

The Utility Regulator's Social Action Plan 2009-2104

Consultation Response

Christine Liddell

Question 1. Equality of opportunity and good relations

Point 2.16 states that *“Initial screening has been carried out to identify any equality impacts. As the plan is targeted at specific groups to improve equality of opportunity, only positive impacts were found..and therefore it has been decided that this document should not be subjected to an Equality Impact Assessment. The decision will be reassessed following the...consultation”*.

An equality impact assessment (EqIA) is strongly recommended, since it is arguable whether *“only positive impacts”* are emerging from the document. Targeting some vulnerable customers, however defined, will inevitably lead to concerns from other constituencies about equity and balance.

Would it not be customary to carry out a full EqIA as part of a consultation of this magnitude, especially since the Regulator wishes to harmonise many different agendas and interest groups? If so, the EqIA should be eclectic in its remit, incorporating elements of Health Impact Assessment and Mental Wellbeing Impact Assessment, both of which have a good track record of implementation on the island^{1,2}.

Question 2. Characteristics that may contribute to or intensify vulnerability

Defining vulnerability : The Regulator's proposed classification method is unusual, and probably not familiar to most other stakeholders in Northern Ireland. It may meet with some resistance. However, it is clear that the Regulator is in search of a better definition of vulnerability that will harmonise the views of all stakeholders, and that

there is considerable flexibility and open-mindedness. It seems vital that harmonisation is achieved as soon as possible – this issue merits top priority, since much else will flow from it.

Of particular concern is the Regulator’s proposed distinction between *characteristics* and *intensifiers*. With respect, this seems to obfuscate rather than sharpen understanding. The distinction accords senior citizens and children nothing more than the status of intensifiers. This raises natural concerns because of the particular vulnerability of both old and young to the effects of fuel poverty³. There is no evidence that I am aware of which supports the proposition that being young or old belongs in the same *order* of risk as living in a rural home. It could be more useful to class rurality and ethnicity as intensifiers, whilst moving children and senior citizens into the “Core Characteristics” group. Such a rearrangement has the virtue of bringing the Regulator’s proposed Core Characteristics group in line with the definition of “vulnerable groups” that is shared by most other sectors.

If intensifiers have a life after the consultation process, an important criterion for inclusion is the SAP rating (i.e. energy efficiency rating) of the householder’s dwelling. Evidence supports the view that this is a key “intensifier”, as demonstrated in the table below :

Table 1 : Fuel poverty risk and demographic profile, 2007⁴

Living in income-poverty?	Energy efficient home?	Lives alone?	% risk of being in fuel poverty
Yes	No	Yes	97%
Yes	Yes	Yes	60%
No	No	Yes	30%
No	Yes	Yes	3%

Among lone occupiers in income poverty and in poorly insulated homes, almost all (97%) are likely to be in fuel poverty. For similar income-poor lone occupiers, but who live in an energy efficient home, the risk of fuel poverty falls by more than a third (60%). Even among better-off lone occupiers, a third are likely to be fuel poor if their homes are not insulated and energy efficient. By contrast, if they live in an energy efficient home, their risks of being in fuel poverty fall to almost zero (3%).

Providing decent homes which are easier to heat because of insulation and efficient heating probably constitutes the best strategy for containing fuel poverty rates during periods of volatile energy prices.

Finally, in seeking a better definition of vulnerability, it is welcome that the Regulator intends to monitor progress in the development of a fuel poverty severity indicator. Much is being achieved, both here and in GB, on this theme.

Under-estimating vulnerability? One of the great strengths of this Consultation document is that it is evidence-based. This is especially welcome in a field where there are many professional, political and social agendas to be taken into consideration. The empirical perspective makes it especially important to ensure that evidence is cited judiciously, and whilst the points below may seem trivial, they are offered in the same spirit of achieving scientific and statistical quality.

The Regulator presents evidence concerning excess winter mortality (EWM) and hypothermia to support the case for tackling fuel poverty in Northern Ireland. Whilst EWM is the classic fuel poverty marker in studies worldwide, it is misleading locally for 2 reasons. In Northern Ireland, temperature shortfalls are year-long. There are fewer than 50 days in any one year where the ambient temperature is high enough to preclude the need for indoor heating, if WHO standards of thermal health and safety are to be maintained. Deaths from cold in NI happen all year round, and for this reason EWM significantly underestimates mortality risk in Northern Ireland⁵. Second, EWM (being a mortality indicator) ignores the much larger domain of population-wide risk i.e. cold/damp induced sickness and chronic disease. Those at risk from EWM deaths are mostly over 60 years old⁵; those at risk from cold-related illness and disease are, by contrast, *all* of us³. The problem is much larger than indicators such as EWM and hypothermia imply.

