

# Light at the end of the tunnel

Findings from the Local Energy Advice Project

Clackmannanshire Citizens Advice Bureau  
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## Introduction

This report focuses on the work and findings of Clackmannanshire Citizens Advice Bureau's Local Energy Advice Project (LEAP) in relation to combatting fuel poverty in Clackmannanshire.

### 1.1 Fuel Poverty in Clackmannanshire

Under the new Scottish definition, a household is in fuel poverty if the household's fuel costs (necessary to meet the requisite temperature and amount of hours as well as other reasonable fuel needs) are more than 10% of the household's adjusted net income and after deducting these fuel costs, benefits received for a care need or disability, childcare costs, the household's remaining income is not enough to maintain an acceptable standard of living.<sup>1</sup>

Analysis from the Scottish Household Survey highlights that in Clackmannanshire, 27% of households are in fuel poverty. For comparison, the Scottish national average is 25%. 11% of households are in extreme fuel poverty in comparison to 11.3% as the national average.<sup>2</sup> Looking more closely at these figures, the table below shows fuel poverty rates by household attributes.

	Tenure			Household Type		
	Owner-occupier	Social Housing	Private Rented	Older	Families	Other
<b>Clackmannanshire</b>	13%	52%	N/A	33%	26%	24%
<b>Scotland</b>	16%	40%	37*	27%	19%	27%

Table 1: Fuel poverty rates by household attributes (2016 – 2018)

Table 1 highlights that in Clackmannanshire, there is a higher rate of social housing households in fuel poverty than the national average. This is also the case for older households and families. These figures on fuel poverty in Clackmannanshire alongside the inequalities and poverty in the area (28% of the local population live in the most deprived SIMD quintile)<sup>3</sup> and the experience of Clackmannanshire Citizens Advice Bureau providing advice in the local area formed the basis for creating a specialist energy project.

### 1.2 Clackmannanshire Citizens Advice Bureau

Clackmannanshire Citizens Advice Bureau have been providing short term energy advice projects locally over the last 6 years, such as Energy Best Deal and Big Energy Saving Network. These short term energy projects highlighted not only the demand locally for energy advice but also the need for this advice and support all year round, especially in relation to complex casework. As a result of this, the Local Energy Advice Project (LEAP) was launched with thanks to funding from Energy Redress which started in April 2019.

This report will explore and analyse the findings of the first two years of the LEAP, produce recommendations on the basis of these findings and highlight the aspects that should be explored further in the future.

<sup>1</sup> Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019

<sup>2</sup> Scottish Government (2019) Scottish House Condition Survey: Local Authority Analyses to 2016-2018

<sup>3</sup> Scottish Index of Multiple Deprivation (2020)

## Background

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### 2.1 Background to vulnerability and energy suppliers

Energy suppliers are bound to Standards of Conduct and have obligations that they must uphold to treat all customers fairly. In 2017, two new broad principles of vulnerability and enabling customers to make informed choices were introduced into the Standards of Conduct for each energy supplier.<sup>4</sup> These changes clarified that in order for suppliers to uphold their obligation of treating all customers fairly, they must make an extra effort to identify vulnerable customers and respond to their needs. It is recognised by Ofgem that “consumers in a vulnerable situation are more likely to face multiple barriers compared to other customers”<sup>5</sup>. These Standards of Conduct aim to reduce these barriers by energy suppliers taking customer vulnerability into account and ensuring they meet these customers’ needs.

Despite the protections operating at a strategic level, the lived experience of consumers in vulnerable situations highlights that more work needs to be done. There are many different vulnerabilities that customers experience however it’s important to note the impact that mental health illnesses can have. Research conducted by Citizens Advice highlighted the existence of a Mental Health Premium. This is the increase in costs experienced by people with poor mental health for essential services (when their mental health reduces their ability to carry out daily activities). This is as a result of inaccessible services and inadequate support indicating the additional barriers experienced as a result of being in a vulnerable situation and the impact this has on the ability to make informed choices throughout the consumer journey, such as choosing the right deal, making payments on time and addressing underlying problems to avoid complex situations.<sup>6</sup>

### 2.2 Local Energy Advice Project (LEAP)

LEAP aims to educate, empower and assist households experiencing vulnerable situations to manage their energy use more effectively by these households making informed choices and accessing the community and financial support to which they are entitled.

