Time for change.
Time for a fairer future.

Fuel Crisis Report 2024

FOREWORD

Welcome to this year's annual Fuel Crisis Report. We've based it on a survey of people we've helped in the last 12 months and insights we've collected while delivering day-to-day support to our client group.

This year's insights show that fuel crisis is now severely affecting children. 45% of the people we surveyed this year have children at home.

Many are losing access to heat, light, and power multiple times every week. The likelihood is that these children are going to school hungry, possibly wearing unwashed uniforms, and tired after being too cold to sleep. In short, they are being set up to fail in school and later life - which is unimaginably wrong and desperately sad. A full 54% of people who received emergency financial help from us had to use it to pay down debt on their prepayment meter before they could switch the heat and lights back on.

Debt is now more prevalent since the cost of living has remained far too high for far too long.

There were also some that were paying down credit cards - and even loans from unregulated lenders - that had been used to pay for energy. Nearly 70% said they are more worried about their finances now than they were a year ago, and many tell us they have lost hope that things will get better.

Over a quarter of a million people will likely ask us for emergency help this winter to keep their lights, power, and heating on because they must prepay for energy but cannot afford to.

We are ready to offer help at this scale. But we are also ready to collaborate with the new Government - the party of change - to tackle the root causes of this problem and end it for good. We have long been campaigning for more targeted financial support from the Government. Because not everyone who received the Winter Fuel Payment needed it, we cautiously welcomed the news that these payments will now be means-tested. But now, only people with a very low income will be eligible, and there are no tapered levels of support.

> **So we urge the Government to make sure the decision doesn't create the conditions for fuel crisis to tighten its grip on those already affected and spread to more households.**

To prevent this, we must fund crisis help for people at risk of living without access to energy, and support the estimated 880,000[1] struggling pensioners currently missing out on Pension Credit to claim their entitlements. Right now, the situation feels desperate.

Fuel crisis is robbing too many people of their health, happiness, and potential.

This is thought to cost the nation tens of billions each year in NHS and mental health expenses, care costs, and lost productivity[2].

The financial and human costs of doing nothing - or doing more of the same - are getting out of control. We must find a way to fund and prioritise long-term, preventative solutions. Like the Government, we are optimistic that this is the time for change. With collaborative action between the Government, the charity and energy sectors, and the regulator, it is entirely possible to shield the people we support from the dangers of being forced to live in cold, damp, and dark homes this winter and into the future.

Finally, I'd like to thank everyone who has helped us make our work possible so far, from our partner network to our funders and Board of Trustees, internal team and more.

We couldn't do it without you.

Matthew Cole

Head of Fuel Bank Foundation

ABOUT US

Each year in the UK, countless people who must prepay for energy lose access to heat, light, and power at home because they cannot afford it. We call this fuel crisis.

Fuel crisis is a significant contributor to the poverty trap. It is nearly impossible to stay well and clean without heat and hot water.

Without electricity and gas, we cannot wash our clothing, cook hot meals, manage our money and bills, make health appointments, keep in touch with loved ones, or access support services.

Unsurprisingly, regularly living without access to heat, hot water, light, and power causes physical and mental health conditions - and makes existing ones far worse.

It limits people's opportunities, blights children's education[2], and traps people in destitution by making it even more difficult to access support and address the issues making things hard for them.

It is scandalous that so many people must live in dismal and dangerous homes because they cannot afford even a basic amount of energy. It is also senseless because cold homes cost the country tens of billions of pounds each year in lost productivity, healthcare expenses and care costs[2].

Our purpose is to change the way things are and make being warm the norm for everyone. We are the only national charity in the UK that exists to support people who face living without access to energy because they must prepay for it but do not have the money to do so.

We do this by:

- Gifting clients an energy top-up so they can escape immediate fuel crisis
- Providing clients with person-centred advice that empowers them to address the issues making things hard for them and
- Offering our expert advice and insights to policy decision-makers, the energy sector, and the regulator to influence systemic changes that will make it possible for our clients to afford the energy they need to live happy, healthy, and productive lives.

Our services and influencing work are rooted in insights gained from a longitudinal study. This allows us to understand the reality of our clients' lived experience and track the power of any interventions.

This report recommends several priority interventions that could resolve UK fuel crisis. Together they form three broad categories:

- **Making warmth, light and power more affordable for the country's poorest.**
- **Ensuring everybody has a good quality home that is inexpensive to keep warm.**
- **Providing better protections and support for people who must prepay for energy.**

FUEL CRISIS IN NUMBERS

5.9 MILLION

prepay for energy in the United Kingdom[3]

4.4 million homes in the UK
use a pre-payment meter[4]

1.5 million households
in the UK rely on heating oil to heat their homes[5]

6 MILLION

homes are in fuel poverty in the UK[6]

An increase of 25%
since October 2021[6]

HOW WE'RE HELPING – THIS YEAR'S HIGHLIGHTS

Earlier this year, we hit a significant milestone of having helped 1.5 million people since launching in 2015.

