

# “You just have to get by”

## Coping with low incomes and cold homes

The findings of a study funded by **eaga Charitable Trust**  
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# Summary

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This report describes the findings of a study of the coping strategies of low-income households in Great Britain, funded by eaga Charitable Trust. The study combined quantitative and qualitative methods: a face-to-face survey of 699 low-income households and 50 in-depth telephone interviews with a subsample of the surveyed households. The participating households all had an equivalised net income, before housing costs, below 60 per cent of national median income. The survey data were weighted to control for selection bias and non-response, such that the quantitative findings are generalisable to all low-income households in Great Britain.

## **Fuel poverty, income poverty and child poverty**

Although the study did not identify fuel poor households according to the official definition, a range of indicators of fuel-related hardship were used to examine the links between cold homes and other forms of deprivation. The survey provided clear evidence of the relationship between income poverty and cold homes. Households on the lowest incomes, of less than £6,000 per year, were especially likely to have found their fuel bills to be a heavy financial burden (50 per cent had done so), to have cut back on heating in the previous year (46 per cent), and to have lived in homes that were colder than they wanted them to be during the previous winter (63 per cent).

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

## **Keeping up through cutting back**

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

There was a distinct pattern of cost-cutting across the low-income households. Savings were most often made on discretionary items such as holidays, socialising and new clothes but cuts in spending on essential items were also common: 35 per cent of low-income households had cut back their spending on food in the previous year and 32 per cent had cut back on heating in this period. Borrowing was less common: 22 per cent of households had borrowed from family, friends or other individuals but only 5 per cent had increased their credit card debt or overdraft, and 4 per cent had taken out new loans from commercial lenders.

## **Strategies for cutting back on essentials**

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

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

### **The experience of cold homes**

Nearly half (47 per cent) of low-income households surveyed said their homes had been colder than they wanted during the previous winter including 18 per cent who said their homes had been much colder than they wanted. A variety of related problems was reported: 22 per cent of low-income households had experienced problems running or controlling their heating systems during the previous winter, 28 per cent had suffered draughts and 28 per cent had had problems with damp or condensation.

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

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

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

### **Using the energy market**

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

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

# 1. Introduction

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This report presents the findings of a study of low-income households in Great Britain. The study combined quantitative and qualitative methods to examine how households cope with the everyday challenges of life on a low income, especially during the winter months when the cost of heating can be a major burden.

The objectives of the study were to gain a deeper understanding of:

- The coping strategies employed by low income and/or fuel poor households
- The links between income, fuel poverty and other forms of social deprivation
- The current role of a competitive energy market in delivering affordable warmth

All the households who participated in the study were living on an equivalised<sup>1</sup> income, before housing costs, of less than 60 per cent of the UK median income. Some of these households would have been in fuel poverty, i.e. needing to spend at least 10 per cent of their income on energy to keep warm in the winter, but we have no way of identifying precisely which households met this criterion and which did not. This would have required individual building assessments which were beyond the scope of the study.

The practical difficulty of identifying households in fuel poverty is one of many reasons why the definition of fuel poverty is currently being reconsidered. This study offers a contribution to this debate by focusing on the experience of people living on low incomes, their attitudes to thermal comfort and energy use, and the strategies they employ to maintain their dignity and everyday lives in constrained circumstances. Most of the debate about the definition of fuel poverty is necessarily focused on technical and quantitative measures. Ultimately, this is the only way policy can progress at a national level. This ought not, however, to be at the expense of other perspectives, above all the perspective of people who are struggling to stay warm in winter.

People who live on a low income in a cold home do not describe themselves as living ‘in fuel poverty’. The term is meaningless outside academic and policy circles. This does not mean that we should give up on the term, not least because it has been extraordinarily important in shaping and driving policy. However, if we are to understand and engage with the lives of people who may be in fuel poverty, we have to look elsewhere for a meaningful frame of reference. This is potentially offered by poverty itself, though even here we must be careful as poverty can be stigmatising and many households on low incomes will deny that they are living in poverty, whatever the official definition of poverty may be. Nonetheless, the reality of a low income is acknowledged, if not accepted, in different ways by almost all low income households. It therefore provided our primary analytical context for understanding the diversity of their experience.

Our focus was households’ experience of coping with low incomes and, in particular, the fuel and heating choices they made within these coping strategies. We were interested in the close connections between fuel poverty and income poverty and the many dimensions of households’ experience of fuel-related poverty. We acknowledge that there are households who fall within the technical definition of fuel poverty who are not on a low income but these households were not the concern of this study.

## What shapes coping behaviour?

Previous research on the coping strategies employed by households in fuel poverty has focused on the practical actions they employ in response to fuel and income constraint. These are dominated by rationing fuel use, reducing expenditure on food, and borrowing money (Gibbons and Singler 2008). Our study also sought to explore the range and complexity of these strategies while also examining the psychological context which shapes, and gives meaning to, these actions.

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<sup>1</sup> Adjusted for household size

The theory of psychological coping tends to focus on individual responses to singular stresses: we appraise a situation as being potentially harmful or stressful and then respond in a variety of ways, potentially employing both problem-focused coping, working out what to do, and emotion-focused coping, managing our emotional distress (Lazarus and Folkman 1984). This basic distinction can be broken down further, for example into the multiple coping styles of the Coping Orientations to Problems Experienced (COPE) scale which correlates coping responses to personality types (Carver, Scheier & Weintraub 1989).

This was not an overtly psychological study and we did not employ specific psychological measures. Nonetheless the basic insight of the psychological literature was at the heart of our approach: to make sense of how people cope with living on a low income and in cold homes, we must pay as much attention to their emotional and psychological responses as we do to their behaviour and practical actions. However, in attending to these psychological responses, we must not lose sight of the complexity of the context which shapes them. All the households in this study shared the common context of a low income. However these low-income households often had other problems to contend with such as ill health, infirmity and disability; caring responsibilities; poor housing conditions; and isolation.

The findings presented in this report are therefore informed by a basic theoretical model of coping which brings together three broad factors: material and personal circumstances, individual attitudes and values, and personal resourcefulness and coping skills. None of these components provides an adequate account, on its own, of this experience. The diversity of the experiences of the households in this study reflects differences across all three of these factors.

## 2. Methods

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The study sought to describe the experience and attitudes of low-income households in Great Britain. In order to gain both a representative sample and in-depth insight, the study combined quantitative and qualitative methods. The two key components of the study were a household survey and in-depth interviews. The sample of households selected for the in-depth interviews was drawn from the larger sample of households interviewed in the survey.

### Omnibus survey

A module of questions about coping with low incomes and cold homes was developed for inclusion in the National Centre for Social Research (NatCen) consumer omnibus survey in the third and fourth quarter of 2009. The questions for this module were either drawn from established surveys or were developed specifically for this survey. The questionnaire was piloted using face-to-face street recruitment in south Bristol.

The NatCen omnibus survey is a high quality face-to-face survey that is undertaken quarterly in people's homes across Great Britain (England, Scotland and Wales). It adopts a multi-stage stratified random probability sampling design, in which postcode sectors from the small users Postcode Address file form the primary sampling unit. Within each selected postcode sector, addresses are selected at random and a single adult aged 16 or over selected at random at each address. Fieldwork was undertaken between 23rd July and 20th September and between 12th October and 28th November 2009. Data were weighted to control for unequal probability of selection and for non-response.

A total of 2,708 individuals responded to the NatCen omnibus survey over these two quarters with a response rate of 51 per cent in the third quarter and 49 per cent in the fourth quarter of 2009. The questions asked in the CSE module were, however, asked only of households with a total equivalised net income, before housing costs, below 60 per cent of median income. This is the current threshold for households defined as below average income<sup>2</sup>. The module was further limited to respondents who were either the household reference person<sup>3</sup> or their partner to ensure that the person responding could reasonably answer questions that related to the financial situation of the household. The analysis of NatCen survey data in this report is based on a final representative sample of 699 individuals living in low-income households. The results from this sample survey are generalisable to all low-income households in Great Britain.

The CSE module consisted of 20 closed-response questions covering issues relating to energy and money in the home including fuels used, fuel payment methods, experience of the energy market, household heating systems, perceived thermal comfort, priorities and strategies for coping on a low income and the impact of cold on household members. The results in this report are limited to the households that were eligible for, and responded to, the CSE module. Analysis was conducted using SPSS.

### Follow-up depth interviews

At the end of the NatCen survey, respondents who completed the CSE module were asked if they were willing to take part in a follow-up depth interview by telephone. Respondents were offered a shopping voucher to the value of £25 to take part. Contact details for a total of 111 willing respondents were obtained

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<sup>2</sup> See Department for Work and Pensions (2009)

<sup>3</sup> The person in whose name the property is rented or owned

from the third quarter survey. Individuals were selected at random from this list for interview until a total of 50 interviews had been completed. Interviews were conducted in October and November 2009.

The interview was semi-structured, with questions covering household income, individual and household coping strategies, approaches to keeping warm in winter, experience of the competitive energy market, access to support and advice services, and energy efficiency in the home. Questions about interviewees' experience of the winter focused on the 2008-2009 winter which included a severe cold spell in February 2009.

Interviews lasted between 15 and 30 minutes and were recorded and transcribed. Analysis was conducted using the Framework software package<sup>4</sup>. This involved indexing the transcripts against an analytical framework based on the original interview schedule; examining and comparing the content of the transcripts for each area of interest; identifying commonalities and differences across the experience described in the transcripts; developing heuristic themes to make sense of these patterns; identifying contrary cases; and repeatedly revisiting the original text to build a robust overall picture of the experience of the interviewees.

As part of the interview process interviewees were offered the option of receiving a benefit entitlement check and an energy efficiency advice session (at a later date) through the Energy Saving Trust Advice Centre. This offer was taken up by 20 interviewees.

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<sup>4</sup> Developed by NatCen ([www.framework-natcen.co.uk](http://www.framework-natcen.co.uk))

# 3. The households

This chapter describes the demographic profile of the low-income households who responded to the CSE module of the NatCen omnibus survey. A description of the depth interviewees' age and housing tenure is also included to allow a basic comparison with the larger sample. The survey results presented here are for the weighted dataset, i.e. taking account of the weights applied by NatCen to account for non-response and selection biases. These weights, which principally adjust for geographic, age and gender imbalances, were applied to the entire Omnibus dataset, not just the low income sample who completed the CSE module. Hence the profile of the households described here is that of a low income sample within a representative national sample.

## Household characteristics

All the households who participated in the survey had an equivalised income, before housing costs, of less than 60 per cent of national median income. Table 3.1 describes the distribution of actual incomes in the surveyed households, within the range defined by this criterion. Table 3.2 describes the composition of households within the sample.

Nearly half of the surveyed households had an annual household income of less than £9,000 and a quarter had an annual income of less than £6,000. As we would expect, the lowest incomes were most common among single adult households, 62 per cent of whom were in this income band. Three in ten households had incomes of £12,000 or more. These households were most likely to be couples, with or without children.

Of all the households surveyed, 35 per cent received regular earnings, leaving nearly two thirds (65 per cent) who relied on pension or welfare benefits payments. Nearly one third (32 per cent) of the surveyed low-income households included an adult over state pension age (SPA).

**Table 3.1 Income of surveyed households**

	% all low-income households
Less than £6,000	24%
£6,000 < £9,000	24%
£9,000 < £12,000	22%
£12,000 or more	30%
<i>Unweighted base</i>	<i>594</i>

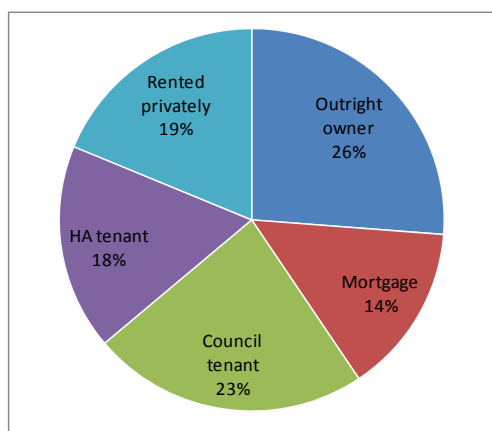
**Table 3.2 Composition of surveyed households**

	% all low-income households
Single adult, over state pension age (SPA)	16%
Couple without children, over SPA*^	16%
Single adult, under SPA*^	13%
Couple without children*	16%
Lone parent with children*	13%
Couple with children*	19%
Other household without children	9%
<i>Unweighted base</i>	<i>699</i>

\* May include another adult. ^ Partner may or may not be over SPA

Figure 3.1 shows the tenure of the surveyed low-income households. The majority of households were housing association, local authority or private tenants. The one quarter of households who were outright owners was mainly (75%) over the state pension age.

**Figure 3.1 Tenure of surveyed households**



The surveyed low-income households were asked how much of the day their home was occupied during the previous winter. The majority (70 per cent) said their homes had been occupied for most or all of the day (Table 3.3).

**Table 3.3 Period of daily occupation of home during the winter (surveyed households)**

	% all low-income households
All day	30%
Most of the day	40%
Some of the day	18%
A few hours or less, or too hard to say	12%
<i>Unweighted base</i>	<i>699</i>

Households were recruited to the survey throughout Great Britain. Table 3.4 shows the distribution of low-income households in the sample across all the administrative regions of Great Britain (i.e. not including Northern Ireland).

