

Parliamentary Briefing

The Energy Price Guarantee September 2022

Age UK's overall view

Age UK was pleased and relieved by the announcement of the Energy Price Guarantee, which will provide valuable assistance to older people worried about their fuel bills. However, we also think it is essential that there is additional targeted support for those on low incomes or who are otherwise vulnerable; robust plans to ensure no one misses out on the support from the EPG and Energy Bill Support Scheme (as some older people currently are); and a commitment to support charities for longer than just 6 months.

Age UK welcomes the Government's Energy Price Guarantee (EPG), freezing the energy price cap from October 1st for two years. The Government will be absorbing the costs of price volatility so that the typical annual energy bill will stay at £2,500 until 2024.

However, energy prices will still be rising by more than a quarter (27%) on October 1st for the majority of households. Even with the EPG, many older people will struggle to pay their bills. Those on low incomes and/or with especially high costs due to disability and ill health, or living in homes which are very costly to heat, will still feel frightened about the winter ahead. Age UK is concerned that there is not enough targeted support for these vulnerable households.

Furthermore, many older people depend on local charities like our local Age UKs for their care, hot meals, and social activities. These charities, while helped for 6 months by the business support announced, are really worried they will hit a cliff edge when it ends, so they will once again face closure due to unaffordable fuel bills.

Filling the gaps in the Energy Price Guarantee

Age UK is pleased to hear that BEIS has begun plans to deliver the EPG to all domestic consumers and has given assurances that there will be support for those on fixed energy tariffs, households that use uncapped fuels (e.g. oil or bottled gas), or that don't directly pay their energy bill (e.g. park homes and sheltered housing). However, these reassurances need to be turned into concrete action to provide urgent and equal support. Age UK looks forward to seeing robust plans on how it will be delivered.

Older people in **Northern Ireland** also face an uncertain winter. Proportional funding will be allocated through the EPG but without a sitting Assembly to enact a support package the Government will need to work proactively to deliver an equivalent scheme. This is particularly pressing as Northern Ireland lacks protection from the price cap, the Energy Bills Support Scheme, and the Warm Home Discount.

Care homes face several specific challenges as we approach winter. With the offer for businesses remaining as yet undefined the sector will struggle to plan ahead for increased operational costs (e.g. heating bills, medical supplies, food, staffing). Care homes are people's homes, and as such the Government should consider giving them domestic status and extending the support offer accordingly. They should certainly be considered a vulnerable industry requiring support after the six-month period of the business support wing of the price cap freeze elapses – should the Government not be minded to give domestic status at this stage.

Delivering the benefits of the EPG to **prepayment meter (PPM) users** may also prove difficult. While they are generally protected by Ofgem's price cap, they are some of the most vulnerable in the energy market.

Experience has shown that PPM users face greater barriers to accessing energy bill support measures. The Government will need to factor this into its planning and ensure the cap freeze reaches these consumers at the same time as direct debit and standard credit customers.

Longer term solutions for fuel poverty among older people

Freezing the price cap is a welcome emergency measure, but it is not a sustainable long-term solution to spiralling energy bills.

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.

Secondly, it is essential the Government **increase 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 stressed 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.

What Age UK wants to see from the Government now:

- Guarantee a reinstatement of the triple lock from April 2023.
- Provide a package of targeted support to comprehensively mitigate October's 27% price cap rise for older people on low incomes and/or those who are vulnerable for other reasons.
- Deliver equivalent provision to the Energy Price Guarantee to households relying on alternative heating fuels not protected by the price cap (e.g. oil, coal, bottled gas).
- Ensure comparable provision is provided for all domestic households regardless of how they pay for their energy – including households relying on a commercial supply contract (e.g. park homes) and businesses which operate as residential dwellings (e.g. care homes).
- Create enforcement measures so landlords and site owners pass on the benefits of the price cap freeze to their tenants, and monitor compliance with them as the EPG progresses - it is crucial that tenants are protected and landlords pass on the full cost savings from the price cap freeze.
- Work quickly to deliver the full benefits of the Energy Price Guarantee to Northern Ireland.
- Introduce a social tariff which discounts energy bills for those most in need, automatically enrolls eligible households, is mandatory for all suppliers and compliments, and that sits alongside rather than replacing existing consumer protections.
- Provide a radical increase in household energy efficiency grants for those on the lowest incomes to help them insulate themselves against spiralling prices.
- Protect frontline charity services by delivering ongoing focused support after the business support element of the price cap freeze expires after six months.
- Extend domestic status to care homes so the EPG can protect them. At a minimum, care homes should be considered a vulnerable industry requiring support after the six month period expires.

Get in touch with us

If you have any questions, require further detail about the impact of fuel poverty on older people, or would like to meet to discuss how you can help older people who are in this difficult position in your constituency please contact Roshni Mistry, Senior Public Affairs Officer, at roshni.mistry@ageuk.org.uk