

FUEL BANK FOUNDATION RESPONDS TO OFGEM ENERGY INDUSTRY VOLUNTARY REDRESS SCHEME REVIEW

In February, Ofgem conducted a review of its Energy Industry Voluntary Redress Scheme with stakeholders from the energy sector.

The redress scheme was set up in 2017 to enable energy companies that have been investigated by Ofgem to make voluntary payments to charities.

The purpose of the review is to ensure the scheme continues to deliver the maximum benefit for Britain's energy consumers.

Since it was launched, the scheme has provided much needed additional funding for charities and other community organisations that support some of the most vulnerable people in society.

Whilst the scheme has been a success, there are areas Fuel Bank Foundation believes it could be improved and we welcome the opportunity to provide feedback.

The financial and societal impact of the COVID-19 pandemic is yet to be fully understood and we therefore advise that consideration is given to awarding more funding to projects that offer financial support and advice to consumers until its effects are over.

Until then, we recommend the current 70/30 funding split in favour of vulnerable consumers is increased to provide additional financial support at a time when it is needed the most.

Evidence shows that the provision of fuel vouchers and the financial breathing space they provide, both in terms of keeping the lights and heating on and avoiding self-disconnection and giving the customer time to explore other solutions to their problems, such as energy efficiency measures and advice, has a significant positive impact on physical and mental wellbeing.

We believe that the Fuel Voucher Scheme should remain a permanent feature of the Redress Fund as we have robust evidence that the Fuel Bank Foundation proposition leads to significant improvements in physical and mental wellbeing (85% and 89% respectively).

As long as there are energy customers with severe affordability issues and associated crises, fuel vouchers will be a necessary tool and form of immediate support and should therefore remain a permanent feature of the Redress Fund.

In terms of accessibility, it is vital that smaller, grass-roots charities are able to access monies from the Redress Fund as they are often the organisations that people in financial crisis will reach out to first for help.

However, the current application process is far too complicated and might actually deter smaller charities that don't have the resources or previous experience of applying for funding from making an application.

The streamlined process used to distribute funding in the early stages of the pandemic was excellent and lessons could be learned from this so that funding is fairly distributed and reaches those charities that need it most.

Furthermore, we believe the scheme would be greatly improved if, rather than being driven by how much money can be spent, it focussed more on the measurable impacts that can be achieved as a result of spending that money.