

Energy Security and Net Zero Committee

Oral evidence: [The work of the Department for Energy Security and Net Zero](#), HC 1549

Wednesday 13 September 2023

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Members present: Angus Brendan MacNeil (Chair); Vicky Ford; Barry Gardiner; Mark Garnier; Sir Mark Hendrick; Mark Pawsey; Dr Dan Poulter; Lloyd Russell-Moyle.

Questions 95 - 143

Witness

[I](#): Rt Hon. Caroline Flint, Chair, Committee on Fuel Poverty.

Examination of witness

Witness: Rt Hon. Caroline Flint.

Q95 **Chair:** Welcome to the Energy Security and Net Zero Committee on preparing for the winter inquiry. We have our second session of the day, and we have a well-known face in Westminster with us today. I will let the one witness on this panel introduce herself as she sees fit—name, rank and serial number, please.

Caroline Flint: Thank you very much, Chair. The Right Honourable Caroline Flint, Chair of the Fuel Poverty Committee.

Q96 **Chair:** It is lovely to see you again in a different guise. To kick off, does your Committee recognise the choices consumers had to make between heating and food bills over the winter 2022-23 and possibly going into the following winter?

Caroline Flint: Absolutely. In fact, we were following this intensely throughout 2022 right up to the winter. We made a number of representations including—which is on our website—a letter to the two candidates for Prime Minister in September. We wanted to get ahead and outline some of our concerns, which were very much to that point. The cost of living situation that so many people found themselves in during this crisis, exacerbated by the surge in energy prices, was seriously affecting people's choices.

You had some of the stakeholders in front of you last week. Their discussions with us, recounting what they were hearing on the ground—all members of the Committee, and we are a small Committee; six including myself—had in different ways met with some of the people who have been affected.

For example, I attended an NEA conference where individuals were talking about the choices they were making, how difficult it was, and how difficult it was for some people—they called it energy deserts—to go to get their key for their prepayment meter loaded up and the cost of getting to a designated place to do that.

We also decided during last year that we wanted to commission some research ourselves to have a look at understanding the impacts on families. I think I have provided a copy of that to Committee members. There were clearly issues there around not eating enough food, making those choices between heating and eating, maybe not using conventional cookers—using microwaves—and maybe eating food that was not as healthy as they might have eaten, but also, importantly, rationing their heat as well.

I think our report, along with what others have found in their work with households and individuals, showed some stark choices that people were making that was affecting their health and wellbeing as well as their income.



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Q97 Chair: Some people with severe health issues, such as motor neurone disease or on kidney dialysis machines, have given evidence to the Committee that they have had and do have bigger energy needs than many, so they have been very badly impacted. Have you heard much from these groups?

Caroline Flint: Yes, we have. Last week I attended the launch of the Warm Home Prescription, which is something that has been initiated by some local authorities and health systems, working with some others, to look through the health service and that point of contact for many of these people who might not register on our fuel poverty statistics, to understand their conditions and their needs.

As you quite rightly say, apart from keeping warm, it is the equipment they have in their homes, which also incurs extra costs. It is a real worry. I am very much involved in the NHS. I chair an NHS trust and it is clearly an issue that I think the wider system of health could look at.

In our annual report, under the chapter of “shared mission”, we think there is more of a role for the NHS working through the ICBs, the integrated care boards, to play a role. We were disappointed last year that the winter planning guidance did not include addressing fuel poverty, and I understand it is not in it this year. I think that is a missed opportunity.

Q98 Chair: At the end of the last session, I brought up the Energy Bills Support Scheme with Ofgem and their CEO, Mr Brearley. This was highlighted through BBC Radio 4’s “Money Box” programme, which pointed out that 900,000 people were eligible for the scheme, but only 141,000 received the £400 and 750,000 missed out. That is a huge miss. Should the Government relaunch the scheme? Should the Government make up the loss? Some people are continuing in energy debt from last winter. Your views?

Caroline Flint: I would say two things on that. First, a huge amount of support—more than ever before—was put together to try to help different households to cope with the surge in prices. Clearly, there was a choice made that every household would receive the £400. A lot of people were facing huge increases, but we made it very clear last year that more concentrated, larger targeted support to those most in need, not just the fuel poor but others who may not fit that criteria but clearly have needs in terms of their health to get extra support, should be focused in on.

Also what was illuminating during last year—and in some ways I hope we learn from it—was a wider understanding, both by policymakers but also the energy companies, about how marginalised people are, particularly through the prepayment meters and the vouchers.

We had a lot of feedback about having the five different vouchers and the likelihood of them getting lost. We knew from earlier in the year that several local authorities had problems getting the council tax rebate to



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people as well, because a lot of the people they were dealing with did not have a bank account. It exposed for everybody that, while for many people it can be relatively easy to access support, for these people for a number of reasons—some of which you heard last week—it is difficult.

- Q99 **Chair:** For the 750,000 who missed out, what should the Government do? Should they just shrug their shoulders and say, “Too bad”? Should they try to make good the damage? Some of these people live in canal boats, static caravans and places that the Government of the time said were very difficult to deal with, but now we can see it is not that difficult at all. What should happen?

Caroline Flint: The money was available, so I think there is a justice question about whether that should be redeemed for those people, if that is possible. Linked to that is looking forward, which not many people are looking forward to, this winter and what additional package of support is going to be necessary. We do believe there will be a need for that. Prices are still high.

- Q100 **Chair:** Do you think we should still have that Energy Bills Support Scheme?

