

Affording Gas and Electricity: Self Disconnection and Rationing by Prepayment and Low Income Credit Consumers and Company Attitudes to Social Action

Final report based on data and analysis by

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Fuel Usage and Consumption Patterns of Low Income Customers and Company Attitudes to Social Action

Executive Summary and Recommendations

The report presents findings from a survey of low income households, not representative of the population as a whole. Findings quoted in the executive summary are printed in **bold** in the main body of the report. Consumers reported very high levels of satisfaction with the payment method they were using. Amongst prepayment meters, 85% preferred this method of payment, even though most realised that it was more expensive than alternatives, and this view was confirmed by managers. Even when pressed, half of prepayment meter users could cite no disadvantages; only 6% of those who had considered switching to direct debit had rejected it because they had no bank account. Preference for prepayment meters was particularly high among the very low income households; Consumers are expressing preference for the control which prepayment meters gives them, both by failing to switch to alternative payment schemes and in their responses to the survey questions, and managers confirmed this from their own research and experience.

Only a minority, about a quarter, of prepayment consumers had self disconnected in the previous year, and most of these had done so only for periods of less than seven hours. Pensioners did so less than average. However most of those who had self disconnected had done so more than once in the previous twelve months, and some had done so more than twenty times. Self disconnection from gas is more common than from electricity, but this seems to be because gas prepayers have lower average income than electricity prepayers. Most of those who had self disconnected attributed this to having forgotten to recharge the card, rather than to shortage of money. However self disconnection for money reasons clearly is a significant problem for a minority of prepayment users. Most consumers knew about the emergency credit facility and used it frequently. Both knowledge and use of emergency credit were lower among pensioner households.

Only 12% of the consumers reported spending over a tenth of their income on energy; this is similar to figures for the population as a whole, and is surprisingly small for a low-income sample. A further 2% are estimated to 'need to spend' more than 10% of their income on fuel to achieve the WHO standard. Most households do try to economise on their use of fuel; only 27% of consumers reported that they neither self disconnected nor self rationed. Pensioners were least likely to self disconnect, and most likely to be in a group reporting neither self disconnection nor self rationing. Households with both gas and electricity prepayment meters were most likely to both self disconnect and self ration. Difficulty in keeping the house warm enough was more likely among households with fewer energy efficiency measures. These were likely to be in rented accommodation and to be using prepayment meters. Pensioner households reported above average numbers of energy efficiency measures.

Most consumers had not switched supplier, mainly justified by lack of confidence in alternative suppliers. The main reasons given for switching were to save money. Prepayment meter users were less likely to switch provider in the fuel that they prepaid, but prepayment electricity consumers were more likely to switch gas supplier if they used credit for gas. Very few consumers reported that they were in arrears, and few believed they were unable to switch; debt blocking does not seem to pose a

major barrier to consumers changing supplier. Some managers indicated that its removal may lead to stricter credit vetting. Given that money is the major reason for switching, the low switching rates appear to be a rational response to the poor opportunities for savings available in the prepayment market.

Managers believed that it was very difficult for them to identify disadvantaged households and that this was more appropriately the task of government or the regulator. There was considerable divergence both between companies and individual managers about how far the 'social agenda' was consistent with commercial objectives, and the opportunities or constraints which the market present. For prepayment, many managers stated that both the infrastructure in service provision and metering technology require investment and innovation.

Recommendations

Restricting the number of prepayment meters would curtail the options available to a group whose choices are already severely income constrained. There clearly remains an issue about meeting the full costs of such devices, which presents itself (amongst other places) in the competitive market (see below).

Measures to prevent self disconnection and self rationing need to be carefully directed at the minority of low income users for whom these are a (sometimes major) problem, in order to avoid restricting choices for the majority who perceive little difficulty.

Pensioner households may benefit from more information about emergency credit, but they have a lower rate of self disconnection, report rationing less and have more energy efficiency measures than other household groups. Increasing the number of efficiency measures amongst flat dwellers and prepayment meter users would help alleviate fuel rationing, but raises questions of biasing the choice between payment methods in favour of prepayment.

Caps on incumbent's prepayment prices have dampened the scope for competitive offers, which deters consumers from switching because of the poor savings opportunities open to them. The removal of caps from prepayment gas prices should alleviate this difficulty, although the pro competitive effect will be dampened by the temporary link between prepay and direct debit prices. Increasing competitiveness in the prepayment market seems inevitably to involve higher prices in the short term, to counteract the effect of particularly close regulation in this market in the recent past.

The government and regulator should give clearer guidance to companies about the nature and scope of their social obligations if they want to develop a well targeted and consistent policy across the nation.

Introduction to the report

Background to the project

In its discussions and report to John Battle, the then Energy Minister, in 1999, the Electricity Association Fuel Poverty Task Force identified the consumption behaviour of low income customers, and in particular the phenomenon of self disconnection, as a potentially fruitful area for a national research project. It seemed to the Task Force that this potential research project was one area which was well-suited to a national approach and would give substance to the work of the Task Force and the industry.

The research project presents a definitive study into consumption patterns of low income customers to explore the relationship with fuel poverty, and attempts to throw some light into the darker corners of the self disconnection debate. The commissioning of the study clearly signals the commitment of the industry corporately to a substantive piece of work to establish the facts and which could form the basis of a rationale for subsequent strategies, company by company, to address key issues identified by the research.

The project was initially based at the Centre for Management under Regulation (CMuR) at the University of Warwick and transferred to the University of East Anglia when Catherine Waddams, who directed the project, moved there to establish the Centre for Competition and Regulation in November 2000. The rest of the research team have remained at CMuR. Diane Sharratt has been project manager and was responsible for the in company research from design and analysis through to final report stage. Monica Giulietti led the consumer research, including the development and statistical analysis of the data-base. Monica Giulietti, together with Alessandra Ferrari, carried out the statistical analysis of the consumer data through to final report stage. Dudley Cooke provided statistical support for the analysis of the consumer and Family Expenditure Survey data sets. The Project Team would like to record their gratitude to Sandy Coleman and Bitten Hansen for assistance with the company interviews and to Gillian Allen for her administrative support. The team is pleased to acknowledge the help and participation of the managers who agreed to be interviewed about company policies and practices. The project has also benefited considerably

from the support and comments of its Steering Group and Management Committee and from the excellent fieldwork of Ipsos-RSL.

Design of the survey

The sample was designed to obtain a representative sample of prepayment meter users, and so is deliberately biased towards low income households. The characteristics of the survey sample have been compared to those of 6400 households included in the Family Expenditure Survey (FES) which is designed to produce a representative sample of households across the UK¹. The FES data refer to 1997-98, the latest figures available for public analysis when this part of the analysis was undertaken.

Project outline and objectives

The project commenced in November 1999 and was completed in January 2001.

Overall Objectives:

- To provide firm and consistent nationwide data on a critical area of fuel poverty – the effect of payment method and in particular prepayment – on the behaviour of customers, in order to provide a framework for action where necessary;
- To demonstrate the seriousness of the industry's collective commitment to addressing issues central to fuel poverty;
- To provide substance and focus to the Fuel Poverty Task Force's high profile role in highlighting industry achievements and objectives in the field of fuel poverty.

Specific Project Objectives:

- To identify and analyse the patterns of gas and electricity consumption in households vulnerable to fuel poverty, and to provide consistent and independent nationwide information on the impact of different payment methods and policies towards debt recovery.

¹ Material from the FES is Crown Copyright. It has been made available by the Office of National Statistics through the Data Archive. It has been used by permission. The authors of the report are solely responsible for the analysis and interpretation of the data.

In particular to:

- Identify clearly and consistently across Great Britain, patterns of self disconnection amongst prepayment meter users in both rural and urban areas;
- Identify patterns of ‘self rationing’ (if any) amongst credit consumers with the same socio-economic and demographic characteristics as prepayment meter users;
- Assess the likely effects of a range of tariff differentials on consumption patterns;
- Identify the benefits and costs to consumers of different metering and payment schemes, including attitudes to their current payment scheme;
- Identify and assess company policies toward social action and payment method.

Managed by Electricity Association Fuel Poverty Task Force and Steering Group

The project was guided by a high-level Steering Group, the constitution of which was split 50:50 between the industry and others, with 10 members in total. External members were drawn from Ofgem, GCC/ECC², DTI, Eaga, and NEA. Dr Tony Jackson chaired the Steering Group, with The Electricity Association (EA) providing the secretariat function. Research staff attend, but not in a voting capacity. Meetings have been approximately quarterly.

A smaller Management Group was established to deal with the ‘day to day’ project issues, initially consisting of Mike Clarke (Chairman), Catherine Waddams, Diane Sharratt and Melanie Wedgbury. Steve James took over from Mike Clarke and Les Waters from Melanie Wedgbury in July 2000. Meetings have been held roughly every two months.

CMuR/Ipsos-RSL roles

Whilst the team at CMuR developed the customer questionnaire and analysed the customers’ consumption data and the qualitative interview data, they sub-contracted the consumer field-work interviews to Ipsos-RSL, who conducted the surveys and prepared reports from time to time to inform and support the project.

² Later replaced by energywatch

Funding

The cost of the project totalled some £496,000 (excluding VAT) and was spread over the companies that wished to fund the project, together with some support from the Eaga Charitable Trust.

Customer interviews

The objective was to identify and analyse patterns of gas and electricity consumption in low income households, and to provide consistent and independent nationwide information on the impact of company policies and practices.

Data have been provided on a regional and national basis. Each sponsoring energy supply company will receive summaries of its own area statistics and situation.

Ipsos-RSL designed a sampling mechanism to target 3500 customers to interview. The sample covered urban and rural areas, electricity and gas consumption, prepayment and credit payment methods. The design was predicted to capture approximately 1000 prepayment gas consumers.

The final numbers show that the target of 3500 customers was not quite reached (3417) but was close enough not to cause concerns about the statistical validity. All public electricity supplier (PES) areas have at least 200 households interviewed, the highest having 264. Of the 3417 households interviewed, 2091 have electricity prepayment meters and 1330 pay by standard quarterly credit or direct debit; 982 consumers have gas prepayment meters and 1944 have gas credit meters.

Company interviews

The large-scale consumer database was complemented by at least 3 interviews in each company. This allows an appraisal of issues from the perspectives of both consumers and companies concerning policy and implementation. CMuR asked to see company

representatives who were senior staff with knowledge of marketing, customer operations/services and regulation.

The interviews were conducted between April and July 2000 by professional researchers from Warwick Business School, led by Diane Sharratt. The questions covered participants' roles and responsibilities, and company policies and practices. The confidentiality of all the companies and individuals who took part has been preserved.

Consumption data

All the respondents to the questionnaire were asked whether they would allow their supplier(s) to release information about their energy consumption to CMuR (via Ipsos-RSL). CMuR saw this project as a unique opportunity to carry out an analysis based on reliable information about consumption levels rather than having to rely only on consumers' own recollection or estimates.

About 80% of the respondents gave permission for the information to be released. Ipsos-RSL provided the relevant companies with a list of people who had agreed to have their information released. All 18 companies approached responded to the request, and were able to provide consumption figures in response to about two thirds of the requests (64% for gas, 67% for electricity consumption), roughly in the ratios requested for prepayment and credit in each case. However because of delays in providing the data and inconsistencies in the form of their presentation, it has not been possible to include the information in this analysis. The consumption figures used rely on consumers' own estimates. Subsequent analysis, using the company provided data, will be undertaken and funded by the Centre for Competition and Regulation at the University of East Anglia and sent to sponsoring companies when complete.

1. Who was interviewed?

1.0 Initial analysis - characteristics of customers in survey

The customer survey contains information about 3417 households, of which 61% (2091 households) have electricity prepayment meters. 941 households have prepayment meters for both fuels (28% of whole sample, 45% of electricity prepayment users and 96% of gas prepayment meters users). 1150 have an electricity prepayment meter only (34% of the whole sample and 55% of electricity prepayment meter users), while 41 have a gas prepayment meter only (1% of the whole sample and 4% of gas prepayment meters users). 1285 households (38% of the whole sample) have no prepayment meters.

As designed and discussed in more detail below the project sample has lower income than a representative sample of the whole population; households receive more benefits (particularly those related to low income), have less access to telephones, a higher proportion of single parents and a lower proportion of home ownership compared to the Family Expenditure Survey (FES). The FES is a nationwide survey designed to be representative of the population as a whole.

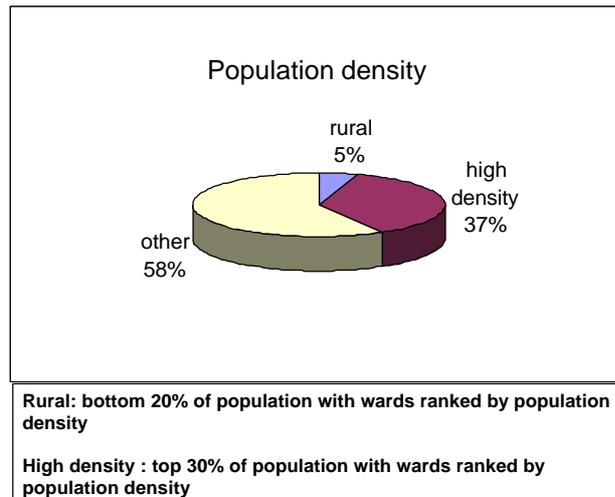
1.1 Characteristics of customers

This chapter displays various characteristics of the customer sample, together with some explanatory comments. We report regional variations where these are apparent, though not the details of regional analyses.

1.1.1 Population density

5% of the project sample live in rural areas (compared with 20% of the population as a whole), and 37% in high density areas (compared with 30% overall). As expected, the proportion of rural and urban respondents varies considerably between regions.

Figure 1.1: Population density



1.1.2 Income brackets

The income groups for the project sample and the FES are shown in the table below. This analysis is restricted to the 79% of project respondents who were prepared to give information about their income.

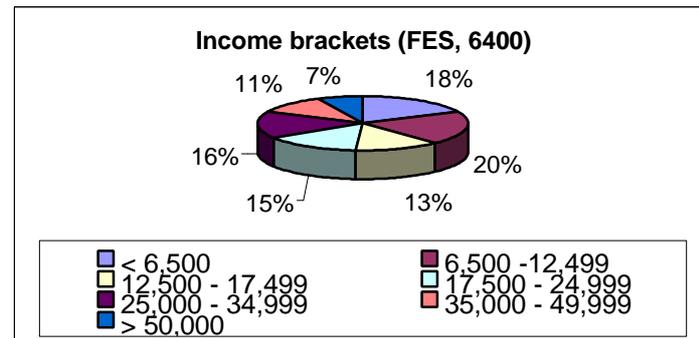
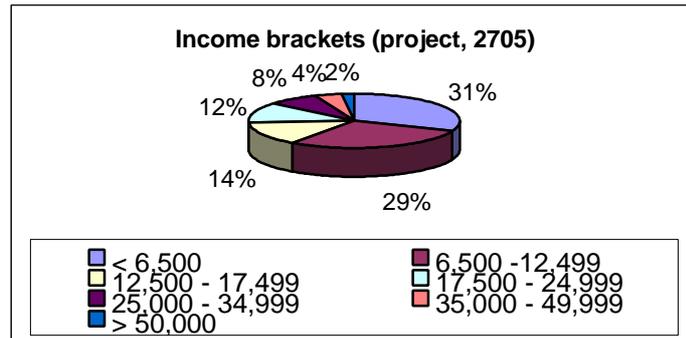
Table 1.1: Proportion of households in each income group (numbers in parentheses)

Income bracket £s per annum	Project sample (2705)	FES data (6400)
0 - 6,499	31%	18%
6,500 - 12,499	29%	20%
12,500 - 17,499	14%	13%
17,500 - 24,999	12%	15%
25,000 - 34,999	8%	16%
35,000 - 49,999	4%	11%
More than 50,000	2%	7%
Total	100%	100%

As designed, the survey sample has many more households in the low income groups. 60% have a gross income of less than £12,500 per annum, compared with 38% in this

category in the FES data two years earlier. Similarly only 6% of the survey sample have an income above £35,000, compared with almost 20% in the FES sample. There is considerable regional variation in income levels.

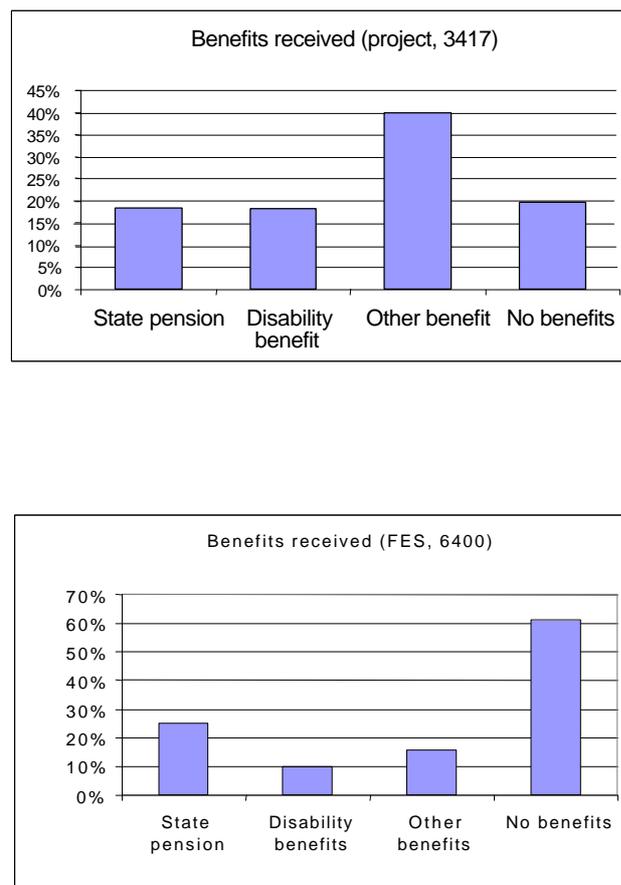
Figure 1.2: Household income, £s per annum



1.1.3 Benefits received

A high proportion of the project sample receive some form of benefit. Only 20% receive no benefit, compared with over 60% of the FES sample. The proportion receiving state (retirement) pension is about average, but almost twice as many receive disability benefit as in the FES data. Two fifths of the sample receive ‘other’ benefits (mainly related to low income) compared with only 16% in the FES sample. There is some regional variation in the project sample’s pattern of benefits; in Southern Scotland a high proportion of households receive state retirement pensions, and in London a disproportionate number receive no benefit.

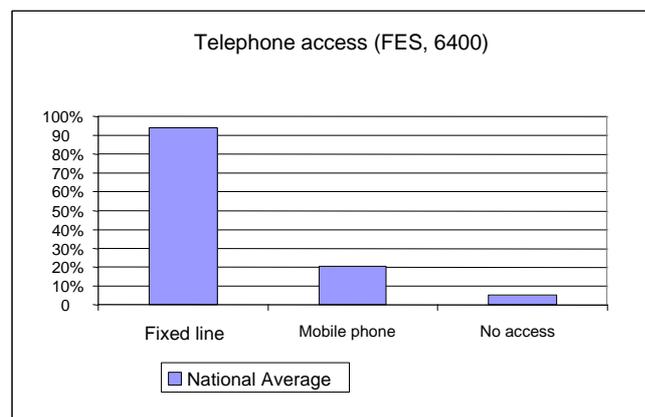
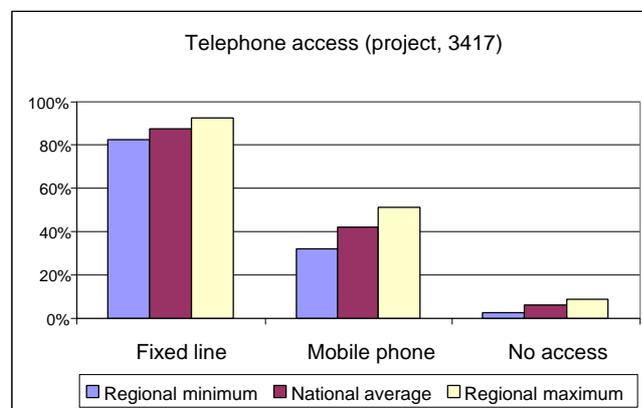
Figure 1.3: Proportion of each sample receiving each type of benefit



1.1.4 Telephone access

87% of the project sample had access to a fixed line telephone, 42% to a mobile, and 9% had no access to a personal telephone. Amongst the FES sample, only 5% had no access in 1997-98, a figure likely to be lower now (OfTel estimates around 3%) with increased penetration of mobile telephony. There is some regional variation amongst the project sample, mainly due to differences in access to mobile phones.

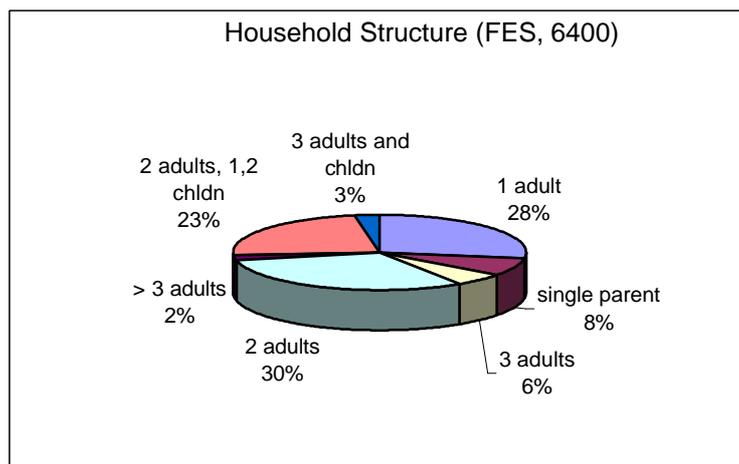
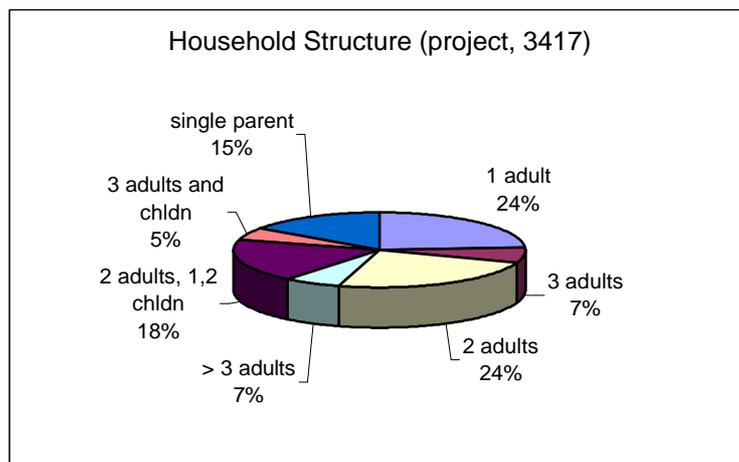
Figure 1.4: Proportion of each sample with each kind of telephone access



1.1.5 Household structure

Of the 3417 households in the project survey about half are adult only; 22% are single adults, with the same proportion consisting of 2 adults. 48% of households have children, and 15% are single parent families (about twice the proportion in the FES sample).

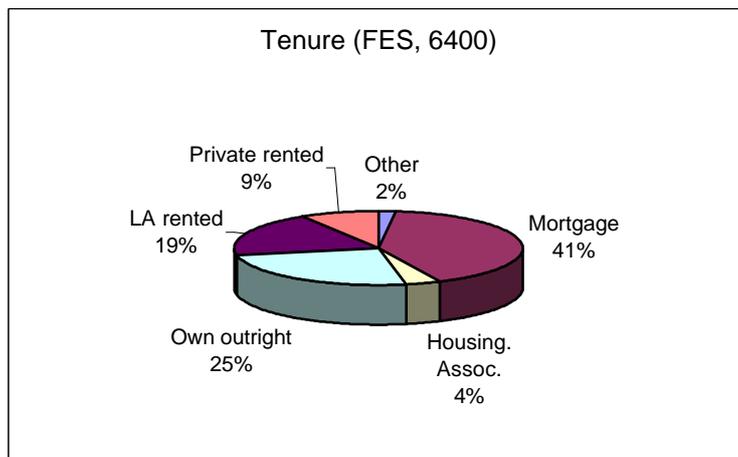
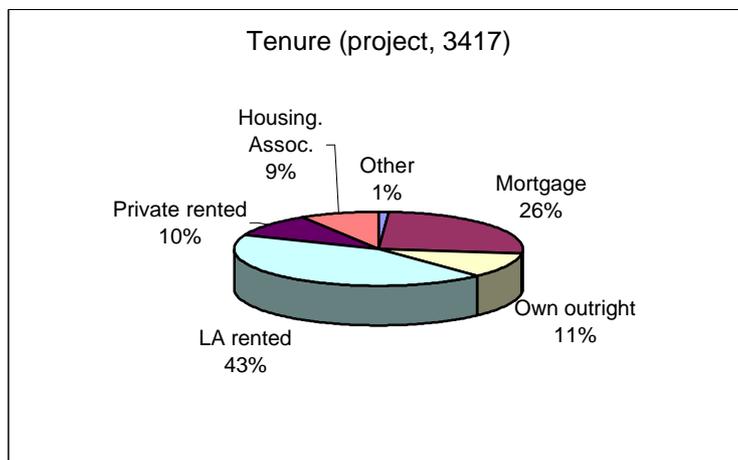
Figure 1.5: Proportion of households with each structure



1.1.6 Tenure

Only 35% of the project sample own their houses outright or with a mortgage, compared with 68% in the FES sample. A very high proportion rent from Local Authorities (43%) and 19% rent privately or from Housing Associations.

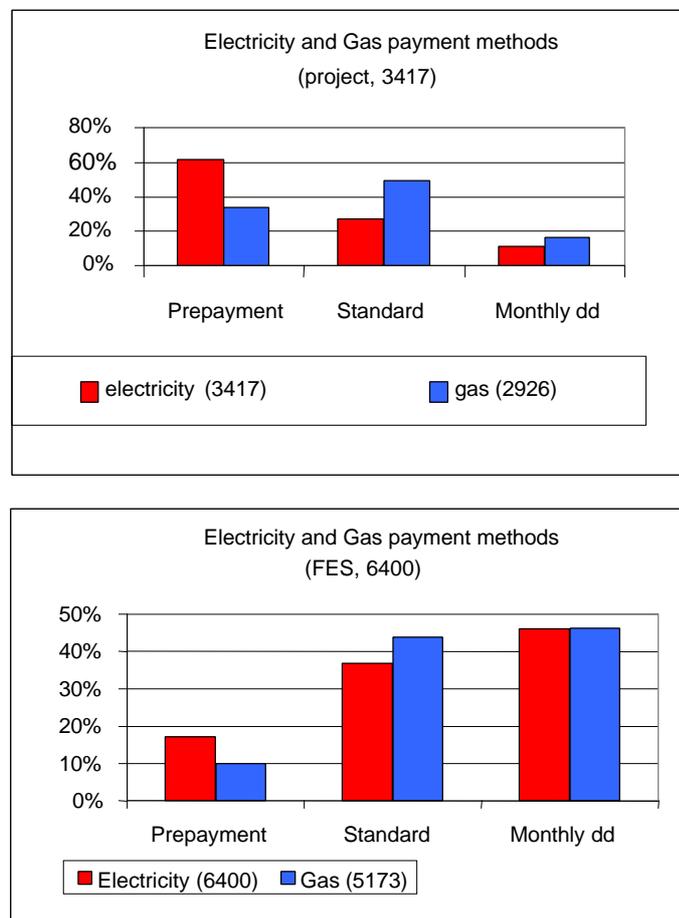
Figure 1.6: Proportion of households with each category of housing tenure



1.2 Payment methods

The project sample was designed to achieve a 60% proportion of electricity prepayment meter users, and actually achieved a 61% level. The proportion of gas prepayment meter users (amongst gas consumers) was 33%. The proportions compare with levels of 17% and 10% respectively from the 1997-98 FES, and slightly higher proportions in the population at the time of the survey. There is some variation between payment methods in each region; this is likely to be predominantly the effect of the sampling design, but may affect other results. Similarly there are differences in gas payment methods, though these do not always follow the same patterns as for electricity. 70% of electricity and 63% of gas prepayment meters have been in place for more than three years. Households reported that their average monthly bill for gas was £29.90 and for electricity £32.20; average bills paid by prepayment consumers were above the average for both fuels. Monthly bills for the FES sample in 1997-98 were £27 for electricity and £29 for gas. For low income groups (annual income below £12,500) in the FES sample the average monthly bills were £23 for both fuels.

