

Consultation Response

Energy Bills Support Scheme Additional Funding Consultation

About this consultation

The Energy Bills Support Scheme (EBSS) will deliver £400 electricity bill discounts to domestic customers over a 6-month period from October 2022. Some residential customer groups will be excluded from the EBSS, mainly because they rely on a commercial supply contract to underpin their electricity supply. The Department for Business, Energy & Industrial Strategy (BEIS) have devised initial proposals for the EBSS Additional Funding scheme to ensure that residential customers who faced exclusion from the core scheme still receive their £400. BEIS offered the opportunity for verbal consultation on this early phase of the scheme and Age UK compiled the below response to provide BEIS with a summary of our views. We sent this response to officials on 25th October 2022.

Key points and recommendations

Significant improvements to the EBSS have been enacted reforms and their commitment to extending it via the Additional Funding scheme. BEIS should provide multiple routes

About Age UK

Age UK is a national charity that works with a network of partners, including Age Scotland, Age Cymru, Age NI and local Age UKs across England, to help everyone make the most of later life, whatever their circumstances. In the UK, the Charity helps more than seven million older people each year by providing advice and support. It also researches and campaigns on the issues that matter most to older people. Its work focuses on ensuring that older people: have enough money; enjoy life and feel well; receive high quality health and care; are comfortable, safe and secure at home; and feel valued and able to participate.

Introduction

Age UK responded to the original proposals for the EBSS in May¹ and provided an updated response in June after the Government announced several major improvements to the scheme². BEIS agreed to double the EBSS discount to £400 and remove the repayment levy, fully exempting consumers from repaying the money over subsequent years. This was a welcome move and led to the EBSS becoming central to addressing the energy price crisis. However, these welcome improvements to the scheme mean that households missing out on the £400 will face an even steeper challenge to cover their spiralling energy bills.

Therefore, we warmly welcome _____ introduce the EBSS Additional Funding scheme to support those missing out. BEIS estimates this represents around 1% of households. This comprises those who BEIS considers to be within the scope of the EBSS but who would otherwise remain unable to access the core scheme. This includes several housing types disproportionately occupied by older people, including park homes, care homes and social housing units. The major barrier to accessing the EBSS is that these households, amongst many others, frequently lack a direct electricity contract. This may be because they are relying on a communal meter point underpinned by a commercial supply contract, as is the case at many park home sites, or because they are paying for their electricity bills through a collective service charge or passthrough cost, as with many social housing tenants. In other cases, such as care homes, the premises are often operated as a business which means residents frequently miss out on the benefits of being treated as domestic customers (e.g. price cap protections and direct support from the Energy Price Guarantee).

BEIS has proposed several eligibility criteria for the EBSS Additional Funding scheme. Firstly, the property must be the main or sole residential address. Second, the resident must be responsible for paying for the energy used in the dwelling, whether directly or indirectly (e.g. through a landlord). Third, the household cannot have already received support from the core EBSS funding stream. Finally, the dwelling cannot be a business or

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We recognise that it is extremely difficult to provide evidence demonstrating this point. As a result, Age UK have pulled together what evidence we can and combined it with our extensive experience of delivering support to many of the vulnerable clients the Additional Funding scheme is designed to help.

Government research into access to photo identification (ID) provides useful statistics¹⁴ on those who may struggle to prove eligibility. This also serves as a good proxy for some of the wider issues older people face in providing evidence and documentation to access Government support. At face value, holding photo ID varies only marginally by age group with 99% of those aged 18-29 holding a form of photo ID, compared to 98% of both 30-69-year-olds and the over 70s¹⁵. Our main concern is the specific circumstances of the older people who do not hold ID, as we are worried this group is likely to be overrepresented within the target population that the Additional Funding scheme is aimed at. Furthermore, access to a form of ID is not the same as being able to present it as evidence (e.g. for those aged 85+ their ID is often less identifiable, with only 9 in 10 of this age group holding recognisable photo ID¹⁶).

It is important for BEIS to recognise that the groups of older people the scheme is designed to help (e.g. those lacking an electricity grid connection) are more likely to lack the evidence required to prove eligibility (e.g. photo ID or evidence of who the bill payer is). For example, those reliant on alternative heating fuels such as oil, bottled gas, and coal will be at great disadvantage as many will purchase this fuel without having consistent evidence that it is their household energy source or that they are the bill payer. This is why it is so important BEIS minimise the need for applications to access Additional Funding support and, where applications are needed, make them as straightforward and intuitive as possible requesting only the essential evidence required.

Speed is also key. Distribution of EBSS core funding has already begun for most households. BEIS must ensure that its application process for the Additional Funding wing is straightforward to avoid delaying the scheme. During the winter months energy bills are generally higher as more and more people switch their heating on, increasing demand¹⁷. To ensure older households feel confident switching their heating on this winter it is absolutely essential they begin benefiting from the EBSS Additional Funding scheme before December when colder temperatures set in.

3. What are your thoughts on potentially allowing bulk applications?

Where people must apply to access the scheme a bulk application system could minimise the administrative burden on households. For example, BEIS could allow housing associations to file a single application for their entire stock of social housing units. Care homes could similarly file an application for all their residents collectively.

If BEIS implement this there are nonetheless issues to overcome. Firstly, it is important that a collective or bulk application delivers support to the intended beneficiaries, particularly as residents may be unaware that an application is being made on their behalf. In respect of care homes, BEIS will need to work with providers to ensure that the

5. In what form would energy bills support be most appropriate? Account transfers, vouchers, sub-meter credit, other?

To ensure maximal access to EBSS Additional Funding BEIS should provide multiple routes to access the £400 discount, ensuring people are able to receive it regardless of circumstances. While this may run the risk of a small number of households benefitting twice from the scheme, we are far more concerned with the much likelier risk of them not benefitting at all if BEIS only provides households with one route to redeem their £400.

While vouchers and Special Action Measures (SAMs) are a common preferred route for distributing support, and one BEIS is already using in the core wing of the EBSS, they are by no means a full proof mechanism for ensuring maximum access for older people. Previous attempts to get customers in the energy market to redeem vouchers or SAMs have had mixed results, particularly as the need for active consumer involvement in the redemption process seems to reduce access when compared with automatic enrolment systems²⁰. For example, the Government Electricity Rebate (GER) scheme delivered an annual £12 rebate to electricity customers between 2014 – 2016²¹ the scheme found that up to 30% of customers reliant on a prepayment meter (PPM) did not access their GER vouchers²². This means well over two thirds (70%+) did still redeem their vouchers and this mechanism could therefore play an important role in providing EBSS Additional Funding support. However, our concern

is a language barrier or someone has a relevant disability or long-term health condition (e.g. a visual impairment).

¹ Age UK, 2022. Consultation response: Technical proposals for the Energy Bills Support Scheme. Age UK. [Online]. Available at: <https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/safe-at-home/consultation-response---technical-proposals-for-the-energy-bills-support-scheme-department-for-business-energy--industrial-strategy.pdf>. [Accessed 07/10/22].

Age UK, 2022. Consultation response: Additional Questions: Technical proposals for the Energy Bills Support Scheme. Age UK. [Online]. Available at: <https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/safe-at-home/consultation-response---technical-proposals-for-the-energy-bills-support-scheme-department-for-business-energy--industrial-strategy.pdf>. [Accessed 07/10/22].

³ BEIS, 2022. Fuel poverty detailed tables 2022. Department for Business, Energy, and Industrial Strategy. [Online]. Available at: <https://www.gov.uk/government/statistics/fuel-poverty-detailed-tables-2022>. [Accessed 25/09/22]. Table 13.