Caroline Flint: We think that some sort of scheme, which will recognise in a more targeted way than last year, for some of the people we have already mentioned, will be essential in the year going forward. That includes recognising the point you made about debt and how difficult it is, because the debt has compounded from last year and they are facing debt again this year.

- Q101 **Chair:** Just very briefly on the point of targeting, because people might quibble later with what you are saying, there were 900,000 eligible last time. Would you still see the 900,000 as a target, or what should the target for that scheme be going forward?

Caroline Flint: For our purposes as the Committee on Fuel Poverty, it is those in fuel poverty and those who are vulnerable. I suppose, in that consequence, there could be people who are living on canal boats. There are people living off-grid who we know are in fuel poverty as well. For us, there are lots of voices speaking up for lots of groups. Our job is to speak up for those in fuel poverty and those who are vulnerable. Wherever they live they should be supported, and they should get what they are entitled to.

- Q102 **Barry Gardiner:** Suppliers need to make sure that all consumers can quickly and easily find, access and understand their bills. That is what Ofgem says. That is the service standard that it sets for its suppliers. So, do they understand their bills? Can they find them quickly and how important is that, or what is the difficulty with that, for people who are in fuel poverty?

Caroline Flint: Looking back over some time in this arena, there has been some improvement in the bills and how they are presented, but it is



still incredibly complicated. For many customers who are very savvy about this and who pay by direct debit, and therefore are confident about reading these bills, maybe there is not so much of an issue, but for a lot of the people that we are thinking about it is an issue. Trying to work out what exactly you are paying for, for me, is about making sure those bills are as clear as possible. The bigger issue for those in fuel poverty and those in need is how much of that bill they should be paying.

We have had this extraordinary surge in prices, and we all know the different factors that contributed to that, but before this crisis we had too many people in fuel poverty, and we will still have too many people in fuel poverty going forward even if the prices come down. For those people a combination of financial support, whatever form that takes, in terms of discounts and importantly making their homes warmer—ending cold homes—is absolutely key.

I do think as well about what was exposed last winter, and it was interesting hearing some of the energy companies answering your questions the other week. At the start of 2022, when this debate started kicking off by the policymakers, and there was lots of lobbying on Government to do different things and the Government did do a lot—an unprecedented amount of money was put in to support people—I would have hoped and liked to have heard more from the energy companies about how mindful they were going to be about the impact on these marginalised customers and their needs.

What we need from the energy companies and from Ofgem is to push a culture of proactive behaviour, rather than waiting for a crisis to happen, and rather than waiting necessarily to be told by Ofgem. I would hope with good companies that Ofgem should be the last resort to getting things done.

Q103 Barry Gardiner: Would better customer service help to prevent people from falling into fuel poverty and, if so, how?

Caroline Flint: A few things. If people are finding it difficult to pay their bills, the problem is they get into a spiral of despair, and there will be knock-on effects on other aspects of their lives. They may take money from food, or money from rent, or money from something else, to pay for their energy, or they might take money from energy to pay for those other things. There is no slush fund to compensate in this situation. Therefore, one of our biggest concerns last year—and not just us; others as well—was self-disconnection. There was quite a lot of evidence of that around. Our own research report highlighted health rationing by individual households to try to find their way.

How could it be helped? The energy companies need to ensure that they have the right staff in the right numbers, with the right skills, to deal with customers who have extra needs, who may need repeat conversations with an individual, not another person the second time around. They may need more time. The person at the other end of the phone should be



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supported by their company to have the right training and the right leeway to spend time with an individual to help their problem to be solved.

I thought it was interesting last week about direct access. I think in terms of a winter plan, maybe not for a whole year but certainly for a winter plan, having more direct access for advice agencies, some of whom already have very good arrangements—Citizens Advice I think mentioned that last week—to resolve some of these issues would be helpful. Also, we must be mindful that we do not want those organisations to then be overwhelmed. There is a capacity issue, but that should not let off the hook the energy companies doing their job.

Q104 Barry Gardiner: Were you shocked last week when, in response to the questioning, the energy companies displayed that they had not considered the six points in the consultation by Ofgem and could not say that they were going to increase the hours, both in the evenings and at weekends, that they would make those phone lines available? What did you make of that?

Caroline Flint: I was shocked, in the sense of it just seemed to be a waiting game. I know they are all individual companies, and they are private companies. Well, some of them are state-owned companies, but in terms of our relationship with them they are private companies. I get that, but energy is a managed sector. It is not left to its own devices because, just like water, it provides essential to life commodities. As such, I think there should be a baseline of support that is recognised across them all that has some standards of unification within it.

Again, it does seem or they gave the impression—I am not sure if this is what they were trying to do, but sometimes they just give the impression—that they are waiting: waiting to be told, waiting to act. They need to be much more proactive and help to solve the problem, not be seen as a barrier. I do not think they intend to be a barrier but that is how it sometimes comes across.

Q105 Barry Gardiner: This morning we heard from Ofgem and Jonathan Brearley. We heard that they were increasing the number of staff that they had available to monitor what the companies were doing and to enforce. Do you think that in the past Ofgem has done enough in terms of enforcing good customer practice by the good service standards by the companies?

Caroline Flint: Sometimes it has been slow off the mark. In September of last year, when we wrote this letter to the candidates for Prime Minister, and it was publicly available, we highlighted—as did others at that point—our worry about forced installations of prepayment meters.

