

Pension Client Directorate

Equality impact assessment for Energy Rebate Scheme

1. Introduction

1.1 The Department for Work and Pensions (DWP) has carried out an equality impact assessment for the Energy Rebate Scheme.¹ This is to meet the requirements of its race, disability and gender equality duties by considering the impact of new policies, functions and services. In addition to these statutory duties we have also considered the impact of these proposals in relation to age discrimination legislation.

1.2. The equality impact assessment process helps to make sure that:

- the Department's strategies, policies and services are free from discrimination;
- due regard is given to equality (specifically disability, gender and race) in decision making and subsequent processes; and
- opportunities for promoting equality are identified.

Background

1.3. The aim of the Government and the Devolved Administrations remains the eradication of fuel poverty as detailed in the "UK Fuel Poverty Strategy" published in November 2001. Separate targets exist in England and each of the Devolved Administrations with the overall aim being that as far as reasonably practicable by 2018 no household in the UK should live in fuel poverty.

1.4. A fuel poor household is one that cannot afford to keep adequately warm at a reasonable cost. The most widely accepted definition of a fuel poor household is one which needs to spend more than ten percent of its annual net income to heat its home to an adequate standard of warmth.

1.5. The Government agreed with energy suppliers an increase in their expenditure on social programmes. Under this agreement suppliers will increase the level of their social programmes to at least £150 million a year by 2010 - 11.

1.6. The Government wishes to build on the success of the voluntary agreement and is developing plans to put new arrangements in place when the current voluntary agreement ends in March 2011, as outlined in the Department of Energy and Climate Change's White Paper 'The UK Low Carbon Transition Plan'. As part of these new arrangements the Government is minded to increase the resources available and focus a large part of these resources on older poorer pensioner households who have the greatest risk of excess winter deaths and have a high incidence of fuel poverty.

1.7. As a precursor to these new arrangements, the Government proposes to run in 2010 the Energy Rebate Scheme, which focuses on sharing the data of a particular group of Pension Credit recipients. DWP data will be matched, by HP Enterprise Services, DWP's authorised IT provider, with energy supplier data. Those who meet the eligibility criteria will receive a rebate on their electricity bill. The amount of the rebate will be uniform across energy suppliers.

¹ Under this scheme, earlier called the Energy Costs Support Scheme, certain Pension Credit recipients will be identified from DWP records and matched with their energy supplier's customer lists. Their energy supplier will then apply a rebate to their electricity account.

1.8. We believe that setting up and operating this Scheme will help us and energy suppliers to validate and refine systems. This will be extremely helpful in deciding whether data sharing in this form can play an effective part in arrangements from 2011.

1.9. The key challenge in fuel poverty measures has been identifying the fuel poor and targeting help towards them. In developing this Scheme our focus is on older people who make up more than 50 percent of the fuel poor. We can use Departmental records to identify those in receipt of Pension Credit and use this as a proxy to identify the poorest pensioners.

1.10. To determine who will receive a rebate, DWP name and address information for those who might qualify will be put forward for the data match. Energy suppliers will also put forward name and address information. HP Enterprise Services will be responsible for undertaking the data matching exercise. Where there is a match between the two sets of data, energy suppliers will be notified and will automatically award a rebate to customers' electricity accounts. Each supplier will only receive information relating to their own customers. We will put processes in place to deal with customers whose details are not automatically matched to ensure that they have the opportunity to benefit.

1.11. The Pensions Act 2008 section 142 gives the Secretary of State power to make regulations regarding disclosing social security information on Pension Credit recipients. It prescribes that the regulations must specify the purpose for which that information is supplied which must be in connection with enabling the provision of assistance to persons in receipt of State Pension Credit.

1.12. The Regulations came into force on 5 February 2010 and data is expected to be shared, from Spring 2010. We expect energy suppliers to start applying rebates to the electricity accounts of customers who have matched with DWP's data about a month after suppliers are notified of matched cases. We intend that this Scheme will be an important development in a long term approach to targeting and assisting the most vulnerable energy consumers.

Who will benefit from the Scheme?

1.13. We have considered carefully who should be eligible for the Scheme. It is important that this help goes to those who have greatest need, taking account of their propensity to be fuel poor. We have therefore aimed to target those who we know are amongst the poorest Pension Credit recipients.

The group whose data DWP will put forward is those in receipt of the guarantee credit element of Pension Credit only (i.e. this does not include those receiving the savings credit element) where either or both the Pension Credit customer or their partner is aged 70 or over. People we know to be permanently resident in care homes will not be included in this Scheme as they are not responsible for paying individual fuel bills.

1.14. We consider age and receipt of the different elements of Pension Credit (which are based on income) are the best way to help identify those with the highest propensity to fuel poverty. DWP will share name and address data of Pension Credit recipients and their partner if they have one. DWP will also share the name of customers' appointee (in case the energy bill is in the name of a partner or appointee). A partner is a spouse, civil partner or a person living with the Pension Credit customer as if they are married or civil partners.