Over 2 years, the project provided advice and support to 2,464 households locally. The project also provided training to a total of 11 frontline organisations. It’s important to note that a significant proportion of this project took place during Covid-19 pandemic. This meant there was a switch to remote service delivery with interviews delivered by phone and that many of the households this project supports experienced the negative financial impacts of Covid-19 pandemic. Experimental analysis of the impact of the pandemic on fuel poverty suggested that the rate in Scotland could rise up to 29%.<sup>7</sup>

LEAP aimed to benefit people in Clackmannanshire in vulnerable and crisis situations who have difficulty managing their energy bills and usage, making informed choices about energy providers and advocating their needs. These groups included:

- People with long-term illness or disability
- Elderly people
- People with English as an additional language
- People on low incomes

The target groups identified above are more likely to suffer detrimental impacts as a result of their vulnerability and as noted in 2.1, Ofgem recognise that those experiencing vulnerabilities are more likely to face barriers when accessing essential services.

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<sup>4</sup> Ofgem (2017) Final decision: Standards of conduct for suppliers in the retail energy market

<sup>5</sup> Ofgem (2019) Consumer Vulnerability Strategy 2025

<sup>6</sup> Citizens Advice (2019) The Mental Health Premium

<sup>7</sup> Scottish Government (2020) Experimental analysis of the impact of COVID-19 on Fuel Poverty Rates: Report

This is why LEAP focuses on educating, empowering and assisting these households. This preventative, holistic approach aims to address any crisis situations, ensure households are on the best deals and income is maximised and deals with any ongoing issues with suppliers, such as debt. This process is underpinned by education and empowerment throughout to increase the sustainability of improvements made. The first two years of this project have been successful and therefore further funding has been secured to deliver this project for another two years. This report will focus on the findings from the first 2 years of LEAP and how this research can be developed going forward.

## Methodology

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This report draws on findings from qualitative and quantitative research methods. Firstly, common patterns of reoccurring issues were identified through in-depth client interviews where energy advice and assistance was provided as well as feedback from group information sessions.

These findings are expanded on with 4 separate case studies to illustrate the common issues identified during LEAP.

Finally, there is a snapshot survey of LEAP clients to analyse the impact that LEAP has made. It must be highlighted that the total respondents for this snapshot survey was 25 and therefore is not a representative sample. It is felt, however, that the data provides a limited snapshot into the impact of LEAP which is useful in the context of this report.

As identified above, it's important to mention the limitations of this research and how this will be addressed for future research. It has been identified that going forward, a targeted triage questionnaire would enable qualitative information on the issues clients are experiencing to be collated and labelled into appropriate headings. This would provide more detail than the current recording system and would enable any adviser to immediately identify and provide relevant self-help information and ongoing analysis to deliver bespoke advice sessions to groups in the area.

Moreover, with regards to client surveys, these will be conducted as part of client's exit interviews. This aims to increase the likelihood of higher responses to the survey, and therefore a more representative sample, as clients will be engaged with the service at the time of the survey. This is particularly important as the main difficulty experienced when doing the snapshot survey was inability to get in contact with clients.

## Findings from interviews

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The below findings are based on 1,937 interviews LEAP energy advisers had with clients. Through these in-depth interviews with clients providing advice and assistance, common issues were clearly identifiable which contributed to clients' experience of fuel poverty. The three key findings are highlighted below:

### **1. Lack of understanding of the information provided on fuel bills and what it is useful for**

It was found that the overwhelming majority of clients had very little knowledge of what the information provided on their bill was and what it shows.

This is often the first assessment point of any enquiry and providing an overview of what information the supplier is legally obliged to provide and how the customer can translate it, is often the first step in empowering our clients to engage with their energy supplier.

### **2. Confusion between payment discounts and how they differ from tariff savings**

Nearly all clients did not understand the difference between these methods of saving on energy. This confusion can become an additional barrier to switching for many of our clients.

We find that when they are more informed on this, it removes switching confusion and makes clients more likely to switch to a better energy deal.

### **3. Understanding energy use in Kwh and the customer's responsibility to supply accurate and timely readings**

It was also found that clients often don't question the information on their energy bill and one of the most important questions: is the energy use accurate? It appears that the important message of keeping actual usage up to date is being lost. Often when people appear with energy debt, it is a result of energy readings being estimated over a length of time. The smart meter rollout will address this issue however with the delays in rollout, lack of trust in them and the issues with Generation 1 meters, it's important that this issue is highlighted to energy suppliers and included in any energy advice so clients can fully understand their energy use and their responsibilities.

