Chartered Institute of Housing response to Ofgem Statutory Consultation on Involuntary PPM

Introduction and summary of our response

The Chartered Institute of Housing (CIH) recognises the work that Ofgem has undertaken to better protect vulnerable households from the harms of forced prepayment meter installations. The establishment of the Involuntary PPM – Supplier Code of Practice (henceforth 'the Code') by Ofgem was a necessary development in Ofgem's regulation of forced prepayment meter installations, and we welcome the opportunity to respond to this statutory consultation on Ofgem's approach to integrating the Code into supplier license conditions.

We agree with the broad approach to integrating the Code into the supply license and the Safe and Reasonably Practicable guidance. We agree that doing so is important to formalising the protection provided by the Code, and consider it essential that the protections are introduced prior to the winter of 2023/24.

CIH continues to support a full ban on involuntary prepayment meter installations, and would like to see an amendment to the Energy Bill that gives the Secretary of State powers to implement this. However, to ensure Ofgem's integration of the Code into license obligations protects vulnerable households to the greatest extent possible, we would like Ofgem to consider the following proposals:

1. Expand the list of vulnerable groups classified as 'do not install' to the groups currently defined as medium risk when the Code is integrated into supplier licensing, including the retention of over 85s and the inclusion of children under 5 in this classification.
2. Irrespective of whether the above is possible, more exactly specify the full list of vulnerable groups defined as medium risk. Without a firmer specification of vulnerabilities, it is possible that there will be ambiguity in what groups are included. We encourage Ofgem to follow its own definition of vulnerability, the NICE NG6 guidelines on tackling cold housing, and the circumstances/characteristics that make households eligible for Priority Services Registers to fully specify an exact list for inclusion in supplier licenses.
3. Commit to close regulatory scrutiny and statistical reporting of involuntary prepayment meter installations. Statistical reporting should, where possible,

include a disaggregation of statistics by protected characteristics, vulnerabilities, geography, and other relevant household attributes.

4. With regards to costs and benefits, consider the relevance of a) the NHS costs associated with self-disconnection linked Category 1 hazards and b) the likelihood of involuntary prepayment meter installations impacting the educational attainment and prospects of children and young people. Specifically:
    a. Consider evidence on the NHS costs of Category 1 HHSRS hazards caused by involuntary prepay installations, and whether this might justify an expansion of the 'do not install' group to other vulnerable groups.
    b. Consider evidence on the impact of involuntary prepayment meter installation on educational attainment, social mobility, earning potential, and the likelihood of living in fuel poverty into adulthood, and whether this assessment justifies an expansion of its 'do not install' group to all children and young people, not just those aged 5 or below.
5. Consider, even at this early stage, the impact of the proposed changes on heat network users and suppliers, especially in the context of forthcoming heat network regulation.

Responses to consultation questions

1. Do you agree with our proposals to integrate the Code into the supply license?

Yes, we agree with the proposals to integrate the Code into the supply license. While the establishment of a voluntary code of practice was a welcome first step, it is constrained by the very nature of being voluntary. Integrating the Code into the supply license is essential to ensuring that it is properly enforceable.

2. Do you agree with our approach to integrating the relevant parts of the Code into the Safe and Reasonably Practicable guidance?

We agree with the broad approach to integrating the relevant parts of the Code into the Safe and Reasonably Practicable guidance.

However, we do not feel that Ofgem's definition of those protected by the 'do not install' category is sufficient to protect vulnerable people from harm. Strong evidence exists on the negative health implications of self-disconnection in all the groups defined by Ofgem's code as 'medium risk'. For example:

- The Code presently defines "serious mental/developmental health conditions (such as clinical depression, Alzheimer's, dementia, learning difficulties, Schizophrenia)" as medium risk. There is considerable evidence that there is an association between fuel deprivation and mental ill-health, especially for parents of young children, and evidence that a lack of access to adequate energy services (e.g. heating, lighting, cooking) has detrimental impacts for children and families with autism.
- The code presently defines "other serious medical/Health Conditions (such as neurological diseases (Parkinson's, Huntingdon's, Cerebral Palsy), respiratory conditions (COPD) and mobility limiting conditions (Osteoporosis, Muscular Dystrophy, Multiple Sclerosis))" as medium risk. All of these conditions would be exacerbated by being unable to heat and power a home during periods of self-disconnection.

Based on this evidence, we would urge Ofgem to extend the 'do not install' category to the groups currently defined as 'medium risk' when the Code is integrated into supplier licensing.

