

Ofgem call for evidence on the issues off-grid consumers experience when heating their home: A summary of Scottish CAB service evidence 2014/15



based on the evidence of independent research and Citizens Advice Bureau clients across Scotland



About Citizens Advice Scotland

Citizens Advice Scotland (CAS), our 61 member Citizen Advice Bureaux (CAB), the Citizen Advice consumer helpline, and the Extra Help Unit, form Scotland's largest independent advice network. Advice provided by our service is free, independent, confidential, impartial and available to everyone. We are champions for both citizens and consumers and in 2013/14 the Scottish Citizens Advice service helped over 330,000 clients in Scotland deal with over one million issues overall. In addition, the Scottish section of our self-help website, which provides information on rights, receives approximately 4.2 million unique page views annually. In 2013/2014, our CAB network recorded a financial gain for clients of over £125 million and independent research¹ shows the Scottish CAB service contributes an annual total benefit to the common good in Scotland of nearly £170 million.

In April 2014, the statutory roles and responsibilities of Consumer Futures were transferred to CAS and Citizens Advice, our sister organisation in England and Wales. Together we now represent the interests of citizens and consumers in the essential regulated markets of energy, post and, in Scotland, water. These new functions add to and enhance CAS' existing consumer advice and campaign work, as well as giving us even more opportunity to make a real difference to people's lives. We will continue to engage with government and the energy industry to challenge and shape policy to ensure it meets the needs of consumers now and in the future.

Overview

Ofgem asked Citizens Advice Scotland to provide them with an analysis of problems off-grid consumers experience in heating their homes. The number of clients visiting a Citizens Advice bureau in Scotland for help with non-regulated fuel issues is low when compared with regulated fuel issues. However, the problems faced by clients in this group are often significant and can highlight examples of extreme fuel poverty and a lack of support. Consumers in Scotland are particularly hard hit by such problems compared with those living in the rest of Great Britain (GB). Gas heating is the most widely used and cheapest form of heating in GB, in 2011 the Office of Fair Trading reported the number of households off the mains gas grid at:

- Scotland - 488,000 households (21%)
- Wales - 253,000 households (19%)
- England - 2,631,000 households (12%)¹

In 2014/15 Scottish bureaux advised on 300 new non-regulated fuel cases - this is a 38% increase on the previous financial year. Case evidence from 2014/15 highlights some worrying issues for consumers that rely on 'off-gas' heating systems. Some of the key issues facing consumers that are not connected to the mains gas grid include:

- Unaffordability and the high cost of fuel, including the lack of price controls on unregulated fuels
- Inadequate financial support for vulnerable consumers
- Insufficient consumer protection and no available recourse to the Energy Ombudsman
- Heating systems that are too expensive to replace/repair
- Self-disconnection to avoid the cost of a primary/secondary heating system
- Recurring standing charges (in spite of self-disconnection)
- Landlords replacing their tenant's heating systems with unaffordable fuel types
- The large upfront payments associated with the 'first fill' of an oil tank

Specific case evidence highlighting the issues faced by consumers of 'non-gas' fuel types is detailed below:

Oil and LPG

2014/15 evidence from Scottish bureaux highlighted a number of problems arising when expensive oil/LPG heating systems break down. Vulnerable consumers are often not able to afford the cost of replacing or repairing their heating system. Clients attending bureaux identified that they were unable to access adequate financial support through schemes such the Scottish Government's Home Energy Efficiency

¹ http://webarchive.nationalarchives.gov.uk/20140402142426/http://www.ofg.gov.uk/shared_ofg/market-studies/off-grid/OFT1380.pdf

Programmes for Scotland (HEEPS). Schemes which require a financial contribution from householders are not accessible to the poorest and most vulnerable consumers. Those clients that are deemed ineligible for support 'fall through the cracks' and are left unable to heat their home, forcing them to remain in an increasingly cold, damp property or seek shelter elsewhere.

