

Warm Home Discount Scheme 2018/19

<https://www.gov.uk/government/consultations/warm-home-discount-scheme-2018-to-2019>

Response to BEIS Consultation

This response is on behalf of the Association of Local Energy Officers London.

The Association of Local Energy Officers London (ALEO London) represents local authority energy and fuel poverty officers in Greater London. We have over 60 local authority members from across the 33 London boroughs and over 20 associate members from partner organisations involved in promoting home energy efficiency within the capital.

Question 1: Do you agree that the cap on Industry Initiatives spending should increase from £30m to 40 m in 2018/19?

Yes.

Question 2: Do you agree that a Local Authority declaration under ECO Flexible Eligibility should count as evidence that a households is 'wholly or mainly' in fuel poverty and therefore would be eligible for support under Industry Initiatives?

Yes, a Local Authority declaration should be considered sufficient evidence for eligibility under Industry Initiatives.

Question 3: Do you agree that the cap on debt write-ff should reduce from £12m to £10m in 2018/19?

Question 4: Do you agree that the cap on debt write-off should continue to reduce by 5% in each subsequent scheme year?

Whilst we accept there are arguments for energy suppliers not paying themselves back in the form of write-off, this support is valuable for indebted customers. Although the number of indebted customers has fallen considerably in recent years, the average level of debt amongst indebted customers is steadily rising. Many energy suppliers are failing to intervene at an early stage to avoid debts escalating. Many small and medium energy suppliers have entered the market in recent years and often lack the infrastructure to deal with debt. They may often have billing accuracy problems. The decision by Ofgem in March 2018 to ban "backbilling" (catch-up bills where energy consumers have not been charged correctly) of customers beyond 12 months

is welcome but there should be a strict requirement on all energy suppliers to spot debt problems early and intervene with appropriate services.

Energy UK, the industry body for energy suppliers, currently operates a “Safety Net” initiative, to which many its members are signed up. Alongside a pledge to never knowingly disconnect vulnerable customers, there are a number of approaches to support vulnerable customers including a range of debt management and repayment options and follow-up procedures. These initiatives are however currently voluntary and new entrants to the market do not all sign up either through lack of awareness or not understanding the relevance for their customer base. Until all suppliers improve their debt intervention procedures we do not support a reduction in the value of support available.

Question 5: Do you agree that Government should expand the list of activities allowed under Industry Initiatives to include the provision of financial assistance with energy bills, including rebates, to households that are particularly at risk of fuel poverty?

We agree that the list of activities should be expanded. We recognise the value in initiatives that provide vouchers for people that struggle to top up their prepayment meters during winter months or rebates for those with serious health conditions that increase their heating needs.

Citizens Advice estimates that 16 per cent of prepayment meter users have gone without credit at least once in the past 12 months and these are very likely to be families with children or containing individuals with a long-term illness or disability.

Question 11: Do you agree that we should amend the Broader Group standard criteria to include Universal Credit recipients in work or self-employed with monthly net earnings not exceeding £1,349, and maintain the other qualifying criteria?

Question 12: Do you agree that we should amend the Broader Group standard criteria for 2018/19 to include EAS recipients who are in a Work-Related Activity Group and UC recipients in the Limited Capability for Work group?

We agree that the criteria should be amended but we disagree with a single income threshold for Universal Credit recipients for all of Great Britain. Living costs for families with children are 21-25% higher in London than the rest of the UK . We therefore propose that London has distinct income thresholds.

Question 23: Do you have any other comments you would like to provide?

Warm Home Discount Industry Initiatives provide welcome opportunity for partnership and innovation. However there is a lack of transparency about the process for developing proposals and allocating funds. There is also a lack of information about what schemes are running, what expenditure takes place across those schemes and what they deliver for this money. In our view this lack of transparency means there is a risk that Industry Initiatives are not maximising the value they could from the opportunity.

The perception is that there is a closed-shop approach to developing and delivering Industry Initiatives. Given that the costs of the programme are met by the customers of obligated parties

there is a concerning lack of accountability and potential equity in the way that they are run. Government should move urgently to create greater transparency in the way Industry Initiatives are developed and funds allocated to reinforce credibility and trust in the programme.