

Ofgem  
10 South Colonnade  
London  
E14 4PU

## **Draft Consumer Vulnerability Strategy 2025**

### **Response to the call for consultation from the Greater London Authority**

Dear Meghna,

The Greater London Authority is the strategic authority for London and this response is on behalf of the Mayor of London. Last year the Mayor published his London Environment Strategy which sets out his vision to make London the greenest global city. This includes making London a city that is zero carbon, zero waste and has a zero-emission transport network by 2050; and ensuring that over half of London is green (and blue).

The Mayor's plans to make London a zero carbon city by 2050 include £34m funding over 4 years for Energy for Londoners which is his programme to make London's homes warm, healthy and affordable, its workplaces more energy efficient, and to supply the capital with more local clean energy. It also sets out plans to use the Mayor's spatial planning powers to build zero carbon homes and commercial buildings in London and drive up solar installations, and ongoing support for low carbon heating solutions, including replacing inefficient boilers, and increasing district heating.

In addition, the Mayor has published a Fuel Poverty Action Plan with actions to help lift Londoners out of fuel poverty, and overcome the health effects of cold, damp, draughty living conditions. Fuel poverty amongst private tenants is a major issue in London where 28 per cent of houses are privately rented and rates of fuel poverty in the private rental sector are around three times higher than in owner-occupied houses. Actions include delivering our Warmer Homes heating and insulation programme, providing funding to support and create local advice and referral networks, establishing an energy supply company to offer fairer energy bills to Londoners, and a cross-sectoral Fuel Poverty Partnership (which Ofgem is a member) to coordinate action in London.

Through our Fuel Poverty Support Fund we have supported the expansion of existing fuel poverty advice and referral services to create a pan-London network. In the first phase the boroughs of Croydon, Islington, Kingston and Lewisham delivered successful advice services reaching over 2,500 households and phase two (Warmer Homes Advice Service) will start soon. Several of the examples cited here are from cases handled by this service.

### **Key points**

#### **1. Identification of vulnerable customers**

Interruptions to gas, electricity and water can pose a considerable threat to vulnerable households. Energy supply companies working with boroughs are best placed to assist these customers, with local authorities often able to identify vulnerable residents better than suppliers. Companies can only do this where they are made aware of their customers' vulnerability and have added them to their Priority Services Register (PSR). The Mayor is therefore committed to working with supply companies to boost awareness and registrations to the PSR through his fuel poverty programmes. We have required our borough advice

providers to ask clients whether they would like to be added to their supplier's Priority Services Register and include this as an option when residents apply for our Warmer Homes heating and insulation grant.

We welcome moves to have a single portal for energy and water Priority Services Registers and would be happy to work with suppliers and Citizens Advice to promote this service.

Whilst we welcome moves towards greater data sharing between energy suppliers and government for the purposes of better targeting fuel poverty interventions such as the Warm Home Discount, we believe that this should be a tripartite approach involving local authorities and energy suppliers, with councils receiving access to DWP and supplier data for their areas. Local authorities are much more trusted than energy suppliers and the rollout of energy efficiency measures will require greater resident engagement than the comparatively straightforward payment of energy bill discounts. **We believe that energy suppliers and network operators should have a duty to collaborate with local authorities to identify and support vulnerable customers.**

Data sharing between the Department for Work and Pensions and energy supplier trust funds would also lead to efficiencies. Our funded advice providers report that one of the biggest obstacles to energy trust fund grant applications is collecting income evidence. Affected individuals often have chaotic lives and rarely have their documents available and this can often result in a failure to apply despite there being a high level of need. Were suppliers or trust fund administrators able to work with DWP and HMRC to share income information (within the confines of the General Data Protection Regulation), this would result in more vulnerable residents being able to submit applications for financial support. A precedent exists for such an approach with the verification that the Energy Saving Trust can undertake for Energy Company Obligation applicants. We note that the government recently consulted on allowing Energy Company Obligation Flexible Eligibility declarations to be used for access to Warm Home Discount Industry Initiative schemes and this could also be used to simplify applications for debt relief.

## 2. Debt

Significant numbers of Londoners struggle with indebtedness. Our recent Survey of Londoners<sup>1</sup> found that 24% of Londoners found their debts to be a heavy burden, with lone parents and people with disabilities suffering the most. Disabled Londoners (14%) are twice as likely to be in arrears for household bills compared to non-disabled Londoners (6%). This figure rises to 28% for Londoners out of work due to long-term illness or disability and 22% for lone parents. Whilst recognising that the number of gas and electricity consumers in debt has fallen by around half since 2007 the average level of debt amongst indebted consumers is steadily rising. Many energy suppliers are failing to intervene at an early stage to avoid debts escalating. A significant number of small and medium energy suppliers have entered the market in recent years and often lack the infrastructure to deal with debt.<sup>2</sup>

Our advice services have also found that the larger suppliers can be inflexible. For example, repayment options offered by EDF Energy are now incredibly limited through either often unaffordable monthly direct debits as part of a one-year payment plan or repayment through a prepayment meter which can result in households only being able to service the debt, leading to underheating. Only exceptional cases are offered a flexible approach which might

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<sup>1</sup> Survey of Londoners 2018/19 - <https://data.london.gov.uk/dataset/survey-of-londoners-headline-findings>

<sup>2</sup> [Ofgem, 2017, Vulnerable consumers in the retail energy market](#)

consider Fuel Direct or longer repayment schedules and/or payment cards. **Suppliers should intervene earlier where debt is mounting and should offer a full range of repayment options, taking into account that many households in fuel debt will have other debts and outgoings to service.** This should utilise the Standard Financial Statement. As we launch our own energy supplier we fully intend to have a sympathetic approach to indebted customers.

