

Citizens Advice: Securing a better deal for consumers

**The Citizens Advice draft
consumer work plan
2017/18**



**citizens
advice**

Give us your feedback

This work plan describes the activities we will carry out to represent consumers in 2017/18.

The plan is being published in draft as part of a six week consultation ending on 9th March. We will then take feedback into account and a final work plan will be published on 20th March.

Stakeholders wishing to respond to the draft work plan can do so by email to adminteam-policyandadvocacy@citizensadvice.org.uk or by post to:

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Foreword

Britain's consumers spend £1.2 trillion on goods and services each year¹.

When consumer markets work well, this spending is an incredibly powerful force for good. Not only does it deliver a wealth of products and services that improve people's lives. It also fuels economic progress and growth, as competition for customers drives down prices, improves customer service, and prompts technological breakthroughs.

But the role consumer markets play in our lives also means that, when they fail, that failure carries a heavy price. When markets misfire, consumers pay not once but twice.

They pay directly, in the rip-off deals, shoddy services, and scams that waste people's time and money, and that hit the vulnerable hardest of all. But they also pay indirectly, in the harm caused to our economy when a big incumbent muscles out a promising new product, or when a sector gets locked into misleading prices or inflexible contracts.

Consumer advocacy is part of the answer to this problem. It sits alongside other policy levers - an effective competition regime, clear consumer rights, simple routes to redress and dispute resolution - as one of the ways an active government can make markets work better. The advocate fights the consumer's corner: shining a light on regulatory price settlements to call out excessive returns; sharing lessons between markets when one regulator could learn from another; or simply balancing out the pressure that inevitably gets exerted on regulators and government from powerful incumbents.

This draft work plan explains how Citizens Advice will contribute to these tasks next year, outlining the work we will do in 2017/18 as the consumer advocate in energy and postal markets. The plan describes the specific steps we will take to stand up for consumers in these sectors. And - because consumer problems increasingly cut *across* different markets - it describes our valuable cross-sector work too.

The work in this plan is hugely varied, from our star rating of energy companies that makes customer service performance more transparent, to our work fighting postal scams on behalf of vulnerable people. It includes work to meet new risks from technology, such as the way some companies are now using data to price discriminate in unfair ways, hiking prices for their most loyal customers. And it applies new insights from behavioural economics, for example to combat the complicated pricing structures in post that are leading consumers to spend more than they need to.

¹ Sum of past four quarters of [ONS consumer trends data](#). Quarterly household final consumption expenditure total (£ billion), seasonally adjusted.

Of course, any consumer advocate should hold a mirror up to its own costs too. So this plan pushes, as we do every year, to make our work even more cost-effective. Already, thanks to deep savings to back office functions, our work costs 47% less in real terms than when it was delivered by a standalone quango. This plan proposes a further year on year real term cut of 4.7%. In our work on post in particular, we have cut back. Consumer issues are shifting to other areas of telecoms (a market that does not yet have a statutory consumer advocate) so we propose a 21% cut in activity. Meanwhile, in energy, there is the opposite pressure; if anything, a *stronger* consumer voice is needed. With intense demand for better outcomes and concrete new roles for us - including the request that we run a whole-of-market Price Comparison Website - we've upped our ambition, while working closely with the regulator to reduce overall costs.

The most important form of accountability, though, is transparency, so we would welcome thoughts on our plan. This draft is open to consultation for six weeks and the feedback we receive will be reflected in our final work plan in March. This year, in the context of the Scotland Act, we have also been asked to represent Scottish consumers in GB-wide decisions that could affect them, while the separate organisation Citizens Advice Scotland plays this role within Scotland. We therefore welcome responses from stakeholders in Scotland too.

This is a year of real opportunity for consumers. Political will, and the pledge of a Consumer Green Paper in the spring, could lead to real breakthroughs on intractable problems. We see huge potential for this work, and huge need for it too, and we can already identify a number of major opportunities to build on the kind of work set out in this plan. We look forward to working with our stakeholders in the weeks and months to come.

James Plunkett

Director of Policy & Advocacy

Citizens Advice

Executive Summary

This report describes how Citizens Advice will fight for consumers in 2017/18. We have a formal role representing consumers in energy and postal markets and a mandate to stand up for consumers on cross-cutting issues, from difficult switching to rip-offs.

This work plan covers consumers in England and Wales. In addition, the work plan covers Scottish consumers where decisions made are GB-wide. Citizens Advice Scotland will continue to represent consumers on Scotland specific issues.

As we have built our role, we are starting to see the power of a simpler, consolidated consumer regime. Rooted in data from the 14 million consumer problems we help solve every year, backed by research, we make sure the consumer voice is heard².

We do this in several ways. We help regulators learn from each other and balance the heat they get from incumbents. We throw light on the deals that drive prices and returns in regulated markets. And we highlight detriment, from aggressive debt collection practices to rip-off deals and unclear prices. Throughout, we stand up for vulnerable groups that, in even the most competitive markets, can get left behind.

Our research last year revealed the full cost of consumer problems to be in the billions³. And so this year's plan has a laser focus on tackling detriment, cutting bills, and securing value for money in markets that aren't working. We also discovered the true cost to people's time: 1.2 billion hours spent, on the phone, in queues or arguments, trying to resolve problems⁴. And so our second major focus is simplicity: we want to make it *easier* to be a consumer, so that markets fit people's lives.

But with this work, the fight is harder than ever. In each area, the plan covers both our day-to-day work (for example by negotiating behind the scenes or publishing regular data) and our more forward-looking, public-facing advocacy (for example through reports and events).

In **energy**, this will be an unusually big year. The CMA's remedies will be implemented, the smart meter rollout will ramp up and Ofgem will move towards principles-based regulation. This is alongside wide ranging and significant reforms to deliver faster switching, facilitate flexibility and smart time-of-use tariffs, and changes to industry codes governance. We'll also consider taking on the Be An Energy Shopper campaign. For this reason, we propose shifting the balance of our work from post to energy, investing less in the former and more in the latter.

² [Helping people find a way forward](#), Citizens Advice, 2016.

³ [Counting the cost of consumer problems](#), Citizens Advice & Oxford Economics, 2016.

⁴ [Counting the cost of consumer problems](#), Citizens Advice & Oxford Economics, 2016.

Our work plan focuses on how to deliver an inclusive energy market that provides good value, low cost, warm homes and excellent service to all consumers, not just the currently engaged few.

Scrutinising the smart meter rollout and the effectiveness of the CMA's remedies are core parts of our plan. Because 70% of consumers with the six largest energy firms are paying a 'loyalty penalty' for not switching and could save up to £300 on the most competitive tariffs⁵, we will seek to reduce the number of consumers on poorer value tariffs by using a new tool to highlight the gap between different tariff types and measuring how vulnerable consumers lose out. By building on our star ratings so these cover the majority of suppliers, running the whole-of-market price comparison website we will help consumers to cut their bills and get a better deal.

We will be fighting for consumers' interests in complex and technical industry negotiations such as the reforms to enable faster switching and industry codes. And because 3.5 million homes are in fuel poverty⁶, we will ensure that the constrained funding available for energy efficiency measures is spent on those who need it most.

And, in **post**, it has been a difficult few years for consumers. In the context of a legacy monopoly and a highly regulated market, things are changing fast. This poses risks for consumers, not least now that the prospect of end to end competition in letters has fallen away. The regulator, for good reason, plans to reduce its work on regulatory solutions this year, leaving more emphasis on the softer power of consumer advocacy.

That's why in this plan, we have gone back to basics, to play a more focused and fundamental role: protecting the most vulnerable consumers, tackling scams, and cutting down problems that leave consumers out of pocket or wasting hard-pressed time.

Our work includes: tackling scams, protecting vulnerable customers, pushing for simpler pricing to avoid the risk of upselling, tackling complicated, unresponsive complaints processes and ensuring technological advances don't exclude some groups of consumers.

Finally, we plan to build on our valuable **cross-sector** work. We will call out rip-offs that exploit consumers with busy lives, continuing our research into how behavioural economics can improve regulatory and competition policy, quantify and address the impact of consumer detriment on people's finances and wider lives, tackle problems that unfairly affect particular groups like older people, those living in rural areas or in the private rented sector. We will also provide insight to make sure government can get the best deal for consumers through their strategies for industry and Brexit.

⁵ [Energy market investigation: final report](#), Competition and Markets Authority, 2016.

⁶ [Wales](#): 291,000, [England](#): 2.38m, [Scotland](#): 845,000.

Introduction

This draft work plan sets out our agenda for improving markets for consumers. As a consumer champion at a time when real incomes are stagnating, improving market outcomes for consumers is vital.