Regardless of whether this is possible, we would encourage Ofgem to more specifically define a fuller list of vulnerabilities that goes beyond age, health conditions, and temporary situations. Without a firmer specification of vulnerabilities, it is possible that there will be ambiguity in what groups are included for each individual supplier, potentially leading to divergent outcomes for different people. While we recognise that a non-prescriptive approach works well elsewhere in the license because it facilitates tailored customer service, not specifying a full list of vulnerabilities leaves open the possibility of people receiving different levels of protection from different suppliers. For example, as it currently reads, it would be the judgement of individual suppliers as to what was classified as a "temporary situation", and different suppliers may make different judgements about whether the same situation is worthy of consideration.

We therefore feel more prescription is necessary in this part of the guidance. We would encourage Ofgem to follow its own definition of vulnerability, the NICE NG6 guidelines on tackling cold housing, and the circumstances/characteristics that make households eligible for Priority Services Registers to fully specify a more definitive list for inclusion.

Finally, we feel that all involuntary prepayment meter installations should be subject to close regulatory scrutiny, formal review, and statistical reporting. Statistical reporting should, where possible, include data on the numbers of involuntary prepayment meter installations in different vulnerable groups. It should also, where possible, disaggregate the number of installations by other relevant household attributes, such as protected characteristics, housing tenure, and geography. This is necessary to ensure full transparency and visibility is possible on the quantity of involuntary installations in different groups and in different places.

For example, as the professional body for housing with many members working in social housing, we have a concern that the Code, as it currently stands, does not sufficiently protect social housing residents. Approximately four in ten social rented homes are fitted with a prepayment meter, and some evidence suggests that as much as 18 per cent of these may have been forced installations to recover debt. Social housing residents also disproportionately fall into groups in the current 'medium risk' category. Government data from 2021/22 shows that:

- 54 per cent of social rented households had at least one occupant with a long-term illness or disability, compared to 30 per cent in owner occupied or private rented homes.
- Social housing residents are more likely to be financially vulnerable, with almost half in the lowest income quintile.
- Just over a quarter of social renters said they had savings, whereas more than half of private renters were in a similar position.
- Social housing residents are more likely to be lone parents with dependent children than owner-occupiers or private renters.
- Those aged 65 and above are more likely to be in social housing than in private rented accommodation.

In addition, research undertaken by the housing association Peabody highlighted that prepay residents were nine times more likely to have borrowed from a short-term lender specifically to pay for energy bills. We would therefore welcome statistics on the extent to which involuntary prepayment meter installations are taking place in social rented homes, as well as a disaggregation of statistics by protected characteristics, vulnerabilities, geography, and other relevant household attributes.

3. Can you provide evidence on whether we should retain the 'over 85s' in the 'do not install' category?

CIH strongly supports the retention of over 85s in the do not install category. We also strongly support the extension of this group to over 65s, and believe the retention of over 85s in the 'do not install' category should be the minimum. There is a considerable amount of scientific and medical evidence that the risk of serious illness and/or death among over 65s (not just over 85s) would be significantly heightened by the involuntary installation of a prepayment meter.

Evidence has shown that:

- In older people, blood pressure rises when they are exposed to temperatures below 12°C for more than two hours, although other studies suggest that the association begins with exposure to indoor temperatures below 18°C. Specifically, every 1°C drop in living room temperature results in a 1.3mmHg rise in systolic blood pressure and a 0.6mmHg rise in diastolic blood pressure amongst those aged 65-74.

- Older people can have a reduced ability to prevent heat loss from the body due to poor vasomotor responses to temperature.
- Evidence summarised and published by the National Institute for Health and Care Excellence highlights that "*the vast majority of [studies] report winter- or cold-related mortality which is greater at older ages*", particularly for cardiovascular and/or respiratory illnesses. Older people, along with people with COPD and older people with cardiovascular disease, are at the greatest risk of morbidity and mortality during wintertime.
- One population-based study looking at vulnerability to winter mortality in elderly people in Britain reported a 30% increase in mortality in winter among people aged 75 years or older, with cold homes a contributory factor.
- An inability to heat the home is associated with lower strength and dexterity and exacerbated arthritis in older people, which can increase the risks of trips and falls.