It was found that simply by gaining a better understanding of basic information on their energy bills, clients feel much more empowered to communicate their issues to their supplier and/or more confident in switching. This is important to highlight as it's the suppliers responsibility to communicate in a way that all customers can make informed decisions. Our experience with LEAP suggests that this is not the experience for many households experiencing vulnerable and crisis situations and most important when these households are engaged with and supported, they are more able to be informed consumers in the energy market.



## Real life experience

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The following anonymised case studies will provide a further illustration of the work of LEAP and the common issues households in vulnerable and crisis situations were experiencing when dealing with their energy bills.

### **Issue 1: Lack of understanding on the price they're paying for their energy bills, what it is for and how to change this.**

#### **Case study 1**

Client A attended one of our energy advice sessions at a local community centre. They had anxiety and had great difficulty speaking to people 'in authority'. They stated they didn't understand 'complicated energy stuff'.

Before attending the energy advice session, they were topping up their prepayment meters at approximately £35 - £40 per fortnight from their state pension and had never questioned this as they thought it was normal. To save money, they would often turn heating and lights off and go to bed to keep warm.

With the support of LEAP, it took 2 phone calls to establish that there was debt being collected on the meter from a previous tenancy. Once this was resolved, Client A switched to smart credit meters, now pays £45 per month dual fuel and is confident in switching supplier and keeping on top of her energy use.

Client A went on to become one of our public ambassadors, often educating their friends and family on the importance of keeping on top of bills and referring to the LEAP service.

This case study illustrates that many households in vulnerable situations may not engage with their energy supplier for a number of reasons and therefore be paying high energy costs or in this case a debt from a previous tenancy without questioning it. It also illustrates how intervention from a project like LEAP can quickly identify this, advocate on behalf of the client while educating them on their energy use, bills and how to manage going forward. The fact that this client went on to educate their friends and spread awareness of this issue and the help available highlights how advice and assistance can empower clients to make informed decisions and increase their confidence in their ability to manage their issues.

### **Issue 2: difficulty in communicating with supplier leading to more complex situations**

The following 2 case studies highlight how important being able to effectively communicate with energy suppliers is so that any issues are resolved quickly. This communication can be extremely difficult for households in vulnerable and crisis situations and the difficulty with this can lead to severe stress and anxiety and in some cases disengagement with their energy supplier and the original issue they were experiencing with their energy supplier worsening.

### Case study 2

Client B is in receipt of health benefits and they experience mental health illnesses. They pay for their energy on a budget card at the post office fortnightly. Although this is not the cheapest way to pay, it is the most manageable for client B.

Her supplier advised her that she had a build-up of £800 of debt and had not been paying enough. Client B couldn't understand how this was possible as they had been keeping up with payments and had all the receipts to evidence this. When client B tried to speak with her supplier to resolve this, she was informed that she hadn't paid anything towards her account for months, found them to be uncooperative and unhelpful and felt like they weren't listening to what she was saying. Client B came to seek advice from the LEAP project after she received a letter from a debt collection agency.

With our involvement, it was established that the problem was at her suppliers end as they had started allocating her receipts to the wrong account number. This was subsequently corrected, client received an apology and goodwill payment for the distress caused.

This is a clear example of distress caused through inaccessible communication and not working with customers in vulnerable situations to understand what the issue is that they are experiencing, investigate this and how this can be resolved. Thankfully, this client came to our service so we were able to advocate on their behalf to find a resolution however this would not have been necessary had the energy supplier fully engaged with the customer in the first instance.

### Case study 3

Client C is a single parent of 2 children with special needs and is a carer for their father. They received a notification from their supplier of an increase in £100 per month to cover their usage. They tried to engage with their supplier to understand why this was the case, they found their supplier to be uncooperative and were unable to find someone willing to listen or suggest a solution.

In a panic over how they were going to afford this, client C cancelled their direct debit and stopped communicating with their supplier. When they engaged with the LEAP project, they had not been paying for fuel for over a year. Initially, our energy adviser found it difficult to communicate with the supplier and gain any progress on this case. After multiple attempts and being passed through lots of different people to get to the 'right person', we were able to resolve the issue. The huge rise in direct debit was a mistake by their energy supplier. This was updated and there is now an affordable payment plan in place.

This case study also highlights the impact that inaccessible communication with customers in vulnerable and crisis situations can have not only to the customer but also to the energy supplier. The situation highlighted in case study 3 would have likely not occurred had the client been able to question this increase with engagement from their energy supplier to explore the issue.