Whilst we're proud that we stepped up to this challenge, it is sorrowful to think that such a huge amount of people have needed us in just a few years.

And it is worse to know that - despite our best efforts - there are likely many more that we didn't manage to reach.

IN THE LAST 12 MONTHS, WE'VE ALSO:

Gifted a free heated throw to **9,618** vulnerable people so they can spend less on staying warm and well by 'heating the person, not the home'

Gifted a crisis fuel top-up to **576,326** people

60% of those people were adults, and **40%** were children

Provided an emergency delivery of alternative fuel such as coal, wood, or heating oil to **341** homes off the mains gas grid, so they weren't forced to live in a cold, damp home for weeks and months.

ANNA'S STORY

When Anna went to her GP asking for help, it was clear her mental health was deteriorating. Trapped in a debt spiral, she couldn't afford to keep her children warm, well fed and healthy. She had become consumed by worry.

Anna suffers from COPD and is unable to work, so she relies on Universal Credit. She explained that because she had never been able to afford non-essentials, her only option was to cut her expenses to the bone when the cost of living crisis hit.

> **"I sometimes go without food and don't really buy clothes for myself. I walk around with holey, stained clothes to make sure the bills are paid and the kids have clothes that fit."**

Yet, Anna still couldn't afford to pay her bills and keep her prepayment meters topped up, so she had to borrow money. The next month, she had to borrow more to cover her debt repayments. The months after were much the same. She described the situation as a "mental drain".

Anna's situation finally crumbled when winter arrived. To manage her COPD and her daughters' asthma, she needed to keep the house warm but couldn't afford to put credit on her meter.

To avoid losing access to heat altogether, she tried selling her belongings. But it didn't make much difference since, in her own words, she has "nothing worth anything."

Anna's doctor referred her to a local Food Bank.

From there, the Food Bank gifted Anna some essentials and referred her to Fuel Bank for crisis support.

After months of daily struggle, getting a fuel top-up voucher lifted a weight from Anna's shoulders.

"It was a massive relief, just being able to put the gas on." She commented that it allowed her to stay warm and pay her other bills without getting deeper into debt.

Although she couldn't put into words how much the voucher helped her mental health, Anna said the impact was short-lived. She soon found herself in the familiar cycle of having to get deeper into debt just to pay for necessary bills and food.

When asked what she thinks the future will hold for her and her family, Anna admitted that she cannot bear to think that far ahead.

> **"I take things day by day. I try not to think about it because it's depressing."**

OUR RECOMMENDATIONS

Cold homes double the risk of adults developing new mental health conditions, and heighten the risk of heart attacks. For children, growing up cold can cause impaired lung and brain development and respiratory problems, which can be exacerbated by damp and mould[2]. We must help people like Anna and her children to avoid these dismal consequences by finding a way to give people on the lowest incomes and those with the highest energy costs targeted financial support, which:

- is based upon their unique needs;
- is provided automatically with no need to apply, and
- reduces their energy costs over winter, while helping them stay warm, well and clean.

Policymakers must learn lessons from the Energy Bill Support Scheme where, despite best intentions, households with traditional prepayment meters missed out on over £130m[5] of support. We must ensure that support reaches those who need it most.

YOUNG FAMILIES AND CHILDREN NEED SUPPORT URGENTLY

Our research indicates that people aged 18 - 35 are most likely to be living in perpetual fuel crisis. This age group commonly has children at home and their outgoings often far exceed the money coming in.

15% RUN OUT OF MONEY TO 'TOP UP' DAILY

26% WERE ALREADY DISCONNECTED FROM THEIR ENERGY SUPPLY WHEN THEY APPLIED FOR A VOUCHER

80% HAD YOUNG CHILDREN AT HOME

73% USED THEIR VOUCHER TO PAY OFF METER DEBT[7]

Fuel crisis is trapping children in lifelong poverty

The latest research shows that by ignoring the issue of cold homes, we are preventing children from achieving their potential and consequently trapping them into lifelong poverty[2].

> **One in four (28%) children who live in cold homes are at risk of multiple mental health symptoms, such as anxiety and depression.**

They are also far too likely to be absent from school because of illnesses associated with damp and mould[2]. When they do attend school, they cannot engage or learn well because they're hungry and were too cold to get a good night's sleep. We hear far too many stories from our clients about their children being bullied, shunned, or even shamed because their clothing smells or they cannot shower frequently enough.

