



ofgem

Fuel poverty action programme

- to improve identification and
targeting of existing help to
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Ofgem convened a Summit on 23 April 2008 chaired by Sir John Mogg and held at Central Hall Westminster. The summit brought together Ministers, government officials, energy suppliers and consumer organisations to agree a programme of practical action to improve targeting of existing help to those in fuel poverty and help more vulnerable energy consumers participate more effectively in the energy market.



Fuel poverty is part of a wider problem of poverty and social exclusion caused by a combination of high energy prices, low incomes and poor housing conditions. Given such wider causes, there will inevitably be a limit to the role that the regulator and industry can play in tackling fuel poverty. But at a time of rising energy prices it is vital that every effort is made to ensure the help that is available reaches those most in need.

The focus of the summit was primarily on the **tariffs and assistance provided by suppliers**, including the £225 million additional help agreed by suppliers in the March Budget, and how others could play a part in **ensuring that this assistance reaches those who need it**. Ofgem is also currently carrying out an energy supply markets probe that is considering a number of issues related to whether the market is working well for all energy customers. The issue of **prepayment and standard credit differentials** is being explored intensely as part of the probe.

At the Summit, and in subsequent discussions, a number of **key initiatives** were agreed. These fall under our key themes and are set out in this fuel poverty action programme. The action programme will be reviewed by Ministers and Ofgem at a meeting in October. **Ministers are also planning further cross-Government discussions on fuel poverty.**



The Fuel Poverty Action Programme and its **four themes** contains a range of key initiatives that will be taken forward during the next few months as part of this Action Programme:



Theme I:

Improve the way we identify and target those in fuel poverty so that the available help is directed to those who most need it

- A **pilot by eaga and suppliers** to help ensure households susceptible to fuel poverty are on their suppliers best tariff given their circumstances. This may be their social tariff. The pilot will involve 3000 households (increased in scale as a result of summit discussions).
- DWP, BERR, Defra and suppliers ramping up their discussions on **data sharing**, with a view to developing a workable model that will help suppliers to provide targeted help in reducing fuel costs for the poorest pensioners most likely to be in fuel poverty. DWP are exploring the use of legislation to enable this to happen.

Theme II:

Ramp up the level of help available from suppliers to those at risk of fuel poverty

- Ofgem is currently consulting on the parameters for what can be included under the spend that suppliers have agreed for social assistance over the next three years, and will be monitoring this on an on-going basis.

Theme III:

Provide support so that vulnerable customers are able more effectively to use the energy market to get the best deal

- A **national roll out of the Ofgem/CAB initiated Energy Best Deal campaign** to be funded by BERR.
- A commitment from suppliers to provide **better information and advice** to caring and consumer agencies about social tariffs and help available, including via new dedicated phone advice services.
- New commitments from suppliers to 1) consider how they can best **work with advice agencies** such as CAB and Money Advice Trust on plans to improve training and information to advisers on the help available to customers facing energy debt and in fuel poverty 2) review the targeting of their social programmes, for instance through the **proactive interrogation of their customer records**, and report to Ofgem indicating the most useful approaches they have developed.
- A **commitment from the market leading switching site providers** to promote their telephone advice services to help customers who do not have internet access shop for a better energy tariff.

Theme IV:

Ensure that tariff differentials for different payment methods are fair and justified

- On **prepayment meters** Ofgem is investigating under its energy supply markets probe the need for further measures to curb the largest premiums, and to address the problem of some customers switching to more expensive PPM providers. An open letter seeking evidence on the latter was published on 30 May 2008.
- Ofgem is launching a **regional press campaign** to highlight the savings that customers can make by switching, naming those suppliers who are the most expensive for people who pay by PPM or standard credit.