### Issue 3: lack of flexibility shown in crisis situations

#### Case study 4

Client D has learning difficulties and addiction issues. They lived with their parents who looked after everything for them. After both their parents died within months of each other, they were suddenly in a crisis situation. They were receiving reminders from their energy supplier however believed that there was a direct debit set up.

When they contacted LEAP, it was identified that the direct debit was in fact for an insurance policy. It became apparent that Client D was in need of extensive multiple agency help in order to deal with his mental health and bereavement.

They were initially keen to engage with this support between housing services, addiction services and our service. One solution identified was arranging a manageable budget for Client D and setting up a bank account to manage monthly living costs by direct debit as this is what the client had severe difficulty with. The major stumbling block to this was his energy supplier as they wouldn't consider a regular payment for usage alone. They would only consider a payment for usage and payments towards the built-up debt despite being informed of client D's vulnerabilities and current situation. At that time, this would have put client in severe fuel poverty and unable to afford other essential services and goods. They were also unable to receive any hardship fund support as they had not been making regular payments. This situation had a severe impact on client D which resulted in a downward spiral of debt and ill health, leading to disengagement with supporting agencies.

Ultimately, a debt payment plan was able to be agreed however the lack of flexibility and looking at the long term picture for a client in a very vulnerable and crisis situation of a simple budgeting plan would have saved resources for the energy supplier but also the distress caused.

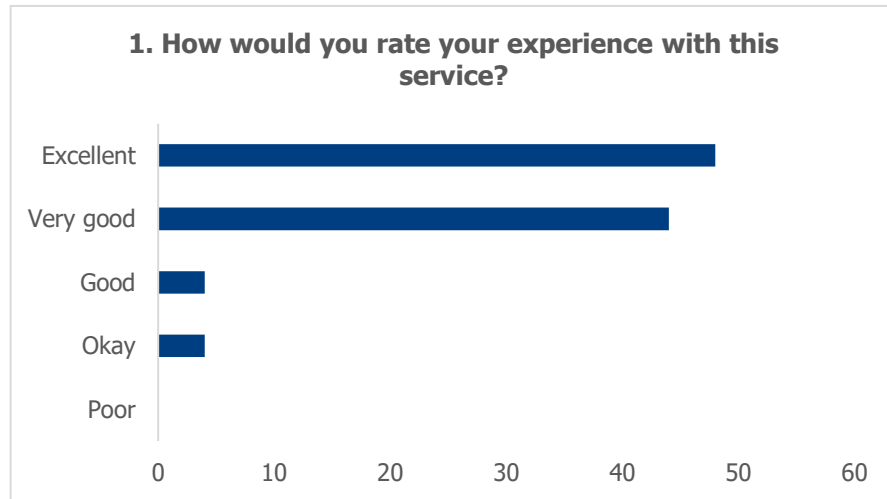
This case study highlights that flexibility in solutions with customers experiencing vulnerability is more likely to keep them engaged and making payments than enforcing payments on usage and towards debt while in a crisis situation when this is unaffordable for them.

It has been found recently that clients are often required to meet the criteria of continued regular payments as well as sustainability going forward to access hardship funds which we have found to be problematic. This is simply unaffordable for many clients as it would push them into severe fuel poverty yet they are unable to access any form of debt reduction through these funds to facilitate affordability. To get a supplier to reduce the collection rate or collect over a longer period often involves undertaking recognised debt remedy measures and completing a client financial statement which can be a long and distressing process. Whilst we understand the need for suppliers to scrutinise potential applicants in the interests of fairness, and the purpose of these funds is for one off exceptional situations rather than a support system, we have found the result to be a crowding out of clients in vulnerable and crisis situations from much needed support.

