, reducing work to 'essential works' only. This meant delivery of outputs dropped to around 25% of usual expected level.

As lockdown restrictions have eased, distribution companies have been able to slowly reschedule their postponed work. For example, gas connection work has also restarted as distribution companies and their referral partners have resumed operations throughout the summer.

In addition to adapting their business as usual during to the new pandemic conditions, DNOs and GDNs used their unique financial position with guaranteed income price controls to avoid furlough and use their staff to help vulnerable people. Their response to the crisis is detailed below.

RESPONSE	EXAMPLE
Prioritising emergency response and asset maintenance programmes	To ensure continued and uninterrupted supply to customers, networks took immediate steps to prioritise emergency callouts such as gas leaks. They also prioritised planned and emergency asset maintenance work to keep the gas and electricity flowing.
Engaging with new and existing partners to offer support to communities	Networks that responded to our CfE highlighted how they had used existing or new partnerships to offer support to communities located within their network areas. For example, one respondent partnered with a charity to set up a virtual learning portal for digitally excluded young children, while others supported local mutual aid groups and health/social care bodies. One respondent also funded 100 iPads for care home residents, so they could video call their families.
Proactively contacting customers on Priority Service Registers (PSR)	Like suppliers, networks do not have access to DWP benefits data through the digital economy act, but proactively contacted their customers on their PSR. Again, whilst the impact is limited due to a lack of a financial vulnerability indicator, proactively contacting households with other vulnerabilities has considerable value. One respondent from Northern Ireland relayed how they had contacted customers on their Medical Care Register to check on their wellbeing, provide assurance around the security of their supply, and assess whether they needed support with PPM top ups or food deliveries.
Engaging with trade and industry partners to prioritise households with urgent need	This involved working with installers, contractors, and engineers to identify and help households with urgent needs, for example by commissioning and fast tracking emergency gas connections and training installers on how to recognise signs of acute vulnerability when attending jobs.
Creating funds to support vulnerable households	One network created a fund to support the delivery of services to the most vulnerable in our communities, ranging from vital home delivery supplies to child education initiatives to befriending service.

Installers, Engineers and Contractors

It is important to consider the impact of COVID-19 on the installers and engineers that deliver measures to keep people's homes warm across the UK. Workers delivering essential services in the heat sector are considered key workers under the Government's utilities, communication, and financial services category, and many have continued to operate an emergency response service, typically involving urgent heating repairs and maintenance, throughout the crisis. However, the evidence suggests that many employers in the sector furloughed staff and were primarily focused on surviving lockdown intact, with the expectation that demand would increase in parallel to the easing of restrictions.

We received three responses to our CfE from installers, who between them specialise in heating, insulation, and standards accreditation across the industry. All three spoke of the damaging and potentially harmful impacts of the crisis on their business and service provision:

- The complete and instant cessation of insulation and energy efficiency measures due to lockdown, both generally and those funded through ECO.
- The need to furlough staff, with one respondent saying they were left with no option but to furlough 80% of their workforce.
- Huge reductions in business activity, with one respondent's productivity down 70% and another's turnover down 80%.
- Significant drops in referrals and enquiries for future work, with one respondent receiving only 25% of the enquiries that they might expect in normal circumstances.
- Problems in returning to work despite developing zero-contact surveying and installation procedures, due to households being unwilling to reschedule appointments and unwilling to let workers into their homes.
- Serious concerns about future business viability, with all respondents saying they do not expect demand to return to previous levels for some time.

"We have been unable to install measures since lockdown. All installations have stopped, no leads or enquiries have come in for three months, and this has had a considerable effect on our delivery of ECO and other cavity wall insulation activity. The sudden drop in demand and extra work required to deliver in a safe way may mean it will be difficult to return to the previous level of activity for a long time." **- Installer/ engineer, working across the UK**

Charities and Local Authorities

On the 17th of March, in response to new Government guidance, all NEA and EAS staff were informed that they could work from home immediately. Our offices were not immediately closed and remained open to different members of staff until the full lockdown was announced a few days later. But like hundreds of charities and support agencies across the UK, by the end of March we were adapting to homeworking and facing the formidable task of ensuring that our support services could continue as the crisis unfolded.

Charities, local authorities, housing providers, and other support agencies that responded to our CfE also told us their stories of how lockdown had impacted them, often in similar ways. Between them, these organisations provide a wide range of different services to fuel poor and vulnerable households, including:

- **Advice on debt, tariffs, and smart meters;**
- **Support in switching energy supplier, claiming benefits, and applying for grants;**
- **Crisis response, such as providing emergency food and fuel vouchers, heating repairs and replacements, and hospital discharge aftercare.**

Beyond the support provided directly to households, these organisations run training courses for frontline professionals, coordinate home energy assessments and surveys, and lead a variety of education and engagement activities. They are also informal members of tight-knit, wide-ranging referral networks stretching across the UK, allowing fuel poor and vulnerable householders to be referred into those organisations and services that are most suited to provide them with the help that they need.

For these organisations, like NEA and EAS, the COVID-19 crisis caused profound disruptions and transformations to their activities and service provision. Our findings from the CfE show 5 areas where local authorities and charities' activities were severely impacted:

1. **Working from home, furlough and volunteers.** Respondents to the CfE told us that there were challenges involving ensuring appropriate IT equipment at home and secure access to system servers to continue with work. Furthermore, challenges extended to ensuring staff members were supported with a wider 'infrastructure' of health and safety policies, wellbeing plans, and clear, regular communication from senior management. Many respondents had used the Government's Coronavirus Job Retention Scheme, and charities saw a significant reduction in the number of volunteers that they were able to use to provide services.

2. **Face-to-face contact and the 'visual assessment of need'.** Organisations told us that the suspension of home visits has resulted in a significant change in service. This made it difficult to access the necessary documents and paperwork they needed to assess clients' situations and ascertain the most appropriate form of support, including income maximisation. We were also told how they struggled to obtain necessary information through other methods, particularly from acutely vulnerable clients. The lack of a 'visual assessment of need' resulted in difficulties in evaluating what type of support was required for individuals, as well as hindering the vital practice of building of relationships with clients.

