Mapping the need for debt and energy advice following Covid-19

Evidence to target British Gas Energy Trust’s Covid Response Fund

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Executive Summary

The Covid-19 pandemic has reduced household incomes across Great Britain. Many more households are now struggling to meet their outgoing costs, including fuel bills. It is expected to greatly increase demand on the advice sector. Some groups, including those already in vulnerable situations, are harder hit than others.

British Gas Energy Trust (BGET) are planning to launch a Covid Response Fund to fund additional advice services. BGET are looking to target the fund towards areas of Great Britain with the highest levels of unmet need for advice.

Centre for Sustainable Energy (CSE) have created an Advice Need Index to highlight areas with the greatest estimated need for advice following the Covid-19 pandemic. The index combines a number of indicators that suggest a higher need for advice including the prevalence of household indebtedness, employment in the most affected sectors, lone parents and indicators suggesting high fuel costs.

This report contains maps at national and regional level showing the geographical spread of advice need. These are presented alongside maps showing advice provision currently funded by BGET and coverage of major energy advice providers.

The maps show higher levels of need in urban areas. There are areas with high levels of need across all regions of Great Britain with clusters of very high need and relatively low advice provision in the following locations:

- South London and East London

Despite very high levels of advice need and high population, the advice coverage in these areas is low. It is recommended BGET fund more advice provision in South and East London.

- North East

A high proportion of the local authority areas in the North East have a very high need for advice. The urban coastal areas of Middlesbrough, Hartlepool and Sunderland have very high levels of need and poor advice coverage.

- Other areas

Other local authorities identified as having very high need and low advice provision, outside of above mentioned clusters, are Hull, Dundee and Hastings.

The following areas have very high advice need but higher provision of energy advice:

- West Midlands: West Midlands Conurbation and Stoke-on-Trent

The West Midlands has some areas of very high demand concentrated north-west of Birmingham. Whilst overall advice coverage in the region is better than in other areas of Great Britain, areas around Birmingham and Stoke-on-Trent have very high need and relatively low advice provision compared to the rest of the region. BGET currently funds no advice services in the West Midlands.

- North West:

The need for advice across the North West is very high. BGET funded advice agencies and major energy advice agencies provide much better coverage in the North West than other regions.
1 Introduction

1.1 Background

The Covid-19 pandemic and the public health measures put in place to control the spread of the virus have had unprecedented impacts on the UK economy and household finances. An estimated 28% of adults in the UK (14 million people) have experienced a direct negative impact on their income\(^1\). In the two months following the start of lockdown (March – May 2020) 2.8 million people have fallen into arrears, 1.2 million of whom with their utility supplier\(^1\). Households with low financial resilience have been hit the hardest.

The impacts on household income and debt are expected to greatly increase the demand for money, debt and energy advice services. Prior to the pandemic, demand for advice services was already high and the sector had limited capacity and resources. Geographical coverage of advice provision across Great Britain is uneven and areas with high prevalence of people experiencing the most extreme impacts from the pandemic are expected to see higher increases in demand for advice and support.

1.2 British Gas Energy Trust

BGET contributes to the relief of poverty in England, Wales and Scotland, with a particular focus on fuel poverty by helping those who are struggling to pay for their gas and electricity consumption to get out of fuel debt and get back on their feet and remain debt free going forward. BGET has two programmes that run until March 2021:

- The Individuals and Families programme provides direct grants to clear debt, provide emergency credit for pre-payment meter users and provide grants to fund the purchase and/or installation of boilers.
- The Funded Organisation Programme funds advice providers across England, Scotland and Wales to provide holistic energy and financial advice to people who are struggling with their fuel bills, heating or finances.

The following 17 organisations are currently funded by BGET to deliver energy, money and debt advice:

- Auriga Services
- Bromley by Bow Centre
- Citizens Advice Cymru
- Citizens Advice Manchester
- CA Northumberland
- Citizens Advice Preston
- Citizens Advice St Helens
- Community First Yorkshire
- Community Law Service
- Energy Project Plus
- Income MAX
- Money Matters
- Navigate
- Riverside Advice
- St Ann’s Advice Group
- THAW - Orkney
- Zinthiya Trust

In addition to the two programmes currently running, British Gas Energy Trust plans to launch a Covid Response Fund to support people who have been economically impacted by Covid-19. The funding will enable advice agencies to support householders who are struggling with their finances, fuel bills or heating.