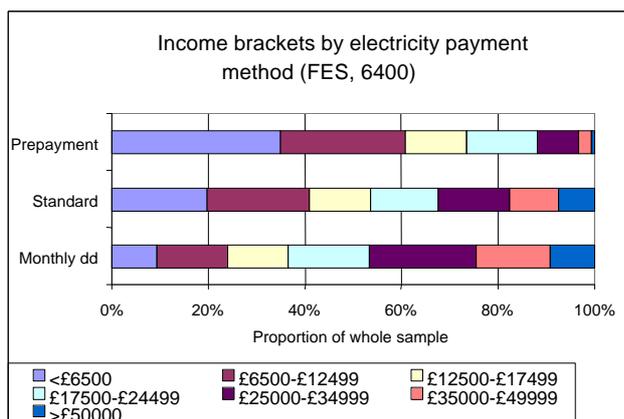
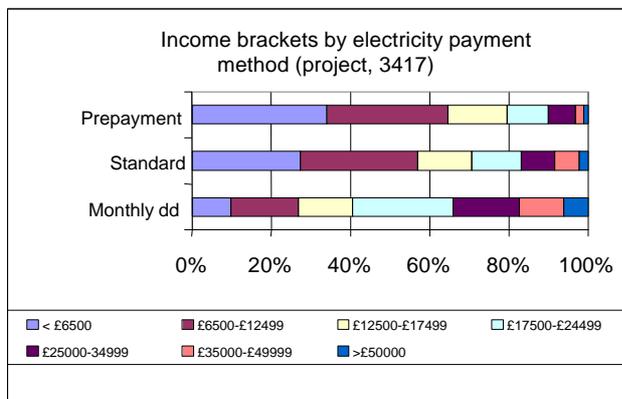
Figure 1.7: Proportion of households using each payment method

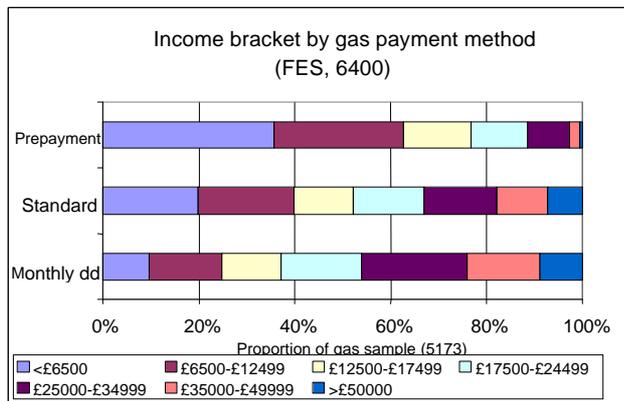
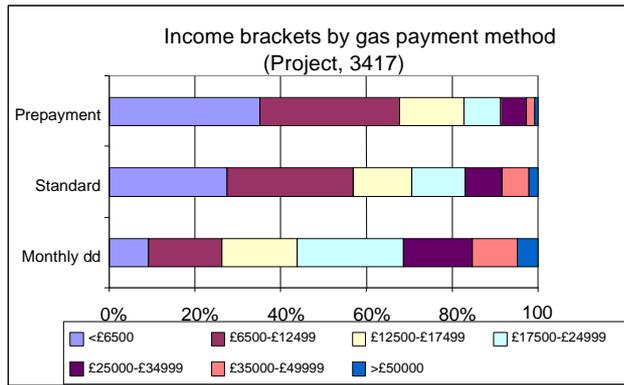


1.2.1 By income bracket

Analysis of the income levels of those using each payment method shows a similar pattern between the project sample and the FES for payment method in both electricity and gas. Prepayment is used by a higher proportion of low income consumers, and direct debit payers have higher incomes. The project sample has more low income consumers using standard payment methods for both fuels than the FES data because of the sampling design.

Figure 1.8: Income brackets of households using each payment method





1.2.1a Income of one and two prepayment meter households

Throughout the report we analyse separately responses for households with only one (electricity) meter and those for households who prepay for both fuels.³ In comparing income levels of these two groups we see that users of one PPM are more in line with income levels in the whole project sample with 50% of respondents having an income of £12,500 or less (compared with 47% in the whole sample). However 58% of those who use PPMs for both fuels have an income of £12,500 or less.

The percentages are as follows:

³ Very few households have only a gas prepayment meter, and they have been excluded from these comparisons.

Table 1.2: Proportion of households in each income group, by payment method (numbers in parentheses)

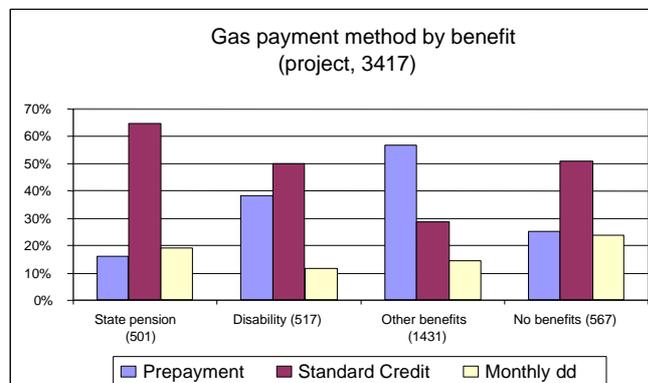
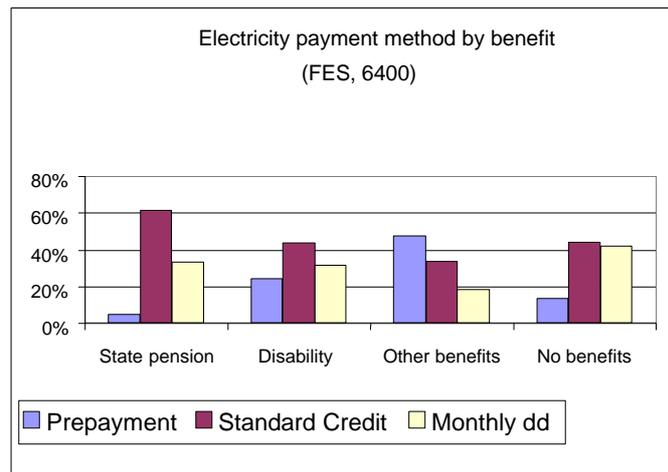
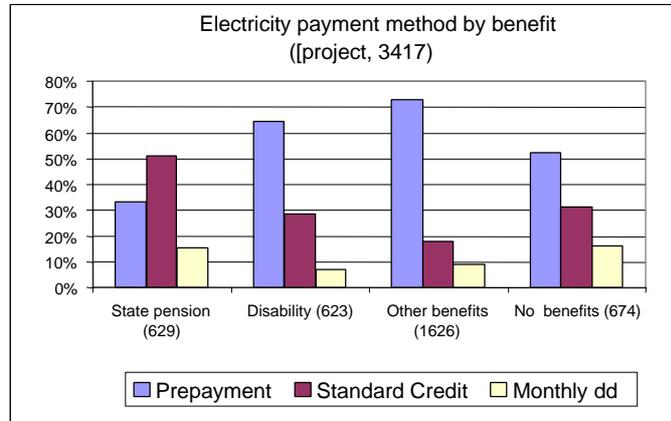
Income bracket £s per annum	Percentage of PPM electricity only users (1150)	Percentage of PPM users for both fuels (941)	Whole sample (3417)
0-6,499	27%	30%	24%
6,500-12,499	23%	28%	23%
12,550-17,499	12%	13%	11%
17,500-24,999	10%	7%	10%
25,000-34,999	6%	5%	7%
35,000-49,999	2%	2%	3%
50,000 or more	1%	1%	1%
Don't know or refused	19%	16%	21%
Total	100%	100%	100%

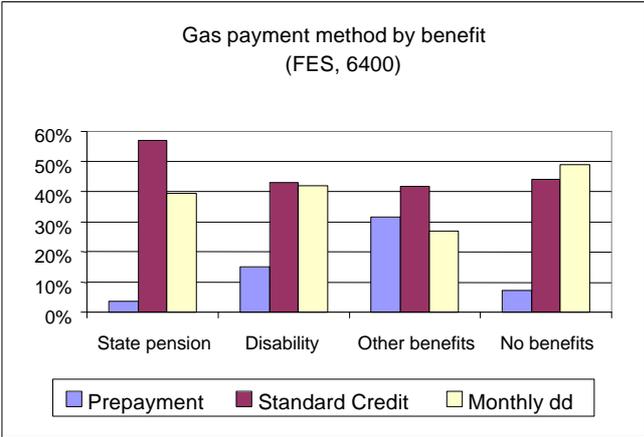
The percentages in this table are different from those in table 1.1 because they are calculated relative to the whole sample, and not relative only to those who answered the income question.

1.2.2 by benefit type

The payment methods used by respondents to the questionnaire vary considerably according to the benefits received, and show some differences from the FES sample. Of those receiving disability benefit, 65% of the project sample used electricity prepayment meters, and 38% prepay for gas, compared with FES figures of 24% and 15%. Amongst pensioners, 33% (for electricity) and 16% (for gas) of the sample prepaid, compared with FES figures of 5% and 3% respectively. Of those receiving other benefits, 73% of the project sample prepaid electricity and 58% prepaid gas, compared with FES figures of 48% and 31%. This reflects the sampling design to capture a disproportionately large number of prepayment meter users, which affects these individual categories.

Figure 1.9: Proportion of each household group receiving each type of benefit, by payment type

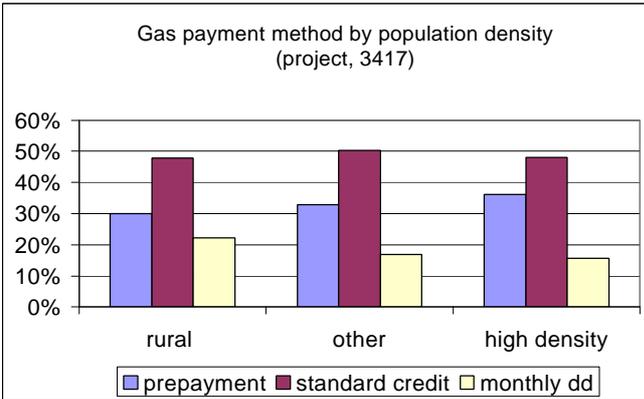
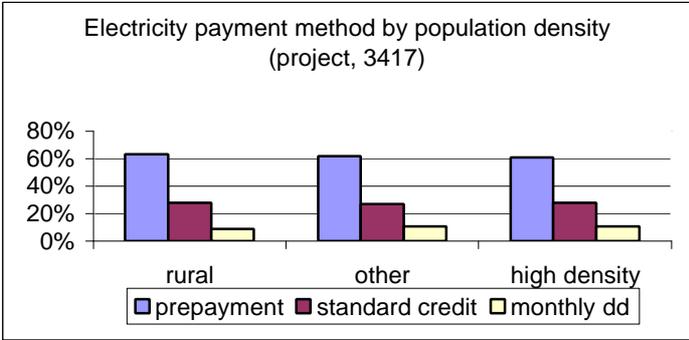




1.2.3 By population density

The 60% figure for electricity prepayment users is reflected in figures for rural and urban areas; the figure for gas varies more across population densities, between 30% in rural areas and 37% in urban areas.

Figure 1.10: Proportion of households using each payment method by population density



2. Who is self disconnecting and self rationing?

Self disconnection from fuel for prepayment meter users is defined as interruption to supply because the card has not been charged and inserted into the meter. Self rationing is a less well defined concept, and one object of the research was to gain a better understanding of the nature of rationing of fuel; the definition we have used most frequently is that the respondent reports not being able to afford sufficient fuel to heat the home. The incidence of self disconnection and self rationing amongst different groups is examined in this chapter. Section 2.1 identifies the households who self disconnect, first from electricity, then from gas. In section 2.2 we compare behaviour for the two fuels. The third section examines the use of emergency credit and the fourth the incidence of self rationing. The means by which consumers reduce consumption, and the main effects, are presented in chapter 3.

2.1 Prepayment and self disconnection

Table 2.1: The proportion of prepayment households reporting self disconnection from electricity and gas (numbers for electricity consumers in parentheses)

Household categories	Disconnected from electricity	Disconnected from gas
All PPMs (2091, gas 941)	24%	27%
Receiving benefits (1738)	24%	29%
One or more unemployed (489)	30%	33%
In rural areas (106)	25%	19%
Receiving state pension (265)	11%	18%
Low income (1115)	24%	28%
Receiving disability benefits (402)	21%	22%
With children (1124)	27%	32%

Just under a quarter of consumers with a prepayment electricity meter ‘self disconnected’ during the previous year; the figure for gas was just over a quarter. The regional variation was from 16% to 39% for electricity self disconnections, and 19% to 43% for gas. The rate was highest amongst those with an

unemployed member of the household (30% for electricity and 33% for gas), with high rates also for families with children (27% and 32% respectively). For gas those on low incomes and in receipt of income related benefit had a higher than average rate of self disconnection. Rural electricity consumers had lower than average disconnection rate from gas (less than 20%). **The lowest incidence of self disconnection for both fuels was amongst pensioners.**

Table 2.2: Proportion of prepayment households experiencing different length supply interruptions (numbers in parentheses)

Length of interruption	Electricity (2091)	Gas (941)
More than 7 hours	11%	15%
Less than 7 hours	23%	27%

Of those who had self disconnected, 42% of electricity users did so only once, 24% did so three times or more, and 4% more often than 20 times in a year. Amongst those who self disconnected from gas, 28% did so only once in the previous twelve months, 37% did so three times or more, with 6% self disconnecting more than 20 times. Most self disconnections were for less than seven hours. Only 11% of electricity consumers and 15% of gas consumers had been without the relevant fuel for more than seven hours, while 23% and 27% respectively had experienced shorter interruptions. Analysis of the reasons for different length duration of interruptions showed very similar patterns between these two groups, and so we focus on reporting the reasons for the shorter stoppages, for which there are more data.

Analysis of gas and electricity disconnections needs to take account of the fact that there are many more electricity prepayment meters in use, and that the groups of households using prepayment for each fuel are rather different (see chapter 1). We therefore analysed electricity self disconnections both for the whole group with electricity prepayment meters, and for consumers who had both gas and electricity prepayment meters and report any differences. The proportion of those with two prepayment meters who had self disconnected from electricity in the previous year

was slightly higher than for the whole electricity prepayment population (26%, varying from 15% to 46% between regions).

Reasons for self disconnection were divided into four categories for each fuel: money related; problems with the meter; forgetfulness; and other. **The predominant reason for self disconnection was forgetting⁴**, except for the unemployed, for whom money related problems for both prepayment groups. Problems with the meter was the third reason; about 2% of electricity and 3% of gas prepayment consumers reported supply interruptions because of meter difficulties. The following figures show the reasons for self disconnection for the different categories, fuels and household groups.

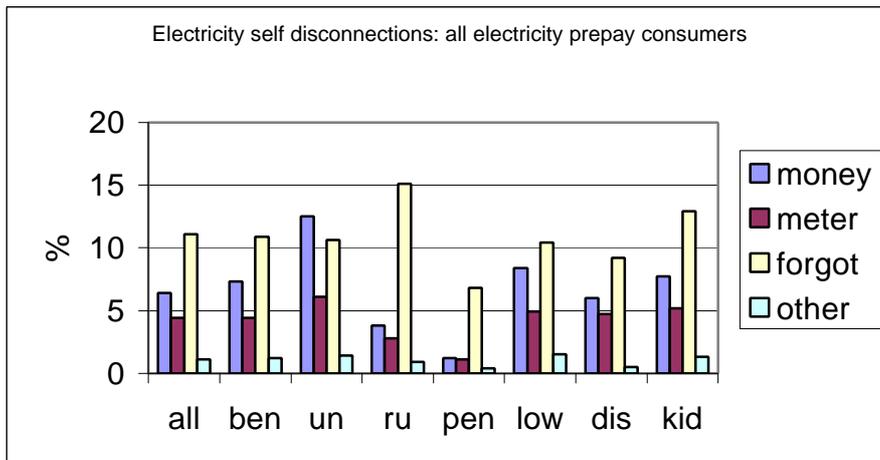
We report first the reasons for self disconnection (for less than seven hours) for the whole electricity prepayment group.

Key for the subgroups of the population used for the following analysis

Description	Abbreviation
All prepayment meter users	All
Households receiving one or more benefits	Ben
Households with one or more unemployed	Un
Households in rural location	Ru
Households receiving state pension	Pen
Low income households (< £12,500 p.a.)	Low
Households receiving disability benefit	Dis
Households with one or more children	Kid

⁴ The higher than average forgetfulness of the rural population was cross checked with the convenience of their prepayment facility location, but no difference with respect to the average was revealed: more than 80% of the rural respondents live within 1 mile of the facility, and 4% (for gas) and 6% (for electricity) found it inconvenient, against an average of 7% and 5% respectively for all prepayment meter users.

Figure 2.1: The proportion of each group giving each reason for having self disconnected from electricity during the past year.



A similar pattern is followed by all subgroups with the exception of the unemployed category. Even where the ordering of the reasons is the same, their relative weight is different, as shown in the figures below, which illustrate how the reasons given by each subgroup vary relative to the average for all electricity prepay consumers.

Figure 2.2: Proportion of each household group which reported problems with money as a reason for self disconnection from electricity (all electricity prepayment meter users)

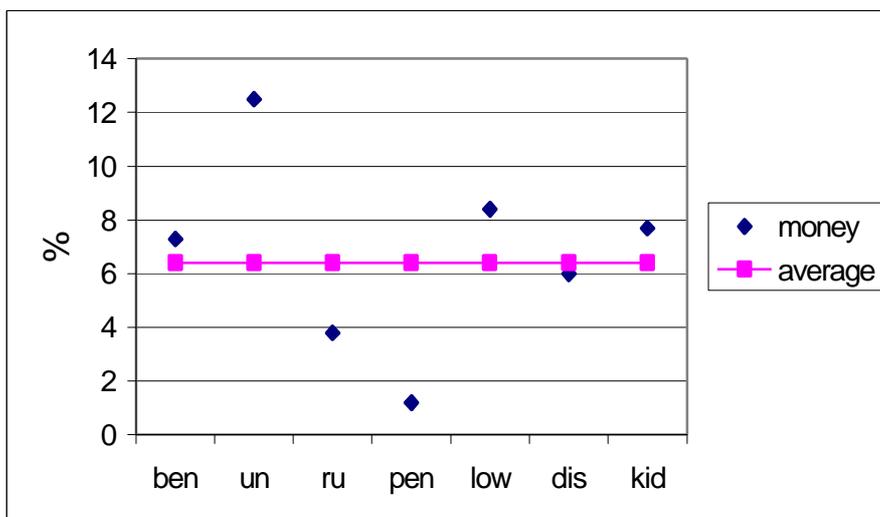


Figure 2.3: Proportion of each household group which reported problems with the meter as a reason for self disconnection from electricity (all electricity prepayment meter users)

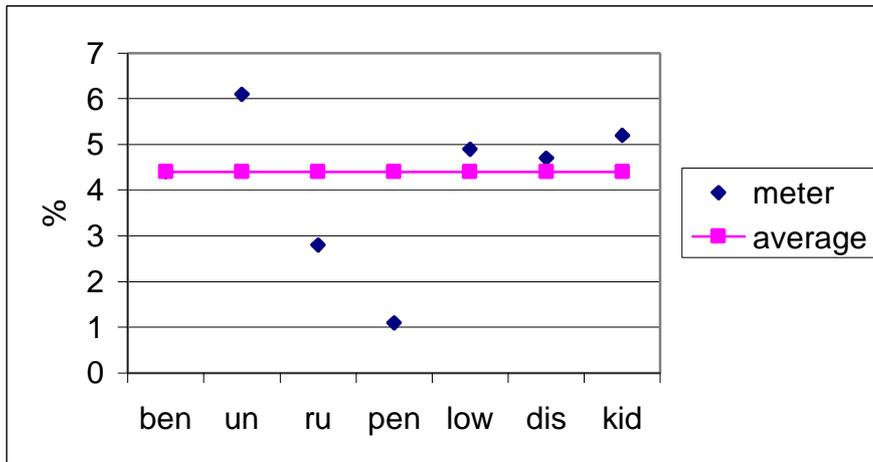
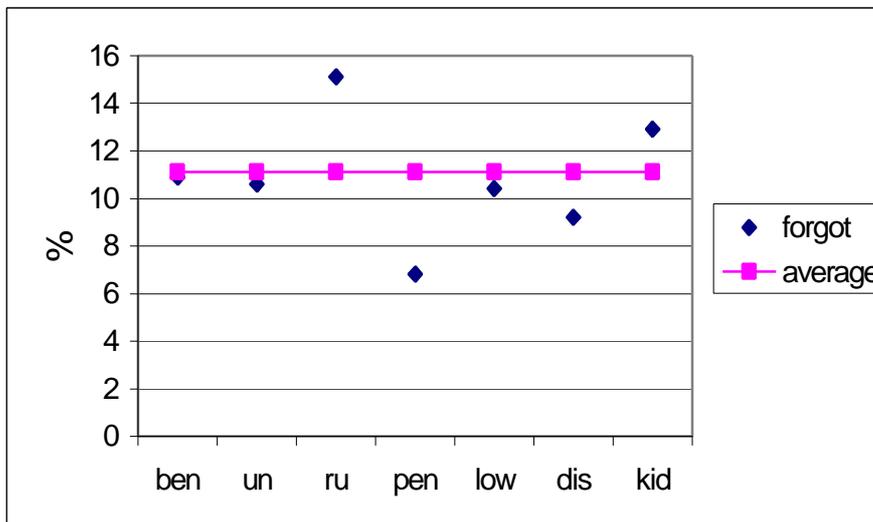


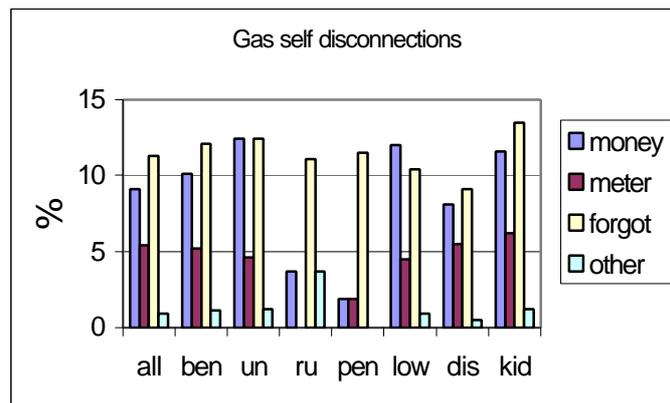
Figure 2.4: Proportion of each household group which reported forgetting to recharge the card as a reason for self disconnection from electricity (all electricity prepayment users).



The pattern for self disconnection from electricity for the smaller group who had prepayment meters for both gas and electricity was similar to that shown above, and tests showed no significant difference in this respect between those who had one and two prepayment meters. There was some regional variation: in three areas money was the predominant reason for electricity self disconnection.

The pattern for self disconnection from gas showed many similarities to that for electricity. The main difference is **that money rather than forgetting to recharge the meter is the most prevalent reason not only for households with an unemployed member (as in the whole electricity PPM sample) but for low income families generally.** As for electricity, money was the predominant reason for self disconnection from gas in three regions (though two of these were different from the regions where money was the most important reason for self disconnection from electricity). The graphs showing the main reasons for self disconnection from gas are below.

Figure 2.5: The proportion of each household group giving each reason for having self disconnected from gas during past year.



The reasons for gas disconnections are less dispersed than for electricity. In particular, the gap between the first and second reason is much smaller than in the case of electricity: 2.2 % on average for gas against 4.7% on average for electricity. The variation in each of the reasons across household groups is shown in the following figures.

Figure 2.6: Proportion of each household group which reported problems with money as a reason for self disconnection from gas (all gas prepayment meter users)

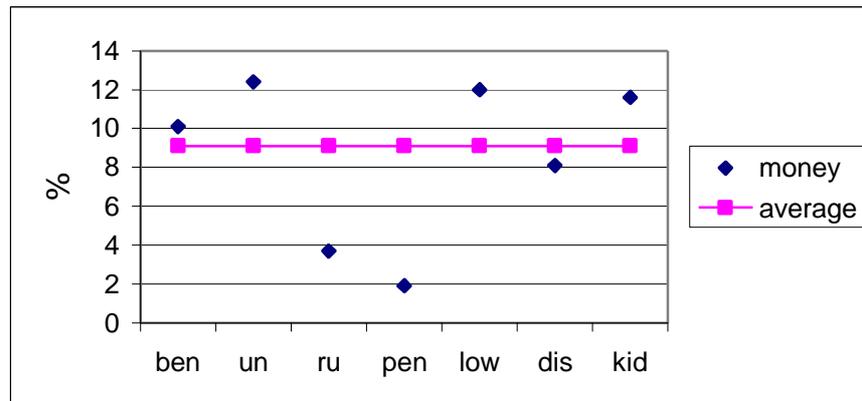


Figure 2.7: Proportion of each household group which reported problems with the meter as a reason for self disconnection from gas (all gas prepayment meter users)

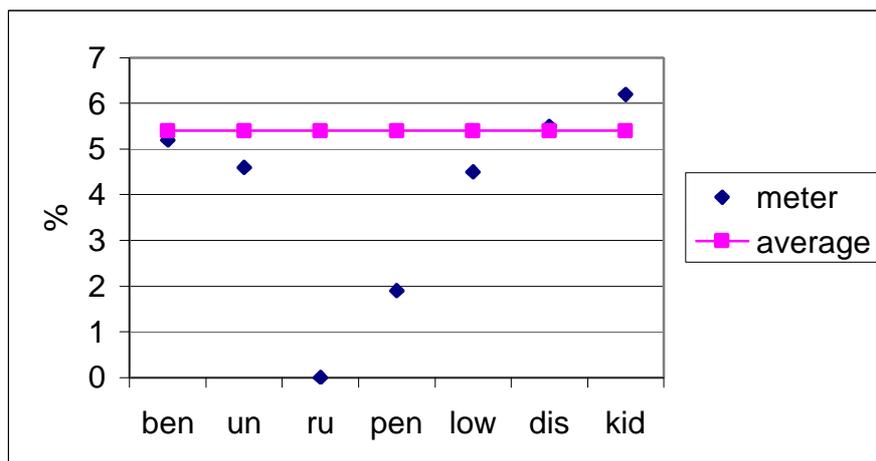
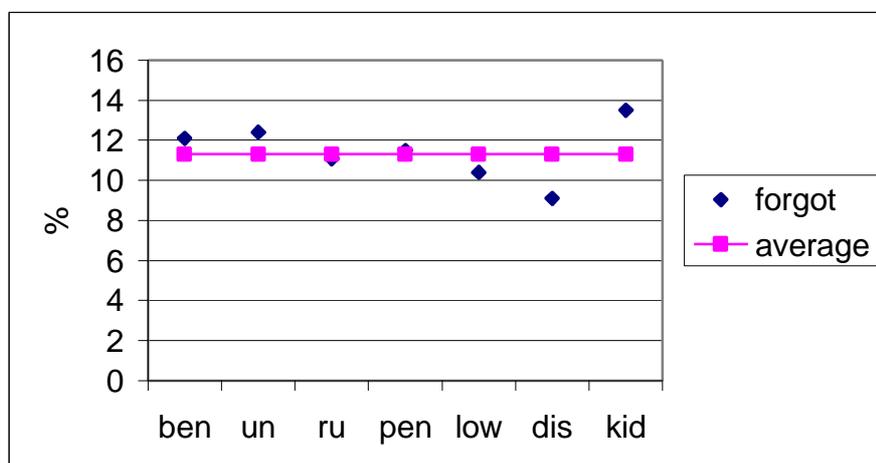
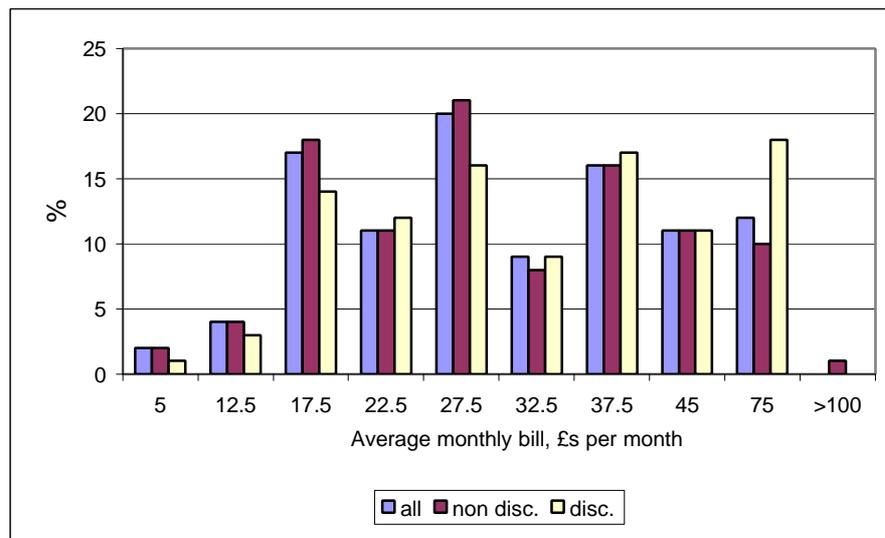


Figure 2.8: Proportion of each household group which reported forgetting to recharge the card as a reason for self disconnection from gas (all gas prepayment users).



The next analysis shows the relationship between self disconnection and the average electricity bill size. The figure and table below report the value of the average monthly bill size for electricity for all those with (electricity) prepayment meters and for those who disconnect from electricity. Figure 2.9 shows the proportion in each bill group.

Figure 2.9: Proportion in each average monthly bill group of those who self-disconnect and those who do not self-disconnect from electricity.



Those who self disconnected from electricity have significantly higher self reported annual electricity bills than those who have not done so. This is also true for the smaller group with two prepayment meters. In this group, those who had higher electricity bills were significantly *less* likely to self disconnect from gas, no doubt reflecting lower gas expenditures (see analysis below). Their pattern for disconnection from both gas and electricity is shown in tables 2.3 and 2.4 below.

Table 2.3: Average monthly bill size and disconnection from electricity for those with 2 prepayment meters (numbers in parentheses)

Average monthly electricity bill size (£)	2 PPM consumers (941)	Not disconnected (698)	Disconnected (229)
≤ 10	1%	2%	0%
10.1 – 15.0	4%	4%	3%
15.1 – 20.0	17%	17%	15%
20.1 – 25.0	12%	11%	13%
25.1 – 30.0	20%	21%	17%
30.1 – 35.0	10%	10%	10%
35.1 – 40.0	18%	19%	18%
40.1 – 50.0	9%	9%	9%
50.1 – 100.0	9%	7%	15%
Total	100%	100%	100%
Mean (£/month)		32	36

In terms of their gas bills and self disconnection from gas we find the following pattern for this group with two prepayment meters.

