OXFORD ECONOMICS

The economic and social impact of British Gas Energy Trust

AUGUST 2015

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Executive summary

British Gas Energy Trust was established in 2004 as an independent charity to help people who are facing fuel poverty. In the past decade, the Trust has given grants of £56.4 million to individuals, families and organisations to help relieve fuel poverty. Its grants help those who are struggling to pay their gas and electricity bills to get back on their feet and remain debt free.

A thorough literature review identified a relationship between debt problems and a whole range of health, social and economic outcomes. For example, evidence suggests that improved financial circumstances can help to reduce anxiety and stress, which is, in turn, related to a range of better general health outcomes. Likewise, debt relief is related to positive economic outcomes in terms of improved employment prospects and enhancements to productivity – benefitting both individuals and their employers. Finally, the evidence reveals that social outcomes can be improved by interventions to reduce debt – for example, better money management, improvements in personal and family relationships and enhanced housing stability.

In order to understand the difference that British Gas Energy Trust's direct awards to individuals and families have made to these health, economic and social outcomes, a survey was conducted in February 2015. The questions explored recipients' perceptions of how the award they received affected their life. Over 850 responses were received from the 9,934 people invited to participate.

Some 90% of respondents report receiving a grant from the Trust has made a positive difference to their mental health, and, perhaps more surprisingly, 65% report positive improvements to physical health. In terms of social outcomes, 61% of respondents report that the grant has made a positive difference to their personal relationships, whether with partners, children, other family members or work colleagues; and 71% report a positive impact on housing stability. Some 14% of respondents believe their employment situation has been improved as a result of receiving the grant.

With these results reflecting broadly the findings of the wider literature review, Oxford Economics were able to then undertake a Social Return on Investment (SROI) analysis to put a value on each of the positive outcomes brought about by the grants. Allowing for attribution and deadweight (what would have happened anyway), British Gas Energy Trust's Individuals and Families Grant Programme is estimated to have produced £21.3 million in positive impacts for society in 2014. As the costs of running the programme were £11.2 million, the scheme had a SROI of 1.9 in 2014. Put another way, for every £1 the Trust awarded in 2014, £1.90 worth of impact was generated.[1]

The Trust also runs an Organisational Grant Programme, through which organisations are funded to provide free, impartial and independent money advice across the country. In 2014, the organisations receiving such a grant

[1] Including the £1 awarded by the Trust.

saw 14,700 people. Of these, 6,900 (or 45%) received energy efficiency advice. Advisers within recipient organisations helped to secure debt write-offs valued at £5.3 million. They also helped people to avoid a further £110,000 of debt by switching to a more suitable tariff and saved another £70,000 by challenging incorrect statements. It is estimated that for every £1 given to advice organisations by British Gas Energy Trust around £5.50 in wider social impacts is generated.

Taking into account both the Organisational Grant Programme and the Individuals and Families Grant Programme in 2014 for every £1 that British Gas Energy Trust gave British society received £2.40 in positive impacts.

Over the past ten years, the Trust has given grants of over £56.4 million to individuals, families and organisations. This has created £120.1 million of positive impacts for society. Therefore, for every £1 the Trust spent society received more than £2.10.

1. Introduction

British Gas Energy Trust was established ten years ago explicitly to tackle fuel poverty in England, Scotland and Wales. It has spent the last decade working to help those who are struggling to pay their energy bills to get back on their feet and remain debt free. It does this by making grants aimed at reducing energy debt for individuals and families experiencing poverty and hardship; by enhancing free, impartial, independent money advice services; and by working to reduce the potential for people to get into debt through the funding of debt prevention work.

Now having just marked its tenth birthday, this report explores the economic and social impact that the Trust has had in its first decade of existence.

The report is structured as follows:

- Chapter 2 reviews the evidence on how fuel poverty has changed in Great Britain since the Trust was founded in 2004.
- Chapter 3 explores British Gas Energy Trust's aims, the methods it employs to achieve them and the scale of British Gas' donations to it.
- Chapter 4 looks at the socio-economic characteristics of grant recipients compared to those in income poverty more generally.
- Chapter 5 describes how recipients use the grants. In particular, the amount spent clearing electricity or gas debts compared to purchases of other essential items.
- Chapter 6 reviews the economic, health and social problems that debts are known to influence. It then reports the results of a survey that explored the extent to which grant recipients themselves felt that the Trust's grants had helped to alleviate any such problems.
- Chapter 7 undertakes a SROI analysis of the Trust over its first decade. It measures the impacts that the Trust has had on people's lives, and society more widely, and gives them a monetary value. It then compares that monetary value to the Trust's costs.
- Chapter 8 concludes.

2. Fuel poverty in the UK

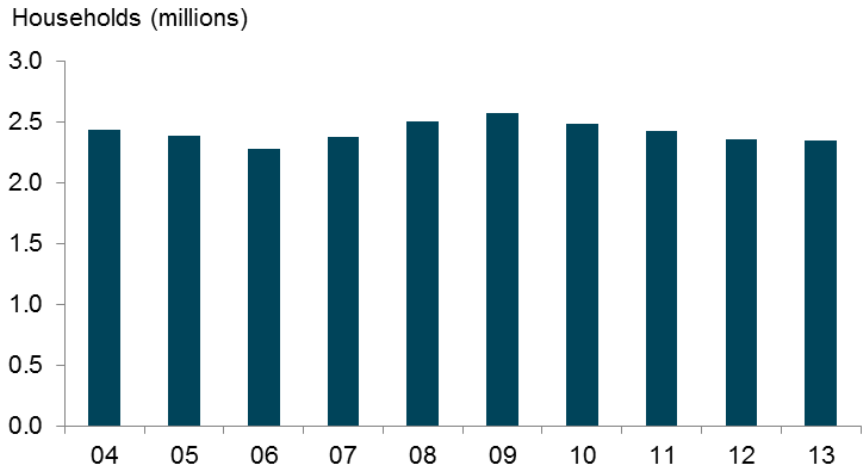
KEY POINTS

- In 2013, the number of households in fuel poverty in England was estimated at 2.4 million (or 10.4% of total).
- The 10% poorest households spend 10.4% of their disposable income on electricity, gas and other fuels. This is more than three times the proportion (3.3%) spent by the richest 10% of households.

2.1 Fuel poverty is a major issue in the UK

Recent government data on fuel poverty show that according to the new Low Income High Cost definition 10.4% of all households in England were fuel poor in 2013 (Chart 2.1).[2] This equates to some 2.4 million households, or roughly 5.6 million people.[3]

Chart 2.1: Fuel poverty in England



Source: DECC (2015)

[2] Department of Energy and Climate Change (2015), 'Annual fuel poverty statistics report, 2015', June. Fuel poverty in England is measured by the Low Income High Cost definition, which considers a household to be in fuel poverty when fuel costs are above average (the national median level) and where spending that amount, would leave the household with a residual income below the official poverty line.
[3] ONS, (2014), 'Family and households'.

Data from OFGEM show that 1.5 million domestic electricity accounts in Great Britain were in debt in 2013, amounting to 5.7% of the total.[4] Similarly, some 1.4 million domestic gas accounts in Great Britain were in debt, representing a slightly higher proportion of the total at 6.2%. Where an account was in arrears at the end of 2013, the average debt owed by electricity customers was £460 and the average owed by gas customers was £466. Most significantly perhaps, in around a third of the accounts in debt (513,438 electricity accounts and 445,163 gas accounts), households were not repaying the debt owed.[5]

Pre-Payment Meters (PPM) are sometimes favoured as a mechanism that helps people budget for their energy purchases. In total, in Britain, there are now over 4 million electricity accounts that use a PPM and over 3 million that use a PPM for gas. This amounts to 16% of all electricity customer accounts and 15% of all gas customer accounts.

2.2 Why has fuel poverty increased since 2004?

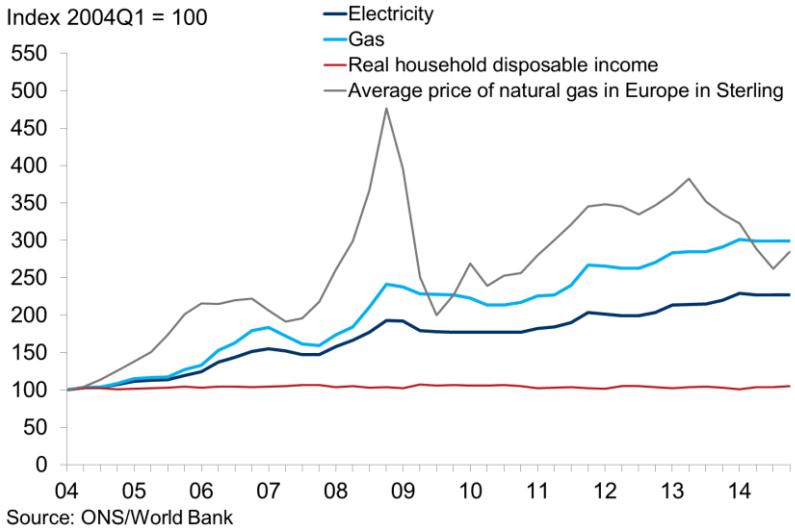
There are a number of explanations for the rise in fuel poverty in the UK seen over the past decade, including: rising energy costs; poor energy efficiency in the housing stock; and changes to household income. Each is explored in turn.

Rising Energy Costs

Over the course of the decade between 2004 and 2014 ONS data show the average price that households across the UK pay for their electricity and gas has increased by 120% and 189% respectively (Chart 2.2).[6] In part this reflects an increase in the average wholesale price of natural gas in Europe — in total it has increased by 161% over the same ten year period and has seen much higher peaks in 2008 and 2013.[7]

[4] OFGEM, (2014), 'Domestic suppliers' social obligations: 2013 annual report', 18 December.
[5] It is important to note that people in fuel poverty may not necessarily be in fuel debt as they may be paying these bills. Likewise, people in fuel debt may not be in fuel poverty.
[6] ONS data sourced from the Retail Price Index.
[7] In Sterling terms.

Chart 2.2: Retail price of electricity and gas, natural gas prices and real household disposable income



In addition, the costs of operating and maintaining the UK's energy network have increased, reflecting investment in transmission, distribution and infrastructure. Policies such as Renewables Obligations, the carbon floor and energy efficiency funding have also contributed to price rises.

- Energy Efficiency.

The UK has some of the poorest housing stock in Europe when it comes to energy efficiency. According to Centrica, for every £4 spent on heating, £1 is lost as a result of poor insulation. Government and energy suppliers are tackling this through a scheme called Energy Company Obligation (ECO) where suppliers are obliged to install insulation and energy efficient boilers into homes that need it most.

Household Income

In the decade to 2014 real household disposable income increased by only 2%, in part reflecting the negative impact of the recession on employment and wage growth.

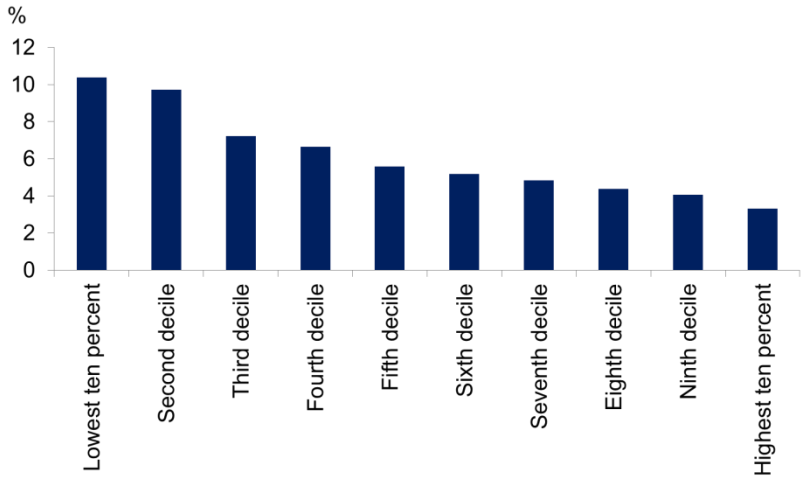
Some households have been hit especially hard by low growth in disposable income. Data from the Department of Work and Pensions, which are used to monitor income poverty, suggest that between 2003/4 and 2012/13, the real disposable income of households with below average income in fact decreased by an average of 0.2% a year.[8]

A notable consequence of these changes in price and disposable income is that the share of household income taken up by fuel costs varies markedly across households. For the poorest 10% (or decile) of households, expenditure on electricity, gas and other fuels in 2013 constituted 10.4% of disposable income.

[8] Department of Work and Pensions, (2014), 'Households below average income; An analysis of the income distribution 1994/95 – 2012/13', July.

This is more than three times the proportion spent by the richest 10% of households at 3.3% (Chart 2.3).[9]

Chart 2.3: Percentage of household expenditure spent on electricity, gas and other fuels by disposable income decile group in 2013



Source: ONS (2014)

[9] ONS, (2014), 'Family Spending 2013'. Data from Table 3.1 Detailed household expenditure by disposable income decile group, 2013, United Kingdom.

3. What does British Gas Energy Trust do?

KEY POINTS

- British Gas Energy Trust contributes to the relief of poverty, with a particular focus on fuel poverty, helping those who are struggling to pay for their gas and electricity to get back on their feet and remain free of debt going forward.
- Over the past ten years, British Gas has donated £78.4 million to British Gas Energy Trust.
- In 2014, 87% of the total amount awarded was given to 11,500 recipients under the Individuals and Families Grant Programme and the remaining 13% to 25 bodies under the Organisational Grant Programme.

3.1 The aims of British Gas Energy Trust

British Gas Energy Trust was established ten years ago explicitly to tackle fuel poverty. It seeks to help those who are struggling to pay their gas and electricity bills to get back on their feet and remain free of debt.

As Christine Tate, Head of Corporate Responsibility at British Gas explains:

"*In recognition of a growing number of families and individuals struggling to pay their household bills, the British Gas Energy Trust was established in 2004. And while the Trust is solely funded by British Gas, it is an independent charity that will support anyone whether you're a British Gas customer or not. It was a pioneering idea and the first nationwide trust of its kind to work with both British Gas and non-British Gas customers in Britain*."[10]

The Trust directs its efforts in two core directions. Firstly, it provides direct grant support to households to help them clear energy and other household debts and purchase energy efficient white goods. Secondly, it funds voluntary organisations to provide monetary and debt advice services. These two areas of focus stem directly from its aims as set out in its governing documents with the Charity Commission:

- "To administer a Grant Programme aimed at reducing energy debt for individuals and families experiencing poverty and hardship.
- To increase and improve free and impartial independent money advice services and education in England, Wales and Scotland through the Trust's organisational grant programme.

[10] Christine Tate, Head of Corporate Responsibility at British Gas, 'British Gas Energy Trust: A decade helping people', October 2014.

- To reduce the potential for people to get into debt through the funding of debt prevention work.

- To ensure the maximum amount of funds available for giving through the effective and efficient administration of the Trust."[11]

3.2 How does British Gas Energy Trust deliver its aims?

British Gas Energy Trust's programmes are operated by Charis Grants. Information on Charis Grants can be found in Appendix A. The Trust operates two grant-making programmes:

The **Individuals and Families Grant Programme** supports people living in England, Scotland and Wales who are struggling to pay their gas and electricity bills. Applicants do not need to be British Gas or Scottish Gas customers and can apply at any time of the year. The programme is reviewed by Trustees on an ongoing basis and is subject to regular monitoring and evaluation. As well as helping households to manage fuel debt, through this programme, the Trust provides help to cover a range of other expenses such as funeral costs, phone or other utility bills or essential household items.

