



Consultation on PSR: The Children's Society response

Introduction

The Children's Society has helped change children's stories for over a century. We expose injustice and address hard truths, tackling child poverty and neglect head-on. We fight for change based on the experiences of every child we work with and the solid evidence we gather.

Through our campaigning, commitment and care, we are determined to give every child in this country the greatest possible chance in life.

Question 1: Do you agree that energy companies should be required to offer non-financial services with the aim of equalising outcomes for customers?

We strongly agree with the requirement to offer non-financial services to vulnerable customers in order to equalise outcomes. However, we are concerned that current vulnerability criteria do not sufficiently focus on families with children.

The PSR should recognise the additional vulnerability that having children leads to in a family, and the priority that families with children require for key services as a result. It is a particular concern that households with children are not eligible for priority provision for advice and support in cases of service interruption. In such cases, support including alternative cooking and heating supplies, is crucial to ensuring that the health and safety of children in the household is secured.

However, we believe that support for vulnerable families should also go beyond the services currently indicated in the PSR. In particular, support should include priority assistance with dealing with energy debts.

Ipsos Mori research conducted in 2013¹ found that 59 per cent of consumers in debt do not receive any further advice from their supplier, despite the fact that suppliers are required by Ofgem to offer energy efficiency advice to consumers in debt where it could help lower their costs. The study found that only 7 per cent are referred to a third party adviser, 7 per cent are told about grants available for energy costs and just 5 per cent are advised about payment holidays.

A survey we commissioned last year reiterated these results. Last winter two-thirds of families with children, around 5 million families, thought they were likely to turn down their heating over the winter because of the cost. Of these, more than half said that they were worried about their children becoming ill because their home was too cold.

¹ <https://www.ofgem.gov.uk/ofgem-publications/75553/quant-psr-research-mori-consumer-vulnerability-strategy-june-2013.pdf>

Recommendations:

- *Energy companies should be required to offer non-financial services with the aim of equalising outcomes for customers, but it should be ensured that definitions of vulnerability include families with children in more cases.*
- *The services offered through the PSR should be extended to include priority assistance with energy debts.*

2: Do you agree that we should continue to prescribe a minimum set of services? Do you support the proposed list of services? What additional services, if any, do you think energy companies should be required to provide?

We strongly agree that a minimum set of services should be provided, and support the proposed list of services. However, we would recommend an additional inclusion in any future consideration for proposed services, including access to priority assistance with energy debts.

The Debt Trap² report from The Children's Society and has highlighted that vulnerable families with children who suffer from debts need access to timely, and expert, financial advice. If this were to be made available it would ensure that any escalating problems with payment or repayment are dealt with as early as possible and that a fair and equitable solution is agreed.

As research from Ipsos Mori in 2013³ showed, vulnerable customers, typically in social grade DE, are less likely to be fully aware of their rights, including the right to negotiate an affordable repayment plan. By ensuring that and vulnerable families with debts have access to the necessary support, we can ensure that the cycle of debt is broken and does not have a negative impact on the lives of children and young people.

Research by RS Consulting⁴ in 2013 found that suppliers could do better at gathering details about consumers' circumstances when agreeing repayment rates. While 59 per cent of consumers are asked what they can afford to pay, substantially fewer find that the supplier explores their situation. Only one-third are asked about any health conditions or disabilities, other debts or if there are people aged over 65 in the household. Just over half of consumers were asked about benefit allowances (58 per cent), employment status (51 per cent) and whether there are any children in the household (50 per cent).

Priority services that could be offered to vulnerable families in energy debt could include:

1. Priority access to debt advice services.

² <http://www.childrenssociety.org.uk/what-we-do/resources-and-publications/publications-library/debt-trap-exposing-impact-problem-debt-ch>

³ <https://www.ofgem.gov.uk/ofgem-publications/75553/quant-psr-research-mori-consumer-vulnerability-strategy-june-2013.pdf>

⁴ <http://www.consumerfutures.org.uk/files/2013/07/Ability-to-Pay-RS-Consulting.pdf>

2. Priority monitoring of energy usage for households on repayment plans in order to ensure households are not self-disconnecting as a result of unaffordable debt repayments.

Recommendation:

- *We recommend that the PSR should provide priority access to assistance with energy debts for vulnerable households.*

Question 4: Do you agree that we should move away from requiring energy companies to provide services to disabled, chronically sick and pensionable age customers to an approach which requires energy companies to take reasonable steps to identify and provide appropriate services to any customer with safety, access or communication needs?

We are broadly supportive of a move towards providing services for a broader range of vulnerable consumers. However, a more explicit recognition of the additional needs of families with children than currently indicated in the Ofgem proposals is required. Without this, many vulnerable families with children are likely not to be identified by energy suppliers.

Particular regard should be made to the needs of families to additional support to protect the health and safety of children in the home, such as access to alternative cooking and heating facilities during a service interruption.

Recommendation:

- *We recommend that the definition of vulnerable customers be extended to explicitly include families with children, particularly with regard to additional priority services in cases of service interruptions.*

Question 12: Do you agree that a guidance document would help advice providers and raise awareness? Who should produce this document?

We agree that a guidance document would help to raise awareness of the PSR. We believe that this document should be used as a key opportunity to outline the particular vulnerabilities faced by families with children.

Recommendation:

- *We recommend that a guidance document should be produced and that this should be the responsibility of Ofgem in consultation with energy companies.*

Question 13: What more can be done to raise awareness of priority services?

We believe that energy companies should take a proactive approach to identifying and contacting families to let them know about the different services that are available to them.

For example, monitoring of energy usage of customers who have recently been placed on a debt repayment plan, would help to ensure that families are not self-disconnecting as a result of

unaffordable repayments. By identifying such vulnerable families, priority services could be offered to them.

Recommendation:

- *We recommend that energy companies extend their definition of vulnerable customers to include families with children, and proactively contact the most vulnerable of these families to let them know of the additional services that are available to them.*

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