In addition to the above, we would also echo concerns raised by Age UK that older people can face heightened barriers to topping up prepayment meters. Topping up at a local shop presents barriers for many older people with mobility issues, potentially increasing the risk of outdoor health hazards (e.g. trips/falls, extreme heat or cold) if they are required to leave the home to top up in wet, cold, icy, dark, or hot weather conditions. While we recognise and agree with the part of the Code on prioritising smart meter installations and ensuring sufficient information provision, older people can also face complex barriers to topping up their smart meters. Based on Ofcom research, the Good Things Foundation have noted that limited users of the internet (i.e. digitally excluded people) are 10 times more likely to be over 65 years old, and academic research has shown that simple information provision from energy suppliers has limited effectiveness in improving the ability of digitally excluded households to effectively access the energy market. Overall, this evidence suggests that all else being equal, self-disconnection might be more likely among over 65s because they are excluded, physically or digitally, from appropriate means of topping up.

Summarily, based on the above, we feel that there is a strong case for retaining over 85s within the 'do not install' category and a case for expanding it to over 65s.

4. Can you provide evidence on whether we should include children under the age of 5 in the 'do not install' category?

CIH strongly supports the inclusion of children under the age of 5 in the 'do not install' category. We welcome Ofgem's engagement with NHS clinicians, and the opportunity to provide evidence on the negative implications of involuntary prepayment meter installation for children under 5.

There is a large amount of scientific and medical evidence linking cold indoor temperatures with health problems for children under 5. While this is not strictly evidence that involuntary prepayment meter installations will directly cause these problems, it is reasonable to assume that self-disconnection will result in homes with continually cold indoor temperatures. Evidence has shown that:

- Children under 5 spend more time at home, and are therefore more exposed to continuously cold temperatures that result from self-disconnection from supply.
- Children who live in cold housing have been shown to be more than twice as likely to suffer from chest and breathing problems (such as asthma and bronchitis).
- There is some evidence of an association between cold indoor temperatures and the incidence of sudden infant death syndrome in children younger than 12 months.
- Cold homes are more likely to suffer from damp and condensation, and respiratory and allergic syndromes are associated with damp housing, especially in young children.
- Some evidence shows that for each year children live in cold housing, the greater the incidence of respiratory conditions and problems. Spending 3-5 years living in a cold home has been shown to increase the risk of these conditions by 15%, 1-2 years does so by 11%, and <1 year does so by 7%.
- Babies living in colder temperatures require more calories for growth and, without this additional nourishment, they are more likely to have lower than average weight gain and dietary deficiency as young children. This can delay physical growth and cognitive development.
- One quantitative academic study demonstrated that infants living in fuel poverty have a higher likelihood of respiratory illness and wheezing, as well as a lower likelihood of the young child being rated as 'very healthy'.

There is also emerging evidence that prepayment meter usage directly contributes to dietary deficiencies in children under 5. Recently published academic research has established a direct, statistically robust link between prepayment meter usage and lower consumption of fruit and vegetables. The authors of this study found that prepay customers consume on average almost

three fewer portions of fruit and vegetables per week compared to those using alternative payment methods. Moreover, the analysis demonstrated that prepayment meter users are not only less likely to meet the World Health Organisation's recommended '5-a-day', but also more likely to use food banks, which often do not provide fruit and vegetables because of the cost and perishable nature of the goods, as well as demand, with households relying on cold boxes and kettle boxes that either do not need cooking or only need hot water from a kettle.

While the general negative health implications of lower fruit and vegetable consumption and food bank usage are well-noted, there is a particularly negative impact for children under 5. Research by National Energy Action and the Food Foundation found that young children who are unable to access a healthy diet also have an increased risk of obesity or medical issues like headaches, stomach aches and backaches, as well as having difficulties sleeping. Children growing up without access to a healthy diet are also twice as likely to be anxious compared to their peers who get enough to eat. Taken together, this evidence suggests that involuntary prepayment meter installations may lead *directly* to a range of dietary-linked harms in children under 5.

Finally, there is evidence that involuntary prepayment meter installations will have a detrimental impact on the educational attainment, futures, and life prospects of all children, not just children under the age of 5. We have provided evidence on these links in response to Question Five below.

Based on the sum total of this evidence, we feel that there is a strong case for expanding the 'do not install' list to under 5s as a minimum, and a case for expanding it to all children.

5. Can you provide any further evidence on the potential costs and benefits of our proposals?

We would like to provide further evidence in three areas a) NHS costs b) educational attainment, and c) the implications of Ofgem's proposals for heat network customers.