3. **Demand and referrals.** There was a mixed experience when it came to referral demand. Some saw an increase in demand as a result of more households and families needing support with benefits, debt, emergency credit, rent, and income. One advice organisation told us in an interview that a significant proportion of demand was driven by those impacted by shielding. Others saw a reduction in demand, as their referral partners had been hit hard themselves by the pandemic, and so their referral pathway had been effectively destroyed in the short term.

4. **Communication practices.** There was a variation in the impact of the crisis on how organisations communicated with their partners and stakeholders. Respondents discussed how in the absence of face-to-face meetings their communications had shifted even further online,

with greater utilisation of platforms such as Microsoft Teams, Skype, and Zoom. There was a mixed response as to whether this was a positive or negative change.

5. **Operations.** More than four in five of the charities that responded to the CfE described the impact of the crisis on their operations as significant or very significant. These concerns were based around both the future viability of their income generation streams, as well as a perception that organisational priorities and working practices would change forever, with some saying, for example, that health and safety procedures would permanently change following the crisis. Some respondents discussed how the impromptu shift to home working was having positive impacts, and that they would explore ways to offer their staff flexible homeworking arrangements when workplaces and offices began to reopen.

As well as adapting to their new circumstances, charities and local authorities had a significant role to play in helping the most vulnerable households in the crisis, through creating and delivering new services.

The table below details some of the ways in which this was done.

RESPONSE	EXAMPLE
Transferring energy advice services to telephone, email, and webchat	This included new practices of working from home and using more detailed triage mechanisms and telephone scripts to assess need over the telephone. Provision of equipment to allow for home working allowed advisers to make calls from their landlines without being charged or revealing their home numbers.
Proactively contacting clients to assess if emergency or ongoing support was required	Several respondents reported making outbound calls to clients or former clients to assess whether or not they needed additional support. One housing provider, for example, called all new UC claimants and tenants under 25 who took up residence less than six months ago, running through a detailed script designed to provide advice and flag further services that tenants could be referred to.
Providing emergency top-up vouchers for PPM users	A key fulcrum of support provided by charities and local authorities has been free top-up vouchers for vulnerable PPM users struggling to afford to top up themselves.
Diversification of support services beyond energy	Respondents reported how, out of necessity, they had diversified their usual energy-based advice services to domains such as food, childcare, and clothing. Many had also diversified into befriending and social prescribing for clients at risk of isolation or loneliness during lockdown.
Increased partnership working with different organisations, charities, and community groups	This included schools, mutual aid groups, volunteer groups, and other informal organisations offering support to local households. For example, one respondent described how they worked with a local school to deliver emergency fuel top-ups and debt support to vulnerable parents.
Advertising to communities and households that their services are open and available	Numerous respondents told us how they had used various channels including social media, print media, and post to try and inform households that they were still offering support throughout the crisis. This included organisations branching out and creating Facebook groups, commissioning broadcasts for local radio, and using local community-owned print magazines and brochures to advertise their support. In most cases, respondents said these communications were designed to show people that local support was available and encourage them to get in touch if they felt in need.

COVID-19 AND WATER POVERTY

Our practical delivery projects show us that low-income households in fuel poverty are typically struggling with more than just their energy bills. All essential outgoings are challenging for a household in financial difficulty, and the COVID-19 crisis has resulted in more households struggling than ever before.

Existing debt levels prior to the crisis show that many households are in arrears with their water and sewerage bill(s), and as people have been required to spend more time at home with increased hygiene measures, it is possible that metered customers could see significant increases in their next bill cycle, causing further issues for those already struggling.

There is still not an industry-accepted measurement of water poverty, but that does not mean that householders aren't struggling with their water bills; CCW conduct an annual survey on affordability which for 2018/19 reported that 12% of households in England and Wales consider their bill unaffordable. In light of COVID-19 and the associated financial impacts on individuals and households, it is expected that this figure will rise.

Response from CCW:

"Water companies have generally seen an increase in overall household water usage in the lockdown period. This was further accentuated during dry warm spells of weather. It is likely that this has been driven by increased handwashing, washing-up and home toilet flushing as well as increased recreational and garden use during hot weather".

The water industry were quick to respond to the developing crisis, by collectively agreeing to provide consistent service offerings across their networks, meaning that all customers, regardless of the company they were served by, could access the same minimum level of support. This included actively offering payment holidays; adjusting payment plans to help with sudden changes in household finances; helping customers to get advice on benefits and managing debts; stopping new court applications and enforcement visits; and expanding their social tariff support schemes. As they are funded by customer cross-subsidy, the levels of which are determined for each individual water company by willingness-to-pay research, the expansion of social tariffs may be limited dependent on the amount of flexibility in agreed cross-subsidies.

This may mean that some companies are able to support more households at a higher level than others, and consideration is needed as to how companies with lower cross-subsidies can access additional funding.

What is Water Poverty?

Water Poverty in the UK is defined in the Digital Economy Act (2017) as *"a household living on a lower income in a home which – a) cannot be supplied with water at a reasonable cost, or b) cannot be supplied with sewerage services at a reasonable cost".*

Across the water industry in England and Wales, water poverty is measured in varying ways. NEA supports a bill-to-income ratio of 3%, meaning a household would be considered to be water poor if they spent 3% or more of their disposable income (after housing and childcare costs) on their combined water and sewerage bill(s). By this measure, 20.9% of all households are water poor.

Respondents to the CfE were asked to consider how consumption, rationing and debt with utilities may have increased for water, gas and electricity. For all three areas respondents expected consumption, rationing and debt to have increased due to COVID-19, but felt the risks of this in water were less than for the other utilities. However, the indicative data seen by organisations in the water industry, such as CCW and Waterwise, suggests the average increase in domestic consumption ranges from 15-20%.

For metered households, this could result in significant bill rises, while unmetered households, whose bills are based on rateable value, will not see any impact of this on their household bill.

