HOUSE OF COMMONS

Northern Ireland Affairs Committee

Oral evidence: Cost of living in Northern Ireland, HC 716

Wednesday 7 December 2022

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Watch the meeting

Members present: Simon Hoare (Chair); Sir Robert Buckland; Stephen Farry; Mary Kelly Foy; Sir Robert Goodwill; Claire Hanna; Carla Lockhart; Ian Paisley.

Questions 1 - 34

Witnesses

I: Peter McClenaghan, Director of Infrastructure and Sustainability, Consumer Council for Northern Ireland; Kevin Higgins, Head of Policy and Research, Advice NI; Jamie Miller, Secretariat, Northern Ireland Fuel Poverty Coalition.

Written evidence from witnesses:

- Advice NI
- Northern Ireland Fuel Poverty Coalition (FPC)
- Consumer Council

Examination of Witnesses

Witnesses: Peter McClenaghan, Kevin Higgins and Jamie Miller.

Q1 **Chair:** Good morning, colleagues, and good morning to our witnesses. We have two panel sessions this morning for a break in our inquiry run, but we thought it was appropriate to look at the impact of the cost of living crisis on the communities of Northern Ireland. BEIS and other Departments here, including the NIO, have a strategic interest in these matters, as does the Treasury. We always slightly tread into these areas lightly, as it were, given that so many of the policies are devolved, but, in the absence of a functioning Executive in Stormont, given the pressing nature of these issues, which I am sure we will hear about during the evidence session this morning, we thought it appropriate to have a session today.

Gentlemen, let me kick off the questioning. Could you give us a brief thumbnail sketch from your perspectives as to where you think things are? It is the "what keeps you awake?" question, I suppose. Let me phrase it in that way. I am going to go to the man on the screen first. Let us go to Mr Higgins, head of policy and research at Advice NI.

Kevin Higgins: Thank you very much, Chair, and thank you again for the opportunity to provide this evidence remotely. I really appreciate it. I recognise you say that you are going to tread lightly. I would also say that I acknowledge and understand that the Committee and its members are not miracle workers or whatever, so I have to be realistic about what I am pitching here and what can be achieved in terms of this cost of living crisis.

I wanted to touch on a couple of key points. In terms of Advice NI in the front line, it is useful to put things in context a little bit. In Northern Ireland, we have been delivering or helping to deliver on welfare reform since about 2016. Just prior to that, I and a number of others were part of the Eileen Evason mitigations committee, which was a bit of preparation work to try to mitigate the harshest impacts of welfare reform.

Roll on 2016 and, onwards from there, we have been helping with all sorts of aspects of welfare reform, including DLA to PIP reassessment. The reason I put this in context is that, first, the advice sector has been flat out now for a number of years, helping people in most need, but, secondly, these impacts have been felt by people right across this part of the world.

If we fast forward then to rising inflation, the cost of living crisis and so on, it is the resilience issue. It is people being at a very low ebb, because of many things that have already happened. We all know that inflation hits everybody, but it hits the poorest hardest. Those poorest people have come through welfare reform, Covid and lockdown, and now the cost of living crisis, rising interest rates and so on. My key point there would be that there is very little resilience among people on the lowest incomes. The advice sector is stretched to the limit in terms of helping people in need. That would be my key opening remark.

Jamie Miller: I agree with everything that Kevin said. It is also worth being mindful that the scale of the price rises has meant that the impact has been felt quite far across the population of Northern Ireland. The organisation that I work with, National Energy Action, did a survey in June this year to ask householders about the impacts that they felt, and 45% of respondents are now in fuel poverty in Northern Ireland. That was in June, when energy prices were marginally lower than they are now; also, seasonal energy demands would have been less.

Probably more worrying from that survey is that one in 10 respondents told us they were skipping meals so that they could pay for their energy bills. For 100,000 homes in Northern Ireland, that is a choice between heating and eating. That is very much a reality for them.

It is probably also worth mentioning that 80% of all respondents told us that they are rationing their energy use; 75% told us that they were actively worried about how they are going to pay for energy this winter, which we have now officially entered with the cold snap that we are all experiencing; and 29% of people told us that it had had a direct impact on their health and wellbeing. It is a massive challenge. It has real life consequences right now and is something that needs a lot of attention.

Q2 **Chair:** Can you say a word or two just about initiatives for insulation, energy-efficient boilers, triple glazing and those sorts of areas?

Jamie Miller: Broadly speaking, energy efficiency improvements are the best way to reduce a householder's energy bills. One of the best things that the Government in general could do would be to commit to the manifesto targets and deliver on energy efficiency. In terms of Northern Ireland, unfortunately, we lag behind, generally speaking, in energy efficiency investment.

We have some of the poorest quality of insulation and we have gaps in our legislation that do not help the matter. We do not have minimum energy efficiency standards for the private rented sector, for example, which the rest of the UK has. We also do not have a statutory fuel poverty target in Northern Ireland. Again, the rest of the UK does, so there is a disadvantage there in terms of encouraging work and activity within energy efficiency improvements.

Q3 **Chair:** Why do you think you do not have those things?

Jamie Miller: I do not know.

Q4 **Chair:** As an organisation, you have made representations in support of them, I would guess.

Jamie Miller: We have been calling for progress in this area for over a decade now, particularly around a fuel poverty strategy. It has just been slow to deliver. We have had periods—and we are in one now—when we do not have devolved government at full operation, and that reduces the ability to govern and to legislate. That may cause some impact, but there are additional challenges outside of that, because, even when we have had the institutions up and running, there has been little or no progress in terms of energy efficiency measures.

Q5 **Chair:** Mr McClenaghan, director of infrastructure and sustainability at the Consumer Council for Northern Ireland, what is keeping you awake of an evening—in relation to this topic, obviously, rather than what Santa might be bringing you?

Peter McClenaghan: I have a three-year-old son who keeps me awake a lot at night. The Consumer Council is the statutory consumer body for Northern Ireland. One of our roles is to understand consumers through research. We have a lot of research and evidence on consumers and what their experiences are. We track household expenditure data on a quarterly basis, and have found that consumers' discretionary income is dropping. Of particular concern for us is the lowest quartile of earners in Northern Ireland, whose discretionary income at the moment is about £25 a week. After they pay for housing and their other essentials, they have £25 a week of discretionary income.

Q6 **Chair:** Does that vary according to the size of the household, or is that a flat figure?

Peter McClenaghan: That is an average figure for households in that quartile. Across the board, Northern Ireland households have discretionary income of around £95 a week on average, compared to about £209 in the rest of the UK. When we have compounding effects of issues like rises in energy prices, the way they are—and that is essential for people to spend money on—they are beginning to bite into people's discretionary income in a significant way.

What we are finding is that, as we all know, energy prices have spiked significantly. For example, heating oil prices are currently 75% higher than the pre-pandemic norm in Northern Ireland. Two thirds of households in Northern Ireland would use home heating oil.