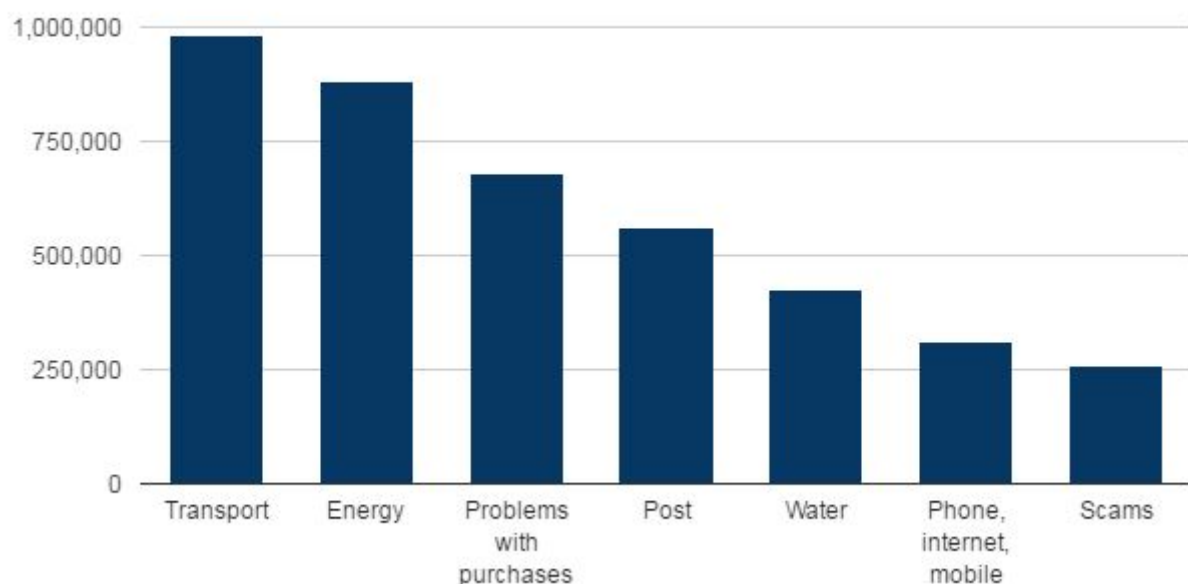
Citizens Advice is the statutory representative for consumers in energy and postal markets in Great Britain. We also explore issues of consumer detriment that are common across markets. We became the consumer advocate and expanded our advice service following reforms to the consumer advocacy and advice landscape between 2012 and 2014. The national Consumer Service helpline (which helps to resolve £272 million of detriment a year), the leading role in consumer education and the consumer advocacy role of Consumer Futures are now integrated within Citizens Advice. The Extra Help Unit is managed by the separate organisation Citizens Advice Scotland, with its data and service used by both organisations.

Consumer advocacy is a crucial feature of regulated markets like energy and post. Government regulates these services more than most markets because it recognises that universal access to them is essential to people's lives. But this regulation creates a need for representation: when regulators make crucial decisions, we are typically the only non-industry voice in the room. Consumers themselves don't have the time, inclination or knowledge to navigate complex technical consultations or policy initiatives - they need an advocate to make sure they're getting the best outcome.

Often the impact of this consumer advocacy is obvious. Our Fair play for prepay campaign focused attention on the poorer prices, choices and service experienced by these households and eventually culminated in the Competition and Markets Authority's (CMA) safeguard tariff. This will potentially reduce prepayment meter customers' bills by £300 million. Other times the impact is more subtle - but no less meaningful in its value to society. We improve consumer outcomes by:

- preventing detriment by improving consumer awareness, such as highlighting the dangers of subscription traps
- adding clarity to public debate through our unique data and insight, for instance through our energy complaints league table for suppliers
- reducing detriment by advocating for greater consumer choice, such as within the telecommunications market through achieving a ban on misleading broadband advertisements
- preventing problems by informing and influencing policy, such as through influencing two thirds of Post Office transformation proposals
- providing evidence for a regulator to take action to benefit consumers, such as our work with Ofgem for energy consumers.

Through our strengths as a cross-cutting consumer voice, we know that consumer detriment is a concrete, quantifiable problem that is common to many markets - not just regulated ones. The cost of consumer problems that followed in 2015 from markets failing consumers on issues such as faulty goods, poor customer service or lack of compensation is in the billions⁷. This plan sets out how to cut that figure and put more money back in consumers' pockets. We know that much of this detriment occurs in energy and postal markets - so it's right that companies in these sectors contribute levy funding to reduce it.



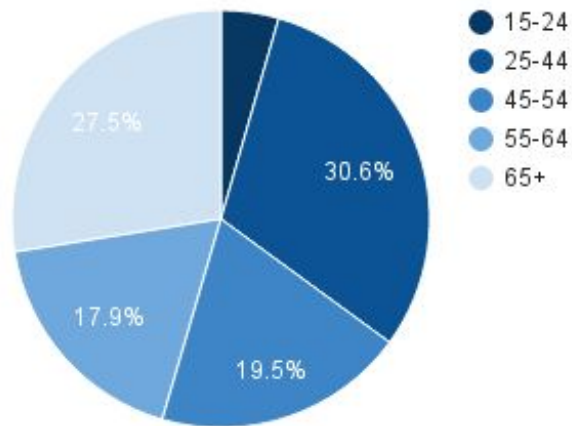
Number of page views of Citizens Advice consumer pages by problem type in 2015/16

Reflecting the unique, cross-market scope of our work, we identify common problems and find and develop solutions for application elsewhere. Consumers benefit from markets that understand real people's behaviour. This plan builds on our rich insights into consumer behaviour and identifies concrete areas for action such as redress, pricing structures and consumer protection.

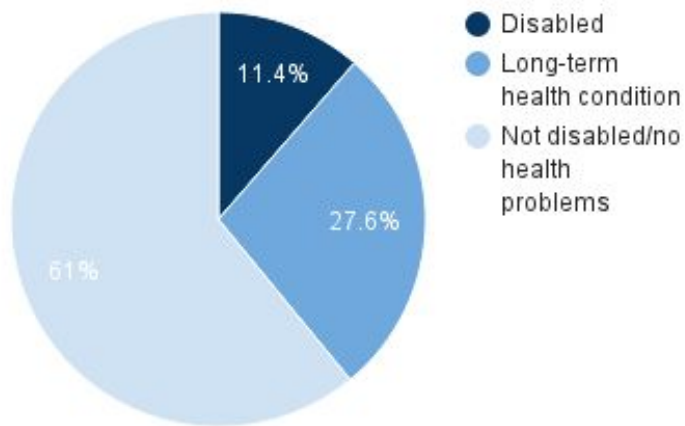
We also focus on addressing the needs of consumer groups who may be particularly vulnerable to failing markets. Across energy, post and cross-sector work, we repeatedly return to rural consumers, low-income groups, disabled people, older people and those people who are just about managing. Through our network of local offices, we understand consumer problems affect people in different ways, and that a focus on these groups we will ensure markets work for everyone, not just time-rich, savvy and confident consumers.

⁷ [Counting the cost of consumer problems](#), Citizens Advice & Oxford Economics, 2016.

Age profile of consumer clients



Disability/health condition profile of consumer clients



→ Proportion of face-to-face clients with a consumer issue by age and disability/health condition 2015/2016

The changing landscape

Consumers' policy needs will evolve significantly in the coming year. The new Government is in the process of setting out its domestic policy agenda, in a context where incomes have not risen for a decade and many families are struggling to get by. As this work plan makes clear, there are significant opportunities for Government to address the needs of these consumers through robust interventions that can reduce consumers' bills. We will work with the Government in the coming year to make evidenced recommendations to reduce consumer detriment. Well-functioning consumer markets should be a crucial part of the forthcoming Consumer Green Paper. The Government's industrial strategy to drive economic growth across Great Britain will also benefit greatly from focusing on how consumer markets can be improved.

We anticipate significant further change in the year ahead. The Government will begin the formal process to leave the European Union (EU). We will closely scrutinise negotiations in the interest of consumers. We will also make sure that emerging EU legislation such as the EU's New Energy Market Design meets the needs of British consumers while we remain in the EU. Our unrivalled insight makes Citizens Advice uniquely placed to inform this process and identify the challenges arising from the uncertainty this interim period will cause, such as the exploitation of uncertainty by the unscrupulous through scams.

It is a particularly critical year for the energy market, where missing consumer value is measured in the billions. The CMA's remedies will be implemented, the smart meter rollout will ramp up and Ofgem will move towards principles-based regulation. This is alongside several wide-ranging and significant reforms looking to deliver faster switching, facilitate flexibility and smart time-of-use tariffs, and changes to industry codes governance. These present considerable opportunities for improving consumer outcomes - but also significant risk if they are not handled well. We play a key role making the voice of energy consumers heard in these reforms. As a consequence of the CMA's investigation, we will also adopt new roles in running the whole-of-market price comparison website and advising consumers on restricted meters. We will monitor and measure the success of all these changes, based on our analysis of the market and our own Consumer Service data, to make sure that they are working in consumers' best interests.

Changes in Scotland

Since the passage of the Scotland Act in May 2016, consumer advocacy and advice powers have been devolved to the Scottish Government. We have been working closely with colleagues of the separate organisation, Citizens Advice Scotland, and the Scottish Government to identify the best way for Scottish consumers to be represented under the new devolved arrangements.

Citizens Advice Scotland will continue to represent Scottish consumers for all Scotland-specific issues. However, many decisions that affect Scottish consumers in energy and post markets are still made at a GB-wide level. We will therefore continue to represent Scottish consumers on these matters. This plan draws out areas where this is particularly relevant.

Measuring impact

Impact and evaluation is a vital aspect of our work as the consumer champion. The proof of our work is whether we reduce consumer detriment by a significantly greater figure than our operating budget⁸.

We regularly evaluate our service standards, client outcomes and the value we provide back to the consumer. We also develop individual pieces of work on our value to the consumer more broadly. This evaluation allows us to ensure that our actions benefit consumers by addressing the original systemic issue, be it through preventing detriment, mitigating adverse impacts or improving access to redress. We use this understanding of consumer need to improve our services and influencing strategies and apply these approaches across markets.

Our local offices also allow us to pilot and sense check findings and provide tailored advice and information to communities with specific consumer needs across England and Wales.

Our 2017-18 consumer work plan continues to embed this approach into our work to ensure better consumer outcomes.

This report

We have organised this report to make it as easy as possible for stakeholders to identify the work relevant to them. Energy, post and cross-sector issues are considered in subsequent chapters. In particular, we highlight where a planned activity relates particularly to Welsh, Scottish or English consumers.

