

Submission to the Utility Regulator
on
The Utility Regulator's Social Action Plan 2009-2014

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The Institute of Public Health in Ireland

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Key messages

- The Institute of Public Health in Ireland (IPH) views this social action plan as a welcome contribution to the range of policy measures needed to tackle escalating fuel poverty in Northern Ireland.
- The activities and ethos of energy suppliers plays a significant role in alleviating fuel poverty and the threats posed to health when living in a cold, damp and energy inefficient home.
- IPH shares the view of the World Health Organisation that more evidence is needed to demonstrate the real impact of corporate social responsibility in the provision of goods and services vital to health and well-being, such as fuel and water.
- The roles and responsibilities of energy suppliers in ensuring that vulnerable customers continue to receive essential supplies is currently being debated in both jurisdictions. Enhanced all-Ireland co-operation and collaboration would facilitate mutual learning and allow for evaluation of different policy approaches.
- Excess winter mortality among older people is the most extreme form of health inequality arising from fuel poverty. However, living in cold damp houses exerts negative health effects on all householders, and the well-being of infants and children is a particular concern.
- In the definition of a vulnerable customer, no definition of ‘low income’ is provided. IPH would caution against the use of a definition that is based on social welfare/ benefits as this has proven unsuccessful in targeting fuel poor households in Northern Ireland.
- Consideration should be given to how best to cater for householders with multiple vulnerabilities.
- In the consideration of householders with chronic illness or disability, particular attention should be afforded to householders with diseases and disorders aggravated by cold temperatures, damp and moulds.
- Consideration should be given to defining ‘vulnerable customers’ according to the characteristics of the house rather than those of the householder.
- Within the forward action plan, IPH considers that work relating to social tariffs and helping customers deal with debt is of great importance.
- IPH welcomes the development of a research portfolio linked to the forward action plan and recommends that research relating to health and social outcomes form a central component of such a portfolio.

The Institute of Public Health in Ireland and fuel poverty

The Institute of Public Health in Ireland (IPH) is an all-Ireland body which aims to improve health on the island, by working to combat health inequalities and influence public policies in favour of health. IPH has a programme of work relating to fuel poverty and health and has produced a number of resources on fuel poverty and health including:

Reports – available at www.publichealth.ie

- Annual Update on fuel poverty and health (IPH, December 2008)
- All-Ireland policy paper on fuel poverty and health (IPH, December 2007)
- Life doesn't revolve around lighting a fire anymore: An evaluation of the Warming Up project and recommendations for the future (IPH, 2005)
- Engaging communities: An evaluation of a community development model for tackling rural fuel poverty (IPH, 2004)

Information resources – available at www.AieHL.org

- A fuel poverty thematic collection is available on the All-Ireland Electronic Health Library – a collection of reports, policy documents, websites and datasets relevant to fuel poverty and its health and social consequences in Ireland and Northern Ireland.

IPH is currently represented on the Interdepartmental Group on Affordable Energy in the Republic of Ireland, convened by the Department of Communications, Energy and Natural Resources and the Office for Social Inclusion and liaises on an ongoing basis with the Northern Ireland Fuel Poverty Advisory Group.

General commentary on the context for development of the social action plan

IPH welcomes the development of this social action plan by the Utility Regulator. The Regulator's commitment to protecting the welfare of vulnerable customers is a welcome contribution to the range of policy measures needed to tackle fuel poverty in Northern Ireland. In a time when fuel poverty in Northern Ireland has risen to the level where it is the highest in Northern Europe, it is clear that effective policy measures designed to protect the health and well-being of fuel-poor householders have never been more urgent. Furthermore, as we face a global economic downturn it is particularly timely to refocus our attention on financially vulnerable households.

IPH is concerned by the threats posed to health by living in a cold, damp and energy inefficient home. Fuel poverty makes a significant contribution to the generation of health inequalities in Northern Ireland. These health inequalities include an increased risk of dying in cold weather as well as an increased burden of ill-health among fuel-poor householders. While improving energy efficiency must form the cornerstone of any serious attempt to tackle fuel poverty, it is clear that fuel prices and, indeed, the operation of energy suppliers play a significant role.

The recently published World Health Organisation (WHO) report *Closing the Gap in a Generation* is now the internationally recognised framework for addressing health inequalities (CSDH, 2008). Particular emphasis is placed on the role of market responsibility with regard to the provision of 'vital social goods' as well as goods and services vital to health and well-being,

such as water and fuel. WHO considers that more evidence is needed to demonstrate the real impact of corporate social responsibility. Corporate accountability may be a stronger basis on which to build a responsible and collaborative relationship between the private sector and public interest.

The role of the state-owned utilities in the Republic of Ireland in ensuring that customers with energy affordability issues continue to receive essential supplies is currently being explored (CIPA, 2008). In particular, the question has been posed as to whether payment/collection systems of the utilities should reflect the affordability issues and go beyond statutory codes.