**Table 3.4 Administrative region of surveyed households**

	% all low-income households
North East	6%
North West	11%
Yorkshire & Humber	12%
East Midlands	8%
West Midlands	10%
East of England	8%
London	11%
South East	10%
South West	9%
Wales	6%
Scotland	9%
<i>Unweighted base</i>	<i>699</i>

## Individual respondent characteristics

The individual respondents who participated in the survey were 88 per cent white and 12 per cent non-white. Figure 3.2 shows the distribution of their ages. Overall, this sample is older than the population as a whole due to the higher proportion of retired households in the low-income bracket.

**Figure 3.2 Age of low-income survey respondents**

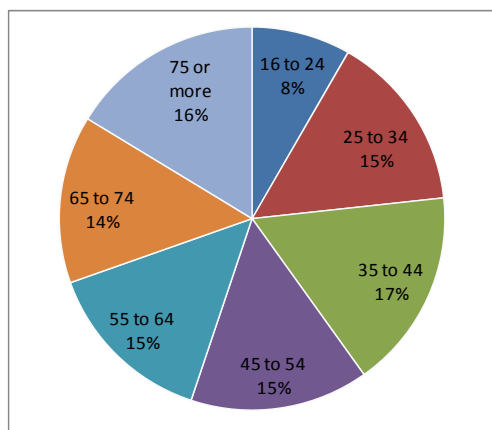


Table 3.5 describes the employment status of the survey respondents. A quarter were working either full-time or part-time and over one third were retired. Three fifths of respondents (59 per cent) were classified in routine or manual occupation socio-economic groups, with 19 per cent in intermediate occupations and 12 per cent in managerial and professional occupations (9 per cent were not classified).

**Table 3.5 Employment status of low-income survey respondents**

	% all survey respondents
Working full-time	15%
Working part-time	11%
Unemployed <sup>5</sup>	11%
Retired	35%
Looking after family/home	13%
Permanently sick/disabled	11%
Other non-working	5%
Student	0%
<i>Unweighted base</i>	<i>698</i>

Nearly a third of survey respondents had a limiting long-term illness or disability (Table 3.6). Sixty-five per cent of respondents reported their general health to be good or very good, with 26 per cent saying their health was fair and 9 per cent reporting their health to be poor.

**Table 3.6 Disability and illness of low-income survey respondents**

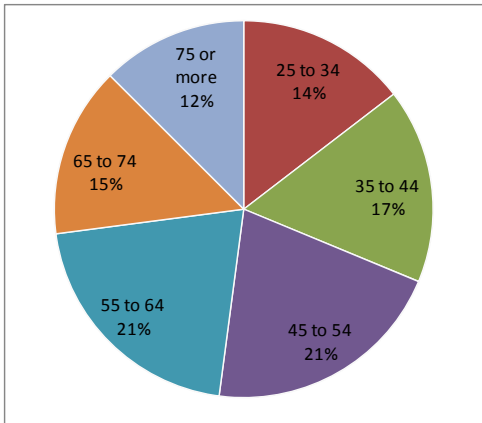
	% all survey respondents
Limiting long-term illness or disability	32%
Non-limiting long-term illness or disability	13%
No long-term illness or disability	55%
<i>Unweighted base</i>	<i>699</i>

<sup>5</sup> International Labour Organisation definition.

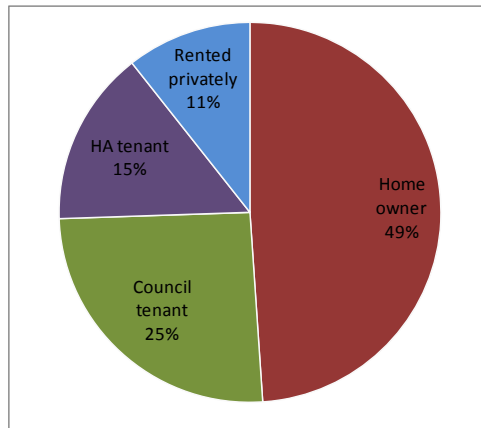
## Depth interviewees

Fifty households from the 699 low-income households surveyed participated in the depth interviews. The age range of depth interviewees is shown in Figure 3.3 and the tenure of their homes is shown in Figure 3.4<sup>6</sup>. The 'home owner' category in Figure 3.4 includes both outright owners and mortgaged owners, shown separately in Figure 3.1. These distributions of age and tenure are broadly similar to those of the larger sample this group was drawn from. However the depth interviewees were older, and more likely to be owner occupiers, than the wider sample of surveyed low-income households.

**Figure 3.3 Age of depth interviewees**



**Figure 3.4 Tenure of interview households**



## Changes in household income and costs

The households who participated in the survey were asked whether there had been any changes in their household income over the prior 12 months (Table 3.7). Nearly a third had experienced a fall in their income over this period, far more than had seen a rise in their income.

The depth interviewees were asked about changes to their costs as well as changes to their income in the prior 12 months. This revealed that the majority of these low-income households had seen an overall increase in financial constraint due to a fall in income, a rise in costs or a combination of both. Twenty of the 50 depth interviewees (40 per cent) described specific reasons for falls in income. Twelve households had lost earnings due to loss of, or reductions in, employment, three of these because of ill health or accidents; six had experienced changes in family circumstances such as separation or bereavement; and two had seen falls in state welfare payments.

**Table 3.7 Change in household income in the last 12 months (surveyed households)**

	% all low income households
Fall	32%
Rise	18%
Rise and fall	6%
No change	43%
<i>Unweighted base</i>	<i>694</i>

<sup>6</sup> These figures include percentage values to enable comparison with Figures 3.1 and 3.2. Please note, however, that these values relate to a sample of only 50 interviewees.

## 4. Heating systems and fuel payments

*“I don't mind the [prepayment] meter because at least I'm not getting a big bill at the end, so you only pay for what you're doing. I know where I am with it, yes....But I know that if you are on a meter you have to pay more which seems a little unfair”. (Emily, young single, not working mother, living with her son)*

This chapter describes the heating systems installed in the homes of the low-income households who participated in the survey and their methods of paying for electricity and gas. The payment methods used by the depth interviewees, and their reasons for using these payment methods, are also described.

Four fifths of the surveyed low-income households had gas central heating, 9 per cent had night storage heaters and 3 per cent had oil central heating (Table 4.1). Altogether, 10 per cent of low-income households had no form of central heating (gas, oil or night storage) but relied on fixed or portable room heaters.

These results describe the systems in respondents' homes, not their actual use of these systems. Some low-income households could not afford to use their central heating but relied on room heaters for specific rooms instead (see Chapter 6).

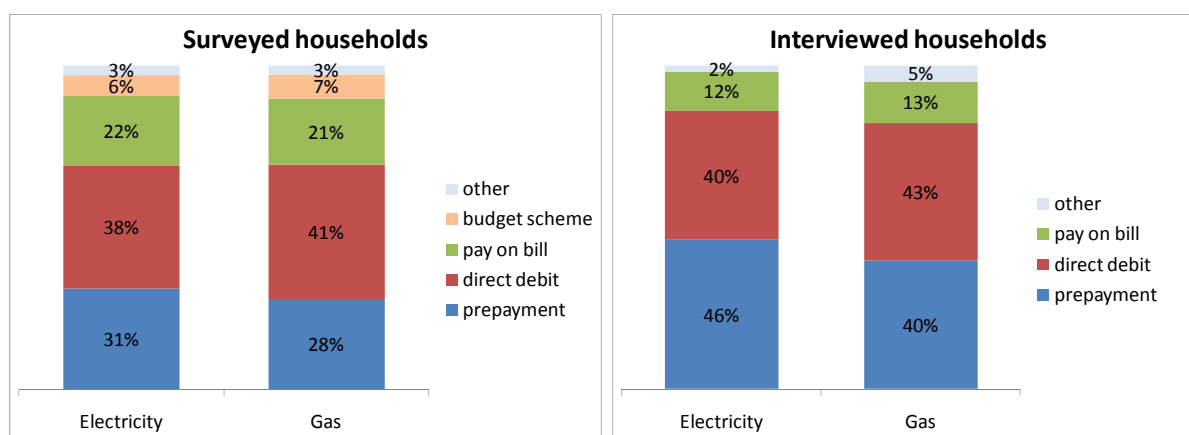
**Table 4.1 Types of heating systems in the home last winter (respondents could identify more than one type)**

	% all low-income households
Gas central heating	80%
Oil central heating	3%
Night storage heaters	9%
Fixed room fires or heaters	17%
Open fires or stoves (solid fuel)	7%
Portable heaters: Electric	9%
Portable heaters: Bottled gas or paraffin	2%
Portable heaters: Oil-filled	2%
Other	3%
<i>Unweighted base</i>	<i>699</i>

The methods by which both the surveyed low-income households and the depth interviewee subsample paid for their electricity and gas (where used) are shown in Figure 4.1. In the survey sample, direct debit was the most common form of payment method for both electricity and gas, followed by prepayment meter. A larger proportion of the depth interviewees used prepayment meters, with fewer paying on receipt of bill (standard credit accounts).

The use of prepayment meters was far more common in this low-income sample than in the population as a whole, with standard credit accounts proving far less popular. Ofgem data for 2007 indicate that in Great Britain the most common form of payment method for electricity and gas was direct debit (43 per cent of accounts), followed by standard credit accounts (40 per cent) and finally prepayment meters (16 per cent) (Ofgem 2008).

**Figure 4.1 Energy payment methods of households surveyed and interviewed in depth**



Households' preferences for different payment methods were explored in the depth interviews. Prepayment meter users had diverse opinions about the pros and cons of their method of payment. Some interviewees were aware that this method of payment was likely to be costing them more than alternative methods<sup>7</sup> and there was some frustration with the hassle of topping up the meter and making sure it was always in credit. For those on the lowest incomes, the inability to keep the meter in credit was a constant source of anxiety:

“It's hard at the moment because I'm on just a small budget and I find that we're having to sit in the cold because if the money runs out on the meter, you haven't got any more money to put on it.”  
(Lucy, not working, single, living with 12 year-old granddaughter).

Prepayment meter users also described problems with unaffordable upfront costs if they wanted to change to a different payment method. However, despite these problems, most prepayment users were happy to stick with this method because of its perceived advantages for managing on a low income:

- You only pay for what you are using
- You don't get over-charged
- You don't receive unexpected, large bills
- You know exactly where you are with your budget
- You can be sure to only use what you can afford
- You have control over what you're spending and money is not taken from you without you knowing

Among the depth interviewees, prepayment users were not the only households who were keen to budget. Almost all of the households who were followed up with a depth interview were budgeting in one way or another. Other forms of payment for fuel were also perceived to assist budgeting. In particular, direct debit was perceived to enable steady budgeting across the year because of the regularity and consistency of payments. This was especially valued in the winter when energy use increased but fuel payments did not. Households were also aware that direct debit usually offered the cheapest tariffs and removed the inconvenience and hassle of having to either pay a bill or top up a meter.

There were, however, households among the depth interviewees who were dissatisfied with paying by direct debit because of the risks associated with estimated bills. They knew that if the supplier set the monthly payments too low, they would be the ones who suffered the consequences when an unexpected bill arrived. Avoiding arrears was widely perceived to be important because of the difficulty of managing arrears on a low income. Yet households could not be sure of this on direct debit.

<sup>7</sup> Qualitative research for the Ofgem supplier probe (Ofgem 2008) also identified prepayment meter users who maintained this payment method despite awareness of the higher cost. Participants in this study were surprised at the size of the price differential when this was clarified for them.

“One year I did have a really nasty sting. I ended up with a deficit of nearly five hundred pounds and I had to clear it the following year...Because they had increased their prices and hadn't reviewed the account so the monthly direct debits weren't paying for it”. (Jane, not working, young single parent, living with two sons)

“We're not entirely happy with paying by direct debit, but you know it's certainly difficult to pay by other methods without having a penalty...the main reason we are not happy with it, is because we don't have a huge amount of control over what we pay. Because the direct debit is based on an estimated monthly amount and that is only reconciled with the meter readings once a quarter, so we're not actually, necessarily paying on a monthly basis what our true expenditure is”. (Angela, working, young mother, living with husband and two children).

The risk of getting into arrears was enough for some households to forego the benefit of the lower unit cost of this payment method. For these households, maintaining personal control over fuel expenditure with a prepayment meter took precedence over the cost savings of switching to direct debit.



## 5. Coping on a low income

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*“Well, put it this way, I’ve managed, I’ve had to.... I just do my own thing and cut back where I can and I just manage week to week. It’s something you’ve got to do.” (Lisa, single, middle-aged, not working, disabled)*

When faced with difficult times, people cope as best they can. Those who live on a low income have little choice but to work out some kind of strategy for getting by. This lack of choice or force of circumstance was widely articulated by the low-income households interviewed in depth for this study. The same expression – “You just have to get by, what else can you do?” – cropped up again and again, articulated in a variety of different ways. But any apparent similarity of language disguised real divergence in attitudes to, and experience of, the reality of coping day to day on a low income.

This chapter describes the strategies employed by low income households to sustain the routines of their everyday lives in the face of financial constraint. It begins with a psychological perspective, focusing on the attitudes which were so important in maintaining personal dignity and well-being. This is followed by a description of the levels of financial constraint within the low-income households and an examination of the practical choices households made within these constraints, including the trade-offs they made between essentials such as food and fuel. The last section in the chapter returns to the psychological aspect of coping, exploring the relativity of households’ assessments of their own deprivation and quality of life.

### Attitudes to coping on a low income

Every coping strategy is, by definition, a response to a constraint or threat. To be effective – for a household to cope successfully with income constraint – this response must be underpinned by some degree of individual fortitude, resilience, determination or simply acceptance. Across all the low-income households interviewed in depth, respondents’ attitudes to the circumstances of their lives emerged as the single most important feature of their coping strategies.