⁸ [Citizens Advice consumer advocacy](#), Citizens Advice, 2016.

Consultation

This draft work plan is now open for consultation with our stakeholders and we would welcome feedback. The consultation closes on 9th March and we will publish our final version on 20th March.

Chapter 1: Energy



Context

The year ahead is crucial for improving the energy market in Great Britain. The CMA's remedies will be implemented, the smart meter rollout will ramp up and Ofgem will move towards principles-based regulation. This is alongside wide ranging and significant reforms to deliver faster switching, facilitate flexibility and smart time-of-use tariffs, and changes to industry codes governance.

The challenges are enormous: the CMA found that 70% of domestic customers with the 'Big Six' suppliers are on their 'default' standard variable tariff and could potentially save £300 on the most competitive tariffs⁹. 3.5 million homes in Great Britain are in fuel poverty¹⁰ and consumers are overpaying for energy networks by hundreds of millions.

In customer service, the gap between suppliers' performance on complaints continues to grow - in the past year, we've seen both the worst and best performance on record¹¹. We've supported over 45,000 energy consumers through our consumer service, seen over 160,000 energy issues at local Citizens Advice offices with almost 10,000 requiring specialist support from the Extra Help Unit¹². Overall, we receive over 100 contacts every hour about energy issues.

Meanwhile, there are now almost 50 domestic energy suppliers - a rapid growth from just 12 in 2011. This has increased competition and innovation, but also the potential for sharp practice and the risk that under-financed small suppliers might collapse, creating problems for the whole industry to manage.

Considerable hope for the future of the market has been invested in smart technologies and tariffs to enrich the consumer experience, unlock lasting economic benefits for the energy system and efficiently reduce carbon emissions. This depends on the success of the smart meter rollout. There are critical milestones in the next year that must not be missed.

These challenges require an ambitious programme of consumer advocacy. Energy is an essential service that everyone should be able to use and choose with ease and confidence. The energy market is too complex and doesn't fit with the way people actually make decisions about their lives. Too many people spend too much on their bills because they live in energy inefficient homes and the benefits of new forms of energy generation don't always reach those who would most benefit. Our work plan focuses on how to deliver an inclusive energy market that provides good value, low cost, warm homes and excellent service to all consumers in Great Britain, not just the currently engaged few.

⁹ [Final energy market reforms](#), CMA, 2016.

¹⁰ [Wales](#): 291,000, [England](#): 2.38m, [Scotland](#): 845,000.

¹¹ [Energy supplier performance table](#), Citizens Advice, 2016.

¹² Internal Citizens Advice data, 2016.

In the past year, we've worked closely with Ofgem and the Ombudsman Services: Energy to set up a tripartite working arrangement, in recognition of the unique and valuable role each organisation plays and with an emphasis on ensuring greater efficiency through greater alignment. In the coming year, we'll develop this working arrangement to provide more effective knowledge sharing and a clearer division of responsibilities as the organisations try to navigate challenges such as the transition to principles-based regulation and the continuing smart meter rollout in the year ahead.

This section sets out how we'll tackle detriment in the energy market according to four themes for our work. It covers our ongoing work and specific projects planned to meet the challenges expected from the coming year.

Cutting energy bills

Real household incomes have not risen for a decade. Consumers getting the best deal possible is therefore as crucial as it is unusual in the current energy market. This is partly due to problems in the retail market: as the CMA identified, consumers are overpaying by (at least) £1.7 billion¹³. But there are cost drivers beyond the retail market, including energy networks (a quarter of the average bill) and policy levies (13% of the average bill)¹⁴. A primary focus for us will be scrutinising the entire energy industry to ensure every pound of consumer money is well spent. In 2017/18 we'll:

1.1 Scrutinise the effectiveness of the CMA's remedies. 2017/18 will see the introduction of a prepayment price cap and a range of other measures designed to improve competition. We'll judge the success of these remedies by whether they succeed in driving energy costs down - eliminating the £1.7 billion that consumers overpay annually - and by using our data to see whether the consumer experience is improving. We'll also closely follow Ofgem's trials of the database for unengaged consumers, to see whether this remedy will be successful if and when it is rolled out. For non-domestic consumers, we'll monitor how the new auto-rollover CMA rules are being followed by suppliers.

1.2 Adopt new service roles assigned to us by the CMA. We'll take on new roles as a consequence of the CMA's investigation. We'll run the whole-of-market price comparison website, following the CMA's decision to remove the whole-of-market rule from price comparison websites. We'll also advise consumers on restricted meters (e.g. two and three rate electricity tariffs) about their switching options.

1.3 Seek to end the loyalty penalty for consumers, by reducing the number of consumers on poorer value tariffs. Well-functioning markets should not unduly punish consumers for loyalty, yet this is perhaps the central challenge facing the retail energy market. We have been developing a tool highlighting the gap between

¹³ [CMA sets out energy market changes](#), CMA, 2016.

¹⁴ [Breakdown of a dual fuel bill](#), Ofgem, 2016.

different tariff types and will extend its development to provide new metrics about the types of consumers who are on standard variable tariffs, to provide a new measure of how vulnerable consumers across Great Britain lose out in the current energy market.

1.4 Identify consumer overpayments in energy networks and regulated monopolies. The pipes and wires that carry gas and electricity to our homes account for around a quarter of the final household bill. In previous studies, we've identified hundreds of millions in potentially unjustified profits by energy networks¹⁵. We'll re-examine this in light of newly published data and break this down regionally, examining whether consumers in Wales, Scotland and England are receiving comparably different value for money. We'll also look to extend this work across consumer markets, creating a model for determining whether regulated monopolies are extracting unreasonable revenue from consumers and compare network price controls to these regulated monopolies.

1.5 Assess the framework for controlling policy levies on bills. Consumer-funded social and environmental policies accounted for £132 (13%) of the average household energy bill of £1,029 in 2016, and this fraction is expected to grow by 2020. Levies to stimulate new low carbon generation are governed by an instrument called the Levy Control Framework (LCF). The LCF is currently under review and a decision on extending it beyond 2020 will be made in 2017. Both the CMA and the National Audit Office (NAO)¹⁶ have identified opportunities to improve the LCF and we will develop our own recommendations to enhance Government's approach to generation procurement. We will also consider how the framework interacts with the governance of policy costs that sit outside the LCF but that are still recouped through consumer bills.

Empowering and protecting vulnerable energy consumers

The energy system is undergoing near unprecedented change, as it gets smarter, more flexible and copes with different types of energy generation (eg increased levels of wind and solar) and the necessity of cost-effective decarbonisation. This year will be critical for the smart meter rollout and new energy models. During this period of transformational change, we'll focus on ensuring effective consumer protection and make sure that across Great Britain the needs of vulnerable consumers are at the heart of energy policy making by:

1.6 Ensuring smart tariffs deliver benefits to consumers. Time-of-use tariffs present considerable opportunities for consumers, but are also more complex and need to be well designed if they are going to encourage the demand side response they are intended to achieve. In 2016/17, we examined the potential value to the energy system that follows from these tariffs. In 2017/18, we'll extend this work to

¹⁵ [Many happy returns](#), Citizens Advice, 2016.

¹⁶ [Levy Control Framework](#), NAO, 2016.

examine how attractive these options are, particularly considering the needs of vulnerable and fuel poor consumers. We'll also update our investigation of existing time-of-use tariffs (including dynamically teleswitched meters in Scotland) which was published in 2012 to make sure consumers receive a good service as they are rolled out further.

1.7 Ensuring heightened scrutiny of the smart meter rollout and monitoring specific consumer problems. The next year is critical for the successful delivery of smart meters. We'll enhance our scrutiny of the success of the rollout for consumers, through our tripartite working and through our advocacy on bodies like the Smart Energy Code and the Smart Meter Delivery Group. Our advice data tells us that a particular area of consumer detriment is smart meter installations being unsuccessful due to oversight of a foreseeable issue. We'll work with industry to share our data insights across England, Scotland and Wales, and ensure that these issues are addressed. We will provide monthly reports to Government and other key stakeholders on the problems we deal with through the Consumer Service. We'll also monitor the market to keep track of the types of innovation and services that are emerging.

1.8 Monitoring wider consumer experience of smart meters. Our previous research into early consumer experiences of smart meters identified serious problems, including potential breaches of several licence conditions. We will rerun this research to provide a longitudinal view of how and whether the industry has improved its delivery of the smart meter rollout, investigating (for example) whether consumers are being informed about the limitations of SMETS1 meters, what proportion of smart consumers are still getting estimated bills and whether householders are getting to pick smart meter installation appointment slots. We'll also review and highlight positive experiences of smart meters, such as increased billing accuracy and near real-time access to information on energy consumption and cost. We'll include representative samples from England, Wales and Scotland to capture any difference across Great Britain and consider whether there are specific Welsh language issues that need addressing.

1.9 Create a smart meter monitoring tool. As the smart meter rollout programme progresses, there will be increased consumer demand for information, which we are well-placed to provide. We'll use information we gather to inform a smart meter monitoring tool. This will examine where meters have been installed and at what volume and identify what kind of problems consumers are having with their smart meters.

1.10 Monitoring Help to Heat scheme. With 3.5 million households in fuel poverty, it is vital that the constrained funding available for energy efficiency measures is spent on those who need it most. As the Energy Company Obligation (ECO) transitions to the fuel-poverty focused 'Help to Heat' scheme, we will monitor its effectiveness in reaching fuel poor homes, and assess the use and effectiveness of the new local

flexibility element in enabling more accurate targeting. We will also research the consumer experience of Help to Heat and advocate for improvements to the customer journey. In Wales, we'll work to influence the development of the Welsh Government's Warm Homes programme and compare experience of the two schemes.

