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27 April 2018

## **Response to the consultation on the Warm Home Discount scheme 2018 to 2019**

### **The Association of Local Energy Officers**

The Association of Local Energy Officers (ALEO) is a not-for-profit membership organisation that represents and supports local government officers working to reduce domestic-sector carbon emissions and tackle fuel poverty.

This response has been prepared following consultation with ALEO members although our views may not reflect those of our sponsors.

### **Key points**

#### **Industry Initiatives cap increase (Q1)**

We agree that the cap on Industry Initiative spending should be increased. Warm Home Discount Industry Initiative funding is a valuable source of income for effective fuel poverty programmes on the ground, such as Islington Council's SHINE scheme and the Local Energy Advice Project working with a number of English local authorities.

We would urge BEIS to require Ofgem to be more transparent about the process for local authorities engaging in Warm Home Discount Industry Initiatives. Information events and processes have not been widely advertised and there appears to be no central source of information on funded projects.

#### **ECO Flexible Eligibility declarations as proof of fuel poverty (Q2)**

We welcome this extension of ECO flexible eligibility and particularly that the Greater London Authority (as proposed in the draft ECO3 Order) will also be able to issue declarations.

#### **Debt write-off cap (Qs3-4)**

Whilst we accept that 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.

### **Expanded list of Industry Initiative activities (Q5)**

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<sup>1</sup>.

### **Core Group eligibility (Q10)**

Analysis for our Fuel Poverty Action Plan shows that fuel poverty is high amongst groups such as lone parents and those with disabilities or long-term illness and we propose that data matching powers are used to bring these populations into the Core Group.

### **Amendment of Broader Group standard criteria (Qs11-12)**

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<sup>2</sup>. We therefore propose that London has distinct income thresholds.

Yours faithfully,

John Kolm-Murray  
National Chair,  
Association of Local Energy Officers (ALEO)



**ALEO is sponsored by A&M Energy Solutions**

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<sup>1</sup> [Citizens Advice, 2014](#), Topping-up or dropping-out: self-disconnection among prepayment meter users

<sup>2</sup> A Minimum Income Standard for London 2016/17  
<https://www.trustforlondon.org.uk/publications/minimum-income-standard-london-201617>