

All Party Parliamentary Group on Debt and Personal Finance Fuel Poverty Round Table meeting

The APPG on **Debt** and **Personal Finance** has met to discuss fuel poverty and heard from the following guests:

- David Kidney MP, Parliamentary Under Secretary of State, Department of Energy and Climate Change;
- Teresa Perchard, Director of Policy, Citizens Advice;
- Dr Garry Felgate, Chief Executive, Energy Retail Association;
- Sarah Harrison, Senior Partner, Sustainable Development, Ofgem

Opening the event Mr Kidney outlined that fuel poverty was a major concern as energy prices had risen by an average of 19 per cent. per year between 2004-8. He stressed that despite the scale of the problem with over 2 million households being in fuel poverty, there would be no recoil in tackling it.

Mr Kidney then went on to indicate the different strands of the Governments' approach. Firstly he detailed an increase in the maximum grant levels in the Warm Front scheme and the emphasis that had been placed on reducing carbon emission in 3 million households. Continuing he highlighted the extension of the CERT project and called for more to be done by energy suppliers in achieving more within the Community Energy Saving Programme (CESP).

In terms of the direct cost to households, Mr Kidney outlined how the Government had improved household incomes through extensions of the Winter Fuel and Cold Weather payments. He added that Ofgem had recently banned unfair practices on the part of energy companies, as well as excessive differences in price.

Looking to the future Mr Kidney indicated that the Government planned to put price support of a statutory basis, give suppliers direction on houses in need of assistance and provide Ofgem with extra powers in protecting consumers from exploitation.

Ms Perchard highlighted that there was great concern at CAB at the number of people in fuel poverty. She outlined that the network of CABs advised 2 million people per year and that 9 million people used their website. She added that there had been an 82 per cent. increase in fuel poverty enquiries since 2005 and that often these were difficult to resolve.

Continuing she stated that of those with fuel poverty based problems, they were mainly low waged people of a working age with 70 per cent. being single and 25 per cent. being disabled.

Ms Perchard added that there was approximately £10.5 billion of benefits unclaimed in the UK with 32 per cent. of families eligible for free school meals

not claiming them. She added that the average person who visited a CAB for advice found that they were £3700 better off as a result. In respect of fuel poverty, Ms Perchard indicated that there had been a huge demand for the CAB backed 'Energy Best Deal' scheme and that the CAB would like to undertake more work of this nature.

She asserted that whilst the CAB welcomed the Fuel Poverty Review, they were disappointed that schemes such as CESP would only benefit around 90,000 households.

In conclusion Ms Perchard called for benefits to take account of fuel costs. She further stated that in her view energy companies being increasingly obliged to undertake social duties was not the correct way forward.

Dr Felgate outlined that he saw the three major issues facing energy supply as being; fuel poverty, security of supply and de-carbonisation. He added that the energy companies would willingly provide support to CAB and that he welcomed the Ofgem based 'Project Discovery'.

Dr Felgate indicated that the causes of fuel poverty were; rising prices, general poverty and poor quality housing, with social housing often amongst the most energy efficient housing. He added that energy companies were part of the solution and had dedicated £150 million to tackling the issue in schemes such as data sharing with the DWP and a pilot scheme on fuel poverty amongst those over 70.

Continuing he stated that energy suppliers could facilitate help such as benefit education, rebates and priority insulation but that it was necessary for those struggling to pay bills to contact their provider as soon as possible.

He stressed however that reducing carbon output and assisting those in fuel poverty were not always agreeable aims but that he was optimistic with moves such as smart meters being introduced and a clearer joined up approach by the Government.

Ms Harris highlighted that Ofgem was aiming to give consumers more confidence in securing a better deal from energy supply but that more transparency was needed. She outlined that Ofgem's 'Energy Probe' however had found that there was nothing illegal occurring in the relationship between energy wholesale and resale prices.

She indicated that Ofgem's social action strategy was based on; regulation, best practice, debate and the provision of information. She further encouraged suppliers to engage more in interaction with vulnerable consumers.

Ms Harris expressed concern at the inability of many people to meet their energy bills and that there was a need for sharing best practice on assisting consumers. She added that the core aim of 'Project Discovery' was to protect the interests of consumers, both present and future.

At this point [Russell Brown](#) MP ceded the Chair to [Mark Lazarowicz](#) MP.

Labour MP John Grogan asked if, given the Conservative and Liberal Democrat support, there should be a reference to the Competition Commission regarding the energy industry and the existing barriers to market entry.

Ms Harrison asserted that this was a function of Ofgems and that there would be an examination of the relationship between retail energy prices and the fall in wholesale prices.

Responding, Dr Felgate stressed that a reference would not assist those in fuel poverty, given that it caused just 20 per cent. of it. He outlined that forward wholesale prices had actually risen by 20 per cent.

Ms Perchard stated that in her view, calls for a referral represented a growing lack of confidence in the existing system.

Liberal Democrat [Colin Breed](#) MP asserted that energy companies should not object to a referral if they had nothing to hide. He further highlighted the total costs of consumers changing suppliers.

Dr Felgate outlined that there was no relationship between the level of bills and consumers switching.

Jonathan Stern of Consumer Focus indicated that there was a need to weaken the links between those in fuel poverty and the energy suppliers through methods such as better quality home insulation.

Ms Perchard expressed agreement with this.

Liberal Democrat Sir [Alan Beith](#) MP urged the panel to consider rural fuel poverty, which in his view largely owed to gas not being an option for many through isolation and poorly insulated rural housing.

Responding Dr Felgate stressed that promoting energy efficiency through measures such as improved insulation.

Ms Perchard outlined that the issue was inter-connected with existing fuel poverty.

Also present were:

[Andrew George](#) MP, Liberal Democrat and [Mark Durkan](#) MP, Leader, SDLP.