

Citizens Advice response to UK Regulators' Network Strategy 2024-27 Public consultation

A Citizens Advice
consultation response



**citizens
advice**

Tom Brooke Bullard
January 2024

About us

We can all face problems that seem complicated or intimidating. At Citizens Advice we believe no one should have to face these problems without good quality, independent advice. We give people the knowledge and the confidence they need to find their way forward - whoever they are, and whatever their problem.

We provide support in approximately 2,500 locations across England and Wales with over 18,000 volunteers and 8,650 staff. Through our advocacy work we aim to improve the policies and practices that affect people's lives. No one else sees so many people with so many different kinds of problems, and that gives us a unique insight into the challenges people are facing today.

As the statutory consumer watchdog for the energy and post industries we have an important role to play in shining a spotlight on the problems consumers encounter, providing solutions to these problems and ensuring their voices are heard when important decisions are made about the future of these essential markets.

Our response

Citizens Advice welcomes the opportunity to respond to UKRN's Strategy 2024-27, and support UKRN's goal to focus on best practice in regulation. We acknowledge that at this stage UKRN is not seeking detailed input to its strategy and objectives. However, we think that it's important that UKRN carefully considers the below areas when developing how it will deliver its annual delivery plans. We look forward to seeing this in more detail as its annual delivery plan is developed.

The independence of UKRN is essential to ensure the facilitation of best practice, and to progress collaboration towards outcomes that are best for consumers. While we agree with the decision to review UKRN's governance to be more agile and responsive, it's important that this does not come at the expense of delivering UKRN's core priorities. In the below response we identify several areas where UKRN should focus its attention and where we would encourage it to provide more detail as the strategy develops.

Focus on consumer protections best practice

One notable gap in the strategy is an explicit focus on consumer protections best practice, in particular in light of developments like the FCA's new Consumer Duty which could offer benefits if adopted in other sectors.¹ The duty represents a welcome opportunity for the UKRN to facilitate collaboration on best practice in the interest of consumers. We encourage UKRN to adopt collaboration to share best practice on consumer protections as a core objective going forward. More broadly it is important that UKRN reviews how the perspectives of consumers are incorporated into the regulatory processes and decision making and rebalance the asymmetries between regulated companies, and consumers and those who represent their interests.

A consumer-centered approach to the net zero transition

We welcome the UKRN's focus on the net zero transition. We understand that at this stage the strategy is operating at a high level. Therefore we look forward to greater detail on how UKRN will facilitate collaboration with its members to

¹ Citizens Advice (2022) [Raising the bar](#)

share and amplify learnings and recommendations for net zero policies that will support consumers in the rollout.

It is important that consumers are at the heart of plans to reach net zero. Without public understanding of why changes to homes are needed, information to help people make decisions, and support if things go wrong, public faith will be undermined. Additionally, without incorporating inclusion into the design of net zero products, services and advice we risk leaving people behind during the transition.

The consumer landscape for people wanting to install low-carbon technologies in their home is currently confusing for many. The market is difficult to navigate and gives too many opportunities for things to go wrong. Consumers are left vulnerable to scammers and rogue traders and are unable to seek redress when problems occur.

Direction from government will be essential to ensuring a successful net zero transition which puts consumer protections at its heart. However, this will need to be underpinned by a strong regulatory framework. A successful transition will require people to make a number of changes to their homes and how they engage with the energy market. Giving people the confidence to make these changes will require a strong accreditation scheme, complemented by a rigorous enforcement process where suppliers do not meet their obligations. The UKRN has a key role to play in ensuring that best practice and learnings are shared across regulators. Further information on the importance of consumer protections in home energy improvements can be found in our recent reports.²³

Addressing vulnerability

We agree that addressing vulnerability should be a core objective for the UKRN in its strategy. While we acknowledge the need to be agile and responsive, delivering effective work to protect customers in vulnerable circumstances should focus on some key areas. In particular, given the ongoing cost-of-living crisis, it has never been more important to identify and seek to close existing protection gaps faced by consumers in vulnerable circumstances. Below we outline some key areas where UKRN should work with regulators.

²Citizens Advice (2021) [The net zero protections puzzle](#)

³Citizens Advice (2023) [Home safe](#)

Debt and affordability

Recent Ofgem figures show that the total debt held by domestic energy consumers has been rising since 2018 and now stands at almost £3 billion. We also estimate that over 2 million people will disconnect because they can't afford to top up by the end of winter⁴. The need for extra support is likely to endure over the coming years, and we do not believe current policies are well designed to respond. To prevent an ongoing cycle of increasing bad debt, support for people struggling with energy bills must be improved and better targeted.

It is also critical that regulators work together and with the government to help address the ongoing crisis of affordability. In our latest report, 'Shock proof: breaking the cycle of energy crises', we recommend a tiered Warm Home Discount (WHD), with expanded eligibility and differential support based on energy need.⁵ In line with our long-established preference and the existing WHD scheme, this support could be provided automatically in the majority of cases in England and Wales through data matching between government and energy suppliers. This removes administrative burdens for both recipients and suppliers, and ensures people get the help they are entitled to.

