

christians
against
poverty

CAP

Energy Bills Support Scheme Changes Response

*CAP's official response to the Department for Business,
Energy & Industrial Strategy's updated consultation on
changes to the Energy Bills Support Scheme 2022*

June 2022

always hope.

Response

1. *To provide support over the winter months of 2022/23, the Government has specified that suppliers must provide the £400 support in the six months from October 2022. This applies to all customers, however they pay their energy.*

Do you agree with the approach to ensuring support is provided over the winter months? Please provide any reasoning to support your response.

Christians Against Poverty (CAP) welcomes the Government's move to change the proposed Energy Bills Support Scheme (EBSS) to a £400 grant. With the current cost of living problems faced by many households across the UK, it is important to ensure that help is being delivered to those who desperately need it.

Providing the support through the winter months is ideal, as this is the period in which most households will feel the increased pressure of high energy bills due to the colder weather. With another forecast increase in the energy price cap in October, delivering support that limits potential payment shocks on households makes the most sense.

CAP requests assurances from BEIS that the previously proposed payment window (six weeks following the qualifying date) will be retained, and that energy customers will receive support promptly.

Given the grant is now guaranteed for energy meter users (and not just prepayment meter users as previously), it would be ideal to ensure that suppliers are now factoring this into future Direct Debit calculations and personal projections. This will help ensure that customers are not overpaying during the summer in advance of the grant being credited to their account.

Finally, CAP would reiterate previous comments around the importance of communication through this period. Given there are many changes taking place during this phase, and the scheme has now changed, there is a higher risk of confusion for customers which should be clearly addressed.

2. *As set out in the consultation, the Government recognises that some groups will be ineligible for EBSS, or be eligible but difficult to reach.*

Does the change from £200 to £400 affect which customers may be difficult to reach?

CAP does not believe that increasing the grant amount will adversely affect how customers are reached. The increase in amount and change to a grant (instead of a 'loan') may mean customers are more likely to notice if they don't receive it but believe they should.

It is hoped that the universal nature of the grant and clear expectations around eligibility will mean that suppliers can have proactive conversations with customers. This is especially important for any customers that are not currently eligible that may be able to take steps in advance of the qualifying date to ensure they receive support.

3. *The consultation proposed delivering the grant to traditional prepayment meter customers through five vouchers of £40 each.*

Now the grant is £400, how many vouchers would it be appropriate for suppliers to send and should these be provided in one go or staggered through the winter? If staggered, how many tranches would be appropriate and why?

It is difficult for CAP to prescribe how the grant should be delivered. Some of this may come back to personal preference and choice among customers, such as some prepayment users that prefer to top up larger amounts less frequently compared to those who top up little and often.

It could help to reduce risk to deliver vouchers in a staggered manner, to reduce the chance of these being lost in transit to customers, who then lose out on the benefits the scheme provides. Historically, many CAP clients in severe crisis have stated that they do not always open post from creditors, and so some clear messaging around voucher delivery and frequency is vital. There should also be some mechanism to have vouchers reissued if they do genuinely get lost or inadvertently misplaced.

Previously, the emergency vouchers offered by the Fuel Bank Foundation, with whom CAP partners, were set at £49 during the winter period, which was intended to cover at least three weeks of energy. However, because of the rising cost of energy it is likely this will not cover as long a period. It is suggested that the frequency of grant voucher delivery is matched with the amount being offered, to ensure that recipients are able to stay on-supply.

It is not clear how suppliers will be monitoring delivery of vouchers and whether these are being used for purpose and by the household that they are intended for. Further clarification around this would be useful, as it could also influence the frequency at which vouchers are issued.

When discussing the delivery of vouchers to prepayment customers, it is also useful to understand the difference between smart and legacy meters, and how frequently these top-ups will appear. To limit confusion it may make sense to try to mirror the process for both types of meter, especially in terms of frequency of credit being provided.

4. *The policy has changed from a rebate with levy to an outright grant, and the amount of grant has been doubled to £400 to help consumers over the winter period. The consultation took a neutral position on whether the*

original £200 should be used against arrears or part used against a payment plan for customers with an agreed plan.

Does the change from £200 to £400 affect whether the grant should be used towards arrears or payment plans?

In response to the previous format of the scheme, CAP felt very strongly that the payment should not be used for debt in the majority of cases, and that the purpose of the scheme was to provide ongoing energy rather than reducing indebtedness. Given the changes to the scheme, this may not necessarily be as clear in all cases.

There may be some situations where a customer would benefit from having some of their arrears reduced by the grant, especially if this has a long-term benefit. There may be niche instances where reducing indebtedness by £400 could change their potential debt solution.

Conversely, were someone to receive a significant amount of funds under the wider package of support being provided by the Government, this could cause them to be ineligible with a previously appropriate debt solution. This is especially notable for those pursuing an insolvency option. CAP suggests that BEIS refer to the Insolvency Service for clear guidance around debt preferencing as well as asset limits.

Finally, if suppliers are proposing to support customers with arrears reduction using this grant, CAP would highlight the importance of well-rounded debt advice provision in these cases. Reducing arrears in the short term may appear to be a good outcome, but there are many situations where customers would benefit from having professional debt advisors supporting them with their wider situation.

About CAP

CAP is a nationally recognised charity that works across the UK in partnership with 580 local churches to restore hope for people in desperate need. Through a network of almost 300 CAP Debt Centres, CAP offers a free face-to-face debt counselling service, with advice and ongoing support provided from head office. CAP also runs the CAP Money Course, Job Clubs and Life Skills groups to help people overcome unemployment and provide financial education, all with community and holistic support at their core. CAP's services are completely free and available to all regardless of age, gender, faith or background.

Further information

This representation has been written by Paul Walmsley, Energy Relationship Manager for CAP, with contributions from:

Rachel Gregory, Senior External Affairs Manager
Katie Toghill-Murphy, Policy & Research Officer

Please send requests for further information to:

Paul Walmsley
Jubilee Mill
North Street
Bradford
BD1 4EW

externalaffairs@capuk.org



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