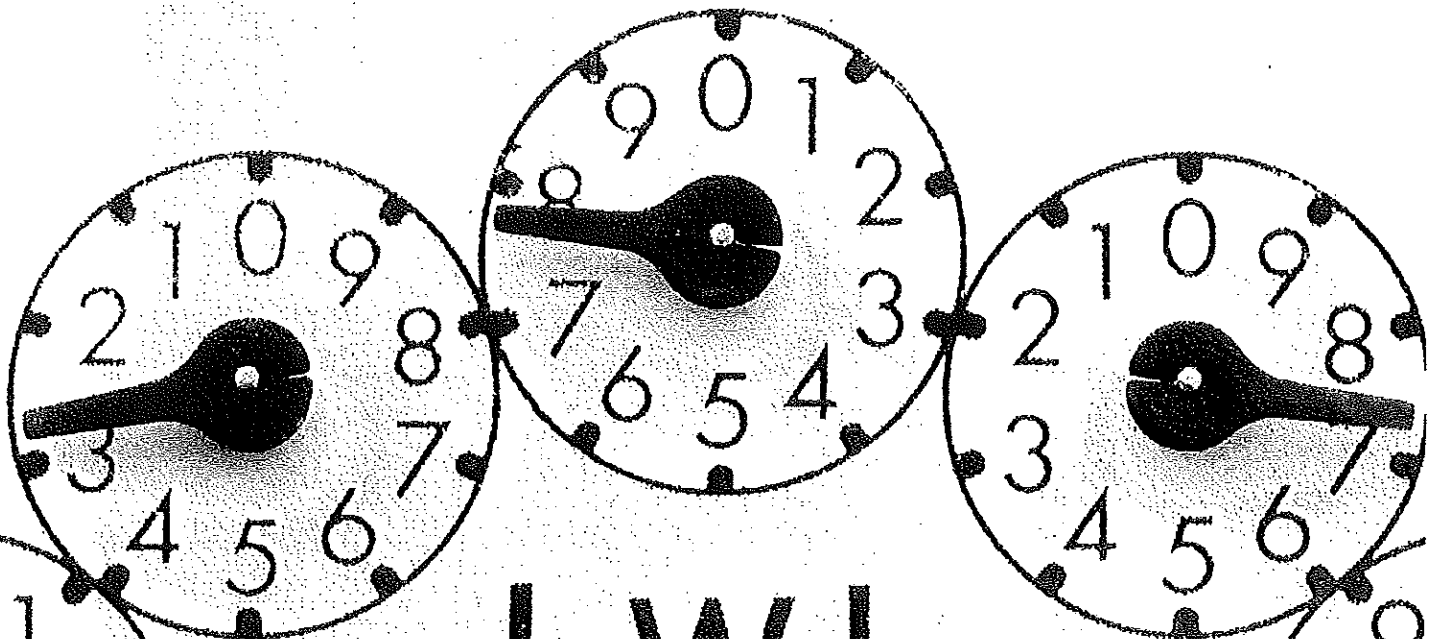


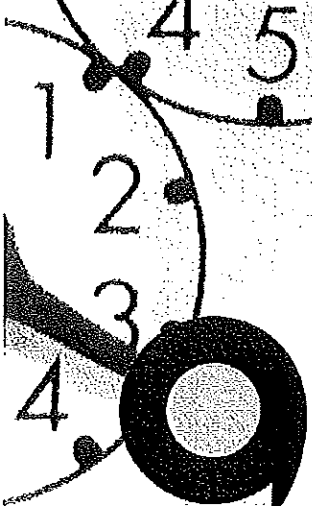
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HOME HEATING SUPPORT FUND INTERIM REPORT