### 1.3 Purpose of this report

In order to ensure the Covid Response Fund supports advice agencies working in the areas most in need, BGET have commissioned Centre for Sustainable Energy (CSE) to help build an understanding of the areas of the UK most in need of advice services during and after the pandemic.

This report presents a series of maps showing the estimated levels of need for debt, money and energy advice, coverage of BGET’s currently funded advice organisations, and main energy advice providers. Recommendations for those geographic areas most in need of support are based on the analysis presented in the maps.
2 Groups most at risk from the economic impacts of Covid-19

The financial impacts of Covid-19 have disproportionately affected some groups of people. The groups of people who have been hardest hit by the economic effects of the response to Covid-19 are outlined below. People who were in the most financially unstable situations prior to Covid-19 are most at risk. The groups most affected contain disproportionately high numbers of young people, women and people from black or minority ethnic groups.

- Employment sectors and types

The employment sectors most affected by the measures to tackle Covid-19 and likely to have ceased trading are hospitality along with arts, entertainment and recreation\(^2\). These sectors, alongside the health and social care sector and transport sector, also employ the highest proportions of employees on zero-hour contracts\(^3\). 43% of people employed on zero-hour contracts have fallen behind on at least one bill due to coronavirus, compared to 16% of everyone in work\(^4\).

- People experiencing problem debt

Those households that were experiencing severe debt before the pandemic are the most likely to be negatively affected by coronavirus. 45% of those in severe debt have been negatively impacted by the pandemic, compared to 25% of those not previously experiencing financial difficulty\(^5\).

- Low income households

Employed people who were in poverty prior to Covid-19 are more likely to be negatively impacted by the virus. 65% of those who were employed and in deep poverty prior to the pandemic have seen hours or earnings reduced, been furloughed, and/or lost their job. This compares to 35% of people who were employed and more than 20% above the poverty line prior to Covid-19\(^6\).

- People with long term health conditions and disabilities

People with a health condition that makes them more clinically vulnerable to Covid-19, putting them in in the ‘shielded’ group, are four times as likely to have fallen behind on a bill as a result of Covid-19 than those who are not at increased clinical risk from Covid-19\(^4\). People with


disabilities experienced disproportionate levels of poverty prior to Covid-19 with half of the households living in poverty including a disabled person\textsuperscript{6}.

- **Families with children**

Prior to Covid-19 poverty rates were higher among households with dependent children. Poverty rates among lone parent families was 48%, compared to 26% for couple families and 11% for couples without children\textsuperscript{6}.

Families with dependent children are also more likely to be negatively affected by Covid-19. 31% of lone parents and 39% of couple parents report being negatively affected, compared to 22% of couples without dependent children\textsuperscript{1}.

- **Private renters**

Private renters are more likely to be negatively impacted by Covid-19. 36% of private sector renters report being affected compared to 31% of those who own their home with a mortgage\textsuperscript{4}. Private renters have the least protection from becoming homeless due to falling behind with payments.

3 Methodology

CSE produced a series of maps displaying the predicted need for energy, debt and money advice following the Covid-19 pandemic, as well as the existing coverage of advice agencies already funded by BGET and of other major energy advice providers. The maps, which cover England, Scotland and Wales and present the results at local authority level, were produced using QGIS software.

3.1 Advice Need Index

An Advice Need Index was created to identify areas with high prevalence of a number of risk factors, and therefore a higher need for advice and support. The index combines a number of indicators that suggest a greater vulnerability to the impacts of Covid-19, lower financial resilience and higher fuel bills. The selected indicators and data sources are shown in Table 1.

Table 1: Data sources included in Advice Need Index

<table>
<thead>
<tr>
<th>Variable</th>
<th>Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Household debt</td>
<td>Money Advice Service &amp; CACI, 2018</td>
</tr>
<tr>
<td>Percentage of households who are ‘over indebted’. Defined as those who find keeping up with repayments a heavy burden, and have missed payments during at least 3 out the 6 previous months. The data is modelled across the UK, based on survey responses.</td>
<td><a href="https://www.moneyadviseservice.org.uk/en/corporate/a-picture-of-over-indebtedness-in-the-uk">https://www.moneyadviseservice.org.uk/en/corporate/a-picture-of-over-indebtedness-in-the-uk</a></td>
</tr>
<tr>
<td>Covid Economical Vulnerability Index</td>
<td>Red Cross, 2020</td>
</tr>
<tr>
<td>A combination of proportions of jobs in most affected sectors (arts, entertainment, recreation and other services; hospitality; retail; transport and storage, including postal) and people in receipt of disability benefits.</td>
<td><a href="https://ocsi.uk/2020/04/01/covid-19-vulnerability-index-and-data-download/">Based on Data from: Business Register and Employment Survey, DWP, ScotPHO</a></td>
</tr>
<tr>
<td>Electricity pre-payment meter customers (as a % of households)</td>
<td>BEIS, 2019</td>
</tr>
<tr>
<td>Lone parents</td>
<td>Census 2011</td>
</tr>
<tr>
<td>Dwellings rated in EPC bands E, F and G</td>
<td>DECC, 2015 (Scotland). MHCLG (England and Wales)</td>
</tr>
</tbody>
</table>