There were several voices within this space who were saying, “We are getting feedback here and it seems like they are escalating,” and I think the evidence proved that. It was quite a while before that was seen for



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what it was. In fact, it took a BBC journalist to do some investigative reporting on that front to bring it into the public sphere. That should not happen, it seems to me, if the right data is being provided to the regulator to see what patterns and what trends are occurring. It then revealed a whole number of other issues, which was a very quick go to this mechanism and seek the courts to issue the warrants for it. I also think in a number of cases it showed a lack of concern about the subcontractors they were using to carry out this particular activity.

Q106 Barry Gardiner: One final question relating to standards again, and relating to the understanding of the bills, is the requirement that Ofgem puts on the companies. Do you believe that the standing charge obfuscates and disempowers customers from understanding exactly what they are paying for when they turn the lights on?

Caroline Flint: Yes, I think it does. In fact, earlier on today, as a mystery shopper, I just went on a few websites from different companies to see how they explained their standing charges. Uppermost comes network costs, and of course there are issues around that. We do need the networks to get the energy to our home. I suppose that is operational, but it is quite hard to fine down the explanation about all the other costs.

The view of the Committee on Fuel Poverty—and I think previous Committees have raised this before—is that there is an unfairness to the fuel-poor in these standing charges. Even if their energy is reduced they have gone up enormously, and the Government have announced and are embarking on a review of their fuel poverty strategy.

There has been a lot of discussion about a social tariff. In the mix of all that is a discussion about the standing charges and what is appropriate that should be on a standing charge, who should pay it, and maybe who should not pay it or should have a discount on it, or if it should be wrapped into the discount on a social tariff, if that is the direction. Also importantly—I know this is difficult for all the main parties—as far as I am aware, is whether some of those non-operational costs should come off the bills and go on to general taxation.

Q107 Barry Gardiner: Would you like to see one of the recommendations that this Committee might make in relation to the standing charge? Is that a fair assessment?

Caroline Flint: We definitely would. We did say in our report that one of the things we would like to see every time something is added on to bills is that there is an impact assessment on the fuel-poor.

Q108 Vicky Ford: You mentioned Citizens Advice. When we met with Citizens Advice last week it explained how it had been giving out vouchers to many thousands of people, and that some of that money had come from the Government through the household support fund that is given to local authorities. It was a bit vague, but it implied that some local authorities



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are more efficient at using that household support fund to get to really vulnerable people. The household support fund, many hundreds of millions of pounds, is given to local authorities to say, "Find the most vulnerable and help them," so that these people that we have been talking about with disabilities and so on.

Have you done any work to look at which local authorities are getting that model right, so that we could put something in our recommendation to try to change it for this term—for this winter?

Chair: A list of local authorities, almost.

Caroline Flint: There is quite a lot of variation, because the household support fund allows that. It decentralises it to that extent to allow local authorities, because some may be different from others, to make some choices there. That is not always necessarily easy to navigate on the ground. Again, I do think local authorities are key. Lots of local authorities are doing excellent work not only on getting financial support to people, but also getting homes made warmer. We would like to see much more from Government enabling local authorities and regional Mayors to do some more of this work to deliver on the ground.

We have found that when it comes to delivery—we have asked for some maps and scoping of this—when it came to energy efficiency measures, for example, or bidding for schemes, there are some local authorities, and this is not a blame thing, that are just not big enough. They have pockets of very intense fuel poverty, but they often do not have the numbers or the council staff to build up a programme. We have been concerned, and have raised this, about whether we are getting as much sharing across the piece of the resources to get the job done. Rural communities are a good example, and off-grid areas as well.

Q109 **Vicky Ford:** Is there enough sharing of best practice?

Caroline Flint: No. I think there is not enough sharing of what we should do on this across government, as a shared mission. I think there needs to be more done for some of the better authorities to be encouraged to work with some of the ones who are finding it more of a challenge.

Chair: It sounds like a postcode lottery, patchwork approach or solution.

Q110 **Sir Mark Hendrick:** What do you think energy companies should do if customers cannot pay the bills? You have told us a little bit about your views on prepayment meters. Where do you see the emphasis? What would help people to afford the bills and what should energy companies do when people cannot?

Caroline Flint: For those in fuel poverty and for those who need excess amounts of energy because of health, they need more financial support. As part of this review, we need to think about what is the best way to do that. We have several different schemes that operate, which I am sure you all know. We have the cold winter payments. We have the winter fuel



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payment. We have all these different things. Some of that has improved a lot.

Some of it has improved in the sense of people not having to apply. It is automatically sent to them because the data has been matched and used effectively but, for the foreseeable future, even where people are adding energy efficiency measures to their home, the level of bills is so high there is going to have to be some considerable financial support going forward. The way energy companies can help with that is knowing their customers, knowing this group of people, understanding, and working with agencies on the ground to be that trusted intermediary before they send a company in to force a PPM in, or they just cold call people and nobody wants to answer that phone, or they just send letters.

More work, in terms of looking at how you reach some of the most marginalised people that have always been there but were revealed very strongly when they did not get the voucher payments and were not redeeming them, is a real learning we need to see from last year. Energy companies can play a role in that. They can work to help and enable local authorities, other advice agencies and others on the ground to be those trusted intermediaries, either to get financial support to people over and above what automatically goes to people, but also to identify desperately the homes that need upgrading in terms of their energy efficiency.

With so much of the money that people spend in these situations, they might as well be burning £5 notes, because it is just going out the window, it is going out the roof and it is going out the doors. That is just completely ridiculous.