Clearly governments North and South are grappling with the same sorts of questions in relation to the role of energy suppliers in the alleviation of fuel poverty. We would strongly encourage all-island co-operation to help solve the complex social and economic challenges posed in relation to fuel poor householders. We would support the creation of more structured opportunities for communication, mutual learning and co-ordination within the future work plan of the Regulator. This is of course particularly relevant since the introduction in 2007 of a Single wholesale Electricity Market for the island of Ireland, but the benefits would certainly extend well beyond this issue. Enhanced all-island co-operation on issues relating to regulation of energy suppliers and networks could facilitate

- learning based on evaluation of different policy approaches
- more economic and efficient use of resources by avoiding duplication in research and policy development
- the creation of person-centred rather than jurisdiction-centred services relating to electricity, gas and water, especially for those people living in the border region who are already disadvantaged in terms of higher levels of poverty.

Question 1

Respondents are asked to comment on the impact of this paper with regard to equality of opportunity and good relations

The actions proposed in the paper would have a positive impact on equality of opportunity and good relations.

The social action plan makes specific reference to meeting the energy supply needs of older people, people with a disability/chronic illness and low-income householders. In this way we agree that the plan is designed to provide benefit to a number of specific groups referred to under promoting equality of opportunity (Section 75 of Northern Ireland Act 1988). In view of the higher level of poverty, and fuel poverty in particular, experienced by households headed by women and by lone parent households (the majority of whom are women) it would seem reasonable to assume that the social action plan may also bring some positive impacts in relation to gender inequalities affecting women. In Ireland, households where the chief economic supporter is female are 30% more likely to be fuel poor (ESRI, 2008).

In relation to age, older people are at greatest risk of cold-related death in the winter months. However it should be noted that recent work by University of Ulster, based on a number of international studies, has shown that fuel poverty also had significant health impacts for children and adolescents (Save the Children, 2008).

Question 2

Respondents are asked their views as to whether we have considered all the characteristics that may contribute to or intensify vulnerability

We would advise that some further consideration be given to the characteristics that may contribute to or intensify vulnerability in terms of

- (a) taking into account vulnerabilities associated with diseases for which higher seasonal mortality has been documented as distinct to those diseases not demonstrating seasonal or cold-related variation
- (b) characteristics of the house as well as characteristics of the householder
- (c) households with multiple vulnerabilities.
- (d) the vulnerabilities of babies, infants and children

It is our understanding that the Utility Regulator is not limited in relation to the groups of vulnerable customers to which it must give regard, but the statutory duties are defined according to people who are:

- disabled or chronically sick
- of pensionable age
- on low income
- living in rural areas

In addition to those defined in statutory duties, the Regulator can assume that a customer is vulnerable for reasons of age, health, disability, ethnic background or severe financial insecurity - they are unable to safeguard their personal welfare or the personal welfare of other members of their household. We understand from the paper that while the definition of a vulnerable utility customer is based on the characteristics set out in Table 1 of the consultation document, it is not limited to these characteristics and some flexibility is operated. Clearly while some flexibility is required to take account to the unique circumstances of certain households, it is important that efforts are made to ensure decision making is standardised and accountable, with processes of review and revision in place.

It is noted that no definition of low income is provided, but presumably this is considered to be *at the very least* above the current Northern Ireland definition of income poverty (60% of median income). Ascertaining the true income of householders can be challenging, particularly among older people who may be asset rich yet income poor and whose income may be based on a variety of pension, social welfare and allowances type payments. We would caution against using any definition of low income that is primarily based on whether or not a householder is in receipt of social welfare or allowances, as this may bias against working poor and older home-owners who may be living on similarly low incomes or in fuel poverty and may not be claiming benefits. The audit of the Warm Homes Scheme showed that passport benefits were not effective in targeting the vulnerable fuel poor and unclaimed benefits were a barrier for potential applicants (NIAO, 2008). It would be most unfortunate if energy suppliers and networks were not to learn from these findings when developing their important contribution to targeting fuel poor households in Northern Ireland.

The working poor are a particular concern. Fuel poverty among the working population in Northern Ireland has increased from 38,000 households in 2001 to nearly 61,000 in 2006 (NIFPAG, 2008). It is also notable that 'working poor' households that are also fuel poor occupy *less* energy efficient houses than non working households that are fuel poor – this would indicate

that social housing may be better in many circumstances than privately owned housing. While ‘working fuel poor’ households report higher levels of income than ‘non-working fuel poor’ households, their levels of fuel poverty are roughly comparable (NEA, 2008).

Obviously some households may have multiple vulnerabilities (e.g. older person on low income with a disability living in a rural area), so it may be appropriate to explore some sort of grading rather than simply assigning a household as vulnerable/non-vulnerable.

In terms of those people who are disabled or chronically ill, the Regulator may wish to afford particular consideration to persons whose chronic illness or disability relates to cardiovascular disease (heart disease/heart failure), cerebrovascular disease (stroke) and respiratory disease (lung and breathing conditions such as asthma, emphysema, cystic fibrosis or chronic obstructive pulmonary disease). Analyses of excess winter deaths and cold-related deaths demonstrate that the majority of these deaths can be attributed to these causes. For other causes of death however there may be minimal seasonal or temperature related variation.