- A North of Scotland CAB reports of a client with a broken boiler. The client has been left without any form of heating. The client is an owner occupier and applied for assistance via the HEEPS scheme, her home was duly surveyed by an energy supplier and a solid fuel installation recommended. However, the client is required to make a contribution of £1,426 to cover the 'solid fuel' aspect and a chimney liner. The client cannot afford this and is therefore unable to access the scheme. The client has had to leave her home and move in with her daughter.
- A West of Scotland CAB reports of a client using LPG heating. The client's boiler has broken and he has no hot water or central heating. The client is an elderly owner occupier and lives alone. The client has been denied a Community Care Grant because of his savings, retirement pension and family. The client has savings of about £700 and his only income is his retirement pension, his family had stated in the community care grant application that they could help with £200-£300 towards costs. The client is in ill-health, has had 2 heart attacks, and has a blood condition and angina.
- A West of Scotland CAB reports of a client that has a faulty oil tank. Owing to a crack on the side of the tank, the boiler keeps breaking down. The client is a disabled pensioner and she cannot afford to pay to get her boiler fixed. The client was advised about the HEEPS scheme and told that this is administered by the council. However the client had already contacted the council and they had stated that they were unable to help her.
- A West of Scotland CAB reports of a client that relies on oil to heat her home. She has been told that her oil tank has a hairline crack and requires to be renewed. The cost to renew the tank is £800-£1000. The client is in receipt of her state pension and high rate Disability Living Allowance mobility. She sought energy advice before presenting at bureau and was informed that there is very little assistance regarding the renewal of oil tanks.

The high cost of non-regulated fuels and the significant upfront payments associated with filling an oil tank in particular can result in consumers finding that they are unable to purchase fuel and heat their property. Recent bureaux evidence demonstrates that when landlords 'upgrade' a heating system there can be serious implications for consumers. This can be a particular problem when local authorities install oil fired boilers into properties. Vulnerable consumers may be unable to afford the significant initial upfront payment required to fill the tank and set up an account. This can leave households with the stark option of attempting to access credit and accrue debt or go without heat. Further findings from Scottish bureaux evidence

suggest that the associated cost of heating properties with an oil-fired system can actually deter consumers from accepting an otherwise suitable rented property.

- A North of Scotland CAB reports of a client seeking advice on their heating system. The local council is upgrading their property from an electric to an oil fired central heating system. The oil fuel supplier requires up-front payment of £500 for the 'first fill' of the oil tank. The council does not provide financial assistance to cover this charge, even if client is facing financial difficulties. No alternative financial assistance is available, other than taking out a personal loan.
- A North of Scotland CAB reports of a client living in a local authority rented property. The local authority is currently undertaking upgrading work on their heating system. The client was informed by several oil companies that the 'first fill' must be paid in full before delivery. The cost of this is approximately £500 and the client cannot afford this. The local authority has responded to this client's concern by inviting her to meet a representative from the credit union.
- A North of Scotland CAB reports of a client on a very low income with four children under seven years old. The client is currently living in a two bedroom flat. The client has been offered a three bedroomed house but is concerned about accepting the offer as there is oil fired central heating in the property and she cannot afford the initial fill of the tank.

Coal

Scottish bureaux evidence from consumers reliant on a coal fire to heat their property commonly highlights additional issues experienced with an associated secondary heating system or in switching from coal to another fuel source, such as oil. The issues brought to bureaux regarding coal-fired heating can highlight significant fuel poverty, a distinct lack of financial support and a form of self-disconnection from mains gas or electricity consumption. Self-disconnection to rely solely or predominantly on a coal-fired heating system can still incur costs for vulnerable consumers who are obliged to pay standing charges, for example on their prepayment meter (ppm).

- A North of Scotland CAB reports of an elderly client that relies on coal for heating. Owing to financial worries the client is concerned about buying coal. This concern has resulted in her not adequately heating her rented property. The advisor was able to find information about schemes to help individuals who run up heating debts for gas and electricity but found that there does not seem to be similar help available for coal customers. In addition, though the client has applied for the warm home discount, this grant may not be paid in time for the winter period.
- A North of Scotland CAB reports of a client experiencing an issue with their coal fire. The client is unable to light their coal fire when the wind blows in

certain directions. The client is in fuel poverty and has a ppm. The client cannot contemplate moving to a cheaper tariff as they cannot afford to have the ppm meter removed - he would not be able to pay by direct debit and is not computer literate. The client is not able to access any means of easing his fuel costs.

