

Ofgem 2022/23 Forward Work Programme Consultation

Written evidence submitted by Care & Repair Cymru: February 2022

Introduction to Care & Repair

1. Care & Repair Cymru is Wales's Older People's Housing Champion. Our aim is to ensure that all older people in Wales can live independently in safe, warm, accessible homes. We are the national body for Care & Repair in Wales, representing 13 independent Care & Repair Agencies (CRAs) operating in every county offering a wide range of home improvement services, tailored to client's needs and local circumstances. In 2020/21 we supported nearly 43,913 older people across Wales, 32% of whom lived alone. We carried out 36,371 adaptations in homes to help prevent trips and falls and reduce pressures on the NHS – more than double of 2019/20 output – whilst delivering £14.5 million's worth of repair and improvement work to improve the health, safety, and warmth in people's homes¹.
2. Care & Repair works with older people in the private housing sector, owner occupiers and private tenants. A third of our clients live alone, a third have a disability and two thirds are over 74 years old.
3. We are committed to developing sustainable services which provide support to vulnerable, older people that helps them live independently, with dignity, and supports their health and wellbeing through improved housing conditions.
4. *70+ Cymru* is a specialist Wales-wide project led by Care & Repair Cymru tackling fuel poverty amongst older people in Wales. The project aims to improve the warmth, comfort, and quality of life for older owner occupiers and private tenants by providing advice and support on home energy saving techniques and housing improvements to enable them to heat their homes to over 70°F.

Summary

Care & Repair Cymru believes the proposed Forward Work Programme does not go far enough to protect vulnerable consumers. This is especially true in the light of the substantial increase in energy prices and continuing market volatility, as well as recent geopolitical developments that are likely to further exacerbate the problem. Temporary measures introduced for suppliers

¹ For more information, please see Care & Repair Cymru's 2020/21 Annual Report. Available at: https://www.careandrepair.org.uk/files/6916/3215/1992/Annual_Report_2020-21.pdf

between April and September 2022² are welcome and provide some – albeit not enough – protection and respite to consumers where the UK Government will not. We would like to see these measures extended long after September 2022, as projections show that market volatility will only worsen this year, and the Ofgem energy price cap is likely to face another substantial rise in late 2022.

We would also like to raise concerns about the Forward Work Programme's aim of continued market digitalisation. Smart meter rollout is leading to a split in consumers, with some suppliers not doing enough to enable our older, vulnerable clients switch to new smart meters. This means that they are excluded from any financial and energy efficiency benefits that smart meters afford, and many older people remain on legacy prepayment meters and should be targeted as a priority. We have elaborated on our concerns in response to **Point 1** of the Forward Work Programme.

Technical Officers on our *70+ Cymru* service have also questioned the financial benefits of smart meters, and whether it is true that they have significant financial benefits for consumers. They have also raised concerns that the installation of smart meters may have the adverse, unintended effect of forcing vulnerable consumers to ration their energy more than they already do, and that the easier monitoring of energy use and its cost will lead more people to self-disconnect, especially in the colder winter months and in the light of ever-increasing energy prices.

Point 1: Enduring Priorities

Core Regulatory Functions

Retail Systems and Processes

We are concerned with suppliers' practices in the continued rollout of smart meters. We would like to see Ofgem stepping in more to protect vulnerable older people from the mistakes or unwillingness of their suppliers, especially if the smart meter rollout is to successfully continue, and with wider aims to digitalise the market more.

We have outlined two case studies below where Care & Repair clients have struggled with faulty smart meters or their supplier's unwillingness to install a smart meter despite the obvious benefits to our client. In both circumstances, the supplier is at fault and the clients have turned to us for help.

Case Study 1

In the case of a faulty smart meter, one *70+ Cymru* client faced issues with smart meters when switching suppliers. When her original supplier stopped trading, the client was moved to British

² <https://www.ofgem.gov.uk/publications/decision-short-term-interventions-address-risks-consumers-market-volatility>

Gas but her smart meter was not communicating with the British Gas hub. Soon after she switched, the client received an extraordinary bill from British Gas for £991 for the final period with her previous supplier. Obviously, this led to a lot of anxiety from the client and her partner and believed that the high bill was simply due to the wholesale increase in gas prices. The client began looking at ways to gather and save money to pay the high bill, including rationing the household's electricity and gas. This would have meant living in a cold house, with little money left for food and other essentials.

