

What's in a Name? The Winter Fuel Payment Nudges Recipients Away from Installing Renewable Energy Technologies.

The Winter Fuel Payment (WFP) is part of the Government's commitment to reducing fuel poverty and mitigating the health impacts of cold weather for older citizens by providing an unconditional cash transfer to all households with an occupant ≥ 60 years of age; the name of the benefit has been shown to increase the percentage of the cash payment recipients put towards household heating fuel*. A number of high profile renewable energy policies have also recently been implemented in the UK. In work funded by the Nuffield Foundation, researchers at the University of Stirling now show ([hyperlink to paper here](#)) that the Winter Fuel Payment cash transfer, as currently named, turns households against renewable energy generation. Households in receipt of the WFP reduce their likelihood of installing solar (for water heating or electricity generation) or micro wind turbine technologies by about 50% compared to those not in receipt, after controlling for household characteristics such as income and employment status. WFP-recipient households do not likewise differ in their non-energy investments of similar cost, such as kitchen remodels or new car purchases, further suggesting that the name of the WFP may be affecting how recipient households use the cash benefit.

Researchers further investigated whether decisions around loft insulation, double glazing, cavity wall insulation, a combination of all three, or overall energy efficiency of the home differed by household WFP status. Here the energy and environmental implications of the WFP policy are less troublesome. No statistically significant changes in energy efficiency behaviours were identified among households receiving or not receiving the WFP.

The WFP is a non-taxable, non-means tested, unconditional payment of £200 per household for those that include at least one member over the age of 60 years as of the qualifying week. The payment rises to £300 if at least one member of the household is older than 80 years. Payments are generally made in November or December, include no obligation to spend the money on fuel, and do not impact other benefits the individuals may be eligible for. The total expenditure by the UK government on the WFP has been approximately £2.2 billion (in 2013-14 prices) in recent years. Given the cost and absence of means testing, decisions to continue and/or alter the WFP programme are subject to considerable debate among stakeholders and policymakers.

This newest research on household effects of the Winter Fuel Payment utilized data from tens of thousands of households included in the population-based British Household Panel Survey, Understanding Society Survey, and English Housing Survey. Comparing households just above and below the age-related eligibility criterion revealed that receipt of the WFP is associated with fewer installations of renewable energy technologies. Households may be primed by the WFP label to direct a substantial portion of the benefit towards additional heating fuel for their homes, making them less prone to pursue renewable energy as an alternative strategy of improving household heating conditions. Renewable energy policies are an integral part of the Government's efforts to reduce greenhouse gas emissions, improve energy security, and strengthen the competitiveness of the UK economy. This

research suggests that the effectiveness of renewable energy policies is being stalled by the manner in which the WFP, a health-related policy, is implemented. It may be possible for health and energy policy to work synergistically, rather than at odds, with a change in name of this cash transfer. A name such as 'Winter Energy Efficiency Payment' could nudge households to invest in renewable and/or energy efficiency technologies, efforts which would also alleviate fuel poverty and associated cold-related health risks.

*Timothy K.M. Beatty, Laura Blow, Thomas F Crossley and Cormac O'Dea. 2011. Cash by any other name? Evidence on labelling from the UK Winter Fuel Payment. IFS Working Paper 11/10

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