Often, this results in children feeling like they don't belong at school and, ultimately, disengaging or refusing to attend. Without good health or a good education, these children have a much smaller chance of being able to pull themselves out of poverty when they grow up.

> **"Babies in cold homes do not spend their calories on developing lung tissue, neural pathways, and other crucial physiological drivers of health - rather, they spend their calories trying not to die of hypothermia and hypoglycemia."**
>
> Professor Ian Sinha, paediatric lung consultant, Alder Hey Children's Hospital[2].

! **4.4 million children in the UK are being raised in poverty[8]**

OUR RECOMMENDATIONS

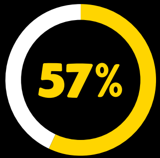
We must make sure that everyone has a good quality home that is inexpensive to heat. To achieve this, the Government must be more ambitious with their plans to make UK homes more efficient and less costly to heat. We must extend this support to more households - and aim higher in our EPC rating standards.

Priority must be given to homes that are the hardest to heat - such as those in rural areas with low EPC ratings that are not connected to the mains grid or in urban areas where many people live in damp, cold, poorly-insulated properties.

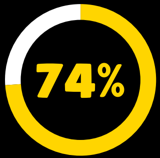
We must also make sure that everyone can easily access crisis support in times of emergency so that no one has to suffer living in a cold, damp and dark home.

SNAPSHOT: BEFORE AND AFTER RECEIVING A FUEL BANK FUEL VOUCHER

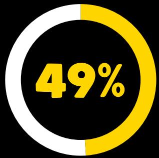
At the time of receiving a fuel voucher



were choosing between hot food or energy at least once a week



were rationing heating and/or hot water at least once a week



said they are much more worried about finances than they were a year ago

! People with a critical need for energy and older clients were more likely to have to make these choices.

> "I'm struggling at the minute and my gas and electric's going to run out today. I've been trying to ring the council all day and I've got nowhere."

> "I can't afford food shops - I don't eat so I am very underweight."

How our vouchers and advice helped

88% said getting the fuel voucher made a big difference to their ability to manage their finances in the short term, compared to 90% in 2023

> "It made an unbelievable difference to my mental health – to go from thinking I can't make this work, to being able to breathe again – so I go from the edge of depression to okay, we can manage, there are nice people in the world."

> "The voucher really helped a lot. I felt really reassured and happy. My mental health improved; I was less stressed."

Our clients deeply appreciate our emergency fuel top-ups, but the impact is only short-term. And while our research shows that our advice services do empower people to address the issues within their control that are making things hard for them, our clients' small wins are often never enough.

The high cost of living and soaring energy costs mean that the price of staying warm all the time, is simply out of reach for our clients.

Bigger change - brought about by collaborative action - is needed to create the conditions for our clients to be able to afford the light, heat, and power they need to live happy, healthy and productive lives.

PROBLEM DEBT AND THE FUEL CRISIS CYCLE

Our client group is diverse, but one thing many have in common is unaffordable debt.

The extended cost of living crisis has pushed those already struggling into desperate situations. Many are now juggling multiple debt repayments, including to energy suppliers.

54% had to use some of their voucher to pay down energy debt before switching the lights, heat, and power back on.

> **"Mentally it just gets you down, you're just surviving so there's no joy left, it's not joyful any longer. It's just an existence and getting by from one pension to the next.**
>
> **You end up wishing your life away, because as soon as you've been paid and you've paid your bills, you're thinking about how long it is until you get paid again."**

As we head into winter, it is alarming that families struggling to make ends meet will be forced to live in dangerously cold and damp homes because what little money they can scrape together must be spent repaying debt instead of paying for heat, light, and power.

Almost all of the clients we surveyed this year are making severe financial sacrifices as the norm.

> **"It will just be a case of cutting back even more on the cutbacks I have already made. The only thing I'm spending my money on is heating and eating, so one of them will have to go."**

They are doing everything they can to save, yet they still cannot afford the basic necessities of warmth and power.

The result is that every month, our clients pay down a little debt, only to have to borrow more to pay for essentials. And each month, the level of debt gets bigger - creating a deeper hole to escape from.

Unsurprisingly, the determination, hope, and resilience we saw in previous years has gone. Now, many worry they will not cope or survive much longer.

> **I was on emergency credit on my electric and I haven't had gas for 3 months because I can't afford it. Every time I top it up, it just takes more off me [to repay the emergency credit]. I've got no heating, so I just sit with my dressing gown on."**

OUR RECOMMENDATIONS

The right help given at the right time can prevent a financial issue from becoming a debt spiral. Suppliers must - as part of their licence conditions - offer support to prepayment customers struggling to top up their meters. But, many customers don't reach out for help until it's far too late - if ever. To remedy this, suppliers should do more to help their vulnerable customers sign up to the Priority Services Register - so they know who is at the greatest risk.