In terms of the influence of age, it is clear that the risk of excess winter death is greatly increased among older people. However, the evidence now shows that living in a cold damp home has negative health effects on all inhabitants, irrespective of age, and babies and young children are especially vulnerable (Save the Children, 2008).

IPH notes that ‘vulnerability’ has been conceptualised in terms of the characteristics of the householder, rather the characteristics of the house they inhabit. Fuel poverty arises from deficiencies in the relationship between household income, fuel prices and energy efficiency of the house. There are further associations within this relationship with people living on a low-income far more likely to inhabit energy inefficient homes, due to poor insulation as well as a reliance on energy inefficient heating systems that they cannot afford to replace. Therefore poorer people generally end up paying more, often far more, for the same amount of heat.

Defining vulnerability in terms of the house rather than the householder may have its merits in terms of

- certain vulnerable customers may be happier to divulge information relating to their housing condition rather than their personal, income and health information
- capturing vulnerable fuel-poor customers outside the social welfare system who live in private rented and private owned accommodation rather than those in local authority and social housing, whose needs may not otherwise be apparent to energy suppliers
- separating those vulnerable customers whose primary problem is poor housing from those whose primary problem is poor income, and instituting an appropriate response based on this assessment – this fits with the Regulator’s views that tackling fuel poverty requires a holistic and co-ordinated approach and would facilitate ‘joined-up’ thinking as stated in section 6.5 of the consultation document.

Question 3

Respondents are asked to what extent they believe critical care provision could be improved. In particular respondents are asked to what extent similar emergency provisions in the event of a disruption to supply are required for gas. In responding, it would be useful if specific improvements could be detailed and in particular details of medical conditions or life saving medical equipment that require a constant supply of gas could be given.

IPH would recommend that the Regulator consult with clinicians and health and social care providers in primary and secondary care on this specific issue.

Question 4

Respondents are asked to comment on whether they believe all customers have sufficient access to different payment methods offered by the utility suppliers. Respondents should list the barriers they perceive as preventing some vulnerable customers from accessing all payment methods.

IPH has not conducted any research specifically relating to different payment methods and we would therefore have a limited capacity to comment on this particular question. However, we would recognise that householders with lower levels of education, limited literacy and numeracy, or for whom English is not a first language, may experience difficulties in setting up a direct debit payment method. We would also recognise that tenants of private rented accommodation may be given no other option by their landlord/landlady than to use pre-payment meters and in this way their access to other payment methods would be curtailed.

Question 5

Respondents are asked to consider what measures, if any, need to be taken to ensure that pre-payment customers benefit equally from the introduction of retail competition in Northern Ireland.

No comment.

Question 6

Respondents are asked to comment on the merits of a harmonised approach in relation to helping vulnerable customers to avoid debt and manage their way out of debt.

A harmonised approach to help vulnerable customers avoid debt and manage their way out of debt is to be welcomed. We would recommend that energy suppliers operate to an agreed best standard in regard to managing debt. The standard should be developed with meaningful participation from people experiencing poverty and organisations working with low-income householders (Combat Poverty Agency, 2008)

Within a harmonised approach to help vulnerable customers avoid debt, it must be recognised that avoiding fuel poverty, disconnection and debt is an important component of household budgeting. A harmonised approach must therefore extend beyond the energy suppliers themselves and include meaningful partnership with services that support households to budget appropriately and manage debt— for example through assessments and information resources produced by the Citizens Advice Bureaux and other groups. This would ensure that information about the range of measures to support vulnerable customers is (a) standardised and not contradictory or confusing and (b) distributed through a variety of networks and community fora.

Question 7

The Utility Regulator acknowledges the concerns of stakeholders around self-disconnections. Respondents are asked to comment on what should be done to prevent vulnerable customers self-disconnecting for reasons of financial hardship.

No comment.

Question 8

Respondents are asked to comment on what measures should be undertaken to raise awareness, and which organisations should take the lead on these measures

No comment.

Question 9

Respondents are asked to comment on whether there are any other key issues that should be considered.

No comment.

Question 10

Respondents are asked to comment on this future work plan.

We commend the Regulator on the comprehensive forward social action plan, as set out in Table 8 of the consultation document.

In particular, we feel that the development of work in relation to social tariffs and helping customers in debt is of particular importance. The involvement of fuel poor householders and groups representing vulnerable customers such as advocacy groups for children, lone parents, older people and people in poverty is required to ensure that meaningful measures are put forward.

The development of a research portfolio to support the forward action plan is recommended as this will guide policy priorities and provide the best intelligence to monitor the success of changes as they occur. In developing such a research portfolio, we would encourage the Regulator to include research on health and social outcomes for householders as well as monitoring issues such as disconnection, debt and payment methods.

For further information or queries on this submission, please contact Dr Helen McAvoy at the Dublin office or Dr Jane Wilde at the Belfast office.

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References

All reports can be accessed online through the fuel poverty collection on the All-Ireland electronic Health Library (www.AIeHL.org)

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