

Warm This Winter

Briefing: Support for low-income households (2024/25)

Summary

- Since winter 2020/21 energy bills have soared to record levels. Every unit of gas is 112% more expensive and every unit of electricity is now 129% more.
- Even if customers cut back their usage to dangerously low levels, they are still suffering as daily standing charges have also soared by 119% for electricity and 8% for gas.
- Politicians have stood by while households across the country have been plunged into crisis and [levels of energy debt](#) hit record highs.
- The [health impacts](#) of living in cold, damp homes hit hard. Over [8 million adults](#) live in cold damp homes and official figures show that [cases of hypothermia surged by 36%](#) during the crisis and around [5,000 excess winter deaths](#) were caused by living in cold homes in 2022/23.
- The next Government will need to implement radical reform of Britain's broken energy system and prepare for providing financial support to struggling households.

The problem: struggling households face living in cold damp homes each winter and face financial ruin due to high energy prices.

Energy prices are at record levels and are not expected to drop back anytime soon.

Other inequalities in the energy market remain with some customers (such as those in [some regions](#)) paying a significant price premium.

[The Bank of England](#) predicts that households have already used their savings accounts to support them through the cost of living crisis, eroding their ability to continue to pay energy bills which remain at record levels. Energy debt is also at record levels, record [levels of energy debt](#).

The [health impacts](#) of living in cold, damp homes hit hard. Over 8 million adults live in [cold damp homes](#), with even more [suffering from mould](#) in their properties.

Official figures show that [cases of hypothermia surged by 36%](#) during the crisis and around [5,000 excess winter deaths](#) were caused by living in cold homes in 2022/23.

Looking back in history, records show that if average temperatures drop below 3.6 degrees for a prolonged period, we will see many more die. We can not leave the safety of the most vulnerable to the chance of good weather.

Previous Government support has never gone far enough or has consisted of 'cost of living payments' which are swallowed up by the higher cost of essentials other than energy.

Among these households most affected will be many who have pre-existing health conditions, are disabled, elderly or have young families. They often have higher energy requirements for health reasons and are the most susceptible to the health complications caused by living in a cold, damp home. In many cases these health complications will be life threatening.

Other groups, such as very low income single households, some rural areas and those living without mains gas or electricity only energy are also hardest hit by fuel poverty every winter.

Before the General Election politicians must unite to:

- **Tackle the growing debt mountain**
 - Introduce the widely supported [“Help to Repay” proposals](#) from the Money Advice Trust to help reduce household consumer debt through a payment matching programme.
- **Provide additional financial support to help with energy bills directly, targeted at the most vulnerable groups in society:**
 - Extend the Energy Price Guarantee legislation and go further to introduce an [Emergency Energy Tariff](#) for winter 2024/25.

In their General Election manifestos, parties must:

- Commit to radical reform to energy bills:
 - Enhance consumer rights so that energy firms must always offer the best value tariff to consumers, ban discriminatory premiums charges to some customers and ensure Ofgem amends the Price Cap to remove the premiums paid by some regions and end discrimination against Economy 7 and some other consumer types.
 - Bring down bills for those who are struggling the most and who are at most risk from the ill effects of living in cold damp homes. This should be done through a fundamental overhaul of tariffs and standing charges to ensure cheaper energy and safeguards (e.g. via a social tariff) to protect those with high energy use due to health or disability circumstances.
 - Cap energy suppliers' profits at a level below the current Ofgem Price Cap allowances and set stringent checks in place to ensure customers get good value for money from firms' operating costs.

- Increase the fines, powers and sanctions Ofgem can levy if it finds energy firms breach licence conditions or deliver consistently poor customer service.
- Remove policy costs from energy bills and move funding for vital energy efficiency and tariff reform to be covered by general government spending to reduce all bills by £165.
- Reform Extreme Weather Payments to ensure energy firms credit the energy account of all eligible households on every day that the Met Office declares the temperature will drop below -4 degrees Celsius on the following day.
- Abolish the use of an algorithm to determine who receives the Warm Homes Discount and reform the criteria to ensure all those in cold damp homes can benefit and ensure the Winter Fuel Payments continue to act as a safety net for those not on benefits and on low incomes.

