



Cutting the cost of keeping warm- a consultation to prepare for a new fuel poverty strategy for England

Consultation Response

About The Children's Society

The Children's Society has helped change children's stories for over a century. We expose injustice and address hard truths, tackling child poverty and neglect head-on. We fight for change based on the experiences of every child we work with and the solid evidence we gather. Through our campaigning, commitment and care, we are determined to give every child in this country the greatest possible chance in life.

Introduction

Earlier this year, we published our Behind Cold Doors¹ report that revealed the shocking scale of families with children living in fuel poverty in the UK. The report found that more than three million families were likely to cut back on food last winter so that they could pay for their energy bills. The report also highlights that nearly two million children in poverty are in families that are not getting the Warm Home Discount.

In collaboration with the Association for the Conservation of Energy, we have also developed the "Reaching Fuel Poor Families" research project. The project sought to explore the role of Children's Centres in providing fuel poverty assistance to fuel poor families. The publication of this research report is due to be published shortly by the funder, Eaga Charitable Trust. We are now working with Mortimer House Children's Centre in Bradford to consider how the lessons from this project can be integrated into on-going fuel poverty work.

The Children's Society welcomes this consultation on the new Fuel Poverty Strategy in England – particularly in the context of the revised definition of Fuel Poverty, which recognises that families with children represent the largest group of fuel poor households. The government now has the opportunity to make sure no child has to grow up in a cold home. The parallel consultation on the Warm Home Discount also provides an opportunity to revise the scheme to ensure it helps more families living in poverty.

Our submission is informed by learning from our direct work with vulnerable children, young people and their families. We have chosen to respond only to questions relevant to our area of work.

¹ The Children's Society (2014) Behind Cold Doors: the chilling reality for children in poverty

Section 2: Setting meaningful fuel poverty strategy

Q.1 What are your views on the interim milestones we propose to include in the fuel poverty strategy?

The Children's Society strongly welcomes the government's renewed focus on low-income families with children in its fuel poverty strategy. The change in the definition of fuel poverty means that families with children are now recognised as making up the largest group (45%) of those in fuel poverty. It is important that the final strategy reflects this focus and puts in place measures to prevent and support families struggling with fuel poverty.

In order to better support vulnerable fuel poor families, the government will need to set a real and ambitious target to improve the energy efficiency of cold homes which in turn will bring down the high energy bills incurred by these. We support the government's focus on improving the energy efficiency of fuel poor homes with a view of making a lasting difference to household bills.

As a member of the Energy Bill Revolution, an alliance of 190 charities, The Children's Society support the recommendations made in the coalition's consultation response.

Targeting all low-income households

The Energy Bill Revolution believe that only by targeting all low-income households can the government significantly reduce the total number of fuel poor households. This is because many low-income households are at risk of becoming fuel poor should their circumstances become worse or fuel prices rise.

In recent years, low-income families have been hit hard by the aftermath of the 2008 financial crisis which includes cuts to welfare support. Many families become fuel poor because they do not receive appropriate assistance at the earliest possible opportunity.

Targeting low-income households makes designing a delivery programme much easier as it will be easier to identify all low-income households than it is to identify the fuel poor. The Children's Society believe that the government can reduce fuel poverty rates by intervening earlier and providing assistance to all vulnerable low-income households. The government should particularly target those households living below Band C, and aim to improve the efficiency of these homes to at least this level.

An alternative target and milestones

The Children's Society supports the alternative targets and milestones suggested by the Energy Bill Revolution. The Energy Bill Revolution is calling for the government's Fuel Poverty Strategy to eliminate the interim targets and ensure that all low-income households are targeted and improved up to a minimum Energy Performance Certificate (EPC) rating of Band C in one go, with all low income homes treated by 2025. Only in this way can poor energy efficiency, a key driver of fuel poverty, be eliminated.

Research conducted by the Energy Bill Revolution finds that targeting all low income homes costs only marginally more and is better value for money. They have estimated that the average

cost to improve each low income home and lift them to Band D by 2020 will cost £4,550 and £5,860 to raise the standards to Band C by 2025, the additional cost of going to Band C is relatively small, and has far greater rewards.

As part of the Energy Bill Revolution, we are collectively calling for the ‘reasonably practicable’ caveat to be eliminated from the strategy. If used as is currently proposed, the overall target and interim milestones will be unenforceable and it does not demonstrate a real commitment to reducing fuel poverty. It also fails to put in place a real and measurable target.

Recommendation 1: The government should intervene earlier to target support to low income families with children who are at risk of becoming fuel poor.