The difference in perceptions could be due to several reasons:

1. Respondents had less focus on water at work, and so may not consider water to be significant.

2. Water use is 'invisible'. It is hard to estimate the amount of water used through flushing toilets, washing hands and appliance use.

3. The cost of water is significantly less than gas or electricity and so the level of importance placed on it may be lower.

4. Water is taken for granted, and some households do not value it as it is believed we have it in abundance due to living in a wet country.

As the long-term impacts of the health crisis are realised, it is vital that water companies continue to recognise the difficulties some households will face, offering them tailored solutions and support.

NEA recommends that:

- Companies should make use of all available data to identify when customers are starting to struggle and make proactive contact to the customer to offer assistance.

- Companies should also consider what they can do to support metered households who see significant bill increases as a result of increased water consumption due to COVID-19 and consider how best to spread the accrued debt from payment holidays. This may include offering bill 'caps' or guarantees to provide security against significant bill increases, or by agreeing to spread the additional payments over a longer period.

- Payment plans should be based on a customer's ability to pay, not on the debt owed.

- Additionally, Government and regulators should consider how companies can access additional funding to be able to support more households through expanded social tariff schemes without increasing household bills. This will ensure that those already struggling with their bills who are unaware of available support are not detrimentally impacted by bill increases.

Response from CCW:

"There is no evidence of a significant impact on (water) debt levels at this point. However, it seems likely that debt levels may rise as the wider economic impacts of the pandemic are felt – in particular as a result of increased unemployment.

"These impacts are likely to see more households struggle to pay [all] household bills including water. It is also likely to make it harder for some already in poverty to pay their bills. Those who approach their water companies (or who are proactively identified by water companies) will be able to access support. Others who do not engage with their water company are likely to miss out on the opportunity for their situation to be mitigated. That group are most likely to end up with water arrears or making sacrifices on other essentials such as food or heat to continue to pay their water bills."

COVID-19 AND FUEL POVERTY IN SCOTLAND – THE EAS STORY

Energy Action Scotland, at the beginning of COVID-19 restrictions, reacted quickly and acted in order to safeguard the health and wellbeing of our staff and closed our office in Glasgow city centre. All our team were supported to work remotely. However, as a result of a reduction in opportunities to provide face-to-face engagement, training and a postponement of projects, we furloughed four members of staff. After two months of furlough, workload began to increase; we started the return to work of all staff.

During August-September 2020 this has still meant that a small number of staff are working reduced hours as not all of our activities have been able to resume due to the ongoing impact of restrictions. One staff member was un-furloughed and the recent changes about furloughed staff being able to work one day a week helped, so now, at the time of writing this, all members of staff are working at least one day a week. This has brought both benefits and challenges from reducing commuting time/costs/carbon footprint to having the right workspace/lack of contact with colleagues/managing family life.

Energy Action Scotland is not a front facing organisation but, many of our members are. Our members faced considerable pressures and continue to be challenged in working to support those in fuel poverty. In May[29] they told us:

58% of respondents to our survey identified an increase in requests for additional support throughout the period.
75% felt that the issues affecting people were largely the same as before. They identified issues around digital exclusion, issues around crisis funds for those in fuel poverty being quickly depleted.

Operational issues for members took a major hit, for example 85% of those responding reported a reduction in the range of their services, with over 50% significantly impacted. 81% of respondents have withdrawn home visits.

75% are expecting to be able to resume services as lockdown is lifted, with the remaining 25% suggesting that either they would not be able to resume or were unsure if they could.

***"The response from members has provided an insight into the impact that Covid -19 has had on their operations. Unsurprisingly these members, given the current level of social and economic disruption, identify an increase in the number of people that they recognise as being vulnerable. It is clear that the members who responded have experienced a reduction in the level of their operation. They have identified an increase in demand for their services but highlight that they are largely unable to provide home support or implement practical measures at present"* – Energy Action Scotland Member Survey May 2020**

We completed a second survey during July[30] which further highlighted the issues facing our members. 67% of members noted an increase in demand for their advice and support services. Yet, 35% of organisations were now identifying as severely affected by restrictions. 40% of organisations reported that they were concerned about their ability to continue. 57% were concerned about the availability of Personal Protective Equipment (PPE). Members indicated that they needed grants, clear guidance and regulations to support restarting.

The Scottish Government has halted work on the new Fuel Poverty Strategy which was scheduled for September 2020 (this is a statutory date as indicated in the Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019). As a result of this our work on policy briefings and the fuel poverty strategy has decreased. Our policy work is still in demand, not least from our members.

Regarding communication, most of our work has easily moved online. Furloughed team members came together with those working remotely for weekly online social calls. Certain aspects of the work we do, such as delivering training courses and advice forums will take more planning and development to be able to offer solely online. Some of the projects we undertake funded by Scottish Power and SSE/OVO, such as Warm at Home and Aiming Beyond Cancer were temporarily stopped, as no home visits were allowed until Stage 3 of the lockdown easing in Scotland; they are now carefully restarting.

There remains significant uncertainty about the impact that local lockdowns or other targeted restrictions might have in delivery. Our policy work has transitioned simply to virtual meetings, online seminars, online conferences. Online call tools have been important, and we are consolidating our experiences by increase our capacity and capability to work remotely more of the time through ICT upgrades and more modern flexible working policies and practices.

Scotland's annual fuel poverty conference and exhibition has been traditionally held in November of each year and this is impacted by COVID-19 restrictions. It has been rescheduled until March 2021. This is an important galvanising event where organisations share good practice, policy makers engage with frontline organisations, relationships are built and maintained.

Fuel poverty figures for Scotland are published during Q1 of 2021 and Scottish Parliament elections are in May 2021. We will be working hard to deliver the best experience we can to ensure that there is understanding and consensus in how Scotland needs to respond to the expected increase in those in fuel poverty.

As part of the work on the Monitor, we asked our colleagues in the Scottish Government for a statement on the impact that Covid-19 has had on its fuel poverty work. They said that while they have limited powers over the drivers of low income and energy prices, they have committed to removing low levels energy efficiency as a driver of fuel poverty. They also said that although legal powers relating to the energy market are reserved to the UK Government, they are doing all they can to ensure that Scottish energy consumers get a fair deal, and to tackle low incomes, including Child Winter Heating Assistance - a new social security payment which will provide support to families with severely disabled children – which will launch this winter.

