

Winter fuel payments 'invest to save' scheme pilot

Project Summary

The warm for life scheme was a pilot project carried out by Norwich City Council and National Energy Action (NEA) during the winter of 2008/9. The aim of the project was to ascertain whether a financial incentive would encourage more households to invest their winter fuel payment in energy efficiency measures, helping to make future payments go further.

Every year, the majority of households in which the primary occupants are over 60 years of age receive a winter fuel payment from the Government. This scheme was developed to help supplement the winter energy bills of older households and to help tackle the important issues of fuel poverty and excess winter mortality. Since their introduction in 1997 winter fuel payments have increased in value from £20 to between £250 and £400 in 2008/9.

Over the last few years both research and political debate have taken place on this topic, with particular concerns being raised regarding the eligibility criteria for winter fuel payments and the lack of restrictions on how the money can be spent by recipients. The warm for life pilot project was developed by Norwich City Council and National Energy Action (NEA) to attempt to address some of these concerns by trialling a specific project methodology that would allow households to receive a £100 incentive if they agreed to invest their 2008 winter fuel payment in a variety of energy efficiency measures. The full report details the projects outcomes and findings.

In spite of a comprehensive recruitment campaign, the target of 30 households was not reached and just 7 households saw the scheme through to completion.

The project's methodology involved the use of RdSAP-based energy inspections to provide advice on potential improvements and the allocation of a caseworker to support the household through the scheme. As the scheme was delivered on a small scale, the use of vouchers that could be universally accepted was not viable. Instead the use of a pre-paid debit card was trialled to administer the payments by each party and the purchase of the goods and services selected. This service was provided by M-Cube Media Ltd.

The scheme evaluation indicated that there were several reasons for the lack of participation, including:

- Confusion between the scheme and other initiatives (e.g. Warm Front);
- The scheme was simply 'too complex';
- Issues with the use of the pre-paid card;
- The effects of the credit crunch;
- The increased value of the winter fuel payment in 2008.

Within the 7 households that completed the scheme, 9 out of a possible 24 energy efficiency recommendations were acted on, with households also opting for a further 6 measures/services from the warm for life product list. The 9 energy efficiency measures delivered a total increase in

SAP of 10 points (equivalent to 1.4 per household) increasing the average household SAP from 49 to 50.4. The improvements generated a total reduction in annual CO₂ emissions of approximately 3.6 tonnes (an average of 0.51 tonnes per household) and a total annual cost saving of £572 (£81.71 per household). These figures compare poorly with the total potential savings and improvements that could have been achieved within these households. The potential SAP increase based on all of the specified was 113 SAP points (equating to 16.1 SAP points per household). These measures, if installed, would have saved 15.1 tonnes of CO₂ per year (approximately 2.2 tonnes per household) and £2,130, giving each household an annual reduction in their energy bills of £304.29.

Although the warm for life process was only completed in 7 households, all 7 of these households made some investment in energy efficiency measures as a result (varying from just £15 up to the maximum £350/£500). Any remaining funds were used to credit the households' energy supplier accounts, meaning that in all 7 households the 2008 winter fuel payments were spent on energy efficiency measures and heating costs.

The evaluation demonstrated that the concept and certain aspects of the delivery of the warm for life scheme could be utilised in future initiatives. However, it was clear that for an 'invest to save' scheme of this type to be successfully administered on a larger-scale significant changes would need to be made. These would include:

- Better training and positioning of caseworkers to ensure consistency of contact;
- Clear communication specifically tailored to the client group;
- An acceptable 'voucher' methodology being devised.

The warm for life project team made several conclusions based on findings resulting from accompanying research which was carried out parallel to the delivery of the project. These were:

- There is some concern amongst energy, fuel poverty and caring professionals that the current winter fuel payment system is not effective at tackling fuel poverty on a long-term basis;
- The current warm for life model could work for some households. However, it would need to be radically simplified to be accessible to all households in receipt of the winter fuel payment;
- The pre-paid debit card is unlikely to be a suitable 'voucher' method for an older client group;
- There were limitations in the research as a result of the small sample size.

As a result, the following recommendation was made:

Should a single national energy efficiency scheme be devised, the invest to save concept should be considered at least as an 'opt-in' scheme to allow households to be incentivised for investing their winter fuel payments in energy efficiency measures.

The scheme's evaluation concludes that although such a small pilot project cannot provide solid recommendations for the Government on possible amendments to the policy on winter fuel payments and evidence of shortcomings in the current scheme, warm for life has raised some interesting questions on these subjects.

Obtaining the full report

The full report for this project is available to download from the eaga Charitable Trust website at: www.eagacharitabletrust.org.

The report was funded by:
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May 2010