Depth interviewees described the task of coping on a low income in a variety of ways. The following characteristic responses capture the range of attitudes to coping articulated by the interviewees:

- An expression of everyday frugality
- A source of pride, reflecting success in maintaining personal independence
- A challenge in the face of adversity
- Something to accept and make the best of
- A harsh, inescapable existence

Beyond these characteristic responses, some depth interviewees expressed no difficulty getting by day to day on their available income. They were managing well, happy with their bills, not actively cutting back and not worried about their costs. These households appeared to have enough income to cover their costs without difficulty. Consequently they did not appear to be ‘coping’ as such, for this term assumes some degree of potential threat to personal well-being. However, this self-presentation may in some cases have reflected a long-standing coping strategy. A personal determination to be in control of the daily challenges of living on a low income may have extended to a denial that such challenges exist in any meaningful way (see *Autonomy*, below).

## Frugality

Among the people interviewed in depth, the most common way of presenting the challenge of living on a low income in a positive light was through an ethic of frugality. This was often articulated by older people, who had a long personal history of living on limited means, but was not restricted to the older generation. Interviewees of all ages seemed to have found strength in the discipline of careful management of money and resources and were proud of this approach to life. They saw this as building personal and household resilience in the face of current and potential hardship. Not surprisingly, this group was also highly averse to getting into debt.

Edith lived in sheltered accommodation and her heating was included in her rent. Nonetheless she was living on a very low income and had to be careful. This came to her naturally:

“Well, I was born and brought up in the 1920s and 1930s and believe me, they don't know what deprivation is now, compared to what we had. So we had to learn to manage and live as best as we could. Could make a meal out of nothing, my husband used to say. But we did have to manage and from those days, I still can live very frugally.” (Edith, single, retired)

## Autonomy

Frugality was often underpinned by a personal commitment to autonomy. However this important value was expressed in many other ways by the depth interviewees, not least in a determination to maintain control over all the demands of daily life, come what may. For people who had long experience of coping on a low income, who had established tried and tested ways of achieving their everyday goals, success in sustaining their personal autonomy was an important part of their lives. It could even be a core part of their identity:

“I mean, when I was a lad, I used to live the same way you know, I mean, never worry about anything. I don't ask anybody for anything. I don't ask my daughter for anything. I'm independent because I want to be independent, and I'm independent because I want no interference from anybody. I will manage as best I can.” (David, single, retired)

Tom lived in a park home with a low income and low outgoings. He insisted he never had problems with any of his bills or his daily costs. His independence was assured:

“I've got no financial problems, quite as such. It's like I said before, I'm not wealthy but I can manage my affairs. Plus the fact, I'm pretty good with money anyway.” (Tom, single, retired)

Those who take this determined outlook on life were unlikely to describe constraints such as a low income or reduced heating as sources of personal hardship or suffering. For them, coping within such constraints was a measure of their personal integrity and as such was something to be proud of.

## Confronting adversity

There were other depth interviewees who faced significant challenges in their everyday lives who were more equivocal about what this meant for them. They did not see the struggle with adversity as a source of strength but they were determined to stay on top. They coped through sheer resilience, often gained through years of experience. They typically faced on-going burdens beyond that of a low income such as child care responsibilities, chronic illness or disability.

Having been through a double bankruptcy that was entirely the fault of her estranged husband, Clare was now living on a very low income with her two children, the focus of her determination to get by. She cut back her expenditure wherever she could but was studying, working when she could, and somehow making ends meet. She was determined to do the right thing for her children:

“Food and clothing for the children [are top of the spending list]. I don't mean excessive clothing, but make sure they've got shoes, essentials to go to school in because obviously if they don't go in school uniform or they're not neatly presented or that they've got the right equipment for school

then obviously you're not doing your job as a parent. So in other words your children come first.”  
(Clare, middle-aged, single parent, living with three children)

### **Acceptance and resignation**

Depth interviewees who had lived on a low income for a long time were the most likely to have come to terms with the constraints on their lives and worked out how best to cope<sup>8</sup>. Acceptance of a difficult lot was expressed with both resignation and optimism.

John wants ‘to hibernate’ because he is cold and lonely in the winter. But he knows the spring will come:

“I think I just have to resign myself that it's something you've got to live with and just make the best of what you've got.” (John, single, retired)

### **Only just scraping by**

For some depth interviewees, life on a low income was a burden that they felt they could only just bear. Although they were coping, they had no pride in coping. Their use of the language of coping was shot through with doubt.

Lucy lived on her own with her sick grand-daughter whom she cared for with no support. She had no other family or friends and was extremely isolated. But she coped:

“You know, you just get so fed up and depressed. It's like there's no help out there... Everywhere you try to get help from, they just shut the door in your face. That's how it feels... But you still have to pay your bills. And it's a struggle. I mean, you manage, don't you because you've got no choice, you have to.” (Lucy, not working, single, living with 12 year-old granddaughter)

Emily was a single mother looking after two sons on a very low income. She cut back on everything to provide for her children:

“My life? It's not very nice when you're having to worry about money all the time. You know, everyone wants to be warm, don't they? But it's just what you have to do. If you haven't got the money, you can't, can you?” (Emily, young single mother, not working, living with her son)

These two interviewees’ attitudes differed from those described above in that there was so little hope and resilience in their outlooks. They had been brought down by poverty and the other demands of their lives and their self-esteem and mental health were suffering as a result. Their difficulty in maintaining some kind of positive outlook only underlined the importance of such an outlook to the self-esteem and everyday coping strategies of the majority of respondents in this study.

Other studies have also stressed the importance of the character of personal outlook on life to coping strategies. In a study of life in low income families in Scotland, McKendrick et al (2003) reported that “the problems of maintaining self-respect and esteem are as important as the lack of material goods and other challenges of living.” Self-respect is thus both a key component of coping and an outcome of coping. Pride in managing the everyday details of life on a low income ensures that budgets are not broken; this in turn provides reassurance that personal autonomy has been maintained.

If, however, a positive outlook was such a common and important component of the coping strategies described by the depth interviewees, the evidence from both the survey and the depth interviews may itself be affected by this attitude. If so, the experience of hardship reported by this study may not fully reflect actual experience in these low-income households.

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<sup>8</sup> For a detailed description of the ‘persistent poor’ and the longitudinal dynamics of poverty, see Smith and Middleton (2007)

## Keeping up through cutting back

Every household has to make ends meet, one way or another. The many possible ways of achieving this goal can be reduced to two basic strategies: increasing income or reducing expenditure. For people on low incomes, the former strategy is usually limited to the options of seeking employment, borrowing money, selling possessions or drawing on savings. However the options for cost cutting may also be limited. Although both of these strategies were employed by households in the study, cutting expenditure to live within limited means was the option preferred by most households.

The low-income households who participated in the survey were asked how well they had been keeping up with their bills and other credit commitments in the previous 12 months. Table 5.1 describes the results. Overall, just under a third (31 per cent) reported no difficulties and 56 per cent reported that they were keeping up with some degree of difficulty. Thirteen per cent had fallen behind with some or many bills.

**Table 5.1 Low-income households' success in keeping up with bills and commitments in past 12 months**

	% all low income households
Keeping up with all bills and commitments without any difficulties	31%
Keeping up, but it is a struggle from time to time	38%
Keeping up, but it is a constant struggle	18%
Falling behind with some of them	8%
Having real financial problems and have fallen behind with many of them	5%
<i>Unweighted base</i>	<i>697</i>

Combining the three categories which indicate substantial difficulty: 31 per cent of surveyed low-income households said they had faced a constant struggle to keep up or had fallen behind with some or many bills in the previous 12 months. The following households were most likely to report this experience:

- Single adult households under pension age (51 per cent) and lone parent households (45 per cent)
- Council tenants (43 per cent) and tenants of private landlords (39 per cent)
- Households on very low incomes of less than £6,000 per year (45 per cent)
- Households who had seen a fall in income in the previous 12 months (46 per cent)
- Households who used prepayment meters (45 per cent) or budget schemes (47 per cent) to pay for their electricity

Previous research has found that a fall in income is a powerful predictor of financial difficulty among households.<sup>9</sup> The results from this study show that, even within a population of lower-income households, the level of self-reported financial difficulties varies considerably by this measure. Nearly a quarter (23 per cent) of households who had experienced a fall in income in the previous 12 months said they had fallen behind with some or many bills, compared to 8 per cent of those who reported no change and 7 per cent of those who reported a rise in income.

Overall, a substantial majority of surveyed low-income households (87 per cent) had kept up with their bills and other credit commitments over the previous 12 months, albeit most of them with some difficulty. This suggests that, for most of these households, the priority was to cut back on expenditure and live within given constraints, however tough this may be.

This conclusion is supported by the evidence of the measures that these low-income households took to make ends meet in the previous 12 months (Table 5.2). Overall, 70 per cent of households had taken one or more of the measures described in Table 5.2. The four most common strategies they reported all involved

<sup>9</sup> For a review, see Davydoff et al (2008)

cutting back on expenditure including essentials, such as food and heating, and non-essentials. These were followed by three approaches to raising money that have relatively low impacts on personal financial vulnerability: borrowing from friends and family, drawing on savings and selling possessions. Actions that involve an increase in exposure to financial risk and commercial debt – delaying making payments on money owed, increasing an overdraft or credit card debt and taking out new loans from commercial lenders – were cited less often.

**Table 5.2 Measures taken by low-income households to make ends meet in the last 12 months**

	% all low income households
Cut back on spending on non-essentials	36%
Cut back on spending on food	35%
Cut back on spending on heating	32%
Cut back on spending on other essentials	24%
Borrowed from friends/family or other individuals	22%
Used savings put aside for other things	20%
Sold possessions to raise extra cash	15%
Delayed making payments on money owed	13%
Increased the amount owed on a credit card or overdraft	5%
Earned extra income by taking on more work or hours	5%
Taken out new loans from commercial lenders	4%
None	30%
Mean number of measures (includes zeros)	2.1
<i>Unweighted base</i>	<i>698</i>

Overall, nearly a third of the low-income households surveyed (32 per cent) had cut back on spending on heating in the previous 12 months. The following households were most likely to report this:

- Single adult households under pension age (49 per cent) and lone parent households (39 per cent)
- Mortgaged owner occupiers (39 per cent)
- Households on very low incomes of less than £6,000 per year (46 per cent)
- Households who had seen a fall in income in the previous 12 months (39 per cent)
- Households who used prepayment meters to pay for their electricity (39 per cent)
- Households where the respondent had a limiting long-term illness or disability (40 per cent)

There was a clear correlation between households' difficulties in keeping up with their bills and their experience of cutting back their expenditure: 46 percent of those who had faced a constant struggle to keep up with their bills had cut back on their heating in the previous winter, as had 48 per cent of the smaller group who had fallen behind with some or many of their bills.

The strategy of 'keeping up through cutting back' is consistent with the determination expressed by many depth interviewees to cope and 'make the best of things' and so preserve both material and psychological well-being. The small proportion of the surveyed low-income households who said they had fallen behind with bills or other credit commitments may reflect not only their practical achievements in keeping within their budgets but also their desire to convince themselves, as well as others, of their ability to cope in the face of adversity.

## Going without

The low-income households who participated in the survey were asked what they had gone without in the previous 12 months due to a lack of money. This provides a more detailed account of how these households cut costs to make ends meet (see Table 5.3). The items used in this question were drawn from previous research on low income households. They are considered to be material things that are widely regarded as being necessary for full participation in society.<sup>10</sup>

**Table 5.3 Items households went without in the previous 12 months due to a lack of money**

	% all low income households
A week's annual holiday away from home	40%
Going out or socialising	37%
Putting away £10 each month for a rainy day	32%
Replacing worn out furniture	22%
A hobby or leisure activity	21%
Buying new, rather than second hand, clothes	19%
Keeping your home adequately warm in winter	18%
Having friends or family for a drink or meal once a month	17%
Household contents insurance	16%
Keeping your home in a decent state of decoration	13%
Replacing a major electrical appliance such as a fridge	12%
Two pairs of all weather shoes for each adult	10%
None	32%
<i>Unweighted base</i>	<i>699</i>

Overall, 68 per cent of the low-income households that participated in the survey had gone without one or more of the items in Table 5.3 in the previous 12 months. The top five items in Table 5.3 suggest that some things which many people in Britain take for granted as an integral part of their lives were beyond the reach of a significant proportion of the low-income households surveyed. The third item also speaks of the circularity of households' circumstances – the inability to put a small amount of money aside further reduces flexibility and choices.

Nearly one in five low-income households (18 per cent) had gone without keeping their home adequately warm the previous winter. This is lower than the proportion who said they had cut back on spending on heating (32%), suggesting that some households cut back on their heating but still felt the warmth of their home in winter was adequate.

Depth interviewees described their spending priorities in detail. As in Table 5.3, holidays, new clothes and socialising were all identified as ready targets for cost-cutting. Regular, everyday needs tended to take priority:

“In terms of juggling money, my bills always get paid. Yeah, my heating, my rent, my what have you. They always get paid. It's sort of socialising and stuff like that that falls back.” (Matthew, single, middle-aged)

<sup>10</sup> The measures of material and social deprivation are based on those developed by McKay and Collard (2004) and used by the DWP as part of their routine monitoring of poverty (DWP 2009).