Initially, in addition to the variables specified in Table 1, a larger set of variables were considered for inclusion but some were subsequently excluded due to high correlations with other variables included in the analysis. Excluded variables include the proportion of privately rented dwellings, children in low income households, and people from black or minority ethnic
backgrounds. Due to the high correlations with other included variables, areas with high prevalence of these indicators will score highly in the index.

### 3.2 BGET current funded advice agencies

CSE mapped the local authority areas covered by the 17 advice agencies currently funded by BGET. The coverage of each funded advice agency was identified through a combination of information provided in online project summaries and email communication with the funded advice agencies. The number of clients and level of support provided were not included.

### 3.3 Major energy advice providers

The energy advice provision across the Great Britain was also mapped. The maps display the number of major energy advice providers covering each local authority. Major energy advice providers are defined as organisations that provide energy advice to more than 1,000 clients per year. The data for England and Wales was provided by Citizens Advice\(^7\). The data is based on a desk research and an online survey conducted by CSE in 2020. The data for major energy advice providers in Scotland was established through online desk research.

It is important to note that whilst these maps highlight areas with lower levels of energy advice provision, they do not include smaller energy advice agencies, or money and debt advice providers.

The coverage of BGET funded advice providers and major energy advice providers will overlap. This because some of the BGET funded organisations are included in the major energy advice providers’ dataset. This should be considered when the reading the maps.

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4 Advice need and coverage maps

This section includes national and regional maps showing the Advice Need Index, as well as the geographic coverage of BGET’s current funded organisations and major energy advice providers.

4.1 Great Britain

There are local authorities in all regions of the UK with relatively high need for advice. The Advice Need Index is presented in deciles. This segments the data into 10 equal groups, with 10 being the highest 10% of need in Great Britain (the darkest green). Figure 1 shows the Advice Need Index deciles. There are clear clusters of local authorities with higher levels of need across the North of England and Greater London. Advice need is generally much higher in urban areas than rural areas. Figure 2 highlights the local authorities in Advice Need Decile 10 (the highest need).

BGET fund organisations across Great Britain with the highest numbers in the North of England. Figure 3 shows the local authorities covered by BGET funded organisations. Organisation offices are shown in purple. Citizens Advice Cymru provide advice from multiple offices across Wales (shown in blue), and Money Matters provide a service across Scotland. Auriga Services and St Ann’s Advice Centre both serve areas around Nottingham. Income Max service is not shown on the map as they provide a UK-wide service, however they report higher numbers of cases in the South East, South West and London.

Provision of energy advice across Great Britain is inconsistent and patchy (see Figure 4). Major energy advice providers have higher local authority coverage in the North West, Wales, West Midlands and South West. The East of England has the lowest coverage.
Figure 1: Advice need across Great Britain
Figure 2: Local authorities with the highest advice need (Advice Need Decile 10)
Figure 3: BGET's Funded Advice Organisations coverage
Figure 4: Major Energy Advice Providers coverage

Number of Main Energy Advice Providers per Local Authority:
- 3
- 4
- 5
- 6
- 7
- 8 & 9

0 50 100 150 km
4.2 London

London has high levels of advice need compared with other regions across GB. 48% (11) of the local authorities in London are in the top 20% of need in GB (deciles 9 and 10 in Figure 5).

Figure 5: Advice need in Greater London

The London Boroughs with the highest need (decile 10 in GB) are:

- Barking and Dagenham
- Croydon
- Hackney
- Haringey
- Greenwich
- Islington
- Lewisham
- Lambeth
- Tower Hamlets
- Southwark
- Newham

Despite London’s dense population and high levels of need, the level of energy advice provision is relatively low (see Figure 6). Coverage in Tower Hamlets is slightly higher. This is where BGET funded Bromley by Bow Centre are based. They cover seven London Boroughs in East London (see Figure 7), however the extent of coverage across this highly populated area is unclear. Areas of South London with very high need have a poor energy advice provision.
Figure 6: Energy advice provision in Greater London

Figure 7: BGET funded advice coverage in London
4.3 North West

The Advice Need Index Map shows a very high need for advice in the North West (see Figure 8). 48% (16) of the local authorities in the region are in the top 20% most in need in GB (Advice Need Decile 9 and 10).