Scottish Government colleagues said that throughout the pandemic, Scottish Ministers and officials had been engaging with Ofgem and Energy UK to push for fair and consistent support for energy consumers, had continued to provide free and impartial advice via our Home Energy Scotland (HES) service.

The Scottish Government introduced extra support for those struggling with energy costs. This included an additional £45 million for the Scottish Welfare Fund which can provide Crisis Grants to meet financial needs - such as energy needs – in an emergency, and Community Care Grants to support independent living. It provided funding for over 140 different organisations to enable them to provide support to people with energy costs across Scotland covering our rural and Island communities.

Energy Action Scotland recommends that:

- **As the suppliers of unregulated fuels are not covered by the UK Government's proposals to protect vulnerable people throughout COVID-19, the UK and Scottish Government should help the 196,000 homes in Scotland not reliant on mains gas or electricity for their primary heating needs.**
- **There should be payment holidays for people in energy debt. All customers should be either moved on to the energy regulator's "safeguard tariff" where they don't currently have a better energy deal, or ideally a one-year special COVID-19 rate for gas and electricity which has the option of switching to a zero rated standing charge over any period where occupants are moved into intensive care and are no longer occupying the family home.**

LOOK AHEAD - WINTER IS COMING

In the previous sections of this report, we have described the impacts of the pandemic on fuel poor households during the spring and summer months and found that households have generally seen energy bills increase whilst incomes are decreasing.

We have also found that whilst a great deal of effort has been made by organisations to find new, innovative ways of helping fuel poor households, it has generally been more difficult to provide this support than previously.

This section looks to the future and considers how increased need for heating in winter, coupled with the threat of job losses, could impact on households in the context of further lockdowns, as have been seen to an extent in Leicester, Greater Manchester, and other areas in the north of England where some measures had been reimposed after an increase in virus transmission was detected[31].

It also considers the health impacts of living in a cold home, and how this could intersect with the health conditions that make people particularly vulnerable to COVID-19.

Affordability and Debt

The affordability of energy during the crisis has been a major concern for NEA and EAS, our stakeholders and our clients during the crisis. In our interview with an official from Ofgem, they commented that the crisis has meant that protecting consumers who are struggling to pay their energy bills will be a top priority going forward.

The net impact of soaring household energy use and pinched incomes is inevitably an upward spiral in the unaffordability of energy.

In June, Uswitch estimated that almost 14 million households with traditional meters were facing unexpected rises in their energy bills as energy suppliers retrospectively increase direct debits to claw back the cost of increased lockdown energy use. Uswitch also noted that vulnerable households who struggle to read their own meters could be susceptible to the biggest shock, with a jump in monthly payments of £25 per month by September. [32]

Unsurprisingly, separate analysis from the Energy and Climate Intelligence Unit (ECIU) demonstrates that, over winter, families in cold, leaky homes would face heating bills elevated on average to £124 per month, compared with £76 per month for those in well-insulated homes[33].

In August, Citizens Advice estimated that 2.8 million UK adults had fallen behind on their energy bills[34]. Put differently, the distributional impacts of COVID-19 on energy affordability are skewed in favour of those least likely to be living in fuel poverty; those with relatively energy-efficient homes and higher than average incomes undisrupted by lockdown and looming redundancy.

7 in 10 respondents said there is a high risk of vulnerable households having a reduced ability to meet energy costs.

6 in 10 said there is a high risk of vulnerable households having a reduced ability to meet the cost of household bills other than energy.

Overall, 6 in 10 respondents said there is a high risk that energy has become less affordable for many households vulnerable to fuel poverty as a result of the crisis.

Put differently, the distributional impacts of COVID-19 on energy affordability are skewed in favour of those least likely to be living in fuel poverty; those with relatively energy-efficient

homes and higher than average incomes undisrupted by lockdown and looming redundancy.

There is, therefore, a complicated picture on how finances and energy affordability were impacted during the crisis. It inherently created winners and losers. Our interviews with representatives from the Governments of the UK, Wales and Northern Ireland concurred that it is likely that energy debt will have increased as a direct result of the crisis. Research from the Policy Institute at Kings College London[35] estimated that "*3 in 10 have experienced a reduction in their income as a result of Coronavirus*", and that "*while 3 in 10 people have had to cut back on non-essential spending, 2 in 10 have had more money left at the end of the month*". Put simply, whilst some people have financially benefited through reduced costs during lockdown, many were struggling, with reductions in income outweighing any reduction in costs experienced.

All of this has had in impact on energy debt. Whilst many may have been able to clear their energy debts due to lower living costs, others will have both less capacity to pay off their debts whilst simultaneously using more energy than normal. In June, NEA released a paper *"The Gathering Storm: Utility Debt and COVID-19"*[36] which concluded that debt issues in the energy market would increase as a result of the crisis. It argued that the impact of utility debt will badly impact customers' health, wealth, and wellbeing, and that in parallel it will negatively affect companies' financial viability and be an ongoing day-to-day drag on the economy.

EAS sent a letter to the First Minister of Scotland in July[37] highlighting concerns about how this energy debt was going to be collected, after reports saying that bailiffs and sheriff officers were being allowed to pursue unpaid energy bills.

Three quarters of respondents said there was a high risk of the increased building-up of fuel debt.

These points have been corroborated and extended by respondents to our CfE. For example, one charity working in England noted that a legacy of debt for energy customers would be inevitable as suppliers return to normal operations and start to increase direct debits or restart debt collection activities – as has now happened.

The charity continued by raising concerns that customers might be *"lulled into a false sense of security"*, whereby they become accustomed to using more energy at home and new behaviours and practices start to crystallise around this. A charity working in Wales concurred, commenting that as lockdown begins to lift, unexpected and unaffordable bills would be landing on the doorsteps of many households. More generally, charities that discussed debt in their responses to our CfE said they were anticipating a surge in requests for help with energy debt as the autumn approaches.

