

## **Scottish COVID-19 Inquiry**

Witness statement of Paul Clark

Witness Number: BWS0064

Statement taken on from 3<sup>rd</sup> July 2024

### **INTRODUCTION**

1. My name is Paul Clark. I am the Head of Operations for of Citrus Energy. Citrus Energy is a social enterprise subsidiary of Cunninghame Housing Association.

### **ORGANISATION AND ROLE OVERVIEW**

2. Citrus Energy is a company limited by guarantee (company number SC340430). Citrus Energy supports residential tenants as well as businesses, charities and social enterprises. Citrus Energy provides advice about reducing energy bills through managing the switching of energy suppliers and sharing our knowledge and experience in energy billing, metering contract management benefits and programs. Citrus Energy has been in operation for 12 years. Our frontline advice service for home energy consumers is called 'Lemon Aid' and we get referrals from around 160 partner organisations who trust us to give free impartial advice and assistance.

### **FUNDING**

#### **Organisational funding received**

3. Citrus Energy received funding for laptops and mobile devices for staff.

#### **Funding issues**

4. Funding for frontline organisations in the fuel poverty sector was key. If the Scottish Government gives a consumer a pound, it pays for one pound of energy or energy debt. In contrast, if the Scottish Government gives a frontline energy advisor a pound, it can translate this into saving the consumer £25-£50.
5. Whilst there was a massive increase in demand from people suffering fuel crisis for frontline energy advice, energy advice services have seen a reduction in non-Scottish Government fuel crisis funding opportunities. So as demand has increased, funding opportunities have reduced at a time when funding for frontline services is critical. Various streams of funding are ending soon.
6. The Fuel Insecurity fund, which delivered funds to provide energy top up vouchers and help service users in energy debt, has also ended. No replacement for this fund had been announced. Service providers, now in the middle of an energy and cost of living crisis, are finding it tougher than ever to find funding. More funds need to go towards front line services that help those who have been self-disconnected or need energy debt advice. Hundreds of millions of pounds of Scottish Government funds were being spent on improving insulation in homes and making them more efficient, whilst front line fuel services are struggling.
7. Further, the Investment in Communities fund supports half of our team. We have team members in North Ayrshire, East Ayrshire and Dumfries and Galloway. Nine staff members funding are coming to an end on the 31st of the March 2025 and we will not be able to get that funding from the Scottish Government.
8. We also got some funding from the Energy Redress scheme for core staffing costs. That scheme is ending soon too and we do not know what, if anything, will replace it.

### **Net zero and funding**

9. All funding pots are over stretched. A major and consistent frustration is brought about by funders conflating fuel poverty alleviation with Net Zero projects. It now seems that every funding pot applied for in the sector must have some link to Net Zero achievement. This is anomalous as funding is going toward heat pump instalment and other CO2 emission reduction schemes and improving insulation and similar schemes. However, these heat pumps are electric and the heat pump consumer would invariably end up paying four times more for their heating energy supply than they did using mains gas central. Trying to get people centric funding instead of building centric funding is getting harder and harder.
10. So many energy debt support funding streams are now being conflated with improving insulation and efficiency and this does not help the challenges that participants face. This is a fuel poverty crisis. It is not an insulation crisis. If a consumer cannot afford energy, the efficiency of the boiler system or quality of the building insulation is irrelevant. Scottish Government funding should prioritise re-connection and energy provision first. Further downstream, the Scottish Government could then look at improving the income of poverty-stricken consumers and ultimately deal with their insulation and boiler efficiency. Energy efficiency and insulation organisations receive hundreds of millions of pounds a year from the Scottish Government yet our organisation only needs £300,000 to help reconnect three thousand people a year. That £300,000 also has an impact on £1,500,000 worth of energy debt.
11. The prohibitive cost of electricity versus gas is not the only issue. There is an illusion that if consumers reduce the amount of energy they use, through installing heat pumps or having better insulation, their fuel bills will be reduced. In reality, what happens is that if people start using less energy, then the suppliers, who are profit making organisations, simply increase prices to satisfy their shareholders expectations.

12. Funding at present is heavily targeted towards warmer homes and insulation and efficiency measures. I accept that homes will all need better insulation, but there is no point in having a fantastically efficient home if you could not turn the heating on or do not have hot water. Funding should be prioritised to ensure that the primary goal is everyone can wash, shower, cook, and heat their homes.