Table 2.4: Average monthly gas bill size and disconnection from gas for those with 2 prepayment meters (numbers in parentheses)

Average monthly gas bill size (£)	2 PPM consumers (941)	Not disconnected (685)	Disconnected (255)
≤ 10	3%	3%	3%
10.1 – 15.0	4%	5%	3%
15.1 – 20.0	12%	13%	9%
20.1 – 25.0	9%	11%	6%
25.1 – 30.0	22%	22%	23%
30.1 – 35.0	8%	7%	9%
35.1 – 40.0	18%	19%	16%
40.1 – 50.0	12%	10%	15%
50.1 – 100.0	12%	10%	15%
Total	100%	100%	100%
Mean (£/month)		33	38

We find that the average gas bill of those who disconnect from gas is significantly higher than that of those who do not disconnect, mirroring the position for electricity. For this group with two prepayment meters we find no significant difference between their behaviour in disconnecting from gas and from electricity.

2.2 Comparison of disconnection patterns

Almost everyone who has a gas prepayment meter also has an electricity prepayment meter, but the converse is not true. Overall there is less self disconnection from electricity than from gas. **Households with gas prepayment meters disconnect from gas more often than does the (larger and richer) group of electricity prepayment meter users from electricity; however there is *no difference in disconnection rates between the two fuels amongst households with both prepayment meters.***

Respondents were asked about their attitudes to disconnection from each fuel, and 940 households with two prepayment meters described their priorities if they had insufficient money to charge both meters. There were interesting seasonal differences. In the summer, 77% thought it more important to charge the electricity meter, and 19% to maintain the gas supply; while in the winter the proportions were 43% and 50% respectively, no doubt reflecting the importance of gas as a fuel for keeping warm and cooking in cold weather.

Table 2.5 shows the main fuel used by those with prepayment meters. While gas is the predominant fuel for all uses, we see that those with only a prepayment electricity meter are more likely to use electricity as their main fuel for every use than those with gas prepayment meters, and the converse is true for those with only gas prepayment meters. This will clearly affect the behaviour of each group. On the one hand they are more dependent on the fuel for which they have a prepayment meter; on the other hand they buy more of it, so in times of financial crisis they can save more by cutting back on this fuel.

Table 2.5: Main fuel used for different purposes by prepayment meter users.

	Consumers with electricity PPM (2091)		Consumers with gas PPM (982)	
	electricity	gas	electricity	Gas
Heating	20%	81%	8%	96%
Cooking	47%	57%	37%	66%
Water	31%	68%	20%	82%

The values above do not sum to 100% as some households use a mix of both fuels and/or other kinds of fuel. The table gives a general view of the relative importance of the two fuels.

2.3 Use of emergency credit

Prepayment meters provide a period of emergency credit immediately prior to disconnection. We found use of this facility much higher than self disconnection, and with a rather different pattern of use. This was somewhat surprising, given that emergency credit use would normally precede self disconnection, so where emergency credit use was a prelude to supply interruption some coincidence of reasons would be expected. The results are reported first for electricity and then for gas.

92% of electricity prepayment users were aware of the emergency credit facility, however only 88% knew how to use it. Both awareness and knowledge were lowest amongst pensioners (85% and 77% respectively). Nearly three quarters of electricity prepayment consumers had used emergency credit in the previous year, varying regionally from 67% to 85%. Families with children were most likely to have used it, and pensioners least likely to have done so. Table 2.6 shows the proportion in each category who had used emergency credit in the previous year.

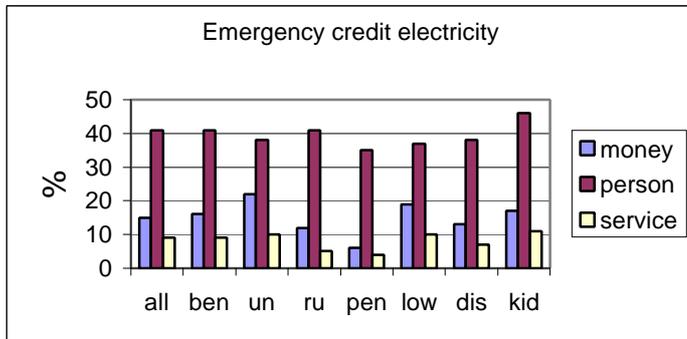
Table 2.6: The proportion of electricity PPM users who had used electricity emergency credit in the last year (numbers in parentheses)

Household categories	Proportion who used emergency credit
All electricity PPMs (2091)	73%
Receiving benefits (1738)	73%
One or more unemployed (489)	78%
In rural areas (106)	66%
Receiving state pension (265)	44%
Low income (1115)	73%
Receiving disability benefit (402)	64%
With children (1124)	80%

The figures below report the reasons given for using emergency credit by household category. These are divided into three general categories: money-related, personal reasons (could not go to recharge card, was ill, etc.) and reasons related to the service or the meter itself. The main reason for using emergency credit for electricity was personal difficulty in recharging the card (57%). The next most common reason was money difficulties (21%), with 12% related to the meter or the service itself.

Figure 2.10 plots the relative weight of the different reasons for using emergency credit. Again, unemployed and low income households are more likely to use emergency credit because of money problems, together with households with children.

Figure 2.10: The proportion of each household group giving each reason for having used emergency electricity credit in the previous twelve months (all electricity prepayment meter users).



The variation between different groups around the average of the “personal reasons “ is very flat, showing that the pattern is pretty much the same across households. In particular, the proportion of households with disabled people and pensioners, who might be expected to have more such difficulties, reported a lower than average incidence of personal difficulties. This may reflect the impact of the duties of companies to ensure that people with disabilities and of pensionable age are able to recharge their meters, or the need for such PPM users to plan consumption and recharging more carefully. Finally, service problems seem to affect people living in rural areas and pensioners much less than the average.

Figure 2.11: The proportion of each household group which reported problems with money as a reason for using emergency electricity credit (all electricity prepayment users)

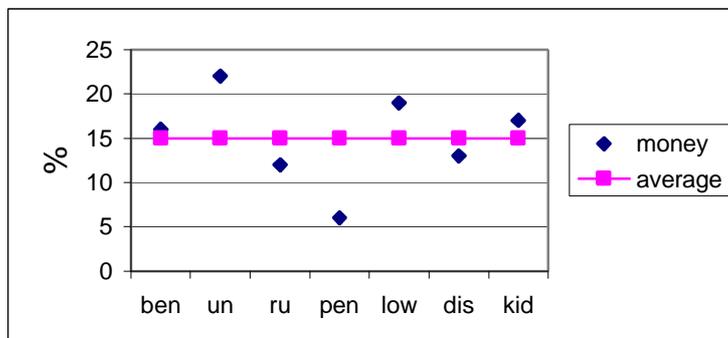


Figure 2.12: The proportion of each household group which reported personal reasons as a reason for using emergency electricity credit (all electricity prepayment users)

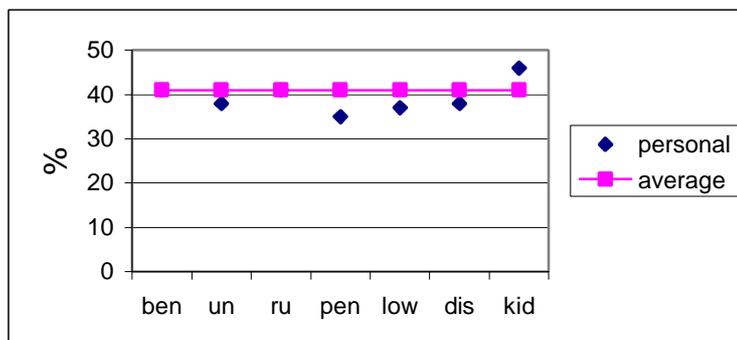
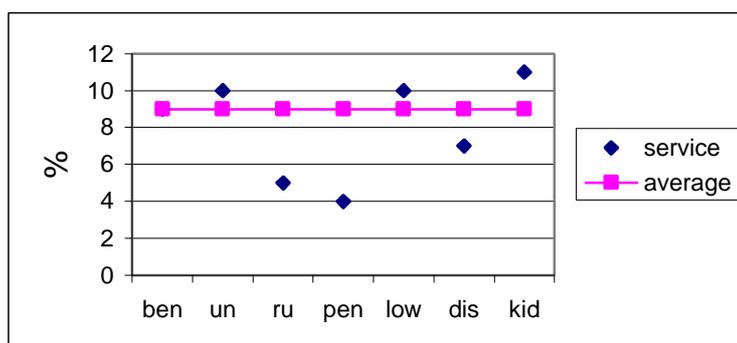


Figure 2.13: The proportion of each household group which reported service and meter related problems as a reason for using emergency electricity credit (all electricity prepayment users)



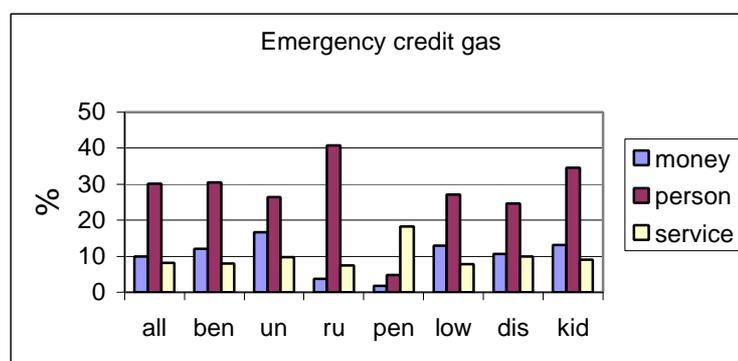
A very similar picture emerges for use of emergency credit for gas. Here both awareness and knowledge of how to use the emergency credit are slightly lower (83% and 79% respectively) with similar relative patterns for the household groups (pensioners again are least aware and knowledgeable). A lower proportion of the project sample had used the emergency credit (61%), and regional averages ranged from 48% to 75%. The graphs show similar patterns to electricity for the reasons for its use by different household groups, with low income families using emergency credit more often for money reasons, and those in rural areas for personal reasons. Households with unemployed members or those in receipt of disability benefit

reported meter service related difficulties more often as a reason for using emergency credit.

Table 2.7: The proportion of each household group who reported using emergency gas credit in the last twelve months (numbers in parentheses)

Household categories	Used emergency credit
All gas PPMs (982)	61%
Receiving benefits (838)	62%
One or more unemployed (258)	62%
In rural areas (27)	74%
Receiving state pension (104)	35%
Low income (560)	60%
Receiving disability benefit (198)	55%
With children	67%

Figure 2.14: The proportion of each household groups giving each reason for having used emergency credit during the past year (all gas prepayment users)



As in the case of electricity, and consistently with the patterns of reasons explaining the majority of disconnections, the most prevalent reason is again personal. Money reasons are more prevalent amongst low income households than other groups.

Figure 2.15: The proportion of each household group which reported problems with money as a reason for using emergency gas credit (all gas prepayment meter users).

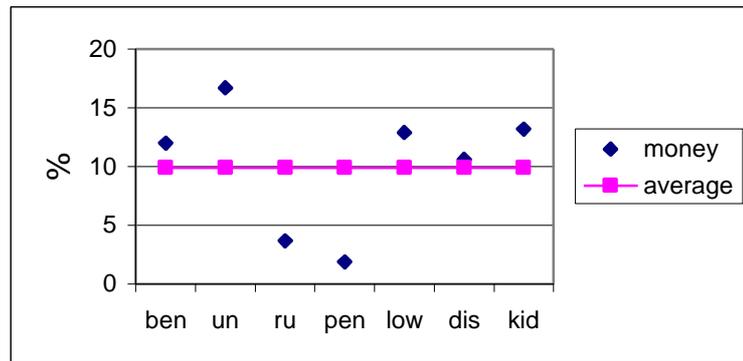


Figure 2.16: The proportion of each household group which reported personal difficulties as a reason for using emergency gas credit (all gas prepayment meter users)

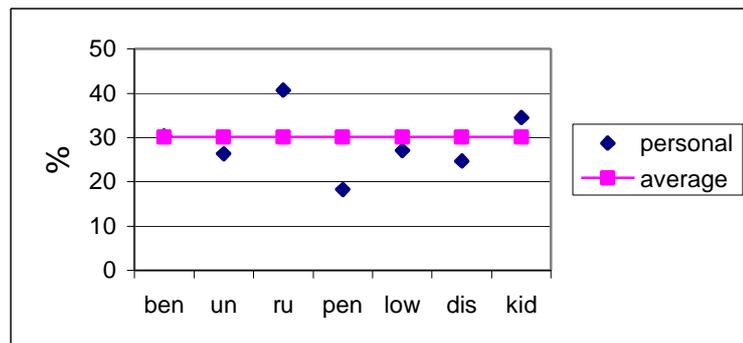
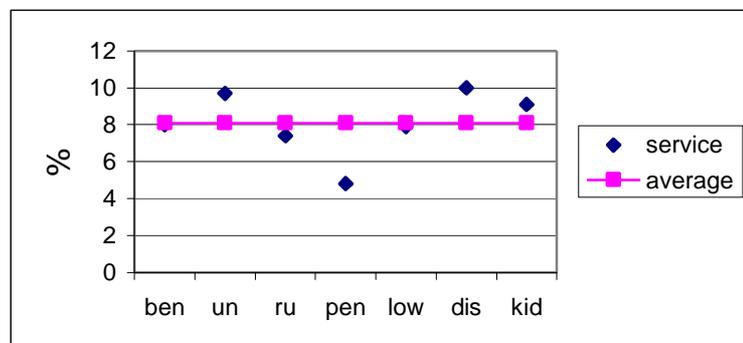


Figure 2.17: The proportion of each household group which reported problems with the service or meter as a reason for using emergency gas credit (all gas prepayment meter users)



2.4 Self rationing

Table 2.8: The proportion of households who report symptoms of fuel rationing (numbers in parentheses)

Payment method	Cannot afford enough fuel (339)	Unable to heat homes properly (247)
Whole sample (3417)	10%	7%
Electricity prepay (2091)	12%	9%
Electricity credit (1326)	6%	4%

A tenth of consumers said that they could not afford to heat their homes properly, with the regional average varying from 8% to 21%. Of those who could not afford enough heat over four fifths said they economised on fuel because they had to be careful about all expenditure, while just under a tenth gave habit as the only reason for economising on fuel. When these responses were compared with those from the whole sample (i.e. including those who did not say they could not afford to heat their homes properly) we see that general economising is much more important for the group which is self rationing (table 2.9).

Table 2.9: Reasons given for economising on fuel by those who said that they could not afford enough fuel to heat their homes properly (numbers in parentheses)

Reasons for economising on fuel	Cannot afford enough heat		Whole sample	
	credit (84)	PPM (255)	credit (1326)	PPM (2091)
Careful about everything	83%	80%	45%	56%
Habit (only)	8%	10%	35%	25%
Environment (only)	1%	1%	7%	2%
To save money	1%	0%	2%	1%
Do not know	0	2%	2%	2%

Analysis of those reporting self disconnection and self rationing showed that pensioners are more likely than other groups to report neither self disconnection, nor problems affording fuel nor the need to economise on fuel; while consumers with two PPMs were more likely than average to report at least one of these actions (figures not shown).

3. Effects of self rationing and energy efficiency

The first part of this chapter reports how households deal with the need to limit their consumption of fuel and the difficulties that this poses for them. The second part describes briefly the seasonal pattern of prepayment consumption, and the final part discusses the energy efficiency measures which households have taken.

3.1 Effect of self rationing

Chapter 2 identified which households self disconnected and/or used self rationing. Here we explore further *how* households economised and the *effects* that this had. The ways in which money is saved is shown in the table 3.1 and 3.2 for electricity and gas respectively.

Table 3.1: Proportion of each group using each form of rationing (numbers in parentheses, multiple answers permitted)

Type of fuel rationing used for electricity	Credit (1326)	PPMs (2091)
Turn off unnecessary lights	74%	70%
Heating switched off when house unoccupied	41%	38%
Use energy saving bulbs	30%	26%
Some rooms unheated	21%	22%
Heating switched off when house occupied	18%	18%
Reduced use of hot water	18%	16%
Thermostats lower than would like	10%	10%
Reduced use of cooker	8%	9%
Reduced use of other appliances	9%	13%
Do not try to economise	15%	16%

Type of fuel rationing used for gas*	Credit (1944)	PPMs (982)
Heating switched off when house unoccupied	50%	58%
Heating switched off when house occupied	25%	31%
Some rooms unheated	23%	26%
Thermostat lower than would like	14%	16%
Reduced use of hot water	14%	15%
Reduced use of cooker	6%	8%
Reduced use of other appliances	3%	6%
Do not try to economise	32%	22%

* 491 households have no gas mains

We see that **most households do try to economise on the use of both fuels**. There is a similar pattern of self rationing for both credit and prepayment meter users. In most cases heating is turned off when the house is unoccupied and 27% of gas and 18% of electricity consumers turn off heat when the house is occupied. Turning off the gas heating is more common among households with prepayment meters than for those using credit.

Restricting the analysis to only those households who reported that they could not afford sufficient fuel, we see a similar pattern to the sample as a whole.

Table 3.2: Proportion of each group using each form of rationing amongst those who could not afford sufficient fuel (numbers in parentheses)

Type of fuel rationing used for electricity	Credit (84)	PPMs (255)
Turn off unnecessary lights	85%	77%
Heating switched off when house unoccupied	43%	42%
Some rooms unheated	30%	28%
Reduced use of hot water	27%	31%
Use energy saving bulbs	21%	28%
Heating switched off when house occupied	21%	24%
Thermostat lower than would like	21%	13%
Reduce use of cooker and other appliances	14%	16%
Reduce use of other appliances	21%	18%
Do not try to economise	8%	10%

Type of fuel rationing used for gas*	Credit (158)	PPMs (133)
Heating switched off when house unoccupied	53%	70%
Heating switched off when house occupied	35%	48%
Some rooms unheated	28%	35%
Reduced use of hot water	20%	30%
Thermostat lower than would like	19%	26%
Reduced use of cooker	12%	14%
Reduced use of other appliances	6%	11%
Do not try to economise	26%	7%

* 48 households have no gas mains.

In both tables 3.1 and 3.2 we note a relatively high proportion of gas credit payers who do not try to economise, perhaps reflecting the slightly higher income of this group. The large majority turn off lights and reduce heating when the house is unoccupied but with much higher percentages (85% of credit users and 77% of PPM users turn off unnecessary lights, compared with 74% and 70% respectively in the whole project sample.). Substantially more gas prepayment consumers switch heating

off relative to overall percentages (shown in table 3.1) both when the house is unoccupied (70% vs. 58%) and when the house is occupied (48% vs. 31%). The difference is less striking between the two groups (the whole project sample and those who can't afford fuel) of credit users.

Households were asked whether they had problems because of economising on fuel, and to specify what these were. The next table reports the responses for the project sample as a whole and for those who said they could not afford enough fuel.

Table 3.3: Proportion reporting problems from economising on fuel (numbers in parentheses)

Problems resulting from economising	whole sample (3417)		households who cannot afford enough fuel (339)	
	Credit (1326)	PPMs (2091)	Credit (84)	PPMs (255)
Cold in the house	3%	5%	13%	18%
Other problems	3%	5%	18%	17%
No problem	79%	74%	61%	51%

Columns do not add to 100% because of missing answers.

In total 8% of consumers report some sort of problem. The category “others” comprises those who reported not having enough hot water, suffering from illness or from damp, mould or condensation in the house, or needing extra clothes in bed.

The proportion of people who have experienced no problems as a result of economising is much smaller amongst those who can't afford enough fuel than overall. The pattern is similar between credit and PPM users. A larger proportion of PPM users who cannot afford sufficient fuel have experienced some problems as result of economising, compared to prepayment meter users as a whole (49% vs 39%).

3.2 Seasonal consumption patterns

To explore difficulties which might arise on a seasonal basis, consumers were asked about their average gas and electricity bills in winter and summer. The tables below (3.4 and 3.5) show the average monthly winter bills reported in each season by those with one and two prepayment meters.

Table 3.4: Monthly summer bills reported by PPM users: proportion of reported bills in each category (numbers in parentheses)

Bill size	Electricity PPM only (1150)	Gas and Electricity PPMs (941)	
	Electricity	Electricity	Gas
£0-9.99	3%	3%	8%
£10-19.99	15%	11%	18%
£20-29.99	45%	50%	44%
£30-39.99	7%	9%	8%
£40-49.99	22%	22%	18%
£50-59.99	1%	1%	1%
£60-69.99	4%	3%	2%
£70-79.99	0%	0%	0%
£80-89.99	2%	1%	2%
More than £90	1%	0%	0%
Total	100%	100%	100%

Table 3.5: Monthly winter bills reported by PPM users: proportion of reported bills in each category (numbers in parentheses)

Bill size	Electricity PPM only (1150)	Gas and Electricity PPMs (941)	
	Electricity	Electricity	Gas
£0-9.99	1%	1%	3%
£10-19.99	5%	4%	3%
£20-29.99	27%	29%	18%
£30-39.99	11%	11%	10%
£40-49.99	30%	36%	36%
£50-59.99	2%	2%	3%
£60-69.99	12%	10%	16%
£70-79.99	1%	0%	1%
£80-89.99	6%	4%	6%
More than £90	5%	3%	4%

The majority of summer bills are below £30 per month for both fuels (70% in the case of gas and 63% in the case of electricity). As expected, bills tend to be larger in the winter; around 70% of bills are between £20 and £50 per month for both fuels. For people with 2 prepayment meters, 76% of bills are between £20 and £50 for electricity while for gas 65% of bills are between £30 and £60.

Nearly one in eight of the project sample reported spending more than a tenth of their income on energy. It is surprising that this is the same proportion as in the FES sample; we might expect a much higher rate in the lower income project sample. Of these 426 fuel poor households in the project sample, over four fifths (82%) had very low incomes (below £6,500 per annum), while a further 14% had incomes below £12,500, suggesting that fuel poverty is concentrated in very low income groups. **An additional 2% of the project sample** spent between 7% and 10% of their incomes on

fuel and reported not being able to heat their homes properly. These households **are likely to be fuel poor** in the sense that they need to spend at least 10% of their income to achieve the WHO standards⁵.

3.3 Energy efficiency

We first analysed the number of energy efficiency measures which households reported; we then identified respondents who found it difficult to keep the house warm, distinguishing between those who said that this was primarily due to housing conditions and those who attributed this problem mainly to not being able to afford the fuel.

Table 3.6: The proportion of each group with different numbers of energy efficiency measures (numbers in parentheses)

Number of energy efficiency measures	Whole sample	Difficult to keep house warm	
	(3417)	Housing conditions (295)	Cannot afford fuel (252)
None	5%	8%	7%
One	13%	18%	15%
Two	18%	26%	22%
Three	24%	21%	27%
Four	22%	17%	16%
Five	13%	9%	10%
More than five	26%	1%	3%
Total	100%	100%	100%

The types of energy efficiency measures are listed in table 3.12 (below). It is clear that **there are fewer energy efficiency measures amongst those who report it difficult to keep the house warm**. Housing tenure also affects the likelihood of having energy efficiency measures - **many more privately rented houses have no such measures** compared with owner occupied premises as table 3.7 below shows.

⁵ Defined as maintaining a temperature of 21 degrees centigrade in the living room and 18 degrees centigrade in other occupied rooms.

Table 3.7: Proportion of each group with different numbers of energy efficiency measures (numbers in parentheses)

Number of energy efficiency measures	Housing tenure			
	Owns/mortgage (1271)	LA Rented (1489)	Private rented (335)	Housing association (296)
None	2%	5%	12%	6%
One	9%	13%	27%	13%
Two	13%	21%	24%	19%
Three	25%	25%	18%	19%
Four	27%	20%	11%	18%
Five	16%	10%	6%	16%
More than five	8%	6%	1%	10%

Similar differences were clear with house types, where the highest proportion of dwellings with no energy efficiency measures were flats, while **more measures were found in detached houses**.

Table 3.8 Proportion of each group possessing different numbers of energy efficiency measures (numbers in parentheses)

Number of energy efficiency measures	House type				
	detached (148)	semi-detach /end terrace (1328)	mid-terrace (986)	bungalow (121)	flat (708)
None	3%	3%	4%	5%	8%
One	8%	9%	13%	9%	21%
Two	7%	17%	20%	9%	21%
Three	16%	23%	25%	20%	25%
Four	30%	23%	21%	32%	17%
Five	21%	16%	11%	20%	6%
More than five	15%	9%	5%	9%	0

The numbers of measures for different types of households are shown in tables 3.9 and 3.10 below.

Table 3.9: The proportion of each group with different numbers of energy efficiency measures (numbers in parentheses).

Number of energy efficiency measures	Whole sample (3417)	State Pension (629)	Disabled (626)	With children (1522)
None	5%	4%	4%	4%
One	13%	11%	11%	13%
Two	18%	15%	20%	19%
Three	24%	20%	24%	18%
Four	22%	26%	20%	25%
Five	13%	15%	12%	13%
More than five	6%	9%	9%	11%

Table 3.10: The proportion of each group with different numbers of energy efficiency measures (numbers in parentheses).

Number of energy efficiency measures	Whole sample (3417)	Unemployed (412)	Income benefits (2200)	Low income (1595)
None	5%	7%	5%	6%
One	13%	19%	13%	15%
Two	18%	18%	19%	20%
Three	24%	25%	25%	24%
Four	22%	13%	21%	20%
Five	13%	11%	12%	10%
More than five	6%	3%	6%	6%

Ownership of three or more energy saving measures is lower than average for households with unemployed members and low incomes; **more pensioners than average have more than three measures.**

The number of energy efficiency measures used by those with one or two prepayment meters, compared with credit only consumers, is shown in the following table.

Table 3.11: The proportion of each group with different numbers of energy efficiency measures (numbers in parentheses)

Number of energy efficiency measures	Whole sample (3417)	Credit for both (1326)	Electricity PPM only (1150)	Electricity and gas PPMs (9431)
None	5%	4%	4%	5%
One	13%	10%	15%	13%
Two	18%	14%	19%	23%
Three	24%	24%	24%	25%
Four	22%	25%	20%	19%
Five	13%	15%	12%	10%
More than five	6%	8%	6%	5%

Both single and dual **prepayment meter users are less likely to have more than 3 measures**, and credit payers are less likely than average to have more than two measures.

Analysis of the *types* of efficiency measures owned by those using different payment methods showed the following.

Table 3.12: The proportion of each group with different kinds of energy efficiency measures (numbers in parentheses). Percentages by column add up to more than 100% due to possession of more than one measure.

Type of energy efficiency measures	Whole sample (3417)	Credit (1326)	Electricity ppm only (1150)	Electricity and gas ppms (941)
None	5%	4%	4%	5%
Hot water cylinder jacket	30%	32%	27%	30%
Complete double glazing	48%	41%	48%	58%
Partial double glazing	86%	86%	88%	85%
Loft insulation	39%	31%	45%	42%
Cavity wall insulation	75%	74%	77%	74%
Draught proofing	65%	64%	67%	63%

We see remarkably little variation in the types of insulation owned by these different groups. The main variation is clearly in numbers rather than in types of measures owned. Respondents were asked about whether they had had energy saving measures fitted after prepayment meters had been installed.

Table 3.13: Proportion of each group who reported installing different kinds of energy efficiency measures fitted after prepayment meter installed (numbers in parentheses)

Energy efficiency measures installed after PPM installed	Electricity PPM only (1150)	Electricity and gas PPMs (941)
None	68%	73%
Hot water cylinder jacket	13%	10%
Complete double glazing	17%	11%
Partial double glazing	3%	4%
Loft insulation	14%	12%
Cavity wall insulation	8%	9%
Draught proofing	13%	14%

The majority of prepayment meter users did not install energy saving measures after the PPM had been installed, particularly where there were prepayment meters for both fuels. The most common measures installed were draught proofing and loft insulation, with a substantial number reporting installation of complete double glazing.

Of the 364 electricity PPM users who had energy saving measures installed after the PPM was installed, 57% had acquired 2 or more measures. Amongst the 259 PPM users for both fuels, 52% had two or more installed.

4. Switching Energy supplier

4.1. Switching electricity supplier

This chapter analyses the switching behaviour of the project sample of 3417 people. Section 4.1 reports switching in the electricity market, section 4.2 in the gas market and section 4.3 on the extent of debt and arrears reported by respondents.

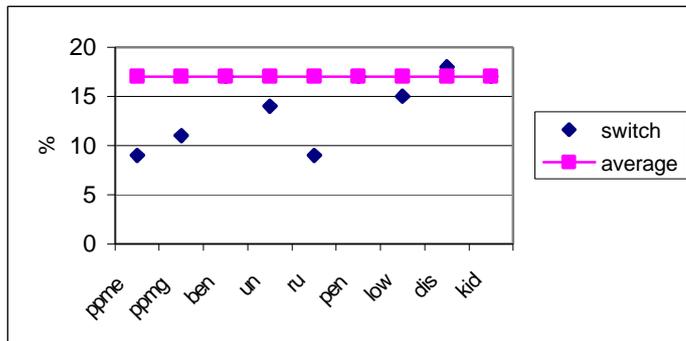
The following tables and charts report what proportion of households in each category had switched electricity supplier at the time of the interviews.

Table 4.1: Proportion of households in each group who had switched electricity supplier (numbers in parentheses)

Household group (numbers)	Percentage who switched
All (3417)	17%
PPM electricity only (1150)	9%
PPM gas and electricity (941)	11%
Receiving benefits (2740)	17%
One or more unemployed (610)	14%
In rural areas (169)	9%
Receiving state pension (629)	17%
Low income (1595)	15%
Receiving disability allowance (610)	18%
With children (1522)	17%

There was considerable regional variation in switching electricity provider, ranging from 10% to 25% for consumers as a whole, and from 3% to 15% for electricity PPM users. In all parts of the country the switching rate for PPM users was significantly below that for credit payers.

Figure 4.1: Proportion of households in each group who had switched electricity supplier



Overall 17% of consumers had switched electricity supplier, about the national average at that date. **The ‘switching rate’ was about average in most groups, but substantially below the average for prepayment meter users and people living in rural areas.**

Further analysis of switching within each category of household income shows the following pattern.