1.15. The Pension Credit guarantee credit works by topping up the income of people aged 60 and over to their guarantee level (In 2009/10 the standard minimum guarantee is £130 a week for single people and £198.45 for couples). It can be more for people with a severe disability, caring responsibilities or certain housing costs. The savings credit is designed specifically to reward pensioners aged 65 and over who have low or modest second pensions or savings. People can receive any combination of the elements of Pension Credit. The group receiving only guarantee credit represents the poorest pensioners on Pension Credit.

1.16. There are around 335,000 Pension Credit customers in the target group. Our aspiration is that the credit should go only to people in this group who are responsible for their own electricity bill. We also intend to exclude customers who are already receiving a social or other discounted tariff for their electricity from the rebate. These positions will be reviewed once we have undertaken the testing phase which will indicate how many people are likely to receive a rebate as a result of this exercise.

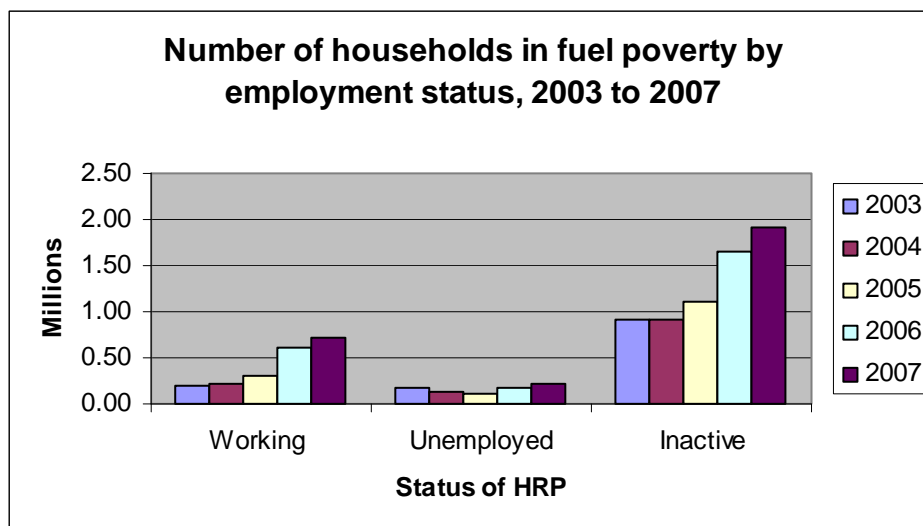
1.17. The precise number receiving a rebate will therefore depend on the number of the target group who are responsible for their bills and the number already receiving a social, or other discounted tariff, from their supplier. We estimate that once DWP data has been matched with that of energy suppliers around 250,000 households should receive a rebate.

2. Equality impact of the policy

2.1. This assessment investigates any inequality in the targeting and manner of delivering benefits of this scheme. It does not attempt to assess any underlying inequality affecting Pension Credit take-up, for example whether resistance to take-up of means tested benefits is higher among particular groups.

2.2. Fuel poverty is part of a wider challenge of poverty and social exclusion caused by a combination of high energy prices, low incomes and poor housing. Demographic and socio-economic factors play a large role in determining vulnerability to fuel poverty and we believe that our target group are likely to be vulnerable to being fuel poor. In determining our group we have taken into account information available in the Annual Report on Fuel Poverty Statistics 2009 (http://www.decc.gov.uk/en/content/cms/statistics/fuelpov_stats/fuelpov_stats.aspx) as follows:

2.3. The increase in the number of fuel poor households where the household reference person is inactive has risen from 0.9 million to 1.9 million households between 2003 and 2007. This rise is consistent with the rise in fuel poverty amongst households where at least one person is aged 60 or over, since this group of people make up a large proportion of the inactive group.



2.4. A split of fuel poverty by the age of the oldest household member shows that around half of all fuel poor households contain somebody over the age of 60. Also that around 18% of households containing somebody over 60 are fuel poor, compared with 10 % of those without anybody over 60. This being largely due to the lower average incomes of these households.

Gender impact

2.5. We have considered the gender balance within our target group by reference to Pension Credit statistics which are as follows:

Type of Pension Credit = Guarantee Credit only (MAY09)			
Age of claimant	Total	Gender of claimant	
		Female	Male
		Caseload – number of beneficiaries (Thousands)	Caseload – number of beneficiaries (Thousands)
70 - 74	155.90	86.29	69.60
75 - 79	109.12	68.71	40.41
80 - 84	69.35	50.00	19.34
85 - 89	44.26	35.66	8.60
90 and over	28.68	25.30	3.38
Total	407.31*	265.96	141.33

Source: DWP Information Directorate: Work and Pensions Longitudinal Study.

Notes:

- Average amounts are shown as pounds per week and rounded to the nearest penny. Totals may not sum due to rounding.
- Pension Credit is claimed on a household basis and therefore the number of people that Pension Credit helps is the number of claimants in addition to the number of partners for whom they are also claiming.
- Partners may be aged under 60.
- ***Total** Higher than estimated size of target group as it counts individuals not just households and includes people in care homes who will not be eligible under the Scheme.

