

COMMITTEE FOR REGIONAL DEVELOPMENT

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Social & Environmental Branch
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18 March 2009

Dear Alison,

1. The Committee for Regional Development considered its response to the Utility Regulator's Social Action Plan 2009-2014, at the meeting held on 18 March 2009, and in response would submit the following comments.

Background

2. At the Regional Development Committee meeting held on Wednesday 28 January 2009, Members noted receipt of the consultation paper on the Utility Regulator's Social Action Plan 2009-2014, and decided to respond to the Regulator's consultation.
3. During the 2007/2008 Assembly session, Members discussed and considered the Independent Water Review Panel's (IWRP) strand 1 and 2

reports on Water and Sewerage, which included the issue of affordability. The Committee's deliberations on the issue of affordability were included in its initial response to the Minister for Regional Development on the IWRP Strand 2 report, which was issued on 28 January 2008, see http://www.niassembly.gov.uk/regional/2007mandate/responses/To%20_minister_waterandsewage_strand2Report.htm . In addition, the Committee also received briefing from stakeholder groups and considered an Assembly Research briefing paper on the issue of water reform and the affordability tariff during the 2007/ 2008 Committee session.

Social Action Plan

4. Members note that the Social Action Plan has two strands. The first strand focuses on the provision of special services for utility customers who may need additional assistance, for example; pensioners, the chronically sick and / or disabled customers. The second strand focuses on financial vulnerability.
5. The other key issues contained within the consultation are:
 - the importance of a holistic and co-ordinated response in tackling fuel poverty and water poverty;
 - the importance of targeting help at those that need it most;
 - that public awareness of services and schemes available to help is generally low; and
 - the Utility Regulator can only take forward activities/ actions that are consistent with NIAUR's statutory duties and statutory functions.
6. Members also note that the Regulator's forward work plan in this area is proposed under the themes of:
 - reducing financial vulnerability;
 - providing special services for those that need it;
 - improving energy efficiency and water efficiency;

- working with others; and
 - raising awareness of how and where help is available for vulnerable customers.
7. The Committee notes that the Regulator has a statutory duty to protect utility customers and must also have due regard for vulnerable customers, specifically but not limited to those who are disabled or chronically sick, of pensionable age, on low income, or living in rural areas. Members' concerns in relation to the protection of vulnerable customers in the Executive's consideration of a future methodology for funding water and sewerage services are well rehearsed.
8. The Committee is also aware that, as the Utility Regulator has responsibility for the regulation of water, gas and electricity, an opportunity exists to design joined-up actions which take account of the combined impacts of the costs of water, energy and fuel on low income and vulnerable households. However, it is the view of the Committee that until the Executive forms a view on the Independent Review of Water and Sewerage Services, and in particular on the methodology for funding water and sewerage services for domestic customers, the Utility Regulator will wish to proceed with caution on this matter. In addition, the Minister for Regional Development is at present consulting on his social and environmental guidance for the PC10 process, and the Regulator will wish to ensure that NIAUR's work on the Social Action Plan proceeds in connection with the Department's PC10 consultation.

Response to Consultation Questions

9. With the above comments in mind, Members would wish to offer the following comments in response to the issues raised in the draft Social Action Plan. The following paragraphs address the consultation questions in turn.

10. In relation to **question 1**, the Committee notes that the purpose of the Social Action Plan is to improve conditions for socially disadvantaged groups. Given the importance of the issues addressed within this paper regarding the protection of vulnerable customers, the Committee suggests that the Regulator consults and engages with people on as wide a basis as possible to reflect the views of the full range of different groups in Northern Ireland.
11. Once the Executive has formed a view on the methodology for funding water and sewerage services and any associated affordability measures, the Committee recommends that the Regulator may have to revisit any planned actions in this area, and the Section 75 screening exercises for these actions, to reflect the Executive's policy.
12. In response to **question 2**, Members note the higher rates of fuel poverty, and the projected higher rate of water poverty, in Northern Ireland as set out in section 3 of the consultation. The Committee also notes the Regulator's discussion of the concept of water poverty, and the limitations identified in section 3 of the consultation. In addition, Members noted the alternative approach identified by the Regulator, and the characteristics of vulnerable customers, as identified in table 1 on page 14 of the consultation.
13. The Committee is of the view that low income is a key factor in vulnerability. Although Members noted the concept of intensifiers, more work needs to be done on the concept of 'safeguarding personal and household members' welfare', to identify the scale and scope of vulnerability using this type of approach, and on the combined impact of the costs of water, energy and fuel on vulnerable households.

