



**Response to Draft Programme for Government Framework**

**2016-21**

## Introduction

1. The Consumer Council is committed to developing a better Northern Ireland and therefore is encouraged and enthused about the outcomes based approach taken by the draft Programme for Government (dPFG) for 2016-21. It reflects strongly the work we already undertake, as we look to empower and protect the interests of consumers in NI.
2. The Consumer Council recognises and supports the ambition to improve our economy and society within the draft document. We understand that this is the beginning of a journey for NI, rather than a plan of outputs and measures for the next five years of the Executive.
3. We have analysed the consultation document, and believe that the Executive's targets within the dPFG could be further strengthened by including indicators on:
  - a. The resilience of our public services (public transport, water, energy, health, etc.) and community infrastructure (broadband, bank/post office branches, etc.);
  - b. The level of consumer confidence within our economy;
  - c. The financial capability of our citizens;
  - d. Reducing Fuel poverty; and
  - e. Improving public transport.

Within this consultation response we have provided suggestions on how these could be measured and included within the existing indicators.

4. The Consumer Council's statutory aim is to "safeguard and promote the interests of consumers in Northern Ireland". Through our existing work programme we are already playing a significant role in enabling the following outcomes:
  - a. Outcome 1: We prosper through a strong, competitive regionally balanced economy;
  - b. Outcome 2: We live and work sustainably – protecting the environment;
  - c. Outcome 3: We have a more equal society;
  - d. Outcome 11: We have high quality public services;
  - e. Outcome 12: We connect people and opportunities through our infrastructure; and
  - f. Outcome 14: We give our children and young people the best start in life.

Within this response we explain the work that we already undertake, and the partnerships that exist with many organisations in NI, GB and ROI.

## **Section 1: Strengthening the dPFG's Outcomes**

5. The following recommendations are suggestions as to how the proposed outcomes within the dPFG could be further strengthened.

### **Outcome 1 (We prosper through a strong, competitive regionally balanced economy) and increasing the resilience of Public Services and Community Infrastructure.**

6. Recent years have seen public services effected by natural/social events (e.g. Westlink flooding (2008), freeze-thaw (2010), ice storms (2011), flooding (2012), NI Water industrial action (2014), flooding (2014), Storms Desmond and Frank (2015), etc.).
7. In addition, the capacity of local community infrastructure is being eroded through bank/post office closures, and reduced public transport links and services. There is also increased pressure on water and sewerage and energy infrastructure from new developments, and increased resource requirements.
8. The Consumer Council believes that resilient public services and community infrastructure provide an essential foundation to the success of the 14 proposed outcomes in the dPFG.
9. The Consumer Council suggests that dPFG Indicator 22 could be amended to take account of this, and therefore would become "Increase innovation **and resilience** in our economy."
10. Within the energy sector, resilience and reliability is measured by:
  - Capacity Margins;
  - The number of customer interruptions; and
  - Customer minutes lost.

These measures could possibly be expanded to provide a metric for both public service and community infrastructure resilience.

### **Outcome 1 (We prosper through a strong, competitive regionally balanced economy) and Consumer Confidence in the NI Economy.**

11. In 2015, the Northern Ireland Statistics and Research Agency (NISRA) released a report on the Structure of the Northern Ireland Economy.<sup>1</sup> This report shows that in 2012, the total value of "Final Demand" in NI was estimated to be worth £62.1 billion. This represents the total value of expenditure by consumers and government plus the value

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<sup>1</sup> Structure of the NI Economy, NISRA, December 2015 (<https://www.economy-ni.gov.uk/articles/structure-ni-economy>).

of investment and net trade.

12. The largest expenditure group in NI was households/consumers, with an annual spend of £27.5 billion or 44% of Final Demand. This equates to £15,060 per head of population in NI and shows the importance of consumers to the NI economy in terms of their consumption of goods and services.
13. Unfortunately however, sometimes a good or a service is not as intended, or falls short of expectation, which is known as “consumer detriment”. The Department of Business Innovation and Skills estimates in 2014, that the overall level of consumer detriment in the UK was £4.15 billion per year in the UK (approximately £125m per annum in NI).
14. A 2015 HM Treasury report<sup>2</sup> highlighted that confident, informed consumers are essential to growing the economy, boosting business competitiveness, and reducing consumer detriment.
15. The Consumer Council already conducts consumer confidence research bi-annually. This research measures consumer confidence and identifies issues of inequality or detriment to certain consumer groups. The Consumer Council believes inclusion of such an indicator would actively support the delivery of Outcome 1: “We prosper through a strong, competitive regionally balanced economy.” This will help ensure recognition is given to the role consumers in NI play in developing the local economy, stimulating growth and innovation, and therefore ultimately building business performance here.
16. We would suggest that when developing the “self-efficacy” measure within Indicator 28 (Increase the confidence and capability of people and communities) that consumer confidence is a measure that is included within the proposed survey tool.