There are a number of issues that concern me in relation to the energy sector and what that means for consumers. There are short-term challenges about getting the support that has been promised to people as soon as possible. Once that support is then in place in the medium term, how are we going to step people off that support into a better system?

In the longer term, Northern Ireland just has a lot of legacy challenges in and around its energy sector. The fact that so many of our consumers are using a fuel that is unregulated creates affordability challenges, because you have to buy it in bulk. As Jamie said, there are also issues around strategies. We now have an energy strategy in place. The fuel poverty strategy is being developed but is not yet in place. The requirement to ensure that we have those strategies in place to protect people longer term and to provide people with broad consumer protection regardless of what fuel type they are on is very important.

Q7 **Chair:** Mr Miller mentioned the differential in delivery between GB and NI in terms of energy efficiency and insulation initiatives etc. I suppose that your organisation has made similar representations to Stormont as Mr Miller's. What have you been hearing or finding?

Peter McClenaghan: We work closely with consumers. We also work closely with the Government Departments in Northern Ireland and with the energy companies themselves. The Northern Ireland energy strategy was published last year and provides a really good roadmap for how we take forward and address the issues in Northern Ireland, including the express need to insulate people's homes. We need to diversify away from fossil fuels and become more dependent on our indigenous energy sources, and the strategy includes a good plan to do that.

It is now about implementation, and that work has begun, but it needs to take place alongside fuel poverty work as well. There are challenges for fuel poverty work, because fuel poverty issues are so all-encompassing. To address fuel poverty, we really need to ensure that affordability of the fuel is addressed. We need to ensure that consumer demand is reduced, if possible, so that they are not having to fork out as much money for the energy that they are using.

There is also a broader challenge of consumers' income and their discretionary income. If people have greater resilience and capacity in relation to their financial situation, it means that they can afford to weather shocks like the one that we are currently experiencing.

Q8 **Chair:** There are chill winds blowing around the world with regard to the economy, with the cost of borrowing going up, inflationary pressures and the like. We have the impact of the mini-Budget of September, which added a little bit of extra pressure to those things. This is outside the area of fuel and more generic in terms of consumer goods. Is the protocol itself and that whole new post-Brexit trading arrangement adding costs to what are already inflationary pressures across the UK? Is there anything that you can see carved out or bespoke in that area?

Peter McClenaghan: To be honest, the issue is the wider global pressures that you have noted. In particular, a challenge for Northern Ireland is that we are so reliant on home heating oil, which is traded in dollars on the global market. As the dollar increased in strength against the pound, it meant that our buying power was reduced. Consumers in Northern Ireland are buying directly off the global market. They are buying at a spot price—the daily price, essentially. When the pound dropped in value, it created a significant pressure on Northern Ireland consumers.

Q9 **Sir Robert Buckland:** That is why it is really important to see the pound recovering against the dollar at the moment. It is at about $1.23, which is encouraging.

I just wanted to ask you and the other witnesses about the impact of the cost of living on particular groups in Northern Ireland. People in receipt of benefits, who are either wholly or partially dependent on universal credit and other benefits, including disabled people and people with caring responsibilities that mean they cannot work, are sometimes lumped together as economically inactive. We know that, within that, there are many different categories of people, some of whom want to work but find there are barriers that mean they are unable to.

What assessment have you, in your organisations, made of the particular impact of the cost of living situation on groups such as the ones that I have mentioned?

Peter McClenaghan: The Consumer Council helped establish a fuel bank scheme in Northern Ireland last winter, which was supported by the energy companies and then funded by the Department for Communities in Northern Ireland. It was about a £2.25 million hardship scheme for people who were really struggling. After that scheme rolled out, we did some research with the people who applied to it, and we found that two thirds of them were aged between 35 and 59.

You would perhaps think that older people might be those who would be applying to that type of scheme. Because people on benefits and those with pensions and things are getting additional financial support, some of the pressures in relation to the energy and fuel cost issues are impacting people who have never been challenged before. Four in 10 of the people who applied to that scheme were in work, and two out of 10 were owner-occupiers.

People in the lowest quartile of earners, people with disabilities and people who are dependent on energy to run medical equipment, for example, are really finding things tough and are under significant pressure, but that pressure is impacting now on people who, frankly, have never really had to worry before. Young families who are paying their first mortgage and have just moved out of their parents' home, for example, are all of a sudden facing financial challenges that they are not used to. Our concern would absolutely be about people who we would traditionally view as vulnerable, but that challenge has now been exacerbated for the wider population.

Kevin Higgins: If I may, I will mop up a couple of points, please, just while I have the opportunity. One of the implications of what has been said there was about, "Why has nothing happened in Northern Ireland around insulation and various other things?" For a brief moment, I would maybe like to be a little bit positive and hopeful about this, in that a number of things have happened. Someone said there that our Executive was down. It was back up again from January 2020. I would have to say that, from January 2020 up until the spring of this year, quite a lot of things happened that tried to target people in need through, for example, Covid and then, latterly, the cost of living. Things like our mitigation scheme, which I have already mentioned, were hugely beneficial and impactful in mitigating the bedroom tax and the benefit cap, and that must not be forgotten.

Various other initiatives were put in place. We had an initiative called Warm, Well & Connected, part of which was to provide emergency energy support for people during the initial phase of Covid and lockdown, when people were struggling to heat their homes. Obviously, they were in their homes more often. There were various other initiatives around period poverty, holiday hunger and so on, which I would put on the record. They have made a real difference.

Because the Executive and Ministers got back up and running only in January 2020, there is a bit of prep work to be done. For example, there has been a lot of work put into the development of an anti-poverty strategy in Northern Ireland, and it is almost at the point where it would be launched for consultation and then measures started to be implemented.

For example, our mitigations have been reviewed and, again, that report has been published. If the recommendations there were taken forward, that would have a real impact as well. One of the reviews that I was part of was the discretionary support review. You will know that the social fund community care grants and crisis loans were abolished as part of welfare reform, but, in Northern Ireland, we have a really important discretionary support scheme that works really well. It provides money to the people who need it most when they are in crisis, but, like everything, it could be improved. We have a report that was commissioned by the Department for Communities with good, strong recommendations about how that could be improved and it would be really helpful, so there are reasons to be cheerful.

To answer your question in terms of impact on people, during Covid, for example, we had the £20 uplift to universal credit. It is generally acknowledged that that did real good for people who lost their jobs and were struggling, but I have to say that, as you will probably have picked up, welfare reform has been slower to be implemented in this part of the world, given the various issues. That has meant we have fewer people on universal credit, so we had fewer people who benefited via the £20 uplift. We have more people on legacy benefits, so we have more people to be moved to universal credit when that time comes.

My point is that we did not really reap the rewards of that £20 uplift, and that feeds into this general point that I was making around a lack of resilience, and a lack of the financial ability and reserves to be able to cope with rising inflation.

