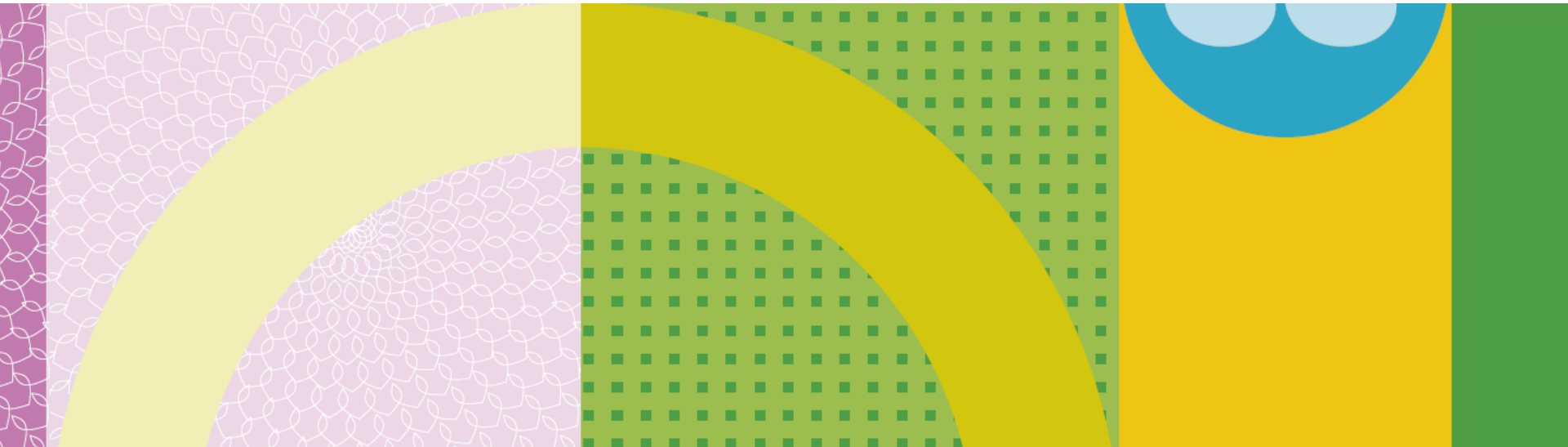




# Institute of Money Advisers Virtual Annual Conference 2021



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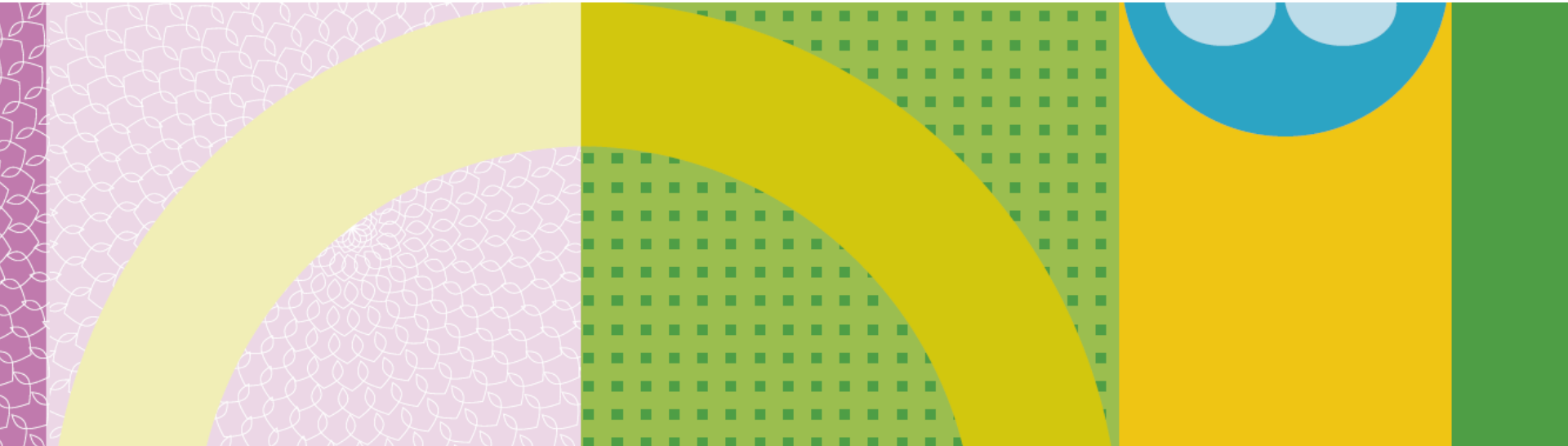
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Virtual exhibitors



# Able to Pay? Addressing Utility Debt



**Matt Copeland** – Policy Manager

**Jess Cook** – Project Development  
Manager (Water Poverty)



*Action for Warm Homes*  
1981-2021

# Introduction to NEA



National Energy Action (NEA) is the national fuel poverty and energy efficiency charity that works across England, Wales, and Northern Ireland to ensure that everyone in the UK can afford to live in a warm and safe home.