Luckily, the client was put in touch with a Home Energy Officer (HEO) on our *70+ Cymru* service, who helped the client get in touch with the British Gas complaints department³. The British Gas complaints handler confirmed that the high bill was based on an actual reading from her previous supplier, but the client knew that this was not the case due to her fastidious record keeping of her meter readings. With her records, the client was able to give a correct meter reading from November 2021. This reading from November 2021 was in line with bill estimates from earlier in the year, and British Gas amended the bill to a more reasonable, correct amount.

We are concerned that this bill was not raised as out of the ordinary and investigated internally. This would have saved the client and her partner a lot of stress and anxiety. Had the client not kept records of her meter readings, she would likely have paid the bill and suffered to do so. Many vulnerable people without meter reading records or the help of organisations like Care & Repair would have feared disconnection and just paid the bill, having assumed that the meter was working properly and feeding back usage.

Ofgem needs to step in and ensure that suppliers firstly keep better tabs on their charges, raising extraordinary bills for investigation, and carry out regular services on smart meters. This is especially true for consumers that switch to new suppliers – whether through choice or necessity – and all smart meters should be checked by new suppliers in these instances.

Suppliers of Last Resort should also take more responsibility to make customers better aware of how to get in touch with them if needs be: the client only knew to get in touch because of Care & Repair and allocate a specific telephone number or other contact method for customers who have been moved to a SOLR.

Case Study 2

An HEO visited a client who had an issue with her boiler. The client has problems with her eyesight and cannot read the display on her meters. The gas meter in this client's house is also set high on a wall and difficult to access. The client is on the Priority Services Register.

³ Generally, this complaints line is fruitless; we and many of our clients are unable to resolve issues in this way.

The client has been receiving estimated bills for a considerable period and is worried these are leading to increased bills. Her supplier, British Gas, has not been to the property to read the meter since 2019. Where possible, the client has asked family to read the meter but have been unable to do so for some time for various reasons. The client asked her supplier about installing smart meters to resolve these issues, but her supplier has said that a smart meter would not be feasible in her property because of the proximity of the gas meter to the electric meter, which makes the installation of a new meter hazardous because of the risk of sparks during the process. British Gas said that due to this, moving the meters to a safer – and, for the benefit of the client, a more accessible – location would be too costly and due to this, the client is not able to have a smart meter.

The case is ongoing, and our HEO will help the client with the smart meter issue once essential works have been completed on her boiler.

We are concerned that British Gas is unwilling to resolve our client's concerns with accessibility of her meter, even though she is on the Priority Service Register. Our client may fall if she attempts a meter reading and will continue to receive high estimated bills if she does not provide correct readings. This is especially a concern considering the price cap increase. British Gas is also aware the meters are situated inappropriately but are still unwilling to move the meters to provide her with smart meters, or to at least investigate alternatives.

We believe it is up to Ofgem to ensure that suppliers are recognising the importance of the PSR, and prioritising help for consumers on the register and ensure that suppliers meet their obligations to visit properties to take meter readings. Other suppliers – and Care & Repair agencies – have been visiting clients throughout the pandemic with adjusted safety measures, so question why this is not the case among all suppliers.

Delivering Environmental and Social Schemes for Government

Social Schemes

We believe that social tariffs should be reintroduced, alongside the existing Warm Homes Discount that replaced them. These social tariffs should have widened eligibility criteria to allow households who, come April, will be newly at risk of fuel poverty or in fuel poverty, access to the scheme to reduce the financial burden they face in light of the price cap increase. This will also alleviate some of the pressure faced by vulnerable older people in Wales who are ineligible for

help from existing schemes, such as those on pension credit who are not eligible for the Winter Fuel Payment, or whose savings exceed the eligibility threshold for the Nest scheme⁴.