Table 4.2: Proportion in each income group who had switched electricity supplier (numbers in parentheses)

Income bracket £s per annum	% switchers
0 - 6,499 (810)	11%
6,500 - 12,499 (785)	16%
12,500 - 17,499 (389)	20%
17,500 - 24,999 (343)	19%
24,500 - 34,999 (222)	19%
35,000 - 49,999 (117)	14%
More than 50,000 (49)	31%
Income not reported (701)	14%
Total (3417)	17%

Here we see that the very lowest income group has a lower than average proportion of switchers, and high income groups have higher switching rates. Given the analysis above, this is almost certainly due to the high proportion of this low income group with prepayment meters.

Table 4.3 shows the distribution of electricity switchers by bill size. The average self reported (last) monthly bill for those who did switch is £30, and for those who did not switch is £32. The difference in averages is not significant, i.e. on average switchers and non switchers have the same bill.

Table 4.3: Distribution of reported bill size of electricity switchers and non-switchers

Bill size (£) (month av.)	All		Switchers		Non-switchers	
	% with this bill	Cumul.	% with this bill	Cumul.	% with this bill	Cumul.
≤ 10	10%	10%	12%	12%	9%	9%
10.1 – 15.0	7%	17%	7%	19%	6%	15%
15.1 – 20.0	9%	26%	11%	30%	8%	23%
20.1 – 25.0	19%	45%	19%	49%	19%	42%
25.1 – 30.0	10%	55%	13%	62%	10%	52%
30.1 – 35.0	15%	70%	13%	75%	15%	67%
35.1 – 40.0	4%	74%	4%	79%	4%	71%
40.1 – 50.0	12%	86%	8%	87%	13%	84%
50.1 – 100.0	13%	99%	12%	99%	15%	99%
≥ 100	1%	100%	1%	100%	1%	100%
Mean £s/month			30		32	

To explore these results further and to see whether they disclose any pattern or particular explanation, we examined the reasons which respondents gave for switching or not switching. The results are shown in table 4.4 and figure 4.2. The reasons for changing electricity provider have been summarised into 4 categories:

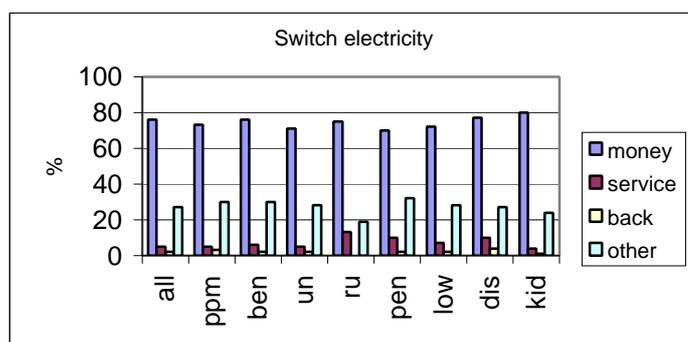
those related to money; those related to the quality of the service; a change back to the previous provider; and a general “other reasons” category.

As table 4.4 and figure 4.2 show, **the most common reason for switching is related to money**, for all the household categories analysed, including those who belong to the category “low income households”.

Table 4.4: Proportion of households who have switched electricity supplier in each category giving each reason for switching (multiple reasons permitted, numbers in parentheses).

	Money related	Service related	Switched back	Other
All switchers (582)	76%	5%	2%	27%
PPM (209)	73%	5%	3%	30%
Receiving benefit (461)	76%	6%	2%	30%
One or more unemployed (88)	71%	5%	2%	28%
In rural areas (16)	75%	13%	0%	19%
Pension (134)	70%	10%	2%	32%
Low income (244)	72%	7%	2%	28%
Receiving disability benefit (109)	77%	10%	4%	27%
With children (258)	81%	4%	1%	24%

Figure 4.2: The proportion of households who have switched electricity supplier giving each reason for switching

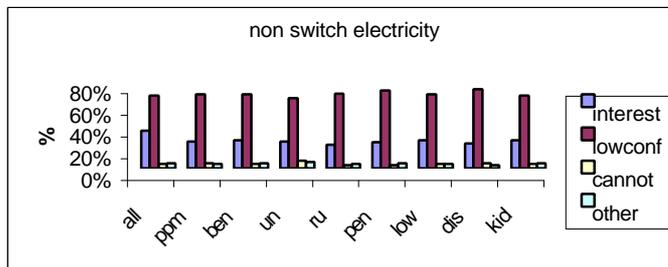


The analysis above is complemented by the analysis of those who did *not* switch electricity provider and the reasons they gave for not doing so. The tables and figures are presented in the same fashion as above. The question was an open one, and categorisation was undertaken afterwards, with many answers interpreted as indicating a lack of confidence in alternative suppliers. **For all groups of consumers the predominant reason given indicated some lack of confidence in alternative suppliers.** This was slightly more common amongst pensioner households and those in receipt of disability benefit. Overall **only 4% believed that they *could not* switch,** and though this was slightly higher for prepayment meter users, it was even greater amongst households with an unemployed member. Six people stated that they *knew* that they could not switch supplier because they were in debt, and a further twenty *believed* that they could not do so.

Table 4.5: The proportion of households who had not switched electricity supplier in each category giving each reason for not switching (multiple reasons permitted, numbers in parentheses)

	No interest	Lack of confidence	Cannot	Other
All (2827)	26%	67%	4%	5%
PPM (1878)	25%	68%	5%	4%
Receiving benefit (2273)	26%	68%	4%	5%
One or more unemployed (521)	25%	65%	7%	6%
In rural areas (152)	22%	69%	3%	4%
Receiving state pension (612)	24%	72%	3%	5%
Low income (1349)	26%	68%	4%	4%
Receiving disability benefit (517)	23%	73%	5%	3%
With children (1261)	26%	67%	4%	5%

Figure 4.3: Proportion of households who had not switched electricity supplier in each category giving each reason for not switching



4.2 Switching gas supplier

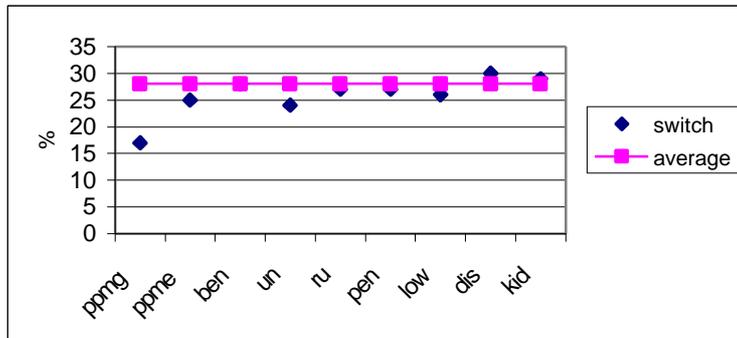
A similar analysis to that above was conducted for switching gas suppliers. In table 4.6 we have also included the category of all those who have an electricity prepayment meter, for comparison.

Table 4.6: Proportion of households in each category who switched gas supplier (numbers in parentheses)

Household group	Percentage who switched
All (2926)	28%
PPM for gas (982)	17%
PPM for electricity (1746)	25%
Receiving benefits (2355)	28%
One or more unemployed (522)	24%
In rural areas (93)	27%
Receiving state pension (517)	27%
Low income (1319)	26%
Receiving disability benefit (525)	30%
With children (1376)	29%

The average figure varied regionally from 21% to 38%, and the rate of switching amongst PPM users from 11% to 24%. **In each region the PPM switching rate was significantly below that of the average.**

Figure 4.4: Proportion of households in each group which had switched gas supplier



The *level* of gas switching among the sample is again similar to the national average at the time of the interviews. The *pattern* of gas switching reflects that in electricity, with much lower than average switching among prepayment consumers. However while we saw that those with electricity prepayment meters were less likely to switch *electricity* suppliers, their rate of switching *gas* suppliers is close to the average. This suggests that these consumers have no less intrinsic propensity to switch, but that they perceive fewer opportunities for switching suppliers in the fuel for which they prepay. There are several (mutually compatible) possible explanations. Entrants generally offer much less attractive deals for prepayment (many are more expensive than the incumbent), so it is rational for such consumers to stay with their existing supplier. Non-price marketing by entrants is also less vigorous for prepayers. Not many prepayment meter users believe that they *cannot* change suppliers, and low levels of debt are reported. In general, the fact that households with a prepayment meter for electricity who use credit payment for their gas are much less likely than average to change electricity suppliers but more likely to change gas supplier suggests that the lack of enthusiasm for prepayment switching is stronger amongst suppliers than amongst consumers.

The relation of switching behaviour to household income and bill size is shown in the next two tables.

Table 4.7: The proportion of households in each income group who had switched gas supplier (numbers in parentheses)

Income bracket £s per annum	% Switchers
0 - 6,499 (648)	18%
6,500 - 12,499 (671)	24%
12,500 - 17,499 (343)	28%
17,500 - 24,999 (302)	30%
24,500 - 34,999 (199)	25%
35,000 - 49,999 (108)	20%
More than 50,000 (46)	30%
Income not reported (609)	27%
Total (2926*)	26%

* 491 households have no gas mains

As for electricity, we see much lower switching rates in the very lowest income groups. Table 4.8 shows the proportion of switchers and non-switchers according to average (monthly) bill size. The average bill of the switchers is not significantly different from that of non switchers.

Table 4.8: Distribution of bill size of gas switchers and non switchers

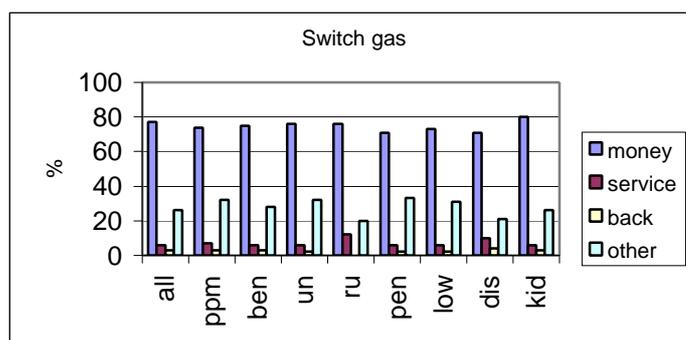
Bill size (£) (month av.)	All		Switchers		Non switchers	
	% with this bill	Cumul.	%	Cumul.	%	Cumul.
≤ 10	21%	21%	19%	19%	21%	21%
10.1 – 15.0	6%	27%	8%	27%	6%	27%
15.1 – 20.0	8%	35%	11%	38%	7%	34%
20.1 – 25.0	13%	48%	13%	51%	13%	47%
25.1 – 30.0	10%	58%	12%	63%	10%	57%
30.1 – 35.0	13%	71%	11%	74%	13%	70%
35.1 – 40.0	5%	76%	5%	79%	6%	76%
40.1 – 50.0	11%	87%	9%	88%	11%	87%
50.1 – 100.0	11%	98%	10%	98%	12%	99%
≥ 100	1%	100%	2%	100%	1%	100%
Mean (£s/month)			28		29	

The main reasons which switchers gave for changing gas supplier were similar to those for electricity and were predominantly money related (see table 4.9 and figure 4.5). Money reasons are more frequently cited by households with children, and least often mentioned by pensioners and those with disabilities.

Table 4.9: The proportion of households who had switched gas supplier in each category giving each reason for switching (numbers in parentheses, multiple reasons permitted)

Group	Money related	Service related	Switched back	Other
All (819)	77%	6%	3%	26%
PPM (167)	74%	7%	3%	32%
Receiving benefit (659)	75%	6%	3%	28%
One or more unemployed (125)	76%	6%	2%	32%
In rural areas (25)	76%	12%	0%	20%
Receiving state pension (140)	71%	6%	2%	33%
Low income (343)	73%	7%	2%	31%
Receiving disability benefit (158)	71%	10%	4%	21%
With children (399)	80%	6%	3%	26%

Figure 4.5: Proportion of households who have switched gas supplier giving each reason for switching

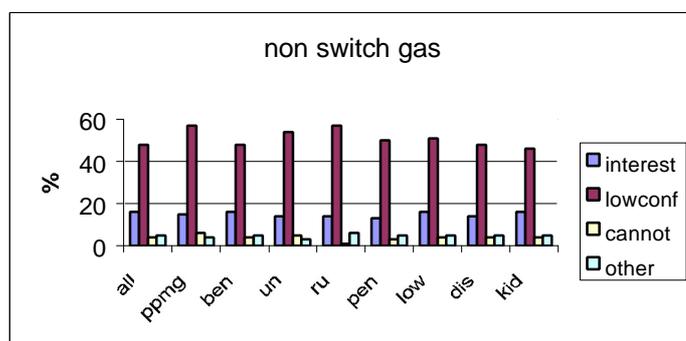


The reasons for not switching gas supplier are reported in table 4.10, and they show the same pattern as in the case of electricity (see also figure 4.6).

Table 4.10: The proportion of households who had not switched gas supplier in each category giving each reason for not switching (multiple reasons permitted, numbers in parentheses)

	No interest	Lack of confidence	Cannot	Other
All (2107)	16%	48%	4%	5%
PPM gas (815)	15%	57%	6%	4%
Receiving benefits (1696)	16%	48%	4%	5%
One or more unemployed (397)	14%	54%	5%	3%
In rural areas (68)	14%	57%	1%	6%
Receiving state pension (377)	13%	50%	3%	5%
Low income (976)	16%	51%	4%	5%
Receiving disability allowance (367)	14%	48%	4%	5%
With children (981)	16%	46%	4%	5%

Figure 4.6: The proportion of households who had not switched gas supplier in each category giving each reason for not switching



As for electricity, the most frequently mentioned reason for not switching was lack of confidence in alternative suppliers. But this was mentioned by only about half the non switchers, compared with three quarters of those who had not changed electricity supplier. The lower level of lack of confidence may reflect the longer period for which the market has been open. Lack of confidence was higher for households with prepayment meters and in rural areas. Pensioner households and households in receipt of disability benefit, more of whom lacked confidence in alternative electricity suppliers, showed only average levels of confidence in alternative gas suppliers.

In summary, the majority of the sample (83% for electricity and 72% for gas) had not changed energy provider, mainly because they lacked confidence in the alternative providers in the market. This is true within all the subgroups analysed. For the minority who decided to change, the reason leading to the choice was primarily justified by the money savings, again across all the categories analysed.

Some of the people who did not change supplier still changed payment method. Of the people who did not change supplier about a quarter of electricity users and a fifth of gas users had changed payment method and could tell us about the previous method used. We examined whether the new payment method was cheaper. The majority of consumers who changed payment method moved to prepayment (75% for electricity and 58% for gas), so most moved to a more expensive payment method. Only 23% of electricity users who had changed payment method but not provider moved to a cheaper payment method while 40% moved to a cheaper gas payment method. The percentages for the different payment method are shown in table 4.11.

Table 4.11: Change in payment method, shown as a percentage of all those who have changed payment method but not provider

ELECTRICITY	Moved to following payment method		
	PPM	Monthly dd	Standard credit
Old payment method			
PPM (58)	-	2%	7%
Monthly dd (45)	5%	-	3%
Standard credit (536)	70%	14%	-
Total changes in payment method	75%	16%	9%
GAS	Moved to following payment method		
	PPM	Monthly dd	Standard credit
Old payment method			
PPM (58)	-	3%	12%
Monthly dd (45)	3%	-	3%
Standard credit (536)	55%	25%	-
Total changes in payment method	58%	28%	15%

4.3 Households with arrears

Being in arrears with energy bills is often seen as a major obstacle to switching supplier, because the company to whom the debt is owed can object to the transfer. **The number of households saying that they were in arrears with their fuel payments was much lower than is reported by the supplying companies.** The characteristics of these households are identified in the table 4.12 below and compared with the characteristics of the sample as a whole.

Table 4.12 The proportion of each household group reporting arrears for fuel (numbers in parentheses)

Type of household	Electricity arrears	Gas arrears	Arrears for both fuels
All (3417)	4%	7%	2%
Electricity PPM (1150)	5%	7%	1%
2 PPMs (941)	5%	13%	3%
Receiving benefits (2395)	5%	9%	2%
One or more unemployed (412)	9%	14%	4%
In rural areas (169)	2%	4%	0%
Receiving state pension (629)	2%	2%	0%
Low income (1595)	5%	10%	2%
Receiving income related benefits (2200)	6%	10%	2%
Receiving disability benefit (626)	6%	9%	2%
With children (1522)	6%	11%	2%

Households with unemployed members and those with children have a higher than average chance of being in arrears for electricity. The same households also have high percentages of arrears in gas relative to other potentially disadvantaged groups. The large majority of households with arrears for both fuels receive income-related benefits and more than half have a low income. The percentage of households with arrears in both fuels is around 2% and fairly consistent across the different groups with the exception of pensioners (none with arrears in both fuels) and electricity PPM only users (1%). A relatively high percentage of two fuel arrears is recorded among households with unemployed members (4%) and users of both PPMs (3%).

The reason for the discrepancy between company and consumer reporting of debt may be because interviewees do not want to admit being in debt or because they misunderstand the question; if they have come to a repayment arrangement they may regard the debt as settled, whilst from the company's point of view the money still remains to be paid. However combined with the low number of consumers who believe that they are unable to switch suppliers, even amongst prepayment meter

users, these results suggest that **debt blocking is not perceived as a major inhibition to switching by consumers.** Indeed the ability by suppliers to prevent the heavily indebted from switching may have been a comfort to entrants who will feel even more wary of groups who are seen as poor credit risks without such “automatic credit checks”.

5. Payment methods and budgeting choices

This chapter reports consumer attitudes to payment methods in section 5.1, and section 5.2 discusses the particular issue of recharging prepayment cards. Section 5.3 reports budgeting responses to hypothetical changes in income and in gas and electricity prices. Throughout this chapter dd refers to direct debit and sc to standard credit.

5.1 Consumer attitudes to payment methods.

Consumers were asked about their perceptions of the payment method which they used

Table 5.1: Perception of electricity and gas payment method by type of payment (if same method used for both fuels)

Perception of payment method	Type of payment method			Total
	Prepayment	Monthly dd	Standard credit	
Payment method is cheap	36%	95%	75%	294
Payment method is expensive	64%	5%	25%	210
Total numbers	267	110	127	504

Of those using prepayment for both fuels, 64% identified prepayment as expensive relative to other payment methods (compared with 5% of direct debit users and 25% of standard credit users who thought their payment method relatively expensive).

The convenience of payment method was also explored amongst consumers who used *different* payment methods for each fuel. Table 5.2 shows that **in general consumers find their payment method very or fairly convenient**. The lowest convenience ratings were for standard credit in both fuels, where prepayment meters were used to pay for the other (though even in these groups 88% (90%) thought that this standard credit electricity (gas) payment method was fairly or very convenient). We explore below the attitudes of users to prepayment meters in particular.

Table 5.2: Convenience of payment method, other than prepayment (where prepayment is used for the other fuel this is shown in parentheses)

Type of payment and fuel	Very/fairly convenient	Very/fairly inconvenient	Total numbers
Monthly dd both fuels	98%	2%	326
Gas dd, electricity sc	93%	7%	42
Electricity dd, gas sc	100%	0	24
Electricity dd, no gas	100%	0	21
Electricity sc, no gas	96%	4%	140
Standard credit both fuels	97%	3%	706
Gas dd (electricity PPM)	96%	4%	109
Gas sc (electricity PPM)	90%	10%	687
Electricity dd (gas PPM)	100%	0	6
Electricity sc (gas PPM)	88%	12%	33
Total	95%	5%	2149

Only 2149 have been asked this question; this excludes 941 households with PPMs for both fuels and 327 households with electricity PPM and no gas mains.

The comments refer to both fuels if the payment method is not prepayment. When the respondent has one prepayment meter this is indicated in brackets and the comment refers to the credit payment only. As explained in chapter 1 most gas PPM users also prepay for electricity, while there are many consumers who have an electricity prepayment meter but do not prepay for gas. Because of the different characteristics of these groups the analysis is conducted separately for the group which has only electricity prepayment meters and that which uses prepayment for both fuels.

Prepayment consumers were asked what their preferred method of payment was. **86% of electricity and 87% of gas prepayment consumers would choose prepayment, and 3% would choose direct debit.** These figures were somewhat lower for those (few) consumers who reported that they were still in arrears (5% of electricity and 13% of gas prepayment consumers); 72% of prepayment users in debt would continue with prepayment after their arrears were paid; only very small numbers would choose monthly direct debit or a regular cash scheme to assist budgeting (see table 5.3).

Table 5.3: Payment method preferred by current prepayment meter users (numbers in parentheses)

Preferred payment method (PPM users only)	Electricity PPM only (1150)	Gas and Electricity PPMs (941)	
	Electricity	Electricity	Gas
PPM	84%	88%	87%
Monthly dd	5%	3%	3%
% of PPM users still in arrears	5%	5%	13%
Preferred payment method after arrears paid			
Same payment method (PPM)	72%	82%	72%
Monthly dd	12%	2%	7%
Regular cash scheme	5%	6%	6%

The responses were analysed to identify the relationship of preference for prepayment meters to demographic and other household characteristics. Tables 5.4 and 5.5 show the variation by whether consumers are in urban or rural areas. Rural electricity prepayment users are least enthusiastic about prepayment, while for gas this role is taken by urban users.

Table 5.4: The proportion of electricity PPM users who prefer PPM as method of payment by population density (numbers in parentheses)

Location	Prefer PPM	Would like other method
Rural (106)	79%	21%
Other (1207)	88%	12%
Urban (778)	83%	17%
Total (2091)	86%	14%

Table 5.5: The proportion of gas PPM users who prefer PPM as method of payment by population density (numbers in parentheses)

Location	Prefer PPM	Would like other method
Rural (27)	85%	15%
Other (564)	88%	12%
Urban (391)	81%	19%
Total (982)	85%	15%

Family structure does not seem to be a factor in determining preference for prepayment. However income is important (see tables 5.6 and 5.7). **At higher income levels, lower proportions of both gas and electricity prepayment users prefer this method**, but the difference is only statistically significant for the larger group of electricity prepayers, who also have higher average income (see table 1.2).

Table 5.6: The proportion of electricity PPM users who prefer PPM as method of payment by income level (numbers in parentheses)

Income level	Prefer PPM	Would like other method
Less than £17,500 (1371)	87%	13%
£17,500 and above (352)	76%	22%
Total (1753)	85%	15%

Table 5.7: The proportion of gas PPM users who prefer PPM as method of payment by income level (numbers in parentheses)

Income level	Prefer PPM	Would like other method
Less than £17,500 (684)	86%	14%
£17,500 and above (144)	79%	21%
Total (828)	85%	15%

* The proportion of people preferring PPMs as payment method is not statistically different between the two income groups.

This difference in preferences is reflected in the patterns amongst those on different benefits, where a lower proportion of those who are not in receipt of a benefit (who generally have higher incomes) prefer PPMs (see tables 5.8 and 5.9).

Table 5.8: Proportion of electricity PPM users who prefer PPM as method of payment by benefit received (numbers in parentheses)

Type of benefit received	Prefer PPM	Would like other method
State pension (265)	88%	12%
Disability (402)	90%	10%
Income related (1562)	86%	14%
No benefit* (353)	80%	20%

* the average level of income for this group is circa £23,000

Table 5.9: Proportion of gas PPM users who prefer PPM as method of payment by benefit (numbers in parentheses)

Type of benefit received	Prefer PPM	Would like other method
State pension (104)	88%	12%
Disability (198)	88%	12%
Income related (768)	86%	14%
No benefit* (144)	78%	22%

*the average level of income for this group is circa £22,000

Prepayment consumers were asked whether they had considered using direct debit, and, if so, why they had continued with prepayment. The results are shown in table 5.10. **The main reason for rejecting direct debit was to retain control over finances.** Of those who had considered but rejected it, **only 6% had rejected direct debit because of not having a bank account.**

Table 5.10: Reasons given for not using direct debit, after having considered it (numbers in parentheses)

Reasons	Electricity PPM only (237)	Gas and Electricity PPMs (166)
Want control over finances	23%	34%
No bank account	6%	5%
No regular income	8%	17%
Don't know, not my choice	7%	3%
Lack of confidence in banks and companies	3%	8%
Not aware is cheaper	6%	4%
Proportion of group who have considered direct debit	21%	18%

In general prepayment meter users found few disadvantages to their payment method. **Even when pressed, around half of both prepayment groups found no disadvantages.** Where drawbacks were cited, the main one was, not surprisingly, that the meter runs out (see table 5.11). The main advantage is the fact that PPMs allow for financial control and avoid large bills (70% and 65% of responses in the two groups respectively). Less than 5% of respondents in the two groups found no advantages. About 4% thought of this as a cheaper method of payment (see analysis above) and only about 10% of people in the two groups included the more expensive nature of this payment method amongst the disadvantages, although 64% of PPM users realise that they pay a premium.

Table 5.11: Main advantages and disadvantages of using PPM (categories are not exclusive, numbers in parentheses)

Advantages of PPMs	Electricity and gas PPMs (941)	Electricity only PPMs (1150)
No large bills /no worries/ financial control	70%	65%
Easier/better/ preferred method	24%	22%
Cheaper method	4%	3%
Habit	0%	1%
No choice	1%	1%
Was there when moved in	1%	3%
Don't know/ not my choice	0%	1%
None	2%	4%
Disadvantages of using PPMs		
Runs out	19%	14%
Inconvenient outlet/ not open	10%	9%
More expensive/ no discount/ no rebate/paying in advance	10%	8%
Remembering to buy/charge/pay	5%	8%
Bill size/having to find the money	5%	3%
Problems with meter/card/key	4%	2%
Not knowing bill/amount consumed	1%	1%
Don't know	1%	1%
None	49%	57%

5.2 Charging cards

Households were generally positive about the convenience both of opening hours and location of their nearest charging points for electricity and gas prepayment. On average about 70% thought that the opening hours for each were very convenient, though this varied from 55% to 79% in different regions for electricity (slightly less variation in gas (58% to 76%) but with lower numbers). 80% of households had a charge point for gas and electricity within one mile, though again there were variations between regions of 70% to 95%. There was surprisingly little variation between those living in rural and urban areas, with almost identical proportions within one mile of a charge point. A higher proportion of the rural population found the opening hours of the charge point very convenient for electricity, but this was not the case for gas.

Of the hundred or so households who found the location of the electricity charging point inconvenient, almost half were disabled, 77% had children, and 42% were pensioners. All of these charged their cards weekly or less frequently, and lived within two miles of a charging point. Of the gas prepayment users who found their charging outlet inconvenient or fairly inconvenient, nearly three quarters were disabled, and almost all these households were also pensioner households. 87% of households who found the charging points inconvenient included children.

Almost three quarters of the households said that they charged their cards on a regular weekly basis, with 17% charging them regularly at less frequent intervals. About 5% charged their cards irregularly; 2% of gas prepayers, and 3% of electricity prepayers charged the card only when they ran out of credit. Nearly twice as many families with children charged the card when the meter ran out (though still less than 6% reported using this basis). In general the frequency of charging the card was inversely related to the distance of the nearest charging point, but not very strongly. Tables 5.12 and 5.13 show the percentages of those in each 'distance category' who charge at different frequencies. Not surprisingly, a higher proportion of those who live within a mile of the charging point charge their electricity cards more frequently than households who have further to travel.

Table 5.12: Proportion of households within specified distance of electricity charging point using different charging frequencies (numbers in parentheses).

Distance	< 1 mile (1783)	1-2 miles (227)	2-3 miles (46)	> 3 miles (21)
Frequency				
Weekly	76%	70%	70%	67%
Monthly	17%	21%	22%	24%
Irregularly	5%	5%	7%	10%
When meter runs out	3%	3%	2%	0%

Table 5.13: Proportion of households within specified distance of gas charging point using different charging frequencies (numbers in parentheses)

Frequency of charging	< 1 mile (825)	1-2 miles (122)	2-3 miles (17)	> 3 miles (8)
Weekly	72%	75%	59%	63%
Monthly	17%	17%	29%	25%
Irregularly	7%	4%	2%	0%
When meter runs out	1%	1%	0%	0%

5.3 Budgeting priorities

Households were asked how they would respond to increases or decreases in the price of gas and electricity and to a change in £15 per week in income in each direction (£15 was the incentive payment given for participating in the survey). The table below shows the response of households to the question about electricity prices.

Table 5.14: Response to change in electricity prices (numbers in parentheses)

Effect of decrease in electricity prices	Whole sample (3417)	Electricity PPM only (credit gas) (1150)	Gas and Electricity PPMs (941)
Use more electricity	9%	10%	11%
Use money for other things	75%	74%	74%
A bit of both	8%	9%	7%
Effect of increase in electricity prices			
Use less electricity	26%	29%	25%
Use the same electricity	72%	69%	73%

There is some asymmetry in the responses to hypothetical price changes in different directions. More people report that they would cut back on their electricity consumption if the price were to rise than would consume more if the price were to fall, even including those who would buy both more electricity and other things; some of the difference may be accounted for by those who did not give a response to this question. A significantly higher proportion of the group with only one prepayment meter would reduce electricity consumption if there were a price rise, compared both with those using two credit meters and those using two prepayment meters.

When asked about gas prices increases, we see slightly more responsiveness to the change (table 5.15). However the asymmetry is slightly less, with the numbers buying at least some more gas in the case of a price fall being much closer to the numbers reducing consumption in the case of a price rise. Those with prepayment meters for both fuels are significantly more likely to use more gas and less likely to buy other things in the event of a price fall, and also significantly more likely than other groups to reduce consumption of gas if its price rises. This suggests that payment method is closely related to price responsiveness of demand, with those using prepayment meters having much greater price sensitivity in the short term, indicating that these consumers are currently constrained in their gas consumption.

Table 5.15: Response to changes in gas price (numbers in parentheses).