- A Central Scotland CAB reports of a client who relies on coal to heat his property. The client has a gas mains supply but only uses gas to heat his meals. The client's gas bill has increased from just over £4 per quarter to just over £25 per quarter despite his usage decreasing slightly. This is entirely as a result of new daily standing charges introduced by gas companies.
- A North of Scotland CAB reports of a client who has requested a phone call from the local CAB as she was unable to afford the bus fare to attend an appointment. The client has multiple debts. The client previously had a coal fire as the main source of heating in her property. The council replaced the coal fire with an oil fired heating system. The client cannot afford to fill the oil tank at a cost of £500-£600. This up-front payment is required before an account can be made with the supplier. The client has no heating and has a 3 year old daughter. The client would like to reinstate her coal fire.
- A South of Scotland CAB reports of a client living in a rented farm cottage. The landlord spoke to the tenants very recently about changing the hot water and heating system in each cottage from coal/log burning stoves to hot water supplied by the landlord via a district biomass system. The landlord has decided that each property should pay £150 per month for the cost of the hot water supplied to their cottage. Tenants remain responsible for their electricity bills. The client is unhappy that her right to choose an energy supplier for her hot water and heating has been removed, that there is no regulation on the cost that the farmer can charge, and as a consumer she has no recourse to the Energy Ombudsman.

Electric Heating

Scottish CAB evidence demonstrated that consumers with electric heating have issues with the affordability of this heating system. These problems are particularly acute when households are reliant on old and inefficient storage heating systems. Consumers that live in rented social housing properties fitted with these outdated systems are often the least able to pay for these distorted heating costs. 2014/15 bureaux cases also demonstrate a lack of understanding about the support schemes which are available to consumers, highlighting the importance of timely advice.

- A North of Scotland CAB reports of a client unable to afford to heat her property due to the high cost of old storage heaters. The client rents from the local authority and is currently paying up to £80 per week in electricity costs to heat her home. The client is a single mother with a child under one year old. The client has had an assessment from her local energy advice provider and was informed that the problems are due to the age of the heaters and their

inefficiency. The client is frustrated and feels that she is being penalised for the out of date heating system.

- A North of Scotland CAB reports of a client contacting the bureau on behalf of her parents. They live in a local authority property with storage heaters and are finding it increasingly difficult to heat their home. Their bills are costing them £50-60 per week. Their only income is their state pension.
- A North of Scotland CAB reports of a client who lives alone in local authority rented accommodation. The client has storage heaters and is finding it difficult to heat his home. He has been informed that he may be entitled to £135 for Scottish Health Welfare Fund for help with heating costs and he would like to apply. (*Here the client is confusing schemes - the Scottish Welfare Fund and The Warm Homes Discount*)

Summary

Throughout 2014/15 Scottish CAB clients sought advice on issues that reflect a broad range of difficulties experienced by consumers of off-gas heating. Heating a property with expensive off-gas fuels can be unaffordable and can result in homes being insufficiently heated. The health and wellbeing impacts of damp and cold properties are well-documented². Landlords that seek to 'upgrade' tenants heating systems can worsen the situation for vulnerable households by introducing increased set-up and maintenance costs. The high price of repairing or replacing components of off-gas heating systems can result in homes being left without heat and there is not adequate financial support available to help people in this situation. For those consumers using non-regulated fuels, there is no price control, consumer protection or available recourse to the Energy Ombudsman. The negative impacts associated with off-gas fuels impact the poorest and most vulnerable homes, causing detriment to those who are already struggling to manage inadequate household budgets.

² <http://pathways.nice.org.uk/pathways/excess-winter-deaths-and-illnesses-associated-with-cold-homes>

Citizens Advice Scotland and its member bureaux form Scotland's largest independent advice network. CAB advice services are delivered using service points throughout Scotland, from the islands to city centres.

The CAB Service aims:

to ensure that individuals do not suffer through lack of knowledge of their rights and responsibilities, or of the services available to them, or through an inability to express their need effectively

and equally

to exercise a responsible influence on the development of social policies and services, both locally and nationally.

The CAB Service is independent and provides free, confidential and impartial advice to everybody regardless of age, disability, gender, race, religion and belief and sexual orientation.

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