The complicated picture on household finances makes it extremely difficult to explore the impact that the virus has had on levels of fuel poverty in terms of the fuel poverty indicator, particularly because the metric behind the indicator relies on relative income levels.

Whilst we do not feel comfortable estimating how the levels have changed in relation to the indicator, it is clear that expected higher energy use coupled with a reduction in income for many households means that more households will have been struggling with their energy bills during the period; more will be in subjective fuel poverty, and more will be experiencing, or be on the cusp of experiencing, increases in debt owed to their supplier.

***"For many customers 'shock bills' are on the horizon when lockdown is lifted, and we start to return to normal."* – Charity, Wales**

Fuel Poverty, COVID-19 and Health in a Cold Winter

Both fuel poverty and COVID-19 are impacted by cold weather. During the colder months, many people will continue to stay at home for longer periods. Alongside the stress and social isolation caused by the virus, too many will have to choose between heating their home adequately and falling into debt, or rationing their energy use and living in cold damp homes that are dangerous to their health and can shorten their lives. This can lead to a vicious cycle of hospital admission, discharge and readmission. Even before the current crisis, the economic burden of this 'carousel of morbidity' cost the NHS between £1.4bn and £2.0bn every year (and up to £80m per year in Scotland)[39]. A second COVID-19 wave during a cold spell this winter could be catastrophic for individuals, families and overwhelm our health and social care services.

In our CfE, respondents commented that the unusually warm weather between March and May had mitigated the impact of the crisis on some of the households that they support. They suggested that the mild spring meant that heat demand has not been as high as it otherwise would have been, partially diminishing the amount that households have spent on their heating bills during the crisis. However, respondents also expressed deep concern that fuel poor and vulnerable households would be hit particularly hard over the winter of 2020/21, particularly if COVID-19 rebounds and transmits more rapidly in colder temperatures. If future periods of lockdown or shielding intersect with winter months, many vulnerable households with cold-related health conditions such as asthma and COPD could find themselves trapped in homes that are so cold that they aggravate and intensify those conditions.

> ***"Given that lockdown occurred during a period of warm weather the demand for heating was not as high as might have been expected. However, we have major concerns about impact this winter."***
> **– Charity, England**

In addition, closures of schools and childcare providers could also force vulnerable children to spend their winters locked in mouldy, damp homes, greatly increasing their chances of developing respiratory problems. In other words, without adequate support during a winter period of isolation or shielding, many households would be left trapped in cold, unhealthy dwellings for an extended period of time with little chance of respite.

Households may also be forced to ration their gas and electricity use even more stringently to avoid unaffordable energy bills, and will also be prevented from utilising coping mechanisms such as visiting libraries, relatives, or other external spaces to be warm if they are forced to stay at home[40].

While this may prevent these households from being exposed to COVID-19, it will simultaneously produce a higher susceptibility to other respiratory and cardiovascular diseases that are aggravated by cold, damp homes, as well as the possible development (or worsening) of mental ill health.

With all of this on the horizon, in June NEA wrote to the Prime Minister alongside more than 120 health professionals, elected officials, housing and energy sector professionals, EAS and Citizens Advice offices, urging him to follow through with manifesto commitments and Queen's Speech proposals to invest in Warmer and Healthier Homes.

Since that letter, the government has announced the Green Homes Grant scheme, which includes £1bn in support to improve the energy efficiency of low-income and fuel-poor households. Similarly, the Northern Ireland Fuel Poverty Coalition wrote to the First Minister and deputy First Minister in July. The Department responded that it would be engaging with stakeholders during summer as part of the development of the new Fuel Poverty Strategy.

Redundancy and its impact

The Government is planning to wind down its Job Retention Scheme. In August 2020, the level of Government funds provided through the scheme began to be tapered and businesses were asked to begin contributing a share of the wages for workers that remained on furlough. In September, the Government reduced the proportion of wages it is paying to 70%, up to a cap of £2,187.50. From October, it is expected that the Government will reduce its proportion further to 60%, up to a cap of £1,875, and the national insurance and pension contributions paid by employers will steadily increase, with support ceasing altogether on 31st October 2020. Estimates for August 2020 from the Government's Pay As You Earn Real Time Information show that the number of payroll employees fell by 730,000 (2.2%) compared to March 2020[41]. In addition, a poll conducted in June 2020 by Bright Blue and Opinium found that 44% of businesses do not expect to keep

> ***"Many households will fall into fuel poverty due to increased unemployment"* – Charity, Northern Ireland**

all of their current staff on payroll after the furlough scheme ends[42]. If this pattern continues, the end of the Job Retention Scheme could see a large number of workers made redundant, potentially moving them onto Universal Credit just as the winter months begin. To some degree, this has already started to occur with companies across different sectors beginning to prune their workforces or enter administration.

CfE respondents were especially concerned about this prospect, with several suggesting that a coming rise in unemployment would increase demand on benefits services, deepen the unaffordability of winter energy bills for at-risk households, and ultimately push more households into fuel poverty. Respondents supporting households with income or income maximisation services said they are anticipating a surge in demand in the autumn. While it is difficult to calculate the possible impacts of redundancies on regional or national fuel poverty levels, our respondents made clear that jobs and livelihoods are hanging by a thread for many of the people that they support.

As the Job Retention Scheme tapers and more employers decide to sever that thread, support structures must be ready and robust to prevent households being plunged into fuel poverty at the very moment the thermometer creeps towards zero. At present this does not seem to be the case, with early analysis from the Resolution Foundation in May suggesting that one in three new Universal Credit claimants are having trouble keeping up with their bill payments. In winter, this figure will likely rise as heating costs and Universal Credit claimants rise in tandem[43].

Conclusions

In our analysis of the available data, responses to the CfE, and broader engagement with stakeholders, we have found that whilst governments, regulators, suppliers, networks, installers, charities and local

> ***"With more time at home and energy bills increasing, there is a potential for energy to become less affordable for many householders. This could be compounded for those experiencing job loss into the winter months, where utility bills generally increase."* – Local Authority, Northern Ireland**

authorities were under significant stress during the lockdown months, they were able to swiftly react to the situation and put in new processes to enable them to continue helping fuel-poor households through a very difficult time.