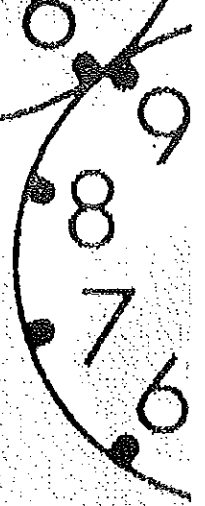
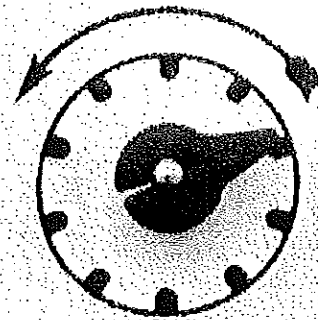
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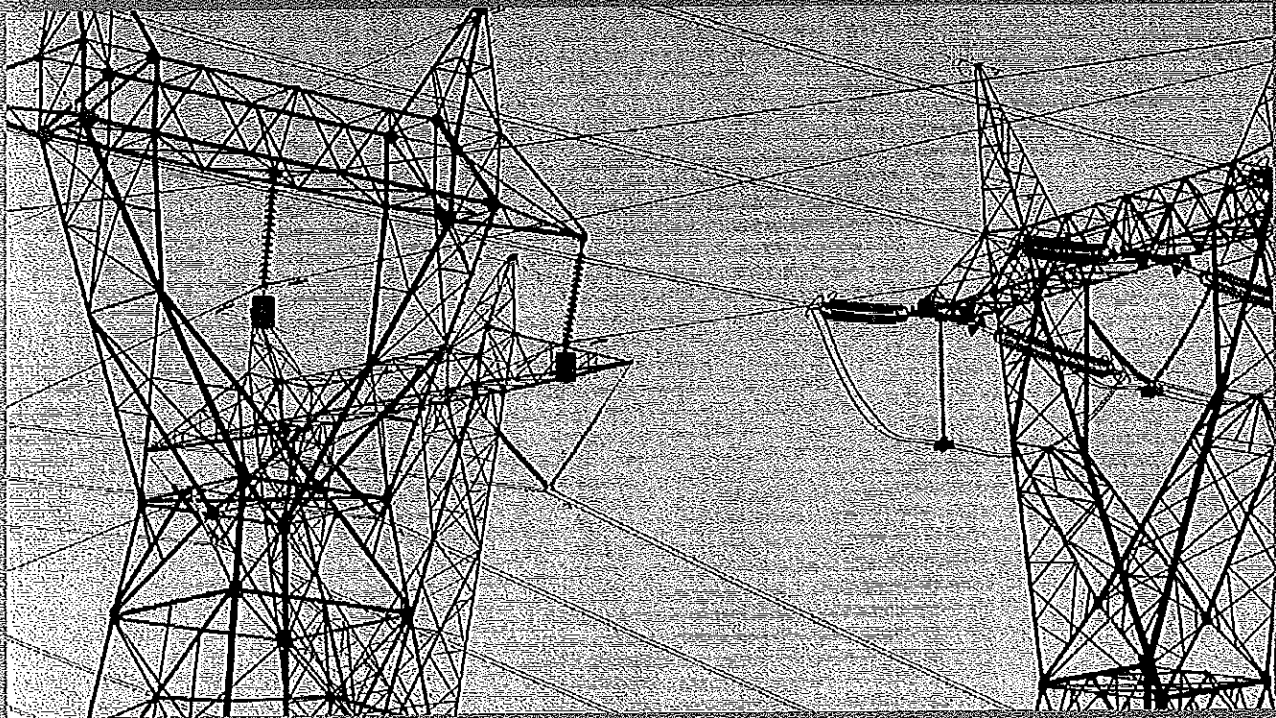
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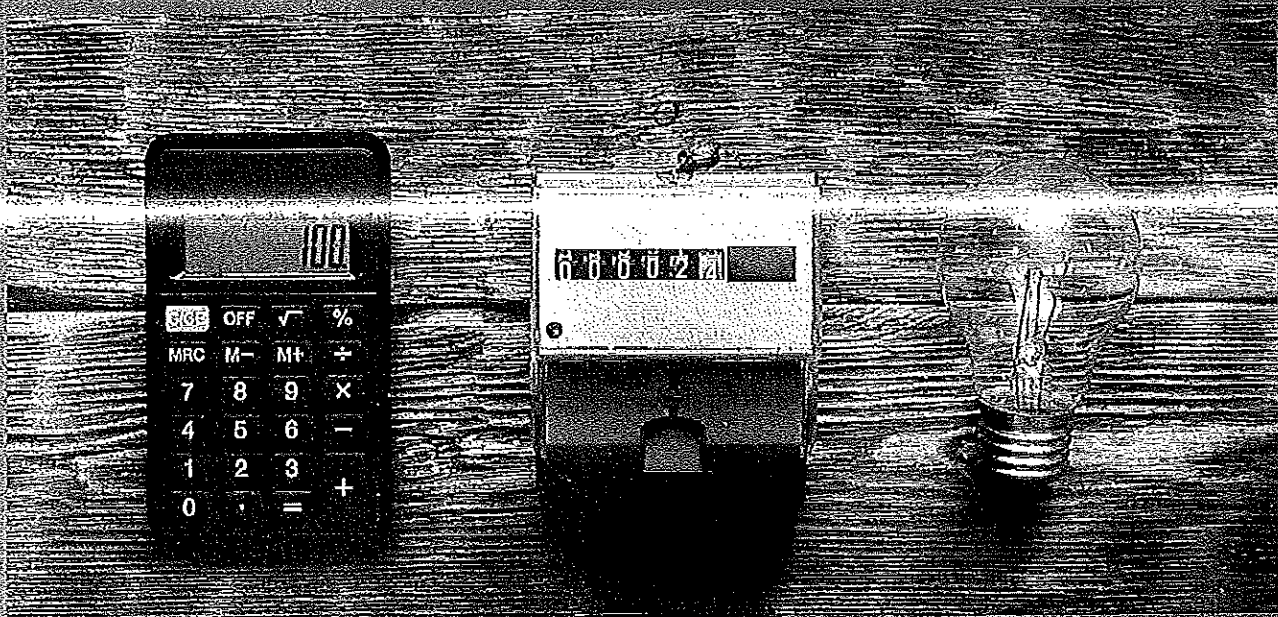
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1.0. Overview



