

Citizens Advice consumer advocacy: What we did in 2015-16

Citizens Advice and Citizens Advice Scotland
annual report for 2015-16



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Foreword

This report looks back to describe the work Citizens Advice and Citizens Advice Scotland (CAS) carried out to represent consumers in 2015-16. This was a year of laying foundations, as our organisations developed our roles representing consumers in the energy and postal markets in England, Wales and Scotland, and in the energy, postal and water markets in Scotland.

When our two organisations began to represent consumers in these markets, we had 3 goals in mind. First, we wanted to use our organisational strengths to represent energy and post consumers more effectively and efficiently. These strengths include our presence on the ground in thousands of locations across the country, our unrivalled real-time data on consumer detriment, our website with 36 million visits a year, and a brand with over 90% public recognition. This meant every pound spent fighting for consumers would go further.

Second, we wanted to deliver the benefits of a cross-cutting consumer role. More and more, the challenges facing consumers cut across markets, and the solutions to these challenges, from easier switching to more comparable prices to better debt collection practices, are often found elsewhere. We wanted to help industries and regulators, and to push them, to learn lessons from other consumer markets, improving approaches over time.

Third, we wanted to protect and deepen the technical expertise that was a hallmark of Consumer Futures, now coupled with the profile, accessibility and authenticity of Citizens Advice and CAS as consumer representatives. For example, when there are negotiations over price controls in an industry, we wanted to be the person in the room with *both* an independent mandate to stand up for consumers *and* the technical understanding required.

So how are we doing? Perhaps the best test of the foundations laid in 2015-16 is the ambitious work plan we have now published for 2016-17: [Citizens Advice: Consumer Champion](#).

Even so, as this review of the prior year shows, real progress was also made in 2015-16 itself. Our expanded league table of energy supplier performance gained new profile, backed by the people's trust in Citizens Advice and CAS. Our enhanced digital advice content on energy and post, and face-to-face work through programs like 'Energy best deal', our 42 energy champions, and 'Big energy saving week', helped hundreds of thousands of consumers engage with these markets. In Scotland CAS worked with business groups and the water

industry to increase awareness amongst consumers of competition and choice in the non-domestic water market. Meanwhile, we used our data to secure penalties totalling over £45 million for energy suppliers with poor billing and complaints handling systems.

We also showed that a single, consolidated consumer champion can do work that spans the practical and the technical. At one end of the spectrum, we secured material modifications to 60% of the Post Office branch relocations we worked on, particularly to protect vulnerable groups. At the other end, in our cross-cutting work, we explored how to engage with time-poor consumers, compared debt collection practices in different markets, and conducted an economic analysis of the rates of return secured in different price control settlements, from energy to water to transport.

We hope you will agree this year laid strong foundations, and started to realise the benefits that are now being seen in our 2016-17 work plan.

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Chapter 1: Energy



About this work

In 2015-16 we laid the groundwork for Citizens Advice to become a strong advocate for energy consumers. Our goal is to complement the role of the regulator and ombudsman with a powerful, independent consumer voice; something that can be seen clearly in our 2016-17 work plan. In the event, 2015-16 proved to be a timely moment for enhanced consumer representation, with a number of important successes delivered for energy consumers.

The Competition and Markets Authority (CMA) energy market investigation led to new protections, especially in the prepayment market. We had pushed for an end to unreasonably high prices for prepayment customers stuck on expensive deals and [the CMA agreed](#) (p.60), imposing a price cap that will save users of prepay meters—often on low incomes—as much as £300 million a year.

More broadly, our evidence helped crack down on failing billing and complaints handling systems, resulting in multi-million pound penalties being imposed by the regulator. Alongside this, we gave consumers more of the information they need with an expanded performance league table for energy suppliers and new price and customer service quality comparisons, allowing consumers to compare on quality as well as price and keeping energy companies on their toes. We also made strong progress in a number of lower profile but important areas, such as our work to expand data sharing.

Our priorities

Priority 1: Consumers have access to free and helpful advice to help them take control of their energy bills and get a better deal in the market

In 2015-16, Citizens Advice expanded its energy advice services to provide deeper, more practical and more accessible information for energy consumers - all available free of charge.

Industry wide, complaints are now down considerably on the worst periods of 2010 and 2011. After rising slightly in 2014, average monthly complaints are back down to levels just above the 2013 average (Figure 1.1).

As the industry changes, Citizens Advice has expanded its supplier complaints performance league tables, to reflect the greater diversity of energy suppliers.

Since September 2015, [we have published](#) complaints data about 13 independent suppliers (those with more than 50,000 customers) alongside the 6 large energy firms, giving energy consumers a fuller picture of the current market. We completed a consultation on establishing a league table of non-domestic suppliers' complaints performance. We will begin publishing the non-domestic league table in 2016-17.