1.11 Improving the future design of the Energy Company Obligation. Looking at the long-term future of the obligation, will also research the best ways to deliver ECO funding to meet our medium to long term fuel-poverty targets, help vulnerable consumers and ensure value for money. We will assess the relative pros and cons of the market-led ECO model, local delivery models, and other delivery models.

1.12 Establishing a benchmark for energy efficiency. Following the Bonfield Review¹⁷, we'll establish an annual benchmark for measuring improvements in consumer experience and outcomes in the energy efficiency sector, through polling consumers in England, Scotland and Wales. This will investigate consumer experience of installations, quality, performance and redress in the energy efficiency sector.

1.13 Developing principles for community energy. Community energy has a role to play in the cost-effective transition to the low-carbon economy and to enable different consumer groups to engage with low-carbon technologies. Working with Government, consumers and the community energy sector we will investigate what principles are appropriate and should apply to funding for community energy. We will consider the social as well as economic value it brings to the communities and consumers it serves. We will also consider how community heat and other forms of community energy could help to alleviate fuel poverty.

1.14 Piloting winter resilience services. With Local Citizens Advice in England, we are piloting single point of contact housing and health referral services. These services seek to improve the health and wellbeing of vulnerable people who are at risk of ill health from cold homes. Each pilot has developed partnerships with local health services to identify and refer these vulnerable people for help with improving the energy efficiency of their homes and advice on how to heat them adequately. The pilot phase completes in April 2017 and the evaluation of the programme will be complete in October 2017. Following evaluation, we hope to secure funding to rollout the most promising models through other Local Citizens Advice.

¹⁷ [Each Home Counts](#), Dr Peter Bonfield, 2016.

Extra Help Unit

The Extra Help Unit (EHU) has statutory powers to provide support to consumers in vulnerable positions across GB who are experiencing problems resolving complaints with energy companies and regulated postal providers. The EHU also works with energy suppliers to address performance and policy concerns and to help improve their support for customers in vulnerable positions. It had 10,000 consumer contacts last year and over 1100 contacts from advice agencies and key stakeholders, securing over £2 million in financial redress. Continuing its work in these areas, this year the EHU will:

- Investigate and negotiate with suppliers until a consumer's case is resolved or deadlock reached.
- Ensure appropriate payment methods and payment plans are in place.
- Signpost and make referrals for consumers to trust funds, debt advice, food banks, energy efficiency and social services.
- Carry out policy analysis on casework and raise any concerns initially with suppliers, energy policy team and Ofgem.
- Meet supplier groups and individual companies to address issues that emerge from our caseload and to share best practice.
- Assist policy teams with evidence and suggestions for consultation responses.

Further information on the EHU is available on the Consumer Future Unit workplan which will be sent to all stakeholders.

Giving energy consumers a voice in decisions that affect them

In 2017/18, we'll continue representing consumers in key negotiations about investment, policy and regulation across the energy sector, making sure consumers' voices are heard loudly by decision-makers. And we'll harness our local network as a powerful representational tool, making sure that energy consumers are heard at a local as well as a national level. In particular, we will:

1.15 Contribute to Ofgem's investigation of a Mid-Period Review for RIIO ED1. In the context of energy networks enjoying substantial returns for low-risk assets, we'll explore whether consumers are receiving value for money in the current electricity distribution network price control through participating in Ofgem's consultation on the need for a Mid-Period Review, and assessing whether some outputs are no longer necessary or whether new outputs are required.

1.16 Scrutinise price control design. The next round of energy network price controls will begin their early design phase in 2017/18. We'll investigate the incentive structures in key outputs, identifying where RIIO-1 has worked well, where it needs to be improved and what the appropriate length of a price control is. We'll also consider

regional variations in performance in England, Scotland and Wales and ways in which RIIO-2 could take this into account.

1.17 Represent British consumers in responding to the new European market design. Even though we will be leaving the European Union, the decisions made at the European level - particularly the new market design - will have lasting impacts on the whole British energy market. We'll make sure that British consumers' interests are well-represented in Europe as these proposals emerge, by working with partners in European consumer organisations (BEUC, the European consumer organisation) and European energy bodies (ENTSO-E and ACER).

1.18 Facilitate regional representation on energy networks' customer and stakeholder panels. Local Citizens Advice offices have a deep understanding of the needs of vulnerable consumers in their area. Many energy networks are already making use of this knowledge. We'll work with energy networks to build on connections that already exist and enable new ones, exploring the possibility of local Citizens Advice staff sitting on customer and stakeholder panels where appropriate. We will provide more national support to these staff to represent energy consumers in their area.

1.19 Ensure non-domestic consumers are able to access advice and redress. We'll make a formal case to Ofgem to mandate the signposting of both consumer advice and redress schemes to non-domestic consumers; replicating the processes that already exist for domestic consumers, and building on the evidence of our recent complaints [signposting audit](#), which featured non-domestic suppliers for the first time.

1.20 Scrutinise unregulated areas of the energy market. Consumers in district heat networks have fewer consumer protections than other energy consumers and little access to redress. Following on from the department for Business, Energy and Industrial Strategy's (BEIS') Spring 2017 survey of heat consumers, we'll estimate current and prospective consumer detriment in the district heating sector, and develop arguments for better protecting these consumers and implementing a regulatory framework that meets their needs.

Representing energy consumers

Every day, our energy policy advocates represent consumers in a variety of different contexts. In 2017/18, we'll do this by:

- Participating in Ofgem, BEIS and industry working groups, such as the Switching Programme, Smart Meter Delivery Group and tripartite working forum.
- Sitting on industry code panels, including the Uniform Network Code Panel, the Balancing and Settlement Code Panel, the Smart Energy Code Panel and the Connection and Use of System Code Panel, scrutinising the consumer impact of proposed rule changes, making sure that markets are designed in the interest of consumers, not industry.
- Advocating for British energy consumers' interests in the implementation of the European Union gas and electricity market rules.
- Influencing Ofgem and BEIS on key issues of consumer concern through consultation responses.
- Scrutinise the costs of non-competitive parts of the energy market, such as the Data and Communications Company, onshore transmission investments and energy networks.
- Ensuring self regulatory codes such as Energy UK SafetyNet, Billing Code and the Smart Metering Installation Code of Practice deliver tangible benefits to consumers.

Creating a simpler and fairer energy market

Aside from cost, consumers' most recurrent complaint about the energy sector is lack of simplicity and fairness. This is particularly in the context of an increasingly complex market where disruptive retail models, new technologies and significant reforms to regulatory approaches are expected in the coming year. In 2017/18, we'll work to address this in the following ways:

1.21 Publish data to encourage customer service improvements and further develop our star ratings supplier tool. We will publish two quarterly supplier performance league tables for the domestic and non-domestic sectors and a regular report that analyses our Consumer Service cases related to district heating, renewable heating, microgeneration, insulation and heating controls (currently unregulated parts of the market). In the past year, we've developed a methodology for giving suppliers star ratings on a range of metrics. This currently only covers suppliers with over 150,000 customers. We'll expand this tool to cover all suppliers in the market and consider what further indicators we should include.

1.22 Monitor the transition to future retail regulation (FRR). This is the biggest change in energy market regulation in a generation. If it encourages suppliers to think proactively about how to serve their customers rather than box-ticking licence

requirements, and is backed up by robust Ofgem monitoring, it will be a success. We'll scrutinise rule changes, advocate for the most important current prescriptions to be maintained and strengthen close links between our advice service and Ofgem, to ensure that our advisors are empowered to give consumers the best advice and identify when supplier policies don't lead to the right outcomes. We'll also test whether the principles Ofgem proposes will make sense for emerging and smart-enabled offers.

1.23 Mapping the non-domestic consumer journey. We'll work with Ofgem to deliver a significant piece of research that will map the small business consumer journey, delving into different small and medium sized enterprises' (SMEs) views and experiences. This will enable us to understand why these different SMEs do or do not engage at various points of the supply contract.

1.24 Examine Guaranteed Standards of Service for energy networks and suppliers. Guaranteed standards are the minimal level of service consumers should expect from energy companies, which automatically make you eligible for compensation if companies fail to meet them. We'll consider the extent to which these standards are upheld by suppliers and networks and how we can improve data and comparability across companies. We'll also study compensation arrangements for issues like power cuts, to consider if consistent and fair approaches are in place.

1.25 Analyse data from the Citizens Advice Consumer Service and Extra Help Unit to identify harmful supplier practices and performance. Where appropriate, we'll work with these suppliers to improve their policies and practices, to minimise the need for Ofgem's intervention. Where this fails, and there is evidence of a licence or other breach, we will refer the issue to Ofgem's Enforcement Team. We will also extend our monitoring to third party intermediaries (TPIs) in the non-domestic market, which will allow us to potentially refer consistently poor TPIs to Ofgem. Our new casework management software, Casebook, which will be rolled out next year, will improve the granularity of our insights.

1.26 Support new energy suppliers with good practice. Our statutory roles in providing advice, case handling and advocacy on behalf of energy consumers in Great Britain require us to establish and maintain relationships with energy suppliers. We know new entrants to the market want to provide an excellent service to their consumers, but often don't know how or aren't familiar with the good practice that already exists. We will use our deep understanding of the market and consumer expertise to help them develop excellent consumer processes, particularly regarding vulnerable consumers.