Then, they should use data to look out for customers showing early signs of financial difficulty and proactively reach out to offer support. This could be done in the following ways:

- Energy suppliers could use credit reference data to look for early warning signs of financial struggle in their prepayment customers - like missed debt repayments or higher-than-usual credit utilisation. Most suppliers already use this approach to assess prospective customers' risk profiles and monitor the financial health of existing direct debit customers.
- Suppliers could also monitor their existing in-house data for indications of financial hardship. For example, an intervention could be triggered when a customer on the Priority Services Register regularly starts using emergency credit.

LIFE WITH A PREPAYMENT METER

Work has been done to bring the average price-capped prepayment meter rates in line with the average direct debit rates. But, people who use a prepayment meter are still disadvantaged.

Unlike households that pay via direct debit, prepayment meter customers cannot spread their energy costs evenly throughout the year. Non-prepayment customers also get access to a lot more tariff deals - many of which currently cost a lot less than the price cap.

Average cost to keep warm
during Winter 24/25

This winter, families using a prepayment meter will have to find, on average, £261 more than direct debit customers to stay warm over the four coldest winter months.

OUR RECOMMENDATIONS

Families living on very tight and negative budgets have multiple essential bills and costs competing for every penny all year round.

For many, this makes saving up during summer for higher winter heating bills, feel impossible.

But, with the consequences of living in cold, damp homes being so severe, the energy sector must help prepayment customers prioritise the cost of staying warm over winter.

One way to do this would be to find a way of evening out the amount prepayment customers pay across the year - so, like direct debit customers, they can build up credit in the warmer months to cover their bigger bills in the winter.

There are several ways this could be achieved:

- Pausing debt repayments over the winter and recovering them in the warmer months instead. This would ensure that during the coldest months, every penny pays for vital warmth.
- Thinking more creatively about how standing charges are collected - for example, increasing them in the summer and reducing them in the winter.
- Offering a range of low or no-standing-charge prepayment tariffs for customers with low energy usage.

MAKING DIFFICULT FINANCIAL CHOICES DAILY

Almost all of our client group makes financial sacrifices so they can afford to top up their prepayment meters.

In fact, 60% of the people we've spoken to regularly make between four and seven financial sacrifices like rationing heating and hot water or using none at all, eating less food, doing fewer laundry loads, and avoiding replacing worn-out clothing.

Yet, they still run out of credit and have to do without energy until next payday. In some communities, this has become the norm.

"I've been used to hard times all my life, so you just make do and mend as they say."

HARRY'S STORY

"The clothes I walk in, that's all I've got," Harry explained. At this point, he has run out of options. He has "nothing else left to sell" and no family he can borrow money from. Desperate to save wherever he can, he wraps himself in blankets instead of putting the heating on.

Harry said he is "living on cereal", and sometimes goes without food altogether.

Drastic coping strategies

With no other readily available sources of help, we've seen some communities develop an almost wartime-esq comradeship in the fight against destitution.

This includes instances of neighbours passing extension leads over the garden fence to support each other when someone doesn't have enough money to top up their prepayment meter.

It is also not uncommon to hear of families in crisis rationing the number of times they flush the toilet each day to try and save a few pennies.

OUR RECOMMENDATIONS

Energy suppliers can only offer a small range of tariffs to prepayment customers because legacy prepayment meters have limited capabilities. This means prepayment customers can't get the same range of deals that non-prepayment customers can. So, despite having less money, they risk paying more for their energy. But, the smart meter rollout offers a great opportunity to change that. As smart meters are rolled out and competition increases, prepayment customers must be given access to the same tariff choices as non-prepayment customers.

The current method of topping up a prepayment meter - at a PayPoint or local Post Office, for example - means that prepayment customers only speak with their supplier when there's a problem. This can lead to a tense relationship. Suppliers should try to bridge this gap and win the trust of their prepayment customers. This way, suppliers can help their prepayment customers take advantage of better energy deals when the opportunity arises.

THE REALITY OF LIVING OFF-GRID

At least 1.5 million[5] UK homes rely on unregulated fuels like heating oil to power heating, hot water and cooking appliances because they are not connected to the mains gas grid.

Many are in rural areas where the stunning scenery may be free, but jobs tend to pay less and everything is more expensive - especially staying warm. The average customer paying for mains gas and electricity via direct debit will spend £145 per month to heat, light, and power their home this winter. Although it's a lot, most won't notice their growing gas bill since their payments are spread evenly throughout the year, and they've built up credit to cover these higher costs. But things are a lot more complex - and expensive - for people living off the mains gas grid.