We work across both the energy and water sectors, with companies, regulators and Government, to make positive change for customers in vulnerable circumstances.

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# Policy Priorities



We have four key priorities:

1. Consistently supporting the most vulnerable consumers
2. Achieving a just transition to net zero for fuel poor households
3. Addressing health inequalities
4. Enhancing co-operation between the nations to end fuel poverty

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# Consistently supporting the most vulnerable



- Common identification
- Action on utility debt
- Accelerating the rollout of Smart pre-pay
- Price protection

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# Achieving a just transition to net zero for fuel poor households



- Affordability and fairness
- Improve existing schemes
- Private Rented Sector (PRS) regulations
- Democratising the transition

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# Addressing health inequalities



- Expand cross-departmental working group
- Ensure ECO and HUG support health sector
- Develop evidence base linking fuel poverty and health/ wellbeing
- Implementation of NICE NG6

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# Enhancing co-operation between the nations to end fuel poverty



- Boosting incomes
- Embedding fuel poverty targets
- Enhancing co-operation
- UK wide mechanism for energy efficiency

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# Action on Utility Debt



- In November 2020 we published ‘Surviving the Wilderness: The landscape of personal debt in the UK’<sup>1</sup>
- Focuses on three sectors: energy, water and council tax
- Highlights areas of best practice in debt management guidance, debt support, and ability to pay principles.

1 - <https://www.nea.org.uk/wp-content/uploads/2020/10/Surviving-the-wilderness-final-version.pdf>

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# Surviving the Wilderness



Recommendations included:

- UK Government making contributions for payment matching schemes
- Consistent Ability to Pay and debt collection principles across all utilities
- Maximising data sharing opportunities
- Adopting a measure of ‘severe indebtedness’

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# 'Ability to Pay' Principles



Energy (Ofgem)	Water (Ofwat) <sup>2</sup>
<ol style="list-style-type: none"><li>1. Having appropriate credit management policies and guidelines</li><li>2. Making proactive contact with customers</li><li>3. Understanding individual customers' ability to pay</li><li>4. Setting repayment rates based on ability to pay</li><li>5. Ensuring the customer understand the arrangement</li><li>6. Monitoring of arrangements after they have been set up</li><li>7. Re-engaging with the customer after an initial occurrence of a failed repayment arrangement</li></ol>	<ol style="list-style-type: none"><li>1. Help make it easy for all customers to pay their water bill</li><li>2. Make sure customers who are eligible for help receive it when it is needed</li><li>3. Treat customers that have their account managed by agents as customers of the company</li><li>4. Be proactive in contacting customers in debt</li><li>5. Be clear, courteous and non-threatening to customers in debt</li><li>6. Agree payments that are right for each customer in debt</li><li>7. Treat customers facing debt recovery by debt recovery agents with care</li></ol>

*2 – Taken from Ofwat's open consultation on their future debt guidelines and ability to pay principles (closes 27/07/21)*

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# 'Ability to Pay' Principles



Two questions to discuss:

1. How does the application of Ability to Pay principles across energy and water work in practice?
2. What could a framework for consistently assessing Ability to Pay look like?

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# Breathing Space



- Officially called the 'Debt Respite Scheme', Breathing Space launched on 4<sup>th</sup> May 2021
- Freezes debts, interest and enforcement action for 60 days, during which time a debt solution can be agreed
- Breathing space is not time-limited under the mental health crisis scheme, instead is linked to the person's mental health crisis treatment

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# Breathing Space



Two questions for discussion:

1. How has the introduction of Breathing Space legislation changed the debt landscape?
2. What more is needed?

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# A Government Strategy for Personal Debt?



- HM Treasury has overall responsibility for personal debt
- NEA is calling for Government to develop a strategy for personal debt, to take a holistic, cross-sector view

Question for discussion:

1. What would a Government Debt Strategy need to consider?

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**Thank you for your  
participation**



[matt.copeland@nea.org.uk](mailto:matt.copeland@nea.org.uk)

@Matt\_Copeland1

[jess.cook@nea.org.uk](mailto:jess.cook@nea.org.uk)

@JessCook\_NEA

Headline sponsor

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