This was admirable during a pandemic that few predicted, and through a lockdown that came with relatively short notice. However, we now stand on the brink of the winter months, faced with the possibility of a second wave of COVID-19 combining with the problems that are swept in by colder temperatures every year, and the consequences of the first wave.

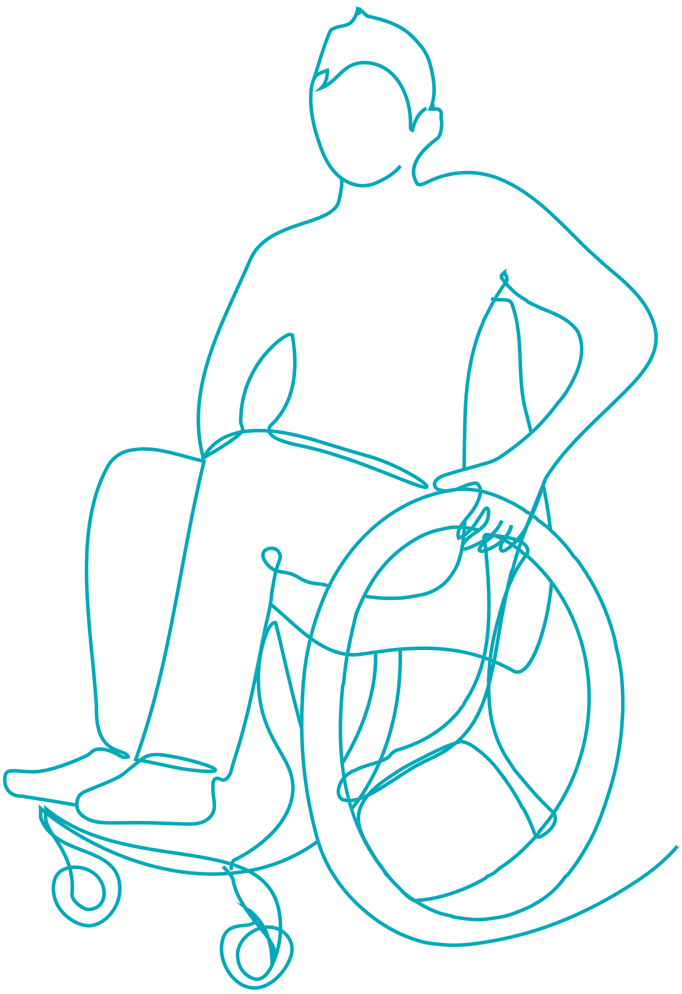
For this reason, we urgently need to understand and fix the failings exposed by the crisis. We also need to make sure that the scourge of fuel poverty continues to be addressed with renewed vigour in the months and years to come.

We must understand what could be improved upon from the first lockdown, to ensure that during a second, possibly more strenuous winter lockdown, a greater level of support can be in place. From both our own experience and from our extensive engagement with others, we have reached conclusions across five themes:

1. IDENTIFYING NEED

Data that identifies the most vulnerable households is available to suppliers and the UK Government and can be used to proactively target assistance. There are however large variances in the quality of data and systems of energy suppliers, and barriers to sharing data sets between a range of parties to deliver assistance direct to vulnerable households.

Suppliers, through their PSR data, have an indication of which of their customers may be shielding. They can also relatively easily identify their customers who are regularly indebted, and they know which of their customers have PPM. A simple overlay of this data could give a good indication of who might need the most support. This was a view that was shared by the representative from Ofgem in their interview for this document.



2. AWARENESS AND COMMUNICATION OF SUPPORT

There were many challenges to accessing support, especially where households did not feel comfortable contacting their energy supplier for help. Despite this concern, this was the primary method which was adopted to deliver support and measure demand for different forms of assistance.

Through our own work, and the CfE, we have found that many clients demonstrated very low or confused awareness of the support that could be provided by their supplier. There was very little to no ongoing centralised media, wider communications activity or information in different languages/British Sign Language/ Braille/audio format. This made it difficult for a broad set of households to access the information.

Several groups of households, especially those who are digitally excluded and EAL households, demonstrated very low or confused awareness of the support that could be provided by their supplier during the crisis.

Whilst the bulk of support was available from suppliers, some households were very reluctant to get in touch with their supplier and then ask for assistance. Additionally, we found that some suppliers (energy and water) were limiting their interaction with customers on the phone or only taking 'emergency calls', the classification of which was not clear and varies depending on the supplier. Information on the support that is available for customers on suppliers' websites was difficult to identify and language barriers were encountered when trying to access support.

Large variations in support creates confusion for householders and those supporting them.

The broad supplier agreement with BEIS led to a variation in support between suppliers including:

a) A lack of consistency in the criteria suppliers adopted for discretionary funds to be added to credit accounts or for customers to be sent a pre-loaded PPM top-up card.

b) The offer of debt relief and payment holidays.

c) Different practices to deal with a potential increase in usage.

3. SUPPORTING PREPAYMENT CUSTOMERS

Households with PPM suffered significant difficulties during the crisis, much of which could have been avoided if they had smart meters. There was a significant difference in experience between PPM energy customers with old 'dumb' meters and those with smart meters. Smart meter customers found it much easier to top up safely. Some people found it difficult to access funding whilst others found it difficult to access locations to top up. This was a greater challenge in more rural parts of the UK.

Emergency and friendly credit were often lifelines for PPM customers to keep on electricity and gas supply at a time when it was advised to not leave the house. There was however a large variance in the amounts that was provided and how this was applied to accounts. Respondents to our CfE agreed with this, with the majority of respondents rating each of these at least four out of five when asked to rate potential remedies.

4. UTILITY DEBT

Energy debt has built up over the crisis and is expected to surge over winter. Whilst existing debt write-off schemes and debt advice are welcome, it is unlikely to be sufficient to address the impacts on customers' or companies' financial viability. In general, households have ended up using more energy than expected, and for many households, income has reduced. Consequentially, energy debt is likely to have been built up before winter and the way in which this is dealt with will have a big impact on the extent to which households ration their energy over the winter.

