

Ms. Claire Tyler  
Consumer Policy and Insight  
Ofgem  
9 Millbank  
London  
SW1P 3GE

30<sup>th</sup> November 2012

Dear Ms. Tyler

## **OFGEM VULNERABLE CONSUMERS STRATEGY CONSULTATION – SFHA RESPONSE**

I am writing to provide the SFHA's response to the above consultation.

As the national representative body for housing associations and co-operatives housing associations and co-operatives in Scotland, the SFHA welcomes the opportunity to respond to the Ofgem consultation on a new Strategy for Vulnerable Consumers. We have discussed the consultation with our members, and this response reflects those discussions.

### **Background**

- Housing associations and housing co-operatives in Scotland own and manage 46% of the country's affordable rented housing stock. This represents 274,996 homes across Scotland, concentrated in some of the poorest communities in our country.
- Housing associations and co-operatives have been working to provide, manage and maintain housing throughout Scotland since the 1960s and have a track record of making a significant contribution to improving housing for the people of Scotland.

### **Housing Associations and Co-operatives and Energy Efficiency and Fuel Poverty**

- Housing associations and co-operatives in Scotland have a history of leading on energy efficiency and in addressing fuel poverty. They continue to have the most energy efficiency housing in Scotland of all sectors.<sup>1</sup>

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<sup>1</sup> Scottish Government (2011), *Scottish House Condition Survey Key Findings*, figure 10. Available at <http://www.scotland.gov.uk/Publications/2011/11/23172215/0> (accessed 30<sup>th</sup> November 2012)

- At the same time, like all consumers, housing association and co-operative tenants have been effected by recent above inflation rises in domestic fuel prices
- While our members have the most energy efficient homes in Scotland, they are also likely to house some of the poorest people in society, meaning that they are likely to suffer from fuel poverty
- The nature of housing associations and co-operatives and the fact that they house people most in need also means that a high proportion of their tenants are likely to fall into the categories which Ofgem defines as constituting the groups that make up “vulnerable consumers” – pensioners, people with a disability, the chronically sick, people on low incomes and people living in rural areas.

## Scottish Context

Due to its geographic location, people in Scotland experience longer, colder winters than the rest of the UK. This means that Scotland has longer heating seasons than the rest of the UK and it costs more to heat the same house in Scotland than it would in the south of England. A study by Energy Action Scotland found that it could cost a family living in the north of Scotland 68% more to heat their home than for an equivalent household living in a similar house in the south of England<sup>2</sup>.

Scotland has a high proportion of hard to treat properties. These are properties where low cost solutions to improving energy efficiency such as cavity wall insulation and loft insulation are not appropriate, for example, buildings with solid stone walls such as traditional tenements, multi-storey flats and timber frame buildings built prior to 1982. The Existing Homes Alliance Scotland, of which SFHA is a member, estimates that one third of Scottish homes are hard to treat<sup>3</sup>

Scotland also has a high proportion of properties that are off the gas network: 541,000 households in Scotland do not have gas heating, with 21% of households in Scotland off the gas grid<sup>4</sup>. Households that do not have access to mains gas are much more

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<sup>2</sup> Energy Action Scotland, (2008), *The Wrong Direction: How UK Fuel Poverty Policy Lost Its Way*. Available at [http://www.theclaymoreproject.com/uploads/associate/365/file/EAS%20Publications/UK\\_Fuel\\_Poverty\\_Monitor\\_2008.pdf](http://www.theclaymoreproject.com/uploads/associate/365/file/EAS%20Publications/UK_Fuel_Poverty_Monitor_2008.pdf) (accessed 30<sup>th</sup> November 2012)

<sup>3</sup> Existing Homes Alliance Scotland, (2011) *Declaration*. Available at [http://www.existinghomesalliance.org.uk/scotland/declaration\\_scot.php](http://www.existinghomesalliance.org.uk/scotland/declaration_scot.php) (accessed 30<sup>th</sup> November 2012)

<sup>4</sup> Office of Fair Trading, (2011), *Off Grid Energy; An OFT Market Study*. Available at <http://www.offt.gov.uk/OFTwork/marketswork/completed/off-grid/#named2> (accessed 30<sup>th</sup> November 2012)

likely to experience fuel poverty than households who do, because of the higher costs of other fuels.

### **SFHA Response to the Review and Proposals**

For the above reasons, it is important for the SFHA, its members and their tenants that as much support as possible is available to vulnerable consumers. We would particularly suggest that the following ideas be explored and developed further

- Provision of face to face advice services funded by utilities – we know from discussions with members and partners that many vulnerable people will engage better with face to face advice. Many will not be comfortable discussing issues such as fuel tariffs or energy efficiency over the phone and they may not well have access to the internet. For these reasons we think it is key that a well resourced face to face service is funded through utility companies, although it may be that the most appropriate companies to provide the advice are, for example, charities that provide energy advice.
- Active promotion of good practice amongst utilities – in an effort to encourage utilities to go beyond the statutory minimum we believe that it would be a positive approach if Ofgem set up a website that highlighted examples of best practice in addressing the needs of vulnerable consumers, with case studies from around the country giving illustrative examples of best practice.
- In Scotland, as mentioned above, there is a high proportion of off gas properties in rural areas. Given the high incidences of fuel poverty in such areas, we would encourage Ofgem to highlight opportunities to address fuel poverty amongst vulnerable consumers in off gas areas through the use of renewables. In our view Ofgem has a role to play in highlighting these opportunities and promoting renewables as a solution.

I hope that you find the above useful and I look forward to the SFHA working with Ofgem in the future as you develop your strategy for Vulnerable Consumers.

Yours Sincerely

David Stewart  
Policy Manager