Under the **Organisational Grant Programme**, Trustees periodically invite applications from charitable organisations for services to provide money and debt advice. Project funding is intended to help increase the availability of money advice in communities, whilst raising awareness of the Trust and increasing applications submitted to the Trust on behalf of vulnerable clients. Bidding organisations need to complete detailed applications and present their work to an interview panel, which assesses their applications. All projects are monitored and evaluated against agreed targets. Organisations are asked to submit regular monitoring reports listing the number of clients seen, the number of applications submitted to the Trust, the value of Trust awards made alongside other key performance indicators. Trustees audit applications on a quarterly basis.

Currently, British Gas Energy Trust support is enabling more than 50 specialist energy debt advisers to operate in 25 voluntary sector organisations across Britain, offering help to those struggling to pay their energy and other household bills. Some of the funded organisations are listed below:

- Bromley by Bow Centre
- Community Law Service
- Dawn Advice (see Box 4)
- Energy Projects Plus
- Foundations Independent Living Trust (see Box 2)
- Local Solutions
- Manchester Citizens Advice Bureau (CAB)

[11] British Gas Energy Trust, (2013), 'Summary Information Return 2013', 31 December.

- Money Matters Money Advice Centre
- Plymouth Energy Community
- Preston & District CAB
- Riverside Advice
- Shelter
- Speakeasy Advice Cardiff
- St Anns Advice
- St Helens CAB (see Box 1)
- Talking Money
- Zinthiya Ganeshpanchan Trust

Advisers talk to people individually and confidentially about their personal circumstances to understand their problems and give tailored advice and support.

Box 1 – St Helens CAB

St Helens Citizens Advice Bureau has received funding from British Gas Energy Trust since 2011 to assist clients in financial hardship to apply to the Trust. The Trust has increased its support for the organisation each year so that the Trust-funded project now employs three full-time workers. The centre is also involved in a pilot from April 2014 with additional funding from the Trust to work in GP surgeries.

Karl Pearce, CEO of the CAB, said: *"Over the past four quarters, the Bureau has been awarded £117,100 by British Gas Energy Trust (140 awards)…The publicity that we have had since we've had the funding has gone through the roof. We're now recognised not only locally but regionally and nationally. We get referrals from all over the country to help people even though the client may not live in our area, we can still do applications over the telephone…We also ask our clients to complete a stress questionnaire; we assess their stress levels and usually they report a very high stress level. Once the case is concluded, we then re-evaluate that with clients and 100% report that their stress levels have reduced."*

Mrs C., client of St Helens CAB, said: *"I attended the bureau regarding a funeral payment for my late husband. My son also passed away in 2012 and I was still making payments to my late son's funeral bill. Not only did the Trust assist with my initial request, but also it took the stress off me for the outstanding bill for my son's funeral. I no longer had the stress of either debt and was able to move on with my life."*

"Money advice can offer an olive branch to individuals who have been left with unmanageable debts, including fuel debts. Hence the British Gas Energy Trust is delighted to work with a range of partnering organisations over the whole of Great Britain. This report demonstrates the real impact to the people that received advice."

Maria Wardrobe
BGET Trustee

Box 2 – Foundations Independent Living Trust (FILT)

FILT is the charitable arm of Foundations, the national body for home improvement agencies in England. It helps older and vulnerable people live with dignity in their own homes. It does this by operating funds which enable local home improvement agencies to provide a range of support including repairs and improvements to people's homes. It has received funding from British Gas Energy Trust since 2011.

Paul Woolley, Development Manager at Foundations, said: "*Our delivery to the beneficiaries all takes place through home improvement agencies. A six-month pilot started in October last year to identify and carry out home assessments with vulnerable people. These also cover a range of information about staying warm at home, about how better to control the heating, and energy efficiency advice. The pilot aims to complete 1,000 home assessments in six months and to the end of January 772 had been completed (77%). There are instances where the work that is carried out by the home improvement agency might be relatively modest in cost, but where the home owner has recently perhaps had a spell in hospital with some kind of respiratory condition that was exacerbated by a cold home. In such circumstances, getting a couple of hundred quid spent on a modest cost repair in their home, could make the difference between them being able to go home and be comfortable or a stay in the hospital".*

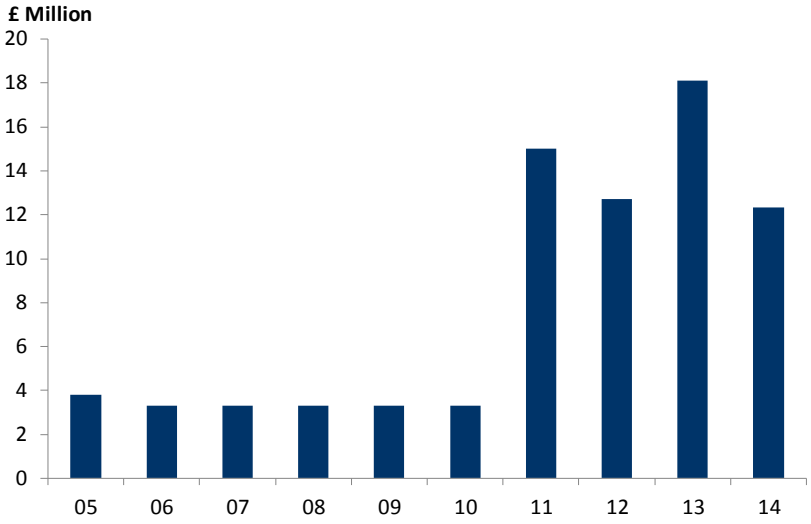
Mr and Mrs C., customers of Aster Living, said: *"Simon (the company's technical caseworker) applied to British Gas, to have our boiler replaced. At the same time, he asked if it would be possible to get us a new washing machine, as our old one had also broken. All applications were successful and Simon oversaw the installation of both appliances and the boiler. We're so grateful and Simon has been brilliant all the way through – nothing was too much trouble. We'd like to say a big thank you to the whole Aster Living team for everything they've done for us."*

3.3 British Gas' donations

Over the past ten years, British Gas has donated £78.4 million to British Gas Energy Trust. British Gas' initial donation was £10 million over three years (Chart 3.1). It continued to donate at this level (£3.3 million a year) until 2010. In 2011 British Gas increased the size of its donation to £28 million to be spent in 2011/2012 as it donated some of its Warm Home Discount obligation spend to the British Gas Energy Trust. The donation for 2014 was £12.3 million.

Analysis of Charities Commission data suggests the Trust is one of the UK's larger charities by income. At the end of September 2014 only 2.6% of the 164,000 charities registered had an income over £5 million.

Chart 3.1: Funds contributed by British Gas to the Trust

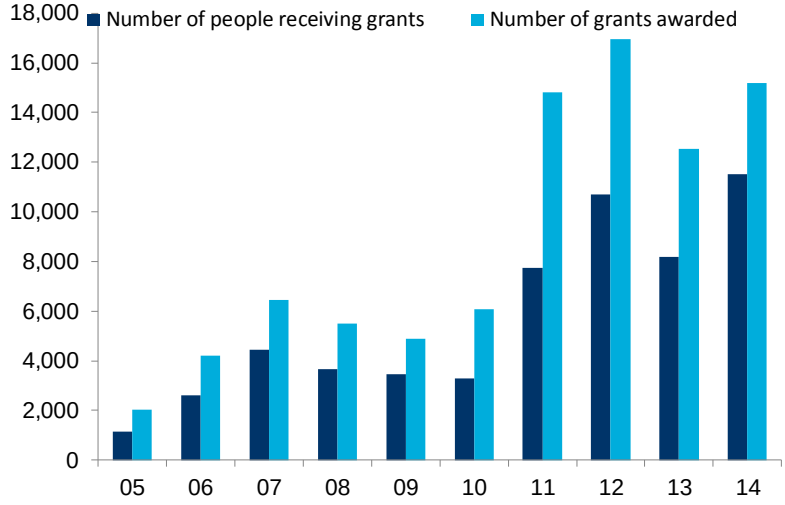


The vast majority of the Trust's income goes towards grants — to individuals or organisations. In 2014, 87% of awards were made directly to people in need through its Individuals and Families Grant Programme. Grants to institutions as part of its Organisational Grant Programme constituted another 13%. A further £2.2 million was spent on running costs.

3.4 Beneficiaries of awards from the Trust's Individuals and Families Grant Programme

Between 2004 and 2014, British Gas Energy Trust's Individuals and Families Grant Programme made 88,600 awards to 56,800 people (Chart 3.2). As funding has increased, the number of awards made also increased from an average of 4,900 a year between 2005 and 2010 to an average of 14,900 a year between 2011 and 2014.

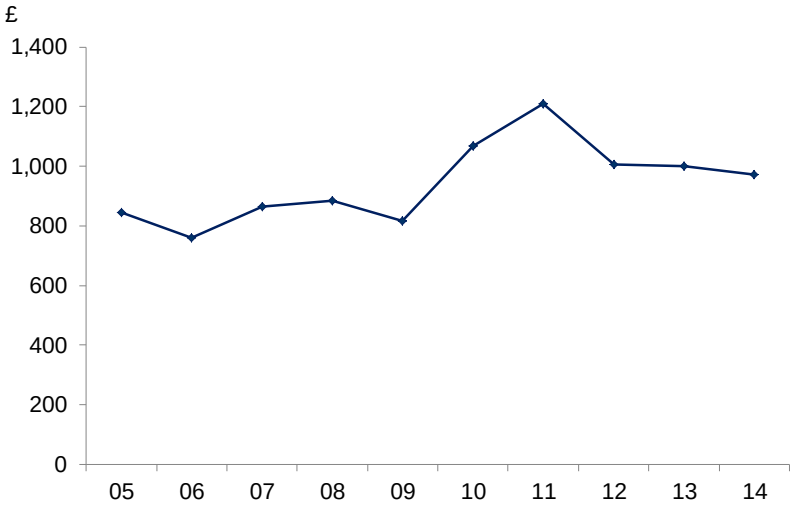
Chart 3.2: Number of grants awarded by the Individuals and Families Grant Programme



Source: Charis Grants

The average size of an award made under the Individuals and Families Grant Programme has increased over time. After taking account of inflation, the average amount awarded to a recipient was just over £800 in 2005 (in constant 2014 prices), compared to nearly £1,000 in 2014 (Chart 3.3).

Chart 3.3: Average size of an Individuals and Families Grant Programme award[12]

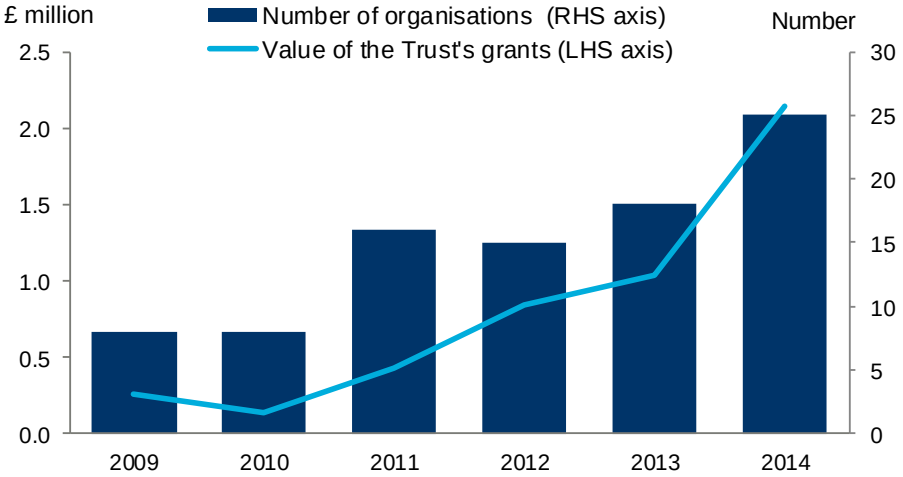


Source: Charis Grants

3.5 Beneficiaries of the Organisational Grant Programme

In 2014, British Gas Energy Trust's Organisational Grant Programme made awards to 25 charitable organisations (Chart 3.4). This compares to eight organisations in 2009. The value of the grants paid has risen more than sevenfold in real terms.

Chart 3.4: Number and value of grants made under the Organisational Grant Programme



Source: British Gas Energy Trust

[12] Constant 2014 prices using the Consumer Price Index.

4. Who gets awards from the Trust's Individuals and Families Grant Programme?

This chapter looks at the characteristics of individuals who have received a grant from British Gas Energy Trust's Individuals and Families Grant Programme over the past decade. It assesses whether these characteristics are associated with people with below average income.

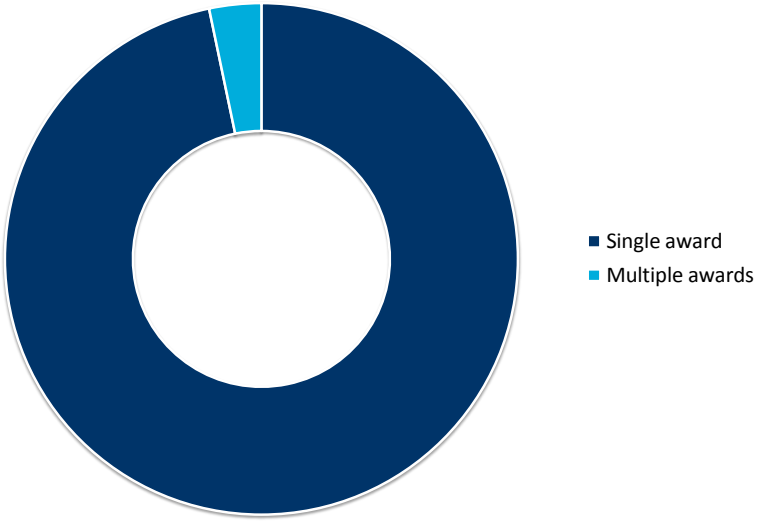
KEY POINTS

- Analysis of who receives Individuals and Families Grant Programme grants shows that 56% go to people living in the most deprived local authorities.
- Some 60% of award recipients are dependent on benefits for their income, while 37% rely on a combination of benefits and wages and 3% just wages.
- Some 65% of grant recipients live in rented accommodation. The remaining 35% own their homes.

Between 2004 and 2014, British Gas Energy Trust's Individuals and Families Grant Programme has given 88,600 grants, worth £52.2 million to 56,800 people in financial difficulty to clear their debts and get back on their feet. Of the 56,800 recipients, 97% received awards on a single occasion.[13] A small fraction, only 3% have received awards on multiple occasions (Chart 4.1).

[13] This means they could have received multiple awards within the same application, but did not receive multiple awards supplying multiple applications over time.

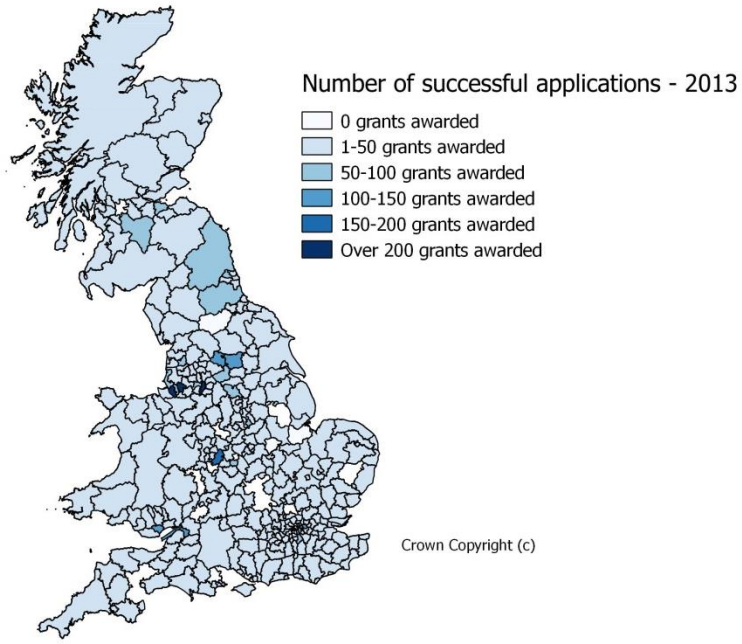
Chart 4.1: Number of award recipients receiving single and multiple awards



Source: Charis Grants

Analysis of where award recipients live suggests that British Gas Energy Trust's funds are spread throughout Britain (see also Appendix B). In 2013, awards were made to people living in 372 out of the 380 local authority districts. Figure 4.2 shows the geographic distribution of British Gas Energy Trust award recipients. As might be expected, awards tended to be concentrated in the most populous local authority districts.