Recommendation 2: The government should aim to raise all low income homes to Band C by 2025.

Recommendation 3: The government should eliminate its ‘reasonably practicable’ caveat from its fuel poverty target.

Q.2 Do you agree that we should develop indicators for energy efficiency, renewables, distribution, non-gas homes, health and children? Are there other indicators that we should monitor?

The Children’s Society agrees with the proposed indicators in understanding the factors driving progress towards the government’s target. Our Behind Cold Doors report found that an estimated 3.6 million children thought that their home was too cold last winter², we therefore particularly welcome the inclusion of children and health as distinct indicators the government plans to monitor.

A fuel debt indicator

As part of the Fuel Poverty Strategy, the government should consider monitoring the frequency of families in fuel debt, since this is an important indicator of fuel poverty. Last year, about half a million families told us that they are likely to take out a loan during the winter months in order to cover the costs of heating their home.

Our report, [The Debt Trap: Exposing the impact of problem debt on children](#), co-produced by StepChange Debt Charity, revealed that almost 1.4 million UK families with dependent children are currently in problem debt. The report found 6% of families with children had taken out credit to pay for heating. Many parents feel using credit is the only option they have to maintain an adequate standard of living for their children. A staggering 61% of families in problem debt reported cutting back on spending for their heating at least once in the last year, 31% reported cutting back every month.

Impact of fuel debt on children’s lives

Our recent research into debt and its impact on children has shown that debt has a devastating impact on the lives of children affecting their health, educational attainment and general wellbeing³. Many vulnerable families in debt are being forced to make impossible decisions by

² The Children’s Society (2014) Behind Cold Doors: the chilling reality of children in poverty

³ The Children’s Society (2014) The Debt Trap, p19

either choosing to make a repayment or purchasing necessities for their children such as food or clothing.

For children whose families decide to turn down heating or self-disconnect as direct result of accumulated debt, the health consequences for children can be particularly detrimental. Children living in cold homes are at risk of developing various associated health problems including respiratory and cardiovascular problems, stress and mental health problems. The pressures associated with debt can also cause emotional problems for parents and their children and can have a lasting effect on a child's life.

Prepayment meters and self-disconnection

On some occasions vulnerable households on low-income are encouraged to switch to prepayment meters in order to help them manage their debt and to budget more effectively. Last year, the online and telephone comparison agency USwitch found that 2% of households were expected to switch to prepayment meters as a result of their mounting debt. This is a cause for concern for many families as prepayment meters are a more expensive way to pay for energy in the long term⁴.

We are also concerned that as a direct consequence of financial pressures, many families already on pre-payment meters are increasingly being forced into self-disconnection. A new report produced by Citizens Advice found that one in every six prepayment meter customers has cut off their energy supply because of high costs, difficulty topping up or faulty meters. Self-disconnection has long lasting consequences on the health and wellbeing of households. Findings from Consumer Focus show that stress levels within a household are elevated during periods of self-disconnection⁵; this can have a harmful impact on children living in these households.

Lack of support for families in fuel debt

In our Debt Trap report, many parents told us that they have had negative experiences with creditors during the debt collection process. 84% of families in problem debt felt that they did not receive the support the needed to tackle their problems⁶.

A fuel poverty indicator can help the government in understanding the difficulties many families in poverty face in managing their energy-related debts. Quiet often vulnerable families at risk of falling behind with their energy payments are provided with short-term solutions such as financial assistance through the Fuel Direct scheme or are advised to switch energy supplier. Whilst these measures may be useful in supporting families in the short term, we believe that these options do not address the root cause of why many families fall into debt.

In addition, we are worried by the debt collection practices of creditors. In the Debt Trap, a large number of families reported being treated badly by their creditors and did not feel they could turn to them for support and advice. Utility companies were identified by parents as one of the least supportive creditors with 19% of families saying they were treated 'badly' or 'very badly' by them. More needs to be done to ensure families in living with fuel debt are given a breathing space by energy companies so that they can seek advice and support.

⁴ <http://www.uswitch.com/media-centre/2013/04/consumers-in-debt-to-energy-suppliers-by-637-million-159-million-more-than-last-year/>

⁵ <http://www.consumerfocus.org.uk/wales/files/2010/12/Prepayment-meters-and-self-disconnection-case-studies-in-Wales.pdf>

⁶ The Children's Society (2014) The Debt Trap, p 29

Recommendation 4: The government should include a fuel debt indicator in its Fuel Poverty Strategy.

Recommendation 5: The government should monitor the impact of fuel debt on children - including by monitoring the frequency of self-disconnection amongst families on prepayment meters.