### **Outcome 1 (We prosper through a strong, competitive regionally balanced economy) and the Financial Capability of NI Citizens**

17. Unfortunately, there is a higher number of ‘unbanked’ consumers in NI (10%), compared to the rest of the UK (4%).<sup>3</sup>
18. Research<sup>4</sup> has found a positive correlation between access to finance and firm creation, economic growth, and poverty alleviation. Ensuring consumers, particularly vulnerable groups, have access to affordable credit and the money skills necessary to

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<sup>2</sup> A better deal: boosting completion to bring down bills for families and firms, HM Treasury, November 2015

<sup>3</sup> Family Resources Survey NI, Table 4.1: Savings and Investments across the UK, October 2015 (data 2013-14) (A bank account with a payment facility, excluding POCA) (<https://www.communities-ni.gov.uk/sites/default/files/publications/dsd/family-resource-survey-13-14.pdf>).

<sup>4</sup> World Bank 2008 and University of Bristol 2009.

engage with banks and financial services has the power to increase the confidence and capability of people and communities.

19. Access to mainstream financial services is essential for anyone wanting to participate fairly and fully in everyday life. Without this, people pay more for goods and services, and have less choice. The impacts of such exclusion are not just financial, but also affect education, employment, health, housing, and overall well-being.
20. The Consumer Council therefore suggests that dPFG Indicator 28 “Increase the confidence and capability of people and communities” could also measure the percentage of unbanked adults, with a view to reducing it over the period, as an additional material measure of confidence and capability of individuals and communities.

#### **Outcome 4 (We enjoy long, healthy and active lives) and reducing Fuel Poverty in Northern Ireland.**

21. The Consumer Council has a statutory duty to have particular regard for vulnerable energy consumers. NI has the highest rate of fuel poverty in the UK.<sup>5</sup> Fuel poverty is a long-standing health issue: the impact of cold housing on health and the stresses brought on by living in fuel poverty have been recognised for decades by researchers, medical professionals and policy makers alike.
22. Unfortunately, as a problem, fuel poverty often gets dismissed as an energy or housing issue. The Marmot Review<sup>6</sup> showed the clear impact a cold house has on health. They found that:
  - Countries which have more energy efficient housing have lower Excess Winter Deaths (EWDs);
  - There is a relationship between EWDs, low thermal efficiency of housing and low indoor temperature;
  - There is a strong relationship between cold temperatures and cardio-vascular and respiratory diseases;
  - Children living in cold homes are more than twice as likely to suffer from a variety of respiratory problems than children living in warm homes;
  - Mental health is negatively affected by fuel poverty and cold housing for any age group; and
  - Cold housing increases the level of minor illnesses such as colds and flu and exacerbates existing conditions such as arthritis and rheumatism.

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<sup>5</sup> Annual Report on Fuel Poverty Statistics, Department of Energy and Climate Change, May 2013 ([https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/199833/Fuel\\_Poverty\\_Report\\_2013\\_FINALv2.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/199833/Fuel_Poverty_Report_2013_FINALv2.pdf)).

<sup>6</sup> Fair Society, Healthy Lives, Professor Sir Michael Marmot, February 2010 (<http://www.instituteofhealthequity.org/projects/fair-society-healthy-lives-the-marmot-review/>).

23. The Consumer Council would suggest that either Indicator 2 (Reduce health inequality), Indicator 3 (Increase healthy life expectancy), Indicator 4 (Reduce preventable deaths), or Indicator 6 (Improve mental health) should therefore be amended to include a measure of the number of excess winter deaths in NI; with a view to reducing it over the period as a measure of success.

**Outcome 11 (We have high quality public services) and Outcome 12 (We have created a place where people want to live and work, to visit and invest) and Improving Public Transport/Water/Energy Services.**

24. The Consumer Council fully supports the sentiment within Indicator 25 (Increase the use of public transport and active travel). However, the Consumer Council believes it should be expanded to reflect the sentiment within the other indicators within the dPFG, to reflect a willingness to also “improve” public transport in NI. This could be measured by using Translink’s current passenger monitoring survey to observe passengers’ perceptions of the quality of public transport services provided.
25. In addition to public transport, we believe there should be similar commitments to improve the service from both water and energy (although not a public service, it is vital to both society and the economy) infrastructure in NI. This could be determined by measuring consumers’ perception of the quality of service provided.

## Section 2: The Consumer Council input into the dPFG

26. The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland.
27. The Consumer Council has specific statutory duties in relation to energy, postal services, transport, and water and sewerage. In these areas, we are to have particular regard to consumers:
- Who are disabled or chronically sick;
  - Of pensionable age;
  - With low incomes; or
  - Who reside in rural areas.
28. The Consumer Council is a designated consumer body under the Enterprise Act 2002 and the Financial Services and Markets Act 2000 (Designated Consumer Bodies) Order 2013. We can raise super-complaints to the Competition and Markets Authority (in the case of goods and services), and the Financial Conduct Authority or the Payment Systems Regulator (in the case of financial services) if a market in NI, or the UK as a whole is, or appears to be, significantly harming the interests of consumers.
29. The Consumer Council's new Corporate Plan (2016-2021), focuses on:
- Empowering Consumers;
  - Representing Consumers;
  - Protecting Consumers;
  - Understanding the Needs of Future Consumers and Sustainable Consumption; and
  - Providing Value for Money and Good Governance.
30. Whilst overall we believe our work has an impact across the whole of the proposed PFG, we believe in particular we are already strongly supporting the following Outcomes:
- **Outcome 1: We prosper through a strong, competitive regionally balanced economy.**  
Through our strategic programme of work over the next five years we are looking to encourage and assist consumers to develop the knowledge and skills necessary to make choices and to enable them to feel confident about taking independent action in pursuit of their rights.