Figure 4.2: Geographic distribution of British Gas Energy Trust award recipients in 2013[14]

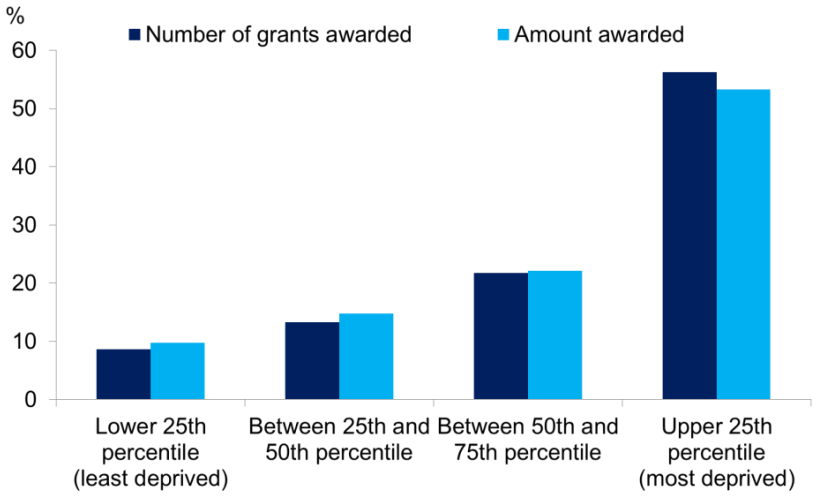


Source: Charis Grants, ONS

Using the split of grants by local authority district, it is possible to investigate their distribution against the Department for Communities and Local Government's Index of Multiple Deprivation (IMD) for England.[15] This measures deprivation across seven indicators, namely: income; employment; health and disability; education, skills and training; barriers to housing and services; crime; and living environment. These are combined to form a single composite indicator of deprivation. The results suggest that by volume of awards, 56% of the Individuals and Families Grant Programme grants go to people living in the local authorities ranked as the quarter which are most deprived (Chart 4.3). By value of the awards 53% go to people living in the most deprived quartile of local authorities.

[14] This map is based on 2013 applications for data quality reasons.
[15] DCLG, (2010), 'The English indices of deprivation 2010', 24 March.

Chart 4.3: Individuals and Families Grant Programme grants by IMD ranking of the local authority in which the recipient lives in 2013

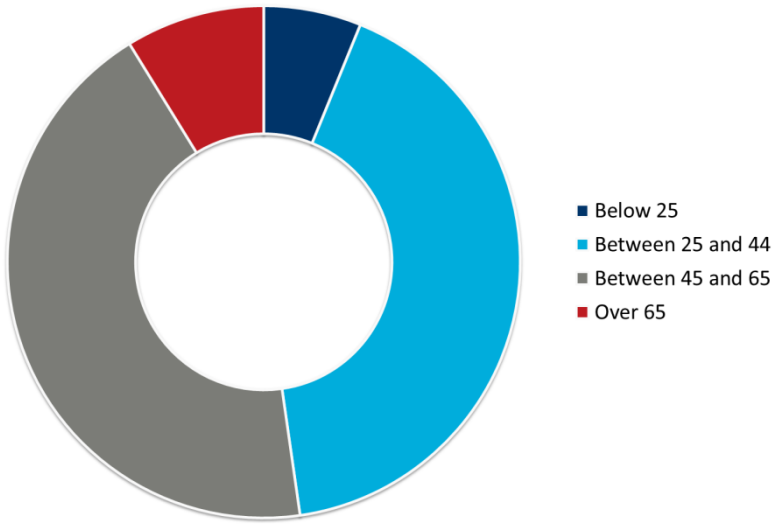


Source: Charis Grants/DCLG (2011)/Oxford Economics

4.1 Age

Between 2004 and 2014, 85% of award recipients from the Individuals and Families Grant Programme were between the ages of 25 and 65 years old (Chart 4.4). Some 6% were below 25 years old and 9% were over 65 years old.

Chart 4.4: Age profile of Individuals and Families Grant Programme award recipients between 2004 and 2014



Source: Charis Grants

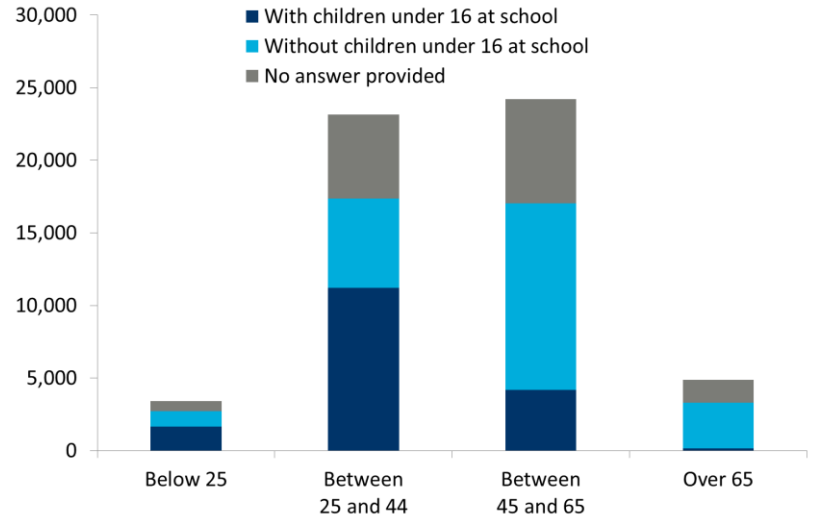
Around half of award recipients aged between 25 and 45 had dependent children, who were under 16 and attended school (Chart 4.5). Debt has been found to have very important implications for children. The

"British Gas commissioned research from Britain Thinks that suggests people over 65 are likely to be classed as 'resilient' when it comes to fuel debt. This means they're more likely to not switch their heating on/avoid meals to afford energy bills and not be in debt. This could explain the lower percentage of over 65 years old receiving help from British Gas Energy Trust."

Christine Tate, Head of Corporate Responsibility at British Gas

experience of debt can have an impact on children's school life, either because their family cannot afford the items they need to get the most out of school, or because worries about debts affect their learning. A survey by StepChange Debt charity found that over a quarter of parents with problem debt said they thought that their financial situation made it harder for their children to participate in educational activities. Around one in five said they thought it made it harder for them to concentrate in school. [16]

Chart 4.5: Under 16 children at school by age of award recipient



Source: Charis Grants

4.2 Employment and benefits

DWP's analysis of households with below average income suggests worklessness is a significant factor in explaining poverty for working-age adults. According to the DWP definition, around 47% of working-age adults in households where all adults were workless had a low income.[17] This compares to 19% if at least one adult was in work but not all, and 6% if all adults were in work.

Analysis of the sources of income also differs across the income distribution. The poorest 20% of households rely on state support for 54% of their income. This compares to the 34% that comes from earnings from employment. For the households in the top quintile, 83% of income was derived from earnings from employment.

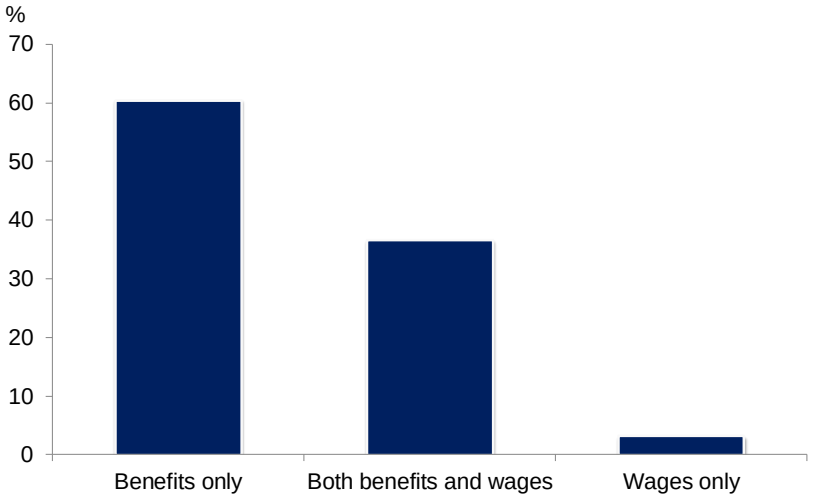
Some 60% of awards that British Gas Energy Trust's Individuals and Families Grant Programme makes are to people who are dependent on benefits for all their income. Another 37% are dependent on both benefits and wages (Chart 4.6).

"It should not come as any surprise to learn the awards offered to those most in need were far more likely to be dependent upon welfare benefits and/or living in private rented accommodation; this is often where fuel poverty is concentrated."

Colin Trend, British Gas Energy Trust Trustee

[16] StepChange, (2014), 'The debt trap – Exposing the impact of problem debt on children', May.
[17] Before housing costs.

Chart 4.6: Sources of income for award recipients between 2004 and 2014



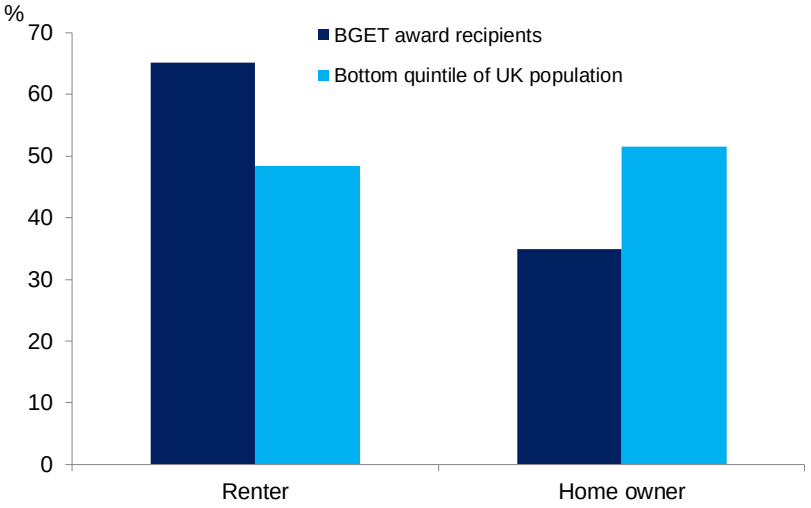
Source: Charis Grants

4.3 Housing tenure

DWP data on the characteristics of households with below average income also show a differential in housing tenure. People who rent in the social rented and private sector were 2.2 and 1.4 times as likely as those who own their home to be in relative low income before housing costs are considered. After housing costs, social rented sector tenants and private sector tenants are 3.8 and 3.4 times as likely as households who own their own home to be in relative low income.

Analysis of the recipients of British Gas Energy Trust's Individuals and Families Grant Programme over the past decade, suggests 65% lived in rented accommodation (Chart 4.7). The remaining 35% owned their own home.

Chart 4.7: Tenure type of the Trust's award recipients



Source: Charis Grants and DWP (2014)

'It's widely acknowledged that properties within the rented sector are less energy efficient than their privately owned counterparts. Seeing that 65% of recipients who received a BGET Individuals and Families Grant lived in rented accommodation demonstrates how important energy efficiency is in tackling fuel poverty.'

Maria Wardrobe
BGET Trustee

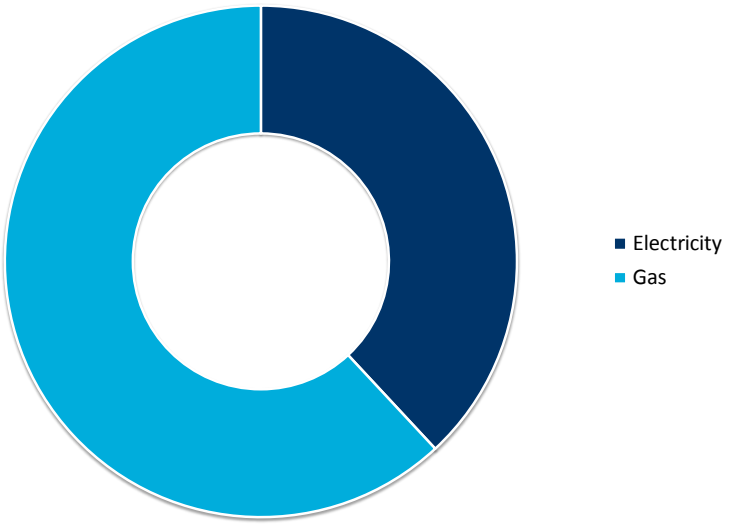
5. What do individuals and families do with a British Gas Energy Trust grant?

KEY POINTS

- Over the decade, some £26.2 million and £16.1 million of the Trust's Individuals and Families Grant Programme awards were used to pay gas and electricity debts, respectively. An additional £10.1 million was granted as Further Assistance Payments to pay for a range of essential items.
- The proportion of applications seeking support to pay off electricity bills has increased over time.

Over the last decade, over £42.3 million in awards have been made by the Trust to assist individuals and families with their gas and electricity debts. Over 60% of the money went to clear gas arrears, while the remaining 40% helped individuals and families with their electricity bills (Chart 5.1).

Chart 5.1: Awards by request type between 2004 and 2014



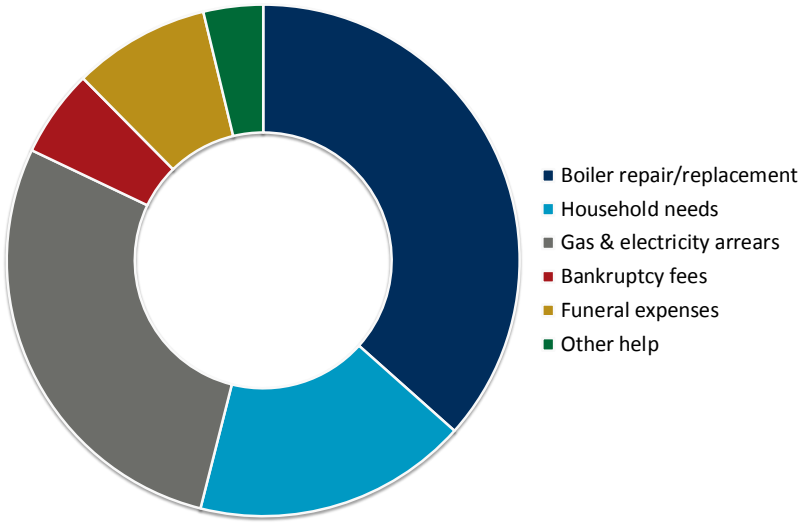
Source: Charis Grants

On top of the awards to help households manage fuel debt, the Trust provides Further Assistance Payments (FAP). These are made to people who demonstrate an exceptional need for help and can cover a range of expenses such as funeral costs, phone or other utility bill arrears or essential household items. Most of the Trust's FAP awards were made to buy beds, carpets, fridges, freezers, cookers, washing machines or other essential energy efficient household appliances (Chart 5.2).

"Further Assistance Payments are used as a way to support individuals and families get the holistic help they need to make a fresh start and maintain debt free moving forward. A lot of people that the Trust meets don't have an energy efficient boiler or white goods which mean they can be spending more on energy than they need to. The Trust understands the importance of providing holistic help to make a difference."

