

Social Market Foundation and Public First supported and commissioned by Citizens Advice

The future of energy bills: October 2022 polling

Headlines

The public are strongly in favour of there being ongoing financial support for households who struggle to pay their energy bills. Views were more mixed on the level of support that should be provided, but the average cash value was close to £1,000. A discounted unit rate – a common definition of “social tariff” – was the most popular of the four policy designs we offered. An absolute bill cap was the least popular.

There is a similarly high level of support for a government energy efficiency scheme. People preferred a thorough scheme of upgrades to picking the low hanging fruit. More thought an energy efficiency scheme should be open to all households than thought it should be targeted. There was limited appetite for homeowners to contribute their own cash to upgrades.

De-linking electricity prices from gas was supported and considered to be a high priority for government. But similar support does not exist for locational pricing. High levels of support was found for having a wind farm build near their homes, though this could be increased further if a substantial bill discount was offered.

Opening Questions

Government support for household energy bills has higher recognition than other recent policy interventions. 90% said they had heard about household energy bill support, compared to 62% who had heard of changes to stamp duty, 63% who had seen the bankers' bonus cap had been scrapped and 59% who recognised the windfall tax on energy companies' profits (table 1).

45% said they fully understood the Energy Price Guarantee. A further 43% said they had heard of the scheme but did not fully understand how it worked. Only 7% admitted to not understanding at all how the scheme works (table 7).

We then tested a number of different explanations of what the government's energy price support scheme actually was. 58% believed it meant all households would receive an identical bill discount. 57% said it meant the government covering part of every household's energy bill. 40% said it meant no bill could be more than £2,500. 32% thought it meant electricity suppliers could increase standing charges. 20% thought it meant bills would be reduced this winter with the reduction repaid over ten years (table 8).

Financial Support

In June we asked “To what extent would you support or oppose the government providing direct financial support to help poorer households with their energy bills, such as an ongoing discount on their monthly bills, even if this means taxes rise as a result?”. In June we found 52% supportive and 22% opposed. We asked this same question again in October, and found 64% supportive and 15% opposed (table 16).

The idea of financial support for households who struggle to pay their energy bills was supported by 73%, with 9% opposed. Younger respondents were more likely to be supportive and less likely to be opposed than older respondents (table 15).

Among those who thought there should be a support scheme, there were mixed responses to how much support should be provided. 41% chose a support level below £60 a month. And 42% chose a support level of £60 a month or above (table 17).

The average value of support chosen was close to £1,000 a year when the question was expressed in £ terms (table 17). But when expressed as a percentage of the bill the average was c. 27% (table 18).

A discount on the unit price of energy was the most popular of the four price support policies we tested (table 24). This was true for all ages and across almost all demographic groups.

- The cash discount idea received 63% support, 52% net (table 20)
- The unit price discount idea received 72% support, 66% net (table 21)
- The rising block tariff idea received 49% support, 34% net (table 22)
- The absolute price cap idea received 48% support, 19% net (table 23)

Financial support should be paid for via taxation (38% support) rather than through energy bills (12%). But a high proportion (31%) said they had no preference between these two funding routes (table 25).

Energy Efficiency

77% support there being a government scheme to insulate homes, with only 5% opposing this (table 26).

There was majority support (54%) for the idea that such a scheme should be available to everyone equally as opposed to be targeted at low income or vulnerable households (40%) (table 27).

Among homeowners, 14% would not be willing to make any financial contribution to a home insulation upgrade. A further 44% would be willing to make a contribution of less than £1,000. Older people were the most likely to say they were unwilling to contribute (table 28).

54% of homeowners do not believe they need insulation (table 30).

Among those who do not have loft insulation the main barriers are cost (26%) and not knowing where to start (15%) (table 35). Affordability was also the major barrier to cavity wall insulation (27%) (table 35) and solid wall insulation (27%) (table 36). Though 25% also said they did not know what solid wall insulation was (table 36).

Given the choice between a quick roll out of cheap insulation measures first and a slower roll out that provides a more thorough upgrade to each home, respondents prefer the latter (51%) to the former (31%) (table 38).

A government energy efficiency scheme should be paid for via taxation (40% support) rather than through energy bills (11%). Again, a high proportion (29%) said they had no preference between these two funding routes (table 39).

Market Reform

54% supported reform of the way we price our electricity (table 42) and 67% believed moving away from wholesale electricity prices being linked to gas prices should be one of the government's top priorities (table 43).

70% said they would support the development of a wind farm within a few miles of where they live. Only 6% said they would oppose this development (table 44).

We then tested whether this support would change if those who live near the development will receive different levels of discount off their energy bills:

- £50 bill discount - 65% support, 12% oppose (table 45)
- £100 bill discount - 76% support, 7% oppose (table 46)
- £200 bill discount - 77% support, 7% oppose (table 48)
- £350 bill discount - 78% support, 6% oppose (table 47)

Locational pricing: 35% believed the price paid by homes and businesses for electricity should be the same right across the country. 21% would support locationally cost reflective pricing for businesses, with all homes paying the same. Locationally cost reflective pricing for both homes and businesses was supported by 18% (table 49). Older respondents (51% of those aged 65+) were very much more supportive of electricity prices being the same right across the country than younger people (16% of 18-24s).

We asked about giving drivers of EVs access to cheap electricity if they charge their car overnight rather than during the day to help manage energy demand peaks. For the half of the sample where the question ended there, 56% were supportive and 14% opposed. For the other half of the sample, it was suggested that this could help reduce costs for everyone - this addition led to a slight strengthening of support to 61%, with 12% opposed (tables 50 & 51).

67% said they had read any advice on how to cut their energy consumption over the past few months. Female respondents (73%) were more likely to have read such advice than male respondents (61%) (table 52).

64% said it was the Government's responsibility to provide information to households on how to reduce their energy consumption in order to help them make savings and alleviate pressures on our energy system. Whereas 28% believed it was not Government's place to tell people how they should behave, and people should consult other sources if they want advice on how to reduce their energy consumption. Younger respondents were more likely to see a responsibility for government (table 54).

Presented with the likely £60bn cost of the Energy Bill Guarantee over the next six months, 52% felt it was right to spend this money even though it will need to be paid back in the years ahead. 25% thought a little less should be spent. Only 6% thought a lot less should be spent and only 3% agreed that nothing should be spent now in order that there was nothing to pay back in later years (table 55).

When thinking about the Energy Bill Guarantee being reviewed in April - 32% thought the support should be continued indefinitely, 26% thought it should be continued for a limited time, 26% thought that beyond April the support should be targeted at low income and vulnerable households only, and 5% thought support should be stopped beyond April (table 56).

To learn more about this project or participate in our consultation, contact us at energy.bills@smf.co.uk.