“We are not extravagant. We live quite frugally. We don't eat out so much. We buy clothes in Primark, Asda and charity shops. We don't renew our cars very often or do as much home decorating, and we know that we would like to. But we always have enough money at the end of the month to pay the bills and that sort of thing.” (Nicola, middle-aged couple, with two children)

Although discretionary expenditure such as holidays, travel and new clothes and household items were often given up in favour of regular costs, this did not necessarily mean that they were always considered ‘non-essential’. They were not given up without regret:

“You know I can't afford to go on holidays and things like that. I haven't had a holiday for 35 years since my little girl was about three. I would like to go but I've got to watch my pennies. I don't know how much longer I'm going to last and what little I have got, I don't want to splash it out and then think I've got another 20 odd years to go yet.” (Simon, single, retired)

“Well we certainly couldn't afford to go on holiday or even days out. All our children live away, Wales, Grimsby, London, so even to just go and visit them is difficult. You have to plan it ahead.” (Elizabeth, retired couple)

Several depth interviewees spoke of the difficulty of constraining purchases for their children. Although they acknowledged that some expenditure for their children was non-essential, it was nonetheless difficult to forego. When children's needs were prioritised, greater personal sacrifice inevitably followed.

“You just have to cut back on things that you would buy when you've got the extra money, like little luxuries... It's just like, with having a ten year old obviously, he's wanting sweets and ice creams and stuff like that, so he's had to cut back on things like that. We go shopping and he'll say to me, ‘Mum, can I have a toy?’ and I'll go ‘no, you can't have one now because we just haven't got the money at the moment’. It's just silly things that you buy that you don't really need, but like treats.” (Bridie, middle-aged couple with one son)

“[I prioritise] the bills, it's gas, electric, the food, whatever my little grandson needs and then I come last sort of thing. If you need new furniture then that will have to come last as well. You have to save up for things like that.” (Cath, middle-aged, single, lives with her grandson)

## **Under pressure: food or fuel?**

Once all occasional and discretionary spending was cut away, low income households faced the basic costs of shelter, water, food and fuel – and perhaps the TV. This was expressed by the depth interviewees as the bedrock of daily life:

“The mortgage paid, gas and electric and food for the kids: all of them are priorities for me really. Because it all involves the children at the end of the day.” (Sarah, middle-aged, single mother of two)

“Well you have to cut back on everything I suppose, except the food and gas and electric.” (Cath, middle-aged, single, lives with her grandson)

“Well, I have to just pay the necessities, you know what they call necessities and by the time you've paid gas, electricity, TV licence, water rates, the main things that you need to pay and you've bought a little bit of food, there is nothing left. I've gone out sometimes and had to spend like thirty or forty pounds on food for two weeks to last because the money's just not there.” (Lucy, not working, single, living with 12 year-old granddaughter).

When money got too tight to cover these regular costs adequately, the coping strategies of these interviewees moved on to a new level. However, the strategies they described were not reducible to simple choices, such as the choice between food and fuel (‘heat or eat?’). This dichotomy does not fully capture either the complexity of their needs or the responses to these needs.

A fuller picture of household coping strategies can be gained by focusing on needs rather than purely expenditure. Spending on food and fuel can then be characterised as ways of meeting needs for nourishment and thermal comfort respectively (although food meets many other needs, the need for nourishment is primary). This shift of focus helps to illuminate the diversity of means by which these needs can be met. In particular:

- Although the need for nourishment can only be met through food, the diversity of foods available offers great flexibility in how this need is met.
- The need for thermal comfort can be met in a variety of ways including heating, clothing, hot drinks and improvements in building fabric.

The depth interviewees described how expenditure on food and fuel could both be cut without undermining core personal needs, as long as other strategies were brought into play. For food, this usually meant shopping more carefully and potentially reducing the quality of food purchased. Interviewees shopped around, sought out bargains, opted for tinned rather than fresh food and cut down on their meat intake. For fuel, interviewees reduced the quantity of fuel purchased but compensated with changes in behaviour or building fabric at home.

“I mean I've actually put things back on the [supermarket] shelf and thought, no, it's not a necessity, and go for what is needed. I know it sounds daft, but, you know, [I've given up] cakes and biscuits and things like that, you know what I mean, looking for cheaper brands or whatever.” (Gill, middle-aged, lives with her brother and son)

“There again, with the heating, if I did turn it down, I'd put an extra layer of clothes on. You can manage then but with food, you can't go hungry, can you?” (Lisa, single, middle-aged, not working, disabled)

Choices between spending on food and spending on fuel were profoundly affected by the differences in the two markets. The market for food was perceived by depth interviewees to be highly flexible with plenty of opportunities for seeking out bargains and finding the best prices. In contrast, the market for energy was widely perceived to be opaque and unworkable with an inescapable link between cost and volume (see Chapter 7). As a result, individuals could exploit the market for food, cutting back on quality if necessary, but were forced to accept the seemingly fixed market for energy and do their best to work round it by cutting back on volume and meeting their needs for thermal comfort in other ways.

The surveyed low-income households, and the depth interviewees among them, juggled their expenditure on food and fuel to meet their personal needs, including their needs for dignity and self-esteem, as best they could. These strategies were always interwoven. Within the whole sample of surveyed households, 65 per cent of those cutting back on heating were also cutting back on food and 59 per cent of those cutting back on food were cutting back on heating. Individual households may have had core priorities but there was usually scope for some cost cutting in both these budgets.

The benefits of a well-insulated home varied with the level of constraint faced by the depth interviewees. Well-insulated building fabric made it easier for households to get by and meet their needs for thermal comfort without having to make sacrifices elsewhere, such as the food bill. However, for interviewees facing more severe financial constraint, insulation and draught-proofing helped their limited fuel to go further – as the building stayed warm for longer – but did not guarantee that they would not be cold (see page 35).

The resourcefulness of the households interviewed in depth was striking. There was always one more thing to cut back on to avoid crisis. At first, it appears that these choices were relatively easy to make, even if quality of life was sacrificed. As constraint increased, the choices got tougher and households had to learn new ways of meeting their daily needs. Genuine hardship became a reality. Yet because these changes typically took place gradually, there was time to adapt. Such adaptation involved a reorientation of expectations as well as the adoption of new practical strategies for getting by. For the most disadvantaged

and isolated individuals, however, resourcefulness and adaptation reached their limits. Then crisis was all but inescapable:

“I put [the heating] on and then suddenly realised how much it was costing so turned it off. I turned it off at the wall. I don't turn it on. At the moment I have got a quilt around me on the sofa because it's bloody cold... To be honest with you, I haven't had a meal in the last four days and I've still got to wait till Saturday because I don't have any money. [All I have eaten is] toast. And I have just run out of sugar and I am about to run out of milk, so, it's a matter of black tea or black coffee, so that's it. I just have to, I do without.” (Brendon, young, single)

Other research has painted a nuanced picture of the complexity of everyday choices on a low income. In particular, Dobson (1994) described how households change their food-buying habits when under financial pressure: shopping was time-consuming and tended to focus on frequent short trips to discount supermarkets; taste, cultural acceptability and health all took second place to cost in spending choices and families resisted radical change but tried to maintain conventional eating patterns with cheaper versions of familiar meals. A more recent study of the experience of older people on a low income (Age Concern 2006) described the interplay of spending and behavioural choices within coping strategies: buying economy food and items near their sell-by date; using charity shops and car boot sales; heating just one room; and sharing newspapers and magazines. Our findings present a very similar picture for all low income households.

## The burden of fuel costs

Although many depth interviewees appeared to prioritise fuel over food this was often because they felt they “had to pay their bills” and make do with what was left. In practice, they might still cut back on heating to keep their costs down.

“The bills have to come first and then I have to make do, eating wise, with what I've got left. Does that make sense? It tends to be the bills first and then food. [The heating] should be covered with the direct debit across the year. However, I don't put my heating on until I desperately need it to be on.” (Jane, not working, young single parent, living with two sons)

“Well, we just pay whatever to whatever. Go without stuff. If we know we've got a bill coming up, then we know that we can't get extra food or something. So we sort of chop down the food bill.” (Colin, retired couple)

This latter respondent used a prepayment meter and, if necessary, put the minimum he could afford on the meter and tried to make it last as long as possible. So although the meter had to be kept topped up as a priority, he was nonetheless constraining his fuel use to make more money available for food. The meter appeared to be his first priority but actually he was cutting back on both food and fuel at the same time.

This apparent prioritisation of heating was common. The depth interviewees always had a sense of choice over when and where to buy food but they did not feel the same sense of choice over their fuel costs: meters had to be fed and bills had to be paid. Yet in practice they would be just as careful in both spheres.

These findings are helpful in interpreting evidence from the survey about the burden of fuel bills. The low-income households who participated in the survey were asked if, in the previous winter, they found their fuel bills to be ‘a heavy financial burden’, ‘somewhat of a financial burden’ or ‘not a problem at all’. Four fifths (79 per cent) of respondents said that their bills were a burden including 42 per cent who said they were a heavy financial burden (Table 5.4).

From the analysis above, we can see that this widely acknowledged burden is due not only to the size of fuel bills relative to other household costs but also to the perception of fuel costs as being an inevitable first call on domestic finances. In practice, the households who perceived their fuel bills to be a burden were also likely to be actively cutting back on their heating costs: 50 per cent of the low-income households who

reported that their fuel bills had been a heavy financial burden in the previous winter had cut back on expenditure on heating compared to 28 per cent of those whose bills were somewhat of a financial burden and 6 per cent of those whose bills were not a burden.

**Table 5.4 Financial burden of fuel bills last winter among low-income households**

	% all low income households
A heavy financial burden	42%
Somewhat of a financial burden	37%
Not a problem at all	21%
Unweighted base	695

The following low-income households were most likely to report that their fuel bills had been a heavy financial burden in the previous winter:

- Single adult households under pension age (57 per cent) and lone parent households (57 per cent)
- Council tenants (51 per cent)
- Households on very low incomes of less than £6,000 per year (50 per cent)
- Households who had seen a fall in income in the previous 12 months (52 per cent)
- Households who used prepayment meters (54 per cent) or budget schemes (55 per cent) to pay for their electricity
- Households where the respondent had a limiting long-term illness or disability (53 per cent)

Fuel costs are usually dominated by heating costs but a few of the depth interviewees described their efforts to save money on electricity through more careful use and switching to more efficient products:

“I've gone round the house looking for where I can actually cut on electricity. I've got low energy bulbs throughout the house. Things like that and using the washing machine maybe once a week, putting a little bit more into the washing machine and using that as a one wash instead of two. Switching off stand-bys. I always switch off stand-bys anyway, on the TV and all that.” (William, single middle-aged)

## Avoiding borrowing and arrears

Debt aversion was a core component of the strategy of ‘keeping up through cutting back’. Table 5.2 (page 21) reveals that only one in 20 (5 per cent) of the low-income households who participated in the survey had increased their overdraft or credit card balance in the previous 12 months and one in 25 (4 per cent) had taken out new loans from commercial lenders.

These low-income households may have been averse to borrowing but many still found themselves in arrears with their bills. The households were asked whether they had been unable to pay a range of specific bills and credit commitments at the final reminder at some point in the previous 12 months (Table 5.5). Overall, three in ten low-income households (30 per cent) had been unable to pay at least one type of bill or credit commitment at the final reminder at some point in the previous 12 months, half of whom had defaulted on payment for two or more types of commitments because they were unable to pay.

To some extent, the order of priorities in Table 5.5 reflects the prevalence of the bills themselves: nearly all surveyed low-income households had to pay water and fuel bills but few were dealing regularly with payment demands from commercial lenders. Nonetheless, it is striking that one in nine low-income

households (11 per cent) had defaulted on a fuel bill in the last 12 months, thereby risking disconnection<sup>11</sup>. Moreover, if households had missed payments on only one type of bill, this was likely to be a gas, electricity or other fuel bill (accounting for 21 per cent of bill types missed).

**Table 5.5 Bills unable to pay at the final reminder in the last 12 months**

	% all low income households
Water bill	12%
Gas, electricity or other fuel bills	11%
Telephone bills (inc mobile phone, broadband)	8%
Council tax	8%
TV Licence	7%
Rent or mortgage payments	6%
Credit or store card bills	5%
Repayment on loan from a bank or building society	4%
Repayment on good bought on HP or mail order	2%
Repayments on other advance or loan	1%
Income Tax or VAT payments	1%
Other	1%
None	70%
Unweighted base	698

The following low-income households were most likely to say that they had failed to pay a bill at the final reminder in the last 12 months:

- Single adult households under pension age (48 per cent), lone parent households (51 per cent) and couples with children (41 per cent)
- Council tenants (44 per cent) and tenants of private landlords (49 per cent)
- Households on very low incomes of less than £6,000 per year (47 per cent)
- Households who had seen a fall in income in the previous 12 months (42 per cent)
- Households who used prepayment meters (51 per cent) or budget schemes (44 per cent) to pay for their electricity

Consistent with previous research,<sup>12</sup> the likelihood of having fallen into arrears declines steadily with age, falling away sharply among those over retirement age.

A desire to avoid commercial borrowing was widely expressed by the depth interviewees. They were aware of their vulnerability to the effects of debt, given the difficulty of servicing even small debts when disposable income is highly constrained, and the consequent risk of debt becoming a trap that could have long-term consequences:

“I’ve managed to keep out of debt, yes. Because it’s just a millstone around your neck isn’t it?” (Gill, middle-aged, lives with her brother and son)

<sup>11</sup> The 1999 *Water Disconnections Act* prevents disconnection of domestic water supply for reasons of non-payment. Although the same legal protections do not exist in relation to gas and electricity supplies, industry codes put in place in 2003 stipulate that vulnerable customers should not be disconnected during winter months, and disconnections for reasons of default have fallen sharply since then (Davydoff et al 2008).