## **IMPACT ON THE ORGANISATION**

### **Impact on staff**

13. There was an increase in workload for Citrus Energy staff and other organisations, food banks in particular, during the pandemic for many reasons; volunteers or staff were furloughed, shielding or simply left the job because they could not cope. Citrus Energy identified the challenges of staffing a small charity and the difficulty in getting quality staff when the posts you are advertising for are only funded for short, fixed periods. Maintaining an effective staffing level is getting harder every year, especially as funding streams are disappearing.
14. We did have some staff leave us as the work became very challenging. Their caseload increased significantly and we found that the people who were approaching us were much more at rock bottom than they were before. During the pandemic I had staff who were dealing with people suffering from real mental health issues. Our staff are not paid to do that. We did our best to look after our staff and had to manage caseloads very carefully to ensure the pressures do not overwhelm them

## **IMPACT ON CONSUMERS**

### **Self-disconnection**

15. There was a massive increase in self-disconnections during the pandemic, which is why we are in the position we are in relation to top

up vouchers. The increase was caused by suppliers running roughshod and utilising pay as you go technology as debt control.

### **Smart meters**

16. Some people experienced fuel crisis due to an inability to leave the home to top up a pay as you go ('**PAYG**') meter. To combat this, suppliers pitched SMART meter installation as a solution as SMART meters can be topped up remotely from your home. As a result, SMART meters are perceived as a positive addition, however, this is not necessarily the case for low-income families. SMART meters are also a way of introducing PAYG in a different guise. To install a traditional PAYG meter, the household must be in arrears with their supplier and the supplier needs to get a warrant to enter and fit a PAYG meter in the debtor's home. As SMART meters are pitched as a positive addition and are promoted to everyone as a way to save money, monitor energy use and importantly top up without leaving the home, warrants are not required, only that that supplier has shown attempts to contact the customer to seek debt repayment, if as inevitably happens, the consumer doesn't respond, the supplier can remotely change the SMART meter to become PAYG with no need to apply for a warrant to make this change. The issue is SMART meters can also work like a PAYG meter. Not everyone is aware of this. Once a SMART meter is installed in a home, if a consumer falls into energy debt, at the flick of a switch, the supplier can switch the SMART meter to operate as a PAYG meter. As such, the introduction of SMART meters into low-income homes could be described as PAYG installation under a different guise and subsequently puts more people at risk of self-disconnection. What is perceived as a support mechanism, may later become a burden.

## **WELFARE ASSISTANCE PROGRAMS**

### **Fuel insecurity fund**

17. Citrus Energy helped deliver funds from the Fuel Insecurity fund which delivered cash and PAYG top up vouchers to those experiencing energy debt or self-disconnection. On average Citrus Energy helps to re-connect 3000 self-disconnected service users a year.

## **EMERGENCY PROTECTIONS**

### **Protection from eviction**

18. Whilst during the pandemic the protection from eviction was welcome at the time by tenants, it has created a much bigger problem now. Putting debt recovery on hold for all debts did not really help the people that it needed to. Citrus Energy is now helping people mired in debt to landlords, councils, and energy companies. The effects from debt accrued during COVID-19 will be felt for years. The blanket ban on recovery did not help in the long term. A more nuanced approach could perhaps have been adopted. Creditors should be negating some debt and there needs to be another way that does not result in people being buried in historical debt they cannot pay.
19. Debt suppliers have to be forced to negate a proportion of energy debt because ultimately, they're never going to get that fully paid anyway. This is particularly the case for those who are self-disconnected but continue to have their standing charges accrue which increases their debt every day. Historic energy debt should in certain circumstances be treated in the same manner as back billing and limited to debt accrued only in the last 12 months.
20. Some people have energy debt balances of £4,000. These people are going to have a noose round their neck for years and years to come. Then we see through the media every year the vast profits energy companies are making.

21. Regulators and Governments need to step in and say, "you have attained massive profits during this period. Do us a favour, get rid of some of the back historic debt on these vulnerable people".

## **COMMERCIAL/ CHARITABLE ENERGY USERS**

### **Volume tolerances**

22. Citrus energy also operates as an energy broker for businesses and charities. The ethos is to ensure charities and social enterprises can continue operating without being hampered by rising energy costs. For example, electricity is now double the cost it was pre-pandemic. When a charity is looking to procure a new energy contract, the assumption usually is the new contract price is based on the volume of energy consumed in the last few years. If a charity uses more than the estimated amount, it is charged a penalty. These are called volume tolerance penalties. This was important as in the few years after the pandemic, many of the volume tolerance estimates were inaccurate due to the fact that some charities did not use their offices at all during lockdown and as result were, more likely to be penalised. This is an issue that needs to be addressed.

## **UNDERLYING CAUSES OF POVERTY AND FUEL POVERTY**

23. Fuel crisis is a huge problem in society. Vouchers and advice schemes are only an emergency stop gap measures to help reconnect those living in poverty. The underlying cause of fuel poverty needs to be solved. No matter what short-term help energy advice services can offer those disconnected from their energy supply, it is not a long-term solution. The Scottish Government should be looking at more drastic measures, including legislation, to force suppliers to negate energy debt on consumers.