Figure 8: Advice need in the North West
The local authorities in the North West most in need (top 10% in GB) are:

- Blackpool
- Knowsley
- Manchester
- Liverpool
- Burnley
- Hyndburn
- Blackburn with Darwen
- Rochdale
- Oldham
- Halton

All local authorities in the North West have relatively large numbers of major energy advice providers covering their area (see Figure 9). However, the areas of highest need in the region do not correspond to the highest levels of coverage.

*Figure 9: Energy advice provision in the North West*
BGET currently funds four advice agencies in the North West, the highest of any region (see Figure 10). Most of the local authorities with the highest need are covered by at least one BGET funded organisation. Local authorities with Advice Need Decile of 10 that are not served by a BGET funded organisation are the Lancashire authorities Blackburn with Darwen, Blackpool and Hyndburn.

Figure 10: BGET Funded advice provision in the North West
4.4 North East

A high proportion of local authorities in the North East have very high levels of need. Figure 11 shows 45% (5) local authorities in the region are in the top 20% most in need in GB (Advice Need Decile 9 and 10).

Figure 11: Advice need in the North East

The local authorities with the highest level of need in the North East (Advice Need Index 10) are

- Middlesbrough
- Hartlepool
- Sunderland

The North East has low levels of energy advice provision across most of the region, including the areas with the highest need (see Figure 12). BGET funded Citizens Advice Northumberland serve the Northumberland local authority.
Figure 12: Energy advice provision in the North East
### 4.5 West Midlands

The levels of need in the West Midlands are relatively consistent with those across GB. 20% (6) of the local authorities the West Midlands are in the top 20% of need in GB (see Figure 13).

**Figure 13: Advice need in the West Midlands**

Local authorities with the highest need (Advice Need Decile 10 on Figure 13) are:

- Sandwell
- Birmingham
- Wolverhampton
- Stoke-on-Trent
- Walsall

The West Midlands are covered by generally good levels of energy advice provision (see Figure 14). However, of the local authorities with Advice Index Decile 10, Sandwell, Stoke-on-Trent and Walsall have relatively low advice coverage (four or five providers). BGET funds no advice projects in the West Midlands.
Figure 14: Energy advice provision in the West Midlands
4.6 Wales

Wales has some areas of high need for advice services, but need across Wales is lower than average across GB. 14% (3) of local authorities in Wales are in the 20% across GB with the highest need (Advice Need Deciles 9 and 10 in Figure 15).

*Figure 15: Advice need in Wales*

Advice Need Index Deciles
- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10

The Welsh local authorities with the highest need (top 10% in GB) are:

- Blaenau Gwent
- Merthyr Tydfil

Energy advice provision across Wales is high with all local authorities covered by a minimum of 5 main providers (see Figure 16). BGET currently funds Citizens Advice Cymru that has offices across Wales including Merthyr Tydfil and Riverside Advice that provides advice across Cardiff and South Wales.
Figure 16: Energy advice provision in Wales
4.7 East Midlands

The East Midlands has slightly higher levels of need than average across Great Britain with those across GB. 23% (9) of the local authorities in the East Midlands are in the top 20% of need in GB (see Figure 17).

**Figure 17: Advice need in the East Midlands**

Local authorities with the highest need in the region (Advice Decile 10) are:

- Nottingham
- Leicester
- Corby

Whilst general energy advice provision across the East Midlands is very low (see Figure 17). BGET fund three advice projects in the region (see Figure 19) that support the local authorities identified as most in need.
Figure 18: Energy Advice Coverage across the East Midlands

Figure 19: BGET funded advice across the East Midlands
4.8 Yorkshire and the Humber

Yorkshire and Humber have some areas of high need. 29% (6) local authorities are in the Advice Need Deciles 9 and 10 (see Figure 20).

Figure 20: Advice need in Yorkshire and the Humber

The only local authority in Yorkshire and Humber with an Advice Need Index Decile 10 is Hull. Five local authorities have Advice Need Index 9.

