



**Fuel Bank Foundation**  
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**8 April 2021**

**Ofgem consultation to review the Energy Industry Voluntary Redress Scheme – response by the Fuel Bank Foundation.**

The Fuel Bank Foundation was set up to support vulnerable customers by giving them access to energy when they most need it.

It works to help prevent self-disconnection (where a client cannot afford to top up their meter) and ensures people are not left without energy for the basics like cooking and heating.

The Foundation is grateful for the opportunity to respond to this consultation.

**Question 1: Do you consider the funding split between the Main Fund, Innovation Fund and Decarbonisation Fund to be appropriate?**

We believe that the current split (70/15/15) is right as it strikes the correct balance between allowing support to be given now, whilst also offering opportunities for products / services to be developed for the future.

We do, however, question the emphasis on the provision of energy efficiency advice or measures over other types of initiatives, such as the provision of fuel vouchers in crisis situations or of debt advice. Whilst we fully agree that energy efficiency is the best long-term solution for households struggling to afford their energy bills, it does not help those people that are having affordability issues NOW. In the experience of the Foundation, when households are in crisis it is essential that their financial situation is stabilised before you can even begin to have conversations with them around energy efficiency. We have also found that fuel vouchers work doubly hard because they can be successfully used as a gateway to other services such as the provision of energy efficiency advice.

Given the likely negative impact of COVID-19 on incomes in the short-term (or even the medium to longer term as we have no idea at this stage how long the economic downturn could affect those least financially resilient), we strongly advise that consideration is given to awarding more funding to projects that offer financial support and assistance to households that find themselves in crisis.

**Question 2: Do you consider the proportionate funding split between vulnerable customers and all energy customers to be appropriate?**

We believe that it is appropriate that the vast majority of the funding should be focussed on those who need it most – that is, those customers who are in vulnerable circumstances or who have directly suffered detriment because of suppliers' actions or inactions.

However, we think that the split (currently 70 / 30) should be amended so that a larger percentage of the funding is used to support this group – at least in the short-term when we think it will inevitably be needed.

**Question 3: Should a fuel voucher fund remain a permanent feature of the overall Energy Redress Scheme, so that it can react quickly to specific crises?**

As you would probably expect, the Fuel Bank Foundation agrees with this suggestion.

Our Fuel Crisis Report (published February 2020) shows that like-for-like Fuel Bank need has increased by approximately 23% since the outbreak of COVID-19. This masks, however, some of the local spikes in need that we have seen, where demand has increased by over 300%. As the impact of the crisis continues to be felt (and financial institutions show less forbearance), the pressure on many household budgets will worsen and the need for support may increase further.

We have robust evidence that the full Fuel Bank Foundation proposition (including, but not limited to, the provision of fuel vouchers) leads to significant improvements

in physical and mental wellbeing (85 and 89% respectively). As discussed elsewhere, being in receipt of fuel vouchers gives people the breathing space needed to try to address their financial issues, including seeking energy efficiency advice.

In short, it is our view that, while there are energy customers with severe affordability issues and associated crises, voucher support is a necessary tool and form of support.

**Question 4 - If a fuel voucher fund is set up, what type of consumers should be eligible to apply for these vouchers – e.g., vulnerable customers, prepayment customers?**

We believe that before you ask these kinds of questions, you first need to set out the objectives of the fund. From there will flow the types of customers it should be trying to help and what kind of support would help them most.

We were unable to find the definition of “vulnerable” customers that is being used in this work and would recommend using the definition in the updated Ofgem Customer Vulnerability Strategy.

We would also urge further collaborative work with charities to identify the groups of customers that most need help and to fully understand the issues affecting them.

**Question 5 – What are your views on expanding the applicant scope beyond charities and organisations that partner with charities?**

It seems to be a sensible precaution to only allow funding to go to registered charities.

We are concerned that smaller charities may be further disadvantaged (see our response to Question 7) if the applicant scope is expanded to include those organisations that have more time and greater resources to successfully apply for funding. It is also important that this scheme should not be opened up to organisations that already have sufficient access to alternative funding streams or can access statutory funding to provide similar services.

Since the original purpose of outsourcing the management of the redress fund was to ensure that the smallest charities (not just the big, national ones) had access to the funding, we believe that this principle should still be key. In our experience, it is the grassroots community groups that are often best placed to offer support to those people who are hardest to reach and in the most need.

**Question 6 – How did you find the application process?**

At times, we found the application process unnecessarily complicated and overly detailed.

Whilst we fully understand the need to ensure that funding only goes to worthy recipients, we do feel that the design of the process tended to confuse complexity with diligence. The Fuel Bank Foundation also has the aim of ensuring that its funds

go to clients that really are eligible for support; but it was an important principle for us that this should not be at the expense of operating a process that is easy to navigate and is as stress-free as possible for the applicant.

We think that the process could easily be amended so that the EST could be sure that only the right applicants were successful in securing funding, whilst making the application process more streamlined and easier to navigate.

Currently, it could risk excellent projects not being successful in their bids due to the complexity of the application process.

We note, however, that the more streamlined application process that was used to ensure that money went to people in crisis, once the effects of the Pandemic began to be felt, was excellent and we think that lessons could be learned from this in terms of improving the design of the standard application process.

### **Question 7 – Did you have a good understanding of the eligibility criteria?**

Whilst an effort was made to provide background training (through the videos etc.), we still found it hard to bear in mind and remember all the various restrictions when completing the application process. We think that other small charities might similarly find the process to be too complex and unwieldy if, for example, they do not have access to experienced, professional bid-writers or the resources to employ one.

Our own research has shown that not everyone who is struggling to pay their energy bill will contact their supplier for support – in fact, only 9% will. And, even if they do, not all energy suppliers can / will support them. Most people tend to reach out to community groups instead, so it is essential that small, local charities can also access this funding as well as the large, national ones.

We have been told by some smaller organisations that they will be choosing not to re-apply to the Emergency Redress Fund in future but will, instead, come directly to the Fuel Bank Foundation for vouchers, as they find the application less onerous and resource intensive.

### **Question 8 – Do you have any feedback on what would make the process better?**

In addition to the feedback provided above, we feel that the process would benefit from being more outcome (rather than output) focussed. It feels to us that the current process is driven simply by how much money can be spent, as opposed to what measurable impacts can be delivered by spending that money.

We believe it is important that there should not be negative reputational impacts to funding recipients if spending targets are not achieved as it is not always possible (despite all best efforts) for funds to be allocated to the correct recipients in a given timescale.

It can also be counter-productive (as it can lead to waste) to insist that all monies are spent within a certain timeframe – for example, the outcome is that everyone gets a voucher because that means the money is spent by the due date, rather than ensuring the support goes to those that are most in need, even if they are not identified before some arbitrary deadline.

I hope that you find these comments helpful. If you would like to discuss further, please do contact me.

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