

Warm Home Discount – consultation response

This response is compiled from comments received by the steering groups for the Affordable Warmth Networks (Oxfordshire and Buckinghamshire) that National Energy Foundation coordinates. The Network steering groups are formed of local authorities (both upper tier County Councils, and lower tier Districts and City Councils), Citizens Advice Bureau, AgeUK, and Public Health etc. The Networks aim to reduce fuel poverty and health impacts from cold/damp housing conditions, whilst maximising other associated services via an established cross-referral mechanism. There are no eligibility criteria for residents to access the service, although it is targeted towards vulnerable residents. It encourages residents to look out for their neighbours, and those more vulnerable than themselves, particularly when the temperature drops, and risk of adverse health effects are increased.

As well as helping residents to understand how best to keep warm, use their heating system and controls effectively, switch tariff to gain a better deal, etc; we negotiate access to funding streams (some which NEF administers on behalf of local authorities, others are national sources such as the Energy Company Obligation) for energy efficiency improvements. The service offers a Freephone helpline and email advice service which is impartial, frontline staff training, and outreach events directly to vulnerable residents.

Question 1:- Do you agree that the Core Group eligibility criteria should be retained for those people in receipt of Pension Credit Guarantee Credit in 2016/17?

The partnership felt that it was appropriate to continue with the Core Group eligibility, however, with the acknowledgement that some eligible residents will not be the most in-need of the assistance.

It is reasonably easy to check whether someone is receiving Pension Credit Guarantee and therefore administration is kept to a minimum. This also enables supporters to provide advice based on a receipt of a single benefit. However it should be noted that in our experience not all those eligible for Pension Credit Guarantee are in receipt of the benefits and this does require some further investigation.

Question 2:- Do you agree that we should keep the Broader Group element unchanged?

We are happy that this element remains unchanged.

Question 3:- Do you agree that the value of the rebate should be £140 in 2016/17?

We do feel that a payment of at least £100 is required in order to enable vulnerable residents to have confidence to utilise their heating and maintain adequate warmth. It is recognised that many absolutely rely on this payment. Whilst reducing the rebate to an amount closer to £100 would enable more residents to be helped, such as widening the Broader Group, it would not provide necessary reassurance to those currently in receipt.

£140 does appear to be good value to continue with as long as Ofgem has confidence in its targeting.

However, we also note that a rebate is just that, it makes no contribution to future cost reductions for energy use. A key point to note is that schemes which target energy efficiency measures would have much longer term impact, and we feel that additional investment here would be cost-effective and help reduce levels of fuel poverty in a sustainable way. Such schemes are best administrated by the local authorities themselves (or by coordinated partnerships such as the Affordable Warmth Network approach, with LA's at the very core), as they know their area, where fuel poverty pockets exists, act as a data controller with regards certain housing-related benefits and other useful data so can identify and target those most in need. Local authorities are also arguably more trusted by local residents, as compared to energy suppliers, are impartial, and often have in-house or contracted home improvement agencies who can undertake works.

Question 4:- Do you think the current range of activities that count as Industry Initiatives represent value for money? Are there any other activities that should qualify as Industry Initiatives that currently do not? Are there any activities that currently count as Industry Initiatives that you think should not? Please provide evidence to support your answers

No comments received.

Question 5:- What are your views on suppliers having the option to achieve part of their Industry Initiatives spend through contribution to a central pot of funding in future years, which could then be used to fund innovative approaches to reaching and supporting those in greatest need.

We would be in support of this. This could then award projects which maximise the value of the funding through energy efficiency work in relation to providing sustainability to fuel poor residents, potentially alleviating the need for energy bill contributions.

Question 6:- Do you agree that Government should place a cap on the amount of each supplier's Industry Initiative spend that can be spent on debt assistance? What are your thoughts on the cap being set at 50% of each supplier's Industry Initiative spend in 2016/17?

The proposed cap on debt support is an interesting one, and feedback from the Network was mixed. It is encouraging that the cap appears to only relate to debt write off. We can see the logic of restricting this element as in effect it is the companies paying themselves back the money. It would be much better obviously if they lowered their prices and so helped people not to get into debt in the first place, but could this be fairly done just for identified vulnerable residents? The option to write off energy debt often gives a psychological boost to people who are trying to get their finances back under control. It helps create reformed payers which is what all companies want at the end of the day. But 50% is a reasonable cap and would still leave this option open. It would also mean potentially that more of the funding was available for a wider range of assistance to clients which could address all their debt issues at one go through, for example, funded caseworkers.

Question 7:- Do you agree that there should be no provision for any overspend to reduce future non-core obligations?

Agreed.

Question 8:- Should spending targets be adjusted so that actual spending reflects the number of PPM customers benefitting from the rebate?

No comments received.

Question 9:- Do you foresee any issues with the scheme year for 2016/17 running from August to May?

This is a better time-scale for the scheme year to run.

Question 10:- Do you foresee any issues or risks associated with allowing suppliers to start Industry Initiative activities before the regulations are in place?

It was felt to actually be a potential positive that suppliers could start Industry Initiative activities early. This will provide time for planning and procurement. However there is risk in this in terms of any changes to the regulations when they do come into force, or ensuring that funds last the full term of the scheme year, assisting vulnerable residents at optimal times.

Question 11:- Do you foresee any issues with suppliers having the option to pay the rebate on customers gas accounts?

The partnership felt that this could be advantageous: it is the gas bill which, where this is the main heating fuel, typically has the largest seasonal increase. Regular recipients may be used to receiving the rebate on their electricity account and budget with this in mind, which could be an issue: any such change will need to be clearly communicated to the customer, or a choice perhaps given.

Question 12:- If the scheme is made cheaper to deliver from 2017/18, should the participation threshold be reduced below 250,000 domestic customer accounts? What would be the costs and benefits of such a change?

No comments received.