1.27 Consider the transfer of Be an Energy Shopper. Dependent on further discussions with Ofgem we hope to take on responsibility for the Be an Energy Shopper campaign. This would reflect our particular role as the consumer voice in the

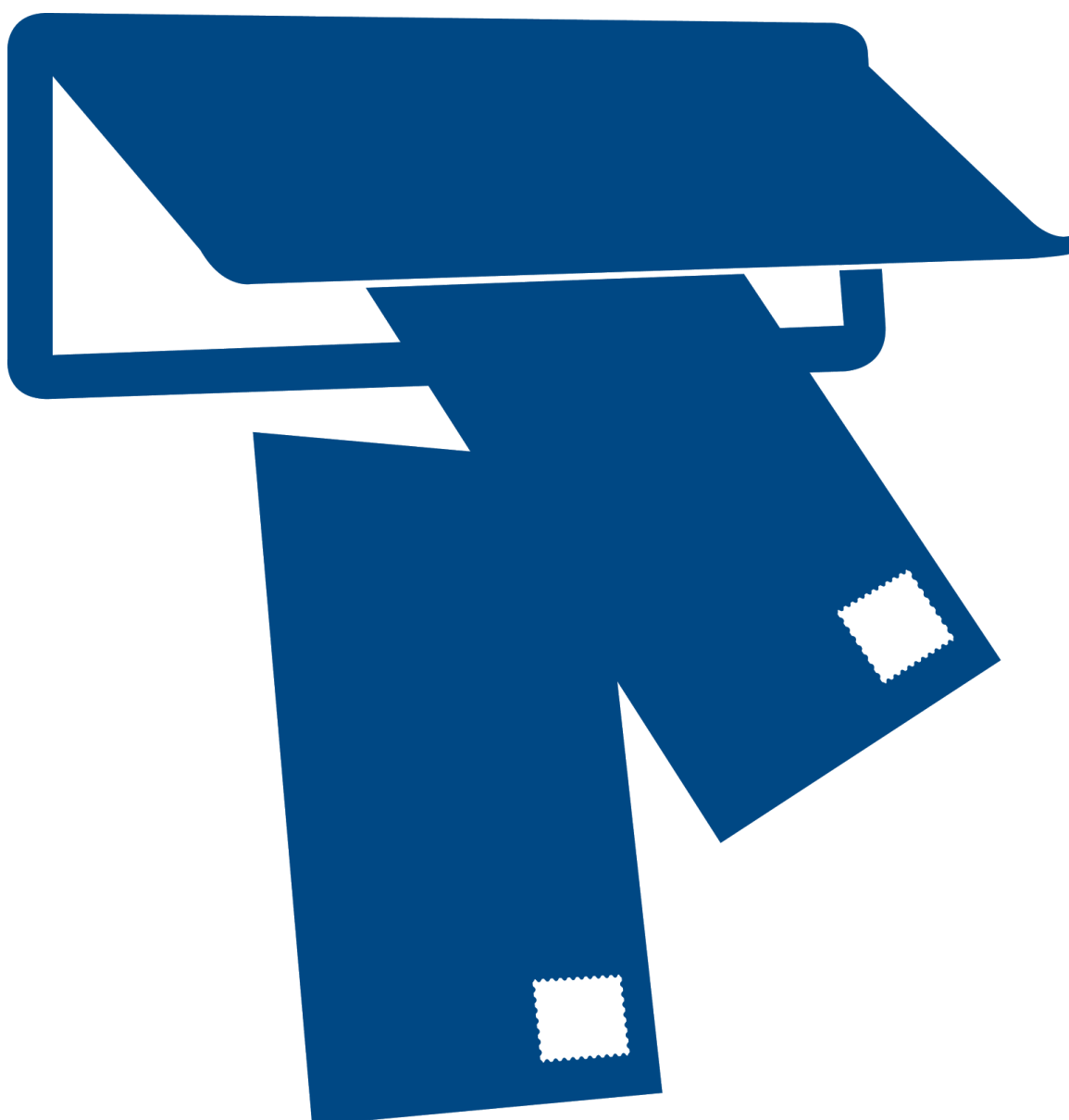
tripartite arrangements and would be delivered in way that made best use of the existing strengths of the organisation.

Our energy advice work

A huge part of our energy work is providing advice and support to consumers through a variety of channels. The data from this work enhances our advocacy. In 2017/18, based on current trends, we'll:

- Advise 100,000 clients on energy issues through the local Citizens Advice network and Consumer Service and inform 800,000 unique users about energy issues through the Citizens Advice website. Provide deeper, more targeted support for approximately 10,000 energy consumers through the Extra Help Unit helpline and by engaging vulnerable consumer groups through Energy Best Deal.
- Deliver 3.9 million minutes (64,000 hours) of online digital energy advice to 665,000 users.
- Improve and evolve our service to energy consumers.
- Produce the 'Know Your Rights' Consumer Checklist, giving 26 million households direct information about switching, how to complain and where to get energy advice and energy efficiency support.

Chapter 2: Post



Context

The communications market has changed beyond recognition in the past 20 years. We have moved increasingly online, post competition has been introduced and Royal Mail has been privatised. Together, these factors have hugely changed consumer needs and experiences. Consumers want advice and support with post in this changing market: in 2016 we had 560,000 pageviews on our website's post advice pages.

The coming year will be particularly important for post. The future funding model of the Post Office network will be decided. The Green Paper on making markets work better for consumers offers opportunities to strengthen consumer protections. Over 1,500 Post Office branches will be converted to new models alongside continued franchising of flagship Crown branches. And the triggering of Article 50 has the potential to lead to significant changes to investment in, and regulation of, postal services.

Citizens Advice is uniquely placed to represent post consumers. We use our unique understanding of consumer needs - from our advice, advocacy and research work - to make a powerful case for consumers. And in a market where consumers can struggle to engage, we provided a familiar and trusted voice, acting as a counterbalance to the voice of the industry. We are often the sole voice representing consumers in these debates. We collaborate with Ofcom in areas that it regulates and speak up for consumers on Post Office matters that are not covered by an external regulator.

In 2017/18 research and advocacy will focus on the core risks that consumers face.

National Trading Standards has found that consumers lose £3.5 billion each year as a result of scams promoted through mail.¹⁸ These scams often have separate knock-on effects in addition to financial consequences. We will explore what can be done to protect consumers from mail scams.

Prices for mail services are often too complex, meaning many consumers overpay or go to unnecessary lengths to send items. A combination of declining mail volumes and geographically concentrated competition could place further pressure on prices. We will conduct research to support robust recommendations on how to make prices simpler and fairer.

Millions of people are at risk of being left behind by consumer markets and the post sector has an essential role to support them. This is particularly important for older consumers and rural residents. Almost 6 million adults in the UK have never used the internet.¹⁹ The number of bank branches has fallen by 12,000 - more than half - in the past 30 years, particularly affecting rural communities.²⁰ We will scrutinise all changes to Post Offices in 2017/18 to ensure they don't harm consumers. We'll combine our

¹⁸ [Scams team](#), National Trading Standards.

¹⁹ [Internet users in the UK](#), ONS, 2016.

²⁰ [Bank Branch Closures](#), House of Commons Library, 2016.

unique understanding of consumer needs with robust analysis of Post Office branch viability to provide strategic recommendations for how good quality and affordable access to post services and the Post Office network can help consumers to engage with markets and other services. Recent research calculated that the Post Office network's total social value is up to £9.7 billion.²¹

Ensuring that consumers are represented in debates about the future of postal services is core to the role of a consumer advocate. We will look closely at potential future threats to consumer needs postal services as well as the potential opportunities and risks posed by the UK's decision to leave the European Union.

Tackling postal scams

Consumers lose out on an estimated £3.5 billion each year as a result of mail scams. Last year an analysis of calls to the Consumer Service helpline in relation to mail scams found that, although online and telephone scams are more prevalent in the cases we see, the financial impact of mail scams on individuals is far greater. Clients falling victim to a mail scam lost over £5,700 on average, compared to a little over £1,000 for online scams. These scams are often targeted at the most vulnerable people in society, particularly older people, who can least afford to lose such significant sums of money. In 2017/18 tackling postal scams will be a major focus of our work, in particular we will:

2.1 Convene a task force to share intelligence and develop practical ways to tackle scams at source and reduce the risk of the consumers who come into contact with scams falling victim to them. This task force will be made up of a range of stakeholders including the Government, consumer groups, postal service operators, trading standards and academics.

2.2 Commission research to understand the scale, nature and impact of postal scams. To identify robust solutions, we will also test potential remedies with consumers to ensure that they are effective before wider rollout. We will extend this research to ensure that a representative sample of Scottish consumers are included.

2.3 Reduce the number of consumers falling victim to mail scams through a series of high profile, public interventions. These interventions will use a range of mediums, including news releases and social media, to raise consumer awareness of the common hallmarks of scams and how to report scam mail.

Standing up for rural areas and older people

Some groups of consumers are particularly vulnerable to being left behind by postal services. Rural consumers can get a raw deal - for example paying more for parcel delivery²² - and there is a risk that they will fall further behind in the future. The Post Office network provides post and other vital services and is disproportionately used

²¹ [The Social Value of the Post Office Network](#), BEIS, 2016.

²² [Pass the parcel](#), Citizens Advice, 2014.

by older, disabled and rural consumers. A potential byproduct of new competition is greater disparity of provision in different parts of the country. The Network Transformation Programme (NTP) has led to the biggest change in the network's history. We welcome this process but also recognise that each conversion can pose risks for consumer access. In the final year of the NTP, we expect more than 1,500 of the most challenging conversions to take place as well as a significant reconfiguration of the Crown network. To address these challenges, in 2017/18 we'll stand up for rural and older consumers by:

2.4 Improving the experience of rural consumers of postal services now and in the future across Scotland, Wales and England. Research conducted by Citizens Advice and other consumer groups has shown that rural consumers are often at a disadvantage when it comes to postal services. Reduced economies of scale mean that they pay more for some services, such as parcel delivery. Further, innovative new services enjoyed by urban consumers, such as click and collect and same day delivery are less readily accessible and sometimes not available at all.²³ There is also a risk that rural consumers will not benefit from future innovation, for example drones are likely to only be a viable delivery method across short distances in high density population areas.