<sup>12</sup> See for example Kempson (2002), Berthoud and Kempson (1992) and Dominy and Kempson (2006)

Those interviewees who had experienced serious debt problems in the past typically had the strongest feelings about avoiding borrowing and keeping out of debt. However, avoidance of debt was not driven solely by negative perceptions of the problems of living with debt or the motives of commercial lenders. Many interviewees were proud to have kept out of debt and to be financially independent. Avoidance of borrowing could even be an expression of life-long personal values:

“I was brought up to pay, you see, as the old saying went, ‘I don’t owe anybody a farthing’ and that’s the way I want it”. (David, single, retired)

“Oh I wouldn’t do that, no, no. Well I don’t like debt and borrowing, no. I’ve never agreed with borrowing money”. (Lisa, single, middle-aged, not working, disabled)

“What we had we always saved for because that’s how I’ve been brought up.” (Veronica, single, retired)

For these and many other depth interviewees, avoiding borrowing was a key indicator of success in the greater task of keeping on top of the demands of everyday life. Others did not perceive borrowing to be so explicitly an indication of failure but were nonetheless keen to minimise their exposure to debt for practical reasons. For some of the most income-constrained depth interviewees, borrowing was unavoidable, regardless of their desire to keep out of it. Where possible, however, they would borrow from family members rather than commercial lenders:

“I borrow a lot from my step-dad. I set up an overdraft with the bank about a year ago and now I’m starting to get letters that I have to pay back. I’ve tried everything... I thought maybe if I got a loan but then I thought no because I’d be paying back more money.” (Vicky, young couple, two children)

The values of frugality, debt aversion and pride in ‘keeping up through cutting back’ may have dominated the households surveyed and interviewed in depth for this study but they were not universal. One depth interviewee in particular illuminated the specificity of these values by reversing almost all of them. Although Anne was under some financial constraint, she was quite happy to get in to debt to preserve the things that mattered to her in her everyday life. Not only had she avoided cutting back the heating in the cold winter, she insisted that she wouldn’t. Whereas, for others, cutting back and living within their means was a source of pride, for Anne personal pride lay in maintaining her quality of life, come what may.

“I think heating is very, very important in a home... Oh yes, [the fuel price rise] was significant, yes. I was shocked to be honest. Well I suddenly thought I would have to cut down on my heating and then I thought ‘No, I am damned well not going to cut down on my heating’ because, touch wood, it keeps me healthy, I think. I don’t want to sit in the cold, it’s just silly. But I do think they had a bit of a nerve putting it up like they did. I mean it’s almost 100 per cent.

“Well I don’t know what it’s going to be like again next winter but, you know, it’s something I’m just not going to cut down on. I’ll probably ask the bank to put another bit on my overdraft.” (Anne, single, retired)

## **Deprivation is always relative**

This chapter has presented evidence that individuals’ attitudes were incredibly important in sustaining their everyday coping strategies. The chapter ends with a reflection on how these attitudes were themselves shaped and sustained.

Although many of the depth interviewees were clearly living in highly constrained circumstances, they were nonetheless able to define perspectives of optimism or confidence for themselves by making comparisons. Their everyday lives may have been difficult but worse conditions could usually be identified or imagined.

Judgements of life today were made against a wide range of comparators including other people, real or imagined, and other times of their own lives. The locus of comparison defined the outlook. Those who made

a comparison to a more constrained state would make a positive judgement of their current circumstances. Those who made a comparison to a less constrained state were likely to make a negative judgement. At every level of material deprivation, both kinds of judgement were possible. However desperate circumstances may have been, a worse state could always be imagined. The following interviewee, who survived with no heating and irregular food, made the ultimate comparison:

“The way I see it, it may be draughty, I may be cold but I'm not outside.”

He also reassured himself by making a comparison with others he assumed were in the same situation:

“Because the way I see it, there's thousands of people out there in the same situation as I am, and the last thing anybody wants to hear is for me just to sit here and go, oh I'm this and I'm that”.

(Brendon, young, single)

For interviewees who had recently experienced a significant fall in income, the obvious point of comparison with their current circumstances was their lives before the change. The resulting sense of loss and regret made the challenge of coping on a low income even more difficult. Often, in these circumstances, the change in income came on top of other changes in their lives such as job loss, relationship breakdown or bereavement. In contrast, households that had long adjusted to living on a low income could be quite happy with the routines of their everyday lives, however frugal they might be.

Some respondents looked back not at their lives before major changes but at the trauma of the change itself. This was therefore a positive comparison as a new equilibrium had been found and the difficulties of the change were now over.

When Mark's wife lost her job, they lost their house. They were now in council accommodation and considered themselves to be “trundling along quite nicely”, living within their means:

“If we can afford to get something we get it, and if we can't, we can't and that's the end of it”.

(Mark, middle-aged couple)

Those interviewees who looked back and remembered more difficult times, such as living with the extra demands of childcare, were upbeat about their current circumstances, even if life was still tough:

“And so we've always had to scrimp and save, do you know what I mean. So now that we've only got us to worry about it does seem easier because we don't have to worry about anybody else. Does that sound stupid?” (Elizabeth, retired couple)

The modern world may be obsessed with wealth and material gain but plenty of people successfully fight the assumptions underpinning this. Many of the interviewees had long experience of living on a low income and had learned to live in highly constrained circumstances with dignity. If they made comparisons with other people, these comparisons would rarely be with people who were better off but rather with those who failed to maintain their own standards:

“Let's put it this way, when all my friends have had no money, I've always had money in my pocket. I'm not tight but I'm very careful you know.” (Simon, single, retired).



# 6. Coping with the cold

*“If it gets far too cold, I go to bed. Last winter I spent more time in bed than I did downstairs. I go to bed early, you know? But during the day, I would go into the kitchen, shut the door, and put the gas heat on in the kitchen like where I have my food and what have you, and then about four o'clock I'd retire to the back room or dining room as you would call it and put the heating on in there, and there I'd stay.” (David, widowed, retired)*

A warm home is a universal need. Although perceptions of thermal comfort are highly subjective, everyday life is all but impossible without a basic degree of domestic warmth. The low-income households who participated in this study endeavoured to meet this need alongside other basic needs within the constraints of their financial and personal circumstances. As we have seen, cutting expenditure on fuel was a popular strategy when income was tight. Although households employed other strategies to try to compensate for these cut backs, the experience of being cold at home was widespread. This chapter explores the factors that shaped the experience of being cold at home and the strategies that low income households employed to try and cope with the cold.

## Domestic warmth in the winter

The low-income households participating in the survey were asked about the warmth of their homes during the previous winter (2008-2009). Overall, 47 per cent said their homes were colder than they would have liked including 18 per cent who felt their homes had been much colder than they would have liked (Table 6.1).

**Table 6.1 Overall level of warmth in the home last winter**

	% all low income households
Much colder than would have liked	18%
A bit colder than would have liked	29%
About right	47%
A bit warmer than would have liked	3%
A lot warmer than would have liked	1%
Both too warm and too cold	2%
<i>Unweighted base</i>	699

The following low-income households were most likely to report that their homes had been colder than they wanted in the previous winter:

- Single adult households under pension age (60 per cent), lone parent households (64 per cent) and couples with children (55 per cent)
- Tenants of private landlords (54 per cent)
- Households on very low incomes of less than £6,000 per year (63 per cent)
- Households who had seen a fall in income in the previous 12 months (59 per cent)
- Households who used prepayment meters (62 per cent) or budget schemes (63 per cent) to pay for their electricity

The strength of the link between cold homes and financial constraint was also evident in the experience of the low-income households who had faced specific financial problems: two thirds (67 per cent) of

households who faced a constant struggle to keep up with their bills reported being cold, as did 76 per cent of those who had fallen behind with some or many of their bills and 71 per cent of those who had cut back on spending on heating to make ends meet.

Just over half (53 per cent) of the respondents with a limiting long-term illness or a disability who participated in the survey had been cold in the previous winter. Although this was only marginally higher than the rate for the low-income household sample as a whole, this is an important result in absolute terms, given that these respondents were likely to have a heightened need for thermal comfort.

Although it was impossible in this study to assess the actual temperatures that surveyed households and depth interviewees considered comfortable, there was a wide range of opinion among the latter. At the lower extreme, Matthew described staying comfortable with only the occasional use of a gas fire in his lounge during the winter months:

“The house was warm enough for me. I used to play rugby, back in the so-called amateur days, and you get used to training every night after work through the winter. So I don't particularly notice the cold too much. So you see for me, it was acceptable. For maybe a lot of other people it might have been very cold.” (Matthew, single, middle-aged)

Differences in interviewees' perceptions of how warm their homes should be were not just matters of personal subjectivity. They also reflected very real differences in need. In particular, older interviewees and those coping with chronic illness or disability tended to have a greater need for warmth, not least because they were less mobile than younger people. Joyce desperately wanted to be warm but had to suffer under the strict budget of her husband, whose own perception of an adequate temperature may well have been quite different to hers:

“For myself I'm disabled and I've actually got arthritis. My hands get pretty cold so I have to try and heat them up. I put the fire on for five minutes then I've got to turn it off again because it costs too much... if I put it on my husband goes mental because we have to pay the electricity and gas.” (Joyce, middle-aged couple with son)

## Building fabric and heating systems

Over half (53 per cent) of the low-income households who participated in the survey reported at least one of the problems described in Table 6.2 during the previous winter, including 22 per cent whose heating systems had been faulty or inadequate, 28 per cent whose homes were draughty and 28 per cent who suffered from condensation, damp or mould in their homes.

The following low-income households were most likely to report problems with their building fabric or heating systems in the previous winter:

- Single adult households under pension age (60 per cent), lone parent households (75 per cent) and couples with children (65 per cent)
- Mortgaged owner occupiers (64 per cent) and council tenants (65 per cent)
- Households on very low incomes of less than £6,000 per year (67 per cent)
- Households who had seen a fall in income in the previous 12 months (63 per cent)
- Households who used prepayment meters (70 per cent) or budget schemes (62 per cent) to pay for their electricity

There was a predictably strong relationship between these physical problems and experience of a cold home: two thirds (67 per cent) of households who reported one or more of these problems had been cold in their homes in the previous winter, compared to a quarter (24 per cent) of households who did not report problems. This 24 per cent is nonetheless an important group of households, as the in-depth interviews revealed.

**Table 6.2 Common problems experienced in the home last winter**

	% all low income households
<b>Draughts</b>	<b>28%</b>
<b>Damp or condensation</b>	<b>28%</b>
Condensation	19%
Damp or mould on walls or ceilings	19%
Damp or mould on floors, carpets or furniture	4%
<b>Problems with heating systems</b>	<b>22%</b>
Heating faulty for part or all of the winter	12%
Heating difficult to control or regulate	6%
Heating system or radiators not sufficient	8%
<b>Rot in window frames or floors</b>	<b>7%</b>
<b>Leaky roof</b>	<b>5%</b>
<b>None</b>	<b>47%</b>
<i>Unweighted base</i>	<i>699</i>

Some of the depth interviewees lived in relatively new homes or in homes that had been substantially improved through energy efficiency schemes or by their own efforts. These ought to have been ‘warm homes’ but they were not necessarily so. The effect of a decent building fabric and heating system was not to guarantee a warm home but to shift the threshold at which these low-income households started to suffer cold. Any winter heat demand, however low, presents a cost that may have to be sacrificed by those in the most constrained financial circumstances.

Several depth interviewees had gone beyond this threshold and were not managing to stay adequately warm in winter despite the quality of their built environment. William’s house had been renovated with loft and cavity wall insulation and double glazing. Yet his limited financial resources meant that he still cut his expenditure on heating to below the level of comfort:

“No, the house was not as warm as I wanted. I kept the one room warm which was the living room. In the bedroom I’ve got a panel heater and I’ve had to leave that off most of the time because that would cost too much. I’ve got an electric fire with three bars so I’ve kept the one bar on most of the time for 12 hours a day. So, yes, I did feel a little bit cold sometimes, yeah.” (William, single, middle-aged)

It is clear that William’s level of suffering was not severe but could have been had his house not been so well-insulated. For those facing the most serious financial constraints, even a new house built to modern building standards could not provide the necessary protection against the winter cold:

“It was a new build when I moved in and it’s only a two bedroom. It’s well insulated. When it does get warm, it does stay warm, it’s not a cold house...I would put the heating on just when my boy got home from school. About half three, I’d perhaps have it on till he went to bed. If it was just me, if I could manage not to, I did so. I had three blankets sometimes. I’d just go to bed early, snuggle up in bed just to keep warm... Like I say, if you have to go out to walk the dog to keep warm and then you come in and the house is cold, you think, bloody hell, it’s just made things worse really.” (Emily, young single mother, not working, living with her one son)

There were, however, many depth interviewees who lived comfortably in warm homes thanks to successful energy efficiency improvements. The value of these improvements for low income households should not be underestimated:

“The house is roasting a lot of the time. The landlord put double glazed windows in and then when I moved in, there was one of these energy saving things come round and because of one of the benefits that we got at that time, we were entitled to loft insulation. Don't get me wrong, there was loft insulation in there but it was only bare minimum and they came and they put more in. They put this thicker stuff in. It's about eight inches thick, so of course, it's doubly insulated now, the loft. So it is quite warm in this house. If you put the heating on, you only need it on for about half an hour and you're sweltering and I have to turn it back off again. It stays warm for hours.” (Bridie, middle-aged couple with one son)

This evidence supports the finding of Lomax and Wedderburn (2009) that a significant proportion of residents living in efficient properties will ration their heating and experience cold-related problems. The authors also found that heating was an area where people feel they could control their expenditure and so would cut back if they had to. Preston et al (2008) modelled the impact of the installation of energy efficiency measures on the fuel poverty status of households across the income range and concluded that a minority of households would remain in fuel poverty due to very low incomes, severe under-occupancy, or because they live in ‘hard to treat’ homes where the measures installed have not sufficiently lowered fuel costs. Research into the experience of households who had received substantial insulation measures within the Warm Homes Project found that individuals within these households did not always feel any thermal benefit (Harrington et al 2005). Temperature records from this evaluation suggested that 80 per cent of the benefits of improved fuel efficiency were taken in the form of reduced fuel consumption rather than extra warmth.

