



**Consultation on extension to
Northern Ireland Sustainable
Energy programme and reallocation
of costs between customer groups**

Response to the Utility Regulator

Citizens Advice Northern Ireland

12th May 2015

The Citizens Advice Service in Northern Ireland

- Citizens Advice is the largest advice charity in Northern Ireland working against poverty. In 2013-14, our offices handled 332,766 enquiries from 93,900 clients by email, phone and face to face, an increase of over 4% from last year.
- Online information has grown exponentially over recent years. In 2013-14, 318,000 Northern Ireland users accessed over 2 million items from our self-help advice service *Adviceguide*. This is double the number of users than in 2012-13 and double the number of information items used.
- Citizens Advice has unmatched brand awareness with 98% of people in Northern Ireland aware of Citizens Advice (IpsosMORI, June 2011).
- The service is delivered through an unrivalled network of 28 local offices and 100 other outlets.
- The increasingly complex nature of work undertaken reflects the effects of welfare changes, squeezing of household budgets and reductions in working hours on our clients during the current economic crisis.
- Citizens Advice works in partnership with a number of statutory, voluntary and community bodies on a range of programmes and projects. Some of our major partnerships include:
 - Macmillan CAB Welfare Advice Service
 - HM Treasury: *Pension Wise*. Delivery of face-to-face pension guidance
 - NIAMH learning and development programme for those with chronic mental health conditions and those that work with them
 - Extern intensive support service for vulnerable families
- These are in addition to a range of local initiatives undertaken by our member bureaux. This extensive service is delivered within a budget of £6 million. It is in part funded by our social economy arm, Citizens Advice Services Ltd.
- Citizens Advice Northern Ireland has formal links to Citizens Advice in England and Wales and a close working relationship with Citizens Advice Scotland (CAS). Together the three associations constitute the largest advice network in Europe, with over 60 years experience of providing advice and information to the public.
- Citizens Advice also works in partnership with the Citizens Information Board in the Republic of Ireland to provide cross border advice and information.
- The CAB network is tuned to targeting social need with regional spread, modern integrated IT infrastructure and skilled staff. We provide an efficient and cost effective channel for the delivery of information and advice to the most socially vulnerable people in Northern Ireland.

Response

Citizens Advice welcomes the opportunity to respond to the Utility Regulator's consultation on the extension of the NISEP scheme. We appreciate the valuable work of the Utility Regulator in protecting the interests of domestic consumers, particularly the most vulnerable.

DETI has proposed that:

- In the event that a decision to introduce an alternative energy efficiency scheme (such as HEaT) has not been taken before September 2015, the NISEP should be extended for a limited period of time.
- Regardless of whether or not NISEP is extended; the recovery of NISEP costs should be changed so that 80% of the costs are recovered from domestic customers and the remaining 20% is recovered from non domestic customers. The manner in which costs are recovered should be changed as soon as possible. This means that the change in cost recovery would be effective from the start of the next NIE tariff period, 1 October 2015.

Citizens Advice welcomes the intention to extend NISEP beyond September 2015 if it is not replaced by an alternative scheme. However, we do not agree that the recovery of costs should be reallocated so that 80% fall on domestic customers. Currently NISEP is funded by a small charge per kilowatt hour for all consumers. Levying 80% of costs of the scheme on domestic consumers, who use less electricity than business customers, would represent a subsidy from domestic to non-domestic customers.

Fuel Poverty

The Citizens Advice Northern Ireland 2011 research paper on fuel poverty¹ had the following key findings:

- One in two CAB clients surveyed has experienced difficulty paying their heating bills, and 77% had been forced to ration the heat they use.
- Amongst elderly CAB clients, 30% have had to make the choice between heating and other essential items such as food. Amongst disabled respondents this increases to 59%.
- Around one in ten CAB clients have had to borrow from relatives and friends or charities to pay for heating bills at some point.
- 12% of CAB clients surveyed have been forced to borrow from the Social Fund to pay for fuel, with an average fuel debt of over £300. Around 49% of those disabled or too sick to work have had to borrow from the Social Fund.
- A significant number of people attribute their problems to poor insulation and heating systems, with 49% of CAB clients claiming they would benefit from the provision of energy efficiency advice.