The Home Heating Support Fund provides financial assistance to citizens struggling with energy costs. There are three main referral pathways to the fund which allows us to support as many Scottish households as possible.

Consumers can apply to the fund directly via an application form on our dedicated website, by calling the Home Heating Support Fund team at Advice Direct Scotland or through our large network of **809** trusted referral partners. These referral partners cover the entirety of Scotland and include local authorities, housing associations, charities, and foodbanks.

The current iteration of the fund started in April 2022. Since then, we have:

- Received **4,692** applications for support
- Issued a total of **£2,028,111** in support to vulnerable Scottish households
- Provided **£2,462,711** of debt relief to energy customers
- Delivered **£271,000** in vouchers to prepayment meter customers via partnerships with both PayPoint and Post Office

Previously, consumers self-rationing their energy usage were typically forced to do so due to poverty or severe financial vulnerability. More recently, the current energy price crisis has seen dramatically increasing numbers of consumers who were previously able to manage their bills, slipping into financial difficulty. Self-rationing energy would previously have been a last resort for consumers struggling with affordability but is now the norm for many households as the costs of heating their homes become higher. Limiting, or even stopping energy usage altogether, can create a range of significant issues, including the decline of both physical and mental household health.



1.1. Energy Supplier Engagement

In the past quarter we have met and engaged with every major supplier operating in Scotland, to address how greater collaboration between ADS and suppliers could help to alleviate hardship for their more vulnerable customers.

This has also allowed us to ensure that monies sent from the Home Heating Support Fund are allocated to ensure customers receive support from the fund as quickly and smoothly as possible.

