

RECEIVED 07 APR 2010

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Energy costs for older people

1 April 2010

Dear Tessa,

Thank you for your letter dated 2 February to Ed Miliband enclosing an example of correspondence you have been receiving from your constituents, about energy costs for older people. I am replying on behalf of the Secretary of State and apologise for the lengthy delay in doing so.

I share your constituents' concern that older people are particularly vulnerable to the effects of cold weather during the winter months. Since 2000, the Government has spent over £25 billion on fuel poverty benefits and programmes. We introduced the Winter Fuel Payment to give pensioners reassurance that they can afford to heat their homes. More than 12 million payments are made every year and, this winter, the payment is £250 to over-60s and £400 to over-80s. We also made over 8 million Cold Weather Payments last winter to assist those on lower incomes during periods of very cold weather.

I assure you that we are doing all we can to ensure the Energy Bill is passed and are absolutely committed to introducing Mandatory Social Price Support after the Voluntary Agreement ends in March 2011.

Subject to the successful passage of the Bill through Parliament, energy suppliers will be obligated to make available at least £300 million per annum by 2013-14 through Mandatory Social Price Support. This is double what they have agreed to provide in the final year of the Voluntary Agreement and will help more of the most vulnerable households with their energy bills. Currently over 1 million customer accounts benefit from their suppliers' social tariffs under the agreement.

Pensioners tend to have a higher incidence of fuel poverty. They also tend to be at greatest risk of winter death. That is why we intend to focus significant additional resources for social price support on older pensioners with low incomes. We also

propose to offer this support in the form of a fixed sum off the household electricity bill. We believe this offers a clear benefit to recipients, including those off the gas grid, as well as minimising any distortion to competitive energy markets.

The Government's Carbon Emissions Reduction Target (CERT) places an obligation on energy suppliers to reduce the level of CO₂ emissions from domestic housing. Energy suppliers must now deliver at least 40 per cent of this obligation to a priority group of low-income consumers, including those aged 70 years or over. Six million households should benefit from insulation measures over the next three years. Our Supplier Obligation commitment will mean approximately 10 million households will have been insulated between 2002 and 2011.

Householders over 60 in receipt of qualifying benefits can apply to the Warm Front Scheme for a grant towards insulation and heating measures (www.warmfront.co.uk, 0800 316 2805). The 2008-11 funding for the Scheme stands at over £1.1 billion, following the addition of £150 million in the Pre-Budget Report 2009. Over 2 million homes have been insulated under Warm Front since 2000.

We will continue to develop our plans for the Mandatory Social Price Support Scheme over the coming months. In the summer, we will open a formal consultation period and I encourage your constituents to express their views at that time.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'P. Hunt', with a long horizontal flourish extending to the right.

RT HON LORD HUNT OF KINGS HEATH OBE