



Help the Aged's Response to the Utility Regulator's Social Action Plan 2009 - 2014 as part of the 'Can't heat or Eat Campaign'

March 2009

1 Background

The work of Help the Aged is about facilitating and enabling older people to remain in control of their lives. We work through a partnership approach with older people as equal partners. In addition, we also work with other agencies through an age sector approach to influence future policies. The work is aimed towards practical services as well as campaigning and lobbying on a range of issues. Older people are directly involved in this work. The core values which underpin our work are combating poverty, defeating ageism, reducing isolation and challenging neglect.

Age Sector Platform's current 'Can't Heat or Heat' campaign calls on Government to help older people cope with the high cost of living. These demands include that Government establish the link between the state pension and average earnings immediately, increase the winter fuel payment to £500 and ensure that pension credit is automatically paid for a period of three months. Also, as a priority, benefits for older people should be promoted and social tariffs should be introduced for older people.

Statutory Consultees

Help the Aged is disappointed to note that in the list of consultees in Appendix 6 that no group representing older utility customers was included in the consultation process. Given that both the Energy Order (Northern Ireland) 2003 and the Water and Sewerage Services (Northern Ireland) Order 2006 state that the Utility Regulator must have regard to the interests of individuals of pensionable age we believe that it was a serious oversight not to include any representatives from the older age sector as consultees. We would hope that drawing this to your attention will prevent such an exclusion from occurring again.

3 Issue of Vulnerability

With regard to the definition of vulnerable customers Help the Aged considers that this section does not adequately identify who are vulnerable customers. This may reflect the lack of stakeholder engagement with representative organisations during the development of this consultation. Help the Aged would also draw attention to the fact that the Utility Regulator sees age as an intensifier to vulnerability and not a characteristic in itself. We wish to raise our concerns at this section of the consultation as we would strongly oppose any attempt to diminish the issues and problems that older utility consumers face by merely describing age as an intensifier. Given that more than one-half (56%) of households headed by an older person (75 plus) were in fuel poverty in 2006 and more than three-fifths (62%) of lone older households were fuel poor¹, older consumer's issues need to remain high on the agenda for the Utility Regulator in the Social Action Plan and in Corporate Social Responsibility strategies of utility companies.

4 Protecting Vulnerable Customers - Special Services

With regard to the Special Services offered by utility companies for vulnerable consumers, Help the Aged is encouraged by the broad range of support services available. The Utility Regulator indicates that these services are monitored and we believe that it would have been beneficial to see what targets the Utility Regulator sets for these services, how many consumers have used these services and the impacts. Anecdotally, members that we spoke to were mostly unaware of the services offered by the companies, which reinforces the Consumer Council² research indicating that almost three quarters (73%) of eligible utility customers are unaware of the special services available to them. We believe that there is an opportunity for Help the Aged to work with both the Utility Regulator and the utility companies in promoting the existence of these services and the priority vulnerable customer registers through our existing networks to benefit our members. We propose working with the Utility Regulator to find innovative ways of increasing the number of eligible customers registering.

¹ NIHE House Condition Survey 2006

² Research into consumers' views on initiatives by energy suppliers to help disadvantaged and vulnerable customers, December 2008, the Consumer Council and the Utility Regulator

In terms of the actual services provided, a number of suggestions have been made such as making the talking bill available on a freephone basis to any vulnerable customer who requests one, not only those with a visual impairment. Personal safety is of major concern to many vulnerable customers. Ensuring a full uniform is worn by all meter readers and staff at all times and making specific appointments or providing advance notice of meter reading or visits would provide assurance to vulnerable customers.

5 Protecting Vulnerable Customers - Financial Vulnerability

Help the Aged welcomes all energy efficiency measures for fuel poor homes however we note from this consultation that energy companies are only obliged to “make available guidance” on energy efficiency (pg 25 para 5.7). We believe that these companies should be obliged to *promote* energy efficiency to vulnerable customers. This would enable customers to find out about the range of schemes that are available to make their homes more energy efficient thereby reducing bills and raising comfort levels. These schemes should be widely promoted as our concern is that the most vulnerable consumers are often the most isolated and are not aware of where to get this advice. Help the Aged would be keen to work with the Utility Regulator and the utility companies to promote these schemes through our existing networks.

Help the Aged welcomes the Utility Regulator’s work on social tariffs and looks forward to engaging with the Utility Regulator and responding in full to the consultation when issued.