Figure 1.1: Energy complaints to Citizens Advice consumer service

Since the expansion of our league table in September, it has continually demonstrated that company size does not correspond to performance on complaint handling. Some of the largest suppliers have a good track record when it comes to handling complaints, while some of the newer independent suppliers have struggled to provide effective complaint handling to their growing number of customers.

That said, this past year also saw two big 6 suppliers (Npower and ScottishPower) fined for customer service problems linked to billing system changes. Two of the larger independent suppliers (Cooperative Energy and Extra Energy) also experienced customer service problems linked to billing system changes and/or rapid growth in customer numbers. The suppliers who experienced these problems spent last year at the bottom of our supplier performance league table, which ranks how well suppliers handle customer complaints. We supplied Ofgem with evidence from the consumer service and Extra Help Unit to support their investigations.

Consumers [can now find out](#) key information about energy suppliers, including their opening hours, contact details, billing information and satisfaction metrics

from the Citizens Advice website. Over the next year, we will improve this information to allow consumers to easily compare suppliers.

Our 'Energy best deal' public awareness campaign helps low income consumers and people at risk of fuel poverty to [understand how to save money](#) by switching energy suppliers, using less energy, and getting help if they are struggling to pay bills. In 2015-16, 'Energy best deal' reached more than 10,000 low income consumers at 1,500 advice sessions. 'Energy best deal extra' provided a further 20,000 tailored one-to-one advice sessions to (mostly vulnerable) consumers referred from 'Energy best deal' sessions or following a visit to a local Citizens Advice.¹

42 energy champions have been recruited by local Citizens Advice to deliver a support and development programme in their local areas. The regional energy champions provide support to other local Citizens Advice offices in their areas by training and briefing advisers, tracking supported consumers and helping advisers with complex cases. To help us understand consumer needs better, and improve our service, Citizens Advice also works with the energy champions to:

- improve energy advice
- research consumer behaviour in the energy market, to improve our understanding of what will deliver the best outcomes for consumers
- collaborate with local Citizens Advice to investigate and design a service which is efficient, effective and measurable
- ensure local Citizens Advice are engaged and supported when joining the programme of work

Citizens Advice and Citizens Advice Scotland were jointly funded by the Department for Energy and Climate Change to deliver the public-facing elements of '[Big energy saving week](#)' (BESW), which took place in October 2015. Local Citizens Advice events reached between 100,000 and 165,000 people. More than

¹ In Scotland, local Citizens Advice are known as Citizens Advice bureaux. Almost all consumers (97%) who responded to the 'Energy best deal' follow-up questionnaire in 2014/15 said they found the session useful and 89% of consumers said they would probably or definitely do something as a result of the session. The most commonly planned actions were finding a better tariff, doing something to save energy at home, and telling other people what they had learnt at the session. Subsequently, 150 consumers were interviewed by telephone an average of 3 months after the session; 33% had looked for a better deal on their energy bills since the session. Of these fifty-one who looked for a better deal, 29 were offered a better deal (either by their own supplier or a different supplier), with 28 of these (18% of all consumer interviewees) switching or planning to switch to the better deal. Consumers were also asked about other actions relating to seeking further advice, energy efficiency and applying for grants and other support. When these actions are also taken into account, 57% of consumer interviewees had taken some kind of action following the session, 26% had taken some kind of action to save energy in their home and 9% had applied for the Warm Home Discount.

800,000 people saw BESW content on digital and social media.² The Citizens Advice consumer helpline received 11% more calls relating to energy in the two weeks following 'Big energy saving week'. Each of the lead ('gold') local Citizens Advice partners saved clients cumulatively £15,208. If this average was matched by all 29 gold partners this would give an estimated total saving for clients of £441,056.167. If the same impact was achieved by all local Citizens Advice and other partners on BESW, it would amount to a total saving of £1,064,560.³

BESW also saw the formal launch of [our new price comparison tool](#). It covers the whole market - including tariffs from two independent suppliers who were not previously listed on any online comparison sites. In March, the Competition and Markets Authority's proposed [final remedies recommended](#) Citizens Advice's price comparison tool as the endorsed option for consumers looking for a whole market comparison (p. 368).

It is essential that consumers understand where they can go for help or advice, and know where they can get support to seek redress if any part of the market has let them down. In May 2015, Citizens Advice published '[Clear connections](#)', which assessed the quality of signposting to the consumer service and the energy ombudsman on supplier bills and websites. We will repeat the audit in 2016-17 to assess how suppliers have responded to our recommendations.

We fulfilled our statutory duty to publish '[Know your rights in the energy market](#)' (also known as the consumer checklist). It is sent to every household in the country by their energy supplier.

In concert with Ofgem, we published factsheets to help consumers understand their [contractual protections](#), and [how to deal with third party intermediaries](#) who can act as brokers between consumers and energy suppliers. Building on [2014-15's strategy paper](#), we published and circulated [our list of priorities in the non-domestic market](#). This will help us to ensure that non-domestic energy consumers have the right resources and know who to contact for advice.