! Off gas grid homes tend to be leaky, meaning people living in them must use more energy to stay warm[9].

> **"Because you have to buy it in bulk and you have to pay for it there and then and I was thinking oh my God how am I going to do this."**

This is made far worse by the fact these families have no choice but to buy their fuel in bulk, with most heating oil suppliers having a minimum order quantity of 500 litres.

As heating oil prices have remained high over the last three years, a family buying 500 litres of heating oil in September 2024 faced having to pay a huge £326[10] in one bill just to heat their home.

Although prices have dropped since their height in May 2022 when the same amount of oil cost £582.75[10], they are still out of reach for many families living off the gas grid.

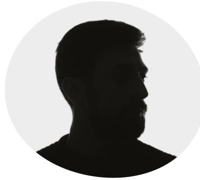
It is sadly very common for people to make severe sacrifices - like eating less frequently - so they can put a little money aside each week for fuel. These measures sound extreme, but the dismal alternative is to spend the winter months living in a cold and damp home, taking only cold showers.

With our research and insights showing that people living off grid are more likely to have a critical need for heat, an empty fuel store could even come with life-threatening consequences. To make matters even worse, people living in off-grid homes are also at the mercy of unregulated markets and fluctuating energy prices. This makes budgeting and saving up to cover energy costs even harder. An unanticipated price rise can easily leave people unable to top up an empty fuel store for weeks on end.

Marginalised communities are hit hardest

As well as relying on expensive unregulated fuel to heat a poorly insulated home, Gypsy, Roma, and Irish Traveller (GRT) families who live in mobile homes or caravans often pay more for their electricity. Usually, they buy electricity from the person or business that owns the site they are staying on - sometimes at inflated prices. These families don't have the option of switching suppliers or even tariffs to save money - leaving them dangerously vulnerable to fuel crisis. This year, we worked closely with the Gypsy, Roma, and Irish Traveller communities to understand the barriers they face when accessing support from charities like ours. Using these insights, we adapted the way we assess eligibility for GRT households. Some families told us they had been paying up to £20 per day just for electricity, so our help was deeply needed.

OWEN'S STORY



Owen lives "out in the wilds" in Wales. He rents his cottage - which isn't connected to the mains gas grid - from a local landowner. Most of his income comes from contract shepherding work.

Usually, Owen gets by on his earnings. But last winter, the prolonged high cost of living - combined with an income shock - had stretched his finances to breaking point.

> **"The poll [council] tax has gone so high, and fuel [petrol] out here is £1.61 now – it's either that or walk, but it is so far to walk. I used to be able to fill my truck for £40 and now it costs £80."**

As for food prices, he noted, "I used to be able to shop for £25 a week and now it's about £46 for just basic things."

Owen receives £38 a week in working tax credit but commented that this is "nothing; that goes on your food bill every week."

At the same time, he said that work opportunities dried up. "Agricultural work is getting a lot tighter. One farmer I used to shepherd for had 1,000 sheep and has cut them down to 200 so there is less work."

He continued, "A lot of farms are deteriorating."

Owen tried hard to adjust his spending, making cutback after cutback. But, with his outgoings still outpacing his income, he couldn't put enough aside to pay for a delivery of heating oil in time for when his tank ran empty.

Owen had been living without heating and hot water for a week when he asked Citizen's Advice for help. Working with the local council, they applied to our Heat Fund on Owen's behalf.

Soon, he received a delivery of heating oil free of charge from Fuel Bank.

He said, "[I felt] much happier when the fuel arrived. I only put it on for an hour on an evening to warm the house up, but it made a hell of a difference. I would have been knackered without it, to be honest."

He spoke with quiet but palpable desperation: "They say inflation is coming down…that's a load of twaddle." He continued, "you just have to battle on and do the best you can."

OUR RECOMMENDATIONS

Fuel crisis is part of a wider poverty problem. People simply cannot afford to save up over summer to stay warm in the winter. Saving enough money for winter warmth is even harder for people affected by unpredictable price spikes in non-regulated fuels. We must make it easier for people by introducing targeted consumer protections for alternative fuel users. These protections should control alternative fuel prices and require suppliers to support customers struggling with the cost of keeping their fuel store topped up.

Despite receiving the heating oil, Owen thinks he will be in the same position next year. He doesn't have a penny to spare or save, and has lost any hope that prices will fall and things will get better.

OUR IMPACT

PHYSICAL WELLBEING

Living long term in a cold and damp home with no access to warm water to stay clean is inarguably a health risk. But for 40% of our clients, having no access to energy creates an immediate risk to their health.

This may be because they need electricity to power a breathing machine, heat to manage a respiratory condition or chronic pain, or to keep medications in the fridge.

