



Fuel Bank Foundation
Wombourne Civic Centre
Gravel Hill
Wombourne
WV5 9HA

Carolina Valsecchi
Head of Warm Home Discount
Energy Efficiency and Local Directorate
1 Victoria Street
London
SW1H 0ET

Sent by email to warmhomediscount@beis.gov.uk

11 November 2020

Dear Carolina,

Warm Home Discount Scheme: 2021/22 extension, Fuel Bank Foundation response

Thank you again for providing the opportunity for the Fuel Bank Foundation (FBF) to respond to the above consultation; we are particularly delighted that a number of points raised – or indeed concerns highlighted – by the FBF in our previous conversations and responses have been built into BEIS’ proposals, in particular around the use of Financial Assistance Payments to support those at most risk.

To date the FBF has supported over 350k consumers across GB who are in absolute crisis, and have either self-disconnected, or are at imminent risk of doing so, and these proposals, if implemented, will enable additional financial support to be provided to clients alongside our specialist and targeted energy advice. For that reason, the FBF is really encouraged by and is fully supportive of the changes proposed by this consultation.

I have detailed below the responses to the questions that you posed that are relevant to the Foundation. Please don’t hesitate to contact me if you would like any further information, or if indeed would like to discuss any of these points further. Please note that our response to the consultation is not confidential and we are happy for it to be placed in the public domain.

| | |
|---|---|
| <p>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?</p> | <p>Yes.</p> <p>The WHD rebate of £140 provides surety and reassurance to those households who receive it. Any reduction in value would potentially have a detrimental impact on some of the most vulnerable and fuel poor energy consumers across GB.</p> |
|---|---|

| | |
|---|---|
| | <p>The FBF would urge for additional funds to be identified to allow more households to benefit from Broader Group rebates. From our activities across GB we come across many families who absolutely meet the eligibility criteria, but unfortunately are too late in their application, and so miss out through timing, and not eligibility. As a result, these families are more likely to fall into crisis and require crisis services delivered by organisations such as the FBF.</p> |
| <p>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?</p> | <p>Yes.</p> <p>In the absence of more robust data matching we believe that using Pension Credit Guarantee Credit is a sensible proxy to identify potentially vulnerable and fuel poor households.</p> <p>From across our network we also note the reduced propensity for more elderly households to seek out additional sources of help. The Core Group WHD rebate part-mitigates against the risk of this population requiring – but not accessing – Fuel Bank support since they are guaranteed an additional cash payment to support higher winter fuel bills.</p> |
| <p>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?</p> | <p>Yes.</p> <p>Introducing consistency between individual supplier criterion would allow the FBF (and other advice charities) to more clearly articulate the entry criteria for WHD for vulnerable and fuel poor clients. Being able to confirm that a client absolutely meets the criteria would increase the likelihood for signposting to lead to successful application and payment of a rebate.</p> |
| <p>5. Do you agree that the cap on debt write-off should remain at £6 million for scheme year 2021/22?</p> | <p>Yes.</p> <p>It's essential that targeted debt support through write-off is maintained for vulnerable and fuel poor consumers. Notwithstanding the downward trajectory of this activity in recent years, we appreciate BEIS' desire not to reduce the cap this year given the current pandemic and the knock-on impact this has had on household finances.</p> |
| <p>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.</p> | <p>Yes.</p> <p>It is essential that high value write-offs do not inadvertently reward any poor supplier performance, and through a £2k</p> |

| | |
|--|--|
| | <p>cap, an increased number of vulnerable and fuel poor households will receive the support that is required.</p> <p>There is a risk, however, that consumers with a large value debt may be disadvantaged by this reduction. We would be keen to understand the additional financial support that suppliers would provide for such customers. Under Standards of Conduct it is not necessarily reasonable for a large value debt totalling many years consumption to have built up, without the supplier providing any prior support to their customer.</p> |
| <p>7. Do you agree that the restriction on providing financial assistance to Core Group and Broader Group recipients should be removed?</p> | <p>Yes.</p> <p>Absolutely, and for two reasons:</p> <ul style="list-style-type: none"> - The Fuel Bank Foundation has raised concerns previously that some clients ‘walk away’ from Fuel Bank help today because of a promise of a potential WHD rebate later in the year. This concerns the FBF because in this scenario we have already validated that the household is in crisis and needs immediate financial support. - This change will reduce the charitable cost of delivering Fuel Bank services funded by WHD. Previously, at some centres, we would continue to provide financial support to those clients who flagged that they also received a WHD rebate but these costs were borne by the charity and not claimed as WHD spend. This was because we felt it unjust not to provide support to clients whose need had already been verified. This created a risk that services could at times be sited in areas or with partners where there could be a propensity for a reduced number of WHD recipients. <p>It is great to see that the proposed changes will remove the two risks above. This will have a positive impact on our model and the clients we serve.</p> |
| <p>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?</p> | <p>Yes.</p> <p>We believe that this is reasonable based on present spend levels, and recognising too that an increase in spend here will remove support from other valuable initiatives that provide assistance to the fuel poor and vulnerable.</p> <p>It is also worth noting that ca £10m has been made available by the Energy Savings Trust to support similar initiatives throughout the pandemic.</p> |
| <p>9. Should Government keep the financial assistance eligibility criterion</p> | <p>Yes.</p> |

| | |
|---|--|
| <p>of customers living in communities wholly or mainly in fuel poverty? If not, please provide reasons.</p> | <p>We are not aware of any confusion caused by the current criterion. Our assessment processes confirm that households are in or re approaching crisis before help is provided.</p> |
| <p>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?</p> | <p>Yes.</p> <p>The FBF already provides at times information about smart metering as part of our package of advice that accompanies a Fuel Bank 'payment'. Information and advice provided however should be generic and suit all suppliers and customer satiations – ie some may have a smart meter, others may not etc – this is essential for the FBF since we provide a supplier agnostic service and providing different advice dependent upon supplier etc would be prohibitive.</p> |
| <p>15. Can you provide evidence of the administrative costs of delivering the Warm Home Discount rebate and the Industry Initiatives scheme? We have provided a template for this.</p> | <p>We believe that this question is for suppliers to complete however if you would like any information please let me know.</p> |
| <p>21. Should supplier thresholds for separate schemes be the same in England and Wales and Scotland? Please provide your reasons.</p> | <p>Potentially.</p> <p>We see real interest in the Fuel Bank Foundation model from some of the devolved nations of the UK, and it may be appropriate to assess the benefits from adjusting thresholds to support local need and wider national issues.</p> |

I look forward to speaking soon.

With very best regards,

Matthew

Matthew Cole
Chair of Trustees – Fuel Bank Foundation