Energy consumers deserve advice and redress frameworks that are easy to understand, accessible, joined up and future proof. In October 2015 we published '[Knowing who can help](#)' to provide an overview of the [the current advice and redress schemes](#) for energy consumers. The report highlighted the confusion an energy consumer can face, and proposes ways for providers to coordinate to make things simpler.

² 246,168 through Twitter, 39,472 through Facebook, 415,513 through Citizens Advice Thunderclap, 65,445 through Bristol Thunderclap and 14,755 through email to supporters.

³ Each gold partner (or partnership) received £6,000, meaning total Gold Partner funding was £128,000. 26 funded silver partners received up to £1,000 each.

In September, Ofgem published the [‘Lucerna review of Ombudsman Services Energy’](#), which made a number of recommendations to improve the effectiveness of the ombudsman. Following this report, the Secretary of State for Energy and Climate Change, Amber Rudd, [announced the government would work with Citizens Advice](#) and Ofgem to improve the work of the energy ombudsman. Citizens Advice is contributing to the working groups set up to implement the review. Our key goals are to:

- Improve information sharing and joint working between Citizens Advice, Ofgem and the energy ombudsman to ensure emerging problems are identified and tackled quickly
- Improve the consumer journey so consumers know which organisation to contact and when
- Publish key performance information to help inform and educate consumers

New [supplier standards of performance](#) came in to force on 1 January 2016, improving provisions for dealing with faulty prepayment meters, and aligning requirements for fixing faults and handling supply disruptions in the gas and electricity sectors. Citizens Advice has informed advisers about the new standards, so they can ensure consumers receive the appropriate information and assistance.

Citizens Advice commissioned a new 'Home energy advice tool' (HEAT) and database for local advisers. The tool, which is already widely used by large energy and energy service companies, will allow advisers to provide quick and accurate advice on energy efficiency, scheme eligibility, tariffs, Warm Home Discount and related energy matters.

Priority 2: Identify issues that cause harm and promote solutions to make the energy market work better

When company practices harm energy consumers, Citizens Advice takes action to ensure that those harmful practices are corrected and to ensure affected consumers are compensated. Over time, our approach has evolved from a purely reactive response to bad behaviour, to trying to identify early warning signs and nip poor practice in the bud before large numbers of consumers are harmed. In 2015-16 this 'triage' approach bedded in, and we made a concerted effort to intervene earlier with the poorest performing suppliers. We published

[our approach to company performance](#) to increase supplier and consumer understanding of this process.

Success often meant not having to formally refer suppliers to Ofgem because our performance management ensured that suppliers reduced consumer detriment. We also made several informal referrals to the regulator which improved performance. Many of the concerns we raised were about the treatment of consumers in debt, and we provided companies with guidance on how to improve their procedures.

Nevertheless, sometimes misconduct needs a stronger response. A number of successful formal referrals and Ofgem rulings drew heavily on our data and analysis. Prominent cases include:

- Business Energy Solutions [paid out almost £1 million](#) because of multiple [customer service failures](#). This was our first non-domestic referral and also the first to invoke the [Standards of Conduct](#). BES will pay compensation totalling £311,000 to consumers affected by the breaches. BES has also made a consumer redress payment of £669,000 (less the penalty sum of £2) to the charity, The Money Advice Trust (Business Debtline). This redress payment is to fund Business Debtline debt advice services to business customers experiencing difficulties in paying their energy bills.
- Economy Energy paid £250,000 due to mis-selling and management failures. Our predecessor body [Consumer Futures made the initial referral to Ofgem](#). Money was paid to Citizens Advice's 'Energy best deal extra' prepayment meter project, which provides advice and information to vulnerable consumers with prepayment meters. Economy Energy will also take further steps to trace and refund customers who lost out financially as a result of either being mis-sold contracts or not being advised of price increases. Economy Energy has also paid unclaimed monies to the National Children's Bureau.
- Following a referral to Ofgem by our predecessor, Consumer Futures, [Spark Energy paid £250,000 for multiple failures in customer service](#). Spark agreed to pay equal shares to Citizens Advice and Citizens Advice Scotland. This redress will be used to provide help and advice to energy consumers.

- [Npower will pay almost £26 million](#) because of long-standing billing and complaint handling failures, issues we had substantiated with evidence over several years, which was provided to Ofgem's enforcement team.
- Citizens Advice, Citizens Advice Scotland (CAS) and the Extra Help Unit (EHU) provided evidence about Scottish Power's customer service and complaints handling performance throughout 2015-16, resulting in that company being [fined £18m by Ofgem](#) in April 2016.