We are developing local and national partnerships with advisory organisations in NI (such as Citizens Advice Bureau, Advice NI, the Law Centre (NI), Age NI,

Macmillan Cancer Support NI etc.) to train their advisors on how to empower consumers within NI to get the best deal for them and provide a greater understanding of the statutory complaints and advocacy role of the Consumer Council throughout the advice sector. In addition, our consumer complaints resolution work in energy, post, transport, and water will promote learning among local service providers and thus help them become more competitive by being more customer focused.

- **Outcome 2: We live and work sustainably – protecting the environment.**

A particular focus of the Consumer Council's current Corporate Plan is sustainable consumption. Through our work we will strive for a sustainable future for consumers in NI. We are committed to promoting responsible consumerism and encouraging consumers to change their behaviour to benefit them today and tomorrow. Our aim is to ensure consumers are provided with information, choice and value for money whilst the negative environmental impacts of the production and consumption of goods and services are minimised. To this aim we are already developing strategic and working partnerships with organisations such as WRAP, Bryson Charitable Group, Energy Savings Trust, Sustainable NI, etc.

In addition, through our statutory roles in energy, water and transport we will continue to promote energy and water efficiency (with Utility Regulator, Energy Companies, NI Water, Invest NI, etc.) and encourage greater use of public transport by working with Translink on service improvements and promoting better value ticket options.

- **Outcome 3: We have a more equal society.**

The Consumer Council has a statutory duty to consider the needs of vulnerable consumers. As part of our Corporate Plan we are undertaking economic and social research to identify the disadvantages faced by consumers who are disabled/chronically sick, of pensionable age, on low incomes, or live in rural areas. This will then inform our advocacy work as we seek to address detriment experienced by consumers in these groups.

In addition, through our consumer empowerment role we will look to educate consumers (with a particular focus on vulnerable consumers), so that they develop the knowledge and skills necessary to independently make the right economic choices for their circumstances. We are working in partnership with a range of specialist organisations (including Macmillan Cancer Support NI, Age NI, Girlguiding Ulster, CCEA and Save the Children) to develop educational initiatives aimed at increasing the consumer proficiency of disadvantaged groups.

- **Outcome 11: We have high quality public services.**

Through our statutory role in energy, postal services, transport and water, the Consumer Council will continue to work closely with the Utility Regulator, Ofgem and service providers (Translink, NI Water, Post Office, Royal Mail, and the energy companies) to ensure the interests of consumers are articulated and defended.

The Consumer Council will continue to seek to ensure that public policies are developed with their potential effect on people as consumers in mind, and that their contribution to consumer well-being is recognised as an important policy goal. In addition, our statutory complaints handling work in energy, post, transport, and water will ensure the Consumer Council acts as an advocate for individuals with cause for complaint, and seek to change for the better the conditions under which public services are provided to consumers in NI.

- **Outcome 12: We connect people and opportunities through our infrastructure.**

Continued investment in NI's infrastructure is vital to our economic growth and well-being. The Consumer Council will continue to work in partnership with Government, Regulators, and Companies to ensure we use an evidence based approach to ensure strategic infrastructure projects such as Belfast Rapid Transport, the Long Term Water Strategy, the Integrated Single Energy Market, and improvements to internet connectivity meet the actual needs and interests of consumers.

- **Outcome 14: We give our children and young people the best start in life.**

Within the Consumer Council's Corporate Plan there is a specific focus on developing educational partnerships with schools (through the likes of CCEA) and the youth sector (we have already developed a partnership with the Girl Guides Association) to produce consumer education resources on a range of consumer issues. The educational activities will be designed for educators/group leaders to use to raise awareness of consumer rights and responsibilities and for learners to develop the skills and confidence to deal with consumer issues. In addition, we are working with Save the Children's Families and Schools Together Programme to develop evidence based report on the specific needs of low income consumers in NI.

## **Conclusion**

31. The Consumer Council is fully supportive of the outcomes based approach of the dPfG, and we are fully committed to playing our part in its delivery. We would be delighted to discuss the suggestions we have set out within in this consultation response, and how we can work in partnership to achieve the proposed outcomes and measures of the PfG.
  
32. In addition, we note the new Prime Minister's recent announcement<sup>7</sup> that she plans to revise corporate governance in the UK, and in doing so place consumer representatives on company boards. The Consumer Council would support these proposals, and is keen to work with the Executive, through the PfG, to see how they could be successfully implemented to improve the economy and society within NI.

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<sup>7</sup> 11 July 2016



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