A. NHS costs from Category 1 hazards

We note from the consultation document that Ofgem has not quantified the health improvements associated with warmer homes, and that Ofgem recognises the wider health risks of cold homes. However, we would like to highlight the health implications of other hazards, as defined by the government's Health and Housing Safety Rating System (HHSRS). We think there are two hazards of primary relevance, and three hazards of secondary relevance.

As noted previously, we feel that increasing protections for vulnerable groups from these hazards by including them in the 'further assessment needed' category is the minimum that Ofgem should seek to implement. The evidence below suggests that every involuntary prepayment meter installation increases the risk of serious health hazards (and associated NHS cost), and not just those in the currently proposed 'do not install' category. Similarly, every installation that could have taken place but does not can be thought of as an avoided health hazard and NHS cost.

Excess cold

Excess cold is classified as a Category 1 hazard under HHSRS. Government guidance published in 2006 defines excess cold as "the threats to health when temperatures fall below the minimum satisfactory levels for relatively long periods." The guidance notes a healthy indoor temperature is around 21˚C, and states that below 16˚C, there are serious health risks for the elderly, including greatly increased risks of respiratory and cardiovascular conditions. Below 10˚C there is a great risk of hypothermia, especially for the elderly. The guidance also notes that there are different causes of excess cold. Self-disconnection is clearly one of them. Being unable to heat or power the home during sustained periods of self-disconnection is almost certainly a leading cause of excess cold among prepayment meter users.

This is important because excess cold has significant health and societal impacts. Rigorous research by the Building Research Establishment (the BRE) has quantified this. Based on 2019 figures, the BRE estimate that excess cold hazards have an annual cost to the NHS of £532mn, based on the cumulative NHS costs of 719,324 excess cold hazards per year. Consequently, it is not unreasonable to conclude based on these figures that each household that self-disconnects for sustained periods following an involuntary prepayment meter installation costs the NHS money because of the health impacts of excess cold.

While we are not aware of any modelling or analysis that specifically considers the implications of excess cold caused by self-disconnection for NHS costs, it is conceivable that a significant proportion of involuntary prepayment meter installations will cause excess cold hazards that will ultimately result in health service costs.

Trips and falls

Trips and falls are also classified as Category 1 hazards under HHSRS. Falls on stairs are particularly noted in government guidance, and account for around a quarter of all home falls (fatal and non-fatal). The nature of any injury sustained by a trip or fall is dependent upon fall distance/age and fragility of the person/nature of surface struck. Ultimate consequences of trips and falls are cardiorespiratory/heart attack/stroke/pneumonia. As noted, the age and fragility of the person is a key determinant of the severity of any fall, with age a primary factor.

This is important because government guidance emphasises that adequate natural and artificial lighting at the top and foot of flights of stairs is critical for mitigating falls on stairs. Artificial lighting is especially important in winter, given reduced daylight hours. Government guidance also notes that the dwelling should be adequately heated to avoid impairment of movement and sensation (as noted in 2.13 of the consultation document). Self-disconnection from electricity supply following an involuntary prepayment meter install would plainly remove any possibility of adequate artificial lighting. Self-disconnection from supply – whether gas heating or electric heating – would also affect the movement and sensation that is important for mitigating falls. Put differently, self-disconnection increases the risks of trip and fall hazards in the home, especially for older people and on stairs.

As with excess cold, trips and falls have a significant health and societal impact. Falls on the stairs are the single most prevalent Category 1 hazard and have significant NHS costs. Based on 2019 figures, the BRE estimate that falls on stairs have an annual cost to the NHS of £215mn, based on the cumulative NHS costs of 1,014,373 falls on stairs hazards per year. Consequently, every self-disconnection, especially among the elderly, comes with an increased risk of trips and falls because it removes adequate lighting from the home. It is conceivable that a significant proportion of involuntary prepayment meter installations will increase

the risk of trip and fall hazards, ultimately resulting in increased health service costs.

Other HHSRS hazards

Conceivably, sustained periods of self-disconnection following an involuntary prepayment meter installation may also increase the risk of other HHSRS hazards, especially dampness (because cold homes have an increased risk of damp), food safety (due to fridges and freezers turning off), and sanitation (due to a lack of heating or hot water, or electric showers turning off). Summarily, there is evidence of links between self-disconnection and an increased likelihood of costly Category 1 HHSRS hazards in domestic homes.