Daksha Piparia
BGET Trustee

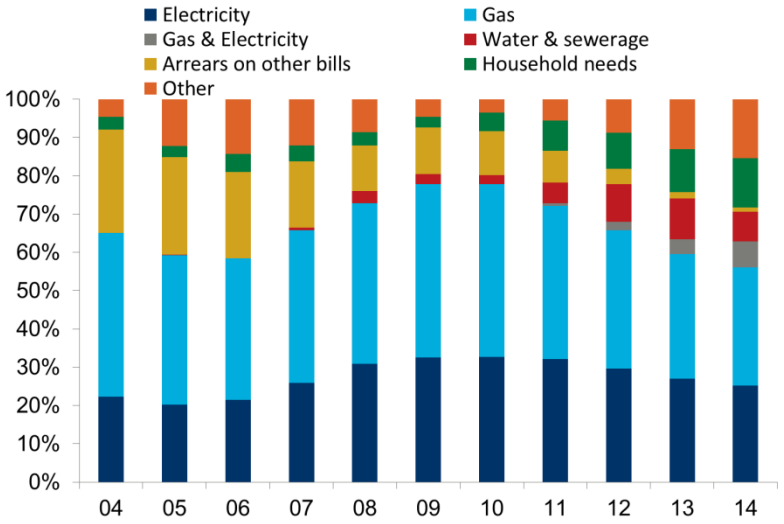
Chart 5.2: Extra help provided by the British Gas Energy Trust – Further Assistance Payments



Source: Charis Grants

Over time the reasons people give for applying to the Individuals and Families Grant Programme have changed. The number of requests related to electricity arrears has increased in relative terms (Chart 5.3), largely at the expense of gas-bill-related applications. However, in recent years, more people have applied to clear these bills jointly. Arrears on other bills are no longer among the most common reasons for applying, while water and sewerage arrears have gained prominence, alongside general household needs.

Chart 5.3: Types of requests over time



Source: Charis Grants

6. What difference does the Individuals and Family Grant Programme make to recipients?

KEY POINTS

- Receipt of an Individuals and Families Grant Programme grant from the Trust made a positive difference to the mental and physical health of those in fuel debt in 90% and 65% of cases, respectively.
- For 61% of recipients, a grant also made a positive difference to their relationship with partners, children, other family members or work colleagues.
- Receipt of a grant from the Trust had a positive impact on the housing stability of 71% of the beneficiaries.
- A grant improved the employment situation for 14% of recipients.

6.1 The theory of change

To identify the issues fuel debt causes, a literature review was undertaken on problem debt and its consequences. This helped to articulate a theory of change. This is a very important step within the Social Return on Investment framework, as it tells the story of how people perceive their lives have changed thanks to the Trust's support. The set of outcomes identified were health, social life and economic improvements (Table 6.1). Based on the theory of change, this work argues that these three spheres are likely to be positively affected by a debt relief intervention, such as that of the British Gas Energy Trust.

Table 6.1: Outcomes achieved by people receiving an award from the Trust's Individuals and Families Grant Programme

Type of outcome		
Health	Improved financial circumstances reducing anxiety and stress, leading to a range of better health outcomes	Lower stress, depression, anxiety
		Better general health
Social	Various social outcomes improved thanks to debt relief	Better money management
		Improved relationships
		Stable housing situation
Economic	Employment prospects and productivity enhancements	Moving into employment/ increasing working hours/ improving productivity

Source: Oxford Economics

To assess the scale of the outcomes the British Gas Energy Trust has achieved over the last decade, an online survey was sent to 9,934 Individuals and

Families Grant Programme award recipients in February 2015. Over 850 responses were collected, of which around 20 were lacking essential information and were therefore disregarded.

The survey asked 14 questions about how the receipt of a grant had impacted the recipients' life, if at all. In particular, it investigated the impact on recipients' mental and physical health, their social interactions and economic circumstances.

6.2 Possible outcomes and survey results

6.2.1 Health outcomes: mental and physical health

There is a large body of evidence supporting a link between debt and health problems. Choi (2010), for instance, finds that, among the people reporting high debt stress, 27% had ulcers or digestive-tract problems, compared with 8% of those with low levels of debt stress, and 29% suffered severe anxiety, compared with 4% of those with low debt stress.[18] Receiving an award to clear energy arrears has therefore the potential to strongly affect mental and physical health of the recipients who benefit from debt relief.

There is broad consensus in the literature about the link between debt and mental health. The Royal College of Psychiatrists finds that, the more debt people have, the more likely they are to have a mental disorder. Jenkins et al. (2008) find that people on low incomes are more likely to have a mental disorder; however, they provide evidence that debt and socio-demographic factors are strongly inter-related which may strongly mediate this relationship.[19] Similarly, research published on the British Journal of Psychiatry demonstrated that individuals who initially have no mental health problems, but find themselves having unmanageable debts within a 12-month period, have a 33% higher risk of developing depression and anxiety-related problems compared to the general population.[20]

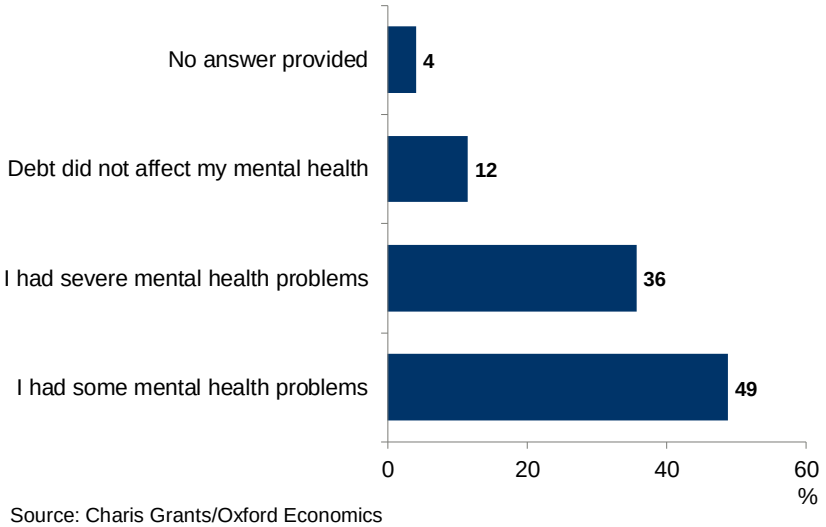
The Centre for Sustainable Energy finds a strong link between fuel poverty and health and well-being; fuel poverty is related to a rise in blood pressure, which in turn increases the risk of heart attacks and strokes. Other diseases related to fuel poverty are arthritis, asthma and other respiratory diseases, alongside with anxiety and depression.

[18] Choi, L, (2010), 'Financial stress and its physical effects on individual and communities', Federal Reserve Bank of San Francisco.
[19] Jenkins, R, Bhugra, D, Bebbington, P et al., (2008), 'Debt, income and mental disorder in the general population', Psychological Medicine 2008, Vol. 38, pages1485–94.
[20] Skapinakis, P, Weich, S et al, (2006), 'Socio-economic position and common mental disorders. Longitudinal study in the general population in the UK', British Journal of Psychiatry.

6.2.1.1 Mental health

The Individuals and Families Grant Programme award recipients surveyed were asked to rate their psychological health status (anxiety, depression, stress) before the award's receipt. Some 49% of respondents said fuel debt was causing them some mental health problems (feeling moderately anxious or depressed), while a further 36% said they suffered from severe mental health issues due to their fuel debt. Just 12% of respondents argued that debt did not affect their mental health.

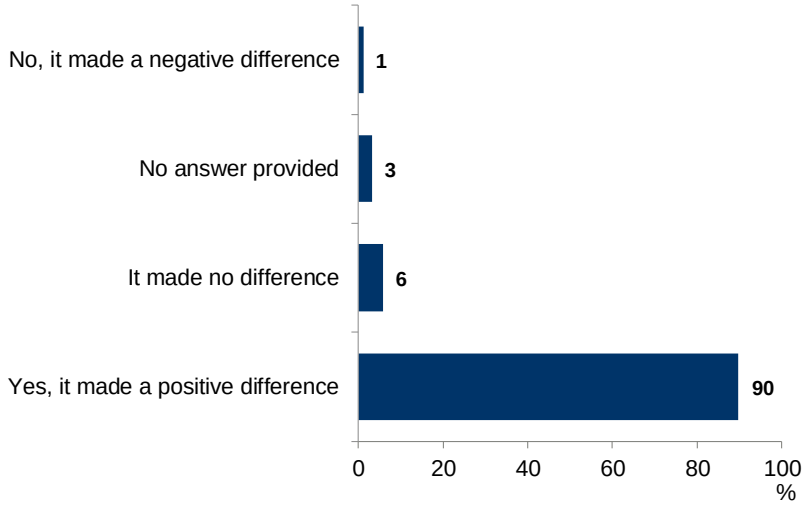
Chart 6.2: To what extent did your fuel debt affect your mental health?



Source: Charis Grants/Oxford Economics

The award recipients were then asked whether the grant they received had made a positive difference to their mental health. Some 90% of recipients said the grant did make a positive difference, while 6% said it made no difference and 1% said it had a negative impact.

Chart 6.3: Has the grant had a positive impact on your stress, depression and anxiety?



Source: Charis Grants/Oxford Economics

Box 3: Recipient of advice from Dawn Advice

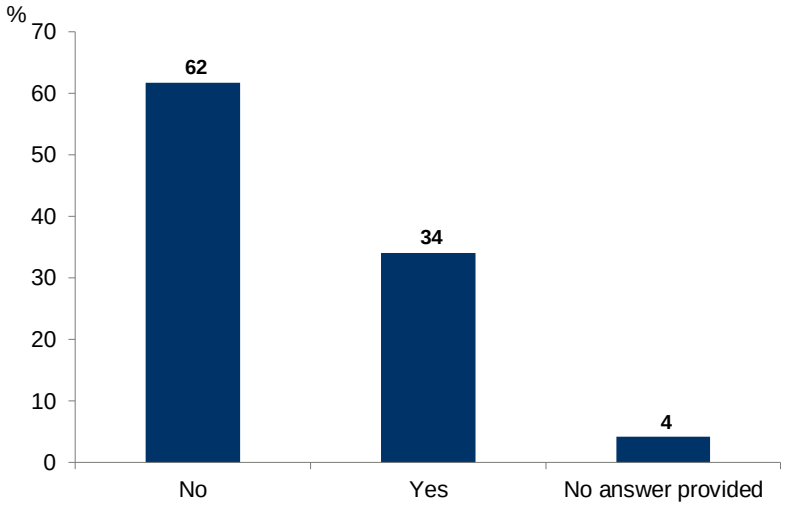
"Miss K. is 49; she is single and has no dependent children. She suffers from depression and anxiety and takes two different prescription drugs for this condition. She is alcohol dependent and difficult to engage with; she has been drinking since she was 18. In order to alleviate pressure from the client and remove the constant worry of her debt issues, arrangements were made for her to pay for her water usage directly from her benefits given her vulnerability. Removal of the debt issues alleviated enormous worry and pressure from Miss K. and also helped reducing the need to drink."

Miss K. received support from Dawn Advice, funded by the British Gas Energy Trust

6.2.1.2 Physical health

Of the Trust's Individuals and Families Grant Programme recipients surveyed, 34% thought getting into fuel debt had led to a physical illness. Some 62% thought it had not impacted their physical health.

Chart 6.4: Did your fuel debt lead to any physical illness?



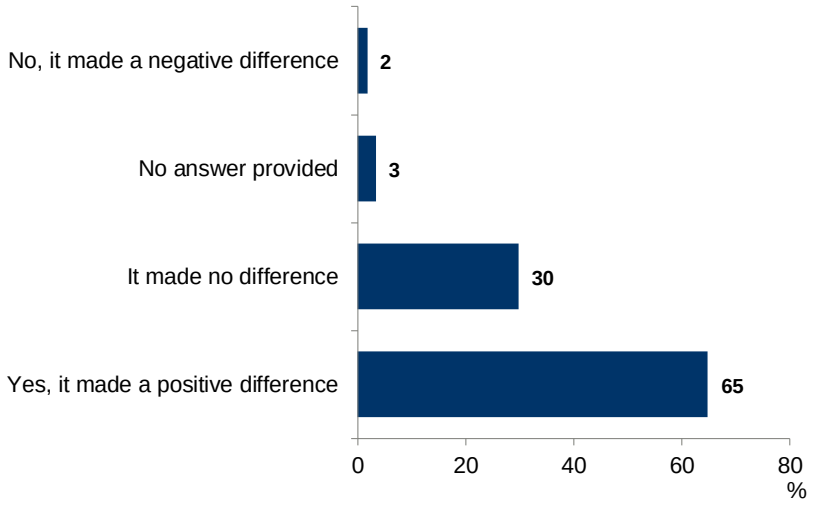
Source: Charis Grants/Oxford Economics

Some 65% of the respondents said the grant made a positive difference to their physical health. This may lead to recipients feeling fitter, using less medication, visiting health services less often and suffering from less pain.

"It doesn't come as a surprise that over 90% and 65% of people surveyed respectively feel a positive difference to their mental and physical health. Being in debt is extremely stressful and not only can this impact mental and physical health but a lot of people in debt are also at risk of under-heating their homes, exacerbating the problem further. Because of this, British Gas Energy Trust has begun funding outreach programmes in GP surgeries to talk to people who may be at risk of fuel debt and we're already seeing some great results."

Vicky Egerton, Manchester CAB A BGET funded adviser

Chart 6.5: Did the grant you received have a positive impact on your physical health?



Source: Charis Grants/Oxford Economics

6.2.2 Social outcomes: money management, relationships and housing

The receipt of an award from the Trust can enhance the social outcomes the recipient is likely to achieve. The analysis focuses on the impact of the grant on enhancing money management skills, improving relationships and housing stability. The intervention is likely to deliver other benefits, such as self-confidence and self-esteem, but we do not attempt to quantify these.

The Money Charity estimates that one in four people has no idea how much they spend in a week. The Financial Services Authority (FSA) published a baseline survey in 2006 which showed that a large number of people from across all sections of society are not taking basic steps to plan ahead.[21] This was found to be particularly true among under-40s, with 29% of 16-24 year-olds saying they would not know how to prepare and manage a weekly budget. Applicants to the Trust are encouraged to seek debt advice before submitting their applications in order to boost their chances of success. Some of the advice organisations (for example, the ones funded by the Organisational Grant Programme) provide a holistic service, which would include wider budgeting advice and skills.

Social relationships are substantially affected by debt problems and debt relief can therefore represent a great improvement in the Trust's award recipients' life. There is a large body of evidence on the extent to which debt affects relationships. The Ministry of Justice Legal Services Research Centre undertook a study on the broad impact of debt advice and found that debt "frequently impacted on relationships between the respondent and their family and friends".[22] In addition, the Money Advice Service revealed that 56% of

"We ask applicants to seek debt or money management advice as we believe it is vital that applicants know their incomings and outgoings so they can see whether their budgets are sustainable. This also helps to reduce the number of people reapplying to the Trust, by avoiding the spiral back into debt again."

John Kolm-Murray
BGET Trustee

[21] FSA, (2006), 'Financial capability in the UK: establishing a baseline', March.
[22] Turley, C, and White, C, (2007), 'Assessing the impact of advice for people with debt problems', Legal Services Research Centre.