Effect of decrease in gas prices	Whole sample (2926)*	Electricity PPM only (823)**	Gas and Electricity PPMs (941)
Use more gas	14%	13%	20%
Use money for other things	70%	72%	65%
A bit of both	7%	6%	6%
Effect of increase in gas prices			
Use less gas	23%	25%	26%
Use the same gas	74%	72%	71%

*491 without gas mains connection

**327 without gas mains connection

To identify the income effect separately, respondents were asked about the effects of increases and decreases in income of £15 per week.

Table 5.16: Response to changes in income (numbers in parentheses)

Effect of an increase in income (£15 per week)	Whole sample (3417)	Electricity PPM only (credit gas) (1150)	Gas and Electricity PPMs (941)
Use more electricity	3%	6%	2%
Use same amount of electricity	87%	28%	6%
	with gas connection		
	(2926)*	(823)**	(941)
Use more gas	4%	3%	7%
Use more of both	5%	6%	6%
Use same amount of both	87%	87%	83%
Effect of a decrease in income (£15 per week), whole project sample			
Use less electricity	7%	12%	4%
Use same amount of electricity	70%	68%	65%
	with gas connection		
	(2926)	(823)	(941)
Use less gas	4%	4%	5%
Use less of both	20%	21%	23%
Use same amount of both	70%	69%	65%

*491 without gas mains connection

**327 without gas mains connection

Again we see asymmetry between increases and decreases in income, with many more respondents reporting that they would reduce consumption if income were to fall than increase it (for both fuels) if income were to rise. Those with prepayment meters for both gas and electricity are more likely than the other groups to use more gas if their income increases; and this group is significantly more likely to use less of both fuels if income falls. Those with only an electricity prepayment meter are significantly more likely to use less electricity if income falls, supporting the view that having a prepayment meter makes consumption much more susceptible to changes in income as well as price, and that the energy consumption of some of these consumers is constrained by income.

We explored some consumption characteristics of those who responded in each way to the questions about price increases and decreases. Those who said that their consumption would increase if the price of fuel went down presumably feel that their present consumption levels are below the “optimal” levels because of income constraints. The characteristics of these groups are shown in the two tables below. The first table (5.17) shows the main fuel used for space heating, cooking and water heating for those who said they would use more electricity if its price were to go down.

Table 5.17 : Main fuels used by those who would use more electricity if its price were to fall (numbers in parentheses).

		All sample (318)	Electricity PPM only (115)	Gas and electric PPM (105)
Heating	electricity	27%	29%	9%
	gas	67%	65%	87%
Cooking	electricity	46%	47%	33%
	gas	45%	47%	59%
Water	electricity	43%	42%	19%
	gas	57%	50%	70%

We can compare these with the responses of those who would increase gas consumption if its price were to fall.

Table 5.18: Main fuel used by those who would use more gas if its price were to fall (numbers in parentheses).

		All sample (422)	Electricity PPM only (110)	Gas and electric PPM (189)
Heating	electricity	5%	6%	5%
	gas	90%	87%	91%
Cooking	electricity	27%	28%	28%
	gas	63%	65%	64%
Water	electricity	18%	24%	16%
	gas	73%	65%	74%

Comparing the two tables we see that those who feel constrained in their consumption of each fuel (in the sense that a fall in its price would engender higher consumption) are much more likely than average to have that fuel as their main source of heating/cooking, emphasising the importance of the income effect. We explored this further by examining the proportion of each of these groups who reported that they could not heat their homes adequately, could not afford sufficient fuel, or were still in arrears with the relevant fuel supply company.

Table 5.19: Households who would use more fuel if price were to decrease (numbers in parentheses).

	Increase electricity consumption with lower price			Increase gas consumption with lower price		
	all sample (318)	EI PPM only (115)	2PPMs (105)	all sample (422)	EI PPM .only (110)	2PPMs (189)
Cannot heat adequately	30%	36%	31%	29%	28%	36%
Cannot afford fuel	24%	27%	23%	23%	25%	24%
Arrears with fuel	4%	3%	5%	13%	16%	16%

The much larger group which reports that a higher electricity (gas) price would result in lower consumption can be regarded as *potentially* consumption constrained. The difference may also reflect the difficulty of increasing consumption in the short term

because it depends on acquiring appropriate appliances, which would be difficult for such income constrained households. Again we examined the relationship with the main fuel used for heating and cooking.

Table 5.20: Main fuels used by those who would use less electricity if its price were to rise (numbers in parentheses).

Fuel used		All (893)	EI PPM only (334)	2PPMs (236)
Heating	electricity	20%	32%	6%
	gas	75%	61%	91%
Cooking	electricity	43%	54%	33%
	gas	46%	38%	61%
Water	electricity	28%	42%	17%
	gas	65%	50%	78%

The corresponding table for gas follows.

Table 5.21: Main fuels used by those who would use less gas if its price were to rise (numbers in parentheses)

Fuel used		All (687)	Electricity PPM only (208)	2PPMs (248)
Heating	electricity	5%	6%	5%
	gas	92%	89%	92%
Cooking	electricity	29%	29%	30%
	gas	58%	59%	62%
Water	electricity	14%	18%	13%
	gas	78%	74%	78%

Again the effect of changes in income relates closely to the primary fuel used for heating. We see very little variation between the responses from those who have one or two prepayment meters.

We next analysed the responses of those who would use less fuel if its price were to increase, in terms of whether they reported both other signs of fuel rationing and arrears.

Table 5.22: The proportion of households who would reduce consumption and also reported signs of fuel rationing (numbers in parentheses)

	Decrease electricity consumption with higher price			Decrease gas consumption with higher price		
	all (893)	EI PPM only (333)	2PPMs (236)	all (687)	EI PPM only (208)	2PPMs (248)
Cannot heat adequately	21%	26%	27%	19%	20%	29%
Cannot afford fuel	18%	20%	24%	19%	21%	23%
Arrears with relevant fuel	6%	8%	6%	14%	14%	20%

Households who would reduce consumption are much more likely than average to show symptoms of fuel rationing and to be in arrears. We explored further the characteristics of those who would change their consumption with changes in price.

Table 5.23: The proportion of each household type responding in each way (numbers for electricity in parentheses)

Household characteristic	Electricity (3417)		Gas (2926)	
	Buy more if price falls	Buy less if price rises	Buy more if price falls	Buy less if price rises
Receiving benefits	18%	27%	23%	25%
One or more unemployed	23%	33%	29%	34%
In rural areas	27%	22%	27%	19%
Receiving state pension	17%	21%	19%	17%
Low income	19%	31%	24%	29%
Receiving disability benefit	17%	28%	23%	24%
With children	18%	28%	23%	26%
Project sample	18%	26%	21%	24%

We see that for all categories of constrained and potentially constrained consumption there are a disproportionate number of low income households and households with unemployed members. Families with children are more likely to be constrained (in practice or potentially) in their gas consumption. Pensioner households report constraints relatively less often. This may reflect less flexibility on the part of older consumers rather than necessarily a less binding income constraint.

6. Management perspectives

This chapter presents an analysis of the company data collected from 42 managers in 12 supply companies between April and July 2000. The managers represented the marketing, regulatory liaison and operational/customer service functions. These responsibilities were chosen on the basis that the managers would have an appreciation and understanding of company policies, practices and potential responses to social action initiatives. The sample of managers across the supply industry is as follows: three from seven companies, four from four companies and five from one company. The companies that agreed to participate with the collection of this data are listed at appendix 3.

The interviews consisted of semi-structured questions, to take account of the managers' ability to respond within the scope of their roles and responsibilities, and their perceptions of the context and issues under consideration. The interviews were conducted by Diane Sharratt, Bitten Hansen and Sandy Coleman. The data collected are held by the Centre for Management under Regulation in line with a confidentiality agreement with each of the participating companies. The interviews covered the following broad areas:

- Roles and responsibilities;
- Defining the disadvantaged;
- The effects and impact of regulation and social obligations;
- Policy, context and practice;
- Commercial considerations.

The interview schedule is appended at annex 4.

This analysis relies solely on the interview data and reflects a snapshot of the issues at the time of the interviews. The research design and sampling procedure do not allow conclusive aggregation of interviewee responses to produce profiles for each company. Where possible, indications of the size of effects are given; however these data are descriptive in nature, following the qualitative methodology used, and focus

on issues raised as significant rather than a definitive summary of company or interviewee perspectives. This chapter takes the following structure. Section one reports views on customers and disadvantage, and section two those on definitions, identification and targeting of the disadvantaged. The next two sections deal with payment method and its role in social initiatives and prepayment meters, and the fifth section discusses debt mechanisms. Section six reports views on energy efficiency and section seven those on external links and partnerships. The last two sections deal with the impact of social regulation and roles and responsibilities.

6.1 Customers and disadvantage

The competitive market and the need to retain and acquire customers provided a relatively homogeneous basis for the customer orientation. An additional factor for some of the organisations was a public service ethos, underpinned by one or more of the following factors:

- the history of the industry;
- the first tier environment;
- the nature of the commodity provided.

From this view a purely commercial orientation becomes an unacceptable or risky strategy that may undermine the credibility and future operations of companies. To some extent there is a recognition of the essential nature of the product supplied and the effect of depriving households of the commodity. A small number of managers talked about a culture of social responsibility that predated privatisation and that continued to exist to an extent. The implication here appears to be that this culture is less prevalent in the current climate and that the customer orientation was moving towards a commercial basis underpinned by needs to maintain organisational credibility to a range of stakeholders and a recognition that the industry is very much in the public eye.

Other interviewees talked about the nature of their organisation's culture or philosophy and the role of leadership in formulating a strong message about customer service. The nature of the data makes it difficult to evaluate overall whether this philosophy is a recent response to social obligations, whether it is a natural result of

changes in leadership, or whether it has a longer history rooted in the above mentioned public service ethos.

Whatever the basis of the customer orientation, to some extent company responses reflect the need to conform to external expectations of good practice. Thus companies need to remain aware and active in their responses not only to the regulator, but also as a reflection of the requirements of the community generally and social policy agencies. This implies that the industry, whatever its current orientation, needs to manage relationships with a range of stakeholders and is vigilant in protecting and promoting its image.

For six companies the operational focus is on the customer base as a whole, and this orientation subsumes disadvantaged customer groups. Therefore, by the very nature of implementing acceptable and appropriate policies the needs of disadvantaged consumers are deemed to be met. In part this may be a reflection of the difficulty espoused in identifying particular types of disadvantage such that if products and services aimed at customers in general meet social criteria then obligations will be met. There is also a recognition that differentiating in favour of particular groups of consumers has the potential for a negative effect on the rest of the consumer base.

For some companies social activities are seen as an important avenue for customer growth and retention, and this is aligned to two effects: firstly, commercial considerations may suggest that disadvantaged groups are an untapped and viable market segment; and secondly, the public at large are assumed to look favourably on companies with a record of social responsibility and thus provide positive public relations and brand outcomes. An active stance towards the acquisition of disadvantaged consumers does not mean that these companies do not also focus activities on higher value, more profitable customer groups. Rather, this strategy, in common with one that does not differentiate, is also aligned to meeting the requirements of a wide range of customers. A focus on customer growth and retention appears to be a deciding factor for both overall strategies, whether or not this includes a particular inclination towards specific social products and services.

6.2 *The Disadvantaged – definitions, identification and targeting*

A common problem across the supply industry is the inadequacy of definitions with which to describe disadvantage. Interviewees were asked: what do you mean by disadvantage? **Many of the managers voiced the opinion that defining disadvantage was difficult.** The definitions offered took numerous forms, all of which have some degree of suitability, none of which appears to help the companies address social policy in a constructive manner. The definition that the government are believed to support uses the percentage of income spent or needing to be spent on fuel, and is of little practical benefit to suppliers because they are not party to information concerning household income and may not be aware of *total* fuel expenditure.

Clearly, defining disadvantage is difficult. Some specific groups, such as the disabled, special needs and the elderly were cited explicitly as potential targets. Special needs and the specific facilities available to meet their needs were consistently mentioned. Figure 6.1 identifies the extensive range of factors that interviewees suggested could underpin definitions of disadvantage. The first category ‘ill-defined classifications’ is intended to highlight that some of the descriptions in use in the industry do not contribute to operational measures and requirements to address fuel poverty.

See Table 6.1 (at end of chapter)

The scope of the list highlights the multiple categories that may present social issues. It also emphasises the potential difficulties in the capacity to address social actions and policies towards the appropriate households and the range of factors that companies may wish to consider in formulating particular initiatives. As one interviewee said, the diverse range of characteristics makes the formulation of specific initiatives, particularly in terms of cost reflective pricing packages, quite difficult.

Some companies displayed more confidence than others in the capacity to target social initiatives appropriately. This confidence was set against an acknowledgement that the criteria in use were lacking in some way. A significant issue appears to be that the ability to identify and deal with disadvantage and fuel poverty relies heavily on customers raising their problems with their supplier. Besides this, companies use

external agencies to promote social policies, such as energy efficiency measures, and to provide advice to consumers who, for instance, have debt problems.

A specific concern related to the difficulty in distinguishing between those customers who ‘can’t pay’ and those who ‘won’t pay’. Customer records and the skills and experience of customer facing staff are relied upon to differentiate customers who cannot afford to pay from those who are avoiding payment (see also section 6.5).

6.3 Payment method and its role in social initiatives

Overall there was a large degree of support for the role of payment method in tackling issues of disadvantage: 29 of the 42 interviewees felt that payment method had an important or significant role to play in social initiatives; another 4 said that payment method was one significant factor that should be taken into account; and the balance of the interviewees talked about their range of methods available, or the scope for identifying disadvantaged groups by their payment method. Companies provide an extensive range of options that either meet the new social obligations, or with one or two additions would do so. A range of payment methods is seen as a sensible way to address customer requirements, to provide choice, meet the particular circumstances, enhance the capacity for customers to manage their household budgets, and prevent the accrual of debt. Companies benefit financially in terms of cash flow and lowered debt exposure, and in reputation by reflecting a discernible awareness of meeting customer needs. A significant amount of company activity is directed at enabling customers to make the right choices to suit their circumstances.

Some of the interviewees suggested that the use of payment method as part of a package with energy efficiency advice holds increased opportunity for helping customers manage their fuel needs.

6.4 Prepayment meters

A specific question asked for the company’s intentions with respect to prepayment meters. And therefore naturally in this instance a large amount of data was collected. The regulator has highlighted a number of prepayment issues as having the potential

to cause or alleviate fuel poverty, and some of these were raised by the interviewees. There is no ready agreement across the sample of the role prepayment has in identifying and in addressing disadvantage. Although the majority of interviewees disputed the notion that prepayment serves as a proxy for disadvantage and fuel poverty, six of the managers felt that there was a useful correlation. In particular, the regulator's emphasis on prepayment and the nature of this research project have perhaps led to a focus on prepayment even when the interviewee has suggested that there is either no or a negligible link, and that the regulator's focus on prepayment is inappropriate. A need to enable segmentation of the mass of prepayment customers into more meaningful classifications was voiced and two companies are moving ahead with this.

There is agreement that prepayment is preferred by many households as a means of control and budgeting for energy. Two companies report that prepayment is used as a savings bank, with a number of customers running up credits – one interviewee said that ten per cent of the call centre traffic was taken up with requests for these credit refunds. Some companies reported initiatives to reduce the total number of prepayment meters; for two this was the result of pressure from consumers committees. Response rates from customers are poor – for instance, in one company only eight per cent of the users contacted wanted to change from prepayment despite being made aware of the additional charges incurred. A similar initiative in another company resulted in a one per cent response from those contacted. This may highlight a difference between customers' actual requirements and what other parties expect them to want. Alternatively, it may suggest a lack of confidence in energy companies (a reason offered by many consumers for not switching supplier, see chapter 4) or apathy on the part of the consumers themselves.

Some companies are reported to value and target prepayment users, others would prefer to avoid them, and a third approach is ambivalent, neither avoiding nor targeting prepayment. Those who prefer to avoid the use of prepayment referred to the regulator's wish to reduce the number in use or to problems with the infrastructure and technology. The infrastructure and available technology mean that prepayment is difficult to operate commercially in terms of lack of control and delayed cash flow and has higher costs to service. Companies who target prepayment consumers do so

for reasons related to the historic context in which they operate and in response to the continuing needs of the population served. For these companies prepayment is a sensible option, particularly where no alternative that meets customer budgeting preferences exists. The advantages of prepayment for the company are payment in advance, guaranteed cash flow and the potential for lower risk in terms of debt exposure.

The main issue raised by 31 per cent of the sample relates to the high costs of servicing prepayment customers. **Both the infrastructure in service provision and metering technology are seen to be in need of investment and innovation**, and this seems to be the general case for both fuels. Such innovation would raise the competitive element of the prepayment market and enable lower prices to be offered. Given that the investment required is large and is outside the scope of the supply industry, the potential for what are perceived as necessary enhancements is not seen as particularly fruitful.

One company that has a proactive approach to recruiting and maintaining a prepayment consumer base has, as a result, highlighted several specific issues particularly to do with the tariff infrastructure to the regulator and has not been satisfied with the outcome.

Some companies reported that they have undertaken prepayment projects and research. These include trials of new technology, such as Smartcard, which allows expenditure to be spread to remove seasonal variation. One company is investigating the effects on reading meters and understanding of bills when prepayment customers are moved to a standard credit method. One company is pursuing the use of multi-fuel meters; however the regulator is believed to resist this option on the grounds that it limits customer choice and competition. Another company is investigating customer perceptions of prepayment meters and why they continue to prefer them.

Self disconnection was mentioned by seven managers. From this interview data three companies reported having interrogated customer charging information. One had concluded that the problem is small and another that further monitoring of customer

information is needed at the individual household level to identify the factors underlying non-charging events. One company reported that the Smartcard technology could be used to maintain a ‘trickle’ level of supply even when the meter is not charged. Two interviewees referred to customer choice in self disconnection, with one having experience that customers were affronted when the company followed up non-charging. Besides household rationing, non-charging may result from vacant properties, hospital stays, etc.

6.5 Debt mechanisms

Debt was an issue discussed by the majority of participants (90 per cent). The issues covered in a fair degree of depth were debt recovery mechanisms, the role of payment method in supporting customer needs and the company risk of exposure to debt. To a lesser extent the reasons why households might experience debt were discussed, and a few of the interviewees talked about debt prevention; even fewer (9 per cent) discussed the potential for the company to assist in debt prevention.

On the whole companies are prepared to be flexible and negotiate the level of debt repayment and are willing to take the household circumstances and ability to pay into account. Companies either provided objective information concerning the lowest rate of recovery accepted as coinciding with the Fuel Direct⁶ rate or lower, or the minimum acceptable repayment was not discussed.

The role of external agencies, such as Citizens’ Advice Bureaux, in the provision of information and support to customers with difficulties was mentioned by many of the interviewees (see section 6.7).

There appear to be few avenues for distinguishing between those who are unable to pay and those who avoid paying. And there was no mention that these two categories could overlap. Across the industry there seems to be a heavy reliance on the skills and experience of customer facing staff and customer records to identify those who ‘won’t pay’. Again, this has direct implications for the targeting of social initiatives and

⁶ Fuel Direct is a payment scheme for the repayment of debt from consumers in receipt of DSS benefits (Income Support and Jobseekers’ Allowance).

perhaps indirect implications for consumer perceptions and the willingness of those in difficulty to approach the company for help in resolving their problems. This may present a difficult balancing act for companies and staff. On the one hand companies wish to present a caring and empathetic face to customers, and on the other they need to deal directly and appropriately with those who wish to avoid paying.

Concerns were raised about Ofgem's proposals with respect to debt blocking⁷. These proposals are thought to do little to address fuel poverty and debt, and are more likely to increase the use of credit vetting and requests for deposits. There is also some concern that customers who 'won't pay' may abuse the system and move from supplier to supplier accruing multiple debts and aggravating debt exposure across the industry. A small number of interviewees reported that their company was happy with the proposals as they freed up consumers' ability to switch.

6.6 Energy efficiency

The amount of data provided on the subject of energy efficiency varies across the sample; this may reflect the role that energy efficiency is deemed to play in social action and/or the responsibilities and perspectives of the interviewees. The interview schedule did not refer directly to energy efficiency measures and thus the information collected is small compared to those issues, such as prepayment, which were directly addressed, and each of the factors discussed below tends to result from single interviewees.

The regulation of energy efficiency was seen as both liberating and constraining. Regulation is liberating through its provision of a level playing field, removing any commercial disadvantage because obligations are equally shared across the industry, and the targets enable a specific focus on disadvantaged households. There is also scope within the obligations for companies to differentiate themselves via their energy efficiency activities, to promote customer loyalty, customer retention and improve the brand image. Two interviewees talked about the ability for consumers to

⁷ Ofgem has proposed changes to prevent companies from stopping consumers in debt from switching supplier.

switch suppliers with 28 days notice as constraining the capacity for company investment and innovation in energy efficiency. Longer term contracts with domestic consumers could enable larger projects with the potential for a greater return for the consumers themselves. For one company, regulation prohibited the ability to align energy efficiency initiatives with other business objectives, although greater flexibility was expected to be an effect of future programmes. One interviewee talked about two difficulties inherent when regulation specifies particular target groups, for example disabled consumers. Firstly, there is an element of imposing initiatives on households potentially against their wishes; and secondly, targeting activities suffers from the problems identified in section 6.2.

Overall the potential for energy efficiency to assist in the alleviation of fuel poverty was recognised, as was its growing relevance in the social agendas of the government and Ofgem. Specialist groups and dedicated advice lines were used to support customers. Some of the companies intended to use energy efficiency as a significant tool in dealing with social issues; they were investigating the opportunities to develop packages that in combination with other initiatives would allow households to take benefits in terms of reduced consumption or increased comfort levels. Energy efficiency advice and initiatives may be used as a lynchpin in addressing social issues.

6.7 External links and partnerships

All of the companies had established some links with external agencies and third parties. Often these relationships were reported as having been in existence for some considerable time, rather than as a response to recent regulatory initiatives.

These links provide several useful avenues of support for the companies. External agencies and organisations, such as Citizens Advice Bureaux and Age Concern, are able to facilitate the interaction of customers with problems and suppliers, and therefore help to identify households in need (see also section 6.2). They also provide useful support in debt counselling (see section 6.5) and general advice concerning services offered. The use of third parties to support energy efficiency initiatives was particularly significant. Generally, again this was in response to difficulties in identifying and targeting appropriate households. External agencies are used to promote energy efficiency, guide consumers towards advice lines, alleviate any

distrust and scepticism concerning the role of companies, and provide an avenue for referrals for companies to target specific measures.

A number of the interviewees were keen to see new social bank accounts available that would enable, for instance, prepayment users to change payment method and take advantage of lower charges and discounts. A few interviewees report that their company is working towards a joint venture with a bank, other interviewees focus on the need for the co-operation of the banking industry and for the government to assist in pushing forward banking initiatives.

Another factor discussed was the need to make and maintain community contacts. This is done through various means across the companies, and includes: staffing debt surgeries, training voluntary staff, facilitating referrals, the provision of advice and literature. An issue raised in two of the companies was the effect that the opening of the competitive market has had on links with local communities; as companies expand their activities outside the host area there is the potential for in area relationships to be weakened and companies need to be vigilant in ensuring that contacts are maintained.

Partnerships with other organisations have also been used to design and promote specific packages aimed at disadvantaged households. Some of these products have been marketed for a relatively long time, others have been on the market for a shorter time and evaluation of their effects is in the early stages.

6.8 The impact of social regulation

A wide variety of responses to the Social Action Plan is evident. To some extent this may be due to the timing of the interviews, which commenced one month after the issue of the final document, and the likelihood that some companies were able to move quickly, were more involved in consultations or were more opportunistic. Certainly the companies who claimed to be ahead with their thinking also talked about influencing social regulation and the competitive benefits made available through social initiatives. The analysis also reflects a ‘snapshot’ of company perspectives and it is clear from the interview data that initiatives and actions were progressing.

This research identifies four templates and uses these to classify the interview data with regard to perceptions of the impact of social regulation on the companies. The templates are:

‘embracing’ social initiatives;
business as usual;
management deliberation;
conflicts with commerce.

Descriptions of the templates follow at the end of this section. More than one template can be used to represent a given organisation. This is due to a number of factors. The four approaches are not necessarily distinct from each other, for instance a company can potentially embrace social initiatives alongside significant concerns about the impact on commercial objectives. Additionally, divergence of opinion between interviewees within a company will reflect their differing roles and responsibilities and impact on their view of the significance of social actions. The percentages quoted in the descriptions that follow exceed one hundred to take into account the multiple views expressed. Table 6.2 shows how these templates cluster across the industry. This figure demonstrates the dispersal of interviewee perceptions of the company’s approach to social obligations. Each row represents a company and these have been randomly ordered. The figure also demonstrates that some interviewees held multiple attitudes to the potential effects and outcomes from social regulation. The spread of these multiple views is demonstrated by allocating a number to each manager.

A caveat is necessary to this analysis: the interviewees were nominated by their company in response to our specification of roles, and in some instances nominees’ organisational role and management level meant that they were not able to give a sufficiently broad view of their company’s responses and policies towards the social agenda.

This analysis does not suggest that the templates can be ‘ranked’ in any way in terms of the merit of particular standpoints in achieving favourable social outcomes. The descriptions that follow provide a ‘feel’ for the differing ways of approaching social obligations and the factors that are perceived to be relevant for a given course of

action. In practice, it is likely that the adoption of each of the templates has considerable merit. For instance, the ‘business as usual’ perspective may be ahead of the game but may focus less on the public relations aspects of their activities. And ‘management deliberation’ has the capacity to provide well thought through and sustainable initiatives.

Table 6.2: Social Action Templates in the Energy Industry

Company	‘embracing’ social initiatives	business as usual	management deliberation	conflicts with commerce
A	1	1,2,3,		1,2
B			4,5,6	
C	7	8,9	7,8,9,10	9,11
D	12,13,14			
E	15,16,17	18		
F		19,20		21
G	22,23,24	22,25		22
H	26,27	26,27,28		
I	29,30,31,32			
J		33,34,35,36		
K	37,38,39			
L	40	41,42	41,42	40

Each number in this matrix represents a manager, sometimes expressing multiple perspectives on social activities. Each row represents a company.

A spread of views within a company need not necessarily mean that there are internal disagreements as to the way forward. Rather it may signify that some managers were prepared to be more reflective concerning the diverse impact of the obligations.

Alternatively, of course, they may reflect internal variation that will affect the delivery of the regulator's social policy.

For example, company 'I' was focussed on the opportunities attainable particularly with regard to developing the brand and views of social action as an important differentiator in the competitive market. This straightforward message dominated all of the interviews. Whereas company 'H' saw the Social Action Plan as essentially reflecting the current position of the company and as formalising best practice. Concerns were voiced about the ability of the industry to deliver social solutions to fuel poverty without the help of other agencies. Additionally the initiatives that could be put in place were expected to be limited by commercial realism in terms of cost and resource considerations. Company 'L' focuses on a customer service ethos reflecting economic necessity and the competitive marketplace; social responsibility is the price to pay for a place in the energy supply industry. The Social Action Plan has led to a significant amount of work in terms of reviewing codes of practice, etc., and a next step will be to consider how the company intends to move forward. There is scope for opportunity for innovation and competitive advantage, and this rests alongside a recognition that social regulation is burdensome both in terms of the resources required to put actions in place, and in terms of the obligation imposed on the industry.

'Embracing' social initiatives

This approach sees social action as an appropriate and necessary consequence of the company's presence in the energy supply market. 48 per cent of the interviewees described social initiatives as both an obligation and, more specifically, an opportunity. The potential to target disadvantaged consumers provided an opportunity in terms of a potentially untapped market segment that has particular needs, and the Social Action Plan, along with the predominant company ethos, has acted as a catalyst for social initiatives. Therefore, these companies intend to meet their regulatory social obligations, and find the scope for commercial opportunities. Social initiatives were the subject of an explicit facet of policy, and the companies were keen to demonstrate

this by reference to specific new actions and initiatives. Detail was sometimes also expressly denied for reasons of commercial sensitivity.

This perspective tends to espouse a broader view of social initiatives than the obligations laid down in the Social Action Plan. These companies often set up separate teams or working groups to act as a catalyst within the company and to coordinate activities. Five of the twelve companies reported having set up a team or working group as a focus for social actions. The capacity to resource social initiatives did not appear to be a large hurdle.

For some of the interviewees an explicit company ethos or mission focussing on social issues is seen as a primary driver. Others focus on market leadership and the competitive environment.

Social initiatives have the capacity to produce a number of important benefits for these organisations. Foremost of these is the relevance of delivering products and services to a previously untargeted segment of consumers, and the expectation is that customer retention and acquisition are protected and enhanced. The general public are also assumed to be sensitive to companies that take their social responsibilities seriously. These managers see potential for additional benefits and outcomes arising from enhancing the brand and reputation of their company.

Business as usual

Business as usual identifies companies where managers believed that existing practices already reflected the requirements of Ofgem's Social Action Plan, and there was a perception that there was little or no need for additional action. This template is indicated in the views put forward by 45 per cent of the managers. The companies had reviewed their policies and practices and where necessary were acting to enhance their services or were intent on complying with the regulatory obligations. Most of the activity reported was in the production of new codes of practice.

Perceptions of business as usual were often illustrated by reference to the company's history and context. The nature of the population served as an incumbent had led to

the development of a particular customer orientation that operated favourably towards disadvantaged groups. These companies might also have a long-standing culture focusing on community support. Some examples were given of initiatives that extended beyond serving customers, aimed at the community as a whole.

The term 'business as usual' was also employed by one company to convey the adoption of its 'embracing' role as standard practice across the organisation.

Management deliberation

21 per cent of the interviewees said that their company was in the early stages of considering responses to the Social Action Plan. To some extent the timing of the research may have been too early to identify specific changes. Given that the final Social Action Plan was published in March 2000 and the research interviews commenced in April, it is not surprising that some companies were just beginning to formulate ideas. However, there is some evidence to suggest that the interviews prompted organisations to consider alternative responses. There are also some data to suggest that the capacity to divert resources specifically to social initiatives may vary across the industry.