We understand the challenges faced by rural consumers and the postal services providers who serve them. Effective, proportionate solutions to these issues are far less well developed. In 2017/18 we will redress this balance by:

- Producing a comprehensive report bringing together the full range of challenges and risks faced by rural consumers of postal services across England, Scotland and Wales for the first time.
- Convening a conference which brings together industry experts, decision-makers and other relevant stakeholders to consider potential strategies to address these challenges.
- Working with Government, industry and other stakeholders to ensure appropriate action is taken.

2.5 Continuing a rolling programme of Post Office mystery shopping across England and Wales to ensure consumers are getting a fair service. We will conduct new mystery shopping research to enhance our unique longitudinal data on the effects of the Network Transformation Programme. This will allow us to compare performance across new and traditional branch models and ensure that consumers receive a good service regardless of the model of Post Office they use. This research is particularly important as the programme approaches its conclusion - it will allow us to judge what the future priorities should be and to develop comprehensive analysis of the tradeoffs between funding and performance that the network faces. We will

²³ [Technology and change in postal services – impacts on consumers](#), WIK Consult and ITA Consulting, 2016.

extend this study to a full GB sample, to ensure that the experience of Scottish consumers is fully represented.

2.6 Measuring and protecting consumer access to core services by developing our Geographic Information System (GIS) project, modelling Post Office viability and service provision. We will map Post Office services alongside equivalents from other providers to improve our understanding of the true distribution of services and how this affects consumers. It will help us provide robust consumer advocacy to ensure that nobody is left behind as competition and Post Office delivery models change. This information is not currently part of the public debate and will provide context to the Post Office's access requirements. It is important both in the context of any further transformation activity and to measure the distribution of competition in different parts of the country.

2.7 Developing a strategic understanding of how to protect future consumer access by researching what consumers want from Post Offices and the viability of different provision models. To protect future access, we must present a powerful consumer voice by combining our unique understanding of what consumers actually want with robust analysis of what is deliverable. We will model future scenarios to assess whether there are threats to the future viability of different branches. Alongside this, we will conduct qualitative research to understand what exactly consumers want from Post Offices, to build on our findings from consumer polling this year. We will also research what lessons we can learn from community-run Post Offices and whether there is potential for this, and other models, to be used more widely. Funding allowing, we will extend this research to include the views and experiences of Scottish consumers.

2.8 Ensuring that all Post Office branch changes receive robust consumer scrutiny and that access is maintained for all consumers. The Network Transformation Programme is scheduled to conclude in 2017/18, with more than 1,500 branches due to convert. We anticipate that the majority of these last remaining conversions will be off site and will include some of the most challenging cases for Post Office Limited to find suitable new operators. Our network delivery advisers will scrutinise every single one of these changes to ensure that proposals will work for consumers in reality, with particular focus on vulnerable consumers. We work with Post Office Limited to secure improvements for around two thirds of proposed changes to branches. These changes benefit consumers and also the long-term viability of the new businesses, by addressing potential problems before they happen. We will use new software to analyse the types of issues and responses we have had to different branches changes across the country. We will also return to branches that we have previously scrutinised to understand whether changes have been implemented and what impact this has had on consumers.

2.9 Ensuring that all Crown Post Office branch changes receive consumer scrutiny to maintain access for all consumers. Crowns are flagship branches in

town centres offering the broadest range of services, so are particularly important for consumers. Providing consumer advocacy in this area is crucial: since the start of 2016, proposals to change 2 in 5 of all Crown branches have been announced. We are working to ensure that new franchise offers are suitable for consumers and that the transition process offers smooth, uninterrupted service. Our network delivery advisors review every change and consultation feedback to make further recommendations to Post Office Limited and seek improvements for vulnerable consumers to proposed changes to branches. We will continue drawing lessons we have learned from the broader network transformation.

Representing consumers across communications markets

Postal services sit alongside phone and internet services in the wider communications landscape. This landscape looks very different now compared 20, or even 10 years ago, with mobile phone and internet services gradually replacing mail and landline services as the primary means of day to day communication.

Mobile phone and internet services have become essential services which many of us cannot imagine living without. Regulation has not always kept up with the pace of this transition, and in many ways consumer protections in these markets have fallen behind those in other essential markets such as energy and financial services.

The need for a strong, independent consumer advocate in telecoms markets is therefore equally as pressing as in the postal services, water and energy markets. In recognition of this need, in 2017/18 Citizens Advice will continue our influential program of work on telecoms markets. Areas of focus will include improving debt collection practices, making mobile phone tariffs more transparent and simplifying switching.

Although our telecoms work is not funded from the postal levy, wherever appropriate we look to make links across the two workstreams. For example, this year we will publish the findings of research looking into the experience of consumers who only access the internet and phone services through their mobile phone. One of the major questions this work examines is whether these consumers are more reliant on postal services than other consumers, for example because they find it difficult to fill in forms on a mobile phone. This approach allows us to look across the communications landscape as a whole to ensure that consumers' needs are met and nobody falls between the gaps.

Fighting for clearer, affordable prices

As a consumer advocate, ensuring that consumers receive value for money in postal services is a core part of our work. Many households continue to struggle to make ends meet - lately a great deal of focus has been on those who are 'just about managing' to stay afloat. While the price of a stamp is within reach of all but the poorest households, some services, such as recorded delivery and mail redirect, are considerably more expensive. Consumers who rely on these services most, for

example disabled consumers sending medical evidence to the Government at regular intervals using recorded delivery, can struggle to absorb these additional costs.

There is also a risk that consumers are paying more than they need to for postal services due to overly complex products and pricing structures. Regulators in other regulated markets, including energy and financial services, have taken action to make pricing simpler for consumers to understand and compare. Most recently the Advertising Standards Authority and Ofcom worked together to simplify broadband prices.²⁴ Far less scrutiny has been given to transparency in the structure and pricing of postal services, leaving consumers exposed.

In 2017/18 we will address these challenges through:

2.10 Preventing consumers from paying more than they need for postal services due to a lack of transparency in pricing structures. Clear, easy to navigate pricing structures are an essential part of any consumer market. Although consumers do not routinely have a choice over *who* they buy their universal postal services from, they are presented with a number of options in relation to the type and level of service they need. Consumers often struggle to get it right: polling we commissioned last year found that 38% people rarely or never know which type of stamp they should use when sending a greetings card.

However, our understanding of the core problem and potential solutions is piecemeal and insufficient. We will commission research to test consumer understanding of existing pricing structures and quantify the detriment consumers experience. We will extend the scope of this research to include a representative sample of Scottish consumers. If this research reveals widespread consumer confusion, we will develop appropriate, proportionate solutions. These could range from consumer education initiatives to the simplification of products and tariffs. We will then campaign for these to be taken up.

2.11 Ensuring that key mail services are affordable and meet the needs of disabled consumers. Disabled consumers are more frequent users of postal services than non-disabled consumers.²⁵ They are also more likely to say that they they would feel 'cut off' without postal services.²⁶ As the statutory consumer advocate for consumers of postal services we are required to have particular regard to the needs of vulnerable consumers, including disabled consumers.

We routinely ensure that disabled people are represented in all of the research we commission, and draw attention to sources of detriment which disproportionately affect these consumers. However, very little research has been carried out into the specific needs and experience of disabled users of postal services. This is a significant barrier to representing the needs of this group of consumers:

²⁴ [Tougher approach to broadband price claims in ads](#), Advertising Standards Authority, 2016.

²⁵ Ofcom, The affordability of postal service, March 2013.

²⁶ Ofcom, Review of postal users' needs, October 2012.

In 2017/18 we will redress this imbalance by:

- Establishing a steering group which brings together representatives from disability charities, consumer groups and industry to discuss issues facing disabled postal consumers and potential solutions
- Commissioning research with disabled consumers to understand their needs and whether these needs are being met. For example:
 - Does the need for disabled claimants of Employment Support Allowance or Universal Credit to send confidential documents to decision-makers at regular intervals place additional pressure on already stretched budgets?
 - Are disabled people expected to travel long distances to awkward locations to collect signed for mail or parcels which were delivered while they were out?
 - Are blind people aware of Royal Mail's Articles for the Blind scheme, and does it meet their needs?

Where we identify that the needs of disabled people are not being met, we will develop workable, proportionate proposals for improving access to these services. If funding allows, we will expand the scope of this research from England and Wales only to a full GB sample.

2.12 Increasing the take-up of mail redirection services. Research conducted by Consumer Focus in 2013 found that 6 in 10 consumers who had moved house in the past year had not used mail re-direct services, leaving them at risk of a range of problems from identity theft to missing out on important correspondence.²⁷ Although this research asked basic questions about the reasons consumers did not use this service, the primary focus was on the experience of those who had.

We will commission research to more fully understand the reasons so many consumers do not make use of this important service, for example due to lack of awareness or affordability, and identify ways to reduce these barriers. If funding allows, we would like to boost the geographical reach of this research to include Scottish consumers.

Measuring consumer detriment

In order to ensure that the policy solutions we develop are proportionate, it is vital to have a strong understanding of the volume and distribution of detriment in the market. Our consumer detriment survey gave us an estimate of the total amount of detriment consumers experience in the delivery market - £148 million.²⁸ However, the breadth of this study meant that other aspects of the postal market were not included

²⁷ Royal Mail redirection services, Consumer Futures, 2013.