Q111 Sir Mark Hendrick: At the start of your answer to that question, you talked more about Government providing extra money with the help of energy companies, with them doing some work in finding out where the pockets of poverty are and where the need is. As far as I can see, there is not a commercial incentive for companies to do that. They are more worried about the bottom line and the attitude of their shareholders than they are about whether energy is affordable.

When we had the Chief Executive of Ofgem in earlier today he was making it quite plain that, when they had the energy price cap, most of the energy companies were coming in at or about where that price cap was. There was not any genuine competition. There was not any genuine wish by the energy companies to get involved to see where the need was. Basically, it was about the share price and looking after the shareholders.

How do you give the companies that incentive to want to do something about this when the shareholders are not that concerned, other than about the commercial benefits they get from the profits?

Caroline Flint: First, the energy price cap was not a solution to fuel poverty. There has been a lot of talk about the energy price cap, but that



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was not about that. It was about trying to deal with the sticky customer base whose bills were just going up.

I think there is probably a lot already in the licence conditions in some respect. We had a discussion around some of this on our Committee and we do have someone on our Committee who used to work at Ofgem, so that is always helpful. We were not sure whether it is about more regulation, or whether it is more effective implementation of the regulation that is already there.

To go to the prepayment meter situation, the energy companies were not following the rules that were set. It was not that we needed more regulation; they just were not following the rules with these forced installations and the way they were treating their customers. Some of the other aspects of treatment of customers in the last year, again raising people's direct debits even though they are in credit and things like that—that does not necessarily affect the fuel-poor, but it is that general type of behaviour—is not great in terms of customer service.

The problem is that when things go wrong—I hear your point about incentives—as some of them said last week, the ultimate power is to take their licence off them. They are usually fined, but the history of the fines over many years now is that they do an agreement with Ofgem to basically use that fine to do something good for customers. It is a bit back to front: you behave badly, you are fined, and then you are told to spend that money to help your customers. There is something about the culture here that is wrong. I do not have all the answers to that, but there is definitely something about implementation of the rules—the culture.

Water is another example. How do we incentivise but also have some sticks to ensure that they behave better? There are situations where—and you heard last week—one of the suppliers talked about how they look to keep their prices under the price cap. Others go to it. They had thought about their profits and how much of that they were going to use to help their service. The problem is for most customers they just want clarity on what they are going to pay.

If you are going to think about bringing the prices down, to a certain extent some of that is in the Government's court to resolve, particularly in terms of all the add-on costs that are there, as well as getting to what the true price of energy should be as opposed to some of the inflationary situations we have had recently with the surge in prices.

Chair: Are you happy with that? Last question.

Q112 **Sir Mark Hendrick:** Yes. On the prepayment meters, there are the old analogue ones and there are the newer smart ones. Do you have any views on either of those? What about whether mandatory smart meters are installed? Where are you on that? If customers cannot pay their bills, how do you manage their usage in a way that means that they do not get



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into ridiculous amounts of debt instead of just the amount of debt that they have got into over a certain period?

Caroline Flint: Clearly, it is absurd that we have these old-fashioned meters that force people to go to get a key, load it up and come back and put it in. When I was a child we used to have 10 pence pieces on top of the box, and then the meter man would come round—it usually was a meter man—and he would count it out on the table and my mum used to get a bit of a rebate on it. It was like, “Oh, well, we might get something back this month” or whatever. It is quite ridiculous, and smart meters for several reasons you would think households would be willing to have.

I think for some they do not necessarily have a choice about that, because with what we are talking about—and some of the highest levels of fuel poverty are in the private rented sector—the tenant does not have a choice. It is the landlord that makes the decision on that front and their willingness to have that change made, for a start.

I believe in smart meters but, looking back over the last eight years or so, I am not sure that there has been the best marketing of it. It has had a lot of starts and stops, trying to get the systems to work together and so on. The other thing for the companies, and it goes back to the customer service side of things, is that there are benefits for the customer but there are also benefits for the companies. It will make it much easier for them to do billing and they would be able to make efficiencies in the way they deliver those services, which should allow them to spend more money on some of those customers who really need more care, attention and support.

I think it is a good idea. Maybe it is time to talk about mandatory, but it is about who is making the decisions on that. It is not always the occupants who are able to make that decision.

Q113 **Sir Mark Hendrick:** Just a final quickie. On the question of the smart meters, when they first came in, companies were implementing them in such a way that the customer was being tied into their company. It made it almost impossible for them to switch. I think that situation has been resolved to some extent, but it was a problem initially.

Caroline Flint: Yes, it probably was given the green light too early, before some of that was sorted out, and it muddled the waters and made it quite difficult for customers to see the benefits of it. Technology could be used well here. You would be able to tell when people are using it and when they are not using it, and it could give you behavioural insights to help stop people being cold.

Q114 **Mark Garnier:** A couple of quick questions on this subject. The first is on prepayment meters. Is one of the problems that you are paying for the energy when you need it, so therefore it is incredibly expensive during the winter? The advantage for some people around this table is we pay over a year, so therefore it is smoothed out pricing. Is there any way that



prepayment meters can be done on a basis where you can pay in and top up during the cheaper summer months, so that you have a credit building up, so you average it? Is that down to the choice of the consumer?

Caroline Flint: Possibly with smart meters there might be more of a way to do that, prepayment meters, than the ones that we have at present. Some of it is choice. It is a bit like people thinking, "Oh, we can use money for other things in the summer," like a little break, taking the kids out or whatever.

