



Warm Home Discount extension to 2015/16: **consultation response** **from The Children's Society**

Introduction

The Children's Society is a leading charity committed to improving the lives of thousands of children and young people every year. We work across the country with the most disadvantaged children through our specialist services and children's centres. Many of our services work with families affected by fuel poverty, offering help and support to enable them to keep their family warm.

The Children's Society welcome the opportunity to respond to the Government's consultation on the provision of the Warm Home Discount in 2015/16. We know the day-to-day struggle that many families face with the costs of energy bills.

Many of the families that we work with have told us of the problems that they face. For example, Claire from Bradford told us:

'The amount of money I spend on my gas and electricity is extortionate. The shoes I wear even have holes in – I can't afford to buy a new pair as any spare money I have goes on my gas and electricity.'

Another mum told us:

'Living in a cold home was putting my family's health at risk and I felt I had nowhere to turn to for help. This was a really difficult chapter in my life. Finding the money to stop the gas and electricity from being cut off is a constant worry for me.'

A survey we commissioned last year reiterated these results. Last winter two-thirds of families with children, around 5 million families, thought they were likely to turn down their heating over the winter because of the cost. Of these, more than half said that they were worried about their children becoming ill because their home was too cold.

The Warm Home Discount is a crucial form of support, providing a £140 discount on energy bills for struggling families. For example, one family who received the discount told us:

'The Warm Home Discount was a lifeline for me and my family. It meant my quarterly winter bill was under £300, instead of over £400. I had more to buy food for my family and I could keep the heating on for longer.'

However, our Behind Cold Doors report identified that in 2013/14 nearly 2 million children living in poverty were living in families which missed out on the Warm Home Discount. For example, one mother from Bradford told us:

'Having a Warm Home Discount would make a huge difference for me and my family. We literally have to count every penny at the moment. This would take a lot of pressure off. I'd sleep much better at night knowing I had extra money to keep my meter topped up. Being cut off would be unbearable.'

The report recommended that the government should ensure that the family of every child living in poverty receives a Warm Home Discount rebate on their energy bill. It made two key recommendations:

- 1. Aligning eligibility criteria between energy suppliers to reduce the confusion and complexity which prevents many families from applying for support, and**
- 2. Moving families living in poverty into the core group to ensure that they receive help automatically.**

Consultation question responses

1. Do you agree with the Core Group eligibility criteria remaining in place for those people in receipt of Pension Credit Guarantee Credit?

By making direct payments to entitled households, without relying on them to know about the scheme and apply for support, Core Group eligibility for the Warm Home Discount is the best way to ensure that households in need of support receive what they are entitled to.

The Children's Society strongly believe that core group eligibility provided for low income pensioners should be extended to low income families with children.

This would help to address problems caused by lack of knowledge of the Warm Home Discount rebate. Evidence from families The Children's Society work with suggests that knowledge of the rebate is alarmingly low, with only three out of the 11 families interviewed having heard of the scheme. Only two families had received a Warm Home Discount. Another had been told they would receive the rebate, but as they changed energy supplier before the award was made, they were subsequently told they would no longer qualify for support. The family did not reapply as they had missed the deadline for applications and they did not meet the Warm Home Discount eligibility criteria of their new energy supplier.

One family who received the Warm Home Discount only applied to her energy supplier after hearing about the scheme through a friend on Facebook. Nearly all of the families we spoke to said energy companies should do more to promote the Warm Home Discount to low-income families.

This is one of the consequences of placing low-income families in the Warm Home Discount scheme's Broader Group of eligible claimants. Energy customers in the Broader Group need to apply to their supplier, while low-income vulnerable pensioners in the scheme's Core Group automatically get the rebate credited to their bill. Even when disadvantaged Broader Group customers do apply, they may not qualify as several of the energy companies providing the Warm Home Discount exclude low-income families who are in work. Yet two-thirds of children living in poverty are now in working households.

