

SEFTON LABOUR GROUP POLICY MEETING - 25 MARCH 2024

DRAFT COUNCIL MOTION

Moved by: Councillor Danny Burns

Seconded by: Councillor Paulette Lappin

End Fuel Poverty cut Standing Charges on Domestic Energy Bills

This Council notes that:

High standing charges for gas and electricity have resulted in unfair and excessively high energy bills which have seriously impacted on lower income energy users.

These households spend a much higher share of their income on energy, this adds massive pressure to their already stretched household income. There can be no justification for increasing standing charges starting from January 2024. The regulators have once again failed to protect lower income households and this continues to have a catastrophic effect on their personal income, driving people into further poverty. Switching supplier for a cheaper deal incurs exit fees resulting in low-income households being trapped in expensive and exploitative contracts, this was not the type of competitive deals we were promised with gas and electricity privatisation.

Between January and March 2024, average standing charges for customers on default tariffs will be capped in line with the levels set by Ofgem, this cap will charge at 53.34p per day for electricity and 29.60p per day for gas, excluding VAT. This is an example of a typical cost facing a dual fuel customer paying by direct debit. Between 1 April and 30 June 2024, Ofgem's new energy price cap will increase standing charges to be set at 60.10p per day for electricity and 31.43p per day for gas.

Standing charges vary from region to region, which raises the issue of equality and fairness - how are these charges decided?

The charges facing households on prepayment meters are the highest daily charge and are the most unfair. Charging those who cannot afford to pay for a standard account, or live in a property where they are denied access to this payment facility, results in them always paying more for their gas and electricity.

These hidden charges must be paid even if there is no credit on the meter, when the meter is topped up this charge must be repaid regardless of the household's financial circumstances.

Once a metre is installed into a property it is almost impossible to have it removed and revert back to monthly direct debits. This is not giving the customer any sort of choice as to how they access their energy supply and is leaving people with increased energy bills and potentially placing people in further, unnecessary hardship. Customers should have the right to choose how they pay their bills and not have these meters forced on them. New rulings made have stopped pre-payment metres from being forced onto Customers, yet pre-existing metres remain in homes with no recourse to have them removed.

The Child Poverty Action Group stated in 2023: -

- "By January 2023 over half of households in the UK (15 million) will be in fuel poverty – spending over 10 per cent of net income on fuel.
- They will on average be spending £38.25 above the 10 per cent threshold.

- There are big regional variations in fuel poverty ranging from 47.5 per cent in London to 71.7 per cent in Northern Ireland.

In an economy which boasts of being the 6th largest on the planet, the level of fuel poverty in the UK is a disgrace. To live in fear of receiving exceptionally high bills leaves adults and children existing in unheated homes, resulting in severe health issues for now and in later life.

There must be a real safety net for the most vulnerable residents of Sefton with health needs and disabilities who tend to be the highest users of energy due to their vulnerabilities. We ask all members of Sefton Council to support this motion.

The Council resolves:

To write to the Prime Minister urging him to work with Ofgem to lower these unfair high standing order charges as a matter of utmost urgency and to guarantee to put in place measures which will ensure that Sefton residents are not subjected to the cruel and debilitating effects of fuel poverty.