I know we have a ban on them being enforced at present, and we did say that in terms of enforced instalment one of our recommendations is that it should never happen in winter, because that is the crisis time. Some people do quite like prepayment meters. I sat in on a discussion with some colleagues from Northern Ireland and I found out that quite a large percentage of people living in Northern Ireland have prepayment meters. From what I heard from that conversation, it does not necessarily have some of the stigma. Also, when it came to the vouchers—and I can be corrected on this from behind—I think I understand that in Northern Ireland people on prepayment meters received it as a lump. Am I correct about that? Thank you. I am just checking. Instead of having the individual vouchers, the £400 broken down, they received it as one lump, which was quite helpful to people.

Again, I think more work needs to be done in this area. I think the energy companies must ask themselves if they have tried everything to avoid someone being forced to have a meter put in. In some cases they probably have not.

Chair: We might have votes at some point. We do have votes, so we will have to adjourn for 10 minutes maximum, hopefully.

Mark Garnier: Can I have a second question?

Chair: You can have your second question when we return.

Mark Garnier: Thank you.

Sitting suspended for a Division in the House.

On resuming—

Q115 **Chair:** The Committee is reconvened, and we turn immediately to the star of the show a few minutes ago, Sir Mark Hendrick. No, it is Mark Garnier. This "Sir" stuff gets me every time.

Mark Garnier: He has called me Mark Gardiner as well, which is even more frustrating.

Chair: I have not called him Mark Pawsey yet. My apologies.

Mark Garnier: Thanks, Angus. I have forgotten my question now. Caroline, the work you do on working with fuel poverty is incredibly important. This question is all about what energy companies can do more of to help the families who need the help. The reality of it is that fuel



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poverty is just a part of a family's problems, and now we are looking as people move out of fixed rate mortgages, so they are going to go from maybe 1.5% to 5% on their mortgages, people are going to be hit with a load of different problems.

It is absolutely right to focus on the fuel and the energy companies specifically with those fuel bills, but there is a hierarchy of bills that are coming through. It is never going to be just this. Given the context of a household's financial problems, where should the fuel companies fit in, in this big problem? Should they be more understanding than the mortgage company, or more understanding than the landlord, or should they be less so? How do they compete? Ultimately it is a co-ordinated problem, so we can deal with fuel poverty, but it is a poverty and a cash-flow problem. What are your thoughts on that?

Caroline Flint: The energy companies cannot solve all of that, but clearly Government have set milestones and a target by 2030 that as many homes as practicable should be rated at a C in terms of energy efficiency. They have milestones. They have by 2022 E as many as practicable, and then by 2025 to D. Government have set the policy in this area and all the different relationships here, whether it is with Warm Home Discount, eco schemes and energy efficiency schemes, which the energy companies play a big part in, often successfully working in collaboration with local authorities and others to deliver on the ground, led by some of that Government impetus into that area. It is important that there is leadership in this area.

The problem, which is still frustrating, is why it is that we have a lot of experts in this space, in the energy companies and elsewhere, but we are still failing to target the right people in the right homes in the right place to get the support to them. We have clearly said whether it is coming from the energy companies, which again some of this then all goes on our bills to help pay for, or whether it is coming from Government or coming from local authorities, we still find that there is household resistance to letting people into their homes to do the energy efficiency work that needs to be done. We have a big problem in the private rented sector where there is not enough being done. It is where the depth of fuel poverty is largest, compared to owner-occupier and social housing.

While I think the income side is part of it—and that is important—if we can make these homes more energy efficient, that is the holy grail in some of this, because it will help to keep people warmer. There are still important discussions going on about how, for example, the Government could share data—DWP and other data—with the energy companies to help them target better. There are all sorts of discussions about what is appropriate in terms of sharing private data with them. I believe that is not insurmountable to basically get to people to give them the right support where they need it. That is where some of the problems lie in this. It is targeting. We know the data is there. How do we match it to get to people?



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With the changes to the Warm Home Discount the statistics that have been published show that, because we have more people getting automatic payments rather than relying on applying, that has helped get an uptick for winter 2022-23 of 400,000 households who are getting Warm Home Discount who were not getting it before. It is being smart and effective and trying to find a way through some of these complicated things around how they might work together, a private entity with public data and public resource coming together to get to people.

Q116 Mark Garnier: To summarise that: for the call handler, whoever it happens to be, who has a distressed, let's say single mother, phoning up to say she cannot pay her energy bills, the starting point is to make sure that she has addressed everything that is there for her to help. It has not reached the point, as far as with the energy company, where they are saying, "Look, you must pay our bill before the TV licence."

Caroline Flint: I have not heard that those conversations have taken place.

Q117 Mark Garnier: It would be a worry if the energy companies were starting to have those sorts of conversations.

Caroline Flint: Oh, yes. I think it is genuinely the research that has been done on last winter. The learning from it has shown there was always a problem, but in some ways if there is anything positive that has come out of that I think it has exposed the marginalisation of people and the difficulties.

This is where things like the cost of living payments that Government are providing are important, because of course they are going to different groups of people—low income and others in need with high energy costs. Some of that is not purely for energy. It is also to help with other household costs. That is welcome, and energy prices have gone down but not down to where they were before. They are still 50% higher than they were a few years back. That is tough for a lot of people, but I know you can imagine what that is like for people who were fuel poor before this crisis and are facing that again.

If we can get it right on the energy side to help people, maybe they will have some more to spend on food and other things and not have to make the terrible choices that many of them do.