Recommendation 6: The government should monitor the debt collection practices of energy companies.

Q.6 What existing evidence should we consider in analysing the impacts of energy efficiency measures on health and/or social care service costs?

Excess winter mortality and morbidity

We welcome the government's commitment to further understand the links between fuel poverty and excess winter deaths and in encouraging further collaboration on this matter between both the energy and health sector. Analysis conducted as part of our Behind Cold Doors report found that between 2011 and 2012, 7.9% more children died in the winter months than in other times during that period⁷. We are worried that in severe cases, living a cold home can contribute to children's death.

In his review of the fuel poverty measure, John Hills explained that mortality is only part of the problem: more general morbidity caused by fuel poverty is also of real concern⁸. The Children's Society agree with this statement and are concerned that there is limited publically available information on excess winter morbidity amongst children. We believe that the Health and Social Care Information Centre should publish this data annually.

Children are amongst those most vulnerable to cold temperatures and are at risk of developing health conditions or having existing health problems exacerbated because they are live in a cold home. The incidence of damp and mould in a home has also been associated with poor energy efficiency⁹. In our Behind Cold Doors report, around 1.3 million children said their homes had damp or mould. Cold, damp homes put children at risk of developing respiratory health conditions such as asthma. Last year, two thirds of families told us they were likely to turn their heating in the winter because of the cost. Of these families more than half (55%) say that they are worried about their children becoming ill as a result of their home being too cold¹⁰.

Several studies have shown that children and young people living in cold homes have poorer health, wellbeing and educational outcomes compared to their peers living in a warm home. For example, in 2011, the Marmot Review Team found that more than one in four adolescents living in cold homes are at risk of multiple mental health problems compared to one in twenty for those who have always lived in warm housing)¹¹.

Recommendation 7: The government should publish information about the rates, causes and consequences of excess winter mortality and morbidity among children.

⁷ http://www.childrenssociety.org.uk/sites/default/files/tcs/behind_cold_doors_-_final.pdf

⁸ Hills, J (2012) Getting the measure of fuel poverty: executive summary

⁹ Hills, J (2012) Getting the measure of fuel poverty: executive summary

¹⁰ The Children's Society (2014) Behind Cold Doors: the chilling reality of children in poverty, p 3

¹¹ http://www.foe.co.uk/sites/default/files/downloads/cold_homes_health.pdf

Q.8 Do you think development of a system of ‘mandated’ health referrals – linked to eligibility for fuel poverty interventions – is feasible? Considering issues such as scope, verification or benefit to recipients, how might it work?

The Children’s Society believe that the proposals outlined on the development a system of ‘mandated’ health referrals- linked to eligibility for fuel poverty interventions is a feasible provision that can be developed to benefit fuel poor families if it is conducted correctly.

This provision can help to ensure that many vulnerable families with health conditions associated with living in a cold home are identified and provided with appropriate fuel poverty assistance.

Health Visitors are ideally situated to identify children at risk or suffering from fuel poverty. The government should ensure it considers the role of Health Visitors in developing a system of mandated health referrals, particularly in providing support for families with very young children in fuel poverty.

Health Visitors already provide information about available support to many families, for example, information about their nearest children’s centres. Health Visitors, in the same manner, should be equipped to provide information about available fuel poverty assistance to families.

Recommendation 8: The government should explore the role of Health Visitors in performing mandated health referrals to provide families with children fuel poverty assistance.

Q.9 Do you have views on how best to align the Warm Home Discount with the Low Income High Cost indicator?

The Warm Home Discount (WHD) provides a payment of £140 towards energy bills for low income, vulnerable households. Large energy companies are required to provide and fund this payment. Customers are eligible for the WHD if they are:

- 1) In the Core Group of low income pensioners
- 2) In the Broader Group of eligible claimants from vulnerable households. Eligibility for this Broader Group is (within limits) at the discretion of their energy supplier. The Broader Group includes some families with children. However, in this category, different energy suppliers define and include different groups of families with children.

Those identified in the Core Group for the WHD will have the money credited automatically to their bill whilst those who fall into the Broader Group will need to apply through their supplier. This can become a very complex process for families with children, particularly since different energy companies use different eligibility criteria.¹²

As a result of the new Low Income High Costs indicator (LIHC), families with children are now recognised as comprising the single largest group of households in fuel poverty. However, since

¹² The Children’s Society (2014) Behind Cold Doors: the chilling reality of children in poverty, p 6

the Warm Home Discount is not automatically provided to this group, many families in fuel poverty under the LIHC definition miss out on this support. Our “Behind Cold Doors” report estimated that around 1.9 million children living in poverty are in families which missed out on this extra support last year. This is more than half of the children who live in poverty.