Conflicts with commerce

Whereas the other templates, either explicitly or implicitly, see some level of commercial necessity and/or opportunity attached to social obligations, this viewpoint focuses on the commercial constraints and costs. This idea was articulated by 17 per cent of the interviewee sample. The interviewees express concern that social regulation does not recognise the economic and competitive realities of the marketplace. At issue was the ambivalence of the regulator's role in terms of the need also to meet the economic obligations placed on the industry. The capacity to meet the expectations of shareholders and to finance company operations is jeopardised.

This template explicitly recognises the risks of social obligations in a wider context and the trade offs necessary to pursue social activities whilst maintaining a focus on other customer groups and the expectations of shareholders. Essentially companies

have the choice of risking regulatory censure, meeting the minimum obligations or exceeding the requirements. Although there was strong conviction that social obligations conflict with commercial reality, no interviewees said that their company was intending to minimise or avoid the delivery of social actions. Compliance seems to be a deciding factor, and perhaps such concerns about the potential for conflict do not often get the opportunity to be raised in the public domain.

6.9 Roles and responsibilities

From the point of view of some of the managers interviewed, the government and the regulator were seen as having conflicting expectations concerning the imposition of both deregulation and social obligations on the industry. Implementing social initiatives will also add costs to the industry and this needs to be recognised by the government and the regulator along with an understanding that companies will need to recover these additional costs. The future of the industry is viewed as increasingly driven by commercial interests, and whilst some social policy may coincide with this, other social areas may not. An example given was that there is the potential for host suppliers to be left with more of the less profitable consumers, whilst competitors 'cherry pick' the more profitable segments, thus undermining the host's commercial viability. Some managers expressed this essential conflict with more vigour than others and reference to figure 6.2 provides an illustration that two of the managers (one in company C and one in company F) maintain a strong view that the new social agenda is burdensome.

Distinct from this is a less critical view expressed from those companies that had chosen to take an active approach to social obligations. These interviewees talked about intentions to work in partnership with government; commercial and competitive aspirations were seen as conducive to social action. To some extent this view is supported by a belief that a future rationalisation of the energy industry and the possibility of becoming a long-term player depends on achieving competitive advantage. A critical avenue for achieving competitive advantage is social action, and the capacity for the company to promote itself as socially aware and responsive.

There is a view, from two of the managers, that their company's experience means it is better placed to be aware of and understand customer requirements than the

regulator, who by virtue of his position looks at the issues from a wider context, which does not necessarily reflect customer needs and wants. An example is the regulator's drive towards reducing the number of prepayment meters in operation, which does not take into account the majority of suppliers' past and current understanding that although prepayment is relatively costly it serves as an important budgeting and control function for households. The majority of the interviewees also suggest that effective prepayment solutions lie with the need for changes to the infrastructure rather than the payment method (see section 6.4).

A number of the interviewees expressed concern or dissatisfaction at the low level of involvement of government generally and government agencies. This was particularly relevant to the problem of identification and targeting discussed in section 6.2; the capacity for government to access information to identify those in need is seen as having more potential than that of the industry or individual companies who are constrained by such issues as data protection. Additionally, there is a view that the expectations that the industry can deliver solutions to social policy issues is misplaced and essentially responsibility rests with the government. Given the history of the industry and the essential services that the companies provide they are able to help in the alleviation of fuel poverty; however the limitations on the ability to target initiatives and to meet the requirements and demands of their other stakeholders mean that any solutions achieved are likely to be partial. Government can help by facilitating the involvement of other external parties and agencies in a co-ordinated approach towards tackling social inequalities.

Two other issues were raised as examples that the impetus to solve issues of fuel poverty is disproportionately placed on the energy industry without sufficient input from government departments and more 'joined up' policy. Firstly, the need to establish some form of social banking, which would enable some disadvantaged customers to gain access to the benefits of lower cost payment methods, could be aided and pushed forward through government agencies. Secondly, current debates concerning the future of the Fuel Direct payment scheme demonstrate a reluctance on the part of the Department of Social Security to continue operating the scheme in the long-term. There is a view from the industry that the scheme provides a sensible alternative for some customers, perhaps more appropriate in some cases than

prepayment, and its continuation or an acceptable substitute would be preferable. Fuel Direct may become one of the more critical issues in the social agenda as the potential for alternatives is likely to need the incorporation of a range of views, including government policy, the regulator's social agenda, the energy industry, post offices, and social banking.

One idea put forward was that a social levy operating on lines similar to those of the energy efficiency programme would have been a fairer and more efficient method of distributing social obligations. The imposition of a social levy would recognise the commercial and economic environment of the industry and the unequal distribution of disadvantaged households across energy companies. Companies could then choose whether or not to take an active part in social actions.

Overall, the views expressed on the government's role in social obligations take two standpoints. The scope of the energy industry to deal with and solve problems of fuel poverty is limited and although companies see a role in supporting social policy that is to some extent underpinned by the nature and history of the industry, they are not a welfare industry and cannot fulfil the social requirements alone. Especially with the onset of competition, these issues may become more pertinent (see also section 6.8). The co-operation and co-ordination of other parties is required and to be meaningful this can only be facilitated at the level of government. The second standpoint takes an unconditional line and suggests that social obligations do not rest with the industry as it exists as a commercial and competitive operation. Government are moving the burden of social policy onto an industry, which cannot deal at all adequately with fuel poverty, the problems are broader and should be dealt with directly through welfare, taxation and incomes policies.

Table 6.1: Defining disadvantage

Descriptions offered:	Categorised as:	Descriptions offered:	Categorised as:
Broadly defined Not normally defined Not well defined No official definition As defined by government As defined by the regulator Not defined by Ofgem Electricity Association and Ofgem classifications Percentage of disposable income expended on fuel Fuel poor / Fuel poor population Wider than fuel poor Vulnerable Disadvantaged Depends on the purpose Open to interpretation	Ill-defined classifications	Payment problems Not necessarily with payment problems Debtors Payment history Cash culture Tariff Budgeting difficulties Managing a limited budget Impact of large bills arising from seasonal variation and/or estimated readings Debt management problems	Payment Issues
Low income Fixed income Poverty Budgeting difficulties Cash flow Temporary financial embarrassment	Income issues	Poor housing stock Quality of housing Local authority accommodation Social housing Accommodation: rented, owner occupied Energy efficiency criteria Needing energy advice Energy inefficiency	Housing Issues
High energy consumption/expenditure Low energy consumption Not necessarily low consumption Energy inefficiency Constrained consumption Consumption levels Homes larger than required Self disconnection	Consumption issues	Disability Chronically sick Special needs/special care/priority action Elderly /pensioners	Conventional targets

Table 6.1: Defining disadvantage (continued)

Descriptions offered:	Categorised as:	Descriptions offered:	Categorised as:
Prepayment meters Not necessarily prepayment meters Not related to or defined by payment method	Payment method	Self identification Less attractive commercially Previous credit history unknown	Customer responsibility
Welfare benefits recipients Unemployment Unemployed due to ill health Single parents Illness Lack of access to banking Lifestyle choices Individual circumstances Household circumstances Budgeting difficulties Expenditure preferences Needy	Personal circumstances	Social characteristics Social demographic classification Socially disadvantaged Geographical areas Postcode Location	Social issues
More frequent contact with call centres Services used Customer Services diary information Not necessarily unprofitable Not most profitable Not encouraged to take full advantage of competition Company data Not necessarily costly to serve Opposite of 'cherries', those that no one wants yet Socio-demographic segmentation, striving and surviving groups Marketing mosaic codes	Commercial considerations	Personal characteristics Debt averse Embarrassed Reluctant to provide information Reluctant to contact the company Apathy / Inertia Frightened / stick their heads in the sand Pride Communication difficulties Needing support Unwilling to be categorised Unaware of the support available Mistrust Reluctant to talk to suppliers	Personality characteristics

7. Conclusions

The research project was designed to identify and analyse the patterns of gas and electricity consumption in households in Great Britain who are thought to be vulnerable to fuel poverty and to provide consistent and independent nationwide information on the impact of different payment methods and policies towards debt recovery. In particular, the project was designed to identify clearly and consistently, across the nation, patterns of self disconnection amongst prepayment meter users; to identify patterns of 'self rationing' (if any) amongst credit consumers with the same socio-economic and demographic characteristics as prepayment meter users; to assess the likely effects of a range of tariff differentials on consumption patterns; to identify the benefits and costs to consumers of different metering and payment schemes, including attitudes to their current payment scheme; and to identify and assess company policies on debt and metering, and their effect on the households interviewed.

The main consumer research involved the selection of 3417 low income consumers, from all of the fourteen Public Electricity Supply areas. Because the focus was on prepayment, the project was designed so that 60% were electricity prepayment meter users and the remainder credit payers. The objective was to obtain a representative sample of electricity prepayment meter users within each area; because of the high costs of interviewing widely scattered households, and the procedure necessary to ensure that a random selection was made, rural prepayment customers were under-represented. However in every other respect the sample is designed to be representative of prepayment meter users as a whole across Great Britain. The sample of credit customers was then chosen to match that of the prepayment interviewees. This sample therefore has a much lower average income than credit customers as a whole, and is not representative of this group. Chapter one compares the characteristics of the sample with those of the Family Expenditure Survey of 1997/98, which is designed to be representative of the entire population.

In the event the customer survey contains information about 3417 households, of which 61% (2091 households) have electricity prepayment meters. 941 households

have prepayment meters for both fuels (28% of whole sample, 45% of electricity prepayment users and 96% of gas prepayment meters users). 1150 have an electricity prepayment meter only (34% of the whole sample and 55% of electricity prepayment meter users), while 41 have a gas prepayment meter only (1% of the whole sample and 4% of gas prepayment meters users). 1285 households (38% of the whole sample) pay for both fuels using credit meters.

As designed, our sample has lower income, receives more benefits (particularly those related to low income), less access to telephones, a higher proportion of single parents and a lower proportion of home ownership compared to the Family Expenditure Survey sample. The comparison confirms that the households included in the project sample were indeed typical of prepayment meter users, and had a lower income than the general population. We can be reasonably confident that the project sample is representative of prepayment electricity consumers as a whole; however it tells us little about how the prepayment group compares with the population as whole, since the project sample is not designed to be representative of the whole population. In particular we are able to make comparisons between those who use prepayment meters for gas and those who use them for electricity, and to identify whether differences in the average behaviour of these two groups is because they constitute different consumers or because the same consumers behave differently with respect to the same fuels. Almost all those with gas prepayment meters also have electricity prepayment meters, as the statistics above show, and this group has lower average income than the whole group of electricity prepayment meter users. We conducted quite a lot of our analysis both on all electricity prepayment meter users, and the (poorer) subset of these who also used prepayment for their gas.

7.1 Incidence of self disconnection and self rationing

Only a minority of prepayment meter users has self disconnected in the past year; for electricity just under a quarter, and for gas, just over a quarter, of consumers have self disconnected at least once. The research was undertaken in the spring and early summer months of 2000, following a comparatively mild winter. The figures for self disconnection are therefore likely to be lower than would occur in an average winter. The rate was highest for households with an unemployed member and amongst households with children. Those on low incomes and in receipt of income related

benefit also had above average rates of self disconnection. Rural consumers had above average rates of self disconnection from electricity, but below average self disconnection from gas. The lowest incidence of self disconnection for both fuels was amongst pensioners.

Most self disconnections were for less than seven hours. Only 11% of electricity consumers and 15% of gas consumers had been without the relevant fuel for more than seven hours, while 23% and 27% respectively had experienced shorter interruptions. Analysis of the reasons for different length duration of interruptions showed very similar patterns between them.

Of those who had self disconnected, less than half of electricity users did so only once, a quarter did so three times or more, and one in twenty five did so more often than 20 times in a year. Amongst those who self disconnected from gas, a lower proportion, just under 30%, did so only once in the previous twelve months, nearly 40% did so three times or more, and 6% self disconnected more than 20 times. We therefore conclude that self disconnection is a considerable problem for a comparatively small proportion of prepayment meter users. If self disconnection is seen as problematic, any solutions need to be designed with the needs of this small group in mind, rather than through blanket changes which may adversely affect the majority of consumers who do not self disconnect or for whom self disconnection is not a major problem.

We explored the reasons which consumers gave for running out of fuel, suggesting a range of possibilities, including several options to reflect shortage of money. The most common reason given was that the consumer forgot to recharge the card, rather than any of the ways in which they indicated that money was the predominant problem. Money was a more common reason for running out of gas than for running out of electricity, probably because the group with gas prepayment meters had lower average household income than the group of those with electricity prepayment meters. Self disconnection (for both fuels) is more prevalent among this lower income group who have two prepayment meters than among those without gas prepayment meters; this group self disconnects from the two fuels with equal frequency. Overall therefore gas disconnection is more prevalent than electricity self disconnection because the

average income of gas prepayment meter users is lower. Both gas and electricity self disconnection were more likely if the bill (for the fuel in question) was higher.

Use of the emergency credit facility is much more common than self disconnection (the emergency credit provides some fuel beyond that already paid for, and usually precedes self disconnection). Nearly three quarters of electricity and over three fifths of gas prepayment consumers had used emergency credit during the previous twelve months, again usually because of forgetting to charge the card. This suggests that the emergency credit facility acts as a valuable reminder and in most cases does not lead to self disconnection.

Although most consumers (92% of electricity prepayment users) were aware of the emergency credit facility, and 88% knew how to use it, some groups were less aware of the emergency credit facility and knowledgeable about its use. Pensioners were a little less likely to know about emergency credit or how to use it (85% and 77% respectively). Given that this facility is clearly useful to those who are aware of it, some more information and assistance for pensioners in its use may help to reduce further the already low levels self disconnection and fulfil some of the companies' duties to this group.

Though only a minority of prepayment consumers self disconnect, most consumers do economise on their fuel in some way or another. When asked whether they could afford to heat their homes properly, 11% of both credit and prepayment consumers said that they could not afford to do so. Over four fifths of these said they economised on fuel because they had to be careful about all expenditure, while just under a tenth gave habit as the only reason for economising on fuel. When these responses were compared with those from the whole sample (i.e. including those who did not say they could not afford to heat their homes properly) we see that general economising is much more important for the group which is self rationing. For gas, more prepayment than credit customers try to economise; for electricity the position is (weakly) reversed.

There did not seem to be any distinct age pattern to self rationing. In particular pensioners did not report that they could not afford fuel any more than the other low

income households in our survey. Indeed we see that 40% of pensioners neither self ration nor self disconnect from gas, compared with an average across households of 27%.

There is a similar pattern of self rationing for both credit and prepayment meter users. 27% of gas and 18% of electricity consumers turn off heat when the house is occupied. Turning off the heating is more common among households with prepayment meters than for those using credit, for both types of fuel. Most consumers economise by turning off lights and reducing heating when the house is unoccupied; the same pattern is true of those who report that they cannot afford sufficient fuel to keep the house warm. A much lower percentage of prepayment meter users say they have no problems from needing to economise on fuel, and this was especially marked for gas PPM users who are, on average, poorer.

Households were asked whether they had problems because of economising on fuel. More prepayment users who cannot afford enough fuel have experienced some problems as a result of economising, compared with those who do not report difficulty in affording fuel. Seasonal variation in expenditure is greater for low income than for higher income households. Overall we see a significant incidence of economising on energy. One in eight of the project sample spend more than one tenth of their income on fuel and so are fuel poor on the expenditure measure, and we estimate that at least a further 2% are fuel poor on the basis of need to spend.

7.2 *Energy efficiency*

Those who find it difficult to keep the house warm are likely to have fewer energy efficiency measures. Energy efficiency measures are most prevalent in detached houses and bungalows, and least so in flats. Prepayment meter users are less likely to have energy efficiency measures, and pensioners more likely to do so. This is doubtless partly because pensioners are more likely to live in detached properties which they own, but may also reflect the targeting of energy efficiency help to the older age group in the past. Most of the other 'potentially vulnerable' household groups which we examined had fewer than average energy efficiency measures.

7.3 *Competition in the market*

17% of the sample had switched electricity supplier and 28% gas supplier, about the national average at the time of the interviews. However switching rates were very much lower for prepayment meter users for both fuels. It was noticeable that those with prepayment *electricity* meters showed roughly an average rate for switching gas suppliers.

The reasons which consumers gave for switching were categorised into four main groups. The predominant reason for switching (amongst those who had done so) was to achieve financial savings. About half of the non switchers in gas said that they did not have confidence in alternative suppliers, and the corresponding figure for the larger electricity group which had not switched was two thirds. For electricity, more pensioner households and those containing a disabled person said lack of confidence was a prime reason for not switching; in gas, lack of confidence in alternative suppliers was more prevalent among rural and prepayment meter consumers for gas.

Very few consumers believed that they were *unable* to switch suppliers, though this was true for a slightly higher proportion of prepayment meter users for both fuels. Levels of (reported) arrears were very low (14% gas, 4% electricity) compared with those reported by the companies. This may partly be because of different definitions of arrears by the two groups. In particular consumers who have reached an arrangement to repay their debt may regard the debt as settled, while the supplier has yet to recoup the revenue.

If the switching rate is to increase, the market needs to develop so as to both emphasise the positive benefits and reduce barriers perceived by the non switchers. The main positive reason for switching is financial gain. The reluctance of prepayment meter users to change suppliers probably reflects a rational response to fewer opportunities for saving money than are available to credit consumers. The fact that prepay electricity consumers with a credit gas meter have higher than average switching levels for electricity, but lower for gas, suggests that they are able to identify the same financial opportunities as credit consumers but that these opportunities are denied them as prepayment consumers. Deregulating the prepayment market may have the effect of more savings opportunities, but only if the

incumbent's price rises, which will be detrimental for these consumers in the short run.

To reduce perceived barriers to switching, confidence in alternative suppliers needs to be increased. There is more confidence overall in gas than electricity; on one level this is a strange result because the alternative suppliers are virtually the same in both cases, and suggests that lack of confidence may be endemic to new markets, and fade as the market is open longer. If confidence increases with time, policy might be more helpfully addressed to other issues. In this area different interests will prefer different solutions, with incumbents potentially happy to see lack of confidence restricting the rates at which consumers switch away from them, while as entrants these same companies may wish to increase confidence in themselves. The government and regulator have an agenda for increasing switching rates (which implies overcoming these perceived barriers).

7.4 Consumers' payment choices

Most consumers expressed a high level of satisfaction with the payment method(s) which they were using. The lowest level of satisfaction was for standard quarterly credit payment for electricity when the payment method for gas was prepayment, suggesting that consumers with experience of both prefer prepayment to this credit scheme. Satisfaction with prepayment was highest among low income households, suggesting the importance of the budgeting element in their assessment of payment method. Even when pressed, half the prepayment meter users could think of no disadvantages. For those who could find disadvantages, the possibility of self disconnection was the predominant drawback cited. Most prepayment consumers realised that their method of payment was more expensive than others, but still preferred it to the alternatives. Most consumers found that the location of charging points was convenient, but amongst those who did not a high proportion had children, a disabled member of the family or were pensioners.

The very high level of satisfaction of consumers with their payment method across the project sample confirms that prepayment meters are very popular with their users, if not always with suppliers, regulators and government. The popularity would doubtless decline if the costs to consumers were to rise significantly, but this research

reaches the same conclusion as earlier work that prepayment meter users are satisfied with their payment method. Those who believe that prepayment meters are problematic need to be careful that in solving the problem which they perceive they do not worsen consumer welfare by removing an option which most users find very valuable.

7.5 *Budgeting choices*

Consumers were asked how their spending would alter in response to hypothetical changes in the prices of gas and electricity and their weekly income. The evidence suggests that there is real rationing on the part of many consumers. If the electricity price were to fall, 17% of consumers would increase their demand; the corresponding figure for gas is one fifth, with a potential increase in demand by over a quarter of gas prepayment consumers. However much smaller numbers say they would increase their use of gas and electricity if their *incomes* were to rise, suggesting that there may be other priorities. A higher proportion of households would increase the use of the fuel for which they are using prepayment meters than for the group as a whole. If there is concern about 'under consumption' of fuel, these figures suggest that fuel usage may be more responsive to changes in energy prices than to increasing general incomes. Increasing PPM tariffs is likely to cause demand decreases and greater self rationing, at least in the short term.

7.6 *Company perspectives*

Companies had varied responses to the social agenda. Overall four different templates were identified, though these are neither necessarily mutually exclusive nor exhaustive. The four templates identified were: 'embracing' social initiatives; business as usual; management deliberation; and commercial conflict. There is no suggestion that any of these approaches are better than others, and some may be appropriate for companies at different stages of development, either in terms of their own policies and practices or in light of the developing role of social obligations. Moreover it is natural to see a variety of approaches in a developing market of this kind. Examination of the effect of company culture and history on management attitudes proved inconclusive.

While in some companies managers expressed very similar views to each other, in others managers held a variety of views. Sometimes this seemed to relate to the role which the managers played within the organisation, and/or a more reflective perspective. A dispersion of views may also reflect the emerging nature of social obligations and the regulatory agenda.

The company interviews raise some important questions for companies, regulators and government. Some of the managers regard social obligations as a marketing opportunity, while others perceive it as a cost. It may be that developments will accommodate both views, with very different actions by the various companies seeking their own identity. This will have some implications for the best way of implementing social programmes, and the delicate balance between cost and benefit for companies who participate. In particular the role of the government and regulator as partners to some companies, but acting as a classic constraint role in others, may pose issues of potential capture and distortion of the market which need to be explored and understood.

Some companies emphasised that there were important economies of scale which meant that it was important to achieve a minimum size for the consumer base; the profitability of low income and prepayment consumers might be related more to this need to increase total numbers than to the individual cost characteristics of the consumers, though even in this situation, some consumers are more profitable (and therefore welcome) than others.

Most managers thought the definition of 'disadvantage' was problematical. When asked to identify 'disadvantage' there was wide agreement among companies that this was not synonymous with prepayment meter use, and that there were problems in using prepayment meters as a surrogate for disadvantage. Most believed that defining the group which should benefit from any social programme should be the task of the government or regulator, rather than of companies, and that their own ability to target disadvantage was severely constrained. There was widespread support for the use of voluntary agencies to identify and reach this group, and to encourage appropriate households to identify themselves through leafleting and information campaigns. This might raise questions of appropriate actions by voluntary agencies so that they

themselves are not in danger of being captured or becoming a marketing arm of a particular company.

In three striking respects the company interviews were related to the consumer responses. One aspect mentioned amongst companies was the need for the industry to be seen as trustworthy. This can be interpreted in a number of ways. It could be seen as an appeal against regulatory intervention, or, in the context of opening markets, as a marketing device. Moreover there may be a conflict between company and regulatory preferences. Managers may want their own company to be seen as having a competitive advantage because they are exceptionally trustworthy compared to others, while governments and regulators may want to encourage more widespread confidence. On the other hand, if consumers are to play an active part in a competitive market, an informed scepticism of company claims and advertising is necessary.

Companies support the evidence from the consumer survey that the ability of suppliers to whom consumers are in debt to prevent them from switching is not a major obstacle to the development of competition, and that the removal of debt blocking may be insufficient on its own to encourage switching. Here both the company and consumer evidence indicates that it is lack of attractive offers in the market which is the barrier for prepayment meter users, and that (de) - regulatory action is the appropriate tool.

Managers also recognised that consumers liked prepayment meters, and that this preference may conflict with the government and regulator's agenda. In the consumer responses, the advantages and preference for prepayment were very clear.

7.7 *Summary*

1. Disconnection is not a problem for the majority of prepayment meter users; however it is clearly a major difficulty for a small number of consumers who self disconnect regularly. Economising on fuel is widespread among the consumers interviewed, and this causes difficulties for some. 12% of the sample reported spending more than a tenth of their income on energy.
2. Targeting vulnerable households is problematical for supply companies, even when they wish to do so. Other parties can be involved, but this may raise issues of data protection or the appropriate relationship between the commercial and voluntary sector.
3. Consumers who use prepayment meters prefer this method of payment, even though most recognise that they pay a premium. This may conflict with the expressed wish of the government and the regulator to encourage consumers to switch to alternative payment methods; some companies believe that PPMs are less profitable than other payment methods (and few offer attractive tariffs for these consumers to switch).
4. Low rates of switching suppliers among prepayment consumers is related primarily to the poor opportunities for them to save money in this market, rather than to debt blocking or any intrinsic desire not to switch. Competitiveness in this market is likely to increase only if prices charged by incumbent suppliers are allowed to rise, but this will have short term adverse effects on PPM users and is likely to increase self disconnection, self rationing and fuel poverty.

ELECTRICITY ASSOCIATION FUEL POVERTY PROJECT

Research methodology

Technical report on consumer survey (by Ipsos-RSL)

Survey coverage

The survey covered the whole of Great Britain, divided into 14 geographical areas, known as PES areas (Public Electricity Supply). The survey was not designed to represent these areas in proportion to their population, so some care must be taken when considering aggregate data.

The survey was designed to achieve a representative sample of 150 domestic users of electricity prepayment meters (PPMs) in each PES area. A further 100 interviews with users of credit arrangements for their electricity in the same localities was also required. The sampling method is described in full below. It is important to note that the credit sample is not (and was not designed to be) representative of credit users as a whole. Furthermore, we recommend that the credit and PPM samples be analysed separately.

Sampling method

Data was supplied by electricity companies to indicate the number of PPMs within each postal sector. This data was then combined with information about the number of households in each postal sector to indicate the density of PPMs in each postal sector.

In order to carry out the survey cost-effectively, using screening to identify PPM households, it was necessary to restrict the survey to areas where the density of PPM households was sufficiently high that a realistic screening/interviewing task could be set. Analysis of this data revealed that by setting the survey population as being the 60% of households with electricity prepayment meters in the postal sectors with the highest incidence of electricity prepayment meters, the average incidence of PPMs would be 25%, permitting screening on the doorstep at a reasonable cost. *It is important to note that the sample is a random sample of the 60% of PPM users in the most concentrated areas of PPM incidence.*

In each PES area, all postal sectors were listed in order of the density of PPMs. 25 postal sectors were then randomly selected with probability proportional to the estimated number of PPM households in the sector.

In order to achieve an average of six PPM interviews and 4 credit interviews at each point the following procedure was adopted. We drew an average of 54 addresses

from the Postal Address File (PAF) at each sampling point and screened to identify the method of paying for electricity. We then attempted an interview at every household we identified as having an electricity PPM. We also attempted interviews at pre-selected households without an electricity PPM. By pre-selecting only a certain proportion of “credit households”, we aimed to achieve the desired balance overall between PPM and credit households.

The reason for drawing an average of 54 addresses at each point was as follows:

1. Our experience is that 11% of PAF addresses are ‘deadwood’ (unoccupied, business addresses etc.).
2. Our interviewers made up to four callbacks at each address at different times of the day and days of the week before coding them as unproductive. We therefore assumed that this would yield a response rate to screening of 80%.
3. We anticipated a response rate of 62.5% to interviewing eligible respondents. This was on the basis of the incentive of £15.

Thus:

54 addresses x 89% non deadwood	=	48 usable addresses
48 usable addresses x 80% screened	=	38 screened addresses
38 screened addresses x 25% average incidence	=	9.5 PPM households
9.5 PPM households x 62.5% response rate	=	6 PPM interviews.

At each point, however, the actual number of addresses varied. The number of addresses selected and issued was based on the estimated PPM incidence for the postal sector, using the formula below:

$$N = \frac{13.483146}{i}$$

where N = the number of addresses issued and i = the estimated incidence of PPMs within the postal sector. NB $13.483146 = 6 / (0.89 \times 0.8 \times 0.625)$, or the number of PPM interviews required divided by the product of the non-deadwood rate, the screening response rate and the interview response rate.

As we wished to interview credit households as well as PPM households at each point, we issued two different screening questionnaire versions. The first version (type 1) allowed the interviewer to ask the respondent for a full interview *only* if the household used a PPM for electricity. The second type of screening questionnaire (type 2) allowed the interview to ask for a full interview regardless. The numbers of each type of screening questionnaire was a function of the estimated PPM incidence – the higher the estimated PPM incidence, the higher the proportion of type 2 screening questionnaires issued. The formula for determining the number of type 2 screening questionnaires, n, is:

$$n = \frac{8.988764}{1 - i}$$

Fieldwork

Interviewing took place between 17th March and 13th August 2000. The total number of interviews achieved in each PES area was as follows:

PES Area	PPM	Credit	TOTAL
East Midlands	154	84	238
Eastern	152	96	248
London	167	88	255
Manweb	136	97	233
Midlands	157	92	249
Norweb	128	103	231
Northern	152	104	256
Seeboard	134	74	208
Swalec	156	100	256
Scottish Hydro	151	101	252
Scottish Power	154	95	249
SWEB	157	83	240
Southern	136	102	238
Yorkshire	153	111	264
TOTALS	2087	1330	3417

Interviewing was carried out using CAPI (Computer Assisted Personal Interviewing) using the questionnaire included as Appendix 2.

Weighting

For each completed PPM interview in the dataset, the following calculation was carried out:

$$P(\text{sector}) = 25 * (\text{sector prepay count}) / (\text{total prepay count for all sectors in region from which selection made})$$

$$P(\text{address}) = (\text{total PAF addresses issued for prepay screening in sector}) / (\text{total PAF addresses in sector})$$

$$P(\text{household}) = 1 / (\text{number of households at address})$$

$$\text{Unscaled weight} = 1 / (P(\text{sector}) * P(\text{address}) * P(\text{household}))$$

For each completed credit interview in the dataset, the following calculation was carried out:

$$P(\text{sector}) = 25 * (\text{sector prepay count}) / (\text{total prepay count for all sectors in region from which selection made})$$

$$P(\text{address}) = \frac{\text{total PAF addresses issued for credit screening in sector}}{\text{total in sector}}$$

$$P(\text{household}) = \frac{1}{\text{number of households at address}}$$

$$\text{Unadjusted unscaled weight} = \frac{1}{P(\text{sector}) * P(\text{address}) * P(\text{household})}$$

The resulting weights were then adjusted so that the weighted dataset contains 150 PPM interviews and 100 credit interviews in each PES area. The process of adjustment is as follows:

- calculate number of prepay and credit interviews by area after applying unscaled weights
- calculate a scaling factor in each PES area defined as $150 / (\text{total unscaled weighted prepay interviews in region})$ and $100 / (\text{total unscaled credit interviews in region})$ for prepay and credit interviews respectively.
- multiply unscaled weight by prepay or credit scaling factor depending on whether prepay or credit customer to calculate final weight for respondent.