We all know that inflation was at 10.1%, which has been uprated on benefits, in work and out of work, but for essential food items like dairy and meat, and all the basics of life, it is running at 15% and 20% or whatever. For the people contacting our helplines, we are doing our best.

It is around an income crisis and we are trying to maximise incomes. You will see from the briefing paper that we managed to generate about £50 million last year and we are at about £30 million for this year, so we are trying our best to maximise incomes.

We are increasingly seeing people who, when we do the benefit entitlement checks, are getting everything that they are entitled to. Everything is maxed. It puts pressure on the advisers and the crisis providers, but the next stage is crisis support, in terms of food, fuel or warm banks, which are increasingly being talked about now. It is those crisis interventions that are our focus. It is a real shame that the Executive is down, because those are real localised interventions. We need a local Minister and the Executive in place to be able to make sure that the best local supports are in place to help people when they most need it.

Jamie Miller: I agree with all the points that both Kevin and Peter have made. The experience that Peter highlighted in terms of the slightly shifting demographic of people who are also needing support now is one that we have also witnessed through our own hardship support funds. There is definitely a slightly younger demographic and also people who would not traditionally be able to avail themselves of support through social security. We have seen that.

It is also maybe worth my touching on the prevalence of upfront payment for energy in Northern Ireland. We have a much higher prevalence of prepayment meters, and 68% of households rely on home heating oil, which requires a significant cash payment up front to get the oil delivered to your tank. That means that, in Northern Ireland, there is a greater need to find money quickly in terms of accessing your energy.

Our system of regulation is slightly different, and Peter can perhaps talk to it better than I can, but I will say that we experience price rises perhaps more often, but with slightly smaller jumps at a time. Whenever we experience those jumps, they are still significant in terms of low-income and vulnerable households. Some of them last year were 30% or 40% increases on a gas tariff, for example. That means that, if you are a house living on a prepayment meter, where you top up your energy perhaps on a weekly basis, you are suddenly needing to find 40% more for your gas. That comes out of your disposable income, which, as Peter highlighted really well before, is significantly stretched, so there is a challenge there.

On that, it is remiss of me not to mention the delays to the energy bills support scheme payments. That is a universal payment that households in Northern Ireland have not been able to access yet, which means that they are currently disadvantaged compared to their UK counterparts. Particularly as we now enter December, the weather has got cold. It was zero degrees overnight in Northern Ireland and there is a weather warning in place for this week, so there are people out there right now who have not had any support to date, and who are going to have to put their heating systems on and find the money to do that. It is going to be hard for them.

Q10 **Sir Robert Buckland:** Before we leave this topic, information as to the proportion of people in Northern Ireland on prepayment meters as opposed to GB would be extremely useful, and maybe we can incorporate it in any report.

Peter McClenaghan: Overall, about half of the market in Northern Ireland, across gas and electricity, is on prepayment meters. It is about 64% of gas customers and 45% of electricity customers.

Chair: How would that compare with, say, England?

Peter McClenaghan: I do not have a number to hand in relation to England. I know that it is significantly higher. Prepayment meters are not used in Northern Ireland for debt recovery as a primary use in the way that they are in England. A huge number of consumers in Northern Ireland use prepayment meters out of choice. They help consumers budget, and a lot of consumers like them, but they do come with significant challenges as well. You are much more likely to just run out if you have topped up only a small amount. At the minute, consumer feedback is that even topping up the maximum amount of £49 on your meter is not getting you very far. You are running out pretty quickly, so there are challenges related to that.

Jamie Miller: Another challenge associated with prepayment meters that we would be particularly concerned about is the idea of self-disconnection. When households run out of credit on their meter, they are, essentially, cut off from their energy supply. The nature of the relationship between a householder, their credit meter and their energy supplier means that there is less direct contact with the supplier, so there is less additional support.

If you start getting into difficulties and not being able to pay your credit meter bill, your supplier can get in touch with you, or you can get in touch with them, to try to negotiate a better payment structure that suits you. It is quite common in our experience that people come to us because they have disconnected and they have gone three or four days with no heat and no power. I do not know if that is because they do not want to reach out to their supplier or if they do not know that it is something they can do. It is just that the relationship dynamic is slightly different there.

Q11 **Chair:** That is an interesting point. I have not detected anybody talking about the increasing resilience in customer service handling calls by the energy providers. Clearly, there is going to be a huge number of people saying, "I want to pay. I am having difficulty paying. Can I have staged payments?" or whatever they happen to be. Are you picking up on any improved resilience? If you are short of money, hanging on the telephone for an hour and a half waiting to get through to somebody is just going to add insult to injury, is it not?

Peter McClenaghan: Yes, and we are finding a significant uplift in the number of calls that are coming through to our support line. A lot of those calls in relation to energy are from people who are finding that they cannot get through to the energy companies, so they phone the Consumer Council and say, "I am having problems getting through to my energy company". That is something that we have spoken to the companies about in the past weeks. Three of the largest electricity providers in Northern Ireland have brought on significant numbers of extra staff to deal with calls.

Chair: That is encouraging.

Peter McClenaghan: It is, and they would be confident now that they are better addressing the call waiting times. If you are under pressure and waiting a significant time to even get through to your energy supplier, that is not helpful. The first port of call that we would always advise to people who are having difficulties with affordability, for example, is to contact their supplier. Our research shows, though, that 10% of prepayment customers in Northern Ireland do not know who their supplier is. If you do not know who your supplier is, it is going to be very hard to contact them when you are in difficulties, whether that be affordability or other issues. That has a big impact then as to how we are going to roll out support to Northern Ireland consumers, because, if support is to be rolled out in any way that requires opt-in—so a requirement on the consumer to notify their company that they require the support or require the EBSS payment—that is going to prove challenging. Half of consumers in Northern Ireland tell us that they do not want any further engagement with their suppliers, and 10% do not know who their supplier is. There is a big burden of responsibility now on consumers to self-certify for support.

Q12 **Claire Hanna:** Kevin, could you just paint us a brief picture of the people and the main challenges that they are calling into your support services with? Are you seeing any dominant patterns in terms of, for example, claimants of specific benefits finding this period challenging? There is an acceptance that it is a universal impact, but are you seeing where there are particular gaps in basic payments?

Kevin Higgins: The call volumes and the work of our frontline centres across all the council areas can sometimes be driven by events, for example if there is a spike in energy costs for gas or electricity. There have been a lot of those recently. I have to say that my experience would be slightly different. We have callers who would come to us because they have difficulty getting through to the energy suppliers, so there potentially is an issue there. Especially if we go down the road of these payments being made to the energy suppliers and there is an expectation of cashing out, that is going to put an incredible amount of pressure on the energy suppliers and engagement with the consumers there.