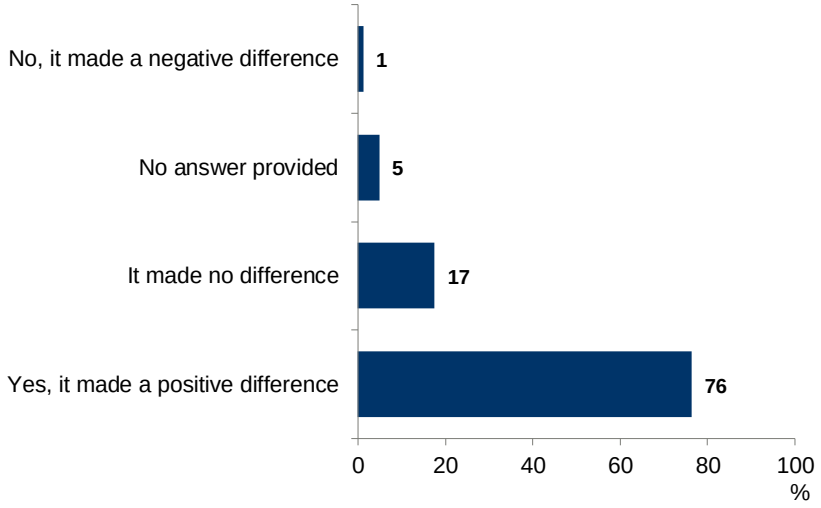
those with unmanageable debts reported a negative impact on their family life.[23] The Centre for Social Justice also identifies problem debt in having a role in family breakdown.[24]

The third social outcome explored in this work is housing stability. The relationship between debt and housing problems has been established in several works by StepChange Debt charity[25] and the Legal Services Research Centre.[26] The repayment of fuel debts in preference to rent, or the problems fuel debt can lead to, may limit employment possibilities or lead to family breakdowns, which in turn may cause broken tenancies.

6.2.2.1 Managing money

Asked whether having received a grant from the Trust's Individuals and Families Grant Programme has improved the way they manage their money, 76% reported receiving the grant had made a positive difference (Chart 6.6). Some 17% said the grant had made no difference to the way they managed their money.

Chart 6.6: Has the grant you received improved the way you manage your money?



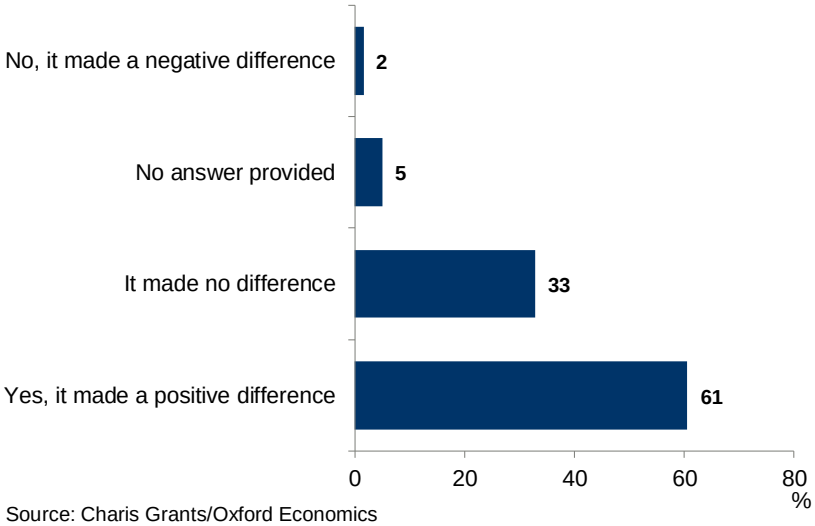
Source: Charis Grants/Oxford Economics

[23] The Money Advice Service, 'Money advice service: final report'.
[24] The Centre for Social Justice (2013), 'Maxed out – Serious personal debt in Britain', November.
[25] StepChange, (2014) 'The debt trap – Exposing the impact of problem debt on children', May.
[26] Pleasance, P, Buck, A, Balmer, N, and Williams, K, (2007), 'A helping hand – The impact of debt advice on people's lives', Legal Services Research Centre.

6.2.2.2 Relationships

When asked whether receipt of the grant had impacted recipients' relationships with their partners, children, family members or work colleagues, 61% replied it had a positive impact. Some 33% thought it had no impact and 2% reported a negative impact.

Chart 6.7: Has the grant you received had a positive impact on your relationships with your partner, children, other family members or people you work with?



Source: Charis Grants/Oxford Economics

Box 4: An Individuals and Families Grant Programme award recipient

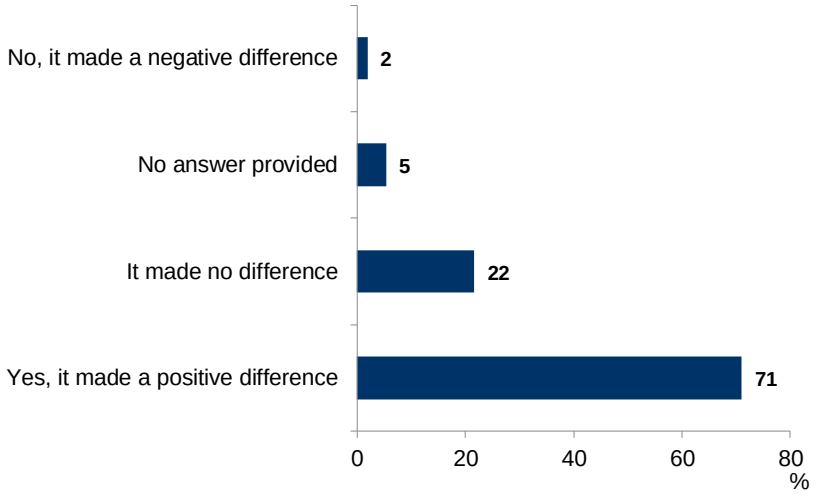
"Miss A. is a 52 year-old single woman living alone in rented accommodation and she claims Employment and Support Allowance and Disability Living Allowance. With the assistance of St Helens Citizens Advice in completing the application form, Miss A. has received £1,791.60 to clear gas and electric arrears and £480 to purchase carpets from the British Gas Energy Trust. The client has also started attending Perth Community Centre in Thatto Heath to combat her social isolation following a recommendation from the Bureau, as she lives close to the centre."

Miss A. received support from St Helens Citizens Advice, funded by the British Gas Energy Trust

6.2.2.3 Housing

The Individuals and Families Grant Programme award recipients were also asked if receipt of a grant had a positive impact on their housing stability (Chart 6.8). Some 71% said it had a positive impact, while 22% said it made no difference and 2% said it had a negative impact.

Chart 6.8: Has the grant you received had a positive impact on your housing stability (less fear of not being able to pay rent/mortgage, fear of eviction)?



Source: Charis Grants/Oxford Economics

6.2.3 Economic outcomes

It has been suggested that debt can impact on an individual's ability to engage in, or find, work. In its report, the Centre for Social Justice[27] argues that the stress caused by problem debt could have an adverse impact on an individual's "ability to be productive at work and can prevent those who are unemployed from finding work". This, in turn, could exacerbate debt problems and lead to a "debt trap", where people are unable to finance their cost of living and repay their debts.

Further to this, the report found that:

- One in ten reported giving up their job as a result of their debt problems;
- One in five found it difficult to find employment as a result of their debt;
- A one percent increase in the unemployment rate results in an estimated 240,000 debt advice enquiries per year.

Having a job creates a large number of benefits for both the individual and society as a whole. Individuals receive higher incomes from wage and non-wage payments (for example, contributions to a pension fund, health insurance, etc). Employment also impacts on individuals' wellbeing. It enlarges the employee's social network, reduces feeling of social isolation and improves a person's psychological wellbeing to feeling like a useful member of society.

The academic evidence suggests that being currently out of job also negatively impacts an individual's long-term labour market prospects.[28] In empirical studies, several authors find that, the longer an individual is unemployed for, the

[27] The Centre for Social Justice, (2013), 'Maxed out – Serious personal debt in Britain', November.
[28] This SROI does not attempt to quantify this longer term effect.

lower the likelihood of gaining employment in future. Moreover, lengthy spells of unemployment also lower the future wages the individual will receive if successful in regaining employment. This is known as the 'scarring' effect (Arulampalam 2001[29], Arulampalam, Booth and Taylor 2000[30], Gregg 2001[31], Gregory and Jukes 2001).[32]

Employment also brings benefits to society. The government gains from higher tax revenues, both in the form of labour taxes (income tax and National Insurance contributions) and their greater spending capacity (through VAT and excise duties). Employment also lowers government expenditure on welfare benefits (for example, Job Seeker's Allowance and Housing Benefits). Given the links between unemployment and mental illness, higher employment rates also place less pressure on the National Health Service's treatment costs (Liem and Rayman 1982).[33]

An individual in employment is likely to have a higher income level than someone on welfare benefits, facilitating greater expenditure. Additional spending has a positive impact on the economy (if operating below full capacity), generating more output and jobs to meet the extra demand.

Box 5 – Dawn Advice

Dawn Advice is an independent charity offering confidential, independent and impartial advice on a range of issues, including debt, fuel debt, energy and family law. Dawn Advice is located in Morpeth, Northumberland, and its Energy Advice Project has been funded by the British Gas Energy Trust for two and a half years. Over the past three months, Dawn Advice submitted 57 applications to the Trust, of which 49 were successful with a total award amounting to over £32,000 to Dawn's clients.

Hayley Cherry, Operations Manager said *"the impact the Trust has had on those that have applied for grants has been immense, tremendous, life-changing…The key word is holistic to be honest. We can't make an application to the Energy Trust without addressing all other issues and that's what makes a good application and a successful application. From when somebody rings up and says - I've got £300 arrears with British Gas - you discover a whole world out there. You look at the family make-up and its dynamics, you look at the health issues, you maximise their income, you address their housing issues… Since January we are now focusing on the direct correlation between health and warmth. The funding enables us to work*

[29] Arulampalam, W, (2001), 'Is unemployment really scarring? Effects of unemployment experiences on wages', Economic Journal.
[30] Arulampalam, W, Booth, A, and Taylor M, (2000), 'Unemployment persistence', Oxford Economic Papers.
[31] Gregg, P, (2001), 'The impact of youth unemployment on adult unemployment in the NCDS', The Economic Journal.
[32] Gregory, M, and Jukes, R, (2001) 'Unemployment and subsequent earnings: Estimating scarring among British men 1984-1994', Economic Journal.
[33] Liem, R, and Rayman P (1982), 'Health and social costs of unemployment: Research and policy considerations', American Psychologist.

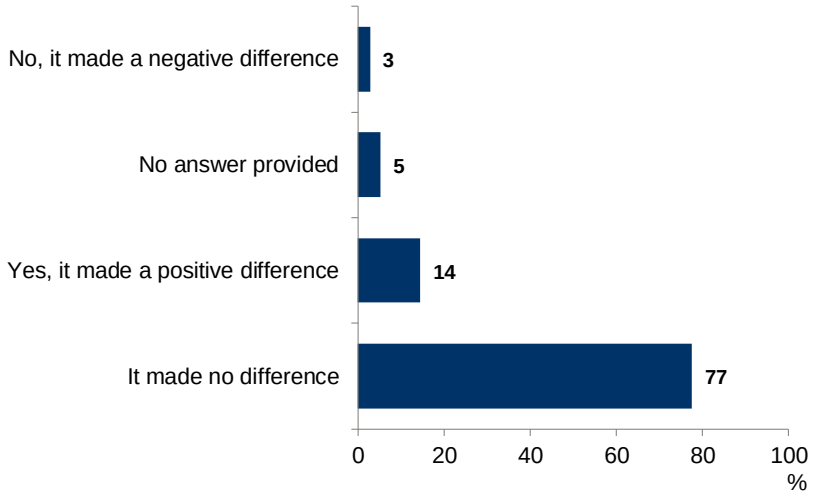
in partnership with health professionals to improve the health and wellbeing of vulnerable residents… Our services encompass the whole of the North East area and Cumbria."

Mrs I., Dawn Advice client, wrote *"This is a heartfelt thank you for all your time and patience in bringing about the successful application for a new boiler for my home. I'm very happy with my new warm house and hot water on tap. I really am very, very grateful for your help."*

A relatively small proportion of the Trust's Individuals and Families Grant Programme award recipients are active in the labour market (only 17%).[34] In some cases, this reflects their age: 9% are over retirement age. In others, their inability to work: 11% of award recipients are registered disabled.

Working age survey respondents were asked whether receipt of a grant had improved their employment situation. Some 77% said the award made no difference (Chart 6.9); some 14% said it had made a positive difference.

Chart 6.9: Has having received a British Gas Energy Trust grant improved your employment situation?



Source: Charis Grants/Oxford Economics

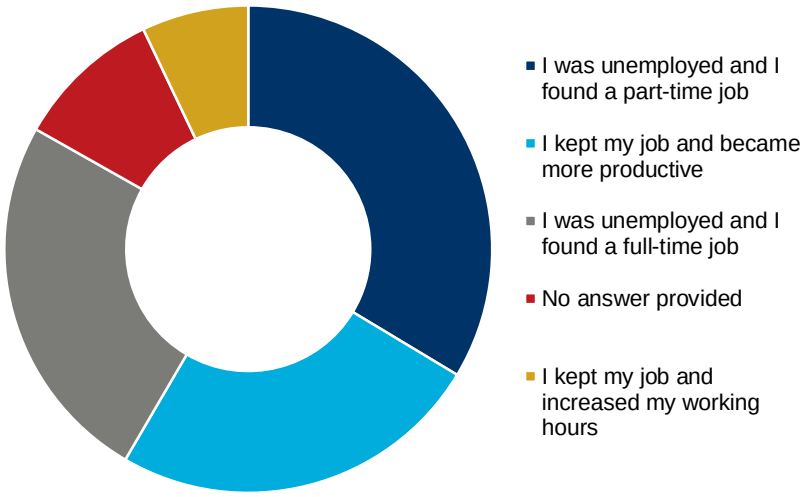
Looking at those grant recipients who experienced a positive effect on their employment situation, 34% and 25% said they were unemployed and found a part-time and full-time job, respectively. A further 25% claimed to become more productive in his/her job.

"This report has highlighted that the British Gas Energy Trust could potentially be doing more to help people with their employability skills, as part of the support the Trust provides. Over the coming months, the Trustees will explore what additional support we can provide."

Andrew Brown
BGET Trustee

[34] Average between 2004 and 2012.

Chart 6.10: If the grant improved your employment situation, how?



Source: Oxford Economics

7. How much value do British Gas Energy Trust awards to individuals and families create?

Every day British Gas Energy Trust's actions have positive economic and social impacts on those in fuel poverty in Great Britain. This chapter estimates the monetary value of those impacts and compares it to the costs of operating the Trust in 2014. The resulting metric is the Trust's SROI. Chapter 10 investigates the ten-year impact of the Trust.

KEY POINTS

- In total, it is estimated that the Trust's Individuals and Families Grant Programme delivered £21.3 million in impacts for society in 2014. Of these, £14.0 million (or 66% of total) accrue to the grant recipients.
- For every £1 the Trust spent on administering the programme in 2014, society benefits by £1.90.

7.1 Explaining the SROI approach

This report uses the SROI technique to quantify the impact the British Gas Energy Trust has on society. SROI is a popular metric used to measure the positive contribution charities and other types of institutions generate for every £1 invested.[35] To calculate the SROI, the report monetises (gives a monetary value to) the economic, social and health impacts the Trust's activities produce. This is not an easy task as a significant proportion of the impacts are difficult to translate into a monetary value. In order to overcome this problem, this study uses financial proxies for these outcomes. The monetised value of the impacts is then divided by the size of the Trust's costs of administering the programme to calculate the return to society delivered by the investment.

The Trust's impacts are measured after taking into consideration both attribution and deadweight. Attribution is an assessment of how much of the outcome was brought about by the actions of other organisations (for example, other debt relief or advice giving charities). Deadweight is a measure of the amount of outcome that would have happened in the absence of the Trust's activities.

