



# END FUEL POVERTY BEFORE THE WINTER

## WARM HOMES DISCOUNT CONSULTATION FROM THE END FUEL POVERTY COALITION 11 November 2020

The End Fuel Poverty Coalition is a broad coalition of over 20 anti-poverty, environmental, health and housing campaigners, charities, local authorities, trade unions and consumer organisations. It campaigns to end fuel poverty and thereby improve people's health and quality of life as well as seeking to reduce the cost of living, create jobs and negate carbon emissions in the process.

**In our responses to government consultations, we have been clear that there must be urgent delivery of government promises on tackling fuel poverty**, such as confirming the extension of Warm Home Discount (ideally to 2026), introduction of the promised Home Upgrade Grants and social housing decarbonisation programme. This also needs to include an extension to the Energy Company Obligation (ECO) from April 2022- March 2026 and maintain its key focus on low income and vulnerable households. Government should further ensure that the Shared Property Fund (SPF) helps end cold homes across the UK and plans are introduced to extend and, as suggested by National Energy Action, strengthen the increase to Universal Credit for low income households.<sup>1</sup>

### **Therefore, the End Fuel Poverty Coalition welcomes the publication of this consultation for a one year extension of the Warm Home Discount.**

During this extraordinary time, for many, personal finances are under intense pressure and schemes such as this will prove welcome relief for many households. Overall, the proposals within the consultation move the scheme forward in a positive direction.

However, there is a need to accelerate wider reforms of the scheme.

This consultation contains welcome proposals for reform, especially within the context of Industry Initiatives, but it is clear that these tweaks in rules will only serve to remove support from one group to improve support for others.

### **A broader set of reforms is needed to increase the financial envelope of the scheme and to ensure that it can support all of the households that need it.**

More information from our wider proposals is available in our response to the Comprehensive Spending Review.<sup>2</sup>

### **Our Response to the Consultation Questions**

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<sup>1</sup> National Energy Action Comprehensive Spending Review Submission

<sup>2</sup> <http://www.endfuelpoverty.org.uk/coalition-reveals-five-priorities-for-the-comprehensive-spending-review/>



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**Question 1 - Do you agree the size of the rebate should remain at £140 for 2021/22? If not, what size do you think the rebate should be, and why?**

Yes. The End Fuel Poverty Coalition believes that the increase to the scheme envelope would be better focussed on ensuring that more people in the broader group receive a rebate, than those who receive a rebate receiving more money. In Scheme Year 8, just over 1.1m households in the broader group received a rebate, NEA and Fair by Design have estimated that a further 0.8m households qualify as part of the broader group but do not receive it due to its first come first serve rebate<sup>3</sup>. Such a mechanism, where a household is judged as being in need but does not receive support is unfair.

The outcome of the proposals is likely an increase in the number of broader group households receiving rebates. While this does not completely solve the fairness issues, it is a step in the right direction.

**Question 2 - Do you agree that the Core Group element of the Warm Home Discount scheme should continue unchanged for a one-year extension, to scheme year 2021/22?**

**Question 3 - Do you agree that the Broader Group element of the Warm Home Discount scheme should continue unchanged for a one-year extension, to year 2021/22?**

Yes, the Core Group and Broader Group elements of the scheme should remain unchanged for the one-year extension in order to give the regulations the best chance of moving through parliament as quickly as possible.

**Question 6 - Do you agree that there should be a cap on individual debt write-off at £2,000 for scheme year 2021/22? If not, provide evidence for alternative levels.**

Yes. The Coalition broadly supports the principle of a debt write off cap at £2,000 in order to enable energy suppliers and delivery partners to assist customers who have a debt which is likely to be less than 4 years old, even if they have a higher than average level of debt. This will allow for more customers to be supported within the limited budget for industry initiatives, while allowing significant debt clearance for potentially more than 3,000 households. However, this should be kept under review to ensure it meets the needs of the most vulnerable in light of Covid-19 lockdowns and the likely increase in energy usage as people stay at home.

