

Parliamentary Briefing

Support for energy bills November 2022

Age UKs Overall view

Age UK welcomes the extension of the Energy Price Guarantee and additional cost of living payments for those on means tested benefits, pensioners and disabled people. Older people often incur higher heating costs due to a medical need or caring responsibilities, as many must maintain a higher temperature in their home, and these additional payments will help meet some of the ongoing costs of high energy prices.

However, older people, alongside millions of other consumers, are still extremely worried about how they are going to heat their homes this winter and beyond. For some households the promised support has still not been provided while others are still concerned that the available support will not enable them to make ends meet.

The Government must act quickly to deliver support to more older households over the winter, and invest in long-term solutions, for example energy efficiency and a social tariff, to help vulnerable households.

Those missing out

While Age UK appreciates the efforts the Government has made on emergency support, there are particular households who continue to miss out despite the promises of financial assistance made in May. These older people are heading into the coldest months unaware whether they are going to get the extra help they need or not.

Those excluded from the EBSS

The Energy Bills Support Scheme (EBSS) alternative funding was announced earlier this year for those living in homes where they did not directly pay the electricity bill, such as Park Homes. However, this is still to materialise. Despite requests for a timeline on delivery to help older people prepare this has also not been forthcoming. **This is leaving hundreds of thousands of households fearful of the winter ahead with no support.**

Age UK wishes to see the EBSS alternative funding delivered urgently. This scheme must also have multiple routes of access to ensure people are able to access it regardless of circumstances.

Those in off-grid homes

We are pleased that the Alternative Fuel Payment (AFP) has been increased to £200. However, for many it will not go far enough. Older people with oil, wood, LPG, or other heating systems, have seen significant increases in the prices they pay, and many people will remain concerned about whether they can afford to heat their homes.

Many in off-grid homes are solely reliant on alternative fuels as they do not use electricity. And for those who do use electricity, this usage is often so minimal that help with this bill is ineffective. Alternative fuels often have large up-front payments that have left many older households struggling, and only an increase in support before the winter sets in can help. Sadly, households who could not be given the support automatically are still waiting for the mechanism that will allow them to claim it leaving them severely out of

pocket heading into winter. **Age UK wishes to see the AFP delivered urgently to households who are still missing out.**

Those in Northern Ireland

Similarly, an EBSS and Energy Price Guarantee (EPG) scheme for Northern Ireland were also announced in May but have not been delivered nor a timeline for this delivery set out. While we understand that the lack of a sitting Assembly does make the situation in Northern Ireland difficult, delays are leaving older people in a perilous state. This is especially pertinent as Northern Ireland lacks protection from the price cap, the Energy Bills Support Scheme, and the Warm Home Discount.

Age UK wishes to see the Northern Ireland schemes delivered urgently and a timeline set out so that older people know what to expect.

Those on pre-payment meters

People on pre-payment meters (PPMs) are some of the most vulnerable people in the energy market. Their charges are generally higher than for someone paying by direct debit, leading to higher rates of fuel poverty. Although people on PPMs are included in the EBSS, many are missing out due to the support being provided to those on legacy PPMs through vouchers. Recent Government figures showed that over 40% of vouchers sent to PPM households have not yet been redeemed. Age UK estimates that 150,000 older households relying on a legacy PPM will miss out on the EBSS. Urgent action is required to encourage people to redeem their £400.

Age UK wants the Government to run a comprehensive promotional campaign via online and offline channels to ensure legacy PPM users are aware of their vouchers and the need to redeem them at local pay points. Repeat vouchers should be dispatched to homes yet to redeem and expiry dates must be extended to ensure maximum access. Suppliers have a key role to play in this too.

The Energy Bill Relief Scheme

Households with non-domestic energy supply

Some households like Park Homes are relying on the Energy Bill Relief Scheme (EBRS) to protect them from the energy price rises. As Ofgem has announced the energy price cap will rise to £4,279 a year for the average household from January, **it is essential the EBRS (like the EPG) is extended for households who get their energy through a non-domestic supply.**

Support for the charity sector and care sector

Care homes and the charity sector are facing specific challenges with energy bills **and must continue to receive help after April, or many will be at risk of running out of money and either cutting back the services they offer or closing down altogether.**

While demand for services rises, the cost of running them is threatening to reduce what is available. Without further financial aid many local charities and care homes could be forced to close due to the unaffordability of their bills leaving older people without the critical help they need.

Long term support

Even with the support that the Government has put in place, 2.5 million older households will be in fuel poverty this winter. 1.3 million of these are on lower incomes - half of all older households on low incomes, up from a quarter last year. These households and many more will be pushed to the edge if support for bills is stopped. Those in vulnerable households must continue to get help and long-term solutions need to be introduced.

A social tariff

The increases in the energy price cap this year have highlighted how quickly an essential commodity such as energy can become unaffordable and push vulnerable households to difficult decisions on which essentials to cut back on, affecting their health and wellbeing.

An 'energy social tariff' – a discounted energy deal for those on lower incomes and with specific needs – represents a crucial element in ensuring that vulnerable UK households can afford to warm their homes through colder periods. This tariff should be set at half the cost of the typical price capped bill and targeted at households living in poverty and/or in receipt of income-related means-tested benefits; disability benefits or Carer's Allowance.

Age UK would like to see the introduction of a social tariff into the energy market which discounts energy bills for those most in need, automatically enrolls eligible households and is mandatory for all suppliers. This tariff must sit alongside, rather than replace, existing support like the Warm Home Discount and energy price cap.

Energy Efficiency:

The announced Energy Efficiency Taskforce is welcome recognition of the importance of energy efficiency. However, the additional money promised at the Autumn Statement won't come until the next Parliament.

It is essential the Government **increases household energy efficiency grants** for those on the lowest incomes. Household energy efficiency is measured in bands ranging from A to G, with G being the lowest. Even after the EPG around 1 in 6 older households in A-C will be fuel poor from October, but for the lowest bands (F-G) the figure increases dramatically to almost 9 in 10. **Vulnerable households must be supported to insulate themselves from the cold and spiralling bills.**

These sustainable long-term solutions have strong backing from older people. Our own polling shows 70% of over sixties in Britain want to see the Government introduce a social tariff and 74% want the Government to provide additional funding to households on lower incomes so they can access energy efficiency improvements.

What Age UK wants to see from the Government:

- Urgently deliver the EBSS alternative funding, energy support in Northern Ireland and support for those using alternative fuels.
- Ensure better take up of support for those on legacy pre-payment meters by promoting the EBSS voucher scheme, providing repeat vouchers, and extending expiration dates.
- Commit to maintaining the Energy Bill Relief Scheme beyond next April for older people who receive their energy through non-domestic sources, local charities and vulnerable industries, like the care sector.
- Introduce a social tariff which discounts energy bills for those most in need, automatically enrolls eligible households, is mandatory for all suppliers and compliments, rather than replaces, existing consumer protections.
- Continue support with energy bills after April for people on means-tested benefits, disability benefits, Carer's Allowance and those struggling with unaffordable energy bills but missing out on support from the social security system.
- Continue funding for energy efficiency improvements to housing stock, in particular targeted towards lower income households
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If you have any questions or would like to meet to discuss how you can help older people with the rising cost of living please contact Roshni Mistry, Senior Public Affairs Officer, at roshni.mistry@ageuk.org.uk.