Recommendation: Core Group eligibility criteria should be amended to include low income families with children.

2 To what extent do the current Broader Group criteria act as a barrier to switching, and if they do how could this be addressed cost-effectively?

Different energy companies have different criteria for eligibility for the Warm Home Discount. This can mean that where a customer leaves one company, they are not entitled to support under another company's scheme.

Switching energy company is often presented as the best way to reduce household energy bills. Loss of the Warm Home Discount on switching can present a real barrier to changing supplier, or where a family do change provider, can undermine the benefits of having done so.

For example, one The Children's Society service worked with Lisa, who was struggling with her energy bills. Lisa told us that she has to cut back on food and severely ration the amount of gas and electricity she uses.

"When it gets really cold, I'll put on extra layers of clothes during the day to keep warm and use extra blankets at night. Making sure that my daughter keeps warm is a constant battle when the temperature drops."

Last year, Lisa applied for a Warm Home Discount through her previous energy provider. Her application was successful, but as she switched to a new provider before the award was made, she was told she would no longer qualify for support. This was a crushing blow to Lisa, as the extra £135 would have made a big difference to her last winter.

Recommendation: Aligning eligibility criteria, and allowing families who have been offered a Warm Home Discount by one company to retain their Warm Home Discount entitlement after they switch provider, would help to ensure that families are not put off from switching energy provider by the loss of the Warm Home Discount, and that where they do switch, the benefits of this are not undermined by the loss of the Warm Home Discount.

However, we believe the changes should go further. Low income pensioners in the core eligibility group for the Warm Home Discount receive their discount automatically, and changing supplier has no impact on this. The Children's Society believe that extending core group eligibility to low income families with children is the best way to guarantee that this group receive the discount, even if they change supplier.

3. Would the potential benefits of moving to a standard set of compulsory criteria outweigh the potential disadvantages? What could any compulsory criteria be (e.g. which benefits or tax credits), and why?

Current eligibility criteria for the Warm Home Discount are complicated and confusing to families. Each supplier has different eligibility criteria in place, in many cases, the criteria used are extremely difficult for customers to understand.

Additionally, a number of companies that provide the Warm Home Discount to customers do not provide eligibility for low income working families. Given that two thirds of children in poverty live in low income working families, it is extremely concerning that these families are excluded from entitlement.

A standard set of compulsory criteria would have four key benefits:

- 1. It would simplify eligibility, making it more likely that those families most in need of support apply for help.*
- 2. It would help to ensure that families do not lose eligibility for support as a result of switching supplier, by ensuring that all suppliers have the same eligibility criteria.*
- 3. It would make it easier to advertise the scheme and let people know if they are eligible to apply for support.*
- 4. It would provide the opportunity to ensure that low income working families are entitled to apply for support.*

Recommendation: eligibility for the Warm Home Discount should be aligned between suppliers.

Recommendation: Eligibility should be provided to those families in receipt of Child Tax Credit (with or without Working Tax Credit) and with a household income up to £15,860. This would align eligibility for the WHD with eligibility for help through the Affordable Warmth component of the Energy Company Obligation.

However, whilst aligning eligibility between suppliers would be an important step forward, it would not ensure that every family in poverty receives the Warm Home Discount. That's why it is so important that the Government moves families living in poverty into the Core Eligibility group, to ensure that they get this support automatically.

Families with children are now recognised as representing the largest group of fuel poor families, but for too long they have not been a principle target for fuel poverty assistance. This needs to change. Ensuring all low income families with children receive the Warm home Discount would be a big step forwards.

Recommendation: extending core group eligibility to low income families with children is the best way to guarantee that families living in poverty receive the Warm Home Discount.

For further information about The Children's Society's research on the Warm Home Discount, our "Behind Cold Doors" report can be found at http://www.childrenssociety.org.uk/sites/default/files/tcs/behind_cold_doors_-_final.pdf

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