Energy advice coverage in Yorkshire and the Humber is inconsistent, with provision ranging from only national services in some areas to four additional major local or regional providers in other areas (see Figure 21).
Figure 21: Energy advice provision in Yorkshire and the Humber

BGET funded Community First Yorkshire cover North Yorkshire, which does not contain the areas identified in Figure 19 as having the highest advice need.
4.9 Scotland

The advice need across Scotland is generally lower than across Great Britain as a whole. Figure 22 shows that 13% (4) of local authorities in Scotland have Advice Need Decile 9 or 10 (top 20% in the GB).

Figure 22: Advice Need in Scotland

Dundee is the only local authority in Scotland with Advice Need Index 10 (highest 10% of need in Great Britain).
Energy Advice coverage in Scotland is quite consistent with no areas of very low coverage (see Figure 23). BGET funded Money Matters provide a service across Scotland with most clients living in the Glasgow Area, and Thaw Orkney provide advice in Orkney.

**Figure 23: Energy Advice Coverage in Scotland**
4.10 **South East**

The South East has low levels of need across the region compared with that across GB. Three (4%) of the local authorities the South East are in the top 20% of need in GB (see Figure 24).

**Figure 24: Advice need in the South East**

The one local authority with the highest need (Advice Need Decile 10) is Hastings. Southampton and Thanet score decile 9.

The geographical coverage of major energy providers in the South East is low (Figure 25) however this reflects the relatively low need for advice compared with other regions.
Figure 25: Energy advice provision in the South East
4.11 East of England

The East of England has relatively low levels need compared to other regions. 7% (3) local authorities are in the 9th Decile of Advice Need Index (see Figure 26).

Figure 26: Advice need in the East of England

No local authorities in the East of England are in the top 10% (Advice Need Decile 10). Local authorities in top 20% in GB (Advice Need Index decile 9) are Luton, Peterborough and Great Yarmouth.
As evident from Figure 27, energy advice coverage in the East of England is very low. The majority of the region has no major providers beyond the three national providers.

**Figure 27: Energy advice provision in the East of England**
4.12 South West

The South West has low levels of advice need compared with that across GB. 7% (2) of the local authorities are in the top 20% of need in GB (see Figure 28).

Figure 28: Advice need in the South West

None of the local authorities in the South West have an Advice Index Decile 10. 2 local authorities have a Need Index Decile of 9. These local authorities are Torbay and Plymouth.

The South West has relatively good coverage of advice provision, ranging from four up to eight major advice providers covering each local authority. The areas with lower coverage from major energy advice providers are served by BGET funded Navigate.
Figure 29: Energy Advice coverage in the South West
5 Conclusions and Recommendations

There are areas in all regions of Great Britain with high estimated need for advice services and limited energy advice coverage. This analysis has identified the regions with the highest need for advice as London and the North West. The North East and the West Midlands also have clusters of areas with very high levels of need.

It is recommended BGET target advice support in the following areas as primary focus:

- South London and East London

London has an extremely high need for advice. Nearly half of London Boroughs are in the top 20% of need in Great Britain. Despite very high population numbers, current advice provision is low. Bromley by Bow Centre serve some areas of very high need in East London, but their level of provision across this very densely populated area is unclear.

- North East: Middlesbrough, Hartlepool and Sunderland

A high proportion of the North East's local authority areas have a very high need for advice. The urban coastal areas of Middlesbrough, Hartlepool and Sunderland have very high levels of need and poor energy advice coverage.

- Other regions

Other local authorities outside of the above mentioned clusters also show very high need for advice and low levels of provision. Particular attention should be given to those in the Advice Need Decile 10 which are Dundee, Hastings and Hull.

Some areas also have a very high need for advice, but relatively higher energy advice coverage. As the analysis only considered major energy advice providers, not money advice providers or smaller energy advice providers these should not be overlooked. Areas with high need and relatively high energy advice coverage are as follows:

- West Midlands: West Midlands Conurbation and Stoke-on-Trent

The West Midlands has some areas of very high demand concentrated to the north-west of Birmingham. Whilst energy advice coverage is generally quite good in the region, Sandwell and Walsall have low levels of coverage. Stoke-on-Trent also has very low levels of need and relatively low energy advice coverage. BGET currently funds no advice in the West Midlands.

- North West: Lancashire

The need for advice across the North West is very high. BGET funded advice agencies and major energy advice agencies provide much better coverage in the North West than other regions. The current advice provision serves most of the areas in the North West identified as having the greater need. However, some areas of Lancashire (Blackpool, Blackburn with Darwen and Hyndburn) were identified as having very high levels of need, but lower levels of advice coverage than the rest of the region.