> 'Faye' and her two young children live in a cold, damp council flat that has mould issues. The children both have respiratory conditions and mould allergies that are aggravated by their living conditions. When Faye has been unable to afford to put the heating on, the children have become so poorly they have had to take antibiotics.

This year, 60% of the clients we spoke with said that getting a Fuel Bank fuel top up voucher helped to improve their physical health. This is consistent with figures from last year.

However, all recipients said the positive impacts were short-lived, and they were soon back to worrying about where the money for their next energy top-up would come from.

While we give our clients advice that helps them to help themselves - such as finding out if they can save money, get more income from benefits, or make their home cheaper to run - this isn't enough. The gap between our clients' incomes and the cost of living is simply too wide.

MENTAL WELLBEING

Consistent with last year's findings, 65% of the people we spoke with said getting a fuel top-up improved their mental wellbeing. The gift of an energy top-up gives many a short yet invaluable break from having to make impossible choices between, for example, staying warm, washing work and school clothing, or buying food.

> **"It made an unbelievable difference to my mental health – to go from thinking I can't make this work, to being able to breathe again – so I go from the edge of depression to okay, we can manage, there are nice people in the world."**

For some parents, knowing they could keep their children warm filled them with happiness.

> **"I felt so happy because I know that sometimes I will be able to put on the heater and the children will be warm."**

OUR RECOMMENDATIONS

Right now, energy is addressed in a very siloed way. Yet, affordable warmth, light and power form part of the foundations for good health and mental welfare, productivity and success, education and skills development - and so much more. Because so many people cannot afford even a basic amount of heat and power, we spend billions annually across various policy areas - health, education, and welfare - resolving the issues caused by cold homes. The Government must take a more joined-up approach that prioritises long-term prevention and outcomes instead of focusing on short-term costs.

We appreciate that many of our recommendations cannot realistically be funded through general in-year taxation. So instead, we urge the Government to consider how to fund long-term programmes through future savings in other policy areas such as education, skills and health.

CONCLUSION

Back in 2015 when we set up our first fuel Bank, our small team began supporting prepayment customers who had lost access to energy.

We felt a sense of urgency then. But today, with a team of over 30, we're supporting hundreds of thousands of people facing fuel crisis every year - and we fear there are many people who need us that we've not yet reached.

The problem is now taking on a new level of urgency. This has been going on for so long that many people affected have lost all hope that life will get easier and they'll get the opportunity to get back on their feet.

While our help makes a huge difference to the people we support, the severity of fuel crisis and our clients' financial situations means that the impact is only temporary.

The problem is too big and too complex for us to solve alone. But it must be solved - for the sake of the people we support and the national interest.

Adults living in cold homes are becoming too ill to work - and losing access to heat and power makes it all the more difficult for them to do what they need to do to improve their situations. Children are developing lifelong illnesses, and their opportunities to learn and succeed are being taken away because they do not have a warm bed and a full stomach.

These issues cost the nation tens of billions in lost productivity, healthcare, and care expenses every year[2]. But it's a lot like painting over the cracks while ignoring the subsidence that's causing the house to crumble. Unless we start focusing on prevention now, the cycle is sure to repeat itself - and potentially get worse - when today's children grow into adults. Doing nothing - or doing more of the same - is not an option. It would be shameful to allow people to continue living in such Dickensian conditions - and it makes no sense economically.

We must come up with a long-term plan to end UK fuel crisis.

We fully understand that the cost of such a programme could never be funded with in-year taxation. But, given that the nation could save billions each year if the problem of fuel crisis and cold homes were solved, we must find a way to fund these interventions using future savings from across multiple policy areas like health, skills and education, and the DWP.

We are eager to work with the Government, the energy sector, the regulator and industry bodies to help solve the root causes of fuel crisis, give people back their hope and dignity, and provide them with the opportunity to improve their lives now and in the long term.

RECAP: OUR RECOMMENDATIONS

These recommendations for the Government, the regulator, and the energy sector fall into three broad categories:

- Make staying warm more affordable.
- Provide more support and protection for people who prepay for energy.
- Make sure everyone has a good quality home that is inexpensive to heat.

Our ideas for systemic change are grounded in insight gained from robust primary research and feedback from the 1.7m people we've helped to date.

BIG POLICY ASK 1

Make warmth, light, and power more affordable

Sky-high energy costs are a recipe for fuel crisis. People of all ages are being affected, but households with children are being hit particularly hard.

45% of the people we surveyed this year had children at home, and 43% were losing access to energy at least once a week.

Clearly, allowing people (particularly vulnerable people and children) to live without light, heat, and power is wrong.