For this reason we believe that in order to better align the Warm Home Discount with the LIHC fuel poverty indicator, the discount should be automatically provided to low income families with children. As recommended in our Behind Cold Doors report (2014), the government can achieve this by making sure that all energy suppliers have the same eligibility criteria for the Warm Home Discount, and by moving families living in poverty into the Core Group to ensure that they get help automatically.

We believe that this indicator can only be well aligned in practice if all energy companies use the same eligibility criteria.

Recommendation 9: All families with children living in poverty should be moved into the Core eligibility group for the Warm Home Discount so that the money is credited automatically to their bill.

Recommendation 10: All energy companies should have the same eligibility criteria for the Warm Home Discount.

Q.10 In considering the reduction in means-testing for pensioners brought about by the Government’s pension reforms, do you have views on additional ways to target direct payments and bill support to the fuel poor?

Thus far, action taken by the government to target fuel poverty assistance has particularly focused on pensioners. The new LIHC fuel poverty indicator recognises that the biggest group of the fuel poor is families with children. Given this, it is crucial that targeting for families with children in fuel poverty is reassessed.

As stated in our response to question 9, in order to better target direct payments and bill support to fuel poor families, one approach the government can take is to extend the Warm Home Discount to all families living in poverty.

In our Behind Cold Doors report, we outlined robust criteria that government could endorse that would allow energy companies to offer a more targeted support for fuel poor families through the Warm Home Discount. We believe that receiving Child Tax Credit and earning below a given threshold, would be an effective criteria for getting this key support. Currently around 2.5 million families receive Child Tax Credit and earn less than £10,000 per year. HMRC statistics suggest that there are around 4.9 million children in these families. Providing all of these families with the Warm Home Discount would be the best way to ensure that no child in poverty misses out.

To provide a discount to all families receiving Child Tax Credit and with an income of less than £10,000 a year would therefore require provision to an additional 1.7m households (or 3.3 million children) beyond the energy companies’ 2013/14 winter targets. At £140 per discount, this would cost around £240m per year, in addition to what is currently spent on the Warm Home Discount for families with children.

Recommendation 11: The government should move all families with children in poverty into the core eligibility group for the Warm Home Discount.

Q.11 Do you have views on where we should focus future fuel poverty related behavioural research and do you know of any additional on-going work in this field?

This year, Eaga Charitable Trust funded The Children's Society and the Association for the Conservation of Energy to carry out the Reaching Fuel Poor Families (RFPP) project. This research aimed to investigate effective ways of engaging families with fuel poverty assistance, and focused particularly on assessing the current and potential role of Children's Centres.

There are around 3,116 Children's Centres in England according to latest figures (4Children 2013), and these are more often than not located in low-income areas. Our analysis shows that an estimated 77% of fuel poor families live within one mile of a Children's Centre. This means these Children's Centres offer a potentially valuable opportunity to engage vulnerable families with fuel poverty support.

Through this project we have found that there are a number of limitations that currently act as a barrier. We found that:

- Trusted long term relationships between practitioners and families were extremely beneficial for engaging families
- The importance of staff enthusiasm, expertise and capacity
- Some people do not like talking about personal information or energy problems in a public setting (and even a one-to-one session may not feel as comfortable as a home visit)
- There is a risk that vulnerable people may come to depend on the assistance and advice, unless efforts are made to empower them and develop their skills

Our preliminary findings show that fuel poor families are more likely to seek assistance and disclose personal information pertinent to their fuel behaviour to practitioners they view as most supportive and trusted. Children's Centre staff generally have good local connections and relationships with families within their reach. More could be done to understand the role of Children's Centres in supporting vulnerable families and influencing their energy behaviour.

A study into specific fuel poverty schemes provided by Children's Centres could present an opportunity to better understand the energy behaviour of fuel poor families. This may be instrumental in helping to inform the government's strategy in supporting fuel poor families.

Recommendation 12: The government should undertake an evaluation of fuel poverty schemes operating through Children's Centres in order to better understand the energy behaviour of families with children.

Q.12 To help inform development of the Community Energy one stop shop, what types of capacity support would help community groups increase their impact on fuel poverty (for example, information, training, mentoring, or local networking)?

