



Committee on Fuel Poverty

cfp@beis.gov.uk

Sarah Munby
BEIS Permanent Secretary
1 Victoria Street
London, SW1H 0ET

5 August 2022

Dear Sarah

Following the meeting of the Committee on Fuel Poverty (CFP) on 25 July, it was agreed I should write to you to share some emerging thoughts of our committee regarding the current energy price crisis ahead of Ofgem's price cap announcement expected on 26 August.

Whilst the CFP's primary role is to examine, and advise on, the progress of Government measures to target fuel poverty, the energy price rises are unprecedented and show no signs of abating. The price rises put pressure on the Government's definition of fuel poverty, because even homes with an EPC rating of C become too expensive to heat for the families we are concerned about.

For this reason, the Committee is interested in BEIS' approach to affordability, pricing regulation and energy sector costs. There have clearly been consequences from market failures which have added significantly to bills. At the same time, the wholesale price surge has increased generators' profits beyond all expectations. Both have had an impact on households struggling to pay their bills. We would encourage the department and Ofgem to consider what additional market reform measures may be needed now and what learning may be carried forward.

You will be aware that the 2020 Fuel Poverty statistics do not fully cover the lockdown period of the pandemic, or the price surges since. In addition, energy efficiency measures were largely stalled during lockdowns and recovery since has been subject to delays which have yet to be quantified. We still await to hear what the Government intends regarding its expectations of the private rented sector, where many people in need live in some of the lowest energy efficiency rated homes.

We recognise that making energy inefficient homes warmer is still essential and we are focussing on delivery outcomes, what models work best and how to accelerate energy efficiency programmes above their current levels. This could help towards the end of this winter season but more importantly in advance of 23/24 and 24/25 periods where prices are still forecast to be high. However, we recognise that the benefits gained are in the medium term. What matters now are measures aimed at this winter and early 2023 to help pay bills.

It was positive to hear BEIS' announcement of how the Energy Bill Support Scheme (EBSS) will work. Together with the announcement of the Government's online one stop advice shop, we hope this will go some way to allay public anxiety.

However, the increase in bills this year is likely to be tens of billions compared to last winter. The October price cap is expected to be over £3,500; notably when the Chancellor announced his Cost of Living Support package in May the assumption was £2,800. This means this important package may not be sufficient for those already living in fuel poverty or vulnerable households.

In the light of this, there are three recommendations we would make:

First, to have a fuel poverty winter plan, as the NHS does each winter, similar to the effort during Covid, with active monitoring of the situation on the ground. Monitoring is important to know what is happening and ensure there are clear routes for consumers to seek and receive advice and help. It also helps to identify how effective support is and that suppliers are doing the right thing.

Second, we hope the Government will ensure all cash support reaches people in good time. We still have concerns about those on traditional pre-payment meters not cashing vouchers and some private and social/care tenants, who pay energy costs as part of their rent, losing out. We hope you will consider now whether more cash support is required and what other options and measures are available to reduce the pressure on bills, especially for those in fuel poverty and vulnerable households.

Third, we hope that every step is taken to prevent people from turning off their heating this winter. People who turn off their heating or stop eating hot meals put their health at risk and potentially add to the pressures on the NHS. This may require well-funded advice lines and capacity support for key stakeholders, alongside clear messages shared by energy suppliers, local government, health services and third sector partners working together.

Whilst we know and appreciate more departmental work is being undertaken to address this unprecedented challenge, the Committee on Fuel Poverty are available to help in this process.

We would welcome an early meeting to discuss these matters.

Yours sincerely,



RT Hon Caroline Flint

Chair – Committee on Fuel Poverty