Analysis of consumer questionnaire

The analysis of the survey data provided by Ipsos-RSL, based on the interviews to 3417 households in 14 PES areas, has been carried out using the statistical package SPSS.

In our analysis of consumption patterns among low-income consumers we have attempted to provide percentages for customers with prepayment meters and for those who use exclusively some form of credit payment, whenever the questionnaire design allowed us to clearly identify comparable answers for these two groups of households. Furthermore, within the group of electricity prepayment meters users we have chosen to isolate the group of customers with prepayment meters for both fuels, in order to highlight specific issues and problems which potentially apply to this group of customers and not others.

A number of key issues and relevant sub-groups of respondents for the analysis of fuel poverty were initially identified. The analysis of the frequency of responses was aimed at identifying the main characteristics of people who self disconnect and self ration in their use of fuel and the main effects of self-disconnecting. The availability and type of energy efficiency devices was also analysed in relation to household characteristics and type of payment method. Consumers' attitudes towards their payment method for fuel and towards changing fuel supplier for different household and payment types were analysed.

The decision to discriminate between different types of prepayment meters users reflects a more general approach to the analysis of fuel usage and consumption patterns which was aimed at identifying similarities and differences in the behaviour of different subgroups of potentially vulnerable households relative to the whole

sample. Throughout the report we provide percentages of responses for the following subgroups of vulnerable households:

- households with members receiving benefits,
- households where one or more members are unemployed,
- households receiving state pension or disability benefits
- households living in rural location
- households with one or more children and
- households with yearly income level below £12,500.

The consumers questionnaire used for the survey contained several ‘open’ questions where respondents were asked to provide their own answer (e.g. ‘what are the advantages of paying for your gas in this way?’), as opposed to a ‘closed’ question where the respondent had to choose between a number of alternatives. In order to provide a concise piece of information about the issues mostly frequently mentioned across a wide range of answers we have aggregated groups of answers which relate to the same type of issues (e.g. need for some form of financial control as a reason for using prepayment meters). Where multiple responses were allowed in the questionnaire double counting was avoided by identifying those respondents who had given one or more answers within the same category (e.g. financial reasons for economising on fuel).

In order to test whether the observed difference in averages between two different subgroups was statistically significant we have performed a difference in means test (independent sample t-test). To carry out this test we construct a statistic based on scaling the observed difference in the sample means by the standard error of the difference in the sample means. This standard error is simply a measure of the uncertainty associated with the difference in means. The resultant statistic has a t-distribution. In all cases we have selected the 1% level of significance as the critical level for rejecting the null hypothesis of no difference between the underlying means. This is the lowest among the levels of significance generally used in statistical analysis (10%, 5% and 1%) and it gives us a high level of confidence that we are rejecting the null hypothesis when this is false (see Diekhoff G., 1992, Statistics for the social and behavioural sciences, for more details about the test).

Analysis of company interview

A qualitative methodology was undertaken for the company interviews. Semi-structured questions asked for participants’ views on a range of issues related to social obligations, including the company approach to social action in general and prepayment consumers in particular. The nature of this methodology, and particularly the size of the sample, does not allow statistical inferences to be drawn. A qualitative approach is particularly useful for the exploration of issues to take into consideration the complexities, dynamics and interconnection of the issues. Qualitative research is also an effective method where the phenomena are new or novel, and to enable an understanding of processes as well as outcomes.

The interviews were tape recorded and transcribed verbatim. Copies of the transcripts were sent to the interviewees for their comments and to provide an additional

opportunity for them to highlight sensitive or confidential content. The transcripts were analysed using QSR NVivo software, which allows rigorous processing of the database whilst at the same time maintaining the context and content of the interviewee responses. The database then allows the search for themes (in this instance, the issues that the managers saw as important or significant in relation to the research questions) and for similarities and differences across both individual companies and across the industry. The analysis has resulted in reports to individual companies as well as an industry-wide chapter included in this report.

ELECTRICITY ASSOCIATION FUEL POVERTY PROJECT

Consumers' questionnaire

SECTION ONE – BASIC DETAILS

A.1

Do you have a mains gas supply in this household?

SP Do Not Allow DK

Yes

No

IF NO DO NOT ASK ANY CURRENT GAS QUESTIONS

A.2

SHOWCARD A.2

Which of these companies supplies your electricity?

SP Allow DK

A.3

SHOWCARD A.2 AGAIN

And which of these companies supplies your gas?

SP Allow DK

Amerada

Beacon Gas

British Gas / Scottish Gas

British Fuels

Calor / Calortex

East Midlands Electricity

Eastern Gas / Eastern Electricity

Independent Energy

LEB / London Electricity

Manweb

Midlands gas / Midlands electricity / MEB

National Power / NPower

Northern Electric / Northern Gas

Norweb / Energi

Saga

(Scottish) Hydro Electric

Scottish Power

Powergen

Seeboard

Southern Electric

Sterling

SWALEC

SWEB

Yorkshire electricity gas / YE Gas

York gas / YORGAS

OTHER

(specify)

A.4A

SHOWCARD A.4

Which of these methods of payment do you use for electricity?

SP Do Not Allow DK

ASK IF PREPAYMENT METER AT A4A

A4B

Does your electricity prepayment meter use a CARD, a KEY or TOKENS?

SP Do Not Allow DK

Card

Key

Tokens

A.5

SHOWCARD A.4

Which of these methods of payment do you use for gas?

SP Do Not Allow DK

Quarterly

Cash/cheque

Direct debit

Standing order

Credit card

(Telephone banking bill-payment facility)

Monthly

Cash/cheque

Direct debit

Standing order

Credit card

(Telephone banking bill-payment facility)

Regular weekly/fortnightly cash scheme

Savings stamps or cards

Fuel direct / deductions from income support

Budget card / budget plan / pay as you go

Prepayment meter (card, key or token)

Other (specify)

IF PREPAYMENT METER, RESPONDENT IS PREPAYMENT, ELSE CREDIT

IF CREDIT AND SAME COMPANY FOR BOTH ELECTRICITY AND GAS ASK

A.6

SHOWCARD A.6

In which of these ways do you receive your bills?

SP Allow DK

Joint bill with gas and electricity charges combined

Joint bill with gas and electricity charges shown separately

Separate bills for gas and electricity

A.7

What are the advantages of paying for your electricity (and gas IF SAME METHOD) in this way?

PROBE FULLY

A.8

What are the advantages of paying for your gas (IF DIFFERENT METHODS) in this way?

PROBE FULLY

A.9

And what are the disadvantages of paying for your electricity (and gas IF SAME METHOD) in this way?

PROBE FULLY

A.10

What are the disadvantages of paying for your gas (IF DIFFERENT METHODS) in this way?

PROBE FULLY

ASK ALL

A.11

SHOWCARD A.4

Which payment methods have you previously used for electricity at this address?

INTERVIEWER: IF NO PREVIOUS METHOD HAS BEEN USED, CODE NULL.

MP Allow DK and NULL Do not allow method currently used

A.12

SHOWCARD A.4

Which payment methods have you previously used for gas at this address?

INTERVIEWER: IF NO PREVIOUS METHOD HAS BEEN USED, CODE NULL.

MP Allow DK and NULL Do not allow method currently used

A.13

SHOWCARD A.4

Which, if any, of these payment methods would you most PREFER to use for electricity?

INTERVIEWER: IF RESPONDENT HAPPY WITH METHOD USING, CODE THAT METHOD.

SP Allow DK

A.14

SHOWCARD A.4

And which, if any, of these payment methods would you most PREFER to use for gas?

INTERVIEWER: IF RESPONDENT HAPPY WITH METHOD USING, CODE THAT METHOD.

SP Allow DK

IF ELECTRICITY PREPAYMENT

A.15A

Please tell me why you have an electricity prepayment meter.

PROBE FULLY

A.15B

SHOWCARD A.15

And which ONE of these statements BEST describes why you first obtained it?

SP Allow DK

I / We asked for one because I / we had difficulty paying the bills

I / We asked for one for some other reason (specify)

It was already here when I / we moved in

The company insisted on installing it because I / we were in arrears

The company insisted on installing it for some other reason (specify)

Other (specify)

IF GAS PREPAYMENT

A.16A

Please tell me why you have a gas prepayment meter.

PROBE FULLY

A.16B

SHOWCARD A.15

Thinking about your gas prepayment meter, which of these statements best describes why you first obtained it?

SP Allow DK

I asked for one because I had difficulty paying my bills

I asked for one for some other reason (specify)

It was already here when I moved in

The company insisted on installing it because we were in arrears

The company insisted on installing it for some other reason

Other (specify)

A.17

Are you aware of alternative offers for electricity (and gas) that may be cheaper than your existing supplier?

SP

Yes

No

IF DIRECT DEBIT FOR ELECTRICITY (SEE A.4) AND DIRECT DEBIT FOR GAS (SEE A.5) (OR NO GAS) GO TO NEXT SECTION

A.18

Have you ever considered using direct debit to pay your (electricity) (and) (gas) bills?

SP

Yes

No

IF YES

A.19

Bearing in mind that direct debit is usually cheaper, why do you NOT use direct debit to pay your (electricity) (and) (gas) bills?

PROBE FULLY

SECTION TWO – SWITCHING

B1A

Have you changed electricity supplier at this address?

SP Allow DK

Yes

No

IF NO OR DK

B1B

Have you arranged to change electricity supplier at this address?

SP Allow DK

Yes

No

IF YES AT B1A ASK B2, THEN B4. IF YES AT B1B ASK B3 THEN B4. IF NO OR DK AT B1B GOTO B5.

B.2

SHOWCARD A.2

Which of these companies used to supply your electricity?

SP Allow DK

IF YES - SIGNED CONTRACT TO CHANGE

SHOWCARD A.2

B.3

Which of these companies are you switching to for electricity?

SP Allow DK

IF YES

B.4

What are your reasons for switching electricity supplier?

PROBE FULLY

NOW GOTO B.9

B.5

Have you considered switching electricity supplier?

SP Allow DK

Yes

No

B.6

What are your reasons for not switching electricity supplier?

PROBE FULLY

B.7

Have you ever been told that you cannot change electricity supplier?

SP Allow DK

Yes

No

IF YES

B.8

Who told you that you cannot change electricity supplier?

MP Allow DK

My electricity supplier

Another electricity supplier

Friend or family member

Other (specify)

B9A

Have you changed gas supplier at this address?

SP Allow DK

Yes

No

IF NO OR DK

B9B

Have you arranged to change electricity supplier at this address?

SP Allow DK

Yes

No

IF YES AT B9A ASK B10, THEN B12. IF YES AT B9B ASK B11 THEN B12. IF NO OR DK AT B9B GOTO B13.

B.10

SHOWCARD A.2

Which of these companies used to supply your gas?

SP Allow DK

B.11

SHOWCARD A.2

Which of these companies are you switching to for gas?

SP Allow DK

B.12

What are your reasons for switching gas supplier?

PROBE FULLY

NOW GOTO C.1

B.13

Have you considered switching gas supplier?

SP Allow DK

Yes

No

B.14

What are your reasons for not switching gas supplier?

PROBE FULLY

B.15

Have you ever been told that you cannot change gas supplier?

SP Allow DK

Yes

No

IF YES

B.16

Who told you that you cannot change gas supplier?

MP Allow DK

My gas supplier

Another gas supplier

Friend or family member

Other (specify)

SECTION THREE – HEATING AND ENERGY EFFICIENCY

ASK ALL

C.1

Do you have full or partial central heating in your home?

SP Allow DK

Full

Partial

No central heating

C.2A

SHOWCARD C.2

What types of fuel do you use to heat your home?

INTERVIEWER: CODE NULL FOR NONE

MP Do Not Allow DK/Null

ASK IF C.2 MULTI-CODED

C.2B

SHOWCARD C.2 AGAIN

What type of fuel do you MAINLY use to heat your home?

INTERVIEWER: CODE NULL FOR NONE

SP Do Not Allow DK/Null

Coal / Solid fuel

Electricity storage radiators

Other forms of electric heating

Mains gas

Bottled gas

Oil

Other (specify)

C.3

SHOWCARD C.3

What type(s) of fuel do you use to do your cooking?

INTERVIEWER: CODE NULL FOR NONE

MP Do Not Allow DK/Null

Coal / Solid fuel

Electricity

Mains gas

Bottled gas

Other (specify)

C.4

SHOWCARD C.3

What type of fuel do you mainly use to heat your water?

SP Do Not Allow DK

Coal / Solid fuel

Electricity

Mains gas

Bottled gas

Other (specify)

ASK IF YES TO CENTRAL HEATING (C.1)

C.5

Does your central heating automatically keep your home at a certain temperature, or do you need to adjust it manually when your home is too warm or too cold?

SP Allow DK

Automatically

Manually

ASK ALL

C6

In the winter, do you usually keep the heating on when everyone in the home is asleep, or do you turn it down or do you turn it off altogether?

INTERVIEWER - INCLUDE AUTOMATIC TURNING DOWN OR OFF

SP Allow DK

On

Turned down

Off altogether

C7

And again in winter, do you keep the heating on at all other times when there is someone in the home?

SP Allow DK

Yes

No

IF NO

C8

How many hours per day that there is someone in the home do you not have the heating on?

IF RESPONDENT IS UNSURE ASK ABOUT A TYPICAL DAY

Allow DK

___/___

C.10

Are there any rooms in your home that are hardly ever heated?

SP Allow DK

Yes

No

IF YES

C.11

SHOWCARD C.11

Which of these rooms do you never or only sometimes heat?

MP Do Not Allow DK

Living room

Kitchen

Dining Room

Main bedroom(s)

Other used bedroom(s)

Spare room(s)

Bathroom

Toilet

Other (specify)

ASK ALL

C.12

In general, do you feel that you are able to heat your home adequately?

SP Do Not Allow DK

Yes

No

IF NO

C.13

Is this because your home is difficult to keep warm because of its condition (for example draughts, damp, exposed location etc), or because you find it difficult to afford the fuel?

MP Allow DK

Housing condition

Difficult to afford

C.14

Do you or anyone in your household have any special heating needs, for example because of health, disability, or age - young or old, or for any other reason?

SP Allow DK

Yes

No

IF YES

C.15

Please describe these needs.

PROBE FULLY

ASK ALL

C.16A

Do you feel that you can afford enough fuel for all your water heating and cooking needs?

SP Allow DK

Yes

No

IF NO

C.16B

How do you deal with this?

PROBE FULLY

ASK ALL

C.17A

Have you ever asked for advice on saving energy?

SP Allow DK

Yes

No

IF YES

C.17B

Who did you ask?

ASK ALL

C.17C

Have you ever been offered or received advice on saving energy?

SP Allow DK

Yes

No

IF YES

C.17D

Who gave you this advice?

ASK ALL

C18A

Have you ever received a grant to help pay for energy efficiency improvements to this home?

SP Allow DK

Yes

No

IF YES ASK C18B THEN GO C20. IF NO ASK C19A. IF DK GOTO C20.

C18B

SHOWCARD C18B

Which of these grants have you received?

Allow DK

Local Authority grant

HEES grant

EESOP grant

Other (specify)

C19A

Have you ever been offered an energy efficiency grant that you did not take up?

SP Allow DK

Yes

No

IF YES ASK C19B. IF NO OR DK GOTO C20

C19B

Why did you not take up that offer of a grant?

PROBE FULLY

ASK ALL

C.20

SHOWCARD C.20

Which of these do you have in your home?

MP Do Not Allow DK Code NULL for none

IF PREPAYMENT FOR EITHER ELECTRICITY OR GAS AND NOT NULL ABOVE

C.21

SHOWCARD C.20 AGAIN

And which of these have been fitted since you had your (electricity prepayment meter)/(gas prepayment meter) installed?

MP Allow DK Code NULL for none

Hot water cylinder jacket or other insulation for hot water tank

Complete double glazing

Partial double glazing

Loft insulation

Cavity wall insulation

Draught-proofing

C.22

SHOWCARD C.22

Which of these activities do you do nowadays only out of YOUR OWN concern for the environment?

MP Code NULL for none

Use energy efficient light bulbs

Buy recycled paper products (eg stationery or toilet rolls)

Turn off the tap when brushing your teeth

Use a bottle bank

Recycle newspapers

Recycle other household waste

Buy environmentally friendly products (eg non-aerosols or phosphate-free detergents)

Buy organic food

SECTION FOUR – USING PREPAYMENT

ASK THIS SECTION FOR ALL ELECTRICITY PREPAYMENT CUSTOMERS AND ALL GAS PREPAYMENT CUSTOMERS

I am now going to ask you some questions regarding the practical aspects of having a prepayment meter for (your electricity) / (for your gas) / (for your electricity and gas).

D.1

Do you find it easy to get to your electricity meter to feed it?

SP Allow DK

Yes

No

IF NO

D.2

Please describe what makes it difficult to get to your electricity meter.

PROBE FULLY

D.3

Do you find it easy to get to your gas meter to feed it?

SP Allow DK

Yes

No

IF NO

D.4

Please describe what makes it difficult to get to your gas meter.

PROBE FULLY

D.5A

SHOWCARD D.5

Who usually (charges the card)/(charges the key)/(buys the tokens) for the electricity meter?

MP Allow DK

Yourself

Another household member (specify relationship)

Another person NOT in your household (specify)

IF Another person NOT in your household

D.5B

Why does this person usually (charge the card)/(charge the key)/(buy the tokens) for the electricity meter?

PROBE FULLY

D6

Is the electricity meter fed on a regular weekly, fortnightly or monthly basis, on an irregular basis or only when it runs out? IF RESPONDENT SAYS "WHEN IT RUNS OUT" ASK Is that when it runs out of normal credit or when it runs out of electricity altogether?

SP Allow DK

Regular weekly

Regular fortnightly

Regular monthly

Regular other (specify)

Irregular basis

When it runs out of normal credit

When it runs out of electricity altogether

IF "When it runs out of electricity altogether"

D.6C

How long is your household usually without electricity when this happens?

ENTER TIME IN HOURS TO NEAREST HOUR

IF RESPONDENT SAYS IT VARIES, ASK "ON AVERAGE"

___ / ___

D.7

Do you always feed the electricity meter by a regular amount?

SP Allow DK

Yes

No

D.8

IF YES: How much do you feed into the meter? IF NO OR DK: On average, how much credit do you feed into the meter?

ENTER AMOUNT IN POUNDS

___ / ___ / ___

ASK IF NOT "When it runs out of normal credit" OR "When it runs out of electricity altogether" at D6

D.9

How much credit do you usually have left when you feed the electricity meter?
ENTER AMOUNT IN POUNDS Allow DK Allow NULL for none.

___ / ___ / ___

D.10

How many times has the electricity meter been fed in the last four weeks?
Allow DK

___ / ___ / ___

ASK IF NOT 0 AT D.10

D.11

How many times has the electricity meter been fed in the last (one) week?
Allow DK Code NULL for none

___ / ___ / ___

D.12

Approximately when did you start using a prepayment meter for electricity?
ENTER YEAR AND MONTH OR "BEFORE 1998"

D.13A

SHOWCARD D.5

Who usually charges the card for the gas meter?
MP Allow DK

Yourself

Another household member (specify relationship)

Another person NOT in your household (specify)

IF Another person NOT in your household

D.13B

Why does this person usually charge your gas meter?
PROBE FULLY

D14

Is the gas meter fed on a regular weekly, fortnightly or monthly basis, on an irregular basis or only when it runs out? IF RESPONDENT SAYS "WHEN IT RUNS OUT" ASK Is that when it runs out of normal credit or when it runs out of gas altogether?

SP Allow DK

Regular weekly

Regular fortnightly

Regular monthly

Regular other (specify)

Irregular basis

When it runs out of normal credit

When it runs out of gas altogether

D.15

Do you always feed the gas meter by a regular amount?
SP Allow DK

Yes

No

D.16

IF YES: How much credit do you buy? IF NO OR DK: On average, how much credit do you buy?
ENTER AMOUNT IN POUNDS

___ / ___ / ___

ASK IF NOT "When it runs out of normal credit" OR "When it runs out of gas altogether" at D14
D.17

How much credit do you usually have left when you feed the gas meter?
ENTER AMOUNT IN POUNDS . CODE NULL FOR NONE
Allow DK Code NULL for none

___ / ___ / ___

D.18

How many times has the gas meter been fed in the last four weeks?
Allow DK

___ / ___ / ___

ASK IF NOT ONCE AT D.18

D.19

How many times has the gas meter been fed in the last (one) week?
Allow DK Code NULL for none

___ / ___ / ___

D.20

Approximately when did you start using a prepayment meter for gas?
ENTER YEAR AND MONTH OR "BEFORE 1998"

D.21A

SHOWCARD D.21

In which of these places do you ever (charge your electricity prepayment card)/(charge your electricity prepayment key)/(buy electricity tokens)?
MP Allow DK

Electricity Showroom
Gas Showroom
Post Office
Newsagent
Garage
Supermarket
Other (specify)

ASK IF D.21A MULTICODED

D.21B

SHOWCARD D.21 AGAIN

And which of these do you use most often to (charge your electricity prepayment card)/(charge your electricity prepayment key)/(buy electricity tokens)?
SP Allow DK

Only allow codes coded at previous question

It varies

D.22A

How convenient do you find the opening times of the place you use most often to (charge your electricity prepayment card)/(charge your electricity prepayment key)/(buy electricity tokens)?

READ OUT

SP Allow DK

Very convenient
Fairly convenient
Fairly inconvenient
Very inconvenient

IF Very or fairly inconvenient

D22B

What times would be more convenient for you?

Allow DK

PROBE FOR TIMES OF DAY AND DAYS OF WEEK

D.23

Do you usually travel to this place from home or work?

SP Allow DK

Home
Work
It varies

D.24

Approximately how far away is this place from your home/place of work?

SP Allow DK

Less than 1 mile
Between 1 and 2 miles
Between 2 and 3 miles
More than 3 miles

D.25

How convenient would you say this place is for (charging your electricity prepayment card)/(charging your electricity prepayment key)/(buying tokens)?

READ OUT

SP Allow DK

Very convenient
Fairly convenient
Fairly inconvenient
Very inconvenient

D.26

Do you normally make a special journey, just to (charge your electricity prepayment card)/(charge your electricity prepayment key)/(buy tokens)?

SP Allow DK

Yes
No

D.27A

SHOWCARD D21

In which of these places do you ever charge your gas prepayment card?

MP Allow DK

Electricity Showroom

Gas Showroom

Post Office

Newsagent

Garage

Supermarket

Other (specify)

ASK IF D.27A MULTICODED

D.27B

SHOWCARD D.21 AGAIN

And which of these do you use most often to charge your gas prepayment card?

SP Allow DK

Only allow codes coded at previous question

It varies

D.28A

How convenient do you find the opening times of the place you use most often to charge your gas prepayment card?

READ OUT

SP Allow DK

Very convenient

Fairly convenient

Fairly inconvenient

Very inconvenient

IF Very or fairly inconvenient

D28B

What times would be more convenient for you?

Allow DK

PROBE FOR TIMES OF DAY AND DAYS OF WEEK

D.29

Do you usually travel to this place from home or work?

SP Allow DK

Home

Work

It varies

D.30

Approximately how far away is this place from your home/place of work?

SP Allow DK

Less than 1 mile

Between 1 and 2 miles

Between 2 and 3 miles

More than 3 miles

D.31

How convenient would you say this place is for charging your gas prepayment card?

READ OUT

SP Allow DK

Very convenient

Fairly convenient

Fairly inconvenient

Very inconvenient

D.32

Do you normally make a special journey, just to charge your gas prepayment card?

SP Allow DK

Yes

No

D.37

Do any members of your family have any health or mobility problems that affect their ability to go out to (charge a prepayment card/key) (or) (buy tokens)?

SP Allow DK and REF

Yes

No

IF YES

D.38

What is the nature of this problem?

PROBE FULLY ALLOW REF

ASK

ALL

WITH

PREPAYMENT

METERS

D.39

Do you know without checking, roughly how much...

The credit on the electricity meter is? Yes/No

The credit on the gas meter is? Yes/No

SECTION FIVE – USING CREDIT

E.1

How convenient for you is your method of paying for (electricity) (and) (gas)?

READ OUT

SP Allow DK

Very convenient

Fairly convenient

Fairly inconvenient

Very inconvenient

IF DIRECT DEBIT FOR ELECTRICITY (SEE A.4) GO TO INSTRUCTION BEFORE E.6

E.2

SHOWCARD E.2

How do you usually pay your electricity bill?

SP Allow DK

By post

At a bank / building society

At the Post Office

At a gas/electricity showroom

By phone

It varies

IF NOT PHONE OR POST

E.3

Do you usually travel to this place from home or work?

SP Allow DK

Home

Work

E.4

Approximately how far away is this place from your home/place of work?

SP Allow DK

Less than 1 mile

Between 1 and 2 miles

Between 2 and 3 miles

More than 3 miles

E.5

Do you normally make a special journey, just to pay your electricity bill?

SP Allow DK

Yes

No

IF DIRECT DEBIT FOR GAS (SEE A.5) GO TO SECTION SIX

E.6

SHOWCARD E.2

How do you usually pay your gas bill?

SP Allow DK

By post

At a bank / building society

At the Post Office

At a gas/electricity showroom

By phone

It varies

IF NOT PHONE OR POST

E.7

Do you usually travel to this place from home or work?

SP Allow DK

Home

Work

E.8

Approximately how far away is this place from your home/place of work?

SP Allow DK

Less than 1 mile

Between 1 and 2 miles

Between 2 and 3 miles

More than 3 miles

E.9

Do you normally make a special journey, just to pay your gas bill?

SP Allow DK

Yes

No

SECTION SIX – CONSUMPTION

I am now going to ask some questions about how much electricity (and gas) you use.

IF MONTHLY DIRECT DEBIT FOR ELECTRICITY ASK F1 THEN GOTO ROUTING INSTRUCTION BEFORE F10

IF PREPAYMENT FOR ELECTRICITY ASK F5A TO F9 THEN GOTO ROUTING INSTRUCTION BEFORE F10

ELSE ASK F2 TO F4 THEN GOTO ROUTING INSTRUCTION BEFORE F10

F01

You said earlier that you pay for electricity by monthly direct debit. What is the amount you pay each month?

INTERVIEWER - IF RESPONDENT DOES NOT KNOW ASK FOR THEIR BEST ESTIMATE BUT DO NOT GET THEM TO LOOK FOR A BILL

ENTER AMOUNT IN POUNDS AND PENCE

___ / ___ / ___

___ / ___

F02

Roughly when did you receive your last electricity bill?

ENTER MONTH - Allow DK (IF DK GOTO F)

F03

And how much was it for?

INTERVIEWER - IF RESPONDENT DOES NOT KNOW ASK FOR THEIR BEST ESTIMATE BUT DO NOT GET THEM TO LOOK FOR THE BILL

ENTER AMOUNT IN POUNDS AND PENCE Allow DK AND REF

___ / ___ / ___

___ / ___

F04

And what period did it cover?

READ OUT

SP Allow DK

Three months

Two months

One month

or some other period (specify)

NOW GO TO F10

ASK IF ELECTRICITY PREPAYMENT

F.1A

On average, how much do you spend on electricity in the summer?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

ENTER AMOUNT IN POUNDS

___ / ___

F.1B

Is that per week, per month or per quarter?

SP Do Not Allow DK

Per week

Per month

Per quarter

F.2A

And what is the MOST you spend on electricity in the summer?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

ENTER AMOUNT IN POUNDS

___ / ___

F.2B

Is that per week, per month or per quarter?

SP Do Not Allow DK

Per week

Per month

Per quarter

F.3A

And what is the LEAST you spend on electricity in the summer?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

ENTER AMOUNT IN POUNDS

___ / ___

F.3B

Is that per week, per month or per quarter?

SP Do Not Allow DK

Per week

Per month

Per quarter

F.4A

And on average, how much do you spend on electricity in the WINTER?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE
ENTER AMOUNT IN POUNDS

___ / ___

F.4B

Is that per week, per month or per quarter?

SP Do Not Allow DK

Per week
Per month
Per quarter

F.5A

And what is the MOST you spend on electricity in the WINTER?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE
ENTER AMOUNT IN POUNDS

___ / ___

F.5B

Is that per week, per month or per quarter?

SP Do Not Allow DK

Per week
Per month
Per quarter

F.6A

And what is the LEAST you spend on electricity in the WINTER?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE
ENTER AMOUNT IN POUNDS

___ / ___

F.6B

Is that per week, per month or per quarter?

SP Do Not Allow DK

Per week
Per month
Per quarter

F.7

How many days ago did you last (charge your electricity prepayment card)/(charge your electricity prepayment key)/(buy tokens for the electricity meter)?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE
ENTER NUMBER OF DAYS

IF RESPONDENT HAS CHARGED IT TODAY, CODE 0

___ / ___

F.8

And how much (credit did you buy for your card)/ (credit did you buy for your key)/(did you spend on tokens) on that occasion?

IF RESPONDENT CAN'T REMEMBER ASK FOR BEST ESTIMATE

ENTER NUMBER OF POUNDS

___ / ___ / ___

AND PENCE

___ / ___

F.9

And in how many days' time do you next expect to (charge your electricity prepayment card)/(charge your electricity prepayment key)/(buy more tokens)?