What we have noticed, to be honest, is that, when people have difficulty getting through to the supplier, they will get in touch with Advice NI, because we have been engaged with the Covid community helpline. People know our service is independent and they trust it. Events sometimes would drive people to the local frontline centre and through to the Advice NI helplines, and we definitely noticed that in our call volumes.

Beyond that, in terms of the types of queries, there are more and more around universal credit, which is to be expected. It is people out of work and in low-paid work or whatever, so it has collapsed those five working needs benefits into one. We have definitely noticed a ramp-up there.

Very generally, we have noticed people, as I said before, asking, "What can we possibly do to maximise our incomes?" We are increasingly seeing that this is not really an income crisis. It is a crisis for people who simply do not have enough money to make ends meet and keep the wheels going round, so to speak, and, in and around all of that, people with disabilities as well. There is lots of work around PIP and DLA for children.

Part of this, believe it or not—hopefully we will get to this—is about almost non-financial systems and ways of doing things, because a lot of the work now is around renewals. If you are on universal credit or ESA, you will maybe get the benefit and you have gone through your assessment. Before you know it, that person is back in again with the renewal maybe in a year or two, or three. The same goes for PIP. First of all, it is stress for the individual. Secondly, it is work for the advice sector. Thirdly, it is work for the Department in processing all of this. Maybe the most fundamental issue is that the person might then be turned down.

Today, the focus is probably on how we get more money to people, but our advice services are increasingly seeing people in real crisis, because their money has been reduced or taken away. There may be issues with their medical assessment, and their money has been taken away, with huge, significant drops in income. Maybe they have deductions from their income, especially universal credit, due to an official error. The person, in good faith, thought that they were getting the money they were entitled to and, suddenly, hey-ho, it turns out that the Department made a mistake. We are getting overpayments through official error and then getting those deducted from the people's benefits.

We all know that we have had a decade of austerity, social security cuts and freezes, and so on, but how desperate is it that, even for people on social security, which is the lowest income, we are talking about holes in that safety net, with deductions and with renewals that mean people do not satisfy continual entitlement? All we can do is to work with the system that we have and challenge those decisions. There is mandatory consideration and then you may have to go on to appeal, which takes you to issues with backlogs and delays in the appeal system.

You have maybe 5,000 or 6,000 people in the benefit appeal system. We know from experience that you might have a 60% or 70% success rate at appeal, so there is money sitting and waiting in the appeal system because of a delay at appeal processes and so on. As we all know, it is heightened by a cost of living crisis.

Our advisers are aware of this. We are right on the ball in terms of what we need to be doing to maximise incomes and so on, but there are things that we could be doing in terms of safeguarding income, putting in place extra checks and so on, which would be really helpful.

Chair: We are not pressed for time yet, but there is a lot of ground to cover and I want to make sure that we cover it with both of our panels. You all have a lot of information that you are very keen to give us. Can I ask you just to give focused, shorter answers, so that we can cover all the territory that we wish to?

Q13 **Claire Hanna:** I will reduce some of the things I was going to ask. It is a fair point that you are just dealing with the system as it lies, but it is our job to see where we are almost directing people into hardship, to stop, as the saying goes, just pulling them out of the river and to figure out why they are going in in the first place.

Peter, your household tracker for the Consumer Council indicated that the lowest-income households are on about £25 a week. I just wanted you to briefly tell us what that looks like. Also, to pick up on your point about people who have self-disconnected, as it is phrased, are you seeing much of an uptick in that? Is it possible to quantify how many more people are either being cut off or nearly being cut off from energy supplies?

Peter McClenaghan: In relation to the household income tracker, we have begun tracking that information in recent times. As I mentioned, for the lowest quartile of earners in the last quarter that we tracked, so the first quarter of this financial year, it was about £25 a week. The quarter before that, consumers in that group had £29 a week of discretionary income. It was a significant drop to them. To many of us, £4 a week is money that you would spend on a cup of coffee, nearly, but, for people who are in real dire need, it is make or break. If that trend continues as energy prices, for example, continue to compound on people's incomes, people are going to find it really tough over this winter.

What we have heard from the suppliers in relation to people on prepayment meters, for example, is that, in recent times, levels of top-ups have been quite low, because a lot of people heard the noise that energy prices were beginning to increase and put as much money as they could afford on their meter. They preloaded their meter, so that they had a reserve of cash there. As prices have begun to rise, people have been using that money, so they have been slightly insulated, but that will not last for ever.

I would anticipate that, in the coming weeks and months, people will really start to feel challenged, because, all of a sudden, that reserve of credit that they have had will run out, and they will then be back to paying significantly higher prices.

We have significantly more research in relation to prepayment meters. We undertook a piece of work earlier this year that studied consumers using prepayment meters, their attitudes and experiences, and we can share that with you as well.

Q14 **Claire Hanna:** Jamie, I know your organisation had been delivering the Warm and Well scheme. It was certainly one that my team referred to. What is the capacity of that as things get colder? Is there enough to distribute?

Jamie Miller: The short answer is no, I'm afraid. In October this year, we had to suspend Warm and Well—which is a crisis intervention scheme, for the other members of the Committee who might not be familiar with it—for a two-week period, which was the first time we ever had to do that. That was because the demand was overwhelming and we could not process any more applications. The phone was literally ringing off the hook.

My colleagues back in Belfast today will, no doubt, be fielding a number of calls, as it is freezing today, and I expect that we will probably have to close the scheme at intermittent periods throughout the winter, just so that we can handle the calls that have already come in.

Claire Hanna: That is a worrying thing to hear.

Q15 **Carla Lockhart:** Thank you so much for your presentations so far. I am keen to understand how the recent energy price increase for people in Northern Ireland compares to those in Great Britain and how it has happened in Northern Ireland. It has been quite gradual but frequent, so I am just wondering how that impacts the consumer, if you can give me a little bit of information on that.

Peter McClenaghan: Jamie touched on this slightly, but we have a different regulatory system in Northern Ireland in relation to gas, for example. Our gas prices began to rise first before prices in GB, and that is because we do not have the energy price cap. We found, over last winter, that our prices were becoming significantly higher than in Great Britain, because of the lack of the price cap.

As Jamie said, prices have stepped up. There are announcements every week of another company putting its prices up. However, at the minute, our prices are lower than GB, and that is, in part, because, without the price cap, companies were able to push the prices up when they needed to. As a result, we did not have companies exiting the market in the way that they did in GB. Consumers in Great Britain are paying now for the costs of some of those companies exiting the market, where Northern Irish consumers are not.

Our system is, in some ways, a challenge for consumers, because prices seem to rise without as much warning as would happen under the price cap, but, in actual fact, our prices are, on the whole, slightly lower. That is on the electricity and gas side.