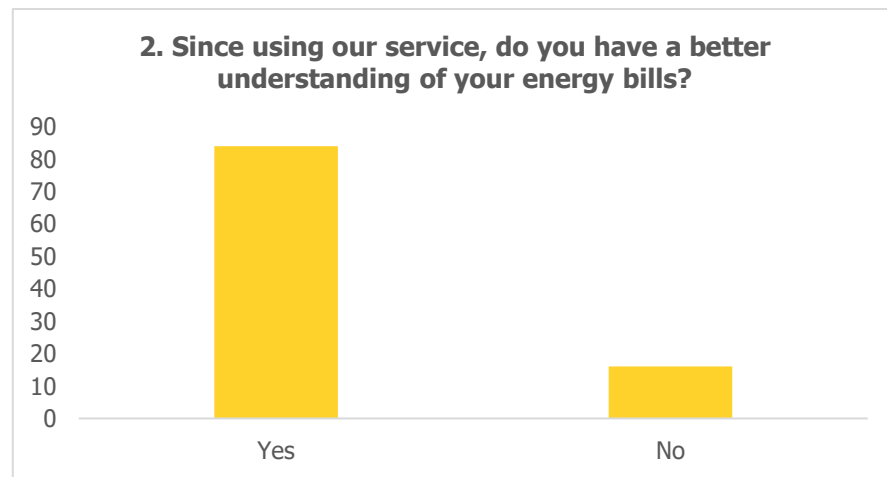
The beginning of the advice process requires advisers to gain clients' trust, collect information to compile a financial statement and open dialogue with the supplier. Often a helpful starting point would be to allow the client to continue to pay the original direct debt amount. Suppliers are often unwilling or unable to accommodate this and throughout all of this the client's energy costs are rising as highlighted in case study 4. We have found that the stress of these debts have a compounding negative impact on clients mental health and we often see clients spiralling further into depression with debts piling up resulting in them being likely to disengage with the help process under extreme pressure and anxiety. An easy solution to this would be for energy companies to allow fast tracked access to hardship funds.

## Findings from client surveys

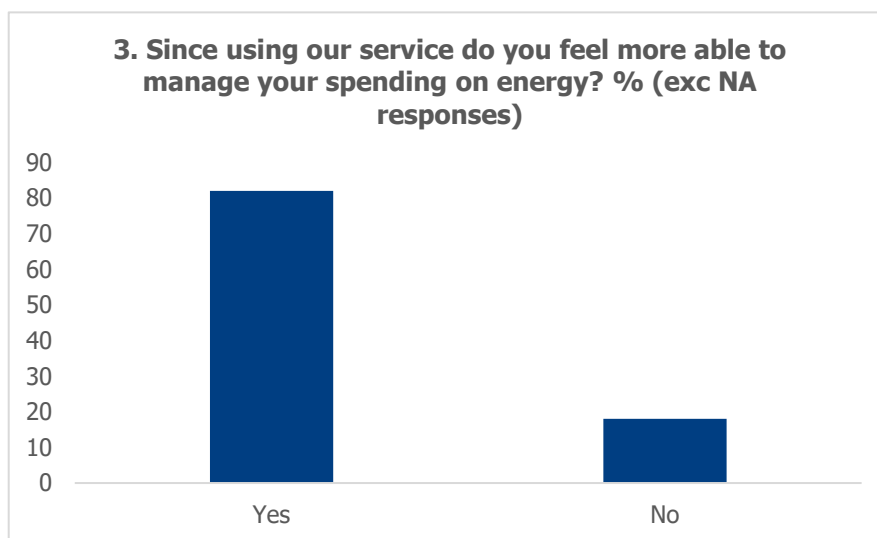
The following responses to the client survey are illustrated in the graphs below, highlighting the impact that a project like LEAP can have.



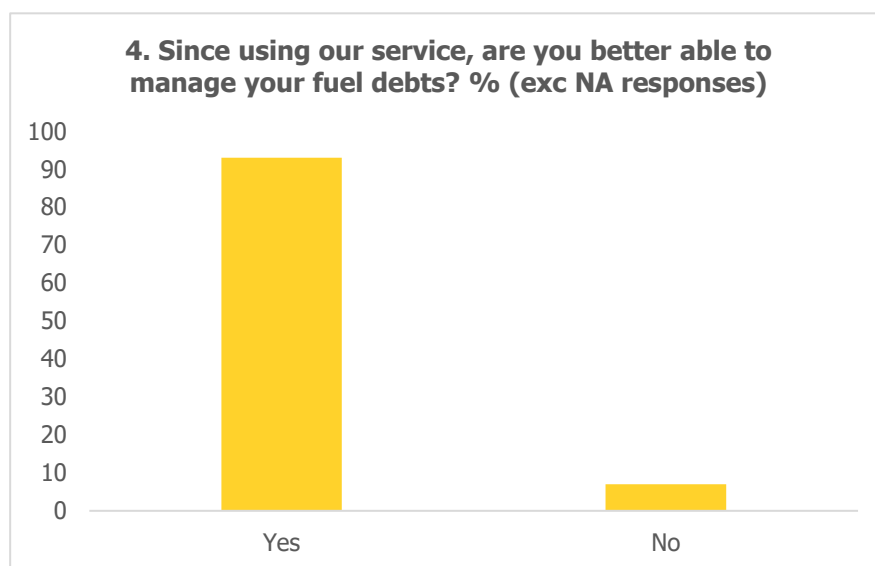
Firstly, 92% of respondents rated the service either excellent or very good. 84% also felt like they had a better understanding of their energy bills since using the LEAP service.



