

“You just have to get by”
**Coping with low incomes
and cold homes**

Research Summary

Life on a low income in Britain can be difficult at the best of times. In the winter, the need to keep warm puts additional pressure on already constrained budgets. Tough decisions have to be made: for many households, aversion to debt means that sacrifices have to be made in quality of life – and heating costs are an easy target.

This study sought to describe the reality of living on a low income during a British winter. The study focused on the strategies employed by low income households when faced with choices between basic needs, including how they coped when these choices involved turning the heating down or off. The study also explored households’ experience of, and attitudes to, using the energy market to improve their financial circumstances.

The study was conducted by Will Anderson and Vicki White of the Centre for Sustainable Energy in partnership with Andrea Finney of the University of Bristol Personal Finance Research Centre.

Methods

The study combined quantitative and qualitative methods: a face-to-face survey of 699 low-income households and 50 in-depth telephone interviews with a subsample of the surveyed households.

The participating households all had an equivalised net income, before housing costs, below 60 per cent of national median income. The survey questions were included within the national omnibus survey conducted by the

National Centre for Social Research. This is conducted face-to-face with randomly selected households across Great Britain. The survey data were weighted to control for selection bias and non-response, such that the quantitative findings are generalisable to all low-income households in Great Britain. Analysis was conducted using SPSS.

The in-depth interviews were conducted by telephone, recorded and transcribed. Analysis was conducted using Framework.

Fuel poverty, income poverty and child poverty

Although the study did not identify fuel poor households according to the official definition, a range of indicators of fuel-related hardship were used to examine the links between cold homes and other forms of deprivation. The survey provided clear evidence of the relationship between income poverty and cold homes. Households on the lowest incomes, of less than £6,000 per year, were especially likely to have found their fuel bills to be a heavy financial burden (50 per cent had done so), to have cut back on heating in the previous year (46 per cent), and to have lived in homes that were colder than they wanted

them to be during the previous winter (63 per cent).

The link between fuel-related hardship and income was also evident in the household types that most often reported these problems: single adult households under pension age (who, unlike many retired households, have significant housing costs) and lone parent households, 64 per cent of whom were colder than they wanted to be during the previous winter. The fact that, among all low-income households, the household type most likely to report the experience of a cold home was lone parent households demonstrates the clear link between fuel poverty and child poverty.

Keeping up through cutting back

Most (87 per cent) low-income households reported that they had kept up with their bills and other commitments in the 12 months prior to the survey, though this was a struggle for all but 31 per cent. Most of the low-income households who participated in the depth interviews expressed a determination to stay within their limited budgets and avoid borrowing or getting into arrears, as far as this was possible. Achieving this goal was important to the self-esteem and dignity of many households, though the vulnerability of low-income households to extra costs of any kind meant that keeping costs within the bounds of available financial resources was also perceived to be an intractable burden.

There was a distinct pattern of cost-cutting across the low-income households. Savings were most often made on discretionary items such as holidays, socialising and new clothes but cuts in spending on essential items were also common: 35 per cent of low-income households had cut back their spending on food in the previous year and 32 per cent had cut back on heating in this period. Borrowing was less common: 22 per cent of households

had borrowed from family, friends or other individuals but only 5 per cent had increased their credit card debt or overdraft, and 4 per cent had taken out new loans from commercial lenders.

Strategies for cutting back on essentials

Low-income households with highly constrained budgets typically cut back their spending on both food and fuel: 65 per cent of those cutting back their spending on heating were also cutting back on food and 59 per cent of those cutting back their spending on food were also cutting back on heating. However their strategies for saving costs in these two crucial areas of spending were quite different.

The households interviewed in depth described a close and active engagement with the food market: looking for bargains, comparing prices and making their budgets go as far as possible. They rarely went hungry as they cut back on quality in order to keep food on the table. In contrast, their primary means of reducing heating costs was not to look for better prices but simply to cut back on quantity and turn the heating down or off. The most explicit fuel rationing was pursued by prepayment meter users who could cut back on how much credit they put on their meter and limit their consumption accordingly. However, many low-income households who paid for fuel on direct debit were just as keen to restrict their fuel use, knowing full well that, if they did not, they were likely to face an unwelcome and unmanageable high bill in the future.

The experience of cold homes

Nearly half (47 per cent) of low-income households surveyed said their homes had been colder than they wanted during the previous winter including 18 per cent who said their homes had been much colder than they wanted. A variety of related problems was

reported: 22 per cent of low-income households had experienced problems running or controlling their heating systems during the previous winter, 28 per cent had suffered draughts and 28 per cent had had problems with damp or condensation.