## Cutting back and wrapping up

As we have seen, households’ actions to cut back expenditure on energy were integral to their wider strategies for coping on low incomes, strategies that were usually informed by an acceptance of personal financial constraints and a desire to live within them and make the best of things.

This frugal pragmatism also informed low-income households’ strategies for coping with fuel constraint. Actions to cut back on heating were shaped by a variety of factors: the money available; the other demands on this resource; the thermal performance of the home and its heating systems; alternative means of protecting personal warmth; and the expectations of, and need for, warmth within the household. For those low-income households who always had an eye on the limitations of their fuel supply, everyday life in winter required energy diligence as well as financial diligence: saving energy where possible, preserving heat where feasible, and going cold when necessary.

As with the task of managing on a low income, households approached the task of coping with the cold with different degrees of determination, acceptance and resignation. These attitudes were always shaped by the wider history and everyday reality of their lives.

“We're not really cold people, in fact, we're sort of firm believers that if we are cold, then you put a cardigan on. You don't walk around half naked do you?” (Sheila, retired couple)

“Well, we'd wait until evening time before we'd think of putting the heating on. Just put a heavy jumper on or something and try and work it out that way. I mean, it's the same as anything. If you can't do it, you can't do it. You know, so we got that used to working things around, we really don't take any notice of it.” (Colin, retired couple)

Strategies for cutting back on energy use always extended to compensatory actions to maintain personal warmth or cope with the cold. Both sides of this balancing act were explored in the survey and the interviews in this study.

The low-income households who participated in the survey reported having cut back on their energy use because of concerns about the cost in a variety of ways: turning the heating off or down, heating only one

room, and cutting back on hot water, lighting or hot food. Overall, 63 per cent of low-income households reported employing at least one of these techniques to cut their costs (Table 6.3). Two fifths of households (40 per cent) had used two or more techniques and one fifth (21 per cent) had used three or more. The primary focus was on cutting heating costs: almost all of these households (62 per cent of all the low-income households surveyed) had cut back on heating in one or more ways.

**Table 6.3 Measures taken to cut back on fuel use last winter because of concerns about the cost**

	% all low income households
Turned heating off, even though would have preferred to have it on	35%
Turned the heating down, even though would have preferred it to be warmer	33%
Turned out lights in my home, even though would have preferred to have them on	22%
Turned the heating down or off in some rooms but not others, even though would have preferred not to	20%
Only heated and used one room in the house for periods of the day	14%
Used less hot water than would have preferred	15%
Had fewer hot meals or hot drinks that would have liked	4%
None	37%
<i>Unweighted base</i>	<i>698</i>

Combining the first, second and fourth categories in Table 6.3, 58 per cent of all surveyed low-income households had turned their heating down or off in some or all rooms during the previous winter, even though they would have preferred not to. The following households were most likely to have done this:

- Lone parent households (71 per cent)
- Mortgaged owner occupiers (66 per cent)
- Households on very low incomes of less than £6,000 per year (67 per cent)
- Households who had seen a fall in income in the previous 12 months (68 per cent)
- Households who used prepayment meters (72 per cent) or budget schemes (68 per cent) to pay for their electricity

Cutting back on heating in these three ways was particularly common among low-income households who had faced a constant struggle to keep up with their bills (70 per cent) and those who had fallen behind with some or many bills (75 per cent). The former were only just managing to ‘keep up through cutting back’; the latter were trying but failing to achieve this goal.

There was a close relationship between using one or more of these techniques to cut back on fuel use and being cold at home: 87 per cent of the low-income households whose homes were a bit colder and 92 per cent of those whose homes were much colder than they wanted had acted to cut their energy use. This suggests that almost all the surveyed low-income households who were cold at home during the winter were cold, at least in part, because of their own actions to cut their energy use and costs. Crucially, this finding applies to low income households who were living in homes with good thermal performance as well as those living in poorly insulated or draughty houses.

As reported in Chapter 5, nearly a third (32 per cent) of households participating in the survey said they had cut back on their spending on heating in the previous 12 months in order to make ends meet (Table 5.2, page 21). This is much lower than the proportion of households (62 per cent) who reported at least one way they had cut back on heating in the previous winter because they were concerned about the costs. The size of this discrepancy is likely to reflect different ways of thinking about these behaviours: actively cutting back on expenditure, for example through putting less money on a prepayment meter, is behaviourally distinct from the specific strategies people employ to reduce their energy use. Low income households have a much

stronger sense of control over their everyday behaviours than they do over their energy costs and may not interpret an everyday action to cut back on heating as an explicit cut in expenditure.

The depth interviewees described their approaches to rationing energy in detail. The first line of attack was usually turning the central heating off for periods of the day and coping either without heating or with single room heaters. Those who could only just afford to use their central heating tried to ration its use. Among households with children, this meant reserving the heating for when the children were at home. However, for older households and households with individuals living with illness or disability, warmth was needed throughout the day, so choices about when to turn the heating on and off were difficult.

“Yeah, definitely we cut back... I mean, if I was off walking the girls right up to school, my husband was here and he would turn it off in the day. But then in the night time when the girls and everything were home then you could have it on, you know.” (Rachel, young couple with 2 children)

“There were times when we felt we had to switch the central heating off for a certain amount of time during the middle of the day because when you're pensioners, and my husband's not in the best of health, you spend a lot of time at home, don't you. We had to cut down on a couple of hours a day really except when it was exceptionally cold. But my husband has arthritis, so if he gets cold it's difficult for him to get warm again.” (Elizabeth, retired couple)

For those who could not afford central heating at all, rationing shifted from the central heating to the single room fire:

“We were freezing. Sometimes we slept in the living room because I cannot afford to heat up every single room. If you put your central heating on that can use, just for a couple of hours, it can take two or three pounds. I put ten pound on each meter every week and that ten pound has got to last me from week to week. There is no extra money to go and put extra on it, do you understand what I'm saying? I mean, if it does get really, really cold then I will put the fire on in the living room but it only goes on low, just to keep the room aired.” (Lucy, not working, single, living with 12 year-old granddaughter).

As this example indicates, an additional method of rationing was available for prepayment meter users. When money was tight, they could put a specific amount of money on the meter and then do their best to make it last as long as their budget demanded.

The more households cut back on their energy use, the more they sought to compensate with actions to preserve warmth. The depth interviewees described a wide range of strategies for keeping warm:

- Putting on extra clothes including outdoor clothes
- Wearing thermal underwear
- Wrapping up in blankets or quilts
- Staying together in one room
- Using hot water bottles
- Going to bed early
- Sharing a bed
- Taking exercise
- Having hot drinks
- Going to stay with relatives
- Closing curtains during the day
- Lining curtains with thermal lining
- Using a conservatory to preheat air on cold, bright winter days

The low-income households who participated in the survey were asked about two of these strategies: wearing outside clothes indoors and closing curtains during the day. One in four low-income households (25 per cent) said they had worn outside clothes indoors during the previous winter and 16 per cent said they

had closed curtains during the day in order to keep the heat in. Low-income households whose homes were *much* colder than they would have liked were, not surprisingly, most likely to have adopted these simple everyday measures to keep warm during the winter: 62 per cent had worn outside clothes indoors and 45 per cent had kept curtains closed all day.

The low-income households were resourceful in the way they managed these various strategies for staying warm alongside manipulation of their heating systems. The depth interviewees described a constant juggling of needs, opportunities and constraints. This was especially true of households with children:

“What we've tended to do, we'll bring quilts downstairs, quilts off the kids' beds and watch a film or what you tend to do as well as say put a cardigan on or put a jumper on, yeah. It's like because I work ... I only do mornings and if I'm cold in the afternoons I have to just make ... well leading up to the winter make sure I've got a jumper on or something and leave the heating off. Put it on again roughly when the children are coming out from school, four o'clock. If it's dripping wet and rain and storms and all that let the kids' clothes dry, turn it off probably about seven/eight, then put it on again at night so I can't afford to have it on constant, the heating.” (Clare, middle-aged, single parent, living with three children)

Faced with the daily challenge of getting by on a low income in the cold of winter, most depth interviewees established regular patterns of coping across the day. As with the perennial struggle to cope on a low income, the everyday business of maintaining warmth in the winter was a matter of routine that they had learned to accept. They were used to being frugal and to adapting to the demands of each day as it came, adjusting their heating and clothing with a constant eye on their budgets.

These routines could, however, be disrupted and challenged afresh. This might be due to a change in household circumstances, such as a loss of employment or a bereavement, which would force a re-evaluation of all coping strategies. Or it might be by specific changes to energy costs such as a severe cold snap or a rise in energy prices. Households using prepayment meters tended to be most affected by price rises because they had an immediate effect on household costs, which were already highly constrained. Households on fixed price credit deals or direct debit payments were cushioned from the immediate effects of price rises and had time to adjust their budgets and coping strategies.

“Well I don't like to but it got to the extent last year where the price was so high and with a pre-payment meter, you're checking it all the time to make sure there's gas there and it was just eating it away. I was just literally warming the house up, turning it off and putting it back on maybe later on in the day.” (Lisa, single, middle-aged, not working, disabled)

## Impacts

Among the low-income households who participated in the survey, those who had been cold in the previous winter, and who had problems with their heating systems, draughts or condensation, were asked if these problems had affected the physical, psychological and social well-being of household members. Table 6.4 describes the results.

These results were especially pronounced for households who felt their homes were *much* colder than they would have wanted. Levels of both physical and psychological suffering were high – over half (55 per cent) said the cold made them feel miserable – and a quarter (26 per cent) of households were deliberately isolating themselves because their house was too cold to welcome friends or family in to.

In the survey, respondents were asked directly if they had experienced each of the impacts identified in Table 6.4. However, the depth interviewees demonstrated how wary people were of identifying specific impacts of the winter cold. This may reflect the importance of putting on a brave face within their coping strategies. Nonetheless, impacts on physical health were cited by several interviewees. The cold exacerbated arthritis, brought on colds and generally made it difficult to maintain good health.

**Table 6.4 Impacts of cold homes and problems with thermal performance by perception of cold**

	% 'cold' low income households		
	Much colder	A bit colder	All cold households
Made me/us feel miserable	55%	40%	47%
Made an existing health problem or problems worse	39%	23%	30%
Made me/us feel anxious or depressed	34%	24%	29%
Did not feel able to invite friends or family to the house	26%	9%	17%
Spent as much time as possible away from the house	18%	13%	15%
Brought on a new health problem or problems	18%	7%	12%
None	15%	35%	25%
<i>Unweighted base</i>	<i>108</i>	<i>137</i>	<i>245</i>

The health and well-being of children was always the priority of mothers living in cold homes. Several depth interviewees described how they would endure greater cold personally in order to ensure that their children were warm and well fed. The psychological impact of failing to achieve this goal was considerable:

“My daughter, she's got a low immune system and she's prone to infection. So, if it's cold, she's going to catch a cold. It sounds ridiculous, but anything that's going, she catches it. And I feel guilty. It's awful. I feel guilty that I can't put the heating on to keep her warm. But I don't know, it's really hard and it makes you depressed. You know, you see other people, and you go into other people's houses, and it's lovely and warm and they've got the heating on all the time and you think to yourself, I wish I could do that. Just to keep the house warm. Not for myself, because I could cope with it, you do, but children can't.” (Lucy, not working, single, living with 12 year-old granddaughter).

Those interviewees who lived on their own and were unable to heat their homes properly were at particular risk of isolation. The cold made welcoming guests difficult and encouraged individuals to turn in on themselves and shut themselves away. This could be a vicious circle: cold homes exacerbated illness and isolation, which in turn made people less able to cope with everyday life, breeding depression and further isolation:

“I suffer with low blood pressure. So at the moment because I am cold and I don't feel too good anyway, I tend to sort of dip further and further into it, further and further down, and I get to the point where I just turn off the buzzer for downstairs for people to get in, so if they come round – ah, forget it I don't want anyone to come round. So I shut myself away. Until I can actually sort of like say, right I've got something, do you fancy coming up for a cup of tea, or you know, something or other, but then that's about it.” (Brendon, young single)

The common strategy of closing down the heating in all but one room of the house inevitably forced people together who might otherwise have been apart. This could have a silver lining:

“I sat and thought oh God I've got to go upstairs now but it's too cold and I'll stay down here! Mind you it got us to spend a bit more time together in one room, I suppose. Well, it weren't too bad, actually, because we started playing games and stuff like that so it weren't that bad!” (Gill, middle-aged, lives with her brother and son)

These findings support those of the Warm Front evaluation which identified major reductions in the prevalence of anxiety and depression following the installation of energy efficiency measures (Green and Gilbertson 2008). Although the Warm Front evaluation did not find similar evidence for impacts on physical illness, there is now a substantial body of epidemiological evidence linking cold and damp homes to illness in children and adults and to excess winter deaths (see Boardman 2010).