²⁸ [Counting the cost of consumer problems](#), Citizens Advice & Oxford Economics, 2016. It is important to note that delivery operators themselves will not be directly responsible for all of these problems and the detriment consumers experience as a result - a proportion will be caused by failures on the part of the e-retailer the consumer orders the goods from.

in the research. These figures do not include the harm consumers experience in other parts of the post market, for example mail which is damaged or goes missing, leaving an important gap in our knowledge base. This year we will begin to fill this gap by:

2.13 Measuring the scale of consumer detriment across postal services. We will commission a study to quantify the total value of consumer detriment consumers in England and Wales experience as a result of common postal issues such as lost mail and chasing up missed deliveries. We will extend this survey to include Scottish consumers.

Promoting consumer interests in a changing world

As a consumer advocate, it is vital that we are able to look ahead and anticipate developments in the market and the wider world and the likely impact on postal consumers. Communications markets have changed beyond recognition over the past 20 years as telecommunications have, in many respects, replaced the mail as the default means of communication. The rise of e-commerce has led to a surge in demand for parcel delivery services while demand for traditional mail services continue to decline, calling into question their long-term sustainability.

These fundamental shifts in the makeup of postal services cannot fail to have an impact on consumers, and it is vital that their voice is heard in debates about the future. Meanwhile, the United Kingdom has voted to leave the European Union, potentially reopening debates about hard-won consumer rights and protections. In this period of prolonged uncertainty and change, the need for a strong consumer advocate in postal services markets has never been more pressing.

In 2017/18, we'll represent consumers in these debates by:

2.14 Understanding the likely impact of future market developments on consumers. In 2016/17 we published the results of two pieces of research looking at the impact of technological advances in the post market and the future needs of postal consumers.

In 2017/18 we will publish a report which looks at the impact a number of different future scenarios might have on the sustainability and shape of postal provision, as well as the impact on consumers. Based on the findings of this research and the results of Ofcom's review of regulation, we will build on this work with further, more detailed research into areas of particular concern to consumers and explore ways to mitigate any negative impacts.

2.15 Ensuring that the protections and rights of postal consumers are not diluted as the UK leaves the European Union (EU). In 2016 the UK voted to leave the European Union. Although the timetable and nature of our relationship with the EU in the future is yet to be settled, the potential impact on postal consumers could be significant - many of the rules and consumer rights currently in place and due to come into force originate from the EU. We will publish research which explores the

potential implications for postal services regulation and consumer rights under different scenarios. We will also work to ensure that postal services consumers are not forgotten in debates about the need to preserve key consumer protections as we leave the EU.

Representing postal consumers

Alongside our proactive work, Citizens Advice ensures the voice of postal consumers is heard in key debates, for example through responding to consultations and convening and sitting on working groups. In 2017/18 this work will include:

- Continuing to share evidence and insight with the Government as its review of financial support for the Post Office network continues.
- Representing consumers on the Post Office Advisory Council. We will continue to contribute to this forum by sharing insights from our research and providing feedback on issues and proposals under discussion.
- Convening the Post Offices Advisory Group. This stakeholder group meets quarterly and includes national charities, rural agencies and representatives of Post Office operators and Post Office Ltd. These meetings are an opportunity for members to share news on developments relevant to the Post Office sector, and facilitate policy development.
- Monitoring and analysing the unique, Consumer Service Helpline, the Post Line, website visits and complaints recorded through social media. We use these insights to highlight service failures and barriers to securing redress in parcel delivery and letter services.
- Responding to the outcome of Ofcom's review of regulation of Royal Mail and the wider postal sector. We will monitor the impact of any changes on consumer outcomes and adapt our own services to ensure we are giving accurate, timely advice to consumers seeking advice on a postal services issue.
- Engaging with relevant debates at EU level, for example the planned Regulation to increase oversight of EU cross-border parcel delivery service, and sharing our evidence and insights with BEUC, the European Regulators Group for Postal Services and other relevant stakeholders.
- Responding to relevant Ofcom consultations, for example on amending the USP Accounting Condition and Regulatory Accounting Guidelines and changes to the Universal Service Provider Access Condition.
- Monitoring Royal Mail's performance against core metrics, including quality of service, provision of Post Offices and collection time information. Where

Royal Mail are falling short of their obligations we will push for improvements and, where necessary, ask the regulator to take action.

Chapter 3: Cross sector

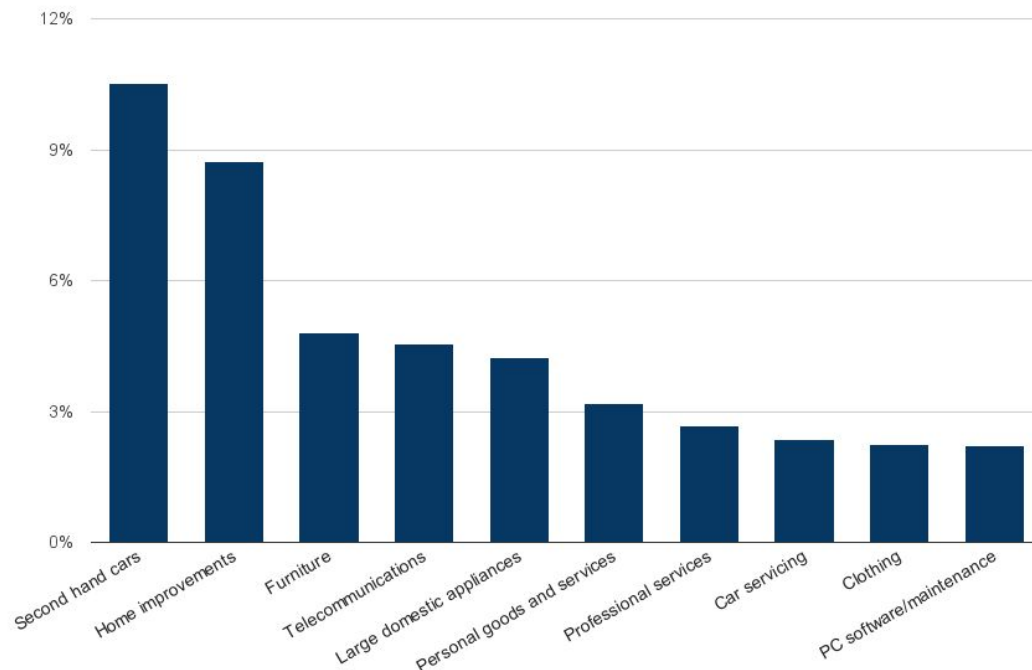


Context

Citizens Advice draws on a rich range of insights to advocate on behalf of consumers. Our network of local Citizens Advice offices gives us unique reach into every community across England and Wales. In 2015-16 we helped people with 500,000 consumer issues face-to-face. Our website, face-to-face and over-the-phone advice services provide us with data that we use to understand the problems consumers face in markets in real time. In 2015-16 we had 13.4 million visits to our consumer pages online, 1.05 million contacts to our Consumer Service and delivered 31.2 million minutes (531,000 hours) of online digital consumer advice. It is this unrivalled overview of people's lives which allows us to be ambitious in the scale and breadth of the work we do.

Consultations in consumer markets are technical and consumers are not well placed to make their voice heard. Citizens Advice fulfils this role, using our insight to represent consumer need, improve value and reduce customers bills.

While every market is individual, many of the problems that we see in one market apply equally to another. Our ability to look across different sectors is unparalleled and to identify solutions, we draw insights and examples of good practice across markets. In our work on debt collection practices, we have evaluated consumer protections that have worked in one market and help other regulators and authorities apply a similar approach. These cross-market comparisons allow us to push for better consumer protections when one industry falls behind others. We know that people's problems tend to be complex and connected - our approach also identifies how problems in different markets interact with each other and finds cross-sector solutions.



→ Share of total consumer enquiries by issue type 2015/16

The Government faces a number of challenges over the coming year; developing an industrial strategy, publication of a consumer Green Paper and considering a vision for consumers post-Brexit. We will continue to use our understanding of consumer detriment and the problems people experience across different markets to get the best deal for consumers.

Except where regulation or legislation is devolved, we will use a GB wide approach and use nationally representative samples of consumers across England, Wales and Scotland. Where issues are especially relevant to a particular country, these are highlighted below. Our work in 2017/18 falls under the following themes.

Understanding the cost of consumer detriment

This year we established the high cost of consumer detriment across the UK and highlighted the monetary, time and emotional impact on consumers. In the coming year, we will highlight where this detriment falls unequally and turn the spotlight on those sectors and services that are falling behind. We will help departments and regulators to learn and adopt best practice from one another. We will use our data to flag new areas of consumer detriment early and leverage these insights to advocate on behalf of consumers so that collectively we can begin to plug the gap.

We will:

3.1 Develop a Consumer Barometer. Some markets are causing consumers significant financial and emotional detriment²⁹, while others work well. How can we ensure harm to consumers is reduced? We will undertake a quantitative comparative analysis of the factors which contribute to a 'good' market. We will look at the role and activity of regulators, how active consumers are and the barriers that different groups face to getting the best deals across a range of markets including energy, post and telecoms. We will use this insight to guide our wider work.

3.2 Explore areas of detriment across sectors by problem type and demographics. Our work in 2016/17 highlighted problems that harm consumers. Those consumers harmed worst are often the most vulnerable or just about managing. We will develop our research to understand these areas of detriment and find solutions. We will continue to respond flexibly to changing consumer need to identify the projects required.

