



Utility Regulator's Social Action Plan 2009 - 2014

Save the Children submission
March 2009

Introduction

Save the Children is an international non-governmental organisation working in over 50 countries worldwide to create a better future for children. All of our work is underpinned by a commitment to making a reality of the rights of children enshrined in the UN Convention on the Rights of the Child.

In Northern Ireland Save the Children works through a variety of partnership approaches to support community level action on children's issues; facilitates children and young person-led initiatives; undertakes independent research and policy analysis and promotes children's rights through public education and fundraising activities. Child poverty is the key priority for Save the Children in the North of Ireland, with a particular focus on the role of education in lifting children out of poverty, and in preventing children falling into poverty in later life.

Response to questions

Save the Children welcomes the opportunity to respond to the Utility Regulator's Social Action Plan 2009-14.

Question1

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

We understand that the social action plan has two main strands – according to the Executive Summary, the first 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. Suppliers' licences and codes of practice set out the suppliers' obligations to provide certain services for these vulnerable customers. The Regulator's role is to monitor activity and ensure the suppliers comply with their licences and codes of practice.

The second strand of the action plan focuses on helping to reduce financial vulnerability, for example, by regulating utility companies to encourage efficient costs, promoting competition and encouraging more efficient use of energy and water.

We must admit a measure of confusion – at some points the consultation document recognises that the Regulator has a statutory duty to have regard to vulnerable customers including those on low income and living in rural areas. But it also states that its key obligation is to monitor suppliers' compliance with their licences and codes of practice. However these licences and codes of practice, cited at pages 20-21, do not mention low income or rural area. Therefore we would suggest that there seems to be a disconnect between the statutory duties and the licences/codes of practice which could impact adversely on the equality of opportunity of low income families and people in rural areas.

Furthermore, we would welcome the opportunity to explore your definition of low income. Save the Children cites government's own poverty statistics and according to the latest DSD figures, 100,000 children and young people or 25% live in poverty. These figures are based on households living below the 60% median income, and they have stayed roughly the same in Northern Ireland for several years.

The Regulator may also be interested in some of our work on persistent and severe child poverty. According to our research 44,000 or 10% of children are living in severe child poverty and 21% are living in persistent poverty which is more than double the GB level. We would be happy to discuss further because it is often not realised that 56% of children in poverty are in families where at least one parent is working and that child poverty can be as high as 45% in rural areas and urban areas in the west.

Your document does not refer explicitly to children and young people – indeed it does not mention any children's organisation in the list of consultees. You will be interested to know that we recently commissioned Professor Christine Liddell to examine the impact of fuel poverty on children. Please find the report attached. Part of the rationale for commissioning the report was the realisation that the child poverty figures fail to convey the scale of the problem – they are income-only figures which can only supply a limited snapshot of the reality of child poverty because they don't take account of increasing expenditure and as we know, the poorest families are being disproportionately affected by the pressure of increasing costs.

In her paper published by Save the Children in December 2008, Professor Liddell described the extent of fuel poverty in families across Northern Ireland and reported on recent international research detailing the impact of fuel poverty on the health of children from babies to teenagers. The report at table 1 on page 5 shows that rates of fuel poverty are highest for those who work part-time (60%), a rate higher than for lone parents who are not in work (46%). This implies that the grounds of age, gender and dependants should be examined further and that therefore an EQIA is necessary.

We would further recommend that paragraph 1.5 in the Executive Summary should be expanded to include low income and rural categories.

Question 2

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

Save the Children would question the differentiation between characteristics and intensifiers. We emphasise again the extent of fuel poverty in Northern Ireland; its impact on children and young people and the importance of better targeting. In view of the fact that many families are being forced to choose between heat, food and going further into debt, we are calling for an extension of fuel payments to the working fuel poor and better targeting of the warm homes scheme. On the strength of our report into the impact of fuel poverty on children, we were invited by the Committee for Social Development to provide a briefing – please find attached. We took the opportunity to emphasise the excellent work at local level which is adopting a community development approach - several local councils and Investing for Health partnerships have appointed fuel poverty/energy efficiency advisors who work with the advice sector and local communities to ensure they target the fuel poor. Therefore we would suggest extending your consultation list to include local councils, Investing for Health partnerships, advice organisations, NICVA - as the umbrella body for the voluntary and community sector - and the Rural Community Network, as the umbrella body for rural community organisations.

Question 3 - respondents are asked to comment on critical care provision.

Save the Children would have no expertise in this area.

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

Save the Children would urge further research in this area. We would be grateful for more information about the merits of ‘smart’ metering discussed in the document. We have heard anecdotally that it would make sense to install fibre optics into new build and homes which are being made more energy efficient, in order to provide fairer and more sustainable access to water and energy but also to encourage ICT accessibility.

It would also seem fairer to have the same discount for everyone who settles on time and in full rather than the greatest discount to those paying by direct debit. Direct debit discount also penalises those who may not have a bank account and customers who live in the private rented sector where landlords have installed pre payment meters.

Question 5 – Measures to ensure prepayment customers benefit from retail competition?

We have no knowledge of this area.

Question 6 – Comment on the merits of a harmonised approach in relation to helping vulnerable customers to avoid debt and to manage their way out of debt.

Apparently NIE, Phoenix and Firmus operate different debt management policies. Debt was a problem facing many families before Christmas 08 as fuel price hikes was forcing them to choose between food, fuel and going into debt. The deepening recession is affecting the debt problem, as evidenced by increased enquiries to advice agencies including CAB and Advice NI. Furthermore, agencies working in the area of mental health are expecting a surge in mental health problems. Save the Children would recommend further discussion with the advice sector, health experts and vulnerable customers themselves about possible solutions.

Question 7 – Comment on what should be done to prevent vulnerable customers self disconnecting for reasons of financial hardship.

The document states 'The findings of the Consumer Council did identify a small but significant number of customers who are vulnerable to disconnection because of their financial circumstances' and acknowledges that 'It is likely this problem is higher today, given the increase in energy prices since the research was conducted.' We would suggest that this may be an understatement and that children in many households using pre-payment meters could be at great risk. Therefore we recommend an urgent update of the Consumer Council's 2006 findings.

Question 8 – Comment on measures to raise awareness, and which organisations should take a lead.

We would suggest discussion with all the agencies involved in tackling fuel poverty to agree ways to raise awareness, but some ideas immediately spring to mind including putting information about energy efficiency and benefit checks in Bounty Bags for all new mothers. The bag could also include some free 'equipment' to encourage energy efficiency. Fuel poverty experts at local government and Investing for Health Partnership level would be the best first points of contact.

Question 9 – Comment on any other issues.

We would suggest that this social action plan is renamed as a fuel poverty strategy and that a Section 75 approach would help ensure the coverage of the necessary grounds, with the caveat that socio-economic and rural status are also required. It would also encourage consultation with affected groups including the poorest families and their children.

Question 10 – Comment on future work plan.

We welcome discussion about the merits of regulating the oil industry especially since the great majority of households in NI are dependant on oil. We would recommend that the Utility Regulator should use its influence to help shape the regional development strategy, planning reform, building regulations and renewables policy – to help make the connection between energy efficiency, green collar jobs, fuel poverty, health, equality and global

warming. We would be grateful to be added to your consultation list and we look forward to your consultation on social tariffs.

We hope that the information included in this submission will prove useful, and would be delighted to provide more detail if required. We would also be grateful for feedback. For further information, please contact:

Anne Moore
Policy and Assembly Co-ordinator
Save the Children
15 Richmond Park
Belfast BT10 0HB
028 9043 1123
a.moore@savethechildren.org.uk