14. Again, the Committee would urge caution in this area, as the Executive has not yet formed a view on the methodology for funding water and sewerage services, and the Minister is consulting on the social and environmental guidance for the PC10 process.

15. In relation to **question 3**, Northern Ireland Water is required through its licence, to develop and publish eight codes of practice, as set out on page 22 of the consultation document. Members note that the first five of these codes have been approved by the Regulator and published by Northern Ireland Water. The final three codes, explaining water metering, domestic debt management and water and sewerage bills, have been postponed until the introduction of charging.

16. The Committee notes the special provisions offered by Northern Ireland Water contained within its codes of practice, and that it offers a priority warning service to customers with medical conditions, the elderly and disabled people, providing details of planned disruptions and/ or making arrangements for an alternative supply.

17. Members realise the importance of this service to those requiring critical care or assistance and would urge that this provision be widely advertised and creatively publicised to target those most likely to be in need of this service. The Committee would also encourage the NIAUR to explore the possibility, together with NIW, of extending this type of service to benefit dependent households.

18. In response to **question 4**, the Committee is not in a position to comment on payment by water customers as the Executive is yet to take a decision on this matter.

19. However, in relation to Northern Ireland Water's non-domestic customers, the Committee would make the point that in the current economic climate as much as possible should be done to help companies, particularly small companies, to avoid debt. The issue may be beyond the remit of this consultation, however it is an important point and may be a useful area of further study for the Regulator in consultation with the Department, the Executive and the relevant government departments.
20. As Northern Ireland Water is the sole provider of water to customers in Northern Ireland, and the Executive has yet to make decisions in this area, the Committee has no further comments to add in response to **question 5**.
21. As with question 2 above, the Committee would again urge caution in this area, as the Executive has not yet formed a view on the methodology for funding water and sewerage services, and the Minister is consulting on the social and environmental guidance for the PC10 process.
22. In relation to **question 6**, as it relates to domestic customers, the Committee cannot comment on this issue as the Executive has not yet taken a decision on the methodology for funding water and sewerage services and any associated affordability measures.
23. The Committee acknowledges that **question 7** refers to the issue of self-disconnection from gas and electricity supplies. However, Members would make the point that water is a vital resource necessary to sustain life, and self-disconnection for reasons of financial hardship could have personal health consequences and the potential to impact on wider public health issues. As previously noted, the Executive has not yet taken a decision on the methodology for funding water and sewerage services, therefore the Committee has no further, specific, comment to make on this issue.

24. In response to **question 8**, the Committee notes the findings from the research on customer awareness, impact and take-up of services and assistance schemes for vulnerable customers, conducted by the Regulator and the Consumer Council. This research did not include water, and Members note that research on customer awareness of services provided by Northern Ireland Water is ongoing.

25. Although the Regulator / Consumer Council research did not include water, the Committee is of the view that the research findings might provide some food for thought, and highlight the need to think in a joined-up and creative way about the needs of the most vulnerable groups, once the Executive has made decisions in relation to the funding of water and sewerage services.

26. Members note the forward work plan provided by the Regulator on the Social Action Plan. Until the Executive has reached decisions in relation to water and sewerage services, the Committee is not in a position to comment further.

27. Thank you for the opportunity to respond to this consultation. A copy of the Committee's response is being copied to the Minister for Regional Development and the Chairpersons of the Environment, Social Development, and Enterprise Trade and Investment Committees as well as the Committee for the Office of the First Minister and deputy First Minister.

Yours sincerely,

Fred Cobain, MLA

Chairperson of the Committee for Regional Development