We've briefly described our interactions with each supplier below:

Scottish Power

[REDACTED] & [REDACTED] both visited our offices in the last month to discuss signposting and help for vulnerable customers. As a result of this meeting, Scottish Power have improved the signposting on their website, particularly in sections targeted towards vulnerable customers and have recently ensured that our contact details are available for Scottish customers on their bills. At our request, Scottish Power are giving their escalated complaints advisors access to issue emergency vouchers for customers who are self-disconnected from their energy supply. Due to the particularly long waiting times with the EHU, this access will prove vital for potentially thousands of customers. We have also been provided with a direct finance contact at Scottish Power.

Centrica (British/Scottish Gas)

[REDACTED] visited our offices this month. Engagement and signposting from Centrica has been excellent since launching energy advice scot in April 2021. Centrica have been the only supplier whose signposting has been consistently correct. [REDACTED] is also keen to work with us in providing support to their most vulnerable customers. British Gas have provided us with access to their emergency line, where our advisors will be able to connect off supply customers directly to them for the provision of emergency fuel vouchers. This again will help customers in obtaining immediate support. British Gas have also provided a dedicated contact within their finance team to ensure correct allocation of payments for the Home Heating Support Fund.

EDF

[REDACTED] & [REDACTED] came into our offices to discuss signposting and support for vulnerable customers. Following a meeting with EDF on 13/10, we are pleased to report that their website and bills have recently been updated for Scottish customers, signposting directly to ADS.

[REDACTED]

[REDACTED]

[REDACTED]

OVO/SSE

met with us to discuss how signposting could be improved for their Scottish customers. We are pleased to report that all website and bill communications have now been updated to include our information. OVO/SSE have also provided ADS with a dedicated finance contact for our Home Heating Support Fund.

BN Next

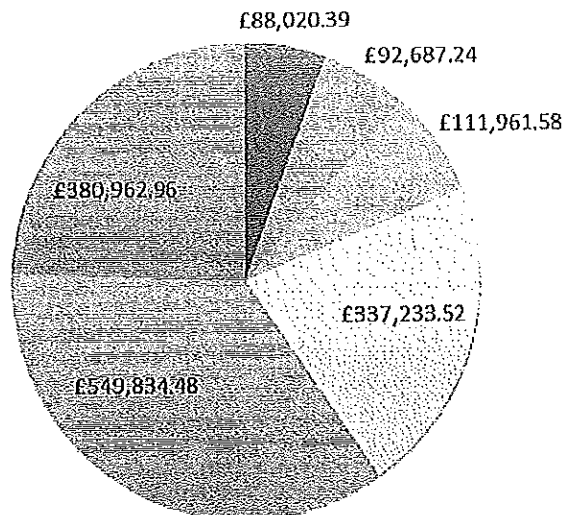
are due to visit our offices in November to discuss signposting improvements and initiatives to support their most vulnerable customers. Sarah Oldman was happy to provide her direct contact information to the Home Heating Team to ensure there were no payment issues.

We have also established monthly operational meetings with the following suppliers:

- British Gas
- E. On Next
- EDF
- OVO/SSE
- Utilita



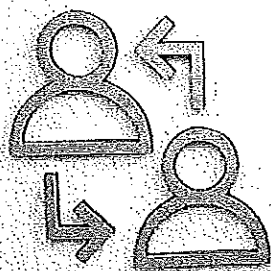
Total awards per supplier



■ Bulb ■ EDF ■ Utilita ■ Scottish Gas (British Gas) ■ Scottish Power ■ SSE/OVO

As we work to tackle fuel poverty and deprivation across the entirety of Scotland, our other recent points of engagement have included:

