

Energy price increases

Overview of the issue:

Energy prices have increased significantly in response to global wholesale cost price increases. Since January 2021, 29 energy suppliers serving 4.3 million households have exited the market in Great Britain and customers have been facing less choice and options to switch to better energy deals.

A 26th January 2022 YouGov poll found 49% of people from households with an income of less than £15,000 a year say they cannot afford to heat their home to a comfortable temperature when it is very cold outside.

The energy 'price cap' is a backstop protection for customers set by government, calculated by Ofgem the independent energy regulator.

The price cap limits the rates an energy supplier can charge for their default tariffs. These include the standing charge and price for each kWh of electricity and gas - these are the units bills are calculated from. The price cap does not cap the total bill; this will vary depending on how much energy is used.

The price cap applies when customers are on a default energy tariff, whether paying by direct debit, standard credit or a prepayment meter. The price cap does not apply to customers on a fixed-term energy tariff. However the availability and competitiveness of these tariffs has diminished over recent months as wholesale prices have increased and the number of suppliers has reduced.

The energy price cap increased from 1st April 2022 for approximately 22 million customers nationally. Based on average household use, those on default tariffs paying by direct debit will see an increase of £693 from £1,277 to £1,971 per year. Prepayment customers will see an increase of £708 from £1,309 to £2,017. This is an increase of 54%. Table 1 shows the increase in the average price-capped unit rates for a customer with typical usage paying by direct debit. As can be seen, the most significant increase in charges is the daily standing charge for electricity, a cost that you cannot influence by your own behaviour/energy use.

Table 1

	Last price cap period (1 October 2021 - 31 March 2022)	Current price cap period (1 April - 30 September 2022)
Electricity	£0.21 per kWh Daily standing charge: £0.25	£0.28 per kWh Daily standing charge: £0.45
Gas	£0.04 per kWh Daily standing charge: £0.26	£0.07 per kWh Daily standing charge: £0.27

**Rates are averages and will vary by region, payment method and meter type.*

There are estimates that the price cap on energy prices could increase by another 40-50% in October moving the average bill to more than £3,000 per household following further wholesale natural gas and electricity price increases, exacerbated by the current conflict in the Ukraine.

According to the national fuel poverty charity National Energy Action (NEA) the price cap increase will lead to a further 2 million households living in fuel poverty. There are estimates that the number of households in fuel poverty across the UK will increase to 6.5 million households, an increase of more than 50% in just over six months. This projection is based on the 10% definition of fuel poverty which takes into account what people pay for their energy bills and therefore the scale of fuel poverty in periods of more volatile energy prices.

The current government Low Income Low Energy Efficiency (LILEE) definition of fuel poverty introduced in 2021, finds a household to be fuel poor if it:

- Has a residual income below the poverty line (after accounting for required fuel costs) and;
- Lives in a home that has an energy efficiency rating below Band C.

The latest statistics available for Brighton & Hove released in April 2022 for the year 2020 estimated that under the LILEE definition, 15,814 households (12%) in the city were living in fuel poverty. It is clear from the national estimates above, however, that the number of households struggling to pay their energy bills or adequately heat their homes will be significantly higher than this in the city as a result of the increase in energy prices and other cost of living pressures.

Levels of fuel poverty in Brighton & Hove have historically been higher than the regional average for the South East (8.6% in 2020) but lower than the national average (13.2 2020). Although it has been difficult to pinpoint the reasons for higher levels in Brighton & Hove than the regional average in the past, we can assume that the older, less energy efficient housing stock, levels of poverty and size of the private rented sector will have an impact on levels of fuel poverty or people's ability to affordably heat their homes.

Key Impacts:

The National Fuel Poverty Statistics Report 2022 shows specific household characteristics where the proportion of fuel poor households is higher. For the city, the following households are of particular relevance and will continue to be the focus of support; Private Renters, Single Parent households, 'ethnic minority households' and households including children and young people. The 'fuel poverty gap' estimates the depth of fuel poverty for households and groups; households with a higher average fuel poverty gap do not always align with the statistics based on the highest proportion of households in fuel poverty. More data can be found at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1056777/annual-fuel-poverty-statistics-lilee-report-2022-2020-data.pdf

Living in a cold home as a result of fuel poverty has a disproportionate impact on the health of certain groups. Exposure to cold temperatures increases blood pressure and risk of blood clotting, heart failure/attack and stroke. It also suppresses the immune system, diminishes the lungs' capacity to fight off infection and increases constriction of the airways, increasing the risk of bronchitis and pneumonia. When a house is damp as well as cold, mould is likely to occur. This increases the risk of respiratory illness, particularly asthma.

Therefore, people living in cold homes during the winter months are at increased risk of negative health outcomes, including winter deaths. Excess Winter Deaths (EWDs) are defined as the difference between the number of deaths from December to March and the average number during non-winter months. During the five winters 2014/15 to 2018/19 (most current data available), there were an average of 144 EWDs in Brighton & Hove each winter. The EWD Index is excess winter deaths as a percentage increase of the expected deaths, based on non-winter deaths. For winters 2014/15 to 2018/19 the EWD Index in Brighton & Hove was 21.4%. This is the same as England (21.4%) and similar to the South East (21.3%).

Nationally, most EWDs are due to respiratory and circulatory deaths, such as stroke and coronary heart disease. Other health conditions associated with, or exacerbated by, cold housing include mental ill-health, arthritis and rheumatism. Indirect health impacts of cold housing and fuel poverty include a negative affect on: children's educational attainment, emotional wellbeing and resilience; adult and children's dietary choices; and the risk of accidents and injuries in the home.

