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**Ofgem’s Call for Input on standing charges domestic retail options – Sense response**

September 2024

# Summary of Sense’s key points:

* There are 1.6 million people with complex disabilities living in the UK today; just over 318,000 of these are children
* People with complex disabilities often have higher energy costs due to essential equipment and increased energy needs.
* We cautiously support reforms to standing charges as we recognise they are not well understood, and are not set in a way that progressively funds the fixed costs of supply.
* However, we can only support these changes if Ofgem completes thorough impact assessments.
* Ofgem must therefore carry out a thorough analysis of the effects on disabled people on low incomes, which would include people with complex disabilities, who have high energy needs.
* Ofgem’s impact assessments should broaden their definition of disability, aligning with the 2010 Equality Act, as the current reliance on disability benefits as a proxy excludes millions of disabled individuals.
* Safeguards and mitigations should be put in place for people with complex disabilities who may be adversely affected by the proposed reforms.
* Ofgem must mitigate any adverse effects by introducing targeted exemptions from unit-based charges for people with complex disabilities.
* These reforms should go together with better affordability support, such as an energy social tariff, to ensure people with complex disabilities can access affordable energy.
* Ofgem should recommend that the Government includes disability benefits as eligibility criteria for the Warm Home Discount (WHD) Core Group 2.
* Standing charges often drive many disabled people into debt, so any reform should include a ‘help to repay’ scheme.

# Sense’s response:

**Context**

Sense welcomes the chance to contribute to this call for input. We understand the need for reform of standing charges, especially as they are often a misunderstood part of a consumer’s energy bill. Regional variations, and the fact the same charge is applied regardless of how much energy a household uses, underline the perceived lack of fairness of how network costs are currently recovered.

However, we have real concerns that Ofgem’s proposals for standing charge reform by shifting costs to unit-based charges will have a detrimental impact on people with complex disabilities, especially those who have high energy usage for medical equipment or heating needs.

**Lack of analysis by Ofgem**

We know that many people will welcome the fact that Ofgem’s proposals could benefit some low-income households.

However, of particular concern is what we feel is lack of in-depth analysis done by Ofgem as to how the proposed reforms would affect disabled people, especially those with complex disabilities.

Ofgem has acknowledged that disabled people are slightly more likely to lose out and see their bills rise, but in Sense’s view Ofgem has not conducted a thorough analysis of the overall impact on disabled people, especially those with complex disabilities.

Sense echoes calls made by other disability charities for Ofgem to fulfil its Public Sector Equality Duty and its statutory obligations towards disabled people by conducting a full evaluation of the potential impacts of these reforms[[1]](#footnote-2). The analysis should include a broader definition of disability, as millions of disabled people are excluded under the current reliance on disability benefits as a measure.

Ofgem has a statuary duty to protect consumers, especially those considered more vulnerable[[2]](#footnote-3). It is difficult to see how implementing reforms that could increase the bills of people with complex disabilities fits this duty.

We would urge Ofgem to address this directly and are willing to support and engage with Ofgem on this issue further – as other disability charities have also offered.

**Safeguards and mitigations**

We are also concerned at the lack of any real options put forward by Ofgem to put protections and mitigations in place to prevent people with complex disabilities from facing increased bills.

Whilst Ofgem believe that reducing standing charges and moving them into volumetric (unit) costs will be progressive overall[[3]](#footnote-4), with higher benefits for those on lower incomes, some customers would see their bills increase. Worryingly, this would include people with disabilities or long-term health conditions, and in particular those reliant on at-home medical equipment.

This is especially worrying as people with complex disabilities often use more energy due to specific needs, such as maintaining a stable temperature or powering vital equipment like electric wheelchairs or life-saving machines. These costs are unavoidable, and any rationing further of energy use can have serious detrimental effects, leading many people with complex disabilities into energy debt.

It is therefore vital that mitigations would need to be put in place to ensure that any reform does not negatively impact these groups. Therefore, whilst Sense understands the need for standing charges reform, it must be accompanied by protections for people with complex disabilities.

We strongly urge Ofgem to recognise that it has a range of options available to better protect people with complex disabilities who will be affected by these changes. It is crucial to provide support in particular for people with complex disabilities with lower incomes who may suddenly face higher energy consumption costs.