- The next Fuel Poverty Advisory Panel meeting will be held in our Glasgow offices. We have met the panel and updated them on the advice and support we offer through the Home Heating Support Fund.
- Working closely with [REDACTED] to improve referral processes and support for vulnerable energy consumers. [REDACTED] was a guest speaker on our panel covering fuel poverty and the cost of living at the SNP conference in Aberdeen. We're working with [REDACTED] to deliver a Scotland event between ADS and Ombudsman Services.
- We have been invited to join the Scottish Energy Insights Coordination Group, which will be chaired by [REDACTED] for Consumer Scotland. [REDACTED] of Energy Advice Scotland will meet with our CEO to discuss how we can use energyadvice.scot to reach suppliers.
- [REDACTED] of the Federation of Small Businesses visited our offices to discuss how energyadvice.scot can deliver advice and support to microbusinesses struggling with surging energy prices. Marketing information has been shared with FSB to disseminate amongst its members. There are also plans to host a webinar for FSB members to advise them on the help available.
- [REDACTED] of Consumer Scotland visited our offices to arrange data sharing agreements for our energyadvice service. Consumer Scotland recognise that the data we collect will prove fundamental in shaping policy for energy consumers in Scotland.
- We met with [REDACTED] in his role as [REDACTED] of the Energy Consumer Committee. [REDACTED] will be visiting us later this calendar year to drive initiatives which tackle fuel poverty in Scotland.
- Partnering with foodbanks and local charities, including EBI Unites and Fresh Start, to provide focussed support to those most in need.



Engagement



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2.0. Levels of Energy Debt

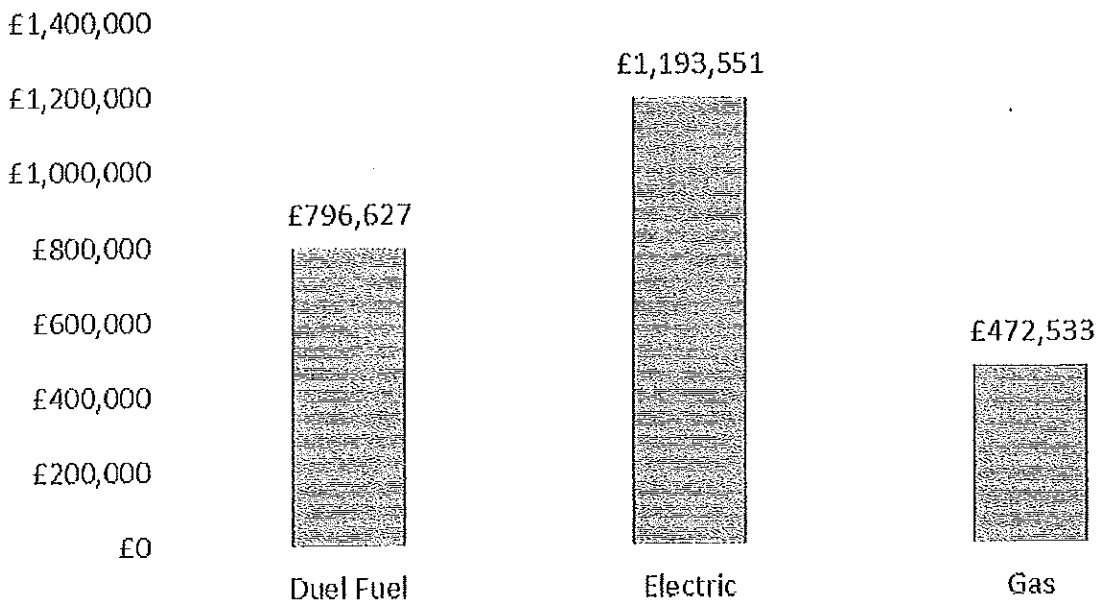
Energy debt now constitutes a huge issue for Scottish consumers, with energy debt rates across the UK up 150% on last year. Consumers are facing high direct debits, and risk accruing further debt and charges if they miss a payment.

For this reason, many households choose to avoid direct debit payments, and pay what they can monthly. Paying this way is generally more expensive.

Average UK energy debt was £979 for electricity and £767 for Gas in Q2 2022. With the increase in prices on October 1st 2022, and the recent announcement on a revision of the energy price guarantee in April of 2023, this number can only rise.

Living costs have also increased, with inflation now at 13.2% which is a 40 year high. This combination of high energy costs and rises in the cost of food and other necessities, means that many households in Scotland will struggle.