7.2 Undertaking the SROI on the British Gas Energy Trust

In order to estimate the extent of the positive outcomes the Trust achieves, the survey evidence is combined with the number of people receiving grants. The survey asks grant recipients whether their energy debt caused them various

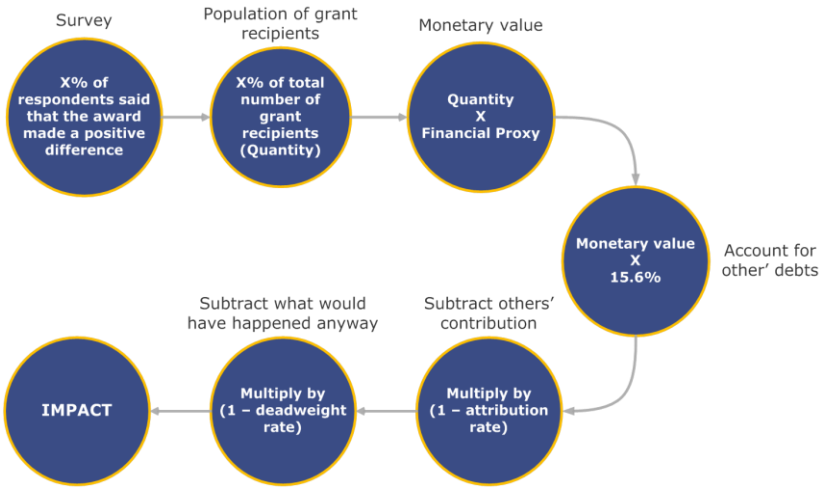
[35] See The SROI Network (2012), 'A Guide to Social Return on Investment' for an introduction.

types of problems (for example, mental health problems like stress and depression). The proportion of respondents reporting each problem was multiplied by the number of people receiving an award; this gave the total number of people the Trust could potentially help with each effect brought on by fuel debt.

To calculate the number of people who experienced relief from the effect because of the receipt of a grant from the Trust, the percentage reporting a significant reduction in the effect was multiplied by the number of people estimated to have it. The resulting number of people served as the maximum the Trust could have helped with each problem arising from fuel debt. The quantities are shown in the Impact Map (Appendix C).

Little is known about the duration of the outcomes that result from receipt of a grant. It is assumed all last for one year.

Figure 7.1: Scheme of how the SROI for the British Gas Energy Trust was calculated



To calculate the maximum value of the economic and social outcomes the Trust achieved, the number of people estimated to have had a problem relieved because of a grant needs to be multiplied by the cost to society of that problem. Unfortunately, most of the outcomes reported by survey respondents are not traded in an open market or are intangible. For these, it has proved necessary to identify the closest comparable value of a product/service with a market price. In some cases a potential cost saving has been used. Section 7.3 explains how the monetary value for each type of outcome is derived.

The total monetary value needs to be scaled down as fuel debt typically represents a fairly limited proportion of an individual's total debt. As a result, an award may only partly alleviate a problem brought on by debt. StepChange Debt Charity[36] estimates the percentage of total client debt (consumer credit

[36] StepChange Debt Charity is a registered charity, whose purpose is to assist people who are in financial difficulty by providing free, confidential debt advice and debt solutions. Their online debt help service, StepChange Debt Remedy, provides instant, anonymous advice, a personalised

debts[37] and arrears on priority bills[38]) represented by fuel arrears. This is estimated at 10.7%[39], suggesting that just over £1 in every £10 is owed to utility companies. This estimate is calculated using StepChange Debt Charity records for customers with some arrears on energy bills, which are assumed to be representative of the people helped by the British Gas Energy Trust. In order to calculate an accurate estimate the impacts are multiplied by 10.7%.

As outlined in Chapter 5, however, the British Gas Energy Trust not only supports people with their fuel arrears, but also helps vulnerable households through Further Assistance Payments with arrears on other bills, bankruptcy fees and boiler replacements, etc. To account for this additional impact, we calculated that, on top of the 10.7% represented by fuel-related debt, the Trust's successful applicants would see a further 4.9% reduction in their liabilities. Therefore, it is assumed the Trust's standard payments, alongside its Further Assistance Payments, would solve 15.6% of its recipients' debt problems.

7.3 Attribution

In many cases change is not caused by one single activity or intervention, but comes as a result of more than one service and/or persons working together. SROI analysis uses attribution to assess how much others have contributed to the identified outcome.

In this analysis, attribution is calculated on the basis of the answers to a survey question put to award recipients. They were asked: "Did you receive any other funding besides the Trust's award to help you alleviate your fuel debts/problems?" The attribution rate is the percentage of survey respondents who replied they did receive other funding and thus it is not possible to attribute the entire impact to the Trust's intervention. Some 9% of survey respondents received other funding besides the Trust's award to help alleviate their fuel debts (Chart 7.2). This percentage is removed from the measured outcomes.

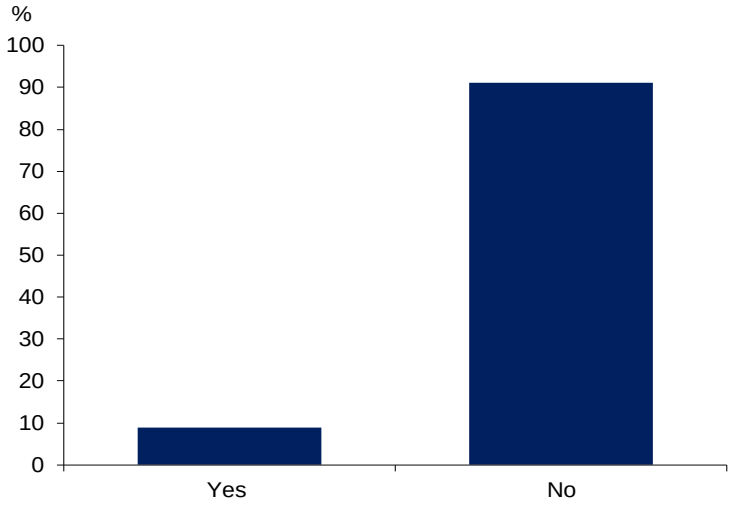
budget and a realistic recommendation. No commitment is required and the service is free of charge. The charity provides advice on problem debt to over 500,000 people a year. Its aim is creating a society free from problem debt, and this is achieved through promoting greater awareness of free debt advice and enhancing people's financial understanding and capability.

[37] These include debts on unsecured credit agreements, such as personal loans, payday loans and credit cards.

[38] These include missed payments on household bills that could result in the loss of service or liberty, for example council tax, rent and mortgage and obviously fuel arrears.

[39] Research support from Joseph Surtees, Senior Public Policy Advocate at StepChange Debt Charity, is gratefully acknowledged.

Chart 7.2: Did you receive any other funding besides the British Gas Energy Trust's award to help you alleviate your fuel debts/problems?



Source : Charis Grants

7.4 Deadweight

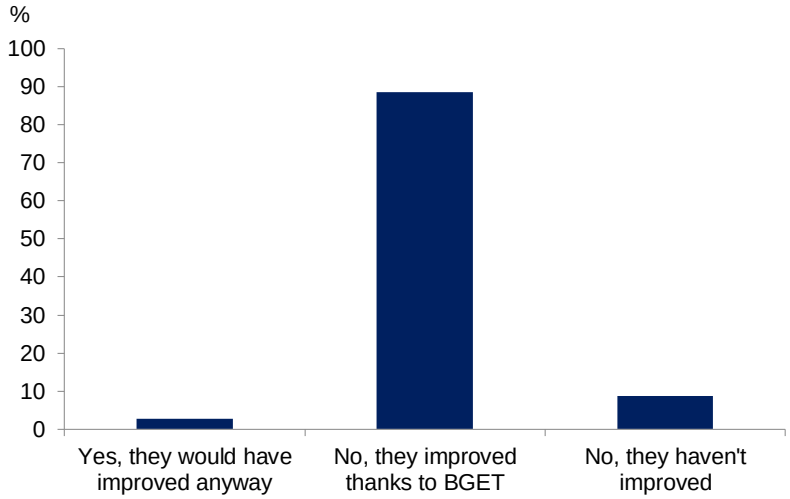
Most studies that seek to assess the impact of an intervention follow the principles set out in HM Treasury guide to appraisal and evaluation (referred to as 'The Green Book').[40] This argues that outcomes that would have occurred anyway, if the intervention had not been implemented, should be excluded from the impact assessment. The term 'deadweight' is used to refer to the outcomes that would have happened anyway.

In this study deadweight is estimated using the survey. Award recipients were asked: "Do you think your fuel debt issues would have improved, in absence of the Trust's intervention". Some 11% of survey respondents thought their fuel debt issues would have improved in absence of the Trust's intervention or alternatively thought their problems haven't improved at all (Chart 7.3). This percentage is used as the estimate of deadweight.

It is acknowledged the results of this survey question may be biased, as award recipients may be grateful for the grant. But unfortunately it is not known whether this is true, or the extent to which their replies deviate from the truth.

[40] HM Treasury, (2003), 'Appraisal and evaluation in central government'.

Chart 7.3: Do you think your fuel debt issues would have improved, in absence of the Trust's intervention?



Source: Charis Grants

7.5 Valuing the impacts the Trust achieves

To give a monetary value to the impacts attributable to the Trust, the quantities of the outcomes, net of attribution and deadweight, were multiplied by the value of the financial proxies (Table 7.4).

Table 7.4: Financial proxies used to estimate the monetary value of the Trust's impacts

Stakeholder	Outcome	Proxy value	Proxy description
Customers	**Reduced stress, depression and anxiety (mild)**	2,940	Loss of a QALY for a person with a mild mental health issue
	Reduced stress, depression and anxiety (severe)	10,560	Loss of a QALY for a person with a severe mental health issue
	Improved health	6,120	Loss of a QALY for a person with moderate pain
	Increased financial skills	495	Cost of non professional budgetting course
	Improved relationships	1,148	Monetary value of spending time with friends
	Improved housing stability	2,118	Homelessness prevented
	Moving to full-time employment	6,673	Increase in income in comparison with being on welfare benefits
	Moving to part-time employment	4,849	Increase in income in comparison with being on welfare benefits
	Increased productivity	2,242	Increased output driven by increased productiviy
	Increased working hours	1,824	Increase in income stemming from moving from part-time to full-time
Other	**NHS - mental health (mild problems)**	831	Cost of depression treatment
	NHS - mental health (severe problems)	1,493	Cost of admission and stay in mental health care home
	NHS - general health	1,456	Cost of visiting GP more often
	DWP - unemployment benefits	10,025	Cost of a workless benefit claimant
	HMRC - tax revenues	4,281	New tax receipts stemming from more people in employment
	Council - broken tenancies	4,236	Cost of failed tenancy

Source: Oxford Economics

7.5.1 Health outcomes: mental and physical health

Survey responses clearly show the role of debt relief in improving people's mental and physical health conditions. The benefits from improved health conditions come in two forms. First, better health increases the length and the quality of life to the individual. Second, the NHS no longer has to pay

treatments, including prescription costs for those relieved from suffering of mental or physical health problems.

For placing a cost on a health-related outcome, the analysis makes use of the concept of quality-adjusted life-year (QALY) and the monetary value placed on a QALY in the health literature. A QALY takes into account both the quantity and quality of life generated by interventions to improve health outcomes. It is the arithmetic product of life expectancy and a measure of the quality of the remaining life years. A QALY places a weight on time in different health states. A year of perfect health is worth 1, and a year of less than perfect health is worth less than 1.

The reduction in NHS costs of the provision of treatment for mental health issues developed as a result of the debt is estimated using data produced by the Personal Social Services Research Unit (PSSRU) (2014).[41] These cover unit costs for more than 100 health and social care services each year.

On top of the unit cost of seeing a doctor or receiving therapies, this study factors in prescribing costs. Indeed, whereas medicines and drugs are often short-term, the support provided by the Trust is far more long-term. Many individuals who receive advice or financial help from the Trust have years-long prescriptions for their conditions and improving their health permanently gives rise to substantial savings to the NHS.

7.5.1.1 Mental health

The average loss of health status is estimated at 0.098 of a QALY for each individual with some mental health problems (moderately anxious or depressed) and 0.352 of a QALY for those with severe mental health problems (extremely anxious or depressed).[42] These are then multiplied by how much each QALY is worth (£30,000) to obtain the total number of QALYs lost each year as a result of the illness.

Depression and anxiety-related problems are associated with significant costs arising from health service use. PSSRU (2014) estimate the costs of admission for an initial mental health assessment at £267, to which £11 is added if the patient is not admitted to an NHS hospital or £351 if the patient is admitted (including the cost of employing consultants and nurses, indirect costs, such as laundry and lighting, and administrative overheads). It is assumed that survey respondents with mild mental health problems would be discharged, and will then take part in group depression therapies. The latter are assumed to comprise eight two hours weekly sessions at a cost if £32.5 per hour following Kuyken et al. (2008). Respondents with severe issues, instead, are assumed to be admitted and spend a week per year in a Local Authority mental health care home, which costs £1,062 per resident per week.

The proxies presented above are then combined with survey results to estimate the health impact of the Trust's awards. The benefits to individuals and society

[41] PSSRU, (2014), 'Unit costs of health and social care'.
[42] The Sainsbury Centre for Mental Health, (2003) 'The economic and social costs of mental illness'.

of obtaining a grant from the British Gas Energy Trust are estimated to be £8.1 million a year due to improved mental health, of which 84% represents the benefit to the individuals and the remaining 16% are NHS cost savings.

7.5.1.2 Physical health

Fuel poverty is associated with a number of physical health problems, as people in poverty may not to heat their homes sufficiently.

A move from having no physical health problems to having moderate pain (no problems on any other dimension) imposes a loss of health status equivalent to 0.204 of a QALY. This value is then multiplied by how much each QALY is worth to obtain the total number of QALYs lost each year as a result of the pain.

Each hour of patient contact with a general practitioner (GP) costs the NHS £234. This study assumes that moderate pain would have caused the individual to see their GP six times more than the average person in the UK a year. It is also assumed that every GP appointment leads to a new prescription, which costs on average £43.9 per consultation.[43]

The financial proxies presented above are then combined with the survey results to estimate the physical health impacts of the Trust's Individuals and Families Grant Programme. The impacts are estimated to be worth £2.7 million a year for the award recipients, plus £700,000 a year in foregone NHS treatment costs.

7.5.2 Social outcomes

The cost of a non-professional budgeting course is estimated to be £495. These courses are for everyone struggling to put together and manage a budget and represent a good way of attaching a monetary value to the improved money management skills reported by three out of four survey respondents. It is estimated that over £500,000 of benefits are generated through improved budgeting skills because of the Trust's intervention.

Some 61% of those receiving a grant from the Trust believe it had made a positive difference to their relationships with their partner, children and other acquaintances. Colombo and Stanca (2013) estimate the monetary value of time spent with friends is worth £975 (€1,150) per year. This is used as a proxy for the value placed by individuals of improved social relationships. Scaling up from survey respondents for all the Trust's grant recipients means the Individuals and Families Grant Programme generated nearly £800,000 in impacts through improving recipients' social relationships.

Homeless charity Crisis estimates the minimum cost of homelessness due to increased indebtedness to be £4,500 (in 2003 prices).[44] Of this, £3,000 was the cost to local government of failed tenancies. The remaining £1,500 (uprated for

[43] Prescription costs per consultation are £43.90 (net ingredient cost (NIC)) and £40.70 (actual cost). NIC is the basic cost of the drug, while the actual cost is the NIC less the assumed average discount plus the container allowance (and plus on-cost for appliance contractors).

[44] Kenway, P, and Palmer, G, (2003), 'How many, how much? Single homelessness and the question of numbers and cost', Crisis.

inflation to current prices) is used as a proxy for the cost to the individual and yielded a total benefit to society of £2.1 million.