Boiler Upgrade Scheme (BUS)

Information on how this scheme will be managed is still lacking, including clarification on how this scheme will interact with renewable heat schemes.

Additionally, with Welsh housing stock being the oldest in Europe⁵, we hope that this will not be seen as 'difficult' housing and given less of a priority over homes elsewhere in the UK. This would create a postcode lottery in Wales and the wider UK, and lead to greater problems when it comes to decarbonising the rest of the housing sector in the future. We go into more depth about our concerns with this in our response to **Point 4: Low Carbon Infrastructure**.

We would also like to seek clarification on what impact this scheme will have on consumers' bills: if consumers move en masse from gas to electricity, firstly, this would likely mean a substantial decrease in gas prices in the UK as there is less demand. How will this be mitigated, and not construed as a benefit for people who remain on gas?

Secondly, for individual consumers, we would like commitment from Ofgem that the BUS will include aftercare and advice for their new heating system to ensure that everything is working properly, and so they do not see an increase in their electricity running costs after moving away from gas. Information on how to use heat pumps effectively will be key to ensuring the success of this scheme and that people are actually willing to make the change.

Point 2: Strategic Change Programmes

N/a

Point 3: Future of Retail

We have already raised issues in our response to **Point 1** about how the SOLR has failed some Care & Repair clients, and how Ofgem has failed to enforce regulations on some suppliers. This linked into wider concerns about the ongoing priority to digitalise the energy sector. We would like to draw attention to the following from the Forward Work Programme:

⁴ We raised concerns of the potentially discriminatory Nest eligibility criteria in our [response to The Equality and Social Justice Committee's consultation on the Warm Homes Programme](#) (p. 4). People above 75 years old are subject to a savings threshold on the scheme, which is not in place for any other age group on the scheme.

⁵ https://files.bregroup.com/bretrust/The-Housing-Stock-of-the-United-Kingdom_Report_BRE-Trust.pdf (p.3)

Decarbonisation of heat and transport will fundamentally transform how some consumers use energy. Digitalisation of the energy sector, better access to data and new technologies will also drive the development of new, innovative products and services, which will radically change how some consumers engage with their energy use.

More information needs to be made available about how Ofgem will not unfairly exclude older people who are unable or unwilling to join the mass digitalisation of the market from its benefits. We have already seen problems in previously outlined case studies about how our clients are ignored by their suppliers, and continued digitalisation of the market cannot be met at the expense of people who do not switch. Any clients who remain on 'legacy' energy solutions must have the same protection and benefits as those who choose to move to smarter solutions. We have already seen this is not the case in the two incidents already outlined, as well as the continued vulnerability of consumers on legacy prepayment meters. This is especially true in light of price cap increases which unjustly places more financial pressure on these prepayment customers.

Point 4: Low Carbon Infrastructure

For both the BUS and any eventual rollout of Hydrogen pilot schemes, we ask for a commitment from Ofgem that any approach needs to not leave anyone behind. If suppliers and networks pick the households and areas they deem 'the easiest', then eventually only 'difficult' areas will be left. These households could potentially remain fossil-fuel reliant for many years until these areas are targeted, which would be unjust to the occupants and be at odds with UK and Welsh Government net zero targets. Any KPIs or targets on these schemes should be geography-based and not numbers-based to get ahead of this issue and counteract it. For example, suppliers could be targeted with decarbonising 97% of homes in a certain area in 10 years, instead of simply being tasked with decarbonising a specific number of homes in a set timeframe. This approach should be consistent across any environmental or social schemes, and not just for hydrogen or heat pump rollout.

Hydrogen

In relation to this point, the Forward Work Programme mentions Hydrogen numerous times. Hydrogen technology is still in its infancy, and hydrogen-ready boilers and other heating technology currently non-existent. While many modern boilers can run on blended Hydrogen, this would not be a sufficient replacement for gas in the long term and any hydrogen network needs to be exclusively green, renewable hydrogen.

The fact that hydrogen boilers are in their infancy and currently not a popular choice means that they are financially inaccessible to many households. Funding should be made available to these households prior to the wider rollout of hydrogen so that everyone across Wales and the UK can enjoy the benefits.