IF RESPONDENT DOES NOT KNOW, ASK FOR BEST ESTIMATE

ENTER NUMBER OF DAYS

___ / ___

ASK IF ELECTRICITY PREPAYMENT INSTALLED AFTER 1998 (SEE D.12)

F.10

Since you have started using a prepayment meter for your electricity, has your usage of electricity gone up, gone down or stayed the same?

SP Allow DK

Gone up

Gone down

Stayed the same

IF NO GAS GOTO F21

IF MONTHLY DIRECT DEBIT FOR GAS ASK F101 THEN GOTO F21

IF PREPAYMENT FOR ELECTRICITY ASK F11A TO F18 THEN F21

ELSE ASK F102 TO F104 THEN GOTO F21

F101

You said earlier that you pay for gas by monthly direct debit. What is the amount you pay each month?

INTERVIEWER - IF RESPONDENT DOES NOT KNOW ASK FOR THEIR BEST ESTIMATE BUT DO NOT GET THEM TO LOOK FOR A BILL

ENTER AMOUNT IN POUNDS AND PENCE

___ / ___ / ___

___ / ___

F102

Roughly when did you receive your last gas bill?

ENTER MONTH - Allow DK (IF DK GOTO F)

F103

And how much was it for?

INTERVIEWER - IF RESPONDENT DOES NOT KNOW ASK FOR THEIR BEST ESTIMATE BUT DO NOT GET THEM TO LOOK FOR THE BILL

ENTER AMOUNT IN POUNDS AND PENCE Allow DK AND REF

___ / ___ / ___

/

F104

And what period did it cover?

READ OUT

SP Allow DK

Three months

Two months

One month

or some other period (specify)

IF PREPAYMENT FOR GAS

F.11A

On average, how much do you spend on gas in the summer?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

ENTER AMOUNT IN POUNDS

___ / ___

F.11B

Is that per week, per month or per quarter?

SP Do Not Allow DK

Per week

Per month

Per quarter

F.12A

And what is the MOST you spend on gas in the summer?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

ENTER AMOUNT IN POUNDS

___ / ___

F.12B

Is that per week, per month or per quarter?

SP Do Not Allow DK

Per week

Per month

Per quarter

F.13A

And what is the LEAST you spend on gas in the summer?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

ENTER AMOUNT IN POUNDS

___ / ___

F.13B

Is that per week, per month or per quarter?

SP Do Not Allow DK

Per week

Per month

Per quarter

F.14A

And on average, how much do you spend on gas in the WINTER?
IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE
ENTER AMOUNT IN POUNDS

___ / ___

F.14B

Is that per week, per month or per quarter?
SP Do Not Allow DK

Per week
Per month
Per quarter

F.15A

And what is the MOST you spend on gas in the WINTER?
IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE
ENTER AMOUNT IN POUNDS

___ / ___

F.15B

Is that per week, per month or per quarter?
SP Do Not Allow DK

Per week
Per month
Per quarter

F.16A

And what is the LEAST you spend on gas in the WINTER?
IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE
ENTER AMOUNT IN POUNDS

___ / ___

F.16B

Is that per week, per month or per quarter?
SP Do Not Allow DK

Per week
Per month
Per quarter

IF GAS PREPAYMENT

F.17

How many days ago did you last charge your gas prepayment card?
IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE
ENTER NUMBER OF DAYS. IF RESPONDENT CHARGED IT TODAY, CODE 0

___ / ___

F.18A

And how much credit did you buy for your card on that occasion?
IF RESPONDENT CAN'T REMEMBER ASK FOR BEST ESTIMATE
ENTER NUMBER OF POUNDS

___ / ___ / ___

AND PENCE

___ / ___

F.19

And in how many days' time do you next expect to charge your gas prepayment card?
IF RESPONDENT DOES NOT KNOW, ASK FOR BEST ESTIMATE
ENTER NUMBER OF DAYS

___ / ___

ASK IF GAS PREPAYMENT INSTALLED AFTER 1998 (SEE D.20)

F.20

Since you have started using a prepayment meter for your gas, has your usage of gas gone up, gone down or stayed the same?

SP Allow DK

Gone up

Gone down

Stayed the same

ASK ALL

F.21

Has there been any change in your household's circumstances in the last two to three years that has affected your fuel consumption?

SP Allow DK

Yes

No

IF YES

F.22

What was that change of circumstance?

PROBE FULLY

F.23

And did it lead to an increase or decrease in the fuel your household consumes?

SP

Increase

Decrease

SECTION SEVEN – DIFFICULTIES

G.1

SHOWCARD G.1

What steps do you take to try to economise on your use of electricity?

MP Allow DK

Use energy saving light bulbs

Turning off unnecessary lights

Thermostat lower than you would like

Some rooms unheated

Heating switched off for significant periods when home is unoccupied

Heating switched off for significant periods when home is occupied

Reduced use of hot water (e.g. for showers/baths)

Reduced use of cooker

Reduced use of other appliances

Other (specify)

Do not try to economise on electricity

ASK IF NOT NULL AT G.1

G.2

For how long have you been trying to economise on your use of electricity?

ENTER NUMBER OF MONTHS (EG TWO YEARS = 24 MONTHS)

Allow DK

___ / ___

More than 5 years

ASK ALL

G.3

SHOWCARD G.3

What steps do you take to try to economise on your use of gas?

MP Allow DK

Thermostat lower than you would like

Some rooms unheated

Heating switched off for significant periods when home is unoccupied

Heating switched off for significant periods when home is occupied

Reduced use of hot water (e.g. for showers/baths)

Reduced use of cooker

Reduced use of other appliances

Other (specify)

Do not try to economise on gas

ASK IF NOT NULL AT G.3

G.4

For how long have you been trying to economise on your use of gas?

ENTER NUMBER OF MONTHS (EG TWO YEARS = 24 MONTHS)

Allow DK

___ / ___

ASK IF NOT NULL AT G.1 AND G.3

G.5

SHOWCARD G5

Why do you try to economise on your use of fuel?

MP Allow DK

Have to be careful about everything I spend

Out of habit

For environmental reasons

Other reasons (specify)

G.6

Please describe any problems that you and your family have encountered as a result of your fuel economies.

CODE NULL FOR NONE

PROBE FULLY

SECTION EIGHT – ARREARS

IF ELECTRICITY PREPAYMENT ASK

H.1

Were there any arrears when your electricity prepayment meter was installed?

SP Allow DK

Yes

No

Refused

IF YES

H.2

SHOWCARD H.2

Approximately how much were the arrears?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

SP Allow DK/Ref

Less than 100 POUNDS

101 - 200 POUNDS

201 - 300 POUNDS

301 - 400 POUNDS

More than 400 POUNDS

H.3

Over what period of time did these arrears build up?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

ENTER NUMBER OF MONTHS Allow DK/Ref

___ / ___

ASK ALL

H.4

(IF YES AT H.1) Do you still have any arrears for electricity? (ELSE) Do you have any arrears to pay for electricity?

SP Allow DK/Ref

Yes

No

IF YES

H.5

SHOWCARD H.2

Approximately how much are the arrears?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

SP Allow DK/Ref

Less than 100 POUNDS

101 - 200 POUNDS

201 - 300 POUNDS

301 - 400 POUNDS

More than 400 POUNDS

IF YES AND PREPAYMENT

H.6

Does the amount you pay into your electricity prepayment meter include an amount to help clear the arrears?

SP Allow DK/Ref

Yes

No

IF YES

H.7

Approximately how much arrears do you pay back per week?

ENTER AMOUNT IN POUNDS

___ / ___ / ___

AND PENCE

___ / ___

H.8

Do you feel this amount is affordable?

SP Allow DK/Ref

Yes

No

IF NO

H.9

Does this have an effect on the amount of electricity you feel able to afford?

SP Allow DK/Ref

Yes

No

H.10

SHOWCARD H.10

Which of these methods BEST describes the way the amount of arrears was set?

SP Allow DK/Ref

Discussed with electricity company and agreed an amount

Informed in writing of the amount, then discussed it and agreed

Informed in writing of the amount - no other interaction

Could not agree and filled out an income statement

No interaction of any kind with electricity company about arrears repayment

IF STILL IN ARREARS AND PREPAYMENT

H.11

When the arrears are repaid, would you like to use another payment method for your electricity?

SP Allow DK/Ref

Yes

No

IF YES

H.12

SHOWCARD H.12

Which payment method would you like to switch to when you have repaid your arrears?

SP Allow DK/Ref

Quarterly

Cash/cheque

Direct debit

Standing order

Credit card

(Telephone banking bill-payment facility)

Monthly

Cash/cheque

Direct debit

Standing order

Credit card

(Telephone banking bill-payment facility)

Regular weekly/fortnightly cash scheme

Savings stamps or cards

Fuel direct / deductions from income support

Budget card / budget plan / pay as you go

Other (specify)

IF GAS PREPAYMENT ASK

H.13

Were there any arrears when your gas prepayment meter was installed?

SP Allow DK/Ref

Yes

No

Refused

IF YES

H.14

SHOWCARD H.2

Approximately how much were the arrears?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

SP Allow DK/Ref

Less than 100 POUNDS

101 - 200 POUNDS

201 - 300 POUNDS

301 - 400 POUNDS

More than 400 POUNDS

H.15

Over what period of time did these arrears build up?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

ENTER NUMBER OF MONTHS Allow DK/Ref

___ / ___

ASK ALL

H.16

(IF YES AT H.13) Do you still have any arrears for gas? (ELSE) Do you have any arrears to pay for gas?

SP Allow DK/Ref

Yes

No

IF YES

H.17

SHOWCARD H.2

Approximately how much are the arrears?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

SP Allow DK/Ref

Less than 100 POUNDS

101 - 200 POUNDS

201 - 300 POUNDS

301 - 400 POUNDS

More than 400 POUNDS

IF YES AND PREPAYMENT

H.18

Does the amount you pay into your gas prepayment meter include an amount to help clear the arrears?

SP Allow DK/Ref

Yes

No

IF YES

H.19

Approximately how much arrears do you pay back per week?

ENTER AMOUNT IN POUNDS

___ / ___ / ___

AND PENCE

___ / ___

H.20

Do you feel this amount is affordable?

SP Allow DK/Ref

Yes

No

IF NO

H.21

Does this have an effect on the amount of gas you feel able to afford?

SP Allow DK/Ref

Yes

No

H.22

SHOWCARD H.22

Which of these methods BEST describes the way the amount of arrears was set?

SP Allow DK/Ref

Discussed with gas company and agreed an amount

Informed in writing of the amount, then discussed it and agreed

Informed in writing of the amount - no other interaction

Could not agree and filled out an income statement

No interaction of any kind with gas company about arrears repayment

IF STILL IN ARREARS AND PREPAYMENT

H.23

When the arrears are repaid, would you like to use another payment method for your gas?

SP Allow DK/Ref

Yes

No

IF YES

H.24

SHOWCARD H.12

Which payment method would you like to switch to when you have repaid your arrears?

SP Allow DK/Ref

Quarterly

Cash/cheque

Direct debit

Standing order

Credit card

(Telephone banking bill-payment facility)

Monthly

Cash/cheque

Direct debit

Standing order

Credit card

(Telephone banking bill-payment facility)

Regular weekly/fortnightly cash scheme

Savings stamps or cards

Fuel direct / deductions from income support

Budget card / budget plan / pay as you go

Other (specify)

SECTION NINE – DISCONNECTION

IF ELECTRICITY PREPAYMENT

I.1

Are you aware of the emergency credit facility on your electricity prepayment meter?
SP Do Not Allow DK (IF RESPONDENT SAYS THEY DON'T KNOW, CODE NO)

- Yes
- No

IF NO GOTO I.10

IF

YES

I.2

What do you think the purpose of this facility is?
PROBE FULLY

I.3

Do you know how to use the electricity meter to get emergency credit?
SP Do Not Allow DK (IF RESPONDENT SAYS THEY DON'T KNOW, CODE NO)

- Yes
- No

I.4

How much emergency credit does your electricity meter allow?
ENTER AMOUNT IN POUNDS Allow DK

___ / ___ / ___

I.5

In the last 12 months, approximately how many times have you had to use the emergency credit on your electricity meter?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

SP Allow DK Code NULL for none

- Once
- Twice
- Three times
- Four times
- Five times
- Six to ten times
- Eleven to fifteen times
- Sixteen to twenty times
- More than twenty times

IF ONCE OR MORE OR DK

I.6

And how many times in the last (one) month have you had to use the emergency credit on your electricity meter?

SP Allow DK Code NULL for none

Once

Twice

Three times

Four times

Five times

Six to ten times

Eleven to fifteen times

Sixteen to twenty times

More than twenty times

IF ONCE OR MORE OR DK

I.7

And how many times in the last week have you had to use the emergency credit on your electricity meter?

SP Allow DK Code NULL for none

Once

Twice

Three times

Four times

Five times

Six to ten times

Eleven to fifteen times

Sixteen to twenty times

More than twenty times

I.8

SHOWCARD I.8

On the last occasion that you used the emergency credit on your electricity meter, what was the main reason?

SP Allow DK

I.9

SHOWCARD I.8 AGAIN

And what other reasons, if any, were there?

MP Allow DK Code NULL for none

Problem with the payment unit

Waiting for wages/benefits to be paid

Charging point was closed (evening/night)

Charging point was closed (weekend)

Charging point was closed (public holiday)

Charging point was out of order

Unexpected increase in consumption

Had to use money for something else

Did not realise the payment meter credit was low

Forgot to charge the card / charge the key / buy tokens

Did not want to go to the outlet to charge card / charge the key / buy tokens

Usually use emergency credit when out of normal credit

Other (specify)

I.10

(And) in the last 12 months, approximately how many times have you actually run out of electricity, including any emergency credit that you may have used?

SP Allow DK Code NULL for none

Once

Twice

Three times

Four times

Five times

Six to ten times

Eleven to fifteen times

Sixteen to twenty times

More than twenty times

ASK UNLESS NULL CODED AT I.10

I.11

SHOWCARD I.11

I would like you to think about the occasions when you have been without electricity for LESS than SEVEN hours. What have been the reasons for running out of electricity on these occasions?

MP Allow DK AND NULL

* You did not have enough money at the time

* You were waiting for a benefit payment

* You were waiting for your wages to be paid

* You were deliberately cutting down on electricity to save money

Your nearest re-charging facilities were closed and others were too far away or inconvenient

The re-charging facilities were out of order

The meter was faulty / out of order

* It was more important to get the gas meter charged

I forgot / didn't notice / didn't check

Other (specify)

ASK UNLESS NULL CODED AT I.10

I.12

SHOWCARD I.11

I would NOW like you to think about the occasions when you have been without electricity for MORE than SEVEN hours. What have been the reasons for running out of electricity on these occasions?

MP Allow DK AND NULL

* You did not have enough money at the time

* You were waiting for a benefit payment

* You were waiting for your wages to be paid

* You were deliberately cutting down on electricity to save money

Your nearest re-charging facilities were closed and others were too far away or inconvenient

The re-charging facilities were out of order

The meter was faulty / out of order

* It was more important to get the gas meter charged

I forgot / didn't notice / didn't check

Other (specify)

ASK FOR EACH ITEM MARKED WITH A * CODED AT I.11 OR I.12

I.13A

SHOWCARD I.13A

You said you have been without electricity because (INSERT TEXT OF ITEM CODED AT I.11 OR I.12). Was this reason a temporary or permanent problem?

DO NOT READ OUT

SP Allow DK

TEMPORARY problems are ones like extra cold weather, a change of circumstances, a family crisis or an unexpected demand on the household budget, or any problem which does not keep happening.

PERMANENT problems are ones that persist or keep happening, such as low income, or running out of money to meet the everyday costs of living.

IF METER WAS FAULTY / OUT OF ORDER AT EITHER I.11 OR I.12

I.13B

You said that the meter has been faulty. What problems have you had with the meter?

PROBE FULLY

IF GAS PREPAYMENT

I.14

Are you aware of the emergency credit facility on your gas prepayment meter?

SP Do Not Allow DK (IF RESPONDENT SAYS THEY DON'T KNOW, CODE NO)

Yes

No

IF NO GOTO I.23

IF YES

I.15

What do you think the purpose of this facility is?

PROBE FULLY

I.16

Do you know how to use the gas meter to get emergency credit?

SP Do Not Allow DK (IF RESPONDENT SAYS THEY DON'T KNOW, CODE NO)

Yes

No

I.17

How much emergency credit does your gas meter allow?

ENTER AMOUNT IN POUNDS Allow DK

___ / ___ / ___

I.18

In the last 12 months, approximately how many times have you had to use the emergency credit on your gas meter?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

SP Allow DK Code NULL for none

Once

Twice

Three times

Four times

Five times

Six to ten times

Eleven to fifteen times

Sixteen to twenty times

More than twenty times

IF ONCE OR MORE OR DK

I.19

And how many times in the last (one) month have you had to use the emergency credit on your gas meter?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

SP Allow DK Code NULL for none

Once

Twice

Three times

Four times

Five times

Six to ten times

Eleven to fifteen times

Sixteen to twenty times

More than twenty times

IF ONCE OR MORE OR DK

I.20

And how many times in the last week have you had to use the emergency credit on your gas meter?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

SP Allow DK Code NULL for none

Once

Twice

Three times

Four times

Five times

Six to ten times

Eleven to fifteen times

Sixteen to twenty times

More than twenty times

I.21

SHOWCARD I.8

On the last occasion that you used the emergency credit on your gas meter, what was the main reason?

SP Allow DK

I.22

SHOWCARD I.8 AGAIN

And what other reasons, if any, were there?

MP Allow DK Code NULL for none

Problem with the payment unit

Waiting for wages/benefits to be paid

Charging point was closed (evening/night)

Charging point was closed (weekend)

Charging point was closed (public holiday)

Charging point was out of order

Unexpected increase in consumption

Had to use money for something else

Did not realise the payment meter credit was low

Forgot to charge the card

Did not want to go to the outlet to charge card

Usually use emergency credit when out of normal credit

Other (specify)

I.23

(And) in the last 12 months, approximately how many times have you actually run out of gas, including any emergency credit that you may have used?

IF RESPONDENT DOES NOT KNOW, ASK FOR THEIR BEST ESTIMATE

SP Allow DK Code NULL for none

Once

Twice

Three times

Four times

Five times

Six to ten times

Eleven to fifteen times

Sixteen to twenty times

More than twenty times

I.24

SHOWCARD I.24

I would like you to think about the occasions when you have been without gas for LESS than SEVEN hours. What have been the reasons for running out of gas on these occasions?

MP Allow DK

You did not have enough money at the time

You were waiting for a benefit payment

You were waiting for your wages to be paid

You were deliberately cutting down on gas to save money

Your nearest re-charging facilities were closed and others were too far away or inconvenient

The re-charging facilities were out of order

The meter was faulty / out of order

It was more important to get the electricity meter charged

I forgot / didn't notice / didn't check

Other (specify)

I.25

SHOWCARD I.24

I would NOW like you to think about the occasions when you have been without gas for MORE than SEVEN hours. What have been the reasons for running out of gas on these occasions?

MP Allow DK

You did not have enough money at the time

You were waiting for a benefit payment

You were waiting for your wages to be paid

You were deliberately cutting down on gas to save money

Your nearest re-charging facilities were closed and others were too far away or inconvenient

The re-charging facilities were out of order

The meter was faulty / out of order

It was more important to get the electricity meter charged

I forgot / didn't notice / didn't check

Other (specify)

IF METER WAS FAULTY / OUT OF ORDER AT I.24 OR I.25

I.26

You said that the meter has been faulty. What problems have you had with the meter?

PROBE FULLY

IF USED EMERGENCY CREDIT FOR EITHER ELECTRICITY (NOT NULL OR DK AT I.5) OR GAS (NOT NULL OR DK AT I.18)

I.27

Do you use emergency credit as part of your normal budgeting or only in an emergency?

SP Allow DK

Normal budgeting

Only in emergencies

I.28

And do you think the amount of emergency credit is about right or should it be larger or smaller?

SP Allow DK

About right

Should be larger

Should be smaller

I.29

Has your household's electricity ever been disconnected because of unpaid electricity bills?

SP Allow DK

Yes

No

IF YES

I.30

Did you find it easy to get re-connected?

SP Allow DK

Yes

No

IF NO

I.31

Why was that?

PROBE

FULLY

I.32

Has your household's gas ever been disconnected because of unpaid gas bills?

SP Allow DK

Yes

No

IF YES

I.33

Did you find it easy to get re-connected?

SP Allow DK

Yes

No

IF NO

I.34

Why was that?

PROBE FULLY

SECTION TEN – PRIORITIES

J.1

If the cost of electricity went DOWN, would you use MORE electricity or use the same electricity and use the savings for something else?

SP Allow DK

Use more electricity

Use the savings for something else (specify)

A bit of both (DO NOT READ OUT) (specify the something else)

J.2

If the cost of electricity went UP, would you use LESS electricity or use the same electricity?

SP Allow DK

Use less electricity

Use the same electricity

J.3

If the cost of gas went DOWN, would you use MORE gas or use the same gas and use the savings for something else?

SP Allow DK

Use more gas

Use the savings for something else (specify)

A bit of both (DO NOT READ OUT) (specify the something else)

J.4

If the cost of gas went UP, would you use LESS gas or use the same gas?

SP Allow DK

Use less gas

Use the same gas

J.5

If your income increased by £15 per week, would you use more electricity, use more gas, use more electricity AND more gas or would you use the same amount of both and spend the money on something else?

SP Allow DK

Use more electricity

Use more gas

Use more electricity and more gas

Use the same amount of both

J.6

If your income went DOWN by £15 per week, would you use less electricity, use less gas, use less electricity AND less gas or would you use the same amount of both and find the money from somewhere else?

SP Allow DK

Use less electricity

Use less gas

Use less electricity and less gas

Use the same amount of both

ASK IF ELECTRICITY PREPAYMENT AND GAS PREPAYMENT

J.7A

If you did not have the money to charge both electricity and gas meters, which one would you consider to be the most important to keep running IN THE SUMMER?

SP Allow DK

Electricity

Gas

IF NOT DK

J.7B

Why do you say that?

PROBE FULLY

ASK IF ELECTRICITY PREPAYMENT AND GAS PREPAYMENT

J.8A

If you did not have the money to charge both electricity and gas meters, which one would you consider to be the most important to keep running IN THE WINTER?

SP Allow DK

Electricity

Gas

IF NOT DK

J.8B

Why do you say that?

PROBE FULLY

SECTION ELEVEN – CLASSIFICATION

CLASS.1

SHOWCARD CLASS1

Which of these financial products do you or any other member of your household have?

MP Code NULL for none Allow REF

Bank or building society Current Account (with chequebook)

Other account that can be used for direct debits

Bank or building society Savings Account

Credit Union membership

Credit card with outstanding balance

Store card with outstanding balance

Bank or building society loan (excluding a mortgage)

Car loan

Other loan

CLASS 2

Have you ever had an application to open a bank or building society current account turned down, for any reason?

SP Allow DK

Yes

No

CLASS 3

SHOWCARD CLASS.3

Which, if any, of the items on this card do you receive?

MP Code NULL for none

State pension

Occupational pension

Other pension (eg war pension)

Child benefit

Extra child benefit for lone parents

War disablement pension

Income support

Job seeker's allowance (formerly unemployment benefit)

Family credit

Disability working allowance

Disability living allowance

Attendance allowance

Incapacity benefit (previously sickness and/or invalidity benefit)

Council tax benefit

Housing benefit

Winter fuel payments

Other benefit (specify)

I would now like to ask you some questions which will help us classify all the answers you have given

.....

CLASS.4

RECORD SEX OF RESPONDENT

Male

Female

CLASS.5

Please tell me how many adults, aged 16+, there are in this household who are ...

Working full time (i.e. 30+ hours a week)
Working part time (i.e. 7 - 29 hours a week)
Self-employed
In full time education (adults aged 16+)
Retired
Unemployed
Not working

Refused

CLASS.6

RECORD EXACT AGE OF RESPONDENT

Allow range 16-99

Refused

IF REFUSED AT Q

CLASS.6A

SHOWCARD AGE

Which age group applies to you? (IF RESPONDENT REFUSES, ESTIMATE AGE)

SP

18-20
21-24
25-34
35-44
45-54
55-59
60-64
65+

CLASS.7

SHOWCARD MSTAT

Which of the following best applies to you ?

SP Allow REF

Married / living with partner
Single
Widowed
Divorced

CLASS.8

How many children are there in your household ... ?

Under 1 year old ___
Between 1 and 4 years old ___
Between 5 and 15 years old ___

CLASS.9

How many adults are there in your household ... ?

Between 16 and 30 years old _____
Between 31 and 50 years old _____
Between 51 and 60 years old _____
Between 61 and 75 years old _____
More than 75 years old _____

CLASS.10A

SHOWCARD TENURE

Which of these applies to your home?

SP

It is being bought on a mortgage
It is owned outright
It is rented from the local authority
It is rented from a private landlord
It belongs to a housing association
Other
Refused

CLASS.10B

SHOWCARD CLASS.10B

Which of these BEST describes your home?

SP Allow DK

Detached house
Semi-detached house
End-of-terrace house
Mid-terrace house
Bungalow
Purpose-built flat
Flat in converted detached house
Flat in converted semi-detached house
Flat in converted end-of-terrace house
Flat in converted mid-terrace house
Bedsit
Other (specify)

CLASS.11

RECORD RESPONDENTS' HOUSEHOLD STATUS

SP

Chief income earner
Spouse of chief income earner
Other

CLASS.12A

What is the occupation of the chief income earner in your household?

PROBE FOR OCCUPATION, JOB TITLE, QUALIFICATIONS, NUMBER OF PEOPLE RESPONSIBLE FOR ETC.

WRITE IN _____

RECORD SOCIAL GRADE:

SP

A

B

C1

C2

D

E

Refused

CLASS.12B

SHOWCARD INCOME

Which of these ranges comes closest to the total annual income of the whole of your household, before anything is deducted for tax, National Insurance, pension schemes etc.? Please just indicate which letter applies to you.

(DO NOT SHOW INCOME RANGES ON CAPI SCRIPT)

WEEKLY INCOME

ANNUAL INCOME

A. less than 125 pounds

B. 125 - 239 pounds

C. 240 - 336 pounds

D. 337 - 480 pounds

E. 481 - 672 pounds

F. 673 - 961 pounds

G. 962 pounds or more

A. less than 6,500 pounds

B. 6,500 - 12,499 pounds

C. 12,500 - 17,499 pounds

D. 17,500 - 24,999 pounds

E. 25,000 - 34,999 pounds

F. 35,000 - 49,999 pounds

G. 50,000 pounds or more

Don't Know

Refused

CLASS.13A

Thank you for your help. It would be useful if we could obtain additional information about your electricity (and gas) usage from your supplier(s). Will you give your permission for your electricity (and gas) supplier(s) to release this information to us? The information about your fuel usage will be treated in confidence and only used for the purpose of this survey.

Yes

No

IF YES ASK

CLASS13B

Is it your name that appears on your household's (gas and) electricity bills?

Yes

No

INTERVIEWER - IF RESPONDENT SAYS YES, PLEASE ASK THEM TO COMPLETE AND SIGN PERMISSION FORM.

IF NO

What is the name of the person whose name appears on the bills?

ENTER NAME CAREFULLY AND CHECK SPELLING WITH RESPONDENT

INTERVIEWER - PLEASE ASK RESPONDENT TO GET PERSON WHOSE NAME APPEARS ON THE BILLS TO SIGN PERMISSION FORM

RECORD RESPONDENT NAME

WRITE IN _____

Refused

RECORD ADDRESS I.E. NUMBER, STREET NAME, POSTAL TOWN

WRITE IN _____

Refused

RECORD POSTCODE IN FULL

WRITE IN _____

Refused

No answer

Don't know

CLASS.14

Do you have a telephone at home?

SP

Yes

No

RECORD RESPONDENT TELEPHONE NUMBER

WRITE IN _____

Refused

No answer

Don't know

CLASS.15

Do you have a mobile phone?

SP

Yes

No

Thank you very much for taking part in this survey. Would you be willing to take part in similar surveys in the future?

Yes

No

ELECTRICITY ASSOCIATION FUEL POVERTY PROJECT

Companies that participated in the supply company interviews:

British Gas Trading
London Electricity plc
Northern Electric and Gas
Norweb Energi
Npower
Powergen UK plc
Scottish and Southern Energy
ScottishPower
SEEBOARD plc
SWALEC
TXU Europe
Yorkshire Electricity

ELECTRICITY ASSOCIATION FUEL POVERTY PROJECT

Company Interview Schedule

Roles & relationships:

1. What is your department's role as far as issues related to disadvantaged consumers are concerned?
2. And what do you mean by disadvantaged?
3. So how does this fit into your company's approach/intentions towards these consumers?
4. What is your company's approach?
5. What influenced this approach?

Regulation:

6. How does it affect you as a company to be regulated?
7. How does your organisation handle the relationship with the regulator?
8. How are regulatory considerations (issues) handled internally?

Policy, context and practice:

9. How do you expect your company policy to incorporate the Social Action Plan?
10. And how do you translate policy into practice?
11. Do you foresee any difficulties in implementation?
12. What have you done so far?
13. What impact are these new social action initiatives having on your competitive strategy?
14. What is your target domestic market?
15. Are there areas of the broader market you are not pursuing?

16. How do you see what you are offering as being different from what other companies provide?

17. What do you intend to achieve from your presence in the domestic energy market?

18. How will you achieve that?

19. What factors might make you rethink the desirability of being in this market?

20. In relation to social action initiatives, what part do payment methods play?

21. What are your intentions for prepayment meter consumers?

22. What factors are relevant in determining particular prices?

Impact:

23. What do you expect to be the impact of social initiatives on your company?

24. And, what about for your industry as a whole?

Thank you for your help. Is there anything you would like to add?