



# **Plymouth Energy Community's response to OFGEMs Consultation on the Energy Industry Voluntary Redress Scheme**

**April 2021**



## ***About Plymouth Energy Community:***

Plymouth Energy Community (PEC) is a multi-award winning charity and a social enterprise, with a cooperative ethos. PEC's mission is to empower our community to create a fair, affordable, zero carbon energy system with local people at its heart. We are a family of community led organisations bringing forward a range of projects that: bring local people together to tackle fuel poverty and the climate crisis, increase local ownership and influence over local energy solutions; improve community confidence to engage in the zero carbon transition; and enable people to heat and power their homes affordably.

Since 2013 we have:

- Developed and generated 21 MWh of clean power from our community owned solar farm and 32 roof top arrays,
- Saved schools and community organisations over £0.5m from their energy bills through renewable power and energy efficiency improvements,
- Supported 21,000 households and delivered direct improvements to 2,400 homes visits saving each an average of £400 pa,
- Saved a total of 15,000 tonnes of carbon,
- Grown to a turnover of £1.5m pa with a dedicated staff team of c14fte.

PEC is currently working with local businesses to deliver a pipeline of over 14MWs of new solar arrays; trialling models for community owned renewable heat, and providing a domestic energy advice service targeted at helping the fuel poor and those with long- term health conditions. In addition to this, it is dispersing grants to fuel poor households as part of the City's Covid response package, working with local creatives to give Plymouth a voice and platform at the November 2021 International Climate Conference (COP26) and has established a community led housing developer, to focus on the innovation required to deliver affordable homes in a way that is consistent with the UK's carbon reduction targets.



PEC is currently delivering two Energy Industry Voluntary Redress Scheme funded projects and in the process of initiating two more.

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

The split seems well balanced currently. A greater proportion may need to go towards innovation and decarbonisation to rebalance any of this work delayed during lockdown restrictions.

**2. Do you consider the proportionate funding split between vulnerable consumers and all energy consumers to be appropriate? i.e. 70% to vulnerable consumers and a total of 30% to all energy consumers.**

This may need amending due to the impacts of Covid-19. We are likely to see a significant rise in the number of households defined as 'vulnerable' due to worsening physical and mental health and debt, along with reduced incomes. This could be addressed by having intermittent rounds dedicated to vulnerable residents alone, or by increasing that proportion to 85% over a defined period of time. Equally, the fund could target a proportion of the innovation funding to be directed towards vulnerable consumers, therefore keeping the balance between funds but increasing the overall focus on vulnerable consumers.

**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?**

Absolutely, yes. This gives charitable organisations the best chance of working in a coherent framework and of developing an effective method for quick, accurate distribution. It will also allow data sharing to prevent fraud.

**4. If a fuel voucher fund is set up, what type of consumer should be eligible to apply for these vouchers? e.g. vulnerable consumers, pre-payment meter consumers.**

PEC Trust recently administered Department of Work and Pensions funds for the Covid Winter Grant Scheme for Plymouth City Council. It was the first time we were able to issue grants to residents on credit meters - traditionally excluded from supplier help at an early stage of crisis as there is little threat of disconnection. In our experience, this kind of early intervention can avoid an escalation of debt, and avoid some of the mental and physical health impacts that come as a result of self-limiting heat in the home. Added to this, these new relationships identify households we may not otherwise find, that need ongoing casework support. There will be many more of these households following Covid-19.

In anticipation of this need, we strongly urge investment in a portal to allow charities to make payments to accounts from all energy suppliers. At the moment, these have to be made directly with each supplier, navigating a variety of methods with unpredictable restrictions on who, when, how and where you can make them. It's not an efficient use of time especially as the transaction benefits residents, charities and suppliers.

**5. What are your views on expanding the applicant scope beyond charities and organisations that partner with charities? If you think the scope should be expanded, do you have any suggestions for how eligibility should be defined? (e.g. what legal structures/status should qualify? Should there be other qualifying criteria?)**

There are social enterprises, Cooperative Societies, Community Benefit Societies and Community Interest Companies that hold aims in common with the Voluntary Redress Scheme. We would support opening the applicant scope to include these organisations. Organisations such as these are also likely to help meet innovation and decarbonisation goals.

PEC have direct experience of partnering with a network of community energy enterprises across Devon to deliver WPD's South West Affordable Warmth



programme. These enterprises are all CBS or CICs and currently mainly fund their services through WPD or LEAP. The quality of advice and support delivered by these agencies is very high – delivering support to 859 consumers in the past year who saved, on average, almost £500 in the first year following advice. In our experience, community energy organisations are more likely to be able to support households with accessing funded home improvements and support with complex issues like damp or cold homes in comparison to many of the larger, general advice focussed charities. These outcomes often require a practical knowledge of how complicated grant programmes like ECO work at a local level and a level of understanding of building physics that goes beyond the City and Guilds Level 3 qualification. We believe consumers and the redress programme would benefit from including energy specialist CBS and CIC organisations within the applicant scope.

The case for funding Local Authorities directly is complex. While Local Authorities have some duty to tackle fuel poverty, many authorities are unable to resource this in addition to meeting their statutory functions. Local authorities have the capacity to be a significant driver of local change through their ability to build local partnerships, combine regulatory powers with proactive services (carrot and stick), capacity to communicate directly with consumers with a trusted voice and their significant financial resources (if not in their revenue budgets) in the form of reserves and ability to leverage financial contributions such as from Section 106. In our experience some authorities are keen to innovate and make use of these resources to support more ambitious change. However there is a constant pressure for reduction of revenue budgets and there is also a danger of Local Authorities viewing Redress funding as a potential way of retaining staff or achieving income generation targets. This may mean that retained staff are not well suited to the sorts of projects Redress funds, or in some cases are simply using the project to fill a budget gap and may not deliver the same quality of project as charities that are dedicated to offering these services.