Q118 Mark Pawsey: You spoke about the complicated landscape of financial support. One part of that is the cold weather payment. Is that a key benefit, or is it a sticking plaster?

Caroline Flint: The cold weather payments came in I think in 1988, and of course that kicks in when there are seven days of the temperature going down significantly.

Q119 Mark Pawsey: It is not a lot of money, is it?



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Caroline Flint: No, it is not a lot of money. It is £25 and has not really changed much for some years. I think there is an opportunity with the review of the fuel poverty strategy, and because there is a live discussion around social tariffs as well, to have a think about some of this.

Q120 **Mark Pawsey:** How would you change it? What recommendations would you make?

Caroline Flint: I would probably think about wrapping it into more of a one pot. You can add it into the Warm Home Discount, or something like that. So, rather than waiting for temperatures to fall, let's think properly about what we need to give people to prepare for winter. It is a bit old-fashioned, and I am not sure it is that helpful at the end of the day in a targeted way to help people.

Q121 **Mark Pawsey:** Are the eligibility criteria clear in your view?

Caroline Flint: I think the eligibility criteria for it is pretty clear, but it is mainly people over a certain age who will get it.

Q122 **Mark Pawsey:** Do you think it should be paid in anticipation of bad weather, rather than afterwards? Our weather forecasting is much more accurate than it used to be, so is there a case for saying we can predict pretty accurately when we are going to get a cold spell, and let us make the financial support available earlier?

Caroline Flint: I think that is all possible.

Q123 **Mark Pawsey:** We do not have a clear message from you on this issue of financial support. Should it come from the Government or the energy companies? You seem to be hedging there. What do you think?

Caroline Flint: I think the financial support primarily should come off taxation and come from—

Q124 **Mark Pawsey:** Therefore, you would like to increase levels of taxation to provide more to vulnerable people?

Caroline Flint: No, I think you make choices about what you spend your money on that you are getting into Government and that is not for me to decide, anyway.

Q125 **Mark Pawsey:** Do you think it should come from Government funding, rather than energy companies?

Caroline Flint: I think that we must see in the round, and one of the other aspects of what has happened in the last 18 months is beyond almost the people who are defined as in fuel poverty. In the latest iteration of fuel poverty statistics, which looked at 2022, we saw how a number of more low-income households have come into that space as well. I think there is a general issue around affordability of energy, more widely, and we are really pleased—

Q126 **Mark Pawsey:** You would like to see the burden on general taxation?



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That is the point.

Caroline Flint: We welcome the fact that the Government are looking at that, but we do think that some of the support for those in fuel poverty might be better to come through taxation. We were very pleased when the green levies were taken off the bills during the last period, and we think they should come on taxation as well.

Q127 **Mark Pawsey:** You spoke earlier about the need for better insulation. Do you think those who are in well-insulated homes should not get the support?

Caroline Flint: At the moment, the definition of fuel poverty that the Government use looks at income. It also looks at the energy efficiency rating of the house. One of the problems in this last period, because energy prices have been so high, is that it could mean that a family who is struggling to pay their bills, if their home is category C, will no longer be classed as fuel-poor. That is why in our recent report we have said that there should be a review of what they call the LILEE measure, which is low-income, low energy efficiency.

Q128 **Mark Pawsey:** However, those who live in the more leaky homes should get more is one you would support?

Caroline Flint: No, we think it is a combination of the two. At the moment, it is good that we address fuel poverty by tackling income needs to pay the bills but, also, getting those homes to be energy efficient.

Mark Pawsey: We all agree with that.

Caroline Flint: The problem with the current formula, because of these unprecedented high prices, is you can end up with a situation where even if a household has low income, because their home is now category C and not D, E or F, they are taken out of fuel poverty. That has been caused by the extreme situation we have been in, in terms of high prices. That is why we think the formula needs to be reviewed to look at that and see what more can be done.

Q129 **Mark Pawsey:** Do you support the broader principle that those who live in leaky, poor insulated homes should get more?

Caroline Flint: We would say that there are people who are in energy inefficient homes who have high incomes, and there should be other schemes that the Government should support to encourage those people to access that, but it has to be with regard to income. The drivers of fuel poverty are low income, energy inefficient homes and high energy prices.

Mark Pawsey: It is that combination that is the problem we want to target. Thank you.

Q130 **Chair:** Just looking into the prepayment—the seven-day thing that has been mentioned and people have mentioned in different periods—it is £25 for seven days and it is worth about £3.57 per day. I am not exactly sure



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how many units of electricity that buys. I am trying to quickly work it out, but I think it is something along the lines of about seven to 10 units of electricity if you have seven days. If you have six days you miss it. First, should it change from the seven days, and should the amount change?

Caroline Flint: The cold weather payments?

Q131 **Chair:** Yes. Would it be a help if it did to those who are in poverty?

Caroline Flint: I feel that there are other mechanisms in terms of financial support that could be better. For example, the Warm Home Discount. That was increased I think from £140 to £150. The way it was being delivered has shown for winter 2022-23 that there has been an uplift of 400,000 households getting it. I would rather look at streamlining more of these different schemes so that they make more sense to get money to people before they enter those cold situations. That would be my approach to this.

The more we can simplify, target, and make the money work in a more effective way for people to heat their homes is better than necessarily having a different scheme. I think I am right in saying in Scotland they do not have the cold weather payment in that way. They have a one-off payment that they pay in advance of the winter, so they do not wait for a seven-day situation.