Fuel poverty is driven by three key factors – the energy efficiency of the home, the price of energy and household income. NISEP focuses on energy efficiency. Its stated aims are to contribute to the achievement of:

- Efficiency in the use of energy;

¹ [A Cold House for Everyone](http://www.citizensadvice.co.uk/pages/a_cold_house_for_everyone) (http://www.citizensadvice.co.uk/pages/a_cold_house_for_everyone)

- Socially and environmentally sustainable long-term energy supplies; and
- The above at best value to customers whilst also having due regard to vulnerable customers.

Citizens Advice supports the aim of improving energy efficiency both through education and through grants for home improvement measures. However, we suggest that certain vulnerable customers in fuel poverty cannot be protected through the scheme as it stands and that other ways need to be considered.

Private Rental Properties

Citizens Advice receives many inquiries from clients who are in sub-standard private rented accommodation, particularly damp properties, and either cannot get in contact with their landlord or the landlord refuses to take any action.

A Newtownards client contacted the CAB about the condition of their private rented accommodation. Despite the environmental health team stating that urgent action needed to be taken about the state of the property, the landlord is refusing to do anything and says that the tenant will have to pay for the recommended improvements. The client's wife has recently given birth and has had to move to her mother's house because the property is not suitable for a baby in its current state.

Some of our most vulnerable clients live in private rented accommodation and have no access to energy efficiency measures. There is little incentive for landlords to improve the energy efficiency of their properties, particularly when they let to tenants on housing benefit. Local housing allowance is set at the 30th percentile of rents in the broad rental market area. This means that it is difficult for a landlord to recover the costs of upgrading a property through rental income. In addition, many small buy-to-let landlords are in negative equity. All this is to the disadvantage of housing benefit tenants, who often have to live in poorly insulated homes with inadequate heating.

A private tenant telephoned Larne CAB in January to complain that he and his partner have a newborn baby and the central heating boiler has not worked since October. They have been in touch with the agent to inform the landlord without success. The client's tenancy agreement stated that the landlord is responsible for fixing the heating.

We recommend that NISEP targets the substandard private rental housing stock. These private landlords are unlikely to participate in Affordable Warmth as they have to meet 50% of the costs of the improvements, and yet it is the poorest households who suffer the effect of their lack of engagement.

Hard to reach households

There will always be a number of hard to reach households which cannot benefit from the current schemes, either because the occupiers, through age or infirmity, do not wish to avail of them or because the condition of their homes is such that they cannot be improved cost-effectively. Fuel poverty is prevalent in households living in older properties, particularly those in the country which are reliant on oil. In Great Britain such households are helped through the Warm Homes Discount

Scheme², which has recently been extended with an additional £320 million to help the most vulnerable customers by giving them a discount on their electricity bills.

We note that NISEP has recorded a considerable underspend during the lifetime of the scheme. The Utility Regulator states that due to the number of similar schemes and the success in targeting vulnerable households, it is increasingly difficult to find households who would benefit from energy efficiency measures.

While the Warm Homes Discount scheme does not address the first two aims of NISEP, it would be particularly effective in lifting the most vulnerable and hard to reach out of fuel poverty when energy efficiency measures are proving ineffective for them. We therefore recommend that, rather than chase ever more difficult to find energy efficiencies, the NISEP underspend should be directed to the most vulnerable customers as a discount on their electricity bills. Vulnerability could be identified both on income grounds, as in Great Britain, and through the priority registers held by electricity suppliers.

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² The [Warm Home Discount scheme](#) is a 4-year initiative (April 2011 to March 2015) aimed at helping around 2 million of the UK's most vulnerable customers with their electricity bills annually. The £1.1 billion scheme is funded by energy suppliers.