2.6. Although more women are likely to benefit this simply follows the underlying gender imbalance within this age group due to higher female life expectancy and that women are more likely to be poor than men. The policy aim is to help a cross section of poorer pensioners regardless of gender, with all of those who qualify receiving a one off rebate of a uniform amount.

2.7. We have considered whether there will be any equality repercussion because of any gender specific title attributed to electricity account holders. For example, billing systems may default to 'Mr' in the absence of correct information. As couples are assessed as one household for the purposes of Pension Credit and energy bills are addressed by metered home we believe this will not cause any problem. We are intending to not use title in the matching criteria and also intend to have processes in place to provide people in the target group who have not matched automatically the opportunity to receive the rebate.

Race Impact

2.8. There is no data on the number of people in ethnic minority groups who are aged 70 and over and receiving only the guarantee credit element of Pension Credit. Data shows that the proportion of people from an ethnic minority group as a percentage of the overall population decreases by age. This is because the proportion of people in the population from different ethnicities is higher at younger ages reflecting patterns of migration.

2.9. However, comparisons show that a higher proportion of people in ethnic minorities groups receive Income Related Benefits than White groups and a lower proportion of ethnic minorities groups receive Retirement Pension compared to White groups. We believe this indicates that our intention of targeting lower income pensioners does not contravene discrimination legislation.

Disability Impact

2.10. Our target group will include a significant proportion of people with a disability and so presents an opportunity for a positive impact on a particularly vulnerable group. That the incidence of disability increases markedly with age is demonstrated by the following age analysis of Pension Credit recipients:

Pensioner statistical group by age of claimant (MAY 09)						
Caseload = number of beneficiaries (Thousands)		State Pension and Pension Credit/MIG, Disabled	State Pension and Pension Credit/MIG, Not Disabled	Pension Credit/MIG but not State Pension, Disabled	State Pension and Pension Credit/MIG, Not disabled	
		Caseload	Caseload	Caseload	Caseload	
Age of claimant						
70-74		167.47	258.52	13.01	15.54	
75-79		189.58	236.14	10.40	9.89	
80-84		225.55	191.66	6.81	5.14	
85-89		230.16	119.67	3.87	2.15	
90 and over		147.32	37.18	6.87	1.90	
Total		960.09	843.17	40.96	34.62	

Source: DWP Information Directorate: Work and Pensions Longitudinal Study.

Notes: Figures for Attendance Allowance and Disability Living Allowance include those cases with entitlement but where payment is currently suspended.

2.11. Because our aim is to award the rebate automatically there will not be access issues for people with a disability. We will also give due regard to the need for any scheme correspondence to be available in different formats.

Impact on other groups

2.12. We believe that targeting on basis of age and income-based benefit entitlement will inherently cross boundaries of race, gender and disability. However, we have also considered whether using age as a criterion will favour any one group.

2.13. As discussed earlier; more women may receive help from this scheme as their life expectancy is higher than men, and fewer people in some ethnic groups may receive help as they have migrated here more recently and therefore be generally younger.

2.14. Our belief is that these differences are objectively justified and proportionate to achieving our aim to target those more likely to be both fuel poor and more vulnerable to the effects of the cold.

Fairness / Disproportionate impact

2.15. We have considered whether energy suppliers should be allowed to choose how many households to help from the proposed target group, for example focussed on particular geographical areas, but this has now been ruled out on the grounds of fairness.

2.16. We believe that the approach we have decided to take ensures that households in similar circumstances will be entitled to a uniform amount of rebate.

2.17. Our aim is that most people will receive this help automatically without the need to claim. The rebate will be awarded by the energy supplier once they are notified that an individual's data has matched. We expect this rebate to appear on the household's electricity statement.

2.18. Passing on the credit to pre-payment customers will require a different approach. Suppliers will use alternative methods to ensure the rebate is delivered to these customers.

Consultation

3.0. Public consultations provide the Department with feedback on proposals for legislative changes and other initiatives. They play an important part in policy development and in the Government's decision-making process. In the formal consultation document on this scheme we included the following question:

"We believe that in drafting these Regulations we have given due regard to equality (including disability, gender and race) in decision making any subsequent processes but please let us know if you believe there is any equality matter that we have overlooked or opportunities for promoting equality that we could exploit better."

3.1. We also posed this question to interested parties who attended the consultation seminar we held on 15th October 2009.

3.2. Respondents were satisfied that DWP has given due regard to equality issues.

Conclusion

3.3. We do not believe the proposed Scheme will discriminate unlawfully (either directly or indirectly) on the grounds of race, disability, gender, age, sexual orientation and/or religious belief.

3.4. When reviewing information we collect on the operation of the scheme we will further consider equality impact issues.

Responsible officer

This equality impact assessment has been carried out by:

Janice Goode

Contact: Email: Fuel.poverty@dwp.gsi.gov.uk