Alongside our formal company performance work, we regularly meet with energy companies, often with the Extra Help Unit, to discuss their policies and processes. Based on our knowledge of the market, we are able to identify where individual supplier policies or practices are out of step with industry norms. We have an excellent track record of using this information, as well as evidence from across the Citizens Advice service, to persuade suppliers to improve their policies and practices for the better. Some examples from 2015-6 include changes to individual suppliers' policies on:

- How consumer smart data is collected and shared after we identified that their current policy did not reflect the spirit of the licence condition
- Deemed contracts where there has been no consumption, with the supplier now offering an automatic rebate to vulnerable consumers
- The use of third party agents during the live debt collection process. The supplier updated its policy so customers can now speak directly to the company's debt specialists
- Debt recovery rate when a prepayment meter is installed under warrant
- Change of tenancy process to halt debt recovery action by allowing the new tenant more time to provide proof of tenancy
- Providing additional support to their customers in debt by establishing a relationship with a debt advice charity
- Establishing a specialist team to handle contacts from their most vulnerable customers, ensuring they receive more targeted help and support

We hold regular meetings, together with Ofgem, to review and assess individual suppliers' social obligations reporting figures, which monitor the treatment of customers in debt or households that have been disconnected from their supplier. These meetings are used for sharing best practice, helping raise the standards of service provided by suppliers to their most vulnerable consumers.

Every quarter the consumer service and Extra Help Unit host a supplier liaison meeting, which is used to update energy suppliers, Ofgem and the Department

for Business Innovation and Skills about the current performance and trends at the Citizens Advice consumer service, the Extra Help Unit and Ombudsman Services Energy. The meetings are also used to share good practice and to present and discuss Citizens Advice's current work priorities. The Department for Work and Pensions (DWP) has been a regular guest speaker at these meetings. The DWP provides the energy industry with updates about welfare reform as well as a forum to discuss implications for energy consumers and suppliers.

2016-17 will be a time of significant change in the energy sector as Ofgem moves forward with its transition to 'future retail regulation', which will see greater reliance on principles as opposed to prescriptive regulatory requirements. [Citizens Advice worked closely with Ofgem](#) in the past year as it developed its proposed framework and responded positively to the regulator's recent consultation. The CMA's proposed final remedies in March also re-emphasised the forthcoming shift in the energy market towards a greater reliance on principles.

In June, Citizens Advice published ['The lost decade'](#), looking at energy billing 10 years after the energywatch super-complaint. The report made 3 key recommendations for Ofgem:

1. It should investigate why competitive and regulatory pressures have not reduced billing complaints.
2. It should develop better bills and explore which content can be safely removed (since adopted by the CMA as one of its remedies).
3. It should ensure smart meter customers receive enhanced protection from back billing.

The report's conclusion that EU and national legislation could add to bill length and complexity, has underpinned our contribution to the review of EU billing rules, on which draft legislation is expected by the end of 2016. These conclusions were presented to European Commission stakeholder groups, the annual conferences of CEER (Council for cooperation between energy regulators) and ACER (Agency for cooperation between energy regulators), as well as to the 2016 London European citizens' energy forum.

Following several evidence submissions, including the results of an information request on accurate billing for smart meters and consumer omnibus polling on attitudes to smart meters which are not providing accurate bills, we presented to Ofgem's Consumer Protection workstream on the merits of limiting smart meter back billing through licence conditions. This led to Ofgem selecting and consulting on a preferred option of imposing a limit of 6 months on this practice. We supplemented the work with a news story on back billing that was covered

by the Times and Telegraph. In their final decision Ofgem opted against imposing a licence condition, and elected instead to encourage suppliers to voluntarily commit to a 6-month limit for back billing on smart meters. However, in their statement on their decision Ofgem specifically commended our media coverage. At the same time, following our advocacy on this issue, jointly with BEUC (the European consumer body), the May 2016 European Parliament resolution on the proposed 'new deal' for EU energy consumers, called on all member states rolling out smart meters to ensure a solid legal framework to guarantee an end to unjustified back billing. We continue to work on making the case for an industry wide solution.

In response to the CMA energy market investigation we commissioned research into how special tariffs for vulnerable consumers could help reduce harm in the energy market. As vulnerable consumers are less likely than others to switch, they are less likely to benefit from market mechanisms and pay more as a result. The first part of the research outlined some options for reducing the costs these consumers face, these were discussed at an industry-facing workshop. Through assessment of the options against key criteria, we narrowed down to 3 options and the likely impact of these were modelled using best available data. [The research was published](#) in May along with several recommendations for the CMA, including that they should investigate requiring energy suppliers to move consumers from the Cold Weather Payment group to their cheapest tariff. The CMA has since opted to put in place price controls for part of the energy market, because of the vulnerability and inactivity of prepayment consumers.

In October 2015 we developed a good practice guide for energy suppliers relating to their treatment of prepayment customers who cannot afford to credit their meter and self-disconnect. Suppliers were generally receptive to the guide and several reported making policy changes as a direct result. We told suppliers that we would monitor their performance over the winter (when levels of self-disconnection are at their highest) and publish our findings. In April 2016 we published '[Staying connected](#)' alongside a [consolidated good practice guide](#).