# 7. Using the energy market

*“Well, you might change to one company and they might be cheap for a little while and then the next thing is that there's another one cheaper than them, so you can keep switching about forever amen, can't you?” (Phil, retired couple)*

The low income households in this study put considerable effort into making their money stretch as far as possible to meet their daily needs while also minimising their risk of going in to debt. As we have seen in previous chapters, everyday life in the winter could be dominated by the minutiae of money-saving and energy-saving strategies: watching the pennies, watching the meter, looking for deals and balancing fuel rationing with compensatory wrapping up. However, as described in Chapter 5, households tended to cut back on the quality rather than the quantity of the food they bought by looking for deals but, as they did not have this option for fuel, cut back on the volume of fuel they used and sought to make up for this by protecting their thermal comfort in other ways.

The liberalised energy market ought, however, to offer low income households opportunities to reduce their fuel costs without cutting back the volume of their consumption. This chapter explores the extent to which households used the energy market in this way and the reasons for choosing not to.

## Experience of switching

The low-income households participating in the survey were asked whether their household had switched fuel supplier or tariff the previous winter and, if so, their reasons for switching. They were also asked if they had ever previously switched, other than when they had moved home.

Overall, 18 per cent of low-income households had switched supplier or tariff in the previous winter (Table 7.1). A quarter (25 per cent) of households had switched at some time before the previous winter. Those who had switched before the previous winter were marginally more likely to be recent switchers (23 per cent had switched in the winter) than those who had not switched before (16 per cent of whom had switched in the winter). The vast majority of low-income households who switched supplier or tariff in the previous winter had done so at least in part for reasons of cost (94 per cent), with 89 per cent doing so for cost reasons alone.

**Table 7.1 Whether households switched fuel supplier or tariff last winter and prior to last winter**

	% all low income households	
	switched last winter	switched before last winter
Did not switch	82%	75%
Switched supplier only	15%	22%
Switched tariff only	1%	2%
Switched supplier and tariff	1%	1%
<i>Unweighted base</i>	697	696

The following households were most likely to have switched supplier or tariff the previous winter:

- Families with children, either lone parents (22 per cent) or couples (27 per cent)
- Mortgaged owner occupiers (24 per cent)

- Households who had seen a fall in income in the previous 12 months (23 per cent)

A quarter (25 per cent) of low-income households whose homes had been much colder than they had wanted in the previous winter had switched, compared to 21 per cent of those who had been a bit colder than they wanted and 13 per cent of those whose domestic warmth had been about right.

One in five (20 per cent) households whose fuel bills had been a financial burden had switched in the previous winter, more than twice the rate of switching in households whose fuel bills had not been a financial burden (9 per cent). Similarly, households who had been struggling to pay their bills in the previous 12 months were twice as likely to have switched in the previous winter (23 per cent had done so) than those who had been keeping up with their bills without difficulty (11 per cent). However, only 14 per cent of those who had fallen behind with some or many bills had switched. This suggests that many of those in the worst financial circumstances are unable or unwilling to use the market to tackle their problems.

There were no differences in the switching behaviour of direct debit and prepayment meter customers. One in five (21 per cent) of both groups switched electricity supplier the previous winter (the same proportion switched gas supplier). However fewer standard credit customers (11 per cent) and budget scheme customers (12 per cent) had switched tariff or supplier the previous winter.

Although switching is clearly a minority activity, this evidence demonstrates that it is a very real part of the money saving strategies of some low-income households. The level of switching among the low-income households in this study is comparable to national switching rates – the annual rate of switching in Great Britain is 18 per cent for both electricity and gas (Ofgem 2008).

A minority of the depth interviewees also described positive experiences of switching and an on-going interest in using the market to keep control of their fuel costs. Peter provided an all but perfect description of the ideal market player:

“We have switched before and it’s about time we reviewed it to see if we still have the best price. That’s why we changed last time plus the fact we weren't satisfied with the service being provided. I went to U-Switch...we would do it without a moment's hesitation...We are watching it at the moment, we don't think the supplier that we're with is the most expensive. But it does need monitoring”. (Peter, middle-aged couple)

Such an account of market negotiation was rare. Yet the behaviour Peter described was adopted by almost all depth interviewees in relation to food: checking prices, reflecting on value for money and looking for better deals. The problems of the energy market cannot be brought to the door of unmotivated consumers.

Another excellent example of playing the market was provided by Andy. However in this case the obvious behavioural comparison is with the telecommunications market rather than the food market. Andy drove a hard bargain, knowing full well that if he threatened to take his business elsewhere, he is likely to get a better deal from his current provider:

“I've been worried about me gas and me electric... Because I was paying over the top compared to what British Gas is charging its current customers...It's been showing up too much in debit all the time...I was on a fixed price plan from last year. It's supposed to run out in December but I got onto them this morning and said 'Look, you're going have to do something now. I don't care if it runs out in December, I want it done now.' You know, and so I've managed to get, because I'm registered disabled and on benefits, they changed the tariff over, without a penalty, to the social tariff I'm now entitled to. I think it's about 7.5 per cent, 8 per cent less than what I was previously paying and it's all protected so they can't cut my gas and electricity off now because of my medical situation...I keep an eye on prices on everything these days. I mean, it's like, sometimes it's a little bit of blackmail. You threaten to go to one place and go away from there and suddenly the bloke you're with knocks his prices down to match them and you can stay where you are. You've got to use tactics, haven't you?” (Andy, single middle-aged)

## Opting out of the energy market

The attitudes of the depth interviewees to the energy market were shaped both by their previous experience of this market and by their encounters with salespeople and advertising.

For some of the low income households interviewed, a problematic transfer of energy supplier had proved to be a source of anxiety. Because their financial circumstances were both highly constrained and carefully managed on a day-to-day basis, they could not afford the risk of letting a key component of this financial control out of their grasp. If things went wrong and they did not know where they stood, they could not be sure that they would not end up paying a penalty.

“I don't like change. I don't trust them. I'd have to stick with the same one. I'm stubborn that way... A long time ago I changed and then they were supposed to set it up on budget and they didn't do that, so that my payments went up.” (Jennifer, middle-aged couple, three children)

Some depth interviewees were wary of the assurances of salespeople that the process would be smooth and trouble-free: “they say it's going to be so easy, but you always seem to have problems”. Others appeared to be more fundamentally resistant to changing current practice because of the risks involved. They did not like change and wanted to stay with what they knew:

“I'm set in me ways, I suppose. I think it's the whole rigmarole of going through t'change, I always think summat's gonna go wrong and I'm going to end up owing somebody else summat. You know what I mean?” (Gill, middle-aged, lives with her brother and son)

Although such attitudes seem conservative, they were rational. Most of these households were, after all, experienced in changing their shopping behaviour so they were not unwilling market users. Their resistance to changing their energy supplier reflected their lack of knowledge about what this might entail and reasonable anxieties about the risks to them. They simply could not trust the market to work in their interests and would rather hold tight with a contract they knew they could manage than expose themselves to the risk of losing this control.

This risk extended beyond the risk of technical problems to the risk of a deal turning sour. Many depth interviewees were put off switching when they did not see the benefits that they were promised. Seemingly good deals did not necessarily turn out to be so cheap in the long run. Energy companies changed their offers regularly but it was impractical to change supplier regularly, so the lack of transparency about real long-term costs made it all but impossible to make a judgement about any specific deal:

“I doubt I would change again. Because it's all swings and roundabouts to my way of thinking. You dive for the cheapest and all of a sudden theirs goes up and somebody else's has changed. No, by the time you've finished messing about, its cost you more than you would have paid in the first place I think. If the power companies and whatever else told you when they were going to increase the prices and when they were going to drop them, which they don't, you can only go by when you are looking at the lowest price. It may not be the lowest price next week. Well, nobody tells the truth anymore do they?” (Jack, retired couple)

Similarly, although only a minority of depth interviewees said they had experienced a switch to a deal that did not deliver, many more expressed distrust in the deals they were being offered and the real costs behind the energy companies' offers:

“I'm concerned about what the charges are because on the television just recently, you got the gas company shouting its mouth off about the electricity and they've cut it down, but they didn't tell you that they put it up three times and just took it down once”. (David, single, retired)

“I always, I'm a bit dubious maybe, because they come up with these offers and get you signed up and then all at once, after the first 12 months is over, you find out that you're paying more than what you did before. I don't trust them.” (John, single retired)

The market for energy failed both because households did not have the information they needed to make choices and because they did not trust the information they received. These are profoundly different problems.

Some depth interviewees were fully aware that there might be better deals available from different suppliers, and in some cases were unhappy with their current arrangements, but were unable to engage with this market because they did not know how to go about comparing prices – “I wouldn't know where to start really” – or how to switch. Some also did not have access to the internet which was perceived to be the necessary means for finding out about different prices.

Other households had never got as far as comparing prices because they did not believe the choices being offered were genuine. This lack of trust was rooted not only in the specific attitudes of households to the energy market and energy suppliers but also in the lack of transparency of energy pricing in relation to energy use. Ironically, the only households who could keep a close watch on the real relationship of energy use and cost – prepayment meter users – were also the most likely to be paying the most for their energy.

Trust was not entirely absent from the depth interviewees' dealings with energy companies. However trust tended to be invested in established supplier relationships rather than in the market as a whole. This in turn further discouraged switching because interviewees wanted to stick with suppliers from whom they felt they had received a good service. Households were reluctant to risk losing this, even for a potentially better deal:

“I've been with my supplier for a long time now. And you get to trust them, don't you?” (Jennifer, middle-aged couple, three children)

These findings are consistent with wider evidence of lack of engagement with the energy market. Day and Hitching (2009) found that older people saw no benefit of regular engagement with energy market and many did not know how to compare prices. Lomax and Wedderburn (2009) describe resistance to switching due to fear of making a poor decision and problems during the switching process, and a perception that there was little difference between suppliers and that cost savings were likely to be temporary. Furthermore there is evidence that these households are wise to be wary of what is being offered them. Wilson and Waddams (2007) examined data from the UK electricity market and found that between a fifth and a third of consumers actually lost out as a result of switching. They conclude that consumer errors are not due to mis-selling by energy company agents but rather by 'pure decision errors', i.e. not being able to make sense of the range of tariffs and deals offered them.

## 8. Conclusion

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

Households on the lowest incomes suffer the most. These households are dominated by single adult households (under pension age) and lone parent households. Unlike many households over pension age, these households usually have significant housing costs, reducing their disposable income. Unlike couples, these households must cover their core costs, including heating, from only one income. Overall, the absolute level of household income was consistently linked to the indicators of fuel-related hardship in this study. Households with the lowest incomes, of less than £6,000 per year, were the most likely to have cut back their spending on heating, to have turned their heating down or off, and to be living in cold and damp homes.

The study did not describe the experience of people living 'in fuel poverty' as this would have required detailed information on fuel expenditure and building performance. Nonetheless the subjective indicator of the experience of a cold home in winter provides a clear lens through which to describe and understand the wider experience of low income households at risk of fuel poverty. Furthermore, unlike the fuel poverty measure, this indicator is not affected by different approaches to calculating household income.

This study has described how the decisions that low-income households make about their heating and warmth are always part of their wider strategies for coping with low incomes, strategies that are usually characterised by a determination to cut back spending in order to live within limited financial means. Once discretionary spending has been minimised, the daily challenge of coping tends to focus on paying the bills, maintaining some degree of thermal comfort and keeping food on the table. However there are many ways of ensuring that these goals are achieved. Household strategies are diverse and, in many cases, constantly under review.

Low income households are typically smart consumers, keen to seek out the best prices and the best deals wherever they can. This is clear in their engagement with the market for food, where prices are transparent and comparisons between suppliers are meaningful. Yet this study has found limited evidence of such behaviour in the energy market. In general, the prices and deals on offer in the energy market are perceived to be complex, opaque and untrustworthy. There is little confidence that switching will bring real rewards and genuine concern that unexpected costs may ensue, costs that low-income households can ill afford. Consequently, whereas low-income households typically cut food costs by shopping around and reducing the quality of the food they buy, they usually cut energy costs by cutting back, reducing the volume of their energy use and potentially going cold as a result.

The determination of low-income households to keep within their budgets and avoid unexpected costs leads some households to pay for fuel with prepayment meters even when this is acknowledged to be a more expensive option than direct debit or standard credit. In contrast, those who are willing to risk the occasional unexpectedly high bill, and so opt for direct debit, are rewarded with lower tariffs and more manageable payments across the year. These are valuable benefits for low-income households yet these households are most likely to be denied them because of the practical advantages of prepayment meters for tight daily budgeting.

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

Improvements to the thermal performance of dwellings are vital in protecting low-income households from the cold. They do not, however, eliminate the risk of going cold. Households on the lowest incomes may consider any heating cost to be a burden and so may turn the heating off even when the cost of keeping the house warm is relatively low. If the savings generated by energy efficiency improvements are perceived to be of greater value elsewhere in a highly constrained domestic budget, the impact of such improvements on domestic warmth may be slight. Nonetheless, households on the lowest incomes benefit from energy efficiency packages because any heat they decide they can afford goes further and keeps them warmer for longer.

Programmes designed to improve the thermal performance of dwellings should be sensitive to the potentially complex needs of low-income households. Improvements in household income may be as important as improvements in the building fabric in reducing exposure to cold. Care should also be taken to ensure that such households continue to have the option of low-cost room heating, should they choose not to use their central heating. Flexible and effective heating controls, and education about their proper use, are also important to households who use their heating sparingly in order to minimise costs.

Fuel poverty is defined using a relative measure: the proportion of household income required to provide adequate domestic warmth. Yet the results from this study make clear that the level of absolute income is the most reliable determinant of the experience of a cold home. Households on the lowest incomes have so little room to manoeuvre in their daily budgeting that heating may be regularly sacrificed in favour of other daily needs, even when heating costs are low. Hence tackling income poverty remains central to the task of eliminating the worst effects of cold homes. The importance of ending child poverty is underlined by the finding that, among those on low incomes, lone parent households appear to be among those most likely to ration their heating in the winter.

