

Rt Hon Caroline Flint MP

Shadow Secretary of State for Energy and Climate Change

House of Commons, London SW1A 0AA t 020 7219 4407 e caroline.flint.mp@parliament.uk

twitter www.twitter.com/carolineflintmp

Mr Andrew Dilnot CBE
UK Statistics Authority
1 Drummond Gate
London
SW1V 2QQ

2 June 2014

Dear Mr Dilnot

I know the importance you attach to public debate being properly informed by accurate and credible use of data.

I feel I have to write to you because I have become increasingly concerned about potentially misleading claims on the effects of the Government's changes to the Energy Company Obligation (ECO). ECO is an obligation on energy suppliers to provide energy efficiency and insulation to vulnerable customers and hard-to-treat households. On 2 December 2013 the Government announced changes to ECO, which, it was claimed, in conjunction with other changes to policy and network costs, would reduce the average household energy bill by £50.

The Government has also stated that more households would receive assistance, following the changes to ECO. On 16 January 2014, the Minister of State for Energy and Climate Change, Greg Barker, told the House of Commons:

*"We have extended the ECO out to 2017 and increased the number of people that it will help."
Greg Barker, HC Deb, 16 January 2014, c987
http://www.publications.parliament.uk/pa/cm201314/cmhansrd/cm140116/debtext/140116-0001.htm#140116-0001.htm_snew67*

However, when the Impact Assessment was published it showed that under the no change scenario, in total 2,260,000 would have received assistance. Following the changes to the scheme, this falls to 1,820,000. In total this is a reduction of 440,000. I have provided a copy of the relevant section of the impact assessment below:

Households supported

- 4.14. We estimate that around 0.9 million households would be supported under ECO to the end of March 2015 under Option 2, and that by 31 March 2017, a cumulative total of around 1.8 million households will be supported.
- 4.15. Our analysis suggests that, on average, around 270,000 low income and vulnerable households, or households in deprived areas, would be supported by AW and CSCO every year up to 1 April 2017 under Option 2. We also estimate that around a further 40,000 households in social housing are supported each year through CERO. In comparison to the BAU, the number of households assisted through AW and CSCO remains fairly constant.

Option 1: BAU	CERO	CSCO	AW	Total
1 Jan'13 – 31 Mar'15	590,000	320,000	300,000	1,220,000
1 Apr'15 – 31 Mar'17	510,000	280,000	250,000	1,040,000
Cumulative to 31 Mar 17	1,110,000	600,000	550,000	2,260,000
Option 2	CERO	CSCO	AW	Total
1 Jan'13 – 31 Mar'15	270,000	310,000	300,000	890,000
1 Apr'15 – 31 Mar'17	390,000	290,000	250,000	930,000
Cumulative to March 2017	660,000	600,000	560,000	1,820,000

Table 9: Number of households benefitting by ECO target group: uptake of package of measures (including heating measures) for BAU and Option 2 (CERO, CSCO and AW)

This directly contradicts the statement made by Greg Barker in the House of Commons on 16 January 2014. I have subsequently sought to clarify this discrepancy. I raised the matter in the House of Commons on 3 April, but the Government again claimed that more households would receive assistance following the changes.

Caroline Flint (Don Valley) (Lab): The most sustainable way to cut bills is to improve the energy efficiency of our homes. On 16 January the Minister of State, Department of Energy and Climate Change, the right hon. Member for Bexhill and Battle (Gregory Barker), told the House:

“we have extended the ECO out to 2017 and increased the number of people that it will help.”—[Official Report, 16 January 2014; Vol. 573, c. 987.]

Will the Secretary of State explain why the impact assessment published by his Department on 5 March says that 440,000 fewer households will get help with energy efficiency following the changes to the ECO?

Mr Davey: My right hon. Friend the Minister of State is right. The reduced amount of solid wall insulation in the proposed changes to the ECO means that the money can go further and help more households.

HC Deb, 3 April 2014, c990

http://www.publications.parliament.uk/pa/cm201314/cmhansrd/cm140403/debtext/140403-0001.htm#140403-0001.htm_snew53

Following this exchange, I tabled a written parliamentary question seeking the evidential basis for the statement that more households would be helped through ECO:

Caroline Flint: To ask the Secretary of State for Energy and Climate Change pursuant to the oral answer of 3 April 2014, Official Report, column 990, on energy bills, what the evidential basis is for the statement that more households will receive assistance under the energy company obligation as a result of proposed changes to that scheme.

Gregory Barker: The Analytical Annex to the recent ECO consultation sets out the number of households expected to be helped over the current ECO period (to March 2015) and the next (between April 2015 and March 2017):

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/286926/The_Future_of_the_Energy_Company_Obligation_Assessment_of_Impacts.pdf

By extending the ECO period, more households are expected to be helped compared with there being no changes and ECO ceasing at the end of March 2015.

HC Deb, 7 May 2014, c188W

http://www.publications.parliament.uk/pa/cm201314/cmhansrd/cm140507/text/140507w0002.htm#140507w0002.htm_wqn11

As you will see, this claim relies on a seriously misleading comparison; namely comparing the number of households who would have been helped under the no change scenario between 2013-15 with the number of households receiving assistance following the changes for an additional two years, covering the period 2013-17. This is not a genuine comparison, and it hides the fact that following the changes to ECO there will be in-year cuts to the number of households receiving assistance. Indeed, the Government's own business as usual scenario in its impact assessment is based on current activity levels being maintained to 2017, rather than the scheme ending in 2015. On this comparison, the changes will mean 440,000 fewer households will be helped through ECO.

I would be grateful for your help in bringing clarity to this situation and for your recommendation on how we can best ensure that in the future the debate on energy bills and energy efficiency can be accurate and reflect the facts.

I look forward to hearing from you.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Caroline Flint', with a stylized flourish at the end.

Rt Hon Caroline Flint MP