Further detail about the Summit, outlining in more detail the rationale behind the initiatives being taken forward in the action programme, is available at <http://www.ofgem.gov.uk/Sustainability/SocAction/Publications/Documents1/Action%20Programme%20for%20Energy%20Summit.pdf>

Fuel Poverty Action Programme

Theme I: Improve the way we identify and target

Commitment	Key milestone	Target date	Owners
(A) Data sharing			
DWP, BERR, Defra and suppliers have ramped up their discussions on data sharing with a view to developing a workable model that will help energy suppliers to identify pensioners more likely to be in fuel poverty and so target their social programmes more effectively.		A parliamentary and press announcement will be made shortly	DWP, BERR Defra, Suppliers
(B) Reaching those most susceptible to fuel poverty			
A pilot exercise, funded by suppliers: eaga will contact a sample of 3,000 customers about the benefits of being on the most appropriate tariff and offer to transfer a customer to their supplier for more advice and help. Suppliers will check and confirm that the referred customer is on the best tariff given their circumstances, which may be the suppliers' social tariff, and offer any other appropriate help.	Pilot launched	1 June 2008	eaga / Suppliers
	Review of pilot	October 2008	Defra
	Decision on full rollout	End October 2008	Suppliers, eaga, Defra, BERR, Ofgem
Warm Zones will consider whether they can play a similar role to eaga in referring customers to their supplier for advice and help.	Warm Zones review eaga pilot	End October 2008	Warm Zones
(C) Suppliers to provide greater visibility of their offers			
To facilitate the role of advice organisations, switching sites and other intermediaries in making information available to their clients about suppliers' social tariffs and other assistance, suppliers will improve the transparency of their offers.	Suppliers to update their websites to include clear information about their social tariffs and programmes, including eligibility criteria	Summer 2008	Suppliers
	Intermediaries to use these details to provide information on their own websites and other materials	Summer 2008	Consumer agencies, switching sites
A direct phone number to be provided by each supplier to route trusted intermediaries' calls to a specialist team able to provide help and information for customers who are vulnerable or in fuel poverty. On referral from the intermediary, that team will examine and verify whether the customer is on the best tariff available to them given their circumstances and offer other help where appropriate.	Suppliers develop protocol for referral arrangements and agree contact details for referral point	July 2008	Suppliers
	Contact details published and circulated to agreed intermediaries	September 2008	Suppliers, consumer agencies
	Review of referral arrangements to ensure effectiveness	March 2009	Suppliers, consumer agencies

Theme I: Improve the way we identify and target continued

Commitment	Key milestone	Target date	Owners
A review of the effectiveness of the Home Heat Helpline.	Suppliers jointly reach agreement on whether or not to continue funding the Home Heat Helpline	July 2008	Suppliers, ERA
(D) A key role for intermediaries			
Key consumer groups to renew their efforts to make information about switching and social programmes available to their advisors and clients.	Ofgem to provide materials to Money Advice Trust and other consumer agencies	June 2008	Ofgem
	Consumer agencies to review materials and assess how these can best be disseminated and used in their front line work with customers	Summer 2008	Money Advice Trust and other consumer agencies
Suppliers to consider how they can best work with advice agencies to improve training and information to advisers on the help available to customers facing energy debt or in fuel poverty.		Summer/ Autumn 2008	Suppliers, consumer agencies
Switching sites to review how they can provide more targeted information to vulnerable customers, signposting them to the range of help available.	uSwitch, Switch with Which?, Moneysupermarket to take forward initiatives	On-going	Switching sites
(E) Area based initiatives			
Warm Zones to continue work with local and central Government and suppliers to seek to build on existing area based initiatives.		On-going	Warm Zones



Fuel poverty is part of a **wider problem** of poverty and social exclusion caused by a combination of high energy prices, low incomes and poor housing conditions.

Theme II: Ramp up the level of help

Commitment	Key milestone	Target date	Owners
(F) Delivering on the budget commitment			
Suppliers have agreed to increase their collective expenditure on social assistance to a level of at least £150 million by the financial year 2010-11 – an increase of £225million over the next three years.	Ofgem publish final framework including eligibility criteria	June 2008	Ofgem
	Ofgem publishes report on 2007/8 social spend	Autumn 2008	Ofgem
Ofgem has agreed to lead a process to set the parameters for what can be included under this spend.			
(G) Supplier best practice			
Each supplier will review the targeting of its social programmes and report to Ofgem indicating the most useful approach it has developed.	Suppliers to review their current targeting, plans for future targeting, and any lessons learnt	Summer 2008	Suppliers
	Suppliers report to Ofgem on their targeting as part of framework for 2008-09	June 2009	
	Ofgem publish examples of best practice	Autumn 2009	Ofgem