Heat Pumps

As aforementioned, it is paramount that the BUS and any other scheme to move people to heat pumps or other greener heating technology does not create a postcode lottery across Wales and the UK. Older and rural houses – which are more common in Wales than other parts of the UK – cannot be left behind by schemes to deal with ‘easier’ properties first. Rural properties that are off the gas grid lend themselves to other renewable solutions, such as solar and wind power, so these must be considered in any decarbonisation schemes.

Additionally, while the Programme says that the BUS is a “capital” scheme, so we assume loans will be given directly to households to do what they wish, a list of accredited, trusted installers with the correct tools and qualifications that specialise in heat pumps should be created and made available. Where heat pumps are an inappropriate choice for a property, installers should make the occupants aware, and wider advice and information on heat pumps should be made available to any scheme applicants before the work is undertaken.

Point 5: Full Chain Flexibility

We are particularly concerned with Ofgem’s aims to create and implement a “smart and flexible energy system”, and we are not sure how this aim marries up with the BUS or wider UK net-zero aims. In this case, the pressure to ensure “flexible” electricity use and thus avoid investment or growth in the national grid – which is likely to be sorely needed to meet net zero aims, and to implement a gradual change and avoid over-reliance on any future hydrogen network – seems to be placed on consumers in this plan. Additionally, without increased funding and innovation in the national grid, the move to more electricity in domestic heating for the UK’s homes could lead to an increase in electricity prices: if we are unable to produce enough renewable electricity domestically, then the UK will have to rely on more electricity from overseas. This reliance could lead to a new crisis, similar to the current gas market crisis, whereby electricity becomes more and more expensive for people across the UK.

Investment in the National Grid, alongside rollout of green domestic electricity generation technology such as solar panels so that people can manage their own electricity will be key to ensuring the security of people across Wales and the UK, as well as avoid a fractured and volatile market.

The Forward Work Programme cannot rely on customers alone to be responsible for ensuring this flexibility in the marketplace. The Programme outlines the potentiality of using smart meters to monitor peak times, and charge consumers more for electricity used in these periods. This will not only discourage rollout of smart meters and wider digitalisation of the market, but also likely rely on new tariffs to enforce the differing charges.

The creation of these tariffs will also mean that everyone ends up using more electricity at the same time, which we believe is counterintuitive to the proposed market flexibility. New tariffs and the potential enforcement of peak and off-peak times is also counterintuitive to Ofgem's wider aims to protect consumers: more vulnerable people will monitor and likely severely restrict their energy use during peak times in favour of cheaper off-peak prices. Alternatives need to be made available, including the reinstatement of social tariffs as we have already outlined.

We have already seen the effect that peak/off-peak tariffs can have on vulnerable consumers: Economy7 tariffs caused huge debt problems for consumers when they were first introduced and continue to do so for consumers that take them on, especially as they are primarily targeted at apartments and flats, many in the private rented sector are affected by these tariffs and a lack of information on how to properly utilise them. Any drives around peak/off-peak electricity use and subsequent tariffs need to be properly regulated, and suppliers need to follow up with customers and include assessments of how well these kinds of tariffs are suited to them. Suppliers also need to be wary of high bills, and flag these to the customer to provide help and advice on how to avoid continuing high bills. If suppliers want to provide and push these tariffs, then Ofgem and suppliers need to invest in holistic support to ensure these tariffs work as they should and support vulnerable consumers, and not just those on means-tested benefits who may already qualify for other help.

We also ask for an explicit commitment from Ofgem that "increased operational flexibility" to achieve Net Zero needs to adhere to vulnerable consumer guidance and licence expectations. Flexibility should not give licence to suppliers to duck responsibility for their vulnerable customers to benefit wider Net Zero aims.

Point 6: Data and Digitalisation

Benefits resulting from increased data collection and sharing – assuming this data comes from smart meters and wider digitalisation of the market – will have to be passed to those consumers who are unable or unwilling to have smart meters fitted.

We have raised concerns with the smart meter rollout in relation to suppliers, and hope these issues are resolved.