3.2.1 As the number of people living in privately rented accommodation rises in Britain, it is increasingly vital to assess whether these private renters are able to effectively engage with essential markets like energy and telecoms. Evidence suggests private renters lose £161m due to landlords denying them their right to switch energy provider³⁰. We will research the experience of this growing group of consumers and identify steps that can be taken to address detriment.

3.2.2 What is the detriment to rural consumers across markets? Do consumers in rural locations pay more or get a reduced service for postal services, off-grid energy and other products and services? What impact does this have on consumers? If some markets are found to be failing rural consumers, we will draw on existing good practice to identify solutions.

3.3. Investigate the knock-on effects of failing markets on consumers' lives. We will identify whether particular groups are vulnerable to wider detriment when markets fail. For instance, are the growing number of self-employed consumers more likely to get into debt, or have a problem with housing and relationships? To do this, we will run a cluster analysis of Consumer Service and Citizens Advice data and undertake in-depth research. We will take a specific focus on the knock-on impacts of scams and use this insight to identify ways to protect the vulnerable from scams.

3.4. Continue to share our unique insight with partnerships, government and regulators. We will respond to the National Audit Office report on consumer protection and work with partners in the Consumer Protection Partnership to continue to improve the effectiveness of the consumer protection regime. We will work with departments and regulators including BEIS, the CMA and the Advertising Standards Authority (ASA) to highlight ongoing and emerging areas of detriment. We

²⁹ [Counting the cost of consumer problems](#), Citizens Advice & Oxford Economics, 2016.

³⁰ [UK landlords add over £161 million to tenants' energy bills by denying their right to switch](#), uSwitch, 2015

will strengthen links with the UK Regulators Network, exploring the opportunity for joint work and events.

Fighting rip-offs that exploit consumer behaviour

Consumer markets can be hard to navigate for time-pressed consumers. Too often, the behavioural biases - which are inherent in all of us - are exploited, meaning we don't get the best deals and pay more than is necessary. Consumers who stay loyal to particular providers can see their inertia punished by a loyalty penalty of hundreds of pounds. The practicalities of claiming compensation mean that too many do not claim what is due. While these are difficult issues to tackle, the biases which cause these problems can be understood and mitigations put in place.

This year we worked with the Behavioural Insights Team to examine how behavioural insights can improve regulated markets, setting out a shared vision for the role of evidence, engagement and regulation. Next year we will build on this insight to improve regulation, share best practice, test our recommendations and apply our findings within the Citizens Advice service. We will build on our previous successes in this area, such as our interventions which led to the Advertising Standards Agency cracking down on misleading adverts in broadband. We will push further to make switching easier for people. Alongside this, we will consider how people's loyalty is being exploited across different markets, and which interventions may be appropriate to protect consumers - particularly the most vulnerable.

We will:

3.5 Apply our understanding of behavioural insights to particular demographic groups across markets across Great Britain. Evidence suggests older people may be more easily influenced by the way options are presented and less consistent in making decisions³¹. This may leave them getting a worse deal. We will investigate which cognitive biases particularly affect older people and where consumer markets take advantage of these biases to the detriment of consumers. Using this insight, we will develop practical solutions that will ensure a fairer deal for older people.

3.6 Understand consumer detriment across communities. A solely national approach to consumer issues can miss sharp detriment experienced by small communities on a local scale, such as scams targeted at isolated older people. We will support our network of local Citizens Advice offices to build and use their unique insight to engage and influence local decision-makers and communities through a range of means including original research and community events. The projects will improve local consumer markets by helping people understand how they can better engage with businesses.

³¹ [Behavioural Economics and "Vulnerable Consumers": A Summary of Evidence](#), Communications Consumer Panel, 2010.

3.7 Identify the detriment to consumers of the misuse of personal and consumption data by providers. While consumers increasingly accept that providers will collect their data, they are still often in the dark about how it will be used.^{32 33} We will investigate how the negative effects of poor data protection can be mitigated across sectors with a specific focus on new technologies such as connected devices in ‘smart homes’.

3.8 Look across sectors to find cases where automatic redress helps consumers and apply this in other essential markets. 55% of UK consumers do not seek redress after experiencing a problem, causing significant financial cost³⁴. We will explore how behavioural biases are exploited to minimise the redress paid to consumers and how these can be overcome. We will use examples from telecoms (such as broadband drop-outs) and energy networks to build a uniquely cross-cutting approach to automatic redress and find ways to make sure consumers are able to access money that they are owed.

3.9 Further develop and engage stakeholders on our work on the ‘loyalty penalty’ which exists across a range of markets. Consumers overpay by £1.3 billion a year through automatic car insurance renewal³⁵ and the average consumer could save £92 per year by switching personal bank accounts³⁶. We will explore how loyal consumers are penalised and how markets can intervene to ensure consumers are not being taken advantage of. We will consider the risk of unintended consequences and identify ways to mitigate these risks.

Getting consumers the best deal in a changing world

The context for consumers is changing rapidly. Technological advances open up new possibilities to save people money but also bring risks for those left behind. The changing nature of work and Brexit also present both challenges and opportunities.

This year we explored the changing role of data: how data can be used to prompt switching and how third party intermediaries can use application programme interfaces (APIs) to help consumers compare customer service data. Next year, we’ll expand that work to address the opportunities and risks in areas such as intermediaries, consumer redress and how more flexible expenditure could help those who are just managing to get by.

We will:

³² [Data privacy: What consumers really think](#), DMA, 2015.

³³ [Terms and conditions and consumer protection fining powers](#), Department for Business and Skills, 2016.

³⁴ [Counting the cost of consumer problems](#), Citizens Advice & Oxford Economics, 2016.

³⁵ [Motor insurance Auto-renewals](#), Money Super Market, 2015.

³⁶ [Retail banking market investigation](#), CMA, 2016.

3.10 Explore how consumer markets could better work for consumers with insecure incomes. 4.5 million people in England and Wales are in insecure work³⁷. For many consumers, rigid spending can be a problem when incomes change. We will explore solutions to this challenge, including whether more flexible payment options could be used to help those consumers.

3.11 Give consumers a voice in the decisions that affect them. We will build on our previous work to identify ways in which consumers can be best represented³⁸, linking to the Government review of corporate governance and potential for consumers on company boards. This will draw on learning from both consumer markets and public services to make suggestions for meaningful reform. We will also continue our work exploring alternative dispute resolution and what a simpler consumer landscape could look like.

3.12 Influence decisions made as a result of leaving the European Union. We will monitor and influence changes that affect consumers to identify areas of detriment and develop solutions to mitigate them. We will work flexibly in this area, holding roundtables or producing briefings on the effects on England, Wales and Scotland as is most appropriate as the formal process develops.

3.13 Stimulate and nurture innovative solutions to consumer problems. There is a growing consensus that impactful policy recommendations come from user testing and ongoing development. We will work in partnership with organisations specialising in innovation and social finance to develop the recommendations we make, for instance tackling the loyalty penalty by testing ways to prompt people out of inertia.

3.14 Continue to share our unique insight with regulators, the Government and other partners. We will contribute to the Competition and Markets Authority's GB-wide study into Price Comparison Websites. We will also work closely with partners and apply our cross-sector approach to tackle postal, phone and online scams: one in ten people have been affected by scams³⁹ and postal and phone scams cost UK consumers £5 billion each year⁴⁰.

3.15 Build on our research exploring the potential of Next Generation Intermediaries (NGIs). We will engage with stakeholders (for instance through an event) to share knowledge and build an understanding of how NGIs can be used to get consumers a better deal.

³⁷ [The importance of income security](#), Citizens Advice, 2016.

³⁸ [How to make consumer markets work for everyone? Give consumers a stronger voice and more control](#), Citizens Advice, 2016.

³⁹ [Scams Awareness Month](#), Citizens Advice and Chartered Trading Standards Institute, 2016.

⁴⁰ [Scams Awareness Month](#), Citizens Advice and Chartered Trading Standards Institute, 2016.

Provisional expenditure 2017/18

The expenditure implied by this work plan would see the budget for Citizens Advice core consumer advocacy work in 2017/18 fall by 4.7% in real terms to £6.1 million. This budget will be allocated between the streams of activity outlined in the tables below.

Beneath this headline reduction in spend, our draft plan would see a shift in the proportion of our activities between energy and post from 56%/44% to 64%/36%.

As in previous years, our core budget (£6.1 million) covers consumers in England and Wales. In 2017/18, we have provisionally agreed with the Scottish Government to provide representation to Scottish consumers on GB-wide matters. Table 3 shows the provisional cost of extending relevant projects to include the needs of Scottish consumers (£269,580) in GB-wide issues.

These specific allocations are necessarily provisional, and subject to change should we have to adapt our work in response to external developments during the year.

Summary Budget for 2017/18

Table 1: Total costs

Levy	Programme Spend	Staffing & related costs	Total
Energy	1,023,010	2,925,840	3,948,850
Post	519,170	1,662,780	2,181,950
TOTAL	1,542,180	4,588,620	6,130,800

Table 2: Citizens Advice activities

Citizens Advice	Programme Spend	Staffing & related costs	TOTAL
Directorate	0	257,500	257,500
Energy	831,380	2,410,690	3,242,070
Post	437,040	1,442,000	1,879,040
Cross-Sector	273,770	478,420	752,190
TOTAL	1,542,190	4,588,610	6,130,800

Table 3: Scotland funded activities

Citizens Advice	Programme Spend	Staffing & related costs	TOTAL
Scotland activities	70,620	198,960	269,580

We help people find a way forward

Citizens Advice provides free,
confidential and independent advice
to help people overcome their problems.

We advocate for our clients and consumers
on the issues that matter to them.

We value diversity, champion equality
and challenge discrimination.

We're here for everyone.



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