One approach Ofgem could explore is adopting a model similar to the WaterSure scheme used in the water sector. This scheme helps high-usage households by spreading the costs across the market, preventing them from continuously paying higher bills due to unavoidable consumption. A similar cap could be placed on energy bills for low-income disabled people with higher energy needs, ensuring they do not pay more than a specified amount annually.

We acknowledge that this would increase the mutualisation costs for the broader market, leading to slightly higher bills than intended under these reforms. As an alternative, Ofgem could consider capping the annual contribution that low-income disabled households are required to pay towards supplier fixed costs, effectively limiting volumetric standing charges. This would prevent these charges from disproportionately rising for households with higher energy needs and lower incomes.

Additionally, Ofgem must be aware that switching to volume-based standing charges will concentrate energy costs during the winter months. Currently, standing charges help distribute costs evenly throughout the year, but moving to a consumption-based model would concentrate these costs in high-usage periods like winter. This highlights the importance of implementing further support such as an energy social tariff.

**Further support**

These reforms heighten the need for the introduction of an energy social tariff to ensure that people with complex disabilities can access affordable energy. This tariff should apply across all suppliers, offer meaningful discounts, and include eligibility for those receiving disability benefits such as Personal Independence Payment (PIP), Disability Living Allowance (DLA), and Attendance Allowance (AA).

Furthermore, disability benefits should be included in the eligibility criteria for the Warm Home Discount (WHD) Core Group 2. This would reverse the decision made in 2022, which meant, 290,000 disabled households lost out on WHD support due to changes in eligibility[[4]](#footnote-5). Restoring this support would help to alleviate some of the financial burden.

Additionally, a ‘help to repay’ scheme should be introduced to assist disabled people who have accumulated debt, particularly due to standing charges[[5]](#footnote-6).

We do recognise that Ofgem’s ability to introduce an energy social tariff, WHD eligibility changes, and a ‘help to repay’ scheme is limited. However, if an energy social tariff were to be introduced then Ofgem would be responsible for implementation and monitoring of it. We also note there has been previous Ofgem support for an energy social tariff, and given Ofgem’s influence we would be keen to see this continued.

Our research found that the majority of people with complex disabilities (86%) felt a social tariff would help them with their energy costs.[[6]](#footnote-7) This would mean discounting the cost of energy use for specific groups, such as low-income households and disabled people, who face specific barriers to affording energy bills.

**Conclusion**

None of this extra support is currently in place, which Ofgem needs to consider before making changes to standing charges that could, and most likely would, see increased bills for people with complex disabilities. Sense is therefore cautiously supportive of the reforms proposed by Ofgem, provided they are supported by mitigations and a more comprehensive analysis of the impact on people with complex disabilities.

We would encourage Ofgem to support calls by Sense and other charities and consumer groups to call on the Government to introduce an energy social tariff, expand the Warm Home Discount, and a ‘help to repay’ scheme, to ensure people with complex disabilities who have higher energy needs are not left worse off by these changes.

**For more information or to follow up any of the points raised in this submission please contact** Tom Marsland - Policy and Public Affairs Manager [Tom.Marsland@sense.org.uk](mailto:Tom.Marsland@sense.org.uk)

# About Sense

Sense is a national disability charity that supports people with complex disabilities to be understood, connected, and valued. Sense supports children, young people, and adults in their home and in the community. Sense campaigns passionately for the rights of the people it serves and offers practical help and support to families and carers, including information and advice, short breaks, and family events.

**Who does Sense support?**

Sense supports people with complex disabilities including those who are deafblind. Our research shows that there **are 1.6 million people with complex disabilities living in the UK today; just over 318,000 of these are children.1** People with complex disabilities tend to have two or more of the following conditions: deaf or hearing impairment, blind or vision impairment, learning disability or autism. They may have other needs as well.  These needs may be with a person from birth, or following illness or injury, or they may develop with age.

The people with complex disabilities we represent often require significant or constant care and support from family members or social care, including support with personal care.

Many of the people we support are also deafblind, including individuals with congenital deafblindness, and also those who are visually impaired or Deaf or Hard of Hearing who then acquire an additional sensory impairment. While those who have acquired deafblindness tend to have less complex care needs, they are still likely to have communication needs which require the right support.

