

Written evidence submitted by Scope (WIN0015)

About Scope

We're Scope, the disability equality charity. We won't stop until we achieve a society where all disabled people enjoy equality and fairness. At home. At school. At work. In our communities.

We're a strong community of disabled and non-disabled people. We provide practical and emotional information and support when it's needed most. We use our collective power to change attitudes and end injustice.

We campaign relentlessly to create a fairer society. And we won't stop until we achieve a society where all disabled people enjoy equality and fairness.

Context

Scope welcomes the opportunity to respond to the Energy Security and Net Zero Committee's Call for Evidence.

Scope's main points that we would like to be taken into consideration are the increasing need for consumer support and a reduction in high domestic energy prices, the call for the Warm Home Discount to be reinstated, and for the Government to address the abandonment of the proposed social tariff.

1. What role did the UK grid play in the high domestic prices of winter 2022-23?

N/A

The surge in domestic prices during last winter hit disabled households the hardest, as the below evidence illustrates:

Scope's research.

In July 2023, Scope's Research team analysed the 2021 Understanding Society dataset¹, and found that two years ago, less

¹ Scope (2023), Financial Insecurity among disabled households, July 2023

than 1 in 3 disabled households (30%) were able to get by or found it difficult or very difficult to manage financially, compared to 1 in 5 (21%) non-disabled households. 8% of disabled households reported being behind on some or all bills, compared to 5% for non-disabled households. In 2021, disabled households were twice as likely to rely on food banks to get by.

Scope's own analysis of the latest Financial Resources Survey (FRS) 2021-22 found that 152,314 families (1.21%) where someone has a disability, did not have enough money to warm their home, compared to 27,802 (0.12%) non-disabled households. The rate is over ten times higher for disabled households.

These statistics are from people who self-declare a lack of money as a response to the question; the number of people going without will be higher, as people may not wish to report that they are struggling financially.

Scope found that before the cost-of-living crisis, disabled people already faced average extra costs of £975 per month. When there are two disabled adults with at least two children in a household, these costs rise to £1,248 a month. For a household with one disabled adult, one non-disabled adult and at least one child, the average extra monthly cost is £634².

Quality of life for disabled people continues to decline due to high energy bills; even with Government schemes in place, over a third of disabled adults now feel that their impairment or condition has an impact on the amount of energy they use³.

Lots of disabled people need to use more heating to regulate their body temperature, and some need to charge equipment like electric wheelchairs and hoists. Scope has heard from people who use life-saving equipment like ventilators or dialysis machines; these costs cannot be avoided.

² Scope (2023), Disability Price Tag – Policy report, <https://www.scope.org.uk/campaigns/extra-costs/disability-price-tag-2023/>

³ Scope (2022), Cost of living – Policy report, <https://www.scope.org.uk/campaigns/cost-of-living-crisis/>

Scope: Disability Energy Support (DES) Service.

Scope's DES service offers free energy and water advice to disabled people. This service involves advice with managing utility debt, changing your meter, being more energy efficient, accessing benefits, grants, and trusts, contacting/complaining to your supplier, understanding energy bills, understanding how to use heating systems, and support with registering with the Priority Services Register (PSR).

DES referrals for the first eight months of 2023 already show an increase of almost 148% when compared to the whole of 2021. When comparing the first eight months of 2022 to this year, 2023 has seen an 8% increase. Scope anticipates that 2023 numbers will surpass those of 2022.

Referrals for 2022 increased by 300% when compared to 2021, with December 2022 having a record number of referrals (1,250). This increase was due to the surge in energy costs, the impact of the cost-of-living crisis, and a record drop in temperatures during December.

Summer months: referral increases.

While January to August 2023 has already seen an 8% increase in referrals compared to 2022, comparing that same period in 2021 to this year, there is a staggering increase of 865%.

Notably, July referrals have increased each year, with a significant spike in July 2023. Comparing July 2021 to 2022, there is a rise of 120%; comparing July 2021 to this July, there is a dramatic increase of 1,490%.

2. What more could have been done to prevent price shocks being passed to consumer bills?

The Government's decision to change the eligibility criteria for the Warm Home Discount meant that last year 300,000 disabled people lost access to vital support at a time when it would have been most needed. Reversing this change would have prevented further price shocks being passed to disabled consumers.

The introduction of an energy social tariff for disabled households; this should be based on a unit rate discount applied across all payment types. Households should be automatically enrolled, and it must be mandatory for all suppliers. This tariff must also sit alongside, rather than replace, existing support like the Warm Home Discount and the energy price cap.

An energy social tariff is a measure supported by 86% of disabled people.

Any intervention now should, in Scope's view, be in the form of an energy social tariff. Scope is disappointed that the Government did not fulfil its promise to consult on the introduction of a social tariff; as promised in the Autumn statement, the Government should urgently consult on long-term solutions to price shocks including an energy social tariff.

We need reassurance that disabled people will be protected this winter.

3. How should energy companies respond if customers cannot pay their bills and what actions should they not have recourse to?

