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# Ofgem's Forward Work Programme 2024/25 Consultation – Sense response

9<sup>th</sup> February 2024

## About Sense

Sense is a national disability charity that supports people with complex disabilities to be understood, connected, and valued. Sense supports children, young people, and adults in their home and in the community. Sense campaigns passionately for the rights of the people it serves and offers practical help and support to families and carers, including information and advice, short breaks, and family events.

Sense welcomes the opportunity to respond to Ofgem's Forward Work Programme for 2024/25, and would be happy to follow up directly on any specific points. Sense would also appreciate being able to join Ofgem's monthly charities and consumer calls as we believe our unique insight into households with complex disabilities would be useful to Ofgem.

**For more information or to follow up any of the points raised in this submission please contact** Tom Marsland - Policy and Public Affairs Manager

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## Who does Sense support?

Sense supports people with complex disabilities including those who are deafblind. Our research shows that there **are 1.6 million people with complex disabilities living in the UK today; just over 318,000 of these are children.**<sup>1</sup> People with complex disabilities tend to have two or more of the following conditions: deaf or hearing impairment, blind or vision impairment, learning disability or autism. They may have other needs as well. These needs may be with a person from birth, or following illness or injury, or they may develop with age.

The people with complex disabilities we represent often require significant or constant care and support from family members or social care, including support with personal care.

Many of the people we support are also deafblind, including individuals with congenital deafblindness, and also those who are visually impaired or Deaf or Hard of Hearing who then acquire an additional sensory impairment. While those who have acquired deafblindness tend to have less complex care needs, they are still likely to have communication needs which require the right support.

## Areas of focus for Ofgem

It is welcome that Ofgem has an objective around ensuring that vulnerable customers are protected. Within that there are some key areas listed below that we believe Ofgem should focus on.

### **Principles versus prescriptive regulations:**

In recent years Ofgem has moved to a more principled based regulation approach to the retail energy market. Whilst we understand the reasoning for this – to encourage competition and innovation – we do not feel this is appropriate for regulations around vulnerability. This is too important an area to left to supplier interpretation, and there needs



to be clear direction and regulation from Ofgem around what is expected of suppliers when it comes to customers in vulnerable circumstances, which includes households with complex disabilities. Therefore Ofgem should focus on prescriptive regulations for suppliers regarding vulnerability.

### **Prepayment meters:**

Direct debit customers have regularly been able to receive cheaper energy deals compared to those who pay by pre-payment or standard credit. Ofgem attempts to equalise costs across these payment types are welcome<sup>1</sup>, as financially vulnerable households are more likely to be paying by pre-payment or standard credit. This includes 28% of people with complex disabilities who are on pre-payment meters<sup>2</sup>.

Furthermore, the issue of affordability vastly outweighs that of deterring fraud and theft. Forcibly switching people to pre-payment has caused serious harm, as highlighted by numerous media stories throughout early 2023.

Whilst Ofgem has introduced new rules designed to protect customers, the actions of some suppliers mean we still have serious misgivings about this practice restarting. It is therefore vital that Ofgem prioritises ensuring that suppliers are adhering to these new rules.

However, at Sense, we do not feel these new rules go far enough. We believe no households occupied by a disabled person should be involuntarily put on a PPM or remote switched to pre-payment mode. No one can afford to have vital medical equipment turned off unexpectedly. Furthermore, Sense believes that all disabled households who have had

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<sup>1</sup> Levelling the cost of standing charges on prepayment meters. Ofgem. <https://www.ofgem.gov.uk/publications/levelling-cost-standing-charges-prepayment-meters>

<sup>2</sup> Sense, Continuing impact of cost of living on people with complex disabilities, November 2023, available at <https://www.sense.org.uk/about-us/statistics/the-continuing-impact-of-cost-of-living-on-people-with-complex-disabilities/>



a PPM forcibly installed should be able to have their PPM uninstalled immediately or smart meter put back into credit mode and receive adequate compensation.

### **Standing charges reform:**

Currently standing charges are not set in a way that progressively funds the fixed costs of supply, so Sense is not currently opposed to reform of standing charges. However, caution must be taken if moving standing charges into the volumetric (unit) costs is taken forward, which is being proposed by some suppliers, consumer groups, and charities.

Whilst Ofgem believe that reducing standing charges and moving them into volumetric (unit) costs will be progressive overall<sup>3</sup>, with higher benefits for those on lower incomes, some customers would see their bills increase. Worryingly, this would include people with disabilities or long-term health conditions, and in particular those reliant on at-home medical equipment. It is therefore vital that mitigations would need to be put in place to ensure that any reform does not negatively impact these groups, and Sense will be monitoring developments in this area.

Options that Ofgem could explore include:

- Removing standing charges for disabled households, in particular for those using home medical equipment.
- An exemption or reduction for disabled households, especially those using home medical equipment, if volumetric charges are introduced.

