

Social Market Foundation, Citizens Advice and Public First The future of energy price support policies after the price cap: Focus Groups 1 & 2

Background. We conducted two focus groups on 13 July. The first group was comprised of lower income households who would consider voting Labour. The second group was comprised of households on above average incomes who would consider voting Labour. Participants in both groups lived in or close to the Derby North parliamentary constituency.

Worries about energy bills were common across both groups. Participants referred to their bills doubling (“I still get charged over double what I did using it last year”) and were aware that there were further increases in energy prices to come later in the year. The lower income group were concerned about their ability to pay and the consequences of not being able to afford energy:

“I’m dreading winter... it pushes on people’s mental health because they can’t afford to pay”.

“What’s gonna happen with all these people? You know, when they can’t pay the bill? What are they gonna do with them, are they going to send them to prison? ... You know a lot of people are going to get hit hard in October, and when we get into winter, and these bills come and people get behind, and you just can’t pay it, you just haven’t got the money to pay it. And you’ve got little kids running around and you think, well, sod it, I’m going to put the central heating on, what are they going to do with me, stick me in prison?”

The lower income group spontaneously raised the issue of standing charges having increased and the need to top up more often even when they weren’t using energy.

There was some knowledge of the causes of rising bills. A number of participants blamed Russia’s invasion of Ukraine for higher prices, some also commented on the UK having become too reliant on imports. Profiteering was also seen as a cause of high bills, with some – very limited – awareness that big profits were being made upstream rather than by suppliers who “feel like the middleman”.

Familiarity with the energy price cap was limited. Participants in both groups had heard of the price cap; some only recently due to recent news on it increasing. But understanding of how it functions was limited. The low income group ended with participants concluded that the government should cap energy prices (even though the price cap had been explained earlier in the discussion). There appears to be a disconnection between the idea of a cap that ensures bills are cost reflective and a cap that sets a realistic maximum on how much households should be expected to pay.

Awareness of existing support scheme was mixed. One participant in the higher income group spontaneously named the Warm Home Discount and the Winter Fuel Payment. Several participants in the low income group recognised the WHD when it was explained. One participant in the lower income groups knew that their supplier had a hardship fund.

Views differed between the two groups on universality of support vs targeting. The lower income group was strongly supportive of support being universal. Even when

higher incomes were mentioned they still felt support should be paid as individual circumstances could not be known and people may still need help: “My son's on good money. But he's still struggling, because he's got a family. So it's relative”. For this group only the very rich should be ineligible:

“People on a lot of money, you know, say over 100,000 a year, they don't need a supplement to help them pay their energy bills”.

The higher income group were more supportive of targeting – all participants thought it better to have a scheme targeted at those in need rather than a payment to everyone. However, when they thought about at what level of income support should be withdrawn, they felt this should be high:

“If you had two incomes coming into a house, whether you would just double the upper limit of the tax level and say, well, if you earn over that, then you don't get anything. And if you are under then it's either means tested, or it's on a scale”.

The idea that the income threshold could be aligned to the higher rate income tax threshold came up in both groups.

Support should be delivered as a discount. Both groups had a strong preference for any support to be delivered in the form of a discount off the energy bill rather than as a cash benefit payment.

Groups identified multiple groups they thought should be eligible for support.

Pensioners, single parents, low income families and people on benefits were identified spontaneously as groups who should be eligible for support. People living in social housing were discussed in both groups. One lower income participant raised the issue of people with disabilities or medical conditions that require them to be in the house most of the time. We also heard concerns about identifying eligibility this way as it could exclude people who were working hard but still struggling:

“I'm just speaking for myself here, and I can't work any harder than I do work full time and then come home and carry on working at night. And I won't get this help. Do you know what I mean? Because I don't claim any benefits”

Participants struggled to identify the right amount of support that should be provided.

The idea of deciding a quantum of support was somewhat alien to the participants and they took time to form views on what the amount should be. In the higher income group a number of participants suggested that if typical bills had doubled to £2,000 the support payment should be £1,000. The lower income group was positive about the idea of a 20% discount.

To learn more about this project, submit evidence or participate in future events, contact us at energy.bills@smf.co.uk.