Groups at elevated health risk from living in a cold home are:

- people with cardiovascular conditions (in particular, heart disease, stroke, TIA, diabetes)
- people with respiratory conditions (in particular, COPD and asthma)
- people with mental health conditions
- people with learning disabilities or dementia
- people assessed as being at risk of, or having had, recurrent falls
- people with disabilities
- older people (65 and older)
- children under the age of five

- pregnant women.

National mitigations:

Central government has announced some measures to try and address the rise in energy costs including a Council tax rebate of £150 for households in council tax bands A-D and a £200 discount on energy bills in Autumn 2022, to be automatically repaid through bills over 5 years.

Local mitigations:

At a local level the Brighton & Hove Fuel Poverty & Affordable Warmth Steering Group meets on a quarterly basis to coordinate support, identify funding and collaborate on projects. The steering group is co-chaired between Council Public Health and Housing teams and is made up of relevant council officers and local organisations that offer support to residents in living in fuel poverty or at risk of poor health from living in a cold home.

Over the last year, initially in response to the pandemic and subsequently the increase in energy costs, the steering group has met on a monthly basis with an expanded partnership in recognition of the general cost of living increase and the opportunity to coordinate more broadly both across the Council and other partners in the city. Regular members of the steering group currently include;

- Citizens Advice Brighton & Hove (CABH)
- Brighton & Hove Energy Services Cooperative (BHESCo)
- National Energy Action (NEA)
- Money Advice Plus (MAP)
- British Red Cross
- East Sussex Fire and Rescue Service
- Pertinent Council services including, Food Policy and Revenue & Benefits

There has been significant information sharing over recent months, this has included;

- A leaflet delivered to every household in the city signposting to available support and tips, focused on energy costs but including interrelated support around other essential costs, debt and mental health.
- E-bulletins cascaded to a wide range of stakeholders across the city in social care, health and community and voluntary sector, signposting to support and services available.

The steering group has overseen and coordinated various advice and support schemes, currently these include the following;

- Warmth for Wellbeing Programme - The Public Health annually commissioned Warmth for Wellbeing programme, including debt and benefits advice and casework and small hardship grants delivered by Moneyworks, and Warm Home Checks and small energy saving measures delivered by BHESCo.

- BHESCo – In addition to that delivered through the Warmth for Wellbeing programme, BHESCo have offered free advice on switching and energy consumption to residents who are struggling to pay their energy bills. They can also carry out free home visits to qualifying households to install energy-saving measures, help in dealings with energy suppliers and give guidance on efficient energy usage in the home.
- NEA - Warm and Safe Homes Advice Service (WASH) - Free impartial support and advice for vulnerable and low-income customers on energy bills and keeping warm and safe in your home.
- Moneyworks – Provided by a partnership of community advice agencies across the city helping with all money issues, including: fuel bill payments and vouchers, debt and benefits help, foodbank referrals, getting a bank account, getting online, small grants, fuel vouchers, debt and benefit support.
- Local Energy Advice Partnership (LEAP) – A free advice service helping people keep warm and reduce their energy bills. Advisors can: fit free energy saving kit in homes, check eligibility for insulation or a new boiler, give practical advice on heating systems and saving energy and arrange free money advice consultation to help with benefits, debt and other money problems.
- Disabled Facilities Grant – Disabled Facilities Grants offer a wide range of help for older and disabled people, including the Warm Safe Homes Grant in November Housing Committee agreed additional funding for these grants and an increase of the maximum grant to households to up to £20,000 to enable funding of multiple measures and higher cost measures such as air source heat pumps alongside extensive insulation measures.
- National funding schemes Green Homes Grant Local Authority Delivery Scheme and Home Upgrade Grants – as part of two consortia the Council has secured funding for energy efficient improvements to private sector homes for eligible households. Two significant support schemes will be launched over the coming months providing up to £10,000 or £25,000 of funding for home improvements

The council has continued to invest in its own housing stock through upgrading existing gas boilers to A rated appliances, installing Air Source Heat Pumps, and through planned investment programmes. These programmes will be accelerated over the coming year with the establishment of a new Sustainability and Energy Team in the housing service, this will include the 'roll-out' of a significant programme of solar PV systems. The council will also prioritise work to tackle E and F Energy Performance Certificate rated properties within its housing stock.

Ensuring delivery of the council's large Warmer Homes grants budget to maximise energy cost savings for residents is also important for mitigating the impact of soaring energy costs in the city.

The council has provided funding for additional support to identify and enforce compliance with the Minimum Energy Efficiency Standards in the private rented sector. The Private Sector Housing team works with landlords and tenants to improve the energy efficiency of privately rented homes.

Gaps/Looking forward:

We need to continue working with partners to identify and secure funding for support in the city; alongside this we will use the data that is available to target support at the most vulnerable households. We are in the process of selecting suitable IT platforms to enable us to do this. We have some funding that will become available in the city over the coming months that can offer support for significant improvements to homes energy efficiency alongside existing support such as the DFG Warm Safe Homes Grant and the funding set aside for a wider Warmer Homes Scheme for the City.

NICE Guidance 'Excess winter deaths and illness and the health risks associated with cold homes' (NG6) recommends a local single-point-of-contact health and housing referral service is commissioned to provide access to tailored solutions to address identified needs. The Fuel Poverty & Affordable Warmth Steering Group continues to explore options, including external funding opportunities, to enable a more established 'single point of contact' in the City.