In relation to heating oil, consumers are completely at the whims of the global market. You are having to buy heating oil by the tanker. The oil arrives at your house and you are paying for at least 300 litres, because you cannot have anything less than that delivered under trading standards rules. At the minute, 300 litres is costing you slightly more than £260, so you have that affordability challenge that Jamie mentioned, in that you have to have £260 in your bank account to pay up front.

In addition, heating oil prices peaked at about double what the pre-pandemic 10-year average price would be. At the minute, they are about 67% more expensive than they were pre-pandemic, so there are real challenges for consumers in relation to that.

Q16 **Carla Lockhart:** You have answered that quite comprehensively. I was raising this point earlier that, in my own constituency, the Consumer Council runs a very good tracker. You can go on and see what the price of oil etc is. In my constituency of Upper Bann, it is higher than most other areas. Is there a particular reason why certain areas experience a higher rate than others?

Peter McClenaghan: Both heating oil and petrol and diesel prices have been in the news a lot in the last number of months. In relation to petrol and diesel, we found that, if you are in an area that does not have a local supermarket pushing prices down, prices tend to be higher for consumers. We tracked that and found that through our data. In relation to heating oil and the specifics of Upper Bann, I do not know, but I can look and see if we can dig into the data and find out for you.

Carla Lockhart: I have written to you on it, so you probably will see that note.

Jamie Miller: I just wanted to also flag that home heating oil is not regulated in Northern Ireland, which means that there are occurrences, like in your constituency, where you have these postcode lotteries, so it is more expensive. There is an element of that being just unfair for consumers in that area.

It is probably also worth mentioning that the price can vary quite quickly. In March last year, there was a week when it started out at a certain price and, by three or four days into the week, it was about £200 more for the equivalent fill, which means that a consumer who maybe did not realise that they needed to top up on the Monday was significantly out of pocket by the Thursday. Within another week, it might have dropped back down, so there is another aspect of potential disadvantage there for some consumers who maybe do not have the capacity to check trackers and follow trends. We need to be mindful of that.

Q17 **Sir Robert Goodwill:** We have already heard from Mr Higgins how, while some of the Covid assistance was delivered quite effectively in Northern Ireland, other help, such as the £20 uplift to UC, was not available for those on legacy benefits.

Mr Miller, your organisation has highlighted the fact that the absence of the Executive means that the council tax rebate and the household support fund delivered to NI through Barnett consequentials cannot be accessed by the people of Northern Ireland. What needs to and could be done to address that situation?

Jamie Miller: It is a difficult question to answer, because it is somewhat unprecedented.

Q18 **Sir Robert Goodwill:** Is the short answer just the restoration of the Executive?

Jamie Miller: Restoration of the Executive would help in terms of accessing Barnett consequential funding. However, I need to stress that, at the moment, the priority must be about getting the £400 energy bills support scheme payment out to Northern Ireland. If the Assembly were to be restored tomorrow and local Northern Ireland civil servants were to start working on that, we would be back to square one again, and I do not know if that would expediate that payment.

In terms of long-term future proofing and access to future Barnett consequentials, having the Assembly would be the best way forward, but, in terms of immediate support this winter, all focus needs to be on accessing the £400 per household payment.

Q19 **Sir Robert Goodwill:** This question is also for Mr Miller, although, if the others want to chip in, please indicate. What are your views on the UK Government's energy bills support package and its implementation in Northern Ireland—for example, the delivery of the energy bills support scheme?

Jamie Miller: Broadly speaking, the energy bills support packages brought forward by the UK Government have been very effective for a lot of people across the UK. There are people who have missed out, and the people of Northern Ireland definitely fall within that category. To date, we have not yet received the £400 per household, so there has been no universal support for households in Northern Ireland.

The energy price guarantee has had a good effect in reducing bills for electricity users and gas customers in Northern Ireland. However, we again need to remember that 68% of homes rely on oil and, therefore, do not receive any benefit in terms of heat support from the price guarantee. I know that the Government committed to providing £200 support for off-gas homes, and Northern Ireland will be receiving that as a universal payment to all households, which is hugely welcomed by members within my organisation, but it very much comes back to this issue of timing being key. We are now in winter. It is cold. People need the cash now, so that they can top up their tanks. If we cannot get that support out quickly, it is not going to go half as far as it should have done and as it already has for other households across the UK.

Q20 **Sir Robert Goodwill:** As well as people off gas, there are people living in park homes, maybe where the landlord pays the main bill and then bills the customer. Is any assistance getting to people in that situation?

Jamie Miller: I will need to come back to you on that. I know that legislation was passed to encourage landlords to pass savings through to householders. I will need to double-check if that applies in Northern Ireland. If it does not, it is another area that would need to be addressed quite quickly.

Q21 **Sir Robert Goodwill:** As for the delivery of that, would the lump sum of £400 or metering it out over time be most effective to help? I am not suggesting that people might spend their £400 on something else, but it might help people budget if it was metered.

Jamie Miller: One of the challenges that we face in Northern Ireland is that we are late in the game in terms of this. The original policy conception around the £400 lump sum was that it would be put on people’s electricity meter accounts. You then have the challenge of how that helps them keep their home warm. There is this need for cashing out, as I believe they call it—the ability to draw down and use some of that money in other ways.

I would stress the need for us to be careful and find a balance here. People still need support for electricity bills, so there is probably a rational argument for capping the amount that you can withdraw and ensuring that some of it still stays on the electricity meter as well. There is also the issue of the prepayment meter customer who needs the support quickly. We have experienced delays in the delivery of the scheme, as they try to work out how to facilitate this cashing out method.

I would be very mindful that there are some customers waiting for support on electricity prepayment meter, who, if they do not get that support, will not be able to access any form of energy in their home. Your oil boiler and your gas boiler need you to have an electricity supply to work. If you are on a prepayment electric card and you cannot top it up, you are not going to have heat anyway, regardless. NEA and the Fuel Poverty Coalition think that we need a cash-out mechanism but that it should not delay the £400 getting out. They need to try to find a balance. Perhaps we can issue £200 on the electricity meter and then figure out how to let people avail of cashing out in due time, but we really need to get immediate support out quickly.

Kevin Higgins: Just to reinforce that point, because of the preponderance of oil, if we are needing the £400 plus the £200 to heat people’s homes in Northern Ireland, the cash-out is going to be a fundamental, because people will want to use that on oil. It is excellent that we can check oil prices and so on, but, in rural areas especially, digital access can be patchy at best. It is just a factor in the rural issues associated with people being able to get the best out of whatever schemes are in place at the moment.

Peter McClenaghan: In relation to the question about park homes and heat networks in general—people in Folds, for example, or some apartment buildings—the Consumer Council has been working closely with BEIS, because our statutory powers have been changed to make us the complaints function in Northern Ireland in relation to people who are promised that support and perhaps, for whatever reason, do not receive it from their heat network provider. That is something we will be taking forward in partnership with BEIS and are working through at the moment.