We commissioned research into the pre-arrears activity of energy suppliers to gauge the extent of this activity as well as the attitudes of consumers, suppliers and other stakeholders towards these measures. This research has been run parallel to another Citizens Advice project looking at the cross-sector impact of welfare reform on debt. With the majority of research for both reports now completed we will be taking forward recommendations with the aim of ensuring supplier activity, both before and after someone falls into debt, is centred around the specific circumstances and interests of the consumer.

Our 'Fair play for prepay' campaign has focused regulators' and suppliers' attention on the disadvantages suffered by prepayment customers. 7 suppliers committed to offer vulnerable prepayment consumers a 'debt holiday' during winter and more than half of prepay suppliers have committed to a range of measures make prepay easier to use. One supplier has lowered its prepayment tariffs as a direct result of the evidence we produced. Just over a third of suppliers have agreed to make prepay the same price as their cheapest tariff available with a smart meter. During the past year, Ofgem announced reviews into supplier practices and charges for prepayment customers as well as a review into regulations around the smart prepayment meter offers. The Competition and Markets Authority also announced its intention to establish a 'safeguard tariff' for prepayment customers in order to address the specific barriers to engagement that these consumers face. Citizens Advice has represented the interests of prepayment customers in its response to all of these proposals.

We sit as a consumer representative on several working groups set up to deliver Ofgem's programme aimed at bringing about next day switching by 2019, including the External Board, Advisory Group and the Senior Stakeholder Group. We want the outcome to be not only a faster but a better switching process. We back sharing vulnerability data between suppliers, clamping down on unfair objections and pushing industry to carry out a data cleanse to ensure erroneous transfers are kept to a minimum. All these issues are being reviewed by Ofgem at the time of writing.

We have also contributed to Energy UK's development of an energy supplier switching guarantee. The guarantee aims to give consumers confidence in the switching process by dispelling myths about the process and giving assurances as to what happens and when. We worked with industry to ensure the guarantee statements were robust and underpinned by ambitious performance metrics. In the future, we will submit our switching complaints data to the guarantee secretariat, to inform monitoring of the scheme, and will also take up a seat as an observer on the initiative's governance board.

A research survey into the experience of off-gas consumers across Great Britain was completed in March 2016. The findings will be published in June 2016, with reports on experiences in England, Wales and Scotland, and an overarching GB report. Citizens Advice Scotland and Scottish Highland Citizens Advice Bureau ran a stakeholder workshop to scope ways to strengthen the advice services available to off-gas consumers. The event will inform a 2016-17 project designed to improve advice provision to empower off-gas consumers to take the action

required for them to fully engage in energy markets, secure the best possible deals, and access any available government grants.

We continue to monitor and analyse contacts to the consumer service on smart meter issues. In October 2015 we began to do this in a more streamlined manner, on a monthly basis. The full report is shared with DECC and Ofgem, and an anonymised version is shared with Energy UK. We also provide custom reports when specific issues arise either with a single supplier or in a particular policy area. In 2016-17 we will expand distribution of the anonymised reports to Smart Energy GB and consider how best to make this information public on our website.

Citizens Advice Scotland produced the annual [‘Advice in detail: energy’](#) report collating all advice sought by Scottish energy consumers over a 2-year period. The report identifies areas where the energy market is not serving consumers effectively in Scotland and the evidence fed into supplier investigations.

With Citizens Advice colleagues, we have commissioned a piece of research to explore how we currently record and collect energy information across the Citizens Advice service, in order to identify what improvements could be made internally, to processes, and externally, in terms of the information we share with stakeholders and consumers. Both Citizens Advice and CAS will be taking forward recommendations that have resulted from this piece of work, covering what types of data we collect, the systems used for data collection, data sharing protocols and how that data is used in analysis.

Citizens Advice energy media coverage

Citizens Advice's company monitoring, research and policy advocacy is a regular source for journalists covering energy stories. In the 2015-16 work year, Citizens Advice has been a prominent voice in the media, providing a mix of guidance for energy consumers, critiques of poor company behaviour, and analysis of the impact of energy policy decisions for households and small businesses.

Quarterly complaints league tables continued to be the biggest source of coverage, highlighting which companies have been performing well and poorly, and informing consumers of the benefits of switching to providers with good customer service practices, as well as those offering the best prices. Unsurprisingly, stories about energy prices also drew heavily on Citizens Advice analysis of the state of the energy market, and how consumers can get a better deal by switching.

Other areas which attracted media attention included: the closure of the Green Deal and issues around mis-selling during the Green Deal programme; customers' rights and fair practice on back-billing; energy networks' charging methods, including regional variations and the returns made by energy networks; and the Competition and Markets Authority investigation into the competitiveness of the energy market.