The Trust's intervention therefore helped reduce housing instability. Tenancy failure costs local authorities through the expenditure on legal procedures, cleaning and refurbishing housing, and foregone rent. The £3,000 cost of failed tenancy is multiplied by the number of survey respondents reporting improvements in housing stability and this yields a £4.2 million savings for local authorities.

7.5.3 Economic outcomes

The Trust's grants enable some of its recipients to achieve better labour market outcomes by moving into employment or retaining their existing job by improved performance (Chart 6.10). Using survey results, data on average earnings and welfare benefits, it is possible to estimate the size of these employment impacts.

To monetise the benefits of the extra employment it is necessary to make a number of assumptions. It is assumed award recipients gaining a job would earn an annual salary equivalent to the average for the lowest quintile of the UK population (£17,800).[45] They would lose Jobseeker's Allowance, Housing Benefits and Council Tax Reduction. The difference between these amounts yields nearly £6,700 per annum, which is then multiplied by the 368 people claiming to having found a full-time job.

Part-time employment's benefits are calculated using the same methodology, but taking into account that some benefits can still be claimed if working less than 16 hours a week. The earnings differential in this case is estimated to be over £4,800 per year.

Survey respondents claiming to have improved their productivity levels are estimated to produce £2,200 extra output per year, based on a 12% increase in productivity.

On top of the increase of £700,000 in personal income, people moving into employment also generate welfare benefits savings and new tax revenues to the state. The Department of Work and Pensions estimates the fiscal benefit from a workless benefit claimant entering work at £10,025 a year.[46] Under the earnings assumptions described above and the current level of benefit payments, it is estimated the state saves £500,000 per year in the payment of foregone welfare benefits as the Trust's grant recipients move into employment.[47]

Similarly, more people in employment translate into higher income tax and National Insurance Contributions receipts. The award recipients who moved into

[45] From the ONS' Annual Survey of Hours and Earnings.
[46] New Economy, (2014), "Unit Cost Database (v.1.3)" available at http://neweconomymanchester.com/stories/832-unit_cost_database.
[47] We assume that only those who found a full-time job will move off benefits, while new part-time workers will still receive the same benefit amount. This is certainly a conservative assumption.

employment would contribute £200,000 in Income Tax and National Insurance Contributions per year.[48]

7.6 The total value of the impacts delivered by the British Gas Energy Trust

The value of the economic and social impacts created by the British Gas Energy Trust is calculated by multiplying the quantity of the outcomes by the value of the financial proxies, minus attribution and deadweight (see Table 7.5). In total, it is estimated the Trust's Individuals and Families Grant Programme delivered £21.3 million in impacts for society in 2014. The most significant impacts were through the improved health outcomes and greater housing stability.

Table 7.5: Estimate of the monetary value of the impacts achieved by the Trust

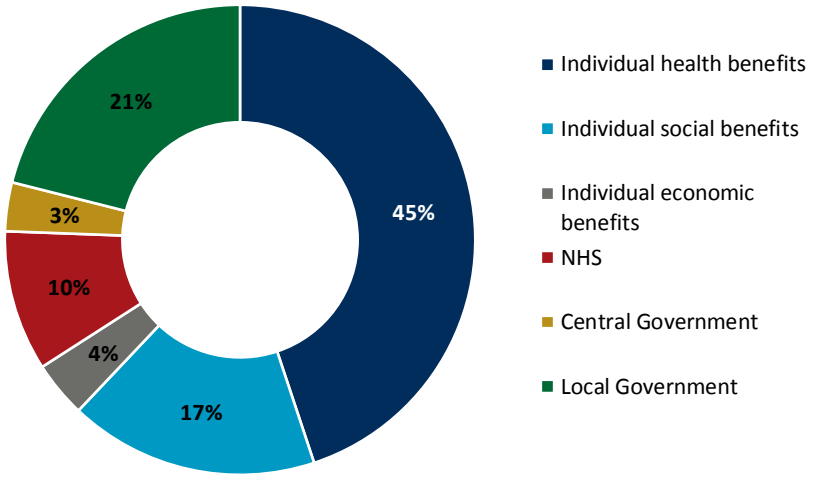
Stakeholder	Outcome	Quantity	% of debt which is fuel related	% of liabilities addressed by FAP	Proxy value	Attribution	Deadweight	Impact
Customers	Reduced stress, depression and anxiety (mild)	5,483	10.7%	4.9%	£2,940	9%	11%	£2,034,545
	Reduced stress, depression and anxiety (severe)	3,593	10.7%	4.9%	£10,560	9%	11%	£4,788,757
	Improved health	3,553	10.7%	4.9%	£6,120	9%	11%	£2,744,116
	Increased financial skills	8,897	10.7%	4.9%	£495	9%	11%	£555,815
	Improved relationships	6,962	10.7%	4.9%	£975	9%	11%	£856,372
	Improved housing stability	8,394	10.7%	4.9%	£2,118	9%	11%	£2,243,853
	Moving to full-time employment	396	10.7%	4.9%	£6,673	9%	11%	£333,511
	Moving to part-time employment	550	10.7%	4.9%	£4,849	9%	11%	£336,703
	Increased productivity	406	10.7%	4.9%	£2,242	9%	11%	£114,964
	Increased working hours	157	10.7%	4.9%	£1,824	9%	11%	£36,117
Other	NHS - mental health (mild problems)	5,483	10.7%	4.9%	£798	9%	11%	£552,234
	NHS - mental health (severe problems)	3,593	10.7%	4.9%	£1,680	9%	11%	£761,848
	NHS - general health	3,553	10.7%	4.9%	£1,667	9%	11%	£747,637
	DWP - unemployment benefits	396	10.7%	4.9%	£10,025	9%	11%	£501,041
	HMRC - tax revenues	396	10.7%	4.9%	£4,281	9%	11%	£213,944
	Council - broken tenancies	8,394	10.7%	4.9%	£4,236	9%	11%	£4,487,706

Source: Oxford Economics

The vast majority of the impacts accrue to the award recipients. They are estimated to receive £14.0 million of the positive impacts (or 66% of total). Local authorities are the second greatest beneficiaries, benefitting from the reduction in the costs of broken tenancies (Chart 7.6). The NHS and DWP rank third and fourth respectively.

[48] We assume that only those who found a full-time job will make a positive contribution to HMRC, as part time workers in the lowest decile of the population are likely to earn less than the tax allowance.

Chart 7.6: Value of the impacts accruing to each stakeholder group



Source: Oxford Economics

7.7 The costs of operating the Trust's Individuals and Families Grant Programme

In 2014, British Gas has donated £12.3 million to the Trust. This amount was used to pay £11.2 million in awards to individuals and families in 2014.

7.8 The SROI of the Individuals and Families Grant Programme in 2014

To calculate the social return on investment the Individuals and Families Grant Programme offers, the value of the monetised impacts is divided by the costs of administering the scheme. For every £1 the British Gas Energy Trust spent in 2014, society received £1.90 in impacts.

8. How much value do British Gas Energy Trust awards to organisations create?

KEY POINTS

- In 2014, organisations receiving a grant from the British Gas Energy Trust saw 14,700 people. Of these, 6,900 (or 45%) received energy efficiency advice.
- The advisers assisted in helping people get £5.2 million debt written off, £110,000 of debt avoided due to switching the person to a more suitable tariff and £70,000 eliminated through challenging incorrect statements.
- For every £1 the Trust spent administering the Organisational Grant Programme in 2014, society is estimated to receive £5.5 in social impacts.

As detailed in Chapter 3 of this report, the British Gas Energy Trust not only provides financial support to individuals and families in need; it also runs an Organisational Grant Programme, whereby organisations are funded to provide free and independent money advice across the country.

8.1 Measuring the impact of debt advice

While the impact of debt problems on individuals has been well researched, there is relatively little empirical evidence on the impact of advice.

The Department for Constitutional Affairs (DCA) commissioned the Legal Services Research Centre (LSRC) to investigate the broad impact of debt advice on people's lives.[49] In the survey results, 70% of participants who received advice claimed that their financial circumstances changed for the better following advice. There was also evidence that advice enhanced people's comprehension of their money management and, allegedly, helped them to better target 'priority' debts. The study also showed that people's levels of worry, general health, relationships and housing stability benefited from advice.

Similarly, a study led by the Ministry of Justice Research Unit, as part of the Impact of Debt Advice Research Project (IDARP)[50] showed a general improvement in participants' financial conditions following advice. Contact with face-to-face advice services is found to be associated with a 56% likelihood of debt becoming manageable. Debt levels were found to decrease on average by

[49] Pleasance, P, Buck, A, Balmer, N, and Williams, K, (2007), 'A helping hand – The impact of debt advice on people's lives', Legal Services Research Centre.
[50] Williams K, and Sansom, A, (2007), 'Twelve months later: Does advice help? The impact of debt advice: Advice Agency client study', London: Ministry of Justice.

£7,585 a year after receiving advice. Respondents claimed to find it easier to pay back their debt than they did previously and reported to be more informed about financial matters generally. Participants in the study also reported positive changes in their health and wellbeing; most of those experiencing improvements linked these to the advice they had received for their debt problems. The majority rated it easier to continue conducting a normal life whilst facing debt issues, and reported spending less time worrying than previously. Advice was also found to help respondents from getting further into debt, avoid legal action, action by bailiffs and enabled them to pay off debts at a more sustainable rate.

Research by the Money Advice Service further demonstrated the positive effect of debt advice on a person's debt situation.[51] Respondents in unmanageable debt who have sought debt advice were nearly twice as likely to move into manageable debt within a year compared to those who have not sought debt advice.[52] Recipients of advice were also more likely to remain in manageable debt than non-advice seekers, suggesting that debt advice helped to sustain a manageable debt level. Advice seekers with unmanageable debt were significantly more likely to claim to have reduced their debt levels than non-advice seekers (60% vs. 74% who sought advice).

A paper[53] prepared for the Legal Services Research Centre's eighth international research conference reviews the evidence base on the economic value of advice and finds that for every £1 of legal aid expenditure on debt advice, the state potentially saves £2.98. This is derived by comparing the estimated costs of delivering legal aid on debt advice (£26.4 million) to the estimated savings from legal aid interventions (£78.6 million – calculated as the difference between costs to state arising from clients receiving legal aid likely to experience adverse consequences, and costs to state arising from clients likely to still experience adverse consequences, despite legal aid intervention).

A report funded by Friends Provident Foundation presents results from a six-year analysis of the impact of debt advice on low income households, based on in-depth interviews with 53 people who received debt advice in 2007 and have since been followed-up on an annual basis.[54] Since receiving advice, there is a general positive picture of declining total indebtedness. There has been a very significant shift from people facing serious financial problems/falling behind with some commitments, to being able to keep up with payments.

A study by the London School of Economics explores the cost-effectiveness of different types of debt advice services targeted at working age adults without

[51] Money Advice Service, (2010), 'The effectiveness of debt advice in the UK'.
[52] Debt is self-defined as being 'manageable' or 'unmanageable'.
[53] Citizens Advice, (2010), 'Towards a business case for legal aid', Paper to the Legal Services Research Centre's eighth international research conference
[54] Orton, M, (2010), 'The long-term impact of debt advice on low income households', A project funded by the Friends Provident Foundation.

mental health problems.[55] It follows a hypothetical cohort of people at risk of unmanageable debt over a two-year period, and looks at the impact of subsequent debt-related mental health problems (depression and anxiety) on costs to the health, social care and legal systems, and from lost productivity due to reduced employment. The analysis finds that, even under conservative assumptions, investment in debt advice services can both lower expected costs and reduce the risk of developing mental health problems.

Generally speaking, most findings prove the positive value of advice and make the case for investing resources in these activities. The scope of positive outcomes found in the literature is extremely broad, ranging from improved financial circumstances to improved mental health.

8.2 The impact of the Trust's Organisational Grant Programme

Most of the studies presented in the previous section employ surveys, interviews or randomised control trials to estimate the effects of debt advice. This study initially conceived to circulate an online survey among advice recipients, in a similar fashion as done with grant recipients. However, while successful applicants to the Individuals and Families Grant Programme were relatively easily traceable through their applications, this was not the case for solely advice recipients. Due to problems including illiteracy and IT knowledge, it was not possible to collect a robust sample of respondents to be able to draw conclusions for the entire population of advice recipients.

Funded organisations report back to the Trust on a quarterly basis about numbers of clients seen, referrals, benefit checks made, etc. In 2014, for instance, the funded organisations reported having seen 14,700 cases holistically. Advisers recognise that fuel debt is often the cause or result of other problems and therefore, rather than addressing a single issue at a time, they look at a client's situation holistically. This way, other potential problems can be identified early or pre-empted, which prevents them escalating into anything more serious.

In 2014, 6,700 clients (or 45% of the people seen) received energy efficiency advice. Some 1,400 clients were referred to the British Gas Energy Efficiency Programme (ECO, a Government mandated scheme to improve the energy efficiency of homes) and a further 2,600 clients were referred to the British Gas Warm Home Discount Scheme. The latter is a Government scheme providing rebates on the electricity bills of households in need, by offering a one-off payment on their bill.

Among the reported outcomes within the quarterly monitoring reports for 2014 are:

[55] Knapp, M, McDaid, D, and Parsonage, M, (2011), 'Mental health promotion and prevention: The economic case', Personal Social Services Research Unit, London School of Economics and Political Science, January.

- The amount of debt written off (e.g. bankruptcy, debt relief order), amounting to £5.2 million;
- The amount of debt eliminated by challenging incorrect statements, worth £70,000;
- The amount of future debts avoided through more suitable tariff, consisting of £110,000.

Thanks to the monetary nature of these outcomes, the sum of these three amounts is used as a proxy for the impact of advice. In other words, it is assumed that having a £100 debt written off would have the same health, social and economic benefits of a £100 award, as calculated using the survey responses and the financial proxies outlined in the first part of this report.

In 2014, funded organisations helped write off/eliminate or avoid through more suitable tariffs £5.3 million of their clients' debt. Applying the SROI calculated in Chapter 7, it is estimated these interventions resulted in £10.1 million benefits to the society as a whole, including enhanced wellbeing, savings to the NHS, etc.

In 2014, British Gas donated £1.8 million towards the Organisational Grant Programme, an increase of 43% from 2013. Of this, £1.6 million was donated to funded organisations, and a further £200,000 was employed to fund GP debt advice projects. Considering the overall benefits to society against the cost borne by the Trust to administer these activities, it implies that for every £1 spent the society benefitted by £5.50.[56]

The £5.50 SROI resulting from the Organisational Grant Programme analysis does not suggest that the Trust should donate 100% of its resources to this scheme (rather than to the Individuals and Families' Grant Programme). Indeed, the advice funded by the British Gas Energy Trust would not be as effective had the Individual and Families Grant Programme not existed. Several advice recipients first got in contact with the organisations to receive help completing their applications and then benefit from the holistic approach adopted by the organisations. This would not be possible in absence of the Individuals and Families Grant Programme.

[56] It can be argued that debt write-offs occur when the likelihood of debt repayment is extremely low. For this reason we did not account for any losses to other stakeholders. In other words, we assumed this debt would not have been paid back anyway and therefore the write-off is only likely to save creditors the time and resources spent to chase debtors.

Box 6 - The environmental benefits of energy advice

In 2014, the funded organisation provided energy efficiency advice to 6,700 people. The Energy Saving Trust estimates that the average home in the UK could save up to £130 per year - and avoid emitting 500kg of carbon dioxide - simply by taking energy-saving steps. If each client receiving energy efficiency advice adopted some easy steps, such as setting a timer on central heating systems and lowering the thermostat of the hot water tank, this could save them a total of £870,000 per year, leading to 3,300 tonnes fewer carbon dioxide emissions.