Some of the households interviewed in depth described the benefits of the extra warmth they had gained from improvements to the building fabric of their homes. However, such improvements did not entirely remove the risk of going cold. For the most income-constrained households, any heating cost was a potential target for cost-cutting. Such households could still go cold, for some or all of the day, if other demands on their resources were even more pressing, even if their heating costs were relatively low.

Overall, 62 per cent of low-income households had cut back on their heating costs in the previous winter by turning their heating off or down, heating only one room, or using their heating intermittently. However, their experience of cold at home also depended on the effectiveness of any strategies they used to compensate for their loss of heating. These included wearing more clothes, wrapping up in blankets, staying in one room, going to bed early and having hot drinks. The most income-constrained households were adept at juggling these options as part of their wider strategies for coping on a low income.

The low-income households who experienced cold homes reported adverse impacts on their mental health, physical health and social lives: nearly half (47 per cent) said the cold had made them feel anxious or depressed, 30 per cent said an existing health problem had got worse, and 17 per cent did not feel able to invite friends or family to the house.

Using the energy market

Overall, 18 per cent of low-income households had switched supplier or tariff in the previous winter. Switching behaviour was more common among the households who had been cold: a quarter (25 per cent) of households whose homes had been much colder than they had wanted had switched, compared to 21 per cent of those who had been a bit colder than they wanted and 13 per cent of those whose domestic warmth had been about right.

Switching was nonetheless a minority activity and most of the households interviewed in depth expressed scepticism about the opportunities offered by the energy market. Some did not know how to compare prices or did not have the means to do so. Others were worried that if they did switch, things would go wrong. Many households were doubtful that the deals being offered would deliver real savings in practice. These low-income households were wary because they knew that if a switch did not work out well for them, for whatever reason, they would end up paying the cost, a cost they could not afford. They had no guarantee that such costs would be avoided.

Conclusion

Cold homes remain a harsh reality for many low-income households in Great Britain. Households who cannot afford to heat their homes adequately endure the winter months as best they can, using their heating intermittently or only when it is most needed, limiting their domestic lives to only one or two rooms, and wrapping up in extra clothes and blankets. All too often, life becomes a misery, physical health problems worsen and social isolation is exacerbated. The experiences described by the participants in this study clearly demonstrate that the problem of cold homes has not gone away.

Low income households are typically smart consumers, keen to seek out the best prices and the best deals wherever they can. This is clear in their engagement with the market for food, where prices are transparent and comparisons between suppliers are meaningful. Yet this study has found limited evidence of such behaviour in the energy market. In general, the prices and deals on offer in the energy market are perceived to be complex, opaque and untrustworthy. There is little confidence that switching will bring real rewards and genuine concern that unexpected costs may ensue, costs that low-income households can ill afford.

Reform of the energy market must take account of the nature of the constraints faced by households on the lowest incomes. For these households, apparent price benefits are set against potential risks. Without guarantees that suppliers' offers will deliver real savings and that the risks of change can be avoided, many of these households will not benefit from the cost-saving opportunities promoted by the current market. For these households, other mechanisms may be needed to deliver such benefits.

Programmes designed to improve the thermal performance of dwellings should be sensitive to the potentially complex needs of low-income households. Improvements in household income may be as important as improvements in the building fabric in reducing exposure to cold. Care should also be taken to ensure that such households continue to have the option of low-cost room heating, should they choose not to use their central heating.

Fuel poverty is defined using a relative measure: the proportion of household income required to provide adequate domestic warmth. Yet the results from this study make clear that the level of absolute income is the

most reliable determinant of the experience of a cold home. Households on the lowest incomes have so little room to manoeuvre in their daily budgeting that heating may be regularly sacrificed in favour of other daily needs, even when heating costs are low. Hence tackling income poverty remains central to the task of eliminating the worst effects of cold homes. The importance of ending child poverty is underlined by the finding that, among those on low incomes, lone parent households appear to be among those most likely to ration their heating in the winter.

This study described the coping strategies of low-income households, especially in relation to choices about food and warmth, in some detail. However, these details must be understood within the over-arching psychological context that frames coping behaviour. What matters most of all to people who are coping on a low income is an outlook on life that sustains self-esteem and dignity. Although this takes many forms, almost every individual interviewed in depth for this study described their current circumstances in a manner that expressed their determination to 'get by', even if this meant comparing their difficult circumstances to the lives of people in even more desperate straits. Living on a low income was often tough, especially in the winter, but never a source of shame.

For more information

The full report can be downloaded from the eaga Charitable Trust www.eagacharitabletrust.org and CSE www.cse.org.uk websites.

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