**Energy Crisis Commission**

**Submission from the Citizens Advice Network in Scotland**

This submission incorporates feedback from the Citizens Advice network in Scotland, including our Extra Help Unit (EHU). Citizens Advice Scotland (CAS), our 59 member Citizen Advice Bureaux (CAB) and the EHU form Scotland’s largest independent advice network. Scotland’s Citizens Advice Network is an essential community service that empowers people through our local bureaux and national services by providing free, confidential and independent advice. We use people’s real-life experiences to influence policy and drive positive change. Our data provides unique insights into the energy-related problems people are facing across Scotland.

Since the onset of the energy crisis, there has been a marked increase in people seeking energy-related advice from the Citizens Advice network in Scotland. From January 2021 to January 2024, the number of clients seeking advice on gas and electricity increased from 10% of all clients to 16% of all clients, which equates to a rise of 59%. Between 2022/23 and 2023/24, there was a 23% increase in the amount of advice the Citizens advice network in Scotland provided on discretionary credit for prepayment meters and trust fund/fuel voucher applications respectively. This data indicates that households across Scotland still require ongoing financial assistance to afford their energy bills. Furthermore, this increased demand for advice reflects the harmful impacts that unaffordable energy costs have on our clients, including people living on low incomes and experiencing vulnerable situations. Accordingly, we support the introduction of a social tariff targeted at people living on low incomes.

Citizens Advice Scotland data shows that problems with energy bills do not exist in a vacuum. They sit alongside a gamut of other concerns, including social security, debt and food insecurity. Our cost-of-living data for April to June 2024 bears out this observation. On two-fifths of occasions where our network provides utilities-related advice, we also provided advice on other issues. Where we provided information on topics beyond energy, on 50% of occasions this advice related to social security and on 20% of occasions it related to debt. Where we provided extra advice on more specific topics, on 45% of occasions it related to food banks. Energy prices are acting in concert with other problems to compound the detriment experienced by people living on low incomes and experiencing vulnerable situations.

Energy debt has emerged as a significant problem as the energy crisis has unfolded. In 2023/24, the CAB network helped over 2,700 clients with energy debts amounting to £6.4 million. Those figures represent a 10% increase in the number of clients and a 28% increase in the amount of debt compared to 2022/23. The average energy debt that people bring to our network is around £2,600.

The experiences client share with our advisers confirms that energy debt exacerbates the harms people in vulnerable situations face, affecting physical and mental well-being both in the short term and in enduring ways. For example, a terminally ill client approached his local CAB because he was struggling to manage his energy bills and had accrued arrears of over £2,600. This situation made a desperately difficult time in his life even tougher. The energy debt situation is unsustainable for consumers and suppliers alike. Debt write-offs should be an urgent priority for policymakers.

A pernicious effect of the energy crisis includes the proliferation of so-called self-disconnections. Across 2022/23, the EHU dealt with 21,000 self-disconnection cases: a 400% increase against the previous year. Behind each self-disconnection referral is a person who has no heat, hot water and electricity, with all the harmful effects that such a situation can cause. A wide range of financially vulnerable consumers can be impacted by self-disconnection or self-rationing of energy. The EHU has noticed significant numbers of people with long-term health condition and households with children making contact about this issue. Self-disconnection has detrimental mental health impacts, too. In one instance, an EHU client reported feeling ashamed that she had experienced fuel poverty for the first time.

Prior to 2021, there was a cohort of prepayment meter users who used Additional Support Credit as a short-term means to get back on supply and then returned to paying for energy as normal. Since the energy crisis, the EHU has helped an increasing number of people who require repeat support from their supplier because of negative budgets. Ofgem has clarified that suppliers should not limit the number of Additional Support Credits they provide securing this group of consumers safety by keeping them on supply. However, people receiving regular repeat Additional Support Credits over prolonged timeframes are building large balances on their energy accounts. For example, a woman being supported by Universal Credit, who has health conditions and caring responsibilities for a child with learning difficulties, had 29 EHU cases. Across these cases, she accumulated £1,290 of Additional Support Credit. We remain concerned about the cost of energy and resulting debt for consumers in negative budget scenarios. Moreover, while suppliers being less resistant to offering ASC, and some price reductions, have reduced EHU referrals, the number of these cases reaching the EHU during the summer of 2024 is still too high. This situation underlines the necessity of targeted support for energy bills and debt write-off.

CAS was deeply alarmed by the impact of voluntary installations of PPMs and mode changes to prepayment. After a pause, some suppliers are resuming involuntary installations and mode changes, albeit under the aegis of an Ofgem Code of Conduct. We are unconvinced by the logic of prepayment meters being used to recover a debt when a household is experiencing financial hardship with limited opportunities to reduce its energy consumption and exposure to seasonal variations in upfront energy costs. As involuntary installations resume, Ofgem must monitor how suppliers are identifying households in vulnerable situations and supporting people who struggle to cover the new upfront costs of energy after they have moved to a PPM. We support a ban on involuntary PPM installations and mode switching.