**Question 7 - Do you agree that the restriction on providing financial assistance to Core Group and Broader Group recipients should be removed?**

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<sup>3</sup> <https://fairbydesign.com/news/whd-campaign>



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**Question 8 - Do you agree that the £5 million cap for financial assistance (12.5% overall industry initiative spend) should be maintained for the scheme year 2021/22?**

The End Fuel Poverty Coalition recognises that due to Covid-19, millions more households that were previously able to afford their energy costs, will now be struggle to pay their bills and no-one knows when their situations will improve. While the attempt to amend the industry initiatives portion of the WHD is to be commended, without enhancing the overall scale of Industry Initiatives, there is a risk of simply displacing existing activity and not creating any additionally.

Because of the scale of the challenge, the Coalition believes that Government should aim for the scheme to reach as many fuel poor households as possible.

Allowing financial assistance to core group and broader group recipients may serve to undermine that objective, leading to fewer people receiving other types of support due to the limited funding available. We are also concerned that the relative ease by which core group customers could be identified and targeted for financial assistance could lead to a disproportionate level of support for those who are already guaranteed it. Put simply, there simply is not enough funding within Industry Initiative for this to be a sensible option.

Therefore, the Coalition does not agree that the restrictions on core and broader group households receiving financial assistance should be lifted.

If Government were to proceed with the proposed removal of the restrictions, the Coalition recommends that the £5 million cap be reduced to £1m so that it does not reduce other activities that are allowed within the industry initiative programme that has been shown to have larger and longer lasting value to households.

**Question 9 - Should Government keep the financial assistance eligibility criterion of customers living in communities wholly or mainly in fuel poverty? If not, please provide reasons.**

The End Fuel Poverty Coalition is broadly happy for the Government to keep the financial assistance eligibility criterion of customers living in communities wholly or mainly in fuel poverty. We would however, urge the Government to define fuel poverty in this context using the statutory definition of fuel poverty as in the Warm Homes and Energy Conservation Act 2000: "A person is to be regarded as living "in fuel poverty" if he is a member of a household living on a lower income in a home which cannot be kept warm at reasonable cost". Given that the metric for estimating levels of fuel poverty varies across the three nations where the Warm Home Discount operates, this statutory definition provides the fairest way of satisfying the needs of each nation.



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**Question 10- Do you agree that, in addition to energy advice, advice about the benefits of smart meters should be provided, so far as is reasonably practicable, to every customer benefiting from an Industry Initiative?**

Yes, the Coalition agrees that advice about the benefits of smart meters should be provided to customers benefitting from an industry initiative.

**Question 11 - Do you agree that businesses installing and repairing boilers and central heating systems under the WHD Industry Initiatives should be TrustMark registered from 1 April 2021? Please provide reasons for your answer.**

**Question 12 - Do you agree that the installations of boilers, in high risk properties and central heating systems in all homes, should be installed in accordance with PAS 2030:2019 and PAS 2035: 2019 from 1 April 2021? Please provide reasons for your answer.**

Yes, the Coalition agrees with the incorporation of TrustMark, for installers to be TrustMark accredited into the scheme and that the installations of boilers, in high risk properties and central heating systems in all homes, should be installed in accordance with PAS 2030:2019 and PAS 2035: 2019 from 1 April 2021. This ensures that the standards of the scheme run parallel to ECO and the Green Homes Grant and achieves a good level of minimum standard across Government schemes.

**Question 13 - Do you agree with the introduction of technical monitoring for boilers and central heating systems installed or repaired under WHD from 1 April 2021? Please provide reasons for your answer.**

No. While it would clearly be useful to know whether an installation has been completed to the required standards, the Coalition is concerned that the practical difficulties of achieving this would be difficult to overcome. The trade-off is in costs between technical monitoring and scheme delivery. The delivery of support is significantly more important.

**Question 14 - Do you agree that the supplier participation thresholds should remain unchanged for scheme year 2021/22?**

Yes, the Coalition agrees that for the next scheme year, thresholds should remain unchanged. However, BEIS should look to reduce them in future reforms of the scheme.

**Question 16 - Do you agree with the requirement for the failing energy supplier to report on their paid and unpaid Core Group and Broader Group customers and Industry Initiative spending incurred? If not, please explain your reasons. We welcome views on potential alternative arrangements.**



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**Question 17 - Do you agree that an SoLR and WHD participant who volunteers to pay non-core obligations of a failing WHD participant should be allowed 10% non-core overspend? If not, why not? If you think a different % should be applied, please explain your rationale.**

The Coalition supports the proposed changes to the scheme to better facilitate the transfer of an obligation when a Supplier of Last Resort process takes place.