Energy companies should respond to customers unable to pay their bills by:

- Providing practical debt advice and signposting consumers to external resources/organisations/charities.
- Having consideration for consumer circumstances, especially Priority Services Register (PSR) status, potential dependents, financial position, disabilities, and vulnerabilities. Consumer protection could have prevented the recent rise in debt and decline in quality of life and prevented the negative experiences consumers have had with their energy suppliers.

Scope's DES service collects information on PSR. Of the total consumers that responded 'yes' to being on PSR, the first eight months of 2023 accounts for almost 93% (7,638) of all yes responses.

As consumers continue to struggle affording their energy bills, energy companies could be doing more to protect people through promoting PSR, as this will not only benefit disabled households, but assist suppliers in recognising vulnerable consumers and providing them with suitable help and support.

- Urgently reviewing all instances where a disabled person had a prepayment meter (PPM) forcibly installed or switched onto prepayment mode and offer to switch them back to a credit meter.
- Removing the higher costs for people on PPMs (these are higher compared to consumers on credit meters who pay by direct debit (DD)).
- Finding ways of recovering debt that do not involve putting the health and indeed lives of disabled people at risk. This could include repayment plans of £0.00 where the consumer is in a negative budget and unable to afford anything.

Suppliers should not have recourse to:

- Forcibly install PPMs. It could be said that the Government, Ofgem and energy suppliers lacked a contingency plan for the surge in energy prices and the economic circumstances that led to the rises. Had such a plan been in place, the impact may not have been as dire as it has been for the most vulnerable people in society.

At least 300,000 households that previously received the Warm Home Discount (WHD) are now no longer eligible. Scope's Director of Strategy, James Taylor, stated:

"It is appalling the Government have taken away the protection that the Warm Home Discount provided to some disabled households by tightening the eligibility criteria. The extra costs of disability add up with the average household experiencing a price tag of £975 per month.

The WHD helped many of these households deal with these extra costs and who will now be worried about affordability in the future".

4. Has Ofgem got its priorities right in addressing customer protection?

- The recent Ofgem Calls for Evidence around levelisation of payment types, improving consumer experiences, and eliminating forced installation of PPMs are positive developments. However, whilst Ofgem has stressed to charities and consumer groups that it does not have the power to permanently ban the practice of forced installs and switching, Ofgem has proven their influence through calling for the introduction of a social tariff.

That same energy could be used to call for a total ban on forced PPM installation, as the ban would extend beyond disabled consumers, and should be Ofgem's focus in addressing and strengthening consumer protection.

5. How effective is the Government's approach towards supporting the sector and delivering a functioning energy market?

The Government's Energy Bills Support Scheme and Energy Price Guarantee have been welcome support; however, the level of support has not been sufficient to help disabled people with energy costs. In addition, the effectiveness of the Government's approach has been hindered by the lack of tailoring to the support.

As mentioned prior, the Government should now seek to tailor support to consumers in greatest need such as supporting disabled people via an energy social tariff; had this tariff already been introduced, then disabled people may not be struggling as they are now.

To help tackle high levels of energy debt, the Government should consider funding a dedicated 'Help to Repay' scheme. The Government-funded scheme could offer access to two different forms of support, depending on the level of need of the individual:

- Debt relief in the form of writing off eligible energy arrears.
- Repayment matching – for example, by matching each pound repaid with an equivalent amount of debt relief or providing debt relief on remaining arrears after a certain period of ongoing payments.

6. Is the legislative framework on pricing controls suitable for protecting consumers?

More could be done to protect consumers facing extortionate bills, especially considering the massive profits energy companies made in the first six months of 2023.

If huge profits are possible during this crisis, and at such an extreme level, then Ofgem needs to review and change the prices that suppliers are charging consumers.

This is vital, especially considering that consumers continue to struggle and fall into debt. Suppliers continue to claim that changes to improve consumer experiences would be too costly for them; this contradicts suppliers record-setting 2023 half-year profits.

Such profits would not have been possible without Ofgem changing details of the energy price cap and allowing suppliers to claim greater profits from those hardest hit by the energy crisis.

Scope's DES service has seen a significant increase in disabled consumers seeking energy help and advice. Since November 2020 when DES was launched, to 17 August 2023, DES has received 14,505 referrals from disabled consumers, with 2022 accounting for 53% of all referrals (7,749). December 2022 saw a record high of 1,250 referrals, with February 2023 at a close second with 988 referrals.

Statistics from July and August are particularly worrying as it is an expectation that referrals decline in the summer months, and yet the figures illustrate that disabled consumers continue to struggle with their energy during this cost-of-living crisis.

DES referrals increased by 300% between 2021 and 2022; based on the first eight months of this year, referrals have already surpassed the same period in 2022 by 8%; more needs to be done by Ofgem and the Government to protect consumers.

Key points for the Committee to address:

- **Consumer support and energy prices:** for the Government and Ofgem to increase support for disabled and vulnerable consumers, and for current energy prices to be reviewed and reduced given the ongoing energy and cost-of-living crises, and the recent record-level supplier profits.
- **Warm Home Discount:** for the Warm Home Discount to be reinstated for the 300,000 consumers who are now no longer eligible and are more at risk of freezing and starving this winter.
- **Social tariff:** for the Government to fulfil their promise and consult on the introduction of a social tariff. An energy social tariff is a measure supported by 86% of disabled people.

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