PEC propose that authorities that bids from local authorities could be considered where:

- Redress is not funding a statutory function or a core local authority function such as supporting ECO or supporting local authority housing renewal, retrofit or basic advice to local authority housing.
- Local authorities can demonstrate the scheme will further partnerships with local independent energy advice / community energy organisations.
- Local authorities should be expected to bring significant resource to projects through match funding and/or commitments and to deliver projects in a way that would have added value in comparison to what a NGO could deliver.

However, if carefully thought out, PEC believe that agreeing to directly fund local authority could, in some cases, deliver a step change in integration of local services and partnerships with significant resource to tackle fuel poverty and decarbonisation.

## **6. How did you find the application process?**

The application process for Redress funding is entirely positive. The administering organisation and its grant officers take a highly supportive and intelligent approach. PEC project managers have attended a number of in-person and online events where the aim is to coach and collaborate with future applicants. There is clear guidance that removes the guesswork by giving examples. This allows us to meet eligibility whilst also providing clear evidence of value for money.

When it comes to applying, the online process is straight forward, succinct and clear. The inclusion of a generic application space for draft bids cuts the time of repeated field filling. It feels like a process informed and managed by an organisation with experience of both applying for and administering grants. The timelines for feedback and decisions are swift and allow for the quickly changing landscape we are operating in.

Redress delivers added benefit to grantees too. The addition of grant holder virtual gatherings around subjects like 'Taking care of advisors' have been great opportunities to learn from peers. We have also been put in touch with individual organisations trying to meet a common challenge with PEC – enabling one to one peer support that we too feel able to draw on in the future if needed. PEC Trust has applied on three occasions as a lead partner and once in collaboration. Each has been a very positive experience.

**7. Did you have a good understanding of the eligibility criteria?**

Yes, we feel well equipped to make relevant bids.

**8. Do you have any feedback on what would have made the process better?**

None. It's working very well.

**9. Should we consider any other areas regarding the Energy Redress Scheme? If so, please provide an outline explanation of your suggested area(s). If possible, please outline any associated benefits and costs with your suggestion(s).**

**Sector wide tools:**

PEC sees a need for tools that can be used on a national basis by multiple grantees. These could be progressed through a new type of funding that targeted co-development through partnerships of energy advice organisations. For instance, the following could help drive high quality, cost effective delivery of Redress fund objectives by a lots of current grantees:

- a single portal to make transactions easy to supplier customer accounts
- a single online hub listing:
  - the specific help available from each supplier for vulnerable households
  - advisor phone lines
  - Form of Authority email addresses

- Service status updates from the supplier e.g. phones down, app down with the interim process to follow whilst down.
- A single point of coordination with energy suppliers' operations team\*
- Advice resources and best practice guidance on key topics facing consumers (informed by Trading Standards)
- The establishment of a quality mark for energy advice agencies that governs basic standard of advisor training, a robust approach to data usage, basic standards and reporting (to avoid inflation of financial savings by all agencies being pressured to increase their claimed figures to compete with the least 'honest')

Given Redress is likely to continue to support this industry with in excess of £10m per annum this centralised resource could ensure that this funding is delivered more efficiently and effectively.

### **Direct Interventions with Suppliers**

PEC's experience of dealing with energy suppliers is that, for the most part, no consideration is given for the role of advice organisations as agencies that provide vital services for the energy industry:

- Supporting the most vulnerable consumers that lack capacity to deal with everyday activities but are not being supported by stretched adult social care services and are not being adequately helped by energy suppliers
- Resolving complex complaints that, without our help, would go on for months and may never be properly resolved.
- Resolving and avoiding energy debt

There are great inconsistencies with how advice agencies are dealt with by energy suppliers. A very small number of companies provide specialist helplines for advice agencies and immediately assign a competent and experienced individual to support who provides our advisors with a direct phone number and email. Most don't have any separate phone line and as a consequence our advisors often spend hours on hold every week and usually cannot resolve issues within a home visit.



Moreover, there is no established process across the industry for providing authority to speak on a customer's behalf - in many cases the 'process' is different within individual companies every time you ask. In some cases we post in forms completed by the customer, others we email them and some companies demand that we call with the customer present (difficult given the long wait times). Very often forms that are sent in are lost or not properly logged on the account and in some instances, they've been incorrectly logged to the extent that our advisors have been recorded as the bill payer.

PEC have estimated the annual cost of unproductive time spent on hold to energy companies, attempting to secure authority to speak on a customer's behalf or seeking to progress complaints with staff that are too poorly trained or enabled to be able to resolve an issue to be £10,000 (just over 3 days per month). We know this experience is replicated up and down the company by other advice agencies.

### **Core Costs**

One area of Redress that does cause restrictions for PEC is the limit on overheads. The core management and facilities costs to our organisation, spread over our active projects, would drive an overhead of at least 40%. In Redress projects this is restricted to 25%. For larger and more complex organisations, running Redress projects means needing to try to find surplus in other areas of delivery to make up for not being able to fund core overheads through Redress. PEC would advocate Redress introducing a dedicated fund to support the core costs of organisations with organisations that share Redress objectives around fuel poverty and decarbonisation.

### **10. Do you have any other general comments or feedback you would like to provide?**

Thank you. It has been an incredibly challenging winter for advisors and residents. The scheme's administration process and flexibility have enabled us to act quickly and with clarity to maintain a highly accessible service.