With regard to payment methods offered, utility companies offer discounts for payment through Direct Debit. There are many vulnerable consumers who cannot take advantage of this discounted payment method as they do not have a bank account. Help the Aged would like to see the introduction of a Prompt Payment Discount for those customers who pay their bills on receipt. This would benefit those consumers who regularly pay their bills promptly and may incentivise others to pay within a specified period.

Help the Aged understands that debt is a major issue for many vulnerable households in Northern Ireland and welcomes the Utility Regulator’s proposal to investigate the potential for all utility companies to operate a harmonised approach to debt management. This should provide benefits for all consumers providing a best practice approach is identified

and implemented. We would also recommend best practice guidelines for use of debt collection organisations be identified and implemented. Help the Aged would be happy to support suppliers and the Utility Regulator in this project.

Pre-payment

The Utility Regulator has rightly brought pre-payment customer issues to the fore in this consultation and Help the Aged agrees that older customers may be particularly vulnerable to self-disconnection.

Although research conducted by the Consumer Council in 2006 indicated that the majority of households do not self-disconnect for financial reasons³, a recent report in GB suggests that some pensioner households may not disconnect from their energy supply but ration their fuel usage to stay out of debt.

“There is strong evidence that pensioner households appear particularly likely to ration fuel use – for example by under-heating bedrooms and turning off heating for some of the daylight hours.”

“Other actions to reduce the use of fuel included cutting back on the number of cooked meals and in some instances going without lighting. This problem is exacerbated amongst those groups which are present for longer periods in the home – for example pensioner households and people with disabilities or illnesses.”

“Households adopting coping strategies of rationing fuel use and under-heating homes, which particularly includes pensioner households, are at greater risk of physical impacts including cardio-vascular and respiratory problems. They may also experience greater levels of stress, which contributes to mental health problems and depression.”

Source: Cold Comfort: A Review of Coping Strategies Employed by Households in Fuel Poverty, August 2008 Centre for Economic & Social Inclusion

³ In Control?, An investigation into the patterns of use and level of self-disconnection by gas and electricity Pay As You Go meter users in Northern Ireland, 2006, the Consumer Council.

Evidently the result of this self-rationing or reduction in cooked meals or lighting will have a major impact on the health of vulnerable consumers and issue highlighted in our current “Can’t Heat or Eat’ campaign. Help the Aged would recommend that further research be undertaken to look into the prevalence of self-rationing among pre-payment customers in Northern Ireland.

This research in GB has also suggested that those who do self-disconnect may do so due to lack of access to payment facilities. This may be particularly relevant to vulnerable customers who have mobility issues or who are concerned about their personal safety. As pre-payment customers may not have banking accounts, telephone vends may not be an option for them. This may also link to the lack of awareness of the emergency credit facility which utility companies make available for pre-payment customers. In the Consumer Council ‘In Control?’⁴ report it states that 40% of pre-payment customers are not aware of the existence of emergency credit which would indicate the need for a campaign to increase awareness of this facility.

With regard to potential retail competition, Help the Aged would seek assurances that customers on pre-payment meters are not discriminated against by utility suppliers and that they are afforded the same opportunity to switch to an alternative suppliers as those customers on standard credit or Direct Debit.

On the number of natural gas customers who may have a prepayment meter installed, many households prefer this method of payment as it enables better budgeting therefore all new gas customers should be entitled to choose the method of payment that suits their circumstances best and not have their choice reduced.

Given the number and breadth of issues regarding pre-payment customers, Help the Aged would propose the creation of a Pre-Payment Working Group to include suppliers, the Utility Regulator and community and voluntary groups to examine the challenges identified in this consultation and work together to develop the appropriate actions to overcome these issues.

⁴ In Control?, An investigation into the patterns of use and level of self-disconnection by gas and electricity Pay As You Go meter users in Northern Ireland, 2006, the Consumer Council.

6 Key Issues Going Forward

As stated earlier, Help the Aged is keen to see the awareness of the Social Action Plan and the special services offered increased among older consumers and will work closely with the Utility Regulator and utility companies to promote these measures across the network.

7 Forward Work Plan

Help the Aged welcomes the proposal in the Forward Work Plan to establish a panel of experts from academia, industry and government to advise on fuel and water poverty issues however we would recommend representation from the community and voluntary sector to ensure the voice of the vulnerable consumer is heard directly in this arena.