Gas vs Electric Debt



As demonstrated in the figure above, the levels of electricity and gas debt experienced by applicants was considerable. The total value of electricity debt was £1,193,551. The total gas debt amounted to £472,533. The average household debt per application was £664.13. The total value of debt cleared by the fund in this iteration has been £2,462,711.



2.1. Prepayment Meters and Affordability

Scotland has a significantly high proportion of consumers who use prepayment meters. In June 2022, the percentage of Scottish households with a prepayment meter was 18%.

The percentage of households classed as being in fuel poverty was significantly higher in households which had a prepayment meter as opposed to those with a credit meter.

Instances of self-disconnection have increased greatly in the past year. Additionally, the number of consumers on prepayment meters have increased, in part, due to the force-fitting of prepayment meters for debt collection.

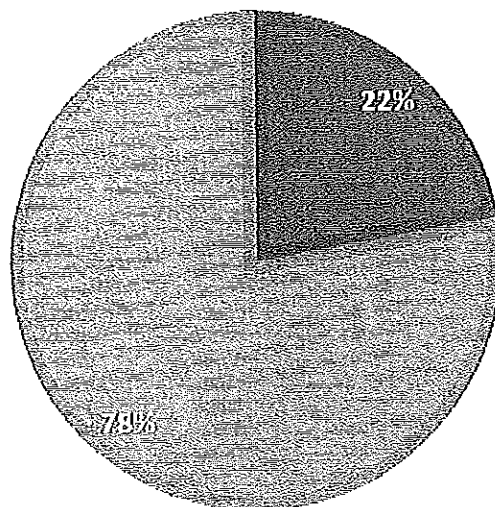
Self-disconnection of a household's energy supply occurs when the funds stored on the prepayment meter has run out, they have exhausted their emergency credit and the household has no means to add more funds to the meter.

Rates of self-disconnection have risen sharply in recent months and will continue to increase over the winter.

The percentage of applicants to the Home Heating Support Fund, who had a prepayment meter was 22.4% during this iteration.