# Annex: Evidence – Sense’s research on the impact of the cost of living crisis on people with complex disabilities

The rising cost of living remains an important issue for people with complex disabilities. Sense’s recent research and polling, including our [2022, 2023, and 2024 Cost of Living Research](https://www.sense.org.uk/get-involved/campaign/cost-of-living/complex-disabilities-and-the-cost-of-living-research/) and [Potential and Possibility research](https://www.sense.org.uk/information-and-advice/for-professionals/policy-public-affairs-and-research/potential-and-possibility-research/cost-of-living/), has consistently found that people with complex disabilities are financially struggling.

Even before the cost-of-living crisis, disabled people faced higher living costs, ongoing costs can include:

* Higher energy bills, because, for example, they need to use more heating to keep warm, or because they run expensive medical equipment in the home.
* Specialised dietary needs.
* The use of specially adapted taxis or other types of transport.
* Large one-off costs, such as when buying a powered wheelchair or paying for adaptations to be made to their home.

[Sense research](https://www.sense.org.uk/about-us/statistics/complex-disabilities-cost-of-living-sense-natcen-research-briefing/) found that, even before the cost-of-living crisis: [[7]](#footnote-8)

* Almost seven in ten (69%) people with complex disabilities had less than £1,500 in savings. That compares to over half of people with another disability and a third of those with no disability.
* Almost a quarter (24%) of people with complex disabilities were unable to keep their home adequately warm, compared to less than one-tenth of those with a different disability, and 3% of those who were not disabled.
* Disabled people generally were three times more likely (13%) to be behind on bills or debts than those with no disability (4%).

Research conducted by Sense found that the cost of living crisis had further exacerbated people with complex disabilities’ finances.[[8]](#footnote-9) [[9]](#footnote-10) We found that:

* 7 in 10 people with complex disabilities (70%) were worried about how they would cope financially over the winter months.
* 68% of people with complex disabilities were worried about having to eat fewer meals to reduce food costs during the winter months.
* Almost 6 in 10 (59%) people with complex disabilities are most concerned about their spending on energy bills followed by food (51%) and rent (32%).
* 70% of people with complex disabilities are worried about keeping their home adequately warm.
* 66% of people with complex disabilities were constantly worried about how they would pay their bills.
* 57% were turning their heating down or off because of the rising cost of living.
* Similarly, 71% of people with complex disabilities were worried they would have to reduce heating in their home.
* 41% of parents of children with complex disabilities have not been able to keep their home warm enough.

1. MoJ, 2012. Public Sector Equality Duty. Ministry of Justice. Available at:

   <https://www.gov.uk/government/publications/public-sector-equality-duty>. [↑](#footnote-ref-2)
2. See section 3A: UK Parliament, 1989. Electricity Act 1989. UK Parliament. Available at: <https://www.legislation.gov.uk/ukpga/1989/29/section/3A>. Section 3A. [↑](#footnote-ref-3)
3. Ofgem, 2023. Standing Charges Call for Input. Ofgem. <https://www.ofgem.gov.uk/publications/standing-charges-call-input>. [↑](#footnote-ref-4)
4. BEIS, 2022. Warm Home Discount Final Impact Assessment. <https://assets.publishing.service.gov.uk/media/6246b816d3bf7f32b11f1f7b/Warm_Home_Discount_reform_final_stage_Impact_Assessment.pdf>, Page 29. [↑](#footnote-ref-5)
5. End Fuel Poverty Coalition, 2023. People unable to clear energy debts as calls for Help to Repay scheme increase. <https://www.endfuelpoverty.org.uk/one-in-four-unable-to-repay-energy-debts-as-charities-call-for-help-to-repay-scheme/> [↑](#footnote-ref-6)
6. Sense commissioned a UK wide poll of 1,002 people with complex disabilities by Censuswide between 24th to 31st August 2023. [↑](#footnote-ref-7)
7. Sense, Complex disabilities and the cost of living, October 2022, available at <https://www.sense.org.uk/about-us/statistics/complex-disabilities-cost-of-living-sense-natcen-research-briefing/> [↑](#footnote-ref-8)
8. Sense, Continuing impact of cost of living on people with complex disabilities, November 2023, available at <https://www.sense.org.uk/about-us/statistics/the-continuing-impact-of-cost-of-living-on-people-with-complex-disabilities/> [↑](#footnote-ref-9)
9. Sense commissioned a UK wide poll of 1,005 people with complex disabilities by Censuswide between 2 October to 9 October 2023 [↑](#footnote-ref-10)