But with the latest evidence showing that people who frequently live without access to energy are likely to suffer negative impacts to their health, education, and ability to work[11] allowing fuel crisis to continue unchecked could result in longer term economic consequences, too.

For example, unsustainable NHS, mental health and care costs, skills deficits, and declining national productivity.

> **To protect people from the consequences of fuel crisis and to ensure that in the future our country has access to a skilled and healthy labour market, we must make energy more affordable.**

What the Government can do

Provide targeted funding to help vulnerable households stay warm - and crisis support to those in emergency situations

Our clients are amongst the country's poorest and they simply cannot afford even a basic amount of energy. We must find a way to give targeted financial support to people on the lowest incomes and those with the highest energy costs. We must also make sure that parents can afford to keep their children warm and clean, and provide them with access to the internet and devices commonly used for home learning - without having to sacrifice buying food or other essentials.

Any targeted financial support must:

- be based upon recipients' unique needs;
- be provided automatically with no need to apply, and
- reduce recipients' energy costs over winter, while helping them stay warm, well and clean.

We must also make sure that everyone can easily access crisis support in times of emergency to ensure that no one has to suffer the consequences of living without heat, light, and power. Enabling people to stay warm and well-fed year-round will give them the foundations for a healthier and more productive life.

To make sure the investment performs to its fullest potential, policymakers must learn lessons from the Energy Bill Support Scheme where households with traditional prepayment meters missed out on over £130m of support.

RECAP: OUR RECOMMENDATIONS

What the energy suppliers can do

Help prepayment customers to put money aside during the summer months to cover the higher costs of staying warm over winter

Because prepayment customers cannot spread their energy costs evenly throughout the year, they will have to spend £261 more than direct debit customers on staying warm this winter. But, finding this extra money is impossible for families living below the poverty line, leaving them without heat.

We appreciate that families living on very tight and negative budgets have multiple essential bills and costs competing for every penny all year round. But, with the severe consequences of living in cold, damp homes, the energy sector must help prepayment customers prioritise the cost of staying warm over winter.

One option is to find a way of evening out the amount prepayment customers pay across the year - so, like direct debit customers, they can build up credit in the warmer months to cover their bigger bills in the winter.

There are several ways suppliers can achieve this:

- Pausing debt repayments over the winter and recovering them in the warmer months instead. This would ensure every penny pays for vital warmth during the coldest months.
- Thinking more creatively about how standing charges are collected - for example, increasing them in the summer and reducing them in the winter.
- Offering a range of low or no-standing-charge prepayment tariffs for customers with low energy usage.

Give prepayment customers an equal opportunity to save money on their energy bills by offering a broader range of tariffs

Currently, several suppliers are offering tariffs that cost less than the price cap. But, suppliers are often unable to offer their full range of tariffs to prepayment customers because legacy prepayment meters have too many technical limitations. This means prepayment customers can't get the same range of deals that non-prepayment customers can and are at risk of paying more for their energy - despite having less money. But, the smart meter rollout offers a great opportunity to change that.

As smart meters are rolled out and competition increases, prepayment customers must be given access to more tariff options. This will ensure they have the same chance as prepayment customers to save money and access more affordable light, heat, and power.

BIG POLICY ASK 2

Provide more support and protections for people who prepay for energy

A lack of price control, regulatory protections, and supplier support leaves alternative fuel users dangerously vulnerable to unpredictable price spikes and fuel crisis. Despite having regulatory protections, mains prepayment customers are often not much better off. They either don't know they have a right to support or are too afraid to ask their supplier for help.

What the Government can do

Introduce targeted consumer protections for alternative fuel users

An unpredicted price spike can leave even the most diligent savers unable to afford to top up their fuel store or oil tank for weeks or months. When this happens, these people have no right to supplier support, so they have no choice but to live without heat and hot water. Whilst we were disappointed to hear the plans to implement Heat Networks regulations have been pushed back, this could be an opportunity for the Government to incorporate wider regulation of the alternative fuels sector. As a bare minimum, we must introduce targeted protections that control fuel prices and give struggling customers at risk of losing access to energy the right to get support from their suppliers.

What the regulator can do

Mandate routine prepayment meter safety and suitability checks

When customers start using a prepayment meter, suppliers are required - by licence conditions - to check that this is a safe and suitable payment method.

After that, the onus is on the customer to tell their supplier if a change in their health or circumstances means that prepayment has become unsuitable or unsafe. Yet, many don't understand this and struggle for years without asking to change their payment method. For example, parents of children who rely on breathing machines have lived for several years in fear of their electricity meter running out - without ever knowing they could get more help to manage this risk from their supplier.

To remedy this, suppliers should be required by licence conditions to routinely check that prepayment remains safe and practicable for their customers.