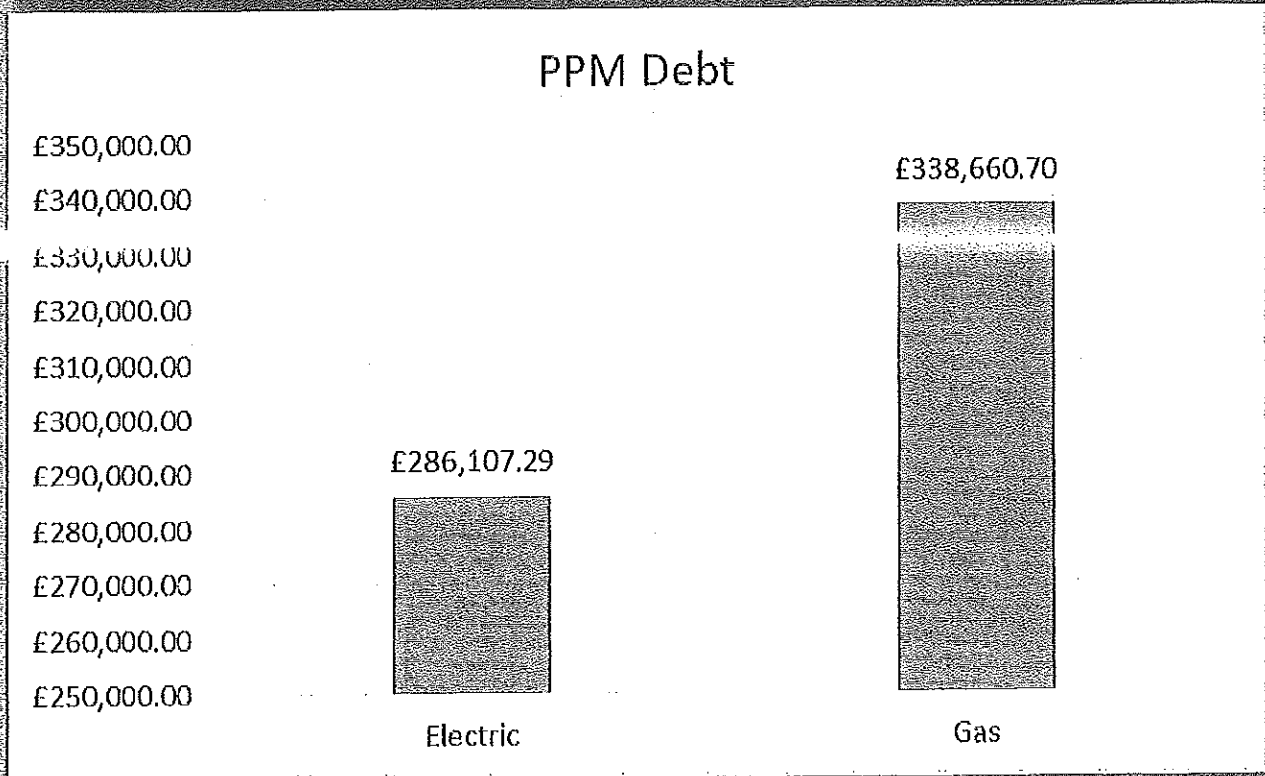
PPM VS CREDIT METERS

■ PPM ■ Credit



The recent rollout of smart meters has both positive and negative implications. Smart meters allow the user to switch from credit to prepayment mode without an installation, and credit can be added online, eliminating the need to go to a shop to buy cards.

This implementation of digital accessibility has benefited consumers by reducing regular travel costs. On the other hand, energy suppliers can also utilise smart meters to move individuals to prepayment meters remotely.



The figure above demonstrates the high levels of fuel debt for energy customers utilising prepayment meters, who applied for support as part of the fund.

The total amount paid to applicants with prepayment meters was **£624,767.99**.

Out of this proportion of applicants, gas fuel debt was also exceptionally high at **£286,107.29**.

These figures paint a worrying picture for the current state of fuel debt for Scottish households utilising prepayment meters.



2.2. Unregulated Fuels

Customers who use unregulated fuels, such as LPG or coal, have also faced huge price increases. These customers are not protected by the energy price guarantee, and therefore may struggle to meet ongoing costs.

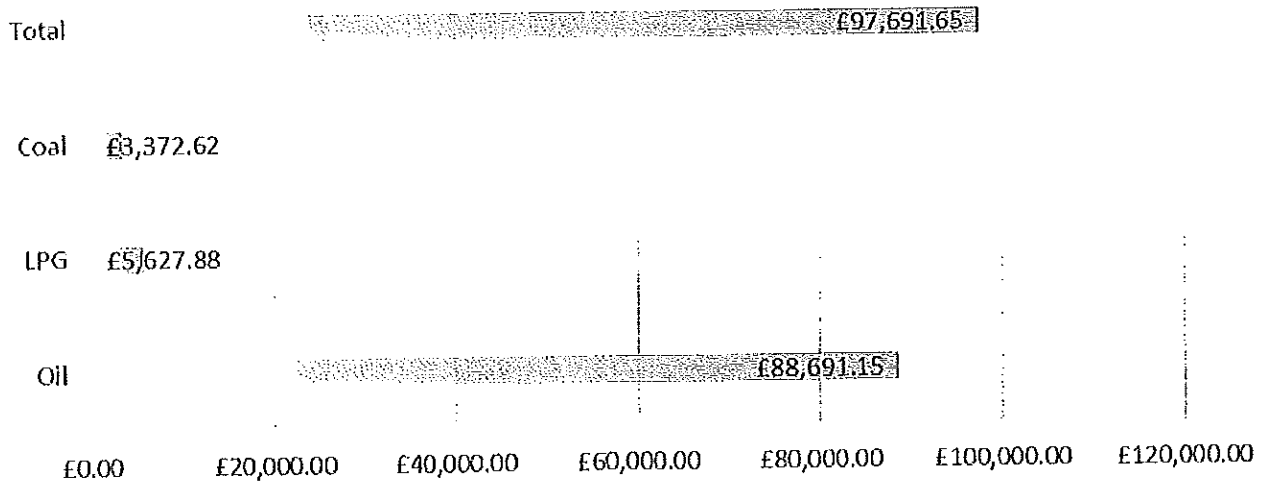
The government is giving these customers an additional £100 payment to assist with costs. However, an average tank of oil now costs around £1,000, which needs to be paid upfront. Many households are unable to meet this cost and are therefore going without heating or being forced to use more expensive electric heaters.