5. A HIATUS IN BAU POLICY MAKING

There has been a significant impact on business-as-usual policy-making and programme delivery, including lost progress on energy efficiency and smart meter installs and delays in publishing new fuel poverty strategies and plans. Install rates for both the ECO and smart meter programmes has stalled significantly. The fuel poverty strategies for England and Scotland have both been delayed and the new plans to address fuel poverty in Wales and Northern Ireland are yet to be consulted on. This leaves significant holes in strategic frameworks that underpin actions to address fuel poverty.

RECOMMENDATIONS

In order to act on these lessons, we recommend the following to ensure that there is sufficient preparation ahead of a potential second wave:

IMPROVING IDENTIFICATION OF NEED

Ofgem and energy companies should work to ensure that financially struggling households are more easily identified through the creation of a financial vulnerability flag or 'needs code' within the Priority Services Registers (PSR).

Energy suppliers and networks should use their current available data to identify customers that could be particularly vulnerable during lockdown and proactively contact them to highlight relevant assistance.

The UK Government should consult publicly on how accessing the shielded patients list could result in enhanced outcomes for energy and water customers and any legal barriers to realising these opportunities.

Section 36(3) of the Digital Economy Act should be further expanded to allow local authorities, public sector health bodies and energy network companies to undertake direct data matching access with the Department for Work and Pensions (DWP), independent of licensed gas and electricity suppliers.

SUPPORTING PREPAYMENT CUSTOMERS

Ofgem should give clear direction to energy suppliers to significantly accelerate the smart meter roll-out for PPM customers.

Energy suppliers should ensure that they have sufficient stocks of PPM top-up cards so that they can support more households.

- In Northern Ireland, the regulator must conduct a full analysis of the gas PPM infrastructure with medium and long-term strategies for an alternative to the existing system.

RAISING AWARENESS AND COMMUNICATING ASSISTANCE

Regulators should ensure that energy and water suppliers have detailed plans for mobilising additional call centre support and/or ensuring call centre staff can work effectively from home.

Regulators should work with utilities suppliers to set out what criteria they are adopting for 'emergency' calls and their call triage methodology/protocols for prioritising customer queries.

Suppliers should also set out how customers without internet access and those unable to resolve BAU issues such as billing are able to contact their supplier and how soon their issues are likely to be addressed.

Ofgem and BEIS should have regard to how companies have used different communication channels to see how non-digital consumers have missed out on support/advice during COVID-19.

Regulators and Government should ensure that utilities have plans in place to provide information on emergency support in different languages and formats, including Braille, BSL, and languages such as Polish, Punjabi and Urdu.

Suppliers should ensure that they have mechanisms for obtaining Authority to Act in lockdown that are streamlined while still being compliant, clearly set out, and able to be activated and communicated quickly to support organisations.

Suppliers should develop a cross industry platform to allow faster understanding of what support is available from individual suppliers.

ADDRESSING UTILITY DEBT

Ofgem should ensure that the risks of self-disconnection are fully understood by energy suppliers, including:

- Monitoring to determine its scale
- Embedding consistent processes to recognise self-disconnections
- Ensuring that a customers' ability to pay is considered when creating debt repayment plans
- Whilst the off-gas grid sector is not regulated by Ofgem, it is important that these key protections are considered across all fuels.

The UK Government should consider how to help accelerate the repayment of utility debts or as a minimum mainstream the adoption of current good practices within the energy industry or from within other industries.

They should also ensure sensitive treatment of debt by bailiffs and sheriff officers.

Governments, regulators and utility suppliers must promote fuel and water direct as a payment method in order for more eligible households to access the system.

Boosting incomes can also help to reduce debt. Therefore:

- DWP should work with BEIS to investigate the impact that delays in benefits payments are having on access to essential services.

The increase to the universal credit allowance and other benefits should be maintained or strengthened after the crisis abates.

ADDRESSING A HIATUS IN BAU POLICY MAKING

BEIS must immediately consult on an extension to the existing Warm Home Discount (WHD) scheme in its present form in order for the programme to continue in April 2021.

BEIS should set out the options or prepare the ground for further improvements and a necessary expansion of the programme which would be implemented from April 2022.

The new Fuel Poverty Strategies for England and Scotland must be published as soon as possible.

The fuel poverty plan for Wales and Fuel Poverty strategy for Northern Ireland should be consulted on immediately, each establishing targets for energy efficiency.

The UK Government and Ofgem should work with the Northern Ireland Executive and Utility Regulator (UR) to ensure vulnerable energy consumers in Northern Ireland benefit from a comprehensive and consistent response from the energy industry to COVID-19.

Ofgem must ensure that its proposals to improve market conditions for households that self-disconnect from their energy supply are applied in full, and in good time ahead of the coming winter.

As part of the upcoming Comprehensive Spending Review, Treasury should ensure that the Shared Property Fund (SPF) helps end cold homes across the UK by providing funding for energy efficiency across the nations.