Priority 3: Promote ways to eliminate fuel poverty through coordinated energy, housing, health and income policies

Home energy efficiency policy is in transition. The Energy Company Obligation, the main energy efficiency programme in Britain, ends in 2017. The Green Deal scheme, until recently another key component of energy efficiency plans, is no longer open to new applicants. The Department for Energy and Climate Change is working on replacements to both these schemes, as well as new policies other related areas. Citizens Advice has continued to work with government and other stakeholders to develop a policy and delivery framework that effectively tackles fuel poverty, increases consumer engagement with energy efficiency and protects consumers from mis-selling and poor quality work.

Under the Energy Company Obligation, all of the larger energy suppliers are legally required to meet carbon saving targets by installing energy efficiency measures in domestic consumers' homes, with about half of the current targets met from low income homes. The government has announced that the next energy efficiency supplier obligation will focus exclusively on the fuel poor,

something Citizens Advice has long called for. There will be a year of transition in 2017-18, with the full programme due to run from 2018 to 2022. The Department for Energy and Climate Change intends to include a 'local flexibility' element within the programme. This will allow local authorities and other local agencies to refer people who are in need, but do not meet standard eligibility criteria, for energy efficiency help. [Citizens Advice has argued](#) that local authorities and other local agencies are best placed to make sure energy efficiency programmes reach those on low incomes and in vulnerable positions. DECC has held extensive discussions with Citizens Advice on how to design the local delivery plans.

In Scotland, energy efficiency has been designated as a national infrastructure priority in response to long-running advocacy by Citizens Advice Scotland, working alongside Citizens Advice and other fuel poverty advocacy groups.

Citizens Advice has taken a pivotal role in guiding the Bonfield Review (also known as '[Every home matters](#)'). We published [research on quality assurance](#) in energy efficiency in the domestic energy market. We used our participation in the ECO steering group to share our evidence about quality with industry and government. The terms of reference of the review and the direction the review has taken have reflected the issues identified in our quality assurance research report. The review is expected to report in June 2016, although the implementation board will continue to meet to oversee the implementation of recommendations. Citizens Advice has led the work for the review on consumer protection, chairing workshops, sitting on the implementation board with the other workstream leads to develop the recommendations and contributing to final report. We expect the review to make recommendations that reflect our concerns related to the different stages of the consumer journey and the need for more consistent standards of consumer protection across different schemes. We have also fed extensively into the work on provision of energy efficiency advice, drawing on our experience and past research.

We carried out focus groups with consumers to understand how they decide whether or not to install energy efficiency measures, and what policies might encourage them to install measures (including an assessment of incentives related to the property market). This will help to understand the consumer decision-making process, and will be a basis for developing policies to incentivise consumers to take up energy efficiency measures. We expect it to inform DECC's policing making process. The research will be published in quarter 1 2016-17.

Our report [‘Data sharing to target fuel poverty’](#) was published in 2015. It looked at how better use of data could help the delivery of fuel poverty schemes such as the Energy Company Obligation and Warm Home Discount. If government shares data related to eligibility with delivery partners, government can make sure schemes reach consumers in need and reduce delivery costs, which are often ultimately borne by energy consumers. The report looked at consumers’ responses to data sharing, the barriers to further data sharing and how they could be overcome. This year the government consulted on proposals to extend data sharing in this way, as part of a broader Cabinet Office initiative to improve the use of government data. The government is currently reviewing the consultation responses.

8 local Citizens Advice offices are taking part in a pilot ‘Cold homes referral service’. The service will put into practice one of the key recommendations of the National Institute for Health and Care Excellence guideline on tackling excess winter deaths: that health and wellbeing boards should commission single point of contact health and housing referral services to provide tailored solutions to people vulnerable to cold-related ill-health. A panel of health, government and academic experts has been set up to advise the project. The pilot is currently in its development phase, with implementation of the full new service due to start in autumn 2016.

Citizens Advice helped develop a new fuel poverty assessment tool, which will enable local authorities and other local agencies and charities to improve the targeting of fuel poor households. The low income high cost fuel poverty assessment tool was launched at a DECC seminar in March 2016. A full report of the underlying research will follow in spring 2016.

A database and map of household energy performance certificate (EPC) values by parliamentary constituency was added to our website. This shows the constituencies with the highest proportion of cold homes. Local Citizens Advice are advised to use this data to encourage local action on tackling cold homes.

Citizens Advice sponsored 3 events to disseminate the findings of NEA’s UK fuel poverty monitor research in Edinburgh, Cardiff and London in March this year. The ‘Fuel poverty monitor’ is an annual publication that compares fuel poverty policies across the UK and devolved nation governments and makes recommendations for improvement. The events allowed representatives from the 3 governments to discuss potential government responses. The UK government is now working closely with the Welsh and Scottish governments in

designing the next supplier obligation programme, as recommended by the Monitor.

