Energy Crisis Fund: Evaluation

Managed by the Wise Group

Introduction

We currently manage and deliver the Home Energy Advice Team (HEAT) services which are funded by Scottish Power WHD II SY8, SY9 & SY10. In 2018/2019, our HEAT support was provided to over 2,000 households across Inverclyde and Glasgow.

While carrying out customer engagements, we have recognised an increase in the number of households who are already in, or in danger of, self-disconnect with their prepaid gas and electricity supplies.

From talking to customers, we have identified a range of reasons for this which include but are not limited to:

- **Ongoing welfare reform:** the move to Universal Credit in Scotland has now been completed and customers are struggling with elements of the new system, particularly the payment schedule and registration
- **Delays in payments leads to financial crisis:** an immediate need for utility credit that cannot be met by any other financial means, which have all been exhausted
- **Low income:** an increase in the number of jobs being offered on zero hours contracts, which some customers have no choice but to accept due to the need to balance e.g. caring responsibilities
- **Receiving an unexpected bill** for a priority debt
- **Fuel fear**/spending more than 10% on energy due to lack of knowledge/ability to navigate energy tariffs
- **Health needs:** long term sickness or terminal illness; mental health problems

In an attempt to alleviate this issue for our customers, we have allocated £5,000 of our own funding to provide an Energy Crisis Fund. This offers up to £40 per household as emergency funding to sustain energy supply for customers while we support them to address underlying issues and access a more sustainable outcome.

Between the middle of December and the end of May, we have supported 76 customers with this funding. Advisors do not offer this support as a first option; they are encouraged to offer this at their discretion to customers who are experiencing significant issues and are at crisis point. The fact that they have identified so many people in this situation in only six weeks indicates that there is a real need for this support. Given the current, uncertain political and economic situation, it can be expected that this need will increase.

Landscape

In June 2019, two surveys were published which provide new evidence of the scale of the fuel poverty problem still faced in Scotland:

Citizens Advice Scotland:

One tenth of Scots who are in work have had to miss paying gas or electricity bills at least once in the last year because they have run out of money (based on a survey conducted for CAS by YouGov.)

101 out of **1,009** respondents said they had run out of money before pay day in the past 12 months

7% respondents had run out of money once or twice

2% respondents had run out of money more than six times

Scottish Federation of Housing Associations:

73% of respondents said they had notice an increase in the number of tenants experiencing or at risk of fuel poverty, often as a result of welfare reform.

Wider poverty issues, rising energy prices and increased fuel debt were also given as reasons for increasing fuel poverty.

61% of the HAs and co-operatives reported an issue in the number of tenants self-disconnecting their own power or heating due to fuel poverty.

Welfare reform was also given as the main reason for self-disconnection (based on a survey of 52 SFHA member housing associations).

Energy Crisis Fund stats

76 total number of customers supported with funding

£2780 total amount of funding provided

£1480 amount of funding provided to support with electricity costs

£1300 amount of funding provided to support with gas costs

£37 average amount of funding provided per customer

30% percentage of customers identifying a mental health issue

31% percentage of customers in income banding £0 - £8000

69% percentage of customers in income banding £8000 - £12000

95% percentage of customers in receipt of at least one benefit

63% percentage of customers in receipt of Universal Credit

86% percentage of customers in SIMD Area 1 (most deprived)

46% percentage of customers with Scottish Gas as supplier of gas and/or electricity

43% percentage of customers with Scottish Power as supplier of gas and/or electricity

34% percentage of customers identified as unemployed

91% percentage of customers with at least one child in the home

Case Study

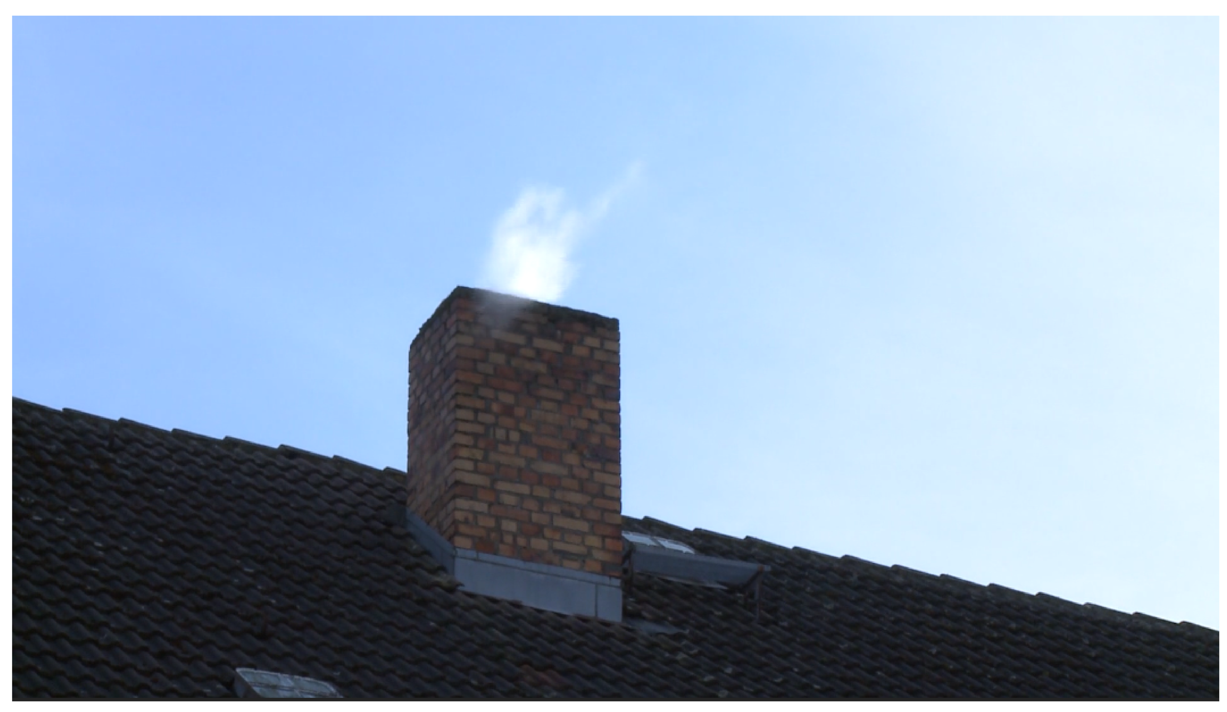
R is unemployed and in receipt of Universal Credit. He attends Govan Community Hub to actively seek employment and gain new skills.

R had not been able to budget properly due to low income and had fallen into self-disconnect with his gas supply. He had no heating or hot water. Due to the relationship we have established with the Hub, they were able to refer him to our HEAT service for support.

A home visit was arranged within 24hrs of the Hub's referral for support. The HEAT advisor contacted the energy supplier and by advocating on the customer's behalf, the gas Quantum meter was reset to a realistic repayment rate.

The advisor also provided advice on the efficient operation of the gas central heating system. In order to sustain the customer while the meter was reset, the advisor arranged to have the gas meter topped up with £10 credit from our Energy Crisis Fund.

R can now turn his heating on, bathe with hot water and feels much more confident. With the energy advice provided R is confident that the credit provided will last him for around a week. This has lifted the financial stress from his mind-set and given him extra confidence to budget better. Removing this barrier also has a wider impact in that R can focus on his journey back into employment.



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