1. Lockdown in Leaky Homes, The Energy and Climate Intelligence Unit, 22 May 2020.
2. BRE (2015) The cost of poor housing to the NHS. https://www.bre.co.uk/filelibrary/pdf/87741-Cost-of-Poor-Housing-Briefing-Paper-v3.pdf
3. To see the full letter, visit https://www.nea.org.uk/media/news/letter-to-the-prime-minister/
4. Each winter across the UK on average at least 10,000 people die due to a cold home. In 2017/18 there were 56,300 total excess winter deaths in the UK, the highest number since 1975/76. 16,890 of these deaths were attributable to cold homes.
5. BRE (2015) The cost of poor housing to the NHS. https://www.bre.co.uk/filelibrary/pdf/87741-Cost-of-Poor-Housing-Briefing-Paper-v3.pdf
6. Elliot AJ, Cross KW, Fleming DM. Acute respiratory infections and winter pressures on hospital admissions in England and Wales 1990-2005. J Public Health (Oxf). 2008 30(1):91-8.
7. Homes which have damp or mould have been linked with a 30-50% increase in respiratory problems (with asthma sufferers two to three times more likely to live in a damp home than non-sufferers). Studies have found a dose/response relationship between the severity of damp and the severity of respiratory obstruction. For further information on the health impacts of living in a cold visit: www.nea.org.uk/wp-content/uploads/2019/02/NEA-Under-One-Roof-FULL-REPORT-FINAL-Feb-19.pdf.
8. https://www.edfenergy.com/media-centre/news-releases/keeping-lockdown-routines-could-cut-britains-long-term-carbon-footprint
9. https://www.theguardian.com/money/2020/may/04/uk-household-energy-bills-to-soar-by-32-per-month
10. https://www.gov.uk/government/collections/hmrc-coronavirus-covid-19-statistics#coronavirus-job-retention-scheme
11. In May 2020, HM Treasury published a report investigating the “Impact of COVID-19 on working household Incomes”. For the full report see https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/898420/Impact_of_COVID-19_on_working_household_incomes.pdf
12. https://www.resolutionfoundation.org/publications/earnings-outlook-q1-2020/
13. https://www.gov.uk/government/publications/universal-credit-declarations-claims-and-advances-management-information
14. Ofgem’s social obligation report shows ~26,000 electricity customers using fuel direct, and 22,000 gas customers. For more information visit https://www.ofgem.gov.uk/system/files/docs/2019/09/monitoring_social_obligations_-_2018_annual_data_report.pdf
15. https://www.ifs.org.uk/wps/wp1109.pdf
16. https://ukerc.ac.uk/news/how-the-lockdown-is-disrupting-the-usual-coping-strategies-of-the-fuel-poor/
17. https://www.nea.org.uk/wp-content/uploads/2016/01/Making-a-House-a-Home.pdf
18. https://www.gov.uk/government/statistics/smart-meters-in-great-britain-quarterly-update-june-2020
19. Data from BEIS Household Energy Efficiency Statistics https://www.gov.uk/government/collections/household-energy-efficiency-national-statistics
20. https://www.conservatives.com/news/our-manifesto-gets-brexit-done-and-unleashes-the-potential-of-the-whole-country
21. In response to a parliamentary question, the Energy Minister confirmed that there is an intention to consult on the warm home discount this year. For the question and answer, please visit https://www.parliament.uk/business/publications/written-questions-answers-statements/written-question/Commons/2020-07-01/67591/
22. https://spice-spotlight.scot/2020/07/09/the-uk-summer-economic-update-what-does-it-mean-for-scotland/
23. Details of the Green Homes Grant Scheme can be found here - https://www.gov.uk/government/news/quality-assurance-at-heart-of-new-2-billion-green-homes-grants
24. Ofgem wrote to suppliers on 8/4/2020 to set out how they planned to facilitate and help provide clarity to suppliers to prioritise work sensibly and respond to the impacts of COVID-19 on their customers, staff and supply chains. https://www.ofgem.gov.uk/system/files/docs/2020/04/supplier_letter.pdf
25. Ofgem wrote again to suppliers on 8/4/2020 to set new regulatory expectations now as the main lockdown period had finished https://www.ofgem.gov.uk/system/files/docs/2020/06/update_on_regulatory_flexibility_framework_for_suppliers_0.pdf
26. See Ofgems Consumer Vulnerability Strategy here https://www.ofgem.gov.uk/publications-and-updates/consumer-vulnerability-strategy-2025
27. https://www.ofgem.gov.uk/environmental-programmes/eco/contacts-guidance-and-resources/eco-public-reports-and-data/scheme
28. http://cadentgas.com/news-media/news/june-2020/ourlockdownstory-helping-650-fuel-poor-homes
29. Energy Action Scotland Member Survey May 2020 – 29 respondents
30. Energy Action Scotland Member Survey July 2020 – 20 respondents
31. On the 30th July , Government released new rules on gatherings in Greater Manchester, West Yorkshire and East Lancashire after increase in COVID-19 cases. For more information please visit: https://www.gov.uk/government/news/new-rules-on-gatherings-in-some-parts-of-northern-england
32. https://www.uswitch.com/media-centre/2020/06/14-million-homes-face-288-million-bill-shock-unread-meters-hide-rise-lockdown-power-use/
33. https://eciu.net/analysis/reports/2020/lockdown-in-leaky-homes
34. http://www.citizensadvice.org.uk/about-us/policy/policy-research-topics/debt-and-money-policy-research/excess-debts-who-has-fallen-behind-on-their-household-bills-due-to-coronavirus/
35. The Report *“Getting used to life under lockdown? Coronavirus in the UK”* explored the impacts of coronavirus through a survey of 2,254 UK residents aged 16-75 by King's College London in partnership with Ipsos MORI, conducted on 20-22 May. For the full report, please visit https://www.kcl.ac.uk/policy-institute/assets/getting-used-to-life-under-lockdown.pdf
36. To see the full paper please see https://www.nea.org.uk/wp-content/uploads/2020/06/The-Gathering-Storm-Utility-Debt-and-Covid-19-June-2020.pdf?platform=hootsuite
37. EAS, Call for Mercy as Energy Companies Allowed to Pursue Lockdown Debts, 14 July 2020
38. When households say that can not normally keep their whole house comfortably warm in winter or when it was cold outside, we judge them to be in subjective fuel poverty
39. BRE (2015) The cost of poor housing to the NHS. https://www.bre.co.uk/filelibrary/pdf/87741-Cost-of-Poor-Housing-Briefing-Paper-v3.pdf
40. http://www.fuelpovertyresearch.net/tackling-fuel-poverty-the-implications-of-covid-19/
41. https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/uklabourmarket/august2020
42. http://brightblue.org.uk/business-furlough-polling-analysis/
43. https://www.resolutionfoundation.org/app/uploads/2020/05/This-time-is-different.pdf

NEA, West One, Forth Banks, Newcastle upon Tyne, NE1 3PA

NEA is an independent charity. Registration no. 290511

Company limited by guarantee. Registered in England no. 1853927