The Regulator mentions elsewhere in the Consultation document that “*NI does not compare favourably with the rest of the UK in terms of fuel poverty*”. Whilst this is true, it does not do justice to the magnitude of the task ahead if Northern Ireland wishes to tackle fuel poverty. Northern Ireland probably has the highest year-long rate of fuel poverty in the industrialised world. Our excess mortality from cold places us on a par with much colder regions of the world such as Northern Finland and

Moscow⁶. The issue has immense health and wellbeing implications. Consequently, the preoccupation we all share with defining who is vulnerable is something of a red herring. The health of three-quarters of NI's residents is probably made vulnerable as a consequence of local climate, housing quality, income levels, costs, and resistance to energy efficiency targets.

Within the constraints of statutory obligations, the Regulator could play a vital role in pushing fuel poverty further up the local agenda, in both the public and political domains. If there is an opportunity to “intensify” the message that fuel poverty is serious and we need to get to grips with it, then EWM and hypothermia statistics could be replaced with ones which are more representative of local context and local magnitude.

Later on in the Consultation document, the Regulator reflects on the view expressed by many : namely that targeting the fuel poor needs to be improved. This has become a stick with which the fuel poverty lobby regularly beats itself, but perhaps unjustly. The NI Audit Office estimated that 30% of homes assisted in the Warm Homes scheme were not fuel poor⁷. High though this may be, Scotland's missed target rate was estimated at 50%⁸. England's missed target rate was not declared at Audit, though unofficial estimates in 2007 put it at more than 60%⁹. Northern Ireland achieved comparatively well, within the constraints of a Fuel Poverty Strategy which all regional governments failed to define with sufficient exactitude.

Furthermore, “targeting” implies that we should seek to hit a small but well-formed focal field. In Northern Ireland, with around half the population experiencing fuel poverty, this is misleading. Ensuring that the most needy are catered for first should remain as a principle guiding force, but care should be taken not to imply that the target needs to be narrowed, nor that this is a problem of only slightly worse proportions to what is experienced in most other parts of the world.

Question 3. No comment

Question 4. Do customers have sufficient access to different payment methods?

The short answer to this is of course no, but the picture needs to be more fully drawn. The evidence base could be readily trawled for guidance and insights. The National Energy Agency's Payment Awareness Campaign in Northern Ireland will also provide useful information. Results from this are scheduled to be published in the early summer.

Question 5. No comment.

Question 6. Merits of a harmonised approach...to helping vulnerable customers avoid debt/manage debt.

Debt, and even fear of debt, have measurable impacts on human wellbeing. Falling into debt is a principle precursor of mental health problems, and the two most feared forms of debt pertain to telephone and utility services¹⁰. Since most customers manage at least 3 utility bills at once (water, heating fuel, and electricity), a harmonised approach could ease the challenges and uncertainties that debt or the risk of it generate. There is a substantial evidence-base on best practice in helping clients manage debt, cope with it, and prevent it, which could offer useful insights for developing this theme.

Question 7. What should be done to prevent vulnerable customers self-disconnecting for reasons of financial hardship?

The Consultation document states that *“research by the Consumer Council in 2006 indicates that most households that self-disconnect do so for reasons other than financial hardship and therefore are unlikely to require assistance”*. To clarify the results of the Consumer Council's excellent report¹¹ :

- a) Respondents were interviewed in 2004, which is now five years and many price hikes ago; self-disconnection is likely to be more prevalent now.
- b) Even in 2004, 13% of respondents had disconnected because of financial hardship. This is a sizeable minority. Given that more than 212,000 NI homes

currently use a prepayment meter, 13% would imply that there are more than 27,000 households currently at risk of self-disconnection because of financial hardship (even assuming electricity bills are as “easy” to pay now as they were in 2004).

Another notable finding from the Consumer Council report was that two household types were most at risk of self-disconnection because of financial hardship, one of which was “*families with 2 or more children*”. These households were also more likely to disconnect for longer periods of time. What this implies is that, of the three classic “vulnerable groups” (viz. seniors, disabled, and children), children are the only group to be significantly affected by self-disconnection. This is a very important finding given children’s particular vulnerability to the health impacts of fuel poverty¹². Households with children may merit special consideration under this theme.