In relation to the other schemes, the energy price guarantee has been underplayed in some ways. For the average consumer, it will be of greater benefit than the £400 EBSS payment, but I would echo what both Jamie and Kevin have said. It is really just essential that some money gets to people's accounts as quickly as possible, and then, perhaps, if a larger amount is held back for people to be able to cash out and use for fuel, that would be welcome as well. The initial challenge is getting people the money as soon as possible.

Sir Robert Goodwill: Of course, the problem with heating oil is that the more you can afford to pay for, the cheaper the delivery is, which again disadvantages those least able to pay a large amount.

Q22 **Chair:** Just on the payments bit, are you picking up any anxiety from people contacting your organisations that, until the money hits the account or the meter—the "seeing is believing" argument—the Government might change their mind, it might be cut or it might not happen at all, and that they do not want to overly rely on it as a way of working out their heating strategy—that sounds a rather odd phrase—for these coming weeks and months, or is it baked in that the Government are definitely going to cough up the cash?

Peter McClenaghan: There is some anxiety around that. The greater anxiety is just the fact that people are having to go without heat at the moment, or without adequate heat, because the money has not arrived. There is anxiety about whether the money will come, but then there is just the greater anxiety of living in a cold home.

Kevin Higgins: Also, to be fair, there is a sense of being let down, because, for one reason or another, there was an expectation that the £400 would start to be paid in November, but that money has not reached them. I know that there are all sorts of reasons around all of that, but the fact of the matter is that it has not arrived yet, so there is an uncertainty there.

Jamie Miller: We have had a number of people get in touch with us, because they moved money around within their budgets on the expectation of receiving £400, so they are now sitting there, having paid for a different bill than their electricity or their gas, for example, because they thought that, by November, they would have this support. They have had to come to us to help them in the interim.

Chair: That is a very interesting point to keep in mind.

Q23 **Carla Lockhart:** I totally agree with you, Jamie. Psychologically people had thought that this was coming and they had budgeted. Through our constituency offices, I am sure that that has been one of the main complaints.

This is probably a question for the Consumer Council. Do you believe that energy companies were ready and could have delivered this before Christmas, had the Government not commenced this opt-out clause? There has been a bit of confusion around that, so I am keen to get your understanding, because you deal with the energy companies on a regular basis.

Peter McClenaghan: We do and we have conversations with them. What I would say is that we are not in an NDA with BEIS, so we do not have access to the full information that BEIS and the suppliers are talking about, and we do not have a full understanding, because the energy suppliers cannot share that information with us. They have signed non-disclosure agreements.

What we are hearing on the grapevine, though—this was raised at an event that National Energy Action ran at the Northern Ireland Assembly—is that the suppliers believed that they were quite close to being able to operationalise the £400 payments to people. Then, in more recent weeks, and in response to your urgent question in Parliament, the Government Minister stated the idea of a cash-out option.

A cash-out option would be welcome to help people on heating oil, so that they can afford to pay their heating oil bills, as we have discussed in detail here, but it is really imperative that we get some help and perhaps a proportion of the total £600. We are talking about £400 for the energy bills support scheme and £200 for the alternative fuel payment. It is a £600 pot that is potentially going to every consumer in Northern Ireland. Perhaps make a £200 payment to people's electricity bills straight away and get that help there first.

Q24 **Carla Lockhart:** So you would think, short term, about an initial payment to energy bills, which could happen quite quickly.

Peter McClenaghan: It would then buy us a little bit of time to work on the cash-out option.

Jamie Miller: If I can come in quickly on what Peter said regarding the information we received from energy suppliers, the Fuel Poverty Coalition chaired two meetings—one in September and one in October—around the immediate crisis. At those meetings, the suppliers did say to us that they believed that they were ready to go on issuing the £400, but the policy direction was being relooked at, and that was the delay.

It is only fair to mention that I put to energy suppliers whether they could guarantee that, once a household had £400 credit on its electricity account, its direct debit payments would be automatically reduced. In the case of England and Wales, the £66 comes off the bill directly. Suppliers could not give me that assurance, so potentially those people would get a big lump sum in their account, but their direct debit payments would not change, unless the householder got in contact and asked for a formal review.

In terms of the policy delivery, if the idea was to keep homes warm, it would not necessarily have done that. It would have just given people more credit in their account. It might have covered arrears, but it would not have gone as far in terms of keeping the home warm. That might be the rationale behind the cash-out mechanism being prioritised.

Q25 **Chair:** Forgive my ignorance on this. If somebody is in arrears that are maybe longstanding, and they have a phased payback thing of a tenner a month, or whatever it may happen to be, and that money then comes in, could that all just get swallowed up?

Jamie Miller: That is not the intention of the policy design.

Q26 **Chair:** I know that it is not the intention, but is there anything to stop an energy company going, "Well, we will have that"?

Jamie Miller: I am not sure. I would need to come back to you on that.

Chair: Could you? That would be helpful, because we might want to just check with Ministers that they are alert to that. It has to be viewed for dealing with things today rather than three or four months ago.

Peter McClenaghan: The energy companies worked with the Consumer Council and the Utility Regulator to establish a consumer charter of additional promises this winter, and one thing they promise to do is to reduce the level of debt payments that they are asking of consumers as a norm. In Northern Ireland, companies can recoup up to 40% to cover debt, and the companies have committed to reducing that to a level of 20%. That said, if customers want to pay off greater amounts of debt, they can do so.

Q27 **Chair:** That is hugely welcome. What I would not want to see is that lump sum going into whichever account it is and them being told, "We have reduced your arrears to zero. You should feel awfully lucky about that", even if it was £10 a month or whatever it may happen to be. We might just keep an eye on that.

Q28 **Stephen Farry:** Good morning to our witnesses. I have a series of, hopefully, very short questions, being conscious of time at this stage. First of all, particularly for Peter and Jamie, could you give your assessment of the overall value of the £200 support scheme for oil and how that compares to what gas customers are benefiting from in terms of the energy price guarantee? Is that equitable or is there a shortfall in terms of the equivalence in that particular respect?

As a more general question, first of all, in theory, the energy price support is universal, as is the price guarantee. Should Government have perhaps targeted that to a certain extent? Following from that, in practical reality, the price guarantee is going to be targeted from 1 April. Looking ahead, what would be your recommendations for how that should be targeted to best help the people of Northern Ireland, especially the most vulnerable?

Peter McClenaghan: In relation to heating oil, BEIS used the figures that we provided for average annual use of heating oil, which is about 1,800 litres a year, to calculate its numbers. I was looking yesterday at current prices for heating oil, and the annual average bill would be more expensive than a Belfast gas bill, but would be less expensive than a Ten Towns gas bill. On that basis, the £200 support makes sense.