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

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# Appendix 1.

## Omnibus survey module

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### Section 1: The household budget

ASK ALL

#### InclastY

In the last 12 months, have you experienced...READ OUT...

CODE ONE ONLY

1. ...a fall in your household income,
2. ...a rise,
3. ...both a rise and a fall,
4. ...or no change in your household income.

ASK ALL

#### Commit

SHOWCARD E1

Which one of the following statements best describes how well *[you / you and your partner]* have been keeping up with your bills and credit commitments in the last 12 months?

CODE ONE ONLY

1. keeping up with all bills and commitments without any difficulties
2. keeping up, but it is a struggle from time to time
3. keeping up, but it is a constant struggle
4. falling behind with some of them
5. having real financial problems and have fallen behind with many of them

ASK ALL

#### Unable

SHOWCARD E2

In the last 12 months, have *[you / or your partner]* been unable to pay any of these bills at the final reminder due to a lack of money?

CODE ALL THAT APPLY

1. Rent or mortgage payments
2. Council tax
3. Gas, electricity or other fuel bills
4. Water bill
5. Telephone bill (including mobile phone, broadband)
6. Credit or store card bills
7. Repayments on a loan from a bank or building society,
8. Repayments on goods bought on hire purchase or mail order
9. Repayments on any other advance or loan
10. TV licence
11. Income Tax or VAT payments
12. Other
13. None of these

ASK ALL

#### Ends

SHOWCARD E3

In the last 12 months, have [*you / you or your partner*] done any of the following things in order to **make ends meet**?

CODE ALL THAT APPLY

1. Cut back on spending on food
2. Cut back on spending on heating
3. Cut back on spending on other essentials
4. Cut back on spending on non-essentials
5. Used savings put aside for other things
6. Earned extra income by taking on more work or hours
7. Sold things I/we owned to raise extra cash
8. Borrowed from friends, family, or other individuals
9. Taken out new loans from commercial lenders
10. Increased the amount owed on a credit card or overdraft
11. Delayed making payments on money owed
12. None of these

ASK ALL

**Cutback**

SHOWCARD E4

In the last 12 months, have [*you/ you or your partner*] gone without any of the following things because of a lack of money?

CODE ALL THAT APPLY

PROBE: Which others

1. A week's annual holiday away from home
2. Buying new, rather than second hand, clothes
3. Keeping your home adequately warm in winter
4. Having friends or family for a drink or meal once a month
5. Two pairs of all weather shoes for each adult
6. Household contents insurance
7. A hobby or leisure activity
8. Going out or socialising
9. Replacing worn out furniture
10. Replacing a major electrical appliance such as a fridge
11. Keeping your home in a decent state of decoration
12. Putting away £10 each month for a rainy day
13. None of these

**Section 2: Fuel use and bills**

ASK ALL

**Fuelintro**

I'm now going to ask you some questions about last winter, so please cast your mind back to that time.

INTERVIEWER: BY WINTER, WE MEAN THE "WINTER MONTHS", THAT IS, NOVEMBER OR DECEMBER TO FEBRUARY OR MARCH.

ASK ALL

**Fuel**

SHOWCARD E5

Which of these fuels did your household use (and have to pay for) last winter?

CODE ALL THAT APPLY

1. Electricity
2. Mains gas
3. Oil

4. Bottled gas
5. Bulk LPG (liquid petroleum gas)
6. Solid fuel (e.g. coal, wood, peat)
7. Other

ASK ALL

**Heat**

SHOWCARD E6

And still thinking about last winter, what kind of heating system/s did you have in your home?

CODE ALL THAT APPLY

1. Gas central heating
2. Oil central heating
3. Night storage heaters
4. Fixed room fires or heaters
5. Open fires or stoves (solid fuel)
6. Portable heaters: Electric
7. Portable heaters: Bottled gas/paraffin
8. Portable heaters: Oil-filled
9. Other

*If Fuel=6 (If used Mains gas last winter)*

**Gas**

Can you tell me how [you / you or your partner] usually paid for your gas last winter?

READ OUT ANSWERS AND CODE FIRST THAT APPLIES

CODE ONE ONLY

1. By direct debit or standing order
2. Using a key or special card that you have to put into a meter at home
3. Using a budget scheme payment card that you DO NOT have to put into a meter at home, e.g. one used at a Post Office or PayPoint outlet
4. In cash, AFTER you have received the bill
5. Buying savings stamps or savings tokens
6. In cash in some other way not mentioned above
7. By cheque or credit or debit card, after you have received the bill
8. By direct deduction from Benefits payments (you may know this as Fuel Direct or third party deductions)
9. Someone else pays for the gas, e.g. landlord
10. Don't know how gas is usually paid for
11. Don't have gas supply to household

*If Fuel=1 (if used Electricity last winter)*

**Elect**

(And) can you tell me how [you / you or your partner] usually paid for your electricity last winter?

READ OUT ANSWERS AND CODE FIRST THAT APPLIES

CODE ONE ONLY

1. By direct debit or standing order
2. Using a key or special card that you have to put into a meter at home
3. Using a budget scheme payment card that you DO NOT have to put into a meter at home, e.g. one used at a Post Office or PayPoint outlet
4. In cash, AFTER you have received the bill
5. Buying savings stamps or savings tokens
6. In cash in some other way not mentioned above
7. By cheque or credit or debit card, after you have received the bill
8. By direct deduction from Benefits payments (you may know this as Fuel Direct or third party deductions)
9. Someone else pays for the electricity, e.g. landlord

10. Don't know how electricity is usually paid for
11. Don't have electricity supply to household

ASK ALL

**Bills**

Still thinking back to last winter, would you say your fuel bills were... READ OUT...

CODE ONE ONLY

1. A heavy financial burden
2. Somewhat of a financial burden
3. Or not a problem at all?

ASK ALL

SWITCH

Did [*you/ you or your partner*] change any of your energy suppliers or switch to a different tariff last winter?

CODE ALL THAT APPLY

IF YES: PROBE: did you change your supplier or switch to a different tariff?

1. Yes, changed supplier
2. Yes, switched tariff
3. No

*If Switched supplier or tariff last winter (SWITCH=1 OR 2)*

**Swchcost**

Why did you change [*supplier/ tariff / supplier and tariff*]? Was it...

READ OUT CODE ONE ONLY

1. Because of concerns about the cost -
2. For some other reason
3. For cost and other reasons

ASK ALL

**SwitchB**

And thinking back to **before** last winter, did [*you / you or your partner*] ever change any of your energy suppliers or switch to a different tariff (other than when moving house)?

INTERVIEWER: IF YES, WHICH?

CODE ALL THAT APPLY

1. Yes, changed supplier
2. Yes, switched tariff
3. No

**Section 3: Coping strategies**

ASK ALL

**IntroComf**

Now I'd like to talk about how comfortable [*you / you and your family*] were in your home last winter.

ASK ALL

**Home**

Think about a **typical weekday**, last winter. During the daytime, was there someone at home ...READ OUT...

CODE ONE ONLY

INTERVIEWER: BY 'DAY', WE MEAN BETWEEN 9AM AND 6PM

1. ...all of the day
2. ...most of the day
3. ...some of the day

4. ... only for a few hours
5. ...or, was no-one at home during the day?
6. No typical day/ too hard to say (spontaneous only)

ASK ALL

**CUT**

SHOWCARD E7

Thinking about any time of day or night, did you (and your partner) cut back on fuel use at home in any of these ways last winter, **because you were concerned about the costs?**

CODE ALL THAT APPLY

1. Turned heating off, even though I would have preferred to have it on
2. Turned the heating down, even though I would have preferred it to be warmer
3. Turned the heating down or off in some rooms but not others, even though I would have preferred not to
4. Only heated and used one room in my house for periods of the day
5. Used less hot water than I would have preferred
6. Turned out lights in my home, even though I would have preferred to have them on
7. Had fewer hot meals or hot drinks that I would have liked
8. None of these

ASK ALL

**KeepWarm**

SHOWCARD E8

And last winter, did [*you / you and your partner*] do any of the following things?

CODE ALL THAT APPLY

1. Wore outside clothes (e.g. hats, gloves, coats) inside the house to keep warm
2. Kept curtains closed all day to keep warmth in
3. Installed draught-proofing on some doors or windows
4. Put up plastic sheets on the inside of your windows
5. Installed insulation in the loft, floors or walls
6. Installed a new boiler
7. Improved your heating controls
8. None of these

**Section 4: Housing conditions and comfort**

ASK ALL

**Comfort**

How would you describe the overall level of warmth in your home last winter? Was it... READ OUT...

CODE ONE ONLY

1. Much colder than you would have liked
2. A bit colder than you would have liked
3. About right
4. A bit warmer than you would have liked
5. A lot warmer than you would have liked
6. Both too warm and too cold

ASK ALL

**Problems**

SHOWCARD E9

And did you experience any of the following common problems in your home last winter? CODE ALL THAT APPLY

1. Heating faulty for part or all of the winter

2. Heating difficult to control or regulate
3. Heating system or radiators not sufficient
4. Draughts
5. Condensation
6. Damp or mould on walls or ceilings
7. Damp or mould on floors, carpets or furniture
8. Leaky roof
9. Rot in window frames or floors
10. None of these

*If had any of the problems listed at Problems (if Problems = 1 – 9) AND home was hotter or colder than they would have liked (if Comfort = 1-4)*

**Impact**

**SHOWCARD E10**

You said that you had problems with [*problem, problem, problem and problem*] and that your home was [*warmer/colder*] than you would have liked. Did this affect you or other members of your household in any of the following ways?

1. made an existing health problem or problems worse
2. brought on a new health problem or problems
3. made me/us feel miserable
4. made me/us feel anxious or depressed
5. I/we did not feel able to invite friends or family to the house
6. I/we spent as much time as possible away from the house
7. None of these

**Section 5: Consent to telephone depth interview**

ASK ALL

**FuelFollow**

Thank you. And can I just check, would you be willing for an interviewer from the Centre for Sustainable Energy to contact you by telephone to take part in a follow-up telephone interview? We would provide them with your name and telephone number. This interview would explore these topics in more detail, and everyone that takes part will receive £25 in shopping vouchers as a thank-you. By agreeing to be contacted, you are not obliged to take part in a follow-up interview.

1. Yes
2. No

# Appendix 2.

## Depth interview schedule

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### Introduction

I'm calling from a charity called the Centre for Sustainable Energy. You took part in a survey a few weeks ago and kindly agreed that we could contact you again to take part in a follow-up telephone interview (that's how we got your telephone number). Are you still happy to do this?

The interview will explore your experience of managing money at home and in particular coping in with energy costs. The interview will last 20-30 minutes. Everything we discuss during the interview will be confidential, so the what you say cannot be traced back to you, and your name will not be revealed to anyone else. So please be assured that you can be honest and open in talking about your views and experiences.

As a thank-you, you will receive £25 in shopping vouchers. (Secure permission to record interview).

### 1. Personal circumstances

May I begin by just asking a few questions about you and your household?

Age / Household / Tenure / Employment

### 2. Paying for electricity and heating

How do you pay for your electricity?

Are you happy with this method of payment?

Do you have gas? (If no – what do you use to heat your home?) How do you pay for it?

Are you happy with this method of payment?

Have you ever changed the way you pay for electricity or gas?

If yes, why? What effects?

### 3. Household income and coping strategies

Over the last 12 months, have there been any changes in your household income? Or your regular costs?

Have you found it difficult to make ends meet at any time over the past 12 months?

How do you cope at these times?

Explore spending priorities and management of bills, borrowing, savings, extra earning

Explore budgeting and financial planning

### 4. Keeping warm in winter

Thinking back to last winter, when the weather was cold, did you feel your house was warm enough?

Is your house difficult to keep warm even with the heating on?

Did you have the heating on as much as you wanted? Why not? (self-disconnection may not be deliberate)  
Did you cut back on other things in order to keep warm? Or get in to debt? Or do anything else? (e.g. switch supplier, install energy efficiency measures)  
Were you affected by increases in electricity and gas/oil prices?  
How did these problems affect you and your family? (health, relationships, etc)

## **5. Experiences of the competitive energy market**

Are you aware that there are differences in prices offered by electricity (and gas) suppliers?  
Do you know how to find out about these different prices and compare them?  
Have you ever changed your electricity (or gas) supplier?  
If not, why not?  
If yes, why did you change? Did you have any problems changing? What impact? Would you do it again? (Why? Why not?)  
Have you ever been approached by people trying to get you to change your energy supplier?  
What was this like?

## **6. Advice services**

Have you ever got advice about making your home warmer or more energy efficient?  
If yes: Where from? Was it useful?  
If no: Why not? Would you find this useful?  
Have you ever received professional advice about money matters, for example because of difficulties making ends meet or debt problems?  
If yes: Where from? Was it useful?  
If no: Why not? Would you find this useful?

## **7. Energy efficiency improvements**

Have you ever had energy efficiency improvements done to your house, such as improvements in insulation, draught-proofing, windows or your heating system?  
If yes: Did you do these yourself or were they done professionally?  
If professionally, explore who bore the cost (including landlords, grants/schemes), satisfaction  
Have you felt any benefits from these improvements (warmth, comfort, money)  
If no:  
Why not?

## **8. Energy advice follow-up**

If you like, we can pass your name and contact details on to an energy advisor who can give you advice about the grants you could get to improve the warmth of your home. Would you like us to do this?