Citizens Advice Scotland published '[Save energy, save money and stay warm](#)' - a consumer guide to energy efficiency in Scottish tenements, which has been used for a number of consumer energy efficiency training events in Scotland. CAS also published '[Coming in from the cold](#)' based on CAB evidence and focus groups to inform the regulation of energy efficiency in private sector homes (REEPS) process. This evidence will feed into the Scottish government's REEPS consultation which been delayed until 2016-17. CAS also published '[Designing a social security system for Scotland: winter fuel and cold weather payments](#)'.

CAS also commissioned research on the funding opportunities available as a result of the designation of energy efficiency as a national infrastructure priority in Scotland. This should help advocate for increased and better targeted energy efficiency funding. CAS also undertook a significant body of research on the scope and reach of energy efficiency and fuel poverty schemes in Scotland to inform the design of Scotland's energy efficiency programme (SEEP). Both pieces will be completed and published in 2016-17.

Drawing from a broad spectrum of our research, we contributed to the preparatory work within the EU institutions on the protections to be included in new EU legislative framework proposals, expected by the end of 2016. It is reflected in the May 2016 European Parliament resolution on the 'New deal' for energy consumers, that calls for: better data availability and collection to improve assessment and targeting of support measures; national reporting on energy poverty and the compilation of a toolbox of good practices; as well as a greater focus on energy poor citizens within [EU legislation regulating energy efficiency and the energy efficiency of buildings](#).

Through our participation in the EU Vulnerable Consumers Working Group (a stakeholder group chaired by the European Commission) we are contributing to the development of indicators to measure fuel poverty across Europe and the review of provisions addressing consumer vulnerability.

Priority 4: Put consumers in control of their energy bills and build consumer confidence in the emerging energy services market for households, through the delivery of affordable, accessible, safe options for all

Smart meters have the potential to transform the way consumers use energy in their homes and, with time, will integrate with other smart services and products around the home. Smart meters will significantly change the energy market. This is essential to modernise the electricity system and pave the way for smart grids, leading to potentially more flexible and responsive networks which should deliver a welcome saving on consumers' electricity bills. Citizens Advice continues to represent consumers as an active participant across the DECC smart meter governance programme. We are also members of the Smart Meter Installation Code of Practice (SMICoP) and Smart Energy Code (SEC) panels, where we work to ensure consumers are at the heart of any regulatory changes. In 2015-16 we focused on ensuring that vulnerable consumers are explicitly recognised and provided for in the smart installation programme. We carry out regular monthly analysis of contacts to the Citizens Advice consumer service addressing issues directly with suppliers to improve the consumer experience. We also share this information and activity with Ofgem and DECC and will continue as the rollout progresses.

In spring 2015 [we published an analysis of suppliers' plans to support vulnerable consumers](#) during the smart meter rollout. This report was welcomed by government and industry and has been used to shape best practice and inform the installation and support process for vulnerable consumers. Suppliers have begun to share more detailed information about their plans and processes to support vulnerable consumers and these make specific references to our recommendations - for example around defining vulnerability, ensuring accessibility and explaining data sharing consent. We plan to reissue a similar request for information in 2016-17 to update our position, highlight any ongoing concerns and to share best practice. We understand that DECC has also referenced our analysis when working with industry assessing suppliers' (commercially confidential) rollout plans.

[Past Citizens Advice and Consumer Focus work on smart meter in-home displays](#) had consistently demonstrated a need for text-to-speech functionality to help blind and partially sighted people. We played an active role in new work led by the RNIB, building upon our research to develop more accessible displays. While

final specifications are still being finalised, the new displays should be available to any consumers who need them, and will offer text-to-speech as well as adhering to broader usability principles identified in our and RNIB's research. Some energy suppliers have committed to procure these IHDs for their consumers, and we expect the remaining suppliers to follow.

'Make energy better', a campaign which began in February 2016, educates consumers on the smart meter roll-out. 'Make energy better' has been taken up by local services, with some moving on to develop smart meter information and activities of their own. Citizens Advice North Liverpool have a group of young volunteers who take up different issues to make them more accessible and interesting to young audiences. They are building on this campaign, making social media-friendly videos with the aid of a demonstration smart meter supplied by Smart Energy GB, to encourage younger people to learn about the smart meter rollout.

Citizens Advice explored preliminary design options for a new data dashboard. The dashboard will allow consumers to see who is accessing their energy data, in what detail and when. Following delays to the Data Communications Company (the new body to handle smart meter data), we have postponed full development of the dashboard to the 2016-17 work plan.

We examined [suppliers' current policies on communicating with consumers about their data](#) so that we could understand and advise them on best practice. This work uncovered that some suppliers had policies which failed to provide consumers with the appropriate transparency or control over how and when smart meter data is collected. Following close work with suppliers, government, Ofgem and Energy UK, First Utility have changed their policies which prevented consumers from choosing how much smart data they shared.⁴ We also successfully encouraged Ovo Energy to change how they market their smart prepayment tariffs - Ovo Energy had been advertising a smart prepay tariff as cheaper if you didn't take an in home display, undermining the principle that IHDs should not be directly charged for.