What I would say, though, is that that support scheme is to deal with the current crisis. It does not—and was never designed to—deal with the legacy issues for heating oil consumers in Northern Ireland, which are, as we have discussed, the affordability, the need to pay significant money up front, and the lack of regulatory protection. You are not protected, you do not have high customer service standards, you do not have debt protections, and you do not have a requirement on companies to give you energy efficiency advice. There is also the fact that a lot of people are using old boilers and living in homes that are really badly insulated, and the impact of that.

In relation to targeting of the energy price guarantee, it is going to be challenging, particularly in the context of the Northern Ireland situation, when we are finding that the lowest quartile of earners have discretionary income of £25. On average, we have discretionary income of £95. For the second quartile, it is roughly £70 of discretionary income on a weekly basis. A lot of people need this help. It will be the minority of people in Northern Ireland who do not need the help, so I would be supportive of targeting the help to the most vulnerable, but we need to be careful as to how tightly we define what vulnerability is in the current climate.

Jamie Miller: On Peter's immediate point there, we would wholeheartedly agree on that. There is going to be a need for targeting, but it is certainly going to need to be broader than those already accessing social security system benefits.

Regarding oil, maybe £200 sounds about right now. Peter highlighted very well where it sits in Northern Ireland households in terms of annual expense compared to gas customers. The other and perhaps more crucial aspect of it is that the delivery mechanism is yet to be confirmed. Until we know the ins and outs of that, it is quite hard to scrutinise it.

Certainly, as Peter said earlier, you need £260 up front to get the minimum top-up of oil in Northern Ireland, so, for the most vulnerable, they are still £60 short of being able to access that. The timing of when this money comes out, and even the way it comes out has an impact. Is it going to be a voucher, is it going to be a cash payment straight to your home, or is it going to end up on an electricity meter and involve steps to draw down? That will all impact the effectiveness of this scheme in terms of keeping a home warm.

Kevin Higgins: I will make two general points, if I may. I know that time is maybe pressing there. First, I find it interesting that it is proving difficult, if not impossible, to get universal help out to all households just because there is not a database of all households. It is much easier to get the targeted help out via the tried and tested social security system. It is a testament to the cost of living payments in the summer and the autumn, the disability payments, and the winter fuel payments that hopefully will be arriving through people's doors now. We have a tried and tested system there, and targeting is good. Why would we not target those people who need the help most?

Secondly, in the meantime, while we are waiting on this £600 to come, there is the voluntary energy charter, which Peter touched on. Part of that talks about hardship funds. The Committee may know that some of the councils are starting to develop their own schemes as well.

I am just starting to wonder and have some concerns around the transparency, the complexity and the value for money of different schemes that are being developed at the moment. In terms of access, what are the criteria and so on? If you have the same deliverer delivering on different local schemes that are coming to the market at the moment, and people apply to different schemes, will there be duplication? That is an emerging issue that I am starting to have some concerns about, which the Committee may want to look at.

Q29 **Stephen Farry:** As a follow-up question, looking slightly more generally, Peter, the Consumer Council produced some research, via the University of York, showing that almost 72% of households in Northern Ireland could be in fuel poverty by January.

To all of you, what is your view on the Government support package? Will it impact on the proportion of households in fuel poverty in Northern Ireland? Beyond that, what more could be done to address fuel poverty in general?

Peter McClenaghan: We undertook research at the end of last winter and found that the fuel poverty level in Northern Ireland was about 34%. On the 2018 figures from the Department for Communities, fuel poverty was 18%. Fuel poverty is defined as spending more than 10% of your net income on fuel. It was 34% at the end of last winter.

The compounding effect of rising prices means that fuel poverty will be higher. The figure of over 70% was researched by the University of York;

it was not our research. I would think that is now an overestimate because it did not allow for the Government support schemes that have been introduced. We are looking at a number somewhere in between that. I will not give you an exact number because I cannot tell you that.

In relation to addressing fuel poverty, it goes back to what I said earlier. It is about the price of the energy you are buying; it is about your use. It is very important to help people reduce their demand through more energy-efficient and better-insulated homes. Additionally, if we can increase Northern Ireland consumers' incomes across the board, support the economy, create jobs and do those sorts of things, it will generally mean that we are more financially resilient and can afford to pay, even if prices do rise. It is about those three things: affordability, demand reduction and wider incomes.

Jamie Miller: Building on what Peter was saying about the statistics on fuel poverty, we carried out an NI-wide survey of households in June, and at that point 45% of them were in fuel poverty according to how much of their income they were spending. Again, it has continued to creep up.

I believe the price guarantee has helped a significant number of households. It is a scheme that has massively reduced some people's bills. In terms of a figure right now, though, I would not want to speculate. People use a lot more energy in the winter compared to in June.

Peter is completely right in what he said regarding how we tackle fuel poverty, with the three key strands he mentioned. We also need to be mindful that there is an issue—I have touched on this a lot—around getting universal support out quite quickly to help homes in the immediacy.

We also need to bear in mind that, come April, we are looking at a potential cliff edge as the price guarantee changes. There will be less support provided through that. If it is more targeted, some households will not be able to avail of it. For the households that are in receipt of the £400, that will not be there either. There is potentially a £900 difference in the average price between this year and next year, and we need to be mindful of plugging that gap.

Q30 **Stephen Farry:** Kevin, I appreciate this is perhaps not your direct area, but you are the closest person to answer the question. In your answer, could you comment on the use of food banks in Northern Ireland at present? We have heard various statistics about how there are more people using food banks in Northern Ireland than in any other part of the UK. In some instances, we have seen almost a doubling of people accessing food banks in Northern Ireland compared to this time last year.

Kevin Higgins: There has been a substantial spike. The statistics from the Trussell Trust, which are specific to Northern Ireland, would bear that out. We can get those for the Committee; I am sure we can get that organised.

Again, that speaks to a number of things. It speaks to the lower-wage economy in this part of the world and the greater reliance on social security. There are more vulnerable people and people with mental health problems due to the legacy of what we have come through over the past 50 years. The issues are well rehearsed.

We work with Trussell; we work with Feeding Britain to get on-site advice workers in places where people are coming forward for crisis help. That is all about trying to be agile and flexible, and not having people searching for what is available. That was my point a second ago around the various schemes and stuff that is available. There needs to be transparency and openness around all the help that is there so it gets to the people who need it.

As a final reflection, the Prime Minister talked about how we are now well into a profound economic crisis. Fundamentally, our question has to be whether we provide universal support, a small amount of money to everybody, or more significant help to those people who need it most. To my mind, that is a no-brainer. It has to go to the people who need it most, and we have the systems there to deliver it.

We can try to be innovative and flexible around those people who are dragged into need, the middle incomes and so on, but why should the people who do not need it get help? The help needs to go to the people who need it most.

Q31 **Claire Hanna:** There has been a lot of discussion—I am not going to push you into the politics of it—about the absence of an Executive. I just wanted to ask about how that is impacting the approach to this, first in terms of the lack of resilience we have created over the years. As you mentioned, Jamie, there is no fuel poverty strategy in place, for example. There has been no meaningful retrofitting. Things like the recommendations on discretionary support and other mitigations were not actioned by the Executive.