All the fiscal measures outlined above could be funded by closing the energy firms windfall tax loophole to raise [£11bn](#) and expanding it to include other energy-linked firms profiting from the high cost of electricity and gas. Other reforms suggested by groups such as Tax Justice could also raise up to [£50bn](#).

- **Reform of the energy market** and end the electricity price premium, which results in electricity tariffs being linked to the gas price by overhauling the Electricity Market Pricing Arrangements as soon as is feasible. Policy makers could also end price inflations caused by the broken markets which reward energy traders at the expense of consumers.
- **There are a range measures, which do not have a direct impact on the public purse, which the next Government can provide:**
 - Reform the use of energy firms' charitable trusts or vulnerable customer support payments so that there is consistency of application processes.
 - Reform of the pre-payment meters regime (PPMs)
 - A full ban on all forced transfers of households onto pre-payment meters, whether by court warrant or remotely via smart meters.
 - A PPM amnesty for energy firms to return all PPM users forced onto these meters to normal meters at no cost.
 - Increase the emergency credit allowances on PPMs.
 - Move people off legacy PPMs more systematically (using data to identify PPM customers on the priority service register to move to faster smart meter rollout for those on pre-payment meters) and provide them with the option to move off PPM payment.
 - Expand the Priority Service Register to include all vulnerable customers and ensure utilities firms share one unified register which is promoted through a central government marketing campaign.
The register should include all those who:

- Are medically dependent on powered medical equipment in order to stay healthy at home (e.g. dialysis machines, oxygen concentrators, use artificial ventilators) or rely on energy to power equipment (e.g. charge wheelchairs, run fridges for medicines)
 - Have a respiratory disease
 - Have a cardiovascular disease
 - Are immunocompromised
 - Suffer from mental ill health
 - Have Sickle Cell Disease
 - Have issues with nutrition, or may be at risk from poor nutrition caused by not being able to use energy (e.g. if a young child is present in the household)
 - Have a temporary need to access priority support, such as cancer diagnosis.
 - Are in households with low incomes and have a young or school age child, could otherwise be considered elderly or disabled or could otherwise be considered financially vulnerable and at risk of 'self disconnection'.
- Work with charities and local authorities to increase the provision of energy advice (for example, single local point of contact for those struggling) and to develop guidance on how social prescribing could be used to help tackle fuel poverty.
- **Working with landlords, more must be done to support tenants in fuel poverty:**
 - Introduce a social rent cap, alongside ring-fenced funding to social landlords so that energy efficiency improvements are not sacrificed in the event of supply chain costs increasing.
 - Introduce a private sector rent freeze (similar to that introduced by the Scottish Government).
 - Urge, and support with additional funding, local authorities to ensure landlords comply with existing private rented sector regulations - highlighting that enforcing these regulations is cost-neutral in the long term.
- **Protect people from future price shocks** by tackling energy waste through a longer-term Great Homes Upgrade, unblocking the cheapest forms of renewable energy and reducing UK dependence on international oil and gas markets (see the other Warm This Winter briefings on [energy efficiency](#) and [renewables](#)).

Outside of the energy market, we support moves to **provide additional cost of living support to help those who need it most:**

- A long-term, legally binding lock to increase benefits at least in line with inflation every year.
- A commitment to maintaining Local Housing Allowance (LHA) rates at the 30th percentile, to ensure that people can access the cheapest 30% of local homes, and lifting the benefit cap so that more households can receive it.
- To further help those with pre-existing health conditions, the Government should also suspend all prescription charges in England until December 2024.

- In line with recent court rulings, the Government should also suspend any deductions to benefits to recover money owed for a variety of debts and advances and ensure all benefits claimants are given the chance to prevent deductions for debt.
- Help children from struggling families through free school meals - including during school holidays. Also ensuring universally available free bus passes for schoolchildren and assistance with increasing school uniform costs.
- Scrap the two-child limit to benefit payments, which sees families who claim benefits miss out on money for the third or more child. This policy directly pushes families with children into poverty. It could be scrapped at a cost of £1.6billion and would immediately lift 250,000 children out of poverty.

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