We have also expressed concerns to government about their proposed further reduction in the Warm Home Discount Industry Initiative debt write-off cap. Whilst we accept that there are arguments for energy suppliers not paying themselves back in the form of write-off, this support is valuable for indebted customers. **It is imperative that Ofgem engage with BEIS on this point and ensure that a mechanism to enable adequate debt relief remains in place.**

### **3. Self-disconnection**

Disconnection rates have declined in large part due to significant numbers of indebted households being provided with prepayment meters to clear their debt whilst paying for ongoing usage. Low disconnection rates obscure a considerable number of households “self-disconnecting”, essentially unable to put credit on their prepayment meters. Citizens Advice estimate that 16 per cent of prepayment meter users have gone without credit at least once in the past 12 months. With around 776,000 households in London using prepayment meters for at least one fuel this would amount to around 124,000 households and these are very likely to be families with children or containing individuals with a long-term illness or disability.<sup>3 4</sup> 44% of Londoners out of work due to disability or long-term illness, 27% of lone parents, and 25% of Londoners with disabilities report being unable to keep their homes warm in winter<sup>5</sup>.

At present licence conditions prevent a vulnerable customer being disconnected from standard meters during the winter period however there are no such protections in place for vulnerable prepayment meter users. **Ofgem should work with energy suppliers to develop a similar licence condition to prevent self-disconnection.**

Since the devolution of crisis funds to local authorities in 2013 many London boroughs have established small grants to assist those with no money to add credit to their meters. We have identified 26 borough-led schemes across London so boroughs. **Suppliers should be required to engage with and support these local schemes to maximise reach.**

**Case study** – Islington’s SHINE London scheme, co-funded by our Fuel Poverty Support Fund<sup>6</sup>, helped an elderly social housing tenant in crisis stay well and warm over a snowy weekend in early March 2019. He was a prepayment meter user in financial difficulty and was without food, gas and electricity and had been given SHINE’s number by a local foodbank in Lambeth. As an older person with mobility issues and a range of health conditions affected by the cold, SHINE were concerned for his wellbeing. An emergency top up from his supplier was arranged to ensure that he could heat his home over the weekend. He was added to his supplier’s Priority Services Register and applied for an emergency grant for ongoing food and fuel costs, a benefit check, a water social tariff and a home energy visit to further support him in his home.

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<sup>3</sup> Citizens Advice, 2014, Topping-up or dropping-out: self-disconnection among prepayment meter users

<sup>4</sup> Calculation of numbers of prepayment meters users disconnecting taken from BEIS estimates of PPM energy consumption statistics and Citizens Advice figures on self-disconnection rates

<sup>5</sup> Survey of Londoners 2018/19

<sup>6</sup> Now named the Warmer Homes Advice Service

#### **4. Integration with water vulnerability**

There is undoubtedly considerable overlap between fuel poverty and water poverty and we require our funded advice and referral services to promote water saving, install small water saving measures and promote water companies' social tariffs. We are also working with Thames Water to deliver water efficiency measures to Londoners in receipt of our Warmer Homes heating and insulation grant. **We believe that energy suppliers should be required to collaborate more effectively with water companies to promote fuel and water poverty alleviation measures simultaneously and to jointly fund fuel and water poverty programmes.** Good integration of water and energy services has been demonstrated by the GLA co-funded SHINE London scheme and Groundwork London which should be replicated and supported.

**Case study** – Islington's SHINE London scheme, which is co-funded by the GLA, refers all vulnerable clients to Thames Water's WaterSure Plus social tariff where relevant, which provides a 50 per cent water bill reduction to eligible customers. Over the winter of 2018/19 they referred around 1,000 vulnerable Londoners to this social tariff, alongside an assessment for their energy supplier's Warm Home Discount, maximising the financial relief for fuel and water poor households.

Groundwork London, who partner with most of our funded services, has also been commissioned by Thames Water to provide water saving advice and install small measures. Some energy advice takes place as part of these home visits and there are reciprocal referral routes between these and some of our Warmer Homes Advice Service funded borough services. Similarly, Groundwork London is also working with Essex and Suffolk Water on their 'Every Drop Counts' campaign in the borough of Barking & Dagenham, also offering free water saving advice visits.

#### **5. Accessibility of smart meter data**

The smart meter rollout aims to deliver significant benefits in helping transform the national energy system. Regulators and policy makers will need better data if they are to oversee and ensure this more data-driven energy system benefits vulnerable consumers equally, facilitated by the rollout of smart meters. Smart meter data therefore has a clear public and private interest value to support better decision making and evaluation, in line with this broader agenda. Making anonymised granular consumption data available will also enable new sources of value and new actors to emerge who can address vulnerable consumers' needs.

We would welcome further discussion with Ofgem on any of these points.

Yours faithfully,

Shirley Rodrigues  
Deputy Mayor for Environment and Energy