

FUEL DEBT ADVICE BULLETIN



Action for Warm Homes

Advice and information from NEA, the national fuel poverty charity

August 2018

This edition of the Fuel Debt Advice Bulletin summarises some of the key topics affecting the provision of fuel debt advice and highlights help available for frontline workers / householders.

The contents include;

- Warm Home Discount Scheme 2018/19
- Domestic Gas and Electricity (Tariff Cap) Bill passes through Parliament
- Vulnerable consumers in the energy market: 2018
- Ofgem warns suppliers over forcible prepayment meter installations
- Smart Energy GB in Communities Grants Programme
- NEA Annual Conference
- NEA Update

Warm Home Discount Scheme – 2018/2019

The 2018-19 Warm Home Discount (WHD) Scheme which provides eligible householders with a £140 rebate off their electric bill will start on 15th October 2018.

To get the Broader Group discount customers will need to stay with their supplier until it's paid and it is important to remember that numbers are limited and allocated on a 'first come first served' basis. Though the scheme opens officially on 15th October 2018 some suppliers will be accepting registration of interest for the Broader Group in early Autumn (August / September) as they await final confirmation from Ofgem.

NOTE: Applications for Utilita's broader group will be accepted from 2pm Wed 8th August 2018 to 2pm Wed 15th August 2018 - more info at <https://utilita.co.uk/help/warm-home-discount>

There are two ways to qualify for the WHD Scheme; through the Core Group or the Broader Group.

1. Core Group

Customers qualify for the discount if on 8th July 2018 all of the following applied:

- their energy supplier was part of the scheme
- their name (or their partner's) was on the bill
- they were getting the Guarantee Credit element of Pension Credit (even if they get Savings Credit as well)

2. Broader Group

Customers qualify for the discount if on 8th July 2018 all of the following applied:

- their energy supplier is part of the scheme
- their on a low income
- they get certain means-tested benefits

Currently, suppliers only have to offer the WHD if they have at least 250,000 customers but this threshold will reduce on a sliding scale from next year. The link below shows suppliers participating in the 2018/19 scheme;

<https://www.gov.uk/the-warm-home-discount-scheme/energy-suppliers>

Households who may qualify for the WHD under their supplier's Broader Group should submit an application directly to their supplier. Those who qualify through the Core Group will be notified and paid automatically.

The WHD rebate is paid directly as a one-off discount on the electricity bill, between September 2018 and March 2019. Some customers may be able to get the discount on their gas bill instead if the supplier provides both gas and electricity (the supplier should be contacted directly to see if they will pay this way).

Domestic Gas and Electricity (Tariff Cap) Bill passes through Parliament

The Domestic Gas and Electricity (Tariff Cap) Bill, which has passed through Parliament and is now awaiting Royal Assent, will require Ofgem to design and put in place a temporary cap on all standard variable (SVTs) and fixed-term default tariffs.

The cap should be in place next winter and will continue until 2020, when Ofgem will recommend if the cap should remain on an annual basis until 2023, if conditions for effective market competition are not met.

The cap will be absolute, meaning it will not vary between suppliers but it may differ between payment methods, fuel and meter types. The level it will be set at – which is currently unknown – will be reviewed every 6 months to reflect underlying cost changes. A last minute alteration to the legislation will mean that Ofgem will be required to review the pricing practices of holders of supply licenses for the supply of gas and electricity under domestic supply contracts, even after the price cap expires.

NEA has been influencing the outcome of the Bill, giving oral evidence to the Department for Business, Energy & Industrial Strategy (BEIS) Committee during pre-legislative scrutiny of the Bill and later to the Public Bill Committee. Specifically, NEA sought to preserve and extend the benefits offered by the safeguard price cap which is already in place for low income and vulnerable consumers in receipt of the Warm Home Discount, irrespective of the wider price cap being introduced. In NEA's evidence we highlighted a concern that an assumption is being made that the SVT-wide cap will protect exactly the same households as are protected by the Safeguard Tariff. We also highlighted that the relative values of the two caps are likely to be different and there is a risk some low income consumers may see their bills increase if the Safeguard Tariff cap is withdrawn prematurely. UK Government has since stated that the Safeguard Tariff should be preserved irrespective of the passage of the current Tariff Cap Bill in Parliament.

Vulnerable Consumers in the Energy Market: 2018

Energy companies have a duty to support consumers in vulnerable situations, including those in debt and at risk of being disconnected, and Ofgem released its annual report in June presenting its assessment on how suppliers treated these consumers in 2017.

