

Consultation Response

Ref 1018

Response to the Department for Business, Energy and Industrial Strategy consultation on data sharing regulations for a safeguard energy tariff

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Age UK

Age UK is a national charity that works with a network of partners, including Age Scotland, Age Cymru, Age NI and local Age UKs across England, to help everyone make the most of later life, whatever their circumstances.

In the UK, the Charity helps more than seven million older people each year by providing advice and support. It also researches and campaigns on the issues that matter most to older people. Its work focuses on ensuring that older people: have enough money; enjoy life and feel well; receive high quality health and care; are comfortable, safe and secure at home; and feel valued and able to participate.

About this consultation

In February 2018, the Department for Business, Energy and Industry Strategy (BEIS) published a document seeking views on adding a safeguard energy tariff for vulnerable consumers to the list of fuel poverty measures for which public authorities can share data with energy suppliers for the purpose of assisting households in fuel poverty.¹

We welcome the opportunity to respond to this consultation. Our response builds on our submissions to Ofgem supporting the introduction of a safeguard tariff.²

Q1. Do you agree that a safeguard tariff imposed by Ofgem for vulnerable consumers on standard variable and fixed-term default tariffs should be added to the list of fuel poverty measures for which public authorities can share data with gas and electricity suppliers for the purpose of assisting households in fuel poverty?

Yes, we agree.

As outlined in our responses to Ofgem, we strongly support the introduction of financial protections for vulnerable consumers in the energy market. Many older people live in vulnerable circumstances that make it difficult for them to engage in the energy market, mean they have higher than average required energy costs due to health conditions and suffer financial, health and social harm as a result.³

We also support data matching as an effective way to identify consumers eligible for the safeguard tariff. The fact that it facilitates automatic protection for vulnerable consumers is key, as those consumers are by definition less likely to take action to declare their vulnerability or access protection, i.e. less able or confident to engage with suppliers, for example due to digital exclusion or cognitive impairment.

Similarly, we know that many people eligible for welfare benefits do not claim them. Some older people do not claim what they are entitled to due to perceptions of dependency; two out of five (39%) pensioners entitled to Pension Credit have not claimed it.⁴ This is a further example of the need for protection to apply automatically through data matching rather than require action from the consumer.

However, this also highlights a limitation of identifying eligible people through receipt of benefits as a proxy. This could be partly addressed through better awareness raising of

Pension Credit, and complementing data-matching with better use of supplier-held customer data.

Nonetheless, adding the safeguard tariff to the list of measures for which public authorities can share data with energy suppliers will enable an efficient way of identifying and supporting vulnerable people in a range of circumstances and in receipt of a range of welfare benefits.

It would also bring a level of consistency. This is important to ensure vulnerable consumers who need protection receive it regardless of which supplier they are with.

We support the Government's proposed data protection safeguards, including plans to publish a code of practice for suppliers, and acknowledge that the data matching process used for the Warm Home Discount has been successful. The Government or Ofgem should monitor how this works in practice, to maintain consumer trust.

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/680665/Data_sharing_regulations_for_a_safeguard_energy_tariff.pdf

² https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/safe-at-home/crs_nov17_financial_protections_vulnerable-consumers.pdf and https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/safe-at-home/CRS_jan18_ofgem_financial_protection_to_vulnerable_consumers.pdf

³ https://www.ageuk.org.uk/globalassets/age-uk/documents/reports-and-publications/consultation-responses-and-submissions/safe-at-home/crs_nov17_financial_protections_vulnerable-consumers.pdf

⁴ Income-related benefits: estimates of take-up: financial year 2015/16 (table PC1), DWP 2017