### **Priority Services Register:**

We welcome Ofgem's stated aim to "work to expand the scope and effectiveness of the Priority Services Register, promoting the sharing of information across sectors to help energy companies to identify vulnerable consumers". Any work that increases the number

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<sup>3</sup> Ofgem, 2023. Standing Charges Call for Input. Ofgem. <https://www.ofgem.gov.uk/publications/standing-charges-call-input>.



of households with complex disabilities on a supplier's and network's PSR would be beneficial, as would work to create a 'One PSR' data sharing approach across energy and water. Ofgem should be further encouraging utility companies to work towards this, with regulation if necessary.

A vital aspect of the PSR that can often be neglected however is the level of services disabled people on the PSR receive. The aim for energy suppliers, and networks, should not simply be to grow PSR numbers, but also ensure that customers on the PSR are receiving a good level of appropriate service for their needs. We would encourage Ofgem to put greater focus on this aspect of the PSR.

### **An Energy Social Tariff:**

Sense believes that fundamental change is needed to make sure that disabled people can always afford their bills. That is why we support the introduction of a social tariff for energy to support disabled people who have long faced higher energy bills. This may be, for example, because they need to run energy-intensive equipment such as powered wheelchairs, feeding machines and ventilators.

Whilst Ofgem does not have the power to introduce a social energy tariff, if one were to be introduced then Ofgem would be responsible for implementation and monitoring of it. We also note there has been previous Ofgem support for an energy social tariff, and given Ofgem's influence we would be keen to see this continued.

Our research found that the majority of people with complex disabilities (86%) felt a social tariff would help them with their energy costs.<sup>4</sup> This would mean discounting the cost of energy use for specific groups, such as low-income households and disabled people, who face specific barriers to affording energy bills.

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<sup>4</sup> Sense commissioned a UK wide poll of 1,002 people with complex disabilities by Censuswide between 24th to 31st August 2023.



An energy social tariff should be funded by the Government directly, rather than through energy bills. This would ensure a fairer and progressive funding mechanism, and therefore avoids the cost being put directly onto already struggling bill payers.

In addition, Sense believes that an energy social tariff should have the following key components:

- Be a reduced unit price for gas and electricity, rather than a set discount amount.
- Be in addition to the Warm Home Discount and the energy price cap.
- Be mandated across all suppliers and be universal and consistent across the country – we do not want families to be exposed to postcode lotteries or complex negotiations with individual energy suppliers.
- Reduce costs for consumers (i.e. always be set below the current cap/guarantee).
- Not have any mid-contract price rises.
- Have no early termination charges, either for moving onto or off the social tariffs.
- Be mandatory for all electricity and gas companies to provide for people on all benefits, including PIP, Universal Credit and legacy benefits.
- Be available for those on pre-payment meters, as 28% of people with complex disabilities are on pre-payment meters<sup>5</sup>.
- As much as possible, eligibility should be automatic, removing the need for families to navigate complex application processes. We would like to see eligibility using key benefits such as PIP/DLA as a gateway into the system.
- As well as automatic eligibility, we believe that there should be other routes onto the tariff, including self-referrals and referrals from others (e.g. GP or social care professional). This is important to ensure that people do not fall through the gaps.

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<sup>5</sup> Sense commissioned a UK wide poll of 1,002 people with complex disabilities by Censuswide between 24th to 31st August 2023.



- We do not believe that eligibility should be based on diagnosis or medical condition. This would be too restrictive and would not reach the vast numbers of people who need support.
- The discounts should be available before payment and not as rebates. We know that before the cost of living crisis hit, nearly 7 in 10 people with complex disabilities (69%) had less than £1,500<sup>6</sup> in savings to rely. It is likely that two years on from when cost of living crisis hit disabled people are now in a more financially vulnerable position.

There is precedent for schemes similar to this. There is a broadband social tariff for people in receipt of benefits. The WaterSure scheme also caps water bills for people who are either: on means tested benefits; have a medical condition that requires extra water; or have three or more children at the property<sup>7</sup>.

A consultation on an energy social tariff has been promised by the Department for Energy Security and Net Zero but now appears to have been shelved by the Government. We would like to see this decision reversed, and Ofgem pressure may help with this. This is especially frustrating as around one in seven (15%) households in the UK with someone with a disability or long-term health condition - the equivalent of 2.1m households - are experiencing fuel poverty this winter. An energy social tariff would have lifted 1.4m of them out of fuel poverty – a reduction of around 66%<sup>8</sup>.

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<sup>6</sup> Sense, Continuing impact of cost of living on people with complex disabilities, November 2023, available at <https://www.sense.org.uk/about-us/statistics/the-continuing-impact-of-cost-of-living-on-people-with-complex-disabilities/>

<sup>7</sup> <https://www.thameswater.co.uk/help/account-and-billing/financial-support/waterhelp>

<sup>8</sup> With an energy social tariff, around 1.4. households in the UK with someone with someone with a disability or long-term health condition would not have been experiencing fuel stress this winter; a reduction of around 66% (i.e. a third of households in the UK with someone with a disability or long-term health condition experiencing fuel stress this winter would not have with an energy social tariff in place).