In terms of “*what should be done*”, a first step might be to push the issue of metering and debt somewhat higher up the priority agenda. Given the exponential growth in meter installation island-wide, and the prospect of meters becoming “smart” enough to boost energy efficiency, meters could move rapidly to becoming the default provision. Such rapid expansion would leave little time for deliberation about how best to protect the vulnerable.

Other steps include exploring whether providers could carry out a standardised self-disconnection procedure, by which they might, for example :

- flag a customer at the moment of self-disconnection and initiate monitoring;
- follow up with a telephone contact 2 to 4 hours later if the service has not been re-connected;
- initiate a further set of procedures which aim to support those who remain self-disconnected for reasons of affordability.

Over time, profiling of self-disconnectors through a standardised cross-utility procedure of this sort could deepen our understanding of risk and how to manage it more effectively.

Perhaps too, public acceptability for schemes which retain a minimum amount of the client's last vend as a reserve credit (to avoid unanticipated disconnection) could be explored. This would reduce the number of "bogus" disconnections i.e. those caused by a combination of forgetfulness and being away from home when the meter runs out.

Question 8. What measures should be taken to raise awareness, and which organisations should take the lead?

In the Consultation document "Awareness" refers primarily to the "*awareness of services and schemes*". More emphasis could usefully be placed on raising public awareness of people's own agency in matters related to energy consumption and efficiency, especially amongst customers who have disposable income and choice. This will provide a more rounded approach. Vulnerable customers would continue to be "targeted" with appropriate services and support. High-income and high-energy consuming customers would begin to be targeted, but with different services and support, usually involving more information and guidance on energy efficiency and supported behaviour change. Without a more balanced approach which identifies the needs and responsibilities of everyone – rich and poor – there is a risk that "awareness-raising" will morph into little more than the decades-old models of call centres and leaflet distribution to the needy. New models of "awareness raising", that empower all customers to contribute in ways appropriate to their circumstances and needs, have untapped potential for the future¹³.

There is a wealth of evidence-based best practice concerning the promotion of attitude and behavioural change, and excellent scope for cooperation between research practitioners and lead agencies such as NEA, Consumer Council, NIEAC, etc. These lead agencies are, without exception, progressive, proactive, and insightful in their approach to innovation. The Regulator's support for schemes of this kind would be an important new initiative.

Question 9. Other issues (in this case, minor issues of terminology).

The Regulator considers “*quality of life impacts*” as “*the key issue*” (point 3.9), which is well founded. However, quality of life is not defined in the Consultation document, and is referred to in a variety of different ways. Given its salience, perhaps a single but precise phrase could replace these variants. “Impacts on health, mental wellbeing and lifestyle” is a possibility, since it encompasses the core impacts associated with water and fuel poverty.

“SAP” is used occasionally in the Consultation documents as an acronym for Social Action Plan. It is more widely used as the acronym for the Standard Assessment Procedure which estimates the energy efficiency of homes in the UK (SAP rating). Its use to refer to the Social Action Plan can make for confusing reading on occasions!

The Regulator’s choice of a definition of “*Social Tariffs*” is unusual, but should be strongly supported. It will hopefully fulfil more than its initial goal of “*encouraging debate*”.

Question 10. Future work plan

Godspeed.

A handwritten signature in black ink, appearing to read 'Liddell', with a stylized flourish above the name.

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Sources

1. See for example <http://www.inispho.org/category/typesofevents/hiatraining>
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4. Palmer, G., MacInnes, T. & Kenway, P. (2008) *Cold and Poor : An Analysis of the Link Between Fuel Poverty and Low Income*. London : eaga.
5. Morris, C. (2007). *Fuel Poverty, Climate and Mortality in Northern Ireland 1980-2006*. Occasional Paper 25. Northern Ireland : NISRA.
6. Barnett, et al., (2005) Cold periods and coronary events: an analysis of populations worldwide. *Journal of Epidemiology and Community Health*, 59, 551-557.
7. NIAO (2008). *Warm Homes : Tackling Fuel Poverty*. Belfast : Northern Ireland Audit Office.
8. Scottish Executive (2008). *Review of Fuel Poverty in Scotland*. Edinburgh : Department of Housing.
9. *UK Fuel Poverty Monitor* (2007). Fifth Annual Report.
10. Jenkins, R. (2008). Debt, income and mental disorder in the general population. *Psychological Medicine* 38:1485-1493.
11. Consumer Council (2006). *In Control?* Belfast.
12. Liddell, C. (2008). *The Impact of Fuel Poverty on Children*. Belfast : Save The Children.
13. Liddell, C. (2009). *Tackling Climate Change : The Human Factor*. Keynote address : British Psychological Society, QUB March.