Our Reaching Fuel Poor Families (RFPF) project found that community organisations such as advice projects, in partnership with local hubs such as Children's Centres, can play a very important role in engaging fuel poor families with the help (both financial and efficiency-related) that is available to them. The scheme at The Children's Society's Mortimer House Children's Centre in Bradford is an example of good practice in this field, with extremely high take-up of advice and assistance, due to factors including: its continuity over many years; the centre's role as a trusted and well-used local service; multi-lingual advice provision; and advisors' expertise and inter-personal skills. Another key factor is effective partnerships with other local organisations, including the advice project that employs the advisors, and an organisation working with Eastern European migrants that provides interpreters and refers clients to the scheme.

The RFPF project suggests the following lessons regarding how community groups could be supported to increase their impact on fuel poverty, especially among families with children.

Funding and resources

Several of the schemes reviewed were extremely successful but limited in their impact by a lack of funding. The short-term nature of most available funding is a serious problem, and findings strongly suggest that long-term schemes are most effective, as they can become established, known and trusted within the community. DECC and other government departments can address this by creating long-term funding streams for community-based work on fuel poverty. This could be through adjustments to the existing Energy Company Obligation that require or incentivise such work, but could also be built into any future programme, such as an area-based approach.

Local networking

A problem faced by many schemes is that clients have multiple problems, and referral networks built on close links with other organisations (such as advice providers, health agencies, Local Authority housing officers, Housing Associations, Credit Unions and a range of other service providers) are the best way to ensure families get the help they need. Partnerships with relevant grassroots organisations can also help schemes reach out to particular audiences who may otherwise be difficult to engage, such as some migrant or minority communities. DECC and other government departments can address this by incentivising the development of local partnerships and referral networks, and by providing funding for the long-term development of these. In particular, there is a need to promote the engagement of health agencies with these networks, and in many cases this has so far proved challenging. Additional incentives or requirements, designed in partnership with the Department of Health, would be valuable here.

Training

Providing high quality advice is vital in addressing fuel poverty, so DECC could help provide training to local fuel poverty advisers from community organisations. This should cover issues of energy efficiency; tariffs, meters and switching; and the financial assistance available.

However, it should also include some wider training on issues such as welfare benefits and debt, as these often intersect with fuel poverty issues. Advisers should also be trained in interacting with clients, especially dealing with difficult family circumstances.

Information such as case studies and guides will be useful, and we would be happy to provide outputs from the RFPF research to be included within the information resource if desired. However, information resources are not enough without the other elements outline above, especially long-term funding.

Recommendation 13: The government should long-term funding streams for community groups, such as Children’s Centres, in order to support their work on fuel poverty.

Recommendation 14: DECC and other government departments should incentivise the development of local partnerships and referral networks.

Recommendation 15: DECC should offer training to local fuel poverty advisers so that they are better equipped in support the fuel poor.

Q.13 What support would help to increase partnership working between community groups and other local level actors (ranging from Local Authorities to Health and Well-Being Boards and energy efficiency installers) in order to tackle fuel poverty?

The Children’s Society welcomes the government’s recognition of the potential role of local level actors in tackling fuel poverty. We believe it is particularly important to consider how local decision-makers can support the delivery of fuel poverty schemes through children’s centres.

Partnership working at a local level is crucial to addressing fuel poverty. Long-term referral networks built on close links between organisations such as advice providers, health agencies, Local Authority housing officers, Housing Associations, Credit Unions and other service providers are vital in ensuring families get the help they need.

DECC and other Government departments should seek to support the development of local partnerships and referral networks, and, crucially, should provide funding for the long-term development of these networks. In particular, there is a need to promote the engagement of health agencies with these networks, and in many cases this has so far proved challenging (due to the multiple pressures and priorities that these agencies face).

More generally, DECC and other Government departments can also facilitate networking and partnerships between relevant organisations on the national scale, including health agencies, housing agencies, services for families and children, companies and charities. These can then serve as a foundation for local-level networks, especially if the nationwide organisations have local bases (such as Children’s Centres). Such an approach can be a particularly efficient way to deliver partnerships.

In addition, partnership working could be built into any future fuel poverty programme, such as an approach based on local area delivery of energy efficiency measures, or bids to a central funding pool. Such programmes could be designed to give priority to schemes that demonstrably use existing partnerships and networks, or that build new ones. The RFPF

project suggests that Children's Centres across the country could play a central role, as trusted community hubs, within these networks.

Recommendation 16: The government should promote and support long-term fuel poverty referral networks, and facilitate networking and partnerships between organisations on the national scale, including health agencies, housing agencies, services for families and children, companies and charities.

Recommendation 17: DECC should explore (together with the DoH) ways in which health agencies could be required or incentivised to be active players in fuel poverty networks.

Recommendation 18: DECC and other Government departments should seek to support the development of local partnerships and referral networks, and, crucially, should provide funding for the long-term development of these networks.