What impact has the absence of an Executive had on household support? Are there particular measures that have to be delivered by Stormont? What would be the first steps that a renewed Executive would take?

Peter McClenaghan: In relation to the scheme specifically, like I mentioned, we have not engaged directly with BEIS. We have joined a number of meetings with BEIS, along with wider consumer organisations. They have publicly noted that they began work in Northern Ireland after Great Britain. That delayed things. They also then recognised that they did not understand the Northern Ireland market particularly well or the vast differences between the two markets.

All those are factors that have delayed this scheme roll-out. The key point is that we get the support to people as soon as possible. Going back to what we said earlier, if that means a smaller amount of money being put directly on electricity meters as soon as possible and then a larger cash-out option, we would support that.

One other point that has not come up in any of these discussions is the activities that consumers can undertake and things that we as members of the public can do to help ourselves. One of the differences between the Northern Ireland market and the Great British market is that there is still a lot of competition in the Northern Ireland energy market.

If you were to switch your electricity supplier today and you are on one of the highest tariffs in the market, you could stand to save hundreds of pounds a year. It is really important that we encourage consumers, if they can, to take proactive steps to help themselves. The Government schemes can then come in on the back of that and help people as well.

Q32 **Claire Hanna:** Jamie, is there anything you want to add to that about the current situation? How can we prevent the action always being about cash and voucher interventions to deal with crises? What do we need to do to prepare people in the way Peter and others have indicated?

Jamie Miller: In terms of the current crisis, it is a fact that Northern Ireland households have not had the same level of support as those in the rest of the UK, particularly through the lack of access to the £150 council rebate or the household support fund. There was money in England particularly for that. That is not something we have access to in Northern Ireland. We get that through a Barnett consequential. Whenever the Executive is non-functioning, we cannot access or assign Barnett consequential money.

It is worth mentioning that even before that there were schemes we were not included in due to our separate energy market. The Warm Home Discount Scheme is a £150 payment every year to vulnerable households. Homes in Northern Ireland do not benefit from that. We have a tradition of being slightly disadvantaged compared to the other parts of the UK on this.

In terms of the long term and how we can address fuel poverty going forward, a thorough and fast roll-out of energy efficiency measures needs to be delivered. That is something that could bring bills down in the short-term. Once a house has been retrofitted, it should see significant savings. In the long term, it will help us reduce our demand for energy as well as our carbon emissions.

I would just like to pick up briefly on Peter's point on switching. Forgive me, but I am going to mention a personal anecdote, which talks to this. Peter is right in that there are savings to be made if you switch your supplier. However, the volume of calls that suppliers in Northern Ireland are fielding at the minute and the demand for support from customers is overwhelming.

I tried to switch my gas supplier recently because the tariff was half the price of the one I was on. It took me three months, and a Consumer Council complaint and intervention, to get the process over the line. That is three months of potential savings that I missed out on. If other consumers are faced with that, a significant number of them will just give up.

Q33 **Claire Hanna:** Kevin, have you anything to add to that? Could you comment on those mitigation proposals? Where are they and where should they be?

Kevin Higgins: I would pitch the obvious one. We wrote to the Finance Minister during the summer to ask for clarification about the cost of living and money that was available to be used. The response said, "We have £435 million that cannot be utilised". Up front and centre there is money that could be used locally in addition to the interventions coming across from Westminster or whatever. The obvious one is that we did not have access to and usage of support by the people who need it.

Yes, you are also right that we try to focus a little bit on longer-term legacy. Getting money to people is really important, but there are other shows in town. If we can do income maximisation, it is far better to have a regular income coming into people's homes as opposed to ad hoc lump sum payments, which get you through today, but what about tomorrow?

Yes, you are right about the review of the mitigations that was commissioned and has been published. It was a very solid piece of work. If the measures were introduced, it would make a real difference. Les Allenby, who chaired that committee, would say that the top of his priority list would be the mitigation of the two-child cap. You are hitting child poverty there; you are hitting poverty generally; and you are hitting income poverty as well.

I would also draw attention to Gráinne McKeever's discretionary support review. At the moment, broadly speaking, the way it works is that you have access to three loans and a grant. That review recommends that we turn that on its head, because loans have to be paid back, so that is a deduction from an already low income. The review recommends, turning that on its head, a three grants and a loan facility, but we need legislation. We need an Executive to get that over the line as well.

To talk to the earlier point about those people who have been dragged into poverty, that review recommends a higher income threshold for these emergency payments. You could raise that up to whatever level the Minister, the Executive or the Assembly would feel appropriate. It could be above benefit level so you are reaching those people who are just outside the benefit level. Great work could be done on discretionary support. We cannot do a thing because we do not have our local legislative Assembly to get the legislation over the line.

The anti-poverty strategy is cross-departmental, so it has a range of measures and actions in it. This all has to be multifaceted. It is such a big, wide problem that it needs a big, wide strategy to get started on it. It is sitting there as well, and we need an Executive to implement it.

Claire Hanna: Thank you very much. That is very clear. We are losing out in the absence of an Executive.

Carla Lockhart: I just have a very quick comment. Yes, we would all like to have an Executive up and running, but we all know the reason why we do not have one.

Chair: Sorry, can we have a question and not a party-political broadcast?

Q34 **Carla Lockhart:** Yes. Kevin, you have alluded to the fact that the Executive being down is a problem. The Secretary of State recently alluded to the £660 million deficit in the Executive budget. How would the Executive being up and running be a silver bullet for these issues, given the problems that exist with the budget?

Kevin Higgins: For starters, the First Minister, the Deputy First Minister and everybody can get around a table. First, you can interrogate the figures. It is becoming clear that there are various opinions and some debate about the size of the so-called deficit, depending on the metrics and so on.

Fundamentally, would it not be better to have Ministers around the table than to have civil servants trying to make decisions on all of this? They can do so within financial years when budgets are in place, but then you start to move into next year and future years. The Prime Minister talked about a profound economic crisis. Perhaps Westminster will need to make more help available, but we do not have a local Executive here and "local" means to get it to the people who need it most.

Surely it is the local MLAs and local Ministers who will know the best way to spend that money and get the biggest bang for our buck.

Carla Lockhart: Unfortunately, it is not a silver bullet.

Chair: Thank you very much. Gentlemen, thank you for your evidence this morning.

Can I make this offer? I know you will be talking to MLAs; you will be talking to civil servants; you will doubtless be talking to NIO Ministers and BEIS. If there is anything, in the absence of Stormont sitting, that you think this Committee could do, or any information on issues that you want to field into us for us to direct to Ministers, we are very happy to take on that role, hopefully pro tem. The offer is there, if we can be of any use.

Thank you very much indeed for appearing this morning.