Overall, we would encourage Ofgem to more fully consider evidence on the health service costs of involuntary prepayment meter installations. While we accept that a robust methodology for including this in the cost benefit analysis may not be devisable within the timeframes that Ofgem is working to, Ofgem could consider if evidence on the likely health service costs of self-disconnection might justify an expansion of its 'do not install' group to other vulnerable groups.

B. Educational attainment

We welcome the recognition in the consultation document that cold homes impact a child's education. There is additional evidence that this can have significant knock-on effects. We would like Ofgem to consider the following evidence:

- There is evidence of a cyclical relationship between fuel poverty and educational attainment, whereby children growing up in fuel poverty are more likely to continue to live in fuel poverty as an adult. This shows how children can be 'trapped' in fuel poverty, partly because growing up in fuel poverty limits their educational attainment, thus limiting their future earnings and increasing their future risk of fuel poverty:
    - One study found that incidences of fuel poverty were 7.4% across Europe for those with third-level qualifications, which increased to 12% among those who completed secondary education only and 19.2% among those who did not complete secondary education.

    - Research conducted in France found that 7% of people with no secondary diploma experience fuel poverty, compared to less than 1% of those who do.
    - Some research has found that living in fuel poverty as a child is a significant barrier to achieving good outcomes in later life, such as homeownership, well-paid employment, and social mobility.
- UK children miss more school days due to disease burden from damp than any EU member state, with rates over 80 per cent higher than the EU average. As well as missing days in school, it is much more difficult for children to do homework and study in a cold home where households crowd into one or two heated rooms.
- Some research suggests links between fuel poverty and social isolation among young people. Days off school through cold-related ill-health can cause children to become isolated from their peers due to a lack of participation, especially in sports activities due to ill-health, or fear from other students of their health condition. The stigma associated with living in fuel poverty can also lead to social isolation, which can be detrimental during children's developmental years and persist into adulthood.
- There is some evidence that fuel poverty might be associated with young people engaging in truancy.
- One study found an association between living in fuel poverty and lower attainment in mathematics in children aged 4-5 years.
- One study associates fuel poverty with lower concentration, motivation, and task persistence skills at school, which can contribute to lower educational attainment.

The Institute of Health Equity have underlined that "*lifelong health inequalities take root in childhood*." While none of these studies specifically address prepayment meters and self-disconnection, they crucially suggest that the negative impacts of fuel poverty on educational attainment continue to detrimentally shape the life course beyond school and into adulthood. We would ask that Ofgem considers the societal costs and negative impacts that involuntary prepayment meter installation could have on the prospects and future of all children and young people, not just those aged under 5, especially in relation to educational attainment, social mobility, earning potential, and the likelihood of living in fuel poverty into adulthood. While we again accept that a robust methodology for including this in the cost benefit analysis may not be devisable within the timeframes that Ofgem is working to, Ofgem could consider whether this evidence justifies an expansion of its 'do not install' group to all children and young people, not just those aged 5 or below.

C. The implications of Ofgem's proposals for heat network customers

Lastly, we would welcome consideration of how changes to supplier licenses might impact heat network customers and suppliers. The Climate Change Committee expects one fifth of domestic heat to be supplied by heat networks in 2050. In 2019, it was estimated that approximately 8 per cent of heat network customers were using prepayment meters, but there is an expectation that a much larger number of people living in homes served by heat networks will use prepay in the future (either by default, by choice, or as a debt repayment option).

Currently, the Energy Bill includes provision for Ofgem to become the regulator for heat networks. Heat network suppliers are typically smaller and less well capitalised than energy retail suppliers, and may face increased financial risk if they are restricted from installing prepayment meters in the homes of people on a heat network. At the same time, prepay heat network users might be more vulnerable to self-disconnection, especially considering the increasing costs facing heat network suppliers – costs which, up to now, have largely been passed through to users. We therefore think there should be some early consideration of how the proposals on involuntary prepay might apply to heat suppliers and heat network users.

6. We are consulting separately on an increased Additional Support Credit allowance to mitigate any impacts on bad debt. Do you have views on how we can ensure suppliers spend this ASC allowance to help PPM consumers stay on supply?

We do not have any views on this.

About CIH

The Chartered Institute of Housing (CIH) is the independent voice for housing and the home of professional standards. Our goal is simple – to provide housing professionals and their organisations with the advice, support, and knowledge they need. CIH is a registered charity and not-for-profit organisation. This means that the money we make is put back into the organisation and funds the activities we carry out to support the housing sector. We have a diverse membership of people who work in both the public and private sectors, in 20 countries on five continents across the world. Further information is available at: www.cih.org.

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