## Annex: Evidence – Sense’s research on the impact of the cost of living crisis on people with complex disabilities

The rising cost of living remains an important issue for people with complex disabilities. Sense’s recent research and polling, including our 2022 Cost of Living Research and Potential and Possibility research, has consistently found that people with complex disabilities are financially struggling.

Even before the cost-of-living crisis, disabled people faced higher living costs, ongoing costs can include:

- Higher energy bills, because, for example, they need to use more heating to keep warm, or because they run expensive medical equipment in the home.
- Specialised dietary needs.
- The use of specially adapted taxis or other types of transport.
- Large one-off costs, such as when buying a powered wheelchair or paying for adaptations to be made to their home.

Sense research found that, even before the cost-of-living crisis: <sup>9</sup>

- Almost seven in ten (69%) people with complex disabilities had less than £1,500 in savings. That compares to over half of people with another disability and a third of those with no disability.
- Almost a quarter (24%) of people with complex disabilities were unable to keep their home adequately warm, compared to less than one-tenth of those with a different disability, and 3% of those who were not disabled.
- Disabled people generally were three times more likely (13%) to be behind on bills or debts than those with no disability (4%).

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<sup>9</sup> Sense, Complex disabilities and the cost of living, October 2022, available at <https://www.sense.org.uk/about-us/statistics/complex-disabilities-cost-of-living-sense-natcen-research-briefing/>





Research conducted by Sense found that the cost of living crisis had further exacerbated people with complex disabilities' finances.<sup>10 11</sup> We found that:

- 7 in 10 people with complex disabilities (70%) were worried about how they would cope financially over the winter months.
- 68% of people with complex disabilities were worried about having to eat fewer meals to reduce food costs during the winter months.
- Almost 6 in 10 (59%) people with complex disabilities are most concerned about their spending on energy bills followed by food (51%) and rent (32%).
- 70% of people with complex disabilities are worried about keeping their home adequately warm.
- 66% of people with complex disabilities were constantly worried about how they would pay their bills.
- 57% were turning their heating down or off because of the rising cost of living.
- Similarly, 71% of people with complex disabilities were worried they would have to reduce heating in their home.

## **Sense's support for people with complex disabilities during the cost of living crisis**

Given the disproportionate impact of the cost-of-living crisis on people with complex disabilities, in 2020, for the first time since our organisation began, we felt compelled to step in and provide direct financial support to the families we deliver services with and for. This was not a decision we took lightly, but we felt we had to act where the Government did not. Our experience of doing this has informed this response.

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<sup>10</sup> Sense, Continuing impact of cost of living on people with complex disabilities, November 2023, available at <https://www.sense.org.uk/about-us/statistics/the-continuing-impact-of-cost-of-living-on-people-with-complex-disabilities/>

<sup>11</sup> Sense commissioned a UK wide poll of 1,005 people with complex disabilities by Censuswide between 2 October to 9 October 2023



To do this Sense partnered with Turn2Us to distribute grants to disabled households who used Sense services and who were facing profound financial hardship. We initially provided families with £500 but issued a further payment of £250 after Christmas as feedback showed the crisis was continuing. This fund was for disabled children and adults with complex disabilities, who are living with their families, on low incomes and struggling to pay for their essentials.

## Who we helped

The majority (69%) of the households we helped were families with disabled children. 21% of households lived with a disabled young person and 10% with a disabled adult.

- 81% of the families received of carers allowance.
- 43% lived in social housing.
- 62% of the families we supported had a net income level of £18,000 or less.
- Over 95% of families were on a means-tested benefit.
- 83% of the grant recipients were people who access a Sense service. The remaining 17% were referred from seven partner charities.

## People used the grant for essentials

The majority of recipients needed the money for **energy bills (59%) and food (55%)**

- 27% of recipients used the money for clothing or bedding,
- 18% for family activities,
- 17% for household goods,
- 16% for sensory toys or equipment.

Sense's fund gave disabled households some desperately needed support, but it isn't a solution to the wider problem.



Sense launched and awarded two further rounds of grants in 2022 and 2023 for vulnerable families with disabled children through our Cost of Living Support Fund. We found that:

- Those who accessed the fund used the grant to pay for essentials including energy bills and food.
- In 2023, 76% of recipients of the fund needed the money for energy bills, higher than the first round of the fund in 2022 (59%) highlighting the continued financial difficulties faced by families with disabled children<sup>12</sup>.

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<sup>12</sup> Sense, What was the impact of our Cost of Living Support Fund?, October 2023, available at <https://www.sense.org.uk/about-us/our-impact/what-was-the-impact-of-our-cost-of-living-support-fund/>