There are different models here, but I feel you end up with these payment schemes that were for a certain place and a certain time before we had some of the schemes we have today. It is worthwhile looking at how effective they are, and whether they could be better used in different ways. For me, it would be looking at the Warm Home Discount, a social tariff rather than—

Q132 **Chair:** I hear what you are saying, and I do not necessarily disagree, but there is an existing mechanism. Could the existing mechanism be better? It is £3.57 daily. Could the existing mechanism be better? For the seven days, you have still incurred the costs.

Caroline Flint: Yes. Again, there could be—as Mark Pawsey said—meteorologists looking ahead to the winter and doing some forecasting of what the weather is going to be like, and if the Government were so minded they might work out an amount of money as a cold payment in advance of that situation. There are different ways they could do it but, to be honest, again it comes down to: is it effective? Is it reaching the people who most need it in the right time and the right place for it to be a useful source of extra income to help with bills?

Q133 **Lloyd Russell-Moyle:** You mentioned a bit about a social tariff already. Is your view that this is one of the answers to start to deal with fuel poverty in households? If it is, where should it come from in terms of payments? Is it a general taxation payment, or is it a case that you adjust bills across the piece so that energy companies end up getting the same amount, but just the burden is spread differently?



Caroline Flint: We already have a Warm Home Discount that is provided by the energy companies, regulated by Ofgem, and in some ways that is a discount on people's bills.

Q134 **Lloyd Russell-Moyle:** A relatively meagre one in terms of the winter period, but yes.

Caroline Flint: Yes, but the framework is almost there. It might morph into something else called a social tariff or whatever, but the framework is there. Also, what is importantly there is there has been some helpful signs of more positive targeting. The more we can use targeting to do automatic payments for people the better. There needs to be a discussion about that, and more discussion about that, because I think that most people believe that we need to look even more now beyond the Warm Home Discount into what sort of bill discounts are appropriate and effective for people. That is a live debate.

In terms of whether it comes off, if it is on bills, clearly, there are winners and losers in that. Because other billpayers must subsidise that, and that is pretty much how it works at the moment. I do think and the Committee do think that there is an argument for this being supported by general taxation. It could still be delivered in the same way it is currently.

What we have seen in the last year is Government providing unprecedented amounts of money to offset the Energy Price Guarantee and fund the difference to those energy companies to pay for things, such as the £400 Energy Bills Support Scheme and other things. We are in the space where this is happening, but that is something for the Government and other parties to consider as to what is the most effective way to do this.

Again, you cannot avoid in this debate the wider energy affordability piece. It is part of the picture, and that is not just about some bill payers subsidising support to those least able to pay. It is also about some of the other add-ons that are put on to bills. For us, absolutely, our priority would be that for those in fuel poverty it is completely unfair that they are subsidising through their bills some of the very measures that are meant to help them get out of fuel poverty. That cannot be right.

Q135 **Lloyd Russell-Moyle:** At the moment, we have a situation where the more units you use the lower the overall unit price is on your energy bill, because of the way the standing charge works. We almost have a reverse progressive system, a regressive system. Is there an argument to look at block rate tariff systems, where the first bits of the energy that you pay for, which are the core bits of your energy—running your fridge and so on—are the bits that are charged at a lower unit or are already included in the standing charge, and it is only when you start to go over that, that you start to rack up certain amounts at the higher rate?

Caroline Flint: There are all sorts of things you could do on that front. I have always been mindful that, while a lot of the people that we speak up



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for are not necessarily on one level big consumers—like people who have big houses and lots of gadgets and everything else that goes on—often their bills are disproportionately high.

Q136 **Lloyd Russell-Moyle:** Because they are in bad accommodation?

Caroline Flint: Because they are in bad accommodation and the energy efficiency—

Q137 **Lloyd Russell-Moyle:** They do not have the agency to change it?

Caroline Flint: No, exactly. They do not have a choice in this, and often they will use some of the least efficient appliances in their homes.

Another aspect of this is that we cannot move to net zero and leave these people behind and end up punishing them because they are using more energy. In any discussion about that—and as a Committee we have not discussed that in depth or gone into that space, because we must work within our remit of what we are meant to do—you have to weigh up the unintended consequences of something like that that could potentially inadvertently penalise some of the high using but very low income households when it comes to their energy, because they are leaky, but also their appliances are just old and not efficient and, therefore, use more energy.

Q138 **Lloyd Russell-Moyle:** Do you think Ofgem has been guilty maybe of focusing on other areas, thinking that the price cap can deal with this, focusing on the move to net zero and not thinking about some of the poorest in this? If you think about how they dropped the ball on the implementation of the prepaid meters and so on, is this a blind spot for them, or is it that was just a genuine mistake?

Caroline Flint: I think there are so many different policy areas that are important operating across this space. I think it is about: is there enough bandwidth to do everything? That is a real challenge. It is a massive challenge.

Q139 **Lloyd Russell-Moyle:** What would you like to see change to increase the bandwidth so this can be focused on?

Caroline Flint: What I would like to see happen, and this is not just at Ofgem's door—I think it is the Committee on Climate Change, the Energy Efficiency Taskforce. We wrote to Lord Callanan recently, who, I have to say, is a big advocate of energy efficiency, because they are reporting at the end of this year and one of the tasks they have been given is to look at how we could reduce energy consumption by 15%.

That is a good thing. It will help us in our energy security in different ways, but we have also said, "How are you going to help the fuel poor to be part of this journey as well?" That goes for net zero too. If we could just have in all these policy areas something factored in to say, "How do we make sure we take everybody with us? How do we make sure nobody



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is left behind?" so it is at least a feature of those conversations that are happening.