The funded organisation's referral of 1,400 people to the British Gas Energy Efficiency Programme (ECO) and 2,600 people to the British Gas Warm Home Discount Scheme in 2014 is likely to have further reduced carbon emissions through funding energy efficient products and encouraging behaviour change.

9. The Social Return on Investment of the British Gas Energy Trust

This chapter brings together the findings of Chapter 7 and 8 on the impacts of the Individuals and Families and Organisational Grant Programmes in 2014, respectively. Chapter 10 explains the ten-year impact of the British Gas Energy Trust.

KEY POINTS

- In 2014, for every £1 the British Gas Energy Trust spent administering the two Grant Programmes, society received £2.40 in positive social impacts.

This study finds that the £13.0 million British Gas Energy Trust awarded to individuals, families and organisations in 2014 generated £31.5 million in impacts to the society, through enhanced health, social and economic conditions and through savings for the NHS, the local and the central Government.

Table 9.1: SROI of the British Gas Energy Trust

£ million	Individual and family scheme	Advice only (proxied by debt written off)	Grants & advice
Input (individual/organisational grants 2014)	11.2	1.8	13.0
Output (Health, social, employment outcomes)	21.3	10.1	31.5
SROI	1.9	5.5	2.4

Source: Oxford Economics

The breakdown of the impacts by stakeholder and channel of impact is equivalent to that shown in Chart 7.6. The total value that was created by the Trust through its Individuals and Families and Organisational Grant Programmes was £31.5 million in 2014. The individual mental and physical health impacts amounted to £14.1 million and translated into a £3.0 million saving for the NHS. Local Governments saved £6.6 million thanks to a reduction in broken tenancies, while central Government was better off by £1.1 million through higher tax revenues and lower unemployment benefits to be distributed.

Table 9.2: Summary of total benefits to the individuals

Stakeholder	Outcome	Impact (£ million)
Customers	**Reduced stress, depression and anxiety**	10.1
	Improved health	4.1
	Increased financial skills	0.8
	Improved relationships	1.3
	Improved housing stability	3.3
	Moving to full-time employment	0.5
	Moving to part-time employment	0.5
	Increased productivity	0.2
	Increased working hours	0.1

Source: Oxford Economics

Considering the impact of the Organisational Grant Programme (Chapter 8), alongside the previously calculated benefits of the Individuals and Families Grant Programme (Chapter 7), suggests that, for every £1 the British Gas Energy Trust devoted in 2014 to administering the Individuals and Families or the Organisational Grant Programmes, society gained **£2.40** (Table 9.1).

10. The ten year impact of the Trust

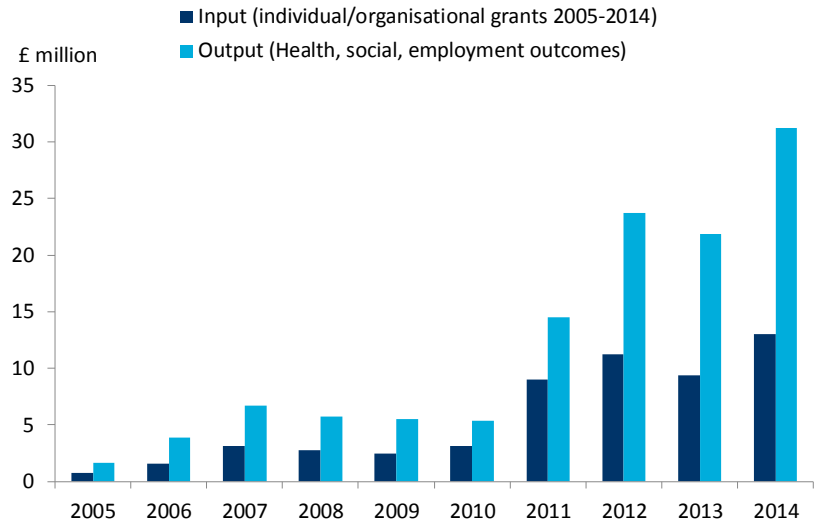
KEY POINTS

- Over the last ten years, the British Gas Energy Trust has donated £56.4 million to individuals, families and organisations. It is estimated that, for every £1 it has invested, society received £2.1 in positive social impacts.

During the period 2005-14, the Trust has donated more than £56.4 million of the £78.4 million it received to individuals, families and organisations giving financial advice. Of the remaining £22.0 million, £9.3 million was carried forward to be paid out in grants in the future and £12.7 million spent on the Trust's running and management costs. This has created £121.0 million in positive impacts on society, suggesting that, for every £1 spent by the Trust, society gained more than **£2.10**[57] over the ten year period.

This chapter assumes the outcomes identified by survey respondents in 2014, would have materialised in the previous years. The analysis therefore applies the price-adjusted proxy values to the number of individuals and families receiving awards every year to estimate the amount the society gained through the Individuals and Families Grant Programme. As far as the awards to organisations are concerned, a steady SROI of 5.5 over time is assumed, adjusting the estimated benefits on the basis of expenditure on this particular scheme over time.

Chart 10.1: The ten-year impact of the British Gas Energy Trust



Source: Oxford Economics, British Gas Energy Trust, Charis Grants

[57] Organisational grants were only included from 2011, as the Trust finance papers suggest.

The SROI evaluation shows that the British Gas Energy Trust services created a considerable social value of £2.10 for every pound of investment over the decade 2005-14. Of this, 66% of the total value, or approximately £79.7 million, is created for individuals (Table 10.1), which is around two times as large as the almost £41.2 million arising as benefits for other stakeholders, including the NHS, the local and the central Government.

Table 10.1: Value of the impacts accruing to each stakeholder group

Stakeholder	Outcome	Impact
Customers	**Reduced stress, depression and anxiety (mild)**	11,552,639
	Reduced stress, depression and anxiety (severe)	27,191,722
	Improved health	15,581,756
	Increased financial skills	3,156,050
	Improved relationships	4,862,686
	Improved housing stability	12,741,139
	Moving to full-time employment	1,893,759
	Moving to part-time employment	1,911,884
	Increased productivity	652,791
	Increased working hours	205,083
Other	**NHS - mental health (mild problems)**	3,135,716
	NHS - mental health (severe problems)	4,325,956
	NHS - general health	4,245,265
	DWP - unemployment benefits	2,845,031
	HMRC - tax revenues	1,214,825
	Council - broken tenancies	25,482,279

Source: Oxford Economics

11. Conclusion

This study investigated the benefits the British Gas Energy Trust has on society.

The impact of the Trust's grants to individuals, families and organisations:

The British Gas Energy Trust's grants change recipients' lives in a number of ways.

Some 49% of Individuals and Families Grant Programme award recipients surveyed said fuel debt was causing them some mental health problems (feeling moderately anxious or depressed). A further 36% said they suffered from severe mental health issues due to their fuel debt. In the survey, 90% of Trust award recipients said the grant did make a positive difference on their mental health conditions.

In 34% of cases, Individuals and Families Grant Programme award recipients' fuel debt had led to a physical illness. Where this was the case, 65% said the receipt of a grant from the Trust had a positive impact on their physical health condition.

Debt problems also negatively impact people's relationships and ability to interact with others. Some 61% of individuals and families in receipt of an award from the Trust believed this had made a positive difference to their relationships with their partner, children and other acquaintances.

Debt also impacts an individual's housing stability. Some 71% of recipients of awards from the Trust reported they now have less fear of eviction or of not being able to pay their rent or mortgage.

Working age individuals were asked whether having received a grant from the British Gas Energy Trust had improved their employment situation. Some 14% said it had made a positive difference.

In 2014, the benefits to individuals of obtaining a grant from the British Gas Energy Trust are estimated to be £14.0 million. Most of these impacts accrue through better mental (anxiety, depression and stress) and physical health.

Benefits to other stakeholders:

The savings to the NHS deriving from thousands of people obtaining a grant from the British Gas Energy Trust is estimated to be £1.3 million a year due to improved mental health and £700,000 a year thanks to better general health conditions. When the impact of advice is included, the NHS is estimated to save a total of £3.0 million, thanks to the Trust provision of grants to individuals, families and organisations.

Local authorities are estimated to save nearly £6.6 million per year thanks to the increased housing stability brought about by grants to individuals, families and organisations. It is also estimated that the state saves over £10,000 in welfare benefits for every person moving into employment, while each person moving

into work generates further tax revenues to the Exchequer. Central Government is estimated have been better off by £1.1 million in 2014, thanks to the British Gas Energy Trust's support to individuals, families and organisations.

In total in 2014:

Through its Individuals and Families and Organisational Grant Programme, the British Gas Energy Trust is estimated to deliver £31.5 million in impacts for individuals and society.

For every £1 British Gas donates to the British Gas Energy Trust, individuals and society gained £2.40 in 2014.

In total over the past 10 years:

Over the decade of its existence, the Trust has delivered £121.0 million in positive impacts for individuals and society. This is **£2.10** in positive impacts for every £1 it spent.

Of the total positive impacts, 66%, or approximately £79.7 million, is created for individuals, which is around 2 times as large as the almost £41.2 million arising as benefits for other stakeholders, including the NHS, the local and central Government.

Appendix A: about Charis Grants

Charis Grants Ltd provides businesses with expertly tailored assessment and award programmes to support vulnerable individuals and families. The aim is to devise solutions to help those in hardship and poverty meet essential needs through debt awards or provision of other goods and services.

Owned and managed by Allyson Broadhurst, 'Charis', as it is known, helps organisations such as the major utilities and Local Authorities deliver practical support to meet their corporate goals and social responsibilities for their customers in need. Charis has a successful history of supporting energy and water companies deliver criteria-based schemes which are subject to Regulatory inspection.

In addition Charis delivers other projects: the British Gas Energy Trust and EDF Energy Trust for example both fund specialist energy debt advisers in community and, through Charis, in the last twelve months the British Gas Energy Trust has successfully trialed debt advice in GP surgeries (Debt Advice on Prescription).

The rapid provision of goods which Charis sources and supplies ensures high quality provision that is also tailored to meet the needs of this customer group. These include 'A' rated white and other household goods, emergency utility credit, clothing and food vouchers, as well as payment of energy, water and other priority debts. Charis values its close working relationships with a large number of charities across the UK.

Charis schemes are flexible and responsive to changing political environments and corporate requirements. They are designed to put the applicant at the centre of the process. Charis' schemes are administered with high levels of data security, and supported with robust IT processes and new technology.

Appendix B: Breakdown of Individual and Families Grant Programme awards over the last 10 years

The table below provides a breakdown of grants the Trust has given to people across Britain from 2004 to 2014.

The left hand side of the table presents information for applicants that have applied independently. Columns 2 and 3 show the number of people who have applied and received financial advice. If people were unsuccessful with their application, they still received debt or energy efficiency support, as well as access to other services and support, such as applying for welfare benefits.

The right hand side of the table provides the results for applications that have benefitted from help given by energy debt advisers in completing the form.

	Independent applications			With help from energy debt advice centre		
Region	Applications	Successful grants	Value	Organisational grants	Successful grants	Value
Birmingham	8,026	2,874	£2,584,507	81	55	£73,089
Bristol	2,944	1,546	£1,149,372	1,206	870	£619,479
Cardiff	2,271	950	£728,945	571	387	£212,499
Glasgow	5,674	2,506	£2,273,419	694	434	£332,744
Greater Manchester	13,094	5,795	£5,258,347	2,057	1,568	£1,293,170
Leicester	2,235	839	£748,079	15	5	£4,393
Liverpool	3,944	1,910	£1,772,773	755	599	£532,297
London	16,401	6,761	£5,948,345	566	316	£278,686
Newcastle	2,513	1,058	£879,230	302	241	£169,929
Northampton	1,327	477	£430,750	8	5	£11,351
Northumberland	867	383	£321,025	152	117	£101,192
Nottingham	3,788	1,608	£1,409,750	472	266	£233,179
Plymouth	891	345	£247,732	67	49	£28,658
Preston	1,912	903	£746,696	362	234	£246,504

Appendix C: Impact Map for the impacts of the Individuals and Families Grant Programme

Category of impact	Intended/unintended changes	Inputs		Outputs	The Outcomes (what changes)								Deadweight %	Attribution %	Impact
					Description	Indicator	Source	Quantity	Duration	Financial Proxy	Value in currency	Source			
Health	Improved financial circumstances reducing anxiety and stress, leading to range of better health outcomes	British Gas funding 2014 (of which awarded to individuals and families in 2014)	13,300,000 (11,200,000)	Grants awarded to over 11,500 applicants	Lower stress, depression, anxiety	Number of customers saying intervention has reduced stress, depression, anxiety (mild problems)	Survey	5,483	1	Quality-adjusted life-year (QALYs)	2,940	Literature on mental health	11%	9%	2,034,545
						Number of customers saying intervention has reduced stress, depression, anxiety (severe problems)	Survey	3,593	1	Quality-adjusted life-year (QALYs)	10,560	Literature on mental health	11%	9%	4,788,757
					Better general health	Number of customers saying intervention has led to improved general health	Survey	3,553	1	Quality-adjusted life-year (QALYs)	6,120	Literature on physical health	11%	9%	2,744,116
Social	Various social outcomes improved by the impact of BGET's intervention on outcomes for customers				Better money management	Number of customers reporting increased financial planning and budgetting skills	Survey	8,897	1	Cost of a Budgetting Course	495	The Centre	11%	9%	555,815
					Improved relationships	Number of customers reporting that intervention has improved their relationships with family, friends, neighbours	Survey	6,962	1	Monetary value of time spent with friends	975	Colombo, Stanca (2013)	11%	9%	856,372
					Stable housing situation	Number reporting BGET's intervention helped reduced risk of losing their home	Survey	8,394	1	Homelessness prevented	2,118	Crisis (2003)	11%	9%	2,243,853
Economic	Employment prospects and productivity enhancements				Moving to full-time employment	Number reporting that intervention helped them move into work/ increase working hours/ improve productivity	Survey	396	1	Increase in income in comparison with being on welfare benefits	6,673	ASHE	11%	9%	333,511
					Moving to part-time employment		Survey	550	1	Increase in income in comparison with being on welfare benefits	4,849	ASHE	11%	9%	336,703
					Increased productivity		Survey	406	1	Increased output driven by increased productivity	2,242	ABS	11%	9%	114,964
					Increased working hours		Survey	157	1	Increase in income stemming from moving from par-time to full-time	1,824	ASHE	11%	9%	36,117
Government savings/ increased revnues	More people in employment				Increased tax revenues deriving from more people into work	Number reporting that intervention helped them move into full-time work	Survey	396	1	Taxes paid on wages	4,281	HMRC	11%	9%	213,944
	Less people on unemployment benefits				Savings on benefit expenditure deriving from more people into work	Number reporting that intervention helped them move into full-time work	Survey	396	1	Benefit savings	10,025	DWP	11%	9%	501,041
	Better health reduces need for NHS treatments				Savings on mental health and general health expenditure	Number of customers saying intervention has reduced stress, depression, anxiety (mild)	Survey	5,483	1	NHS reference costs for mental health services.	798	PSSRU	11%	9%	552,234
						Number of customers saying intervention has reduced stress, depression, anxiety (severe)		3,593	1	NHS reference costs for mental health services.	1,680		11%	9%	761,848
						Number of customers saying intervention has led to improved general health		3,553	1	NHS reference costs for general health services	1,667		11%	9%	747,637
	More stable housing conditions reduces pressure on Local Authorities				Savings in LA's and tenancy failure and temporary accommodation	Number reporting service helped reduced risk of losing their home	Survey	8,394	1	Cost of failed tenancy	4,236	Local Government	11%	9%	4,487,706

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