Where people need to apply for support or provide information to confirm their eligibility it's important that communications are clear, targeted at those to whom they are likely to be relevant, and timely to enable people to meet scheme deadlines. Harder-to-reach groups are also likely to benefit from awareness raising targeted through other routes - like charities, local government, housing providers, healthcare etc.

Providing additional support for people in vulnerable circumstances

One particular area where we would like to see greater focus is on the delivery of a multi-sector Priority Services Register (PSR). This is something we have called for in the past, and strongly supported in the Department for Business and Trade's (DBT) consultation on strengthening the economic regulation of the energy, water and telecoms sectors.⁶

⁴ Citizens Advice (2024) [Shock proof: breaking the cycle of energy crises](#)

⁵ Citizens Advice (2024) [Shock proof: breaking the cycle of energy crises](#)

⁶ Department for Business and Trade (2024) [Smarter regulation: strengthening the economic regulation of the energy, water and telecoms sectors](#)

Having one universal PSR would help to streamline the current customer experience, where service users are expected to disclose their support needs to their multiple different providers, including updating their information where necessary. The complexity of the customer journey means that many miss out on support they are entitled to. Depending on the geographical area, between 30% and 70% of people who are eligible are registered on their energy network's PSR⁷. We believe that the universal PSR should be extended to all essential services sectors, including financial services, and that adoption should be mandatory for all providers. This would ensure more comprehensive support for those who need it, and a 'tell us once' principle where consumers can expect their disclosure to apply across all the services they use. The multi-sector PSR should offer a portal for consumers, or organisations acting on their behalf, to easily disclose their support needs and update with changes to their circumstances. This should also help consumers to retain control of their data, giving them the choice over what data is shared and who they share it with.

A move to a single, multi-sector PSR should also prompt regulators to look to ensure that they offer more comprehensive support to customers in vulnerable circumstances. Our report 'Closing the gap' identified consumers who currently fall through the gaps in support, including those who are financially vulnerable⁸. For this to be realised, there will need to be real-time data sharing across the industry, building on the work of Northumbrian Water's Support for All project. Our research found that 23% of consumers found data privacy concerns to be the biggest barrier to using smart home technology, and 60% would feel more confident if given control over what data they can share, and clear information on what companies can access. This indicates that offering more data control would encourage more people to access support they are entitled to. This could take the form of an online portal, giving consumers clarity over which information they share with which providers, and the option to opt in or out at any time. Provision should also be made for those without access to digital services.

Delivering a truly effective multi-sector PSR will require careful coordination between regulators across different markets. While the government will need to

⁷ Citizens Advice (2023) [Closing the gap: How to improve customer support in essential services](#)

⁸ Citizens Advice (2023) [Closing the gap: How to improve customer support in essential services](#)

play a key role in this delivery, UKRN has a unique opportunity to lead in facilitating collaboration and coordination between regulators.

Promoting collaboration

We support promoting collaboration but would note that this is not an outcome in itself, rather a route to achieving better outcomes to consumers. We note that one of the design principles that sits under 'achieving excellence through collaboration', is 'work towards consistency'. We are concerned that this leads to simply pursuing a consistent approach rather than identifying best practice or novel solutions that deliver the best outcomes for consumers. For example, the stated purpose of the recently published guidance on the methodology for setting the cost of capital is that it 'brings together and consolidates existing methodologies'⁹. This risks maintaining the generosity within the existing methodologies and stifling development, to the detriment of consumers.

UKRN's core purpose and how it operates

We note UKRN's decision to simplify its membership structure, by moving to a new tiered approach. We understand that part of the intention of this change is to increase the membership of UKRN, allowing more inclusion of a broader spectrum of members. This, in part, is driven by a desire to increase revenues for UKRN.

While in principle we understand this decision, it is critical that these changes don't dilute key areas of focus on consumers, particularly given the fact that some regulators are less consumer-focussed. One particular absence in the proposed institutional structure is detail on how external groups, including consumer organisations, can feed into the work of UKRN.

Additionally, UKRN's effectiveness as an organisation also depends on your ability to engage effectively with government departments. We caution UKRN to ensure that your broader membership doesn't impact the ability to achieve this, given there is a risk that this is likely to become more complicated as you engage with a wider range of government departments.

To conclude, we acknowledge that at this stage UKRN are not seeking detailed input to its strategy and objectives. However, we think that it's important that it

⁹UKRN (2022) [guidance for regulators on the methodology for setting the cost of capital](#)

carefully considers the above areas when developing annual delivery plans, and look forward to engaging on this in further detail.

Yours faithfully,

Tom Brooke Bullard

Senior Policy Researcher

Citizens Advice helps people find a way forward.

We provide free, confidential and independent advice to help people overcome their problems. We are a voice for our clients and consumers on the issues that matter to them.

We value diversity, champion equality, and challenge discrimination and harassment.

We're here for everyone.

citizensadvice.org.uk



Published [insert month and year].

Citizens Advice is an operating name of The National Association of Citizens Advice Bureaux.

Registered charity number 279057.