I am not saying that will solve everything, but if it is not in the discussion it is always going to be an add-on at the end of the day, or there may be consequences of activities and decisions made that miss an opportunity or could do harm. One of our big messages to the energy companies last year was they should not be doing anything to make it harder for people to heat their homes.

Q140 Lloyd Russell-Moyle: Last question: a lot of our focus on energy efficiency and reducing energy bills is about personal choice, or personal agency—"Invest in your home with insulation or new windows and you will get a benefit"—but most people that I deal with in my constituency who are energy poor also are time poor, and are poor in many other aspects of their lives, as well as cash. Very often they do not have the agency to make those changes. Do we need to start moving our approach from incentivisation and choice and market base to a system where we require and, therefore, fund homeowners, landlords and councils to make these changes, whether people want them initially or not, but because we know in the long run it will help them as individuals?

Caroline Flint: I think there must be a combination of incentives and sticks in the system—regulations in the system. We are still awaiting a response from the private rented sector as to what would be the right regulations for energy efficiency. That is overdue by a mark, and landlords come in lots of different shapes and sizes as well. I know that from my own advocacy as an MP.

There are some landlords who want to do the right thing but find it quite confusing about where to get the support. They are worried about making an expensive decision that does not do what it says on the tin when it comes to some of these measures. Also, they want to know what they can access. Some landlords have said to me, "Well, if we do invest and the Government make another decision, will they take into account what we have already spent?" I think that is a reasonable question.

There are other landlords who it is not just the case that they have energy efficient homes, but they are failing on a whole number of fronts. Currently I think DLUHC is looking at the Decent Home Standard, and I think there is another way within that that should be part of that conversation as well, about what is right when you are renting a property, not only in terms of health and safety but being a warm home. It is about getting the right incentives together as well.

We would urge the Government to come forward about what will be the next tranche of expectations and what support as well as regulations will be there to make more progress in the private rented sector, because I cannot see, if we do not make more inroads into that within the private sector, the Government reaching their 2025 milestone, let alone the 2030



milestone. That is what is at risk here. It is a big part of the picture that needs to be addressed.

Chair: I am reminded when I hear about the round table last week, when you mentioned the bad insulation and the leaky houses or the draughty houses and the old appliances, indeed, the only path to net zero has to go through, or the only route to net zero, has to be through the homes of the poor and the low income, because unless that is fixed those problems will continue to work against the aspirations of net zero. Dr Dan Poulter, the floor is yours.

Q141 **Dr Poulter:** You have touched upon this in several answers already, but focusing specifically: what is your view on standing charges?

Caroline Flint: One, we have said that any additions on to bills over and above the operating costs we would like to see assessed in terms of impact on fuel poverty. We think they are unfair to families who, whatever we might do to reduce or discount, their energy costs for just purely energy are basically equally lumbered with these standing charges that cover an array of things. We think it is disproportionate and unfair to those people.

There is a ridiculous irony that there are families paying for things such as Warm Home Discount and other schemes, which fundamentally are about supporting them. We think there should be a way in which either that is included in a discount, and it is taken off them, and that they should not be expected to pay some of that.

There is a wider discussion about standing charges and what is in there, and what they are covering and who should pay for them, but our priority is fairness. We do not think it is fair that these people should, on the one hand, be given support and on the other hand be expected to pay in the way that they are.

There is another issue we raised last year, which is on VAT. Again, if you are going to have a discussion about social tariffs—probably Treasury would not like to hear this because it does not like anything hypothecated—I think there is an argument, if you are identified as fuel poor and in need, whether you should pay the same VAT as other people. There are lots of different options here but fundamentally, at the end of that discussion, it is saying to yourself, “Are we helping the fuel poor or not, and is it fair?”

Q142 **Dr Poulter:** Ofgem has declined to adapt standing charges because of the number of higher consuming users, including vulnerable users, that would pay more. So Ofgem would say there are some vulnerable users that may pay more if the standing charges were adapted. How would you respond to that?

Caroline Flint: I am sure that you can fashion this any way you want, but I suppose it is how to mitigate against that. The very clever people at Ofgem and in the energy sector, and others, I am sure, could find some



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way through that, so that people were not penalised. As I say, there are lots of different ways you might think about doing this but, fundamentally, it is how you look at all these things in the round so that you do not end up in a situation where you take from one area and it adds on to another.

I know that is difficult and complicated, but there must be a way of taking away all or some of the burden that some of these standing charges are applying. They have gone up. Even though some of them are a small percentage of the bill, and I am not an advocate of not having green levies—we do need to create cheaper energy for the future—it must be done in a fair way. I think that is so important in terms of public opinion as well. That people can see the benefit in this but also can see fairness being applied.

Q143 Chair: To follow up on that point, you accept standing charges in the energy market, but we would not accept them in the supermarket if you had to pay so much to go in through the supermarket door before you purchase anything. We can very clearly see how that would work against people who could afford less, who were buying less, so I think the case is made. I think you are right, and it has been mentioned a few times that there are mitigations around the higher users and there are higher users in health, but it is not beyond the wit of man to do all that.

Caroline Flint: I would hope so.

Chair: Thank you very much, the Right Honourable Caroline Flint. It is very good to see you again in the building. I hope that this has been useful. It has certainly been useful for us as a Committee and thank you very much for your attendance.

Caroline Flint: Thank you. I wish you the best with your report.