100% of clients surveyed would recommend the LEAP service to someone they know.



Clients can access the LEAP service for a range of issues and not all of the support we can provide is required in each case. For those that this question was relevant to, 82% felt that they were more able to manage their spending on their energy bills since using the LEAP service.



For those experiencing fuel debt, 93% felt they were better able to manage their fuel debts following the advice and assistance provided by LEAP. The following comments were also left by clients:

Best help I could've asked for

Extremely professional

Very happy with service, particularly through Covid

## Summary and conclusion

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The LEAP service has experienced significant demand from households in vulnerable and crisis situations in Clackmannanshire and has proved to be a project providing much needed advice and support. So much so that it has gained a further 2 years of funding to continue and develop.

Fuel poverty is a real issue in the local community with significant detrimental impacts. Our findings have highlighted some key recurring issues that our clients experience which create barriers for them when navigating the energy market:

1. Lack of understanding on all aspects of energy bills and usage, mainly on what is included in an energy bill and what it means
2. Lack of awareness on the importance of supplying regular and accurate meter readings
3. Difficulty in communicating with energy suppliers to gain clarifications and resolve issues

Progress, however, can be achieved if we all work towards solutions aiming to stop these recurring issues. Accessible advice and assistance focused on these key areas as well as all other aspects of energy advice can have a real impact in empowering vulnerable households to make informed decisions and achieving resolutions with suppliers, as highlighted in the findings above.

Having said that, a significant amount of the problems experienced by LEAP clients are compounded because of poor interaction and/or complex systems that are not flexible enough to meet all needs. This can lead to household experiencing vulnerable and crisis situations becoming more difficult unnecessarily illustrating that energy suppliers need to do more for these households. Accessibility needs to be at the core of energy supplier's communication to consumers in these situations with true engagement to find solutions to any occurring issues from the offset. More can be and needs to be done.

## Recommendations

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### 8.1 Recommendations for energy providers

Based on the findings in this report, we put forward two key recommendations to energy suppliers when engaging with households in vulnerable and crisis situations:

1. Energy companies and stakeholders should recognise the important role of specialist energy advisers in welfare advice settings in helping to achieve improvement in outcomes such as outstanding debt and complaint resolution.

The majority of clients who received advice and assistance through LEAP are experiencing vulnerability in some way (either through physical health, mental health, financial crisis or sustained low income). The majority are also either defined as being in fuel poverty, severe fuel poverty or on the borderline. Many find the stress involved in understanding their energy use or trying to contact their supplier through customer helplines overwhelming and turn to us for help when a problem arises. The advice and assistance LEAP provides is beneficial not just to our clients but suppliers as well.

Often we can help clients understand what is required of them or offer to communicate on their behalf. For more complex issues we can help resolve these with the energy company concerned. If all energy companies recognised this involvement as positive, a successful resolution that suits both client and supplier is more likely to be found.

2. Improve access and the quality of communication with customers, especially taking into account vulnerabilities and the impact this can have on consumer behaviour.

This can be done in a number of ways through easy to read guides and explanation of bills to customer service being easily accessible to any consumer in vulnerable and crisis situations and, most importantly, effectively engages with them to fully understand any issues raised, investigate them and work with consumers to resolve these situations as early as possible.

### **8.2 Recommendations for further research**

As well as these recommendations for energy suppliers, we would also like to add our recommendations for future research into the LEAP project, its' impact and overcoming fuel poverty in Clackmannanshire:

1. Achieve a representative sample on the impact of LEAP activities through client surveys.

As mentioned previously, the process of conducting client surveys will be amended to be included in client exit interviews with the view of increasing responses.

2. Improve data collection and collation of information from client interviews to allow for more robust analysis.

As mentioned previously, a targeted triage questionnaire will enable not only the collation of further data but also quick identification of issues for clients.

## Acknowledgements

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We'd like to thank the Energy Industry Voluntary Redress Scheme for providing the funding for our Local Energy Advice Project.

We'd also like to acknowledge and thank all the schools, local organisations and community groups who allowed us to deliver our group sessions to their members and the local energy forum and Citizens Advice Scotland Energy Network for engaging with the LEAP project.

Most of all thank you to our clients for engaging with our services and putting their trust in us to provide the advice and assistance they need.



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