In summary, Ofgem found:

- there were fewer customers repaying a debt, but more customers in arrears. Fewer customers were repaying money to their supplier in 2017, with lower levels of debt. However, the number of those in debt without a repayment plan in place (arrears) increased from 2016 to approximately 600,000 electricity customers and 460,000 gas customers.
- decreasing disconnection last year; suppliers disconnected just 13 customers for debt in England, plus 4 in Wales and 0 in Scotland, continuing a UK-wide long term reduction to the lowest numbers ever.
- some suppliers are turning to force too readily to recover debt, as the number of prepayment meters installed under court warrant rose in the UK to a total of 84,000 over 2016-17.
- the total number of consumers on a Priority Services Register (PSR) has increased to the highest level since monitoring began in 2006 (nearly 6m electricity consumers and 4.8m gas consumers), as did the number of services provided to customers on PSRs.

Some of these are positive developments, but Ofgem is concerned about the performance of the sector, and in particular small and medium suppliers in some key areas. In 2017:

- on average only 24% of indebted gas customers were on repayment plans with small and medium suppliers compared to 60% of customers with large suppliers.
- customers repaying debt via a credit payment method with some small and medium suppliers paid back on average three times more per week towards their debt than those with large suppliers, leading to concern that some suppliers are not assessing thoroughly whether or not customers can afford repayment rates.
- a small number of suppliers continued to carry out much higher levels of PPM installations under warrant per 1,000 newly indebted customers and the total number of warrants used increased in 2017. Note: Ofgem introduced new rules effective from January 2018 to restrict the use of warrants and expect to see these rules result in fewer warrants to be used next year.
- some small and medium suppliers have considerably fewer customers on their PSRs than larger suppliers, leading to concerns that they may not be identifying eligible customers adequately.

To read the full report, follow this link

https://www.ofgem.gov.uk/system/files/docs/2018/06/ofgem_vulnerability_report_2018.pdf

- 1.
- 2.

Ofgem Warns Suppliers Over Forcible Prepayment Meter Installations

Suppliers must only install prepayment meters (PPMs) by force to recover debt as a last resort, Ofgem has warned, as research shows some suppliers are using such tactics too often.

Last year the total number of prepayment meters installed under warrant to recover consumer debt rose to 84,000. This works out at an increase of 6.9% (42,283) and 2.41% (42,037) for gas and electricity prepayment meters respectively.

Three suppliers forcibly installed a much higher proportion of meters per head for their newly indebted customers than the industry average – Utility Warehouse (around five times more), British Gas (around double the industry average) and OVO Energy (around a third more). Following engagement with Ofgem, OVO stopped installing PPMs under warrant in September 2017 and Ofgem has now launched an investigation into how Utility Warehouse manages indebted customers, as its use of warrants to forcibly install PPMs is still the highest of all suppliers.

Next year Ofgem expects such installations amongst all suppliers to come down, following new protections it introduced effective from January 2018. These include a ban on using warrants for consumers who would find the experience traumatic, a prohibition on warrant-related charges for the most vulnerable consumers, and a cap of £150 in all other cases.

Smart Energy GB in Communities Grants Programme

3. Another round of the Smart Energy GB in Communities grants programme launched on Monday 30th July 2018 and the programme is currently seeking applications from not-for-profit organisations to help engage people and communities across Great Britain with information about how to get and use smart meters.
4. Grants of up to £5,000 will be available for community organisations, regional groups and local authorities who can reach people on a low income and help overcome the barriers to engaging with and benefiting from the smart meter rollout.
5. If you have any questions about the grant programme get in touch with Charities Aid Foundation by clicking this link [Charities Aid Foundation](#) or click [here](#) for further information and to apply online. The closing date for applications is the 3rd September 2018, with projects anticipated to go live no later than the 8th October 2018.

Our insight shows us that people on a low income are more likely to face a barrier to engage with or benefit from the smart meter rollout. Despite offering potential benefits, through NEA engagement, we are finding that people who rely on a low income often have conflicting priorities and may not feel they have the time to consider how a smart meter could benefit them. NEA's focus is to demonstrate to people on low income how a smart meter can help them with budgeting and to overcome concerns around financial uncertainty that could result from having a smart meter installed.