Scotland has the highest percentage in the UK of alternative fuel users, so are disproportionately affected by this rising cost.

Customers who live in remote or island communities have a higher cost of living than those in urban areas. They are also more likely than those in urban areas to experience colder weather and have homes which are less well insulated or energy efficient.

Additionally, those without access to a mains gas supply face higher costs for unregulated fuels, which have been significantly impacted both by rising gas prices and the increased cost of transporting fuel.

UNREGULATED FUELS



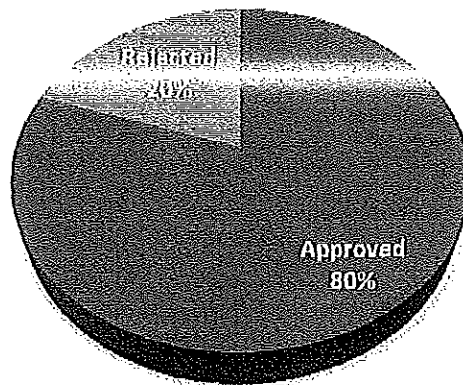
The Home Heating Support Fund can award to all fuel types including unregulated fuels, with the most common being LPG or oil.

Recognising the detriment experienced by these customers, we have ensured that the Home Heating Support Fund awards customers utilising unregulated fuels a value which is high enough to allow the customer to obtain either a half or full tank of oil.

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3.0. Impact of the Fund

Approved Applications



■ Approved ■ Rejected

The impact of the Fund on Scottish households has been huge. The **overall success rate for applications stands at 80%**, with a total of **3,749** successful applications between April and September 2022.

The fund has provided **£2 million** in additional funding to these recipients, including the provision of funding solutions for those on unregulated fuels and those who pay for their energy through housing associations or district heating schemes.

In order to ensure the ongoing quality of applications through our referral network, and the proper collection/retention of evidence, we also ran a number of training workshops for our referral partners.

These workshops were delivered remotely and comprehensively outlined how to complete an application on a customer's behalf, what evidence is accepted and how it should be retained. In total, we delivered this additional training to **140** partners since April.



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3.1. Additional Support Offered by ADS



While we work in close partnership with the Scottish Government to help administer this fund to struggling citizens, ADS also delivers other services designed to address a range of complex issues.

For example, our money advice scot service is an FCA regulated free debt advice service which also specialises in issues related to energy arrears.

Our benefit calculator also covers devolved benefits and is the only current calculator available to do so. It allows our customers to easily check their entitlement to all devolved benefits, including approximately how much they can expect to receive.

We also deliver the national energy advice service on behalf of the Scottish Government, which delivers expert advice on energy related issues.

This service guides customers through energy billing, complaints, grants, scams, and supplier issues. Energy advice delivered through this channel is also available to microbusinesses. In addition to the advice, we provide to customers directly, ADS also shares publicly available written guidance online via our dedicated energy advice website ([Energy Advice | Energy Advice | energyadvice.scot](https://www.energyadvice.scot)).

Applicants to the Home Heating Fund, can be identified when they reach us through any of our other services. For instance, if they have an issue with their supplier and contact our energy advice service, our trained agents will identify if these customers are likely to be eligible for assistance from the fund, and internally refer them to a relevant advisor.