Theme III: Provide support in effectively using the market

Commitment	Key milestone	Target date	Owners
(H) Improving switching sites accessibility			
Information on switching supplier to be more accessible to vulnerable customers, through a variety of means, not just through the Internet.	uSwitch, Switch with Which? and Moneysupermarket to continue to publicise their call centres as an alternative to the Internet.	Ongoing	Switching sites
	Switch with Which? to explore providing face to face advice by running 'switching days'	Summer 2008	Switch with Which?
Switching sites and suppliers to work together to enable more PPM switching on-line.	Suppliers to seek to reach agreement to enable more on-line switching for prepayment meter customers	Autumn 2008	Suppliers, switching sites
	Switching sites to proactively seek agreements with those suppliers that they don't currently have deals with	Autumn 2008	USwitch, Switch with Which?, Moneysupermarket
Ofgem and new NCC to review the Confidence Code for the switching sites with a view to including a requirement for specific support to be provided to vulnerable customers.	Review existing code and discuss with switching sites	Autumn 2008	New NCC, Ofgem

Theme III: Provide support in effectively using the market continued

Commitment	Key milestone	Target date	Owners
(I) Taking forward the consumer education role			
Ofgem and new NCC to work together to take forward the key elements of the consumer information and education work previously undertaken by energywatch.	Agreement of respective roles	Summer 2008	Ofgem, new NCC
	Workshop with intermediaries and consumer groups to discuss content and format of customer information	Autumn 2008	
(J) Using trusted intermediaries			
A national roll out of the Ofgem/CAB initiated Energy Best Deal campaign to be funded by BERR. This will fund around 280 sessions for a wide range of front line advice workers and vulnerable customers as part of the CAB's financial capability work.	Scope of the national roll out agreed, incorporating lessons learnt from the pilot	Summer 2008	CAB, BERR, Ofgem
	Rollout of sessions commences	Autumn 2008	CAB, Ofgem
	Evaluation of the national roll out completed	March 2009	CAB, BERR
A QuickQuote developed by uSwitch, will allow trusted intermediaries to more easily give tariff advice.	uSwitch meets with interested consumer agencies who will decide whether and how to use a tailored QuickQuote tool	Summer 2008	uSwitch, consumer agencies

Theme IV: Ensuring tariff differentials are fair and justified

Commitment	Key milestone	Target date	Owners
(K) Compliance with existing legislation			
Ofgem will ensure that suppliers comply with existing licence and other obligations.	Formal investigation into a potential breach of the marketing licence condition by npower	April 2008 (investigation launched)	Ofgem
(L) Possible new licence obligations			
EU directives require that any difference in terms and conditions for different payment methods should reflect the costs to the supplier of the different payment systems. In light of the emerging evidence on differentials, Ofgem is discussing with BERR how this could be better reflected in suppliers' licences.	Ofgem and BERR agree way forward	Summer 2008	Ofgem, BERR
	Ofgem will seek further evidence on the issue of customers switching to more expensive providers and seeking views on possible actions that could be taken to address this. Possible actions could include a requirement on suppliers to alert customers where they are switching to a more expensive supplier.	Ofgem publishes open letter seeking evidence	May 2008
	Ofgem publishes conclusions and recommendations on way forward	September 2008	Ofgem

Commitment	Key milestone	Target date	Owners
(M) Press campaign Ofgem will continue to run a press campaign outlining the savings that any customers paying by prepayment and standard credit can make by switching supplier or payment method.	Regional press campaign highlighting those suppliers that are more expensive for customers paying by prepayment and standard credit	May 2008 onwards	Ofgem
(N) Market probe to consider need for further action Ofgem to look further, as part of its energy supply markets probe, at tariffs for prepayment customers and those who do not pay their energy bill by direct debit.	Ofgem publishes initial findings and next steps	September 2008	Ofgem

If you have any questions about this action programme or about Ofgem's work on fuel poverty, please contact:

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