As well as potential access to grant funding the Smart Energy GB in Communities programme also offers free training and support to equip local organisations with the knowledge and skills to most effectively work with people who may face a barrier to engaging and benefiting from the smart meter rollout. The training includes information about the rollout; unlocking the benefits; an interactive demonstration with the in-home display and an overview of the supplier responsibilities to properly protect and support vulnerable and low-income consumers before, during and after installation. **You do not have to be in receipt of a grant to be eligible to attend training** so [get in touch](#) to find out more. You can also visit NEA's [training page](#) for more information.

NEA Annual Conference

17th – 19th September 2018 in Nottingham

NEA's annual conference and exhibition provides a national forum in which to debate key issues relating to domestic energy efficiency and fuel poverty to inform future policy and practice. The conference has consistently attracted around 300 participants from across government, the energy industry, health sector, local authorities, housing associations, and other not-for-profit agencies.

We are delighted that, for the second year in a row, E.ON will support the NEA Annual Conference at the Nottingham Conference Centre.

This year's conference is entitled "The Many Faces of Fuel Poverty" and content will link to the following themed priorities:

- Helping the worst first and ensuring consistent outcomes for the most vulnerable
- Enhancing preventative health action
- Clean growth and innovation
- Enhancing co-operation across the nations

For more information, including the conference programme and to book your place, go to www.nea.org.uk/conference2018

NEA Update

Improving Energy Efficiency In Communities Project

In 2018-2019 NEA is continuing the roll-out of its successful Warm Home Discount Industry Initiative supported '*Improving Energy Efficiency In Communities Project*' which aims to reduce the wider impacts of fuel poverty for households across England.

The project provides FREE basic energy awareness training to frontline practitioners within voluntary and statutory organisations who are in contact with low income and other vulnerable households at risk of fuel poverty. Organisations can also benefit from FREE energy advice surgeries/ awareness sessions to help their service users to better manage their energy use, access appropriate energy tariff and payment options NEA is providing all trainees and energy advice recipients with copies of a bespoke information leaflet to aid service signposting and referral.

The *Improving Energy Efficiency In Communities* project is national but has a key focus in the East Midlands, London, North East, North West, South East, South West and the Yorkshire & the Humber areas. For enquiries about FREE energy advice surgeries / energy awareness sessions in these areas contact:

- **East Midlands** – Elizabeth Lamming at NEA (Grimsby) on 07803 507 952 (email: Elizabeth.Lamming@nea.org.uk) or Helen Carter at NEA (Mansfield) on 07715 527 102 (email: Helen.Carter@nea.org.uk)
- **London** – Tom Welfare at NEA London on 07710 710 866 (email Tom.Welfare@nea.org.uk)
- **North East** – Ailsa Park-Smith at NEA (Head Office) on 0191 269 2940 (email Ailsa.Park-Smith@nea.org.uk) or Maureen Fildes on 0191 269 2929 (email: Maureen.Fildes@nea.org.uk)
- **North West** – Jimmy Pugh at NEA (Liverpool) on 0151 728 7678 (email: Jimmy.Pugh@nea.org.uk)
- **South East** – Rebecca Jones at NEA (Brighton) on 07738 417 448 (email:Rebecca.Jones@nea.org.uk)
- **South West** – Louise Evans at NEA (Taunton) on 07730760828 (email: Louise.Evans@nea.org.uk)
- **Yorkshire and the Humber** – Diane Bland at NEA (Northallerton) on 07855 863 312 (email: Diane.Bland@nea.org.uk) or Elizabeth Lamming at NEA (Grimsby) on 07803 507 952 (email: Elizabeth.Lamming@nea.org.uk)

For enquiries about FREE awareness / advice sessions in all other areas (and all general enquiries) contact Malcolm Dove at NEA on 0191 269 2932 (email: Malcolm.Dove@nea.org.uk). For enquiries about FREE basic energy awareness training for frontline staff across England contact Tracy Norris, Business Support Officer at NEA on 0191 269 2946 (email Tracy.Norris@nea.org.uk).

NEA is delivering a designated energy advice and support service for serving and ex-service personnel and their families across England and Wales. The service, **Forces for Warmth**, which has official recognition from the MOD, aims to trial new ways of working with the serving and ex-serving community to reduce fuel poverty.

This Fuel Debt Advice Bulletin was produced in August 2018 by National Energy Action (NEA).

If you no longer wish to receive future editions of the Fuel Debt Advice Bulletin, please let us know by emailing jimmy.pugh@nea.org.uk

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