That said, suppliers should always accommodate customers' preferences. Many people tell us they like that their prepayment meter helps them avoid running up big bills - so any regulations that are introduced must make sure customers have agency over their payment method.

RECAP: OUR RECOMMENDATIONS

What the energy suppliers can do

Provide proactive support for struggling prepayment customers

Many prepayment customers avoid asking for supplier support when they start to struggle with energy costs. Yet, an early supplier intervention could prevent an issue from spiralling out of control.

To remedy this, suppliers should do more to help their vulnerable customers sign up to the Priority Services Register - so they know who is at the greatest risk. Then, they should use data to look out for customers showing early warning signs of financial difficulty and proactively reach out to offer support. This could be done in the following ways:

- Energy suppliers could use credit reference data to look for early warning signs of financial struggle in their prepayment customers - like missed debt repayments or higher-than-usual credit utilisation. Most suppliers already use this approach to assess prospective customers' risk profiles and monitor the financial health of existing direct debit customers.
- Suppliers could also monitor their existing in-house data for indications of financial hardship. For example, an intervention could be triggered when a customer on the Priority Services Register starts regularly using emergency credit.

This should be a voluntary intervention rather than mandated - unless suppliers fail to improve their support standards.

Do more to meet the needs of prepayment customers

The current method of topping up a prepayment meter - at a PayPoint or Post Office, for example - means that prepayment customers only speak with their supplier when there's a problem. This creates fertile ground for sour relationships - nearly 40% of the people we spoke with said that when they asked for support, their supplier was unhelpful or very unhelpful. We have seen first-hand how negative stories about a supplier can spread through prepayment communities - and one bad story can mean multiple people become too frightened to ask for help.

Suppliers should try to bridge this gap and win the trust of their prepayment customers. Ideally, suppliers could work more closely with prepayment customers to understand their needs and barriers and ensure that policies, customer journeys, and communications meet their specific needs and enable the customer to achieve the best outcome. We appreciate this is a big ask, so as a minimum, all suppliers should give their customer-facing teams empathy training.

This would help ensure support agents understand that customers do not actively choose to live in fuel crisis, and that people struggling to pay for their energy are treated with dignity.

BIG POLICY ASK 3

Make sure everyone has a good quality home that is inexpensive to heat

Affordable warmth, light and power form part of the foundations for good health and mental welfare, productivity and success, education and skills development - and as such - GDP growth. Yet, we address energy in a very siloed way and short term way. This approach has meant that funding for long term, preventative initiatives has been lacking. As a result we are now spending billions every year across multiple policy areas (health, mental health, care, etc) trying to rectify the problems caused by cold homes.

What the Government can do

Be more ambitious with the national energy efficiency programme

The Government must take a more joined-up approach that prioritises long term prevention and outcomes - starting with being more ambitious with its plans to improve the energy efficiency of homes. The scheme must be extended to cover more homes, and we must aim higher in the target EPC ratings. Priority should be given to homes that are hardest to heat and those with the highest energy costs. We appreciate that this cannot realistically be funded through general in-year taxation. So instead, we urge the Government to consider how to fund a long term programme through future savings in other policy areas such as education, skills, health and the DWP.

THANK YOU!

The work we do at Fuel Bank Foundation is the result of an enormous collaboration between many special people and organisations.

From our supporters who provide funding, to our 800 partner organisations who deliver Fuel Bank support directly in our clients' communities, our Challenge Panel of energy, finance, and charity sector experts who help steer the work we do, and our customer panel who make sure our work remains rooted in the needs of the people we serve - we couldn't do this without you.

Thank you to everyone involved for your invaluable contributions. We would also like to thank the ever-generous general public for your kind donations. Every penny you donated will be spent providing warmth, light, and power to people who otherwise would have none. Your generosity and drive to help others boosts our spirits and makes us more determined than ever to end UK fuel crisis.

ABOUT OUR RESEARCH

Survey data based on a poll of 843 adult (18+) prepayment meter customers in the UK, who had redeemed one or more Fuel Bank vouchers between December 2023 and May 2024.

Research was commissioned by Fuel Bank and conducted by Bluegrass Research Ltd between January and June 2024.

A total of 843 responses is a robust and reliable sample. It represents 0.87% of the 96,864 people to whom vouchers were issued from 1 December 2023 to 31 May 2024. This delivers a maximum margin of error of ±3.36%, and as such we are using it in this report to draw wider conclusions.

Our research was funded by Warm Homes Fund, a fund set up by National Grid and administered by Affordable Warmth Solutions. We appreciate the support that they have provided over the last three years.

For more information

If you would like to know more about Fuel Bank Foundation, our work, and how you could support us:

Visit: **fuelbankfoundation.org**

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