Citizens Advice commissioned market research with consumers (half of whom had a smart meter installed) to better understand what information had been provided to them and what benefits they felt were or would be most useful. The outcomes of this work will be published in 2016. In addition to general insight

⁴ By agreeing to have a smart meter, a First Utility consumer was deemed by the company to have consented to half hourly (the most detailed level of) data collection. The licence conditions were written on the principle that consumers should be able to choose what detail of data they share: First Utility's policy breached that principle. First Utility formally committed to fixing this issue by Q2 of 2016.

into consumer attitudes (particularly of those using smart prepayment) the research will provide specific insight into current supplier communication approaches, which do not appear to be informing consumers accurately about smart meters. It has highlighted particular problems in relation to early meters with limited functionality, and issues faced when switching supplier.

Heat networks are an important but unregulated part of the energy system. To strengthen protections for consumers whose homes are heated by heat network, Citizens Advice carried out and [published an information request](#) on local authorities' district heat schemes. The analysis presented a mixed picture of the consumer experience of district heating schemes, demonstrating the need for greater consumer information, and support for those on heat networks and much better monitoring of the networks themselves. Overall, the report has been well received, and was cited by the Joseph Rowntree Foundation in ongoing research into district heating.

Citizens Advice also helped to shape the rules for the [Heat Trust consumer protection scheme](#). The scheme was successfully launched in November 2015. We continue to support development through our seat on the Steering Group. Citizens Advice volunteers also took part in helping the Heat Trust with consumer testing of the newly developed 'Heat cost calculator' to improve the tool's accessibility for consumers.

In addition to these policy developments, over the course of the year we have engaged with private sector heat suppliers on issues their customers are facing. These will become regular meetings and we are already seeing some positive changes in some suppliers' practices. A few examples are:

- Working directly with housing developers at an early stage on sites with heat networks to ensure consumers are fully informed about the network and their rights before they sign up
- Companies adapting to follow best practice on back-billing and dealing with consumer debt for heat customers
- Implementing a testing regime for 'heat interface units' where issues have been identified

CAS recommended that consumer protections within the heat market in Scotland be made mandatory as part of heat network companies' license to supply. This recommendation was included in the [report of the Special Working](#)

[Group on Regulation](#) to Scottish government and the viability of this option is currently being considered.

Over the past year, we continued to advocate consumer requirements within the new EU energy market design in our contributions to the EU Smart Grids Task Force and the EU Working Group on consumers as market actors, and in our collaboration with BEUC (the European consumer body). These submissions were supported by presentations to conferences and workshops organised by the European Commission and the representative bodies of national regulators. In anticipation of the new proposals, the May 2016 resolution of the European Parliament on the 'new deal' for energy consumers noted the importance of incentives, access to quality information, data protection and interoperability to the required behaviour change by energy consumers.

The new EU Regulation setting the framework for energy efficiency labelling is currently scheduled for adoption by the European Parliament and EU Council in 2016-2017. It will recalibrate energy performance labelling on appliances back to A-G (ie removing confusing A+ categories) and create a new product database. These measures, designed to improve the clarity, credibility and enforcement of the labels, have been priorities in our joint advocacy with BEUC, in recent years.

Priority 5: Inform the CMA competition investigation

This has been a crucial year in the CMA's investigation, including the announcement of provisional findings and decisions on possible remedies. We have been heavily involved in informing the CMA's position, producing a number of evidence-based consultation responses,⁵ commissioning and submitting relevant original research, and giving [oral evidence](#) to the inquiry.

While the CMA's final decisions were not known at the time this document was drafted, its provisional positions suggest that our efforts will result in

⁵

assets.digital.cabinet-office.gov.uk/media/54c8d7be40f0b613bf000001/Summary_of_hearing_with_Citizens_Advice_and_Citizens_Advice_Scotland.pdf;
assets.digital.cabinet-office.gov.uk/media/55e6ba08e5274a55ff000010/Citizens_Advice_and_Citizens_Advice_Scotland_resp_to_PFs.pdf;
assets.digital.cabinet-office.gov.uk/media/5652fafde5274a1445000010/Citizens_Advice_Bureau_resp_to_supp_remedies_notice.pdf;
assets.digital.cabinet-office.gov.uk/media/56a649a5ed915d6d2a000020/Citizens_Advice_2nd_supp_remedies_resp.pdf;
assets.digital.cabinet-office.gov.uk/media/5717449fe5274a22d3000004/citizens-advice-response-to-pdr.pdf

significant consumer benefits, particularly for the poorest and most vulnerable consumers.

The CMA has accepted our challenge to re-introduce price caps for the most vulnerable and disengaged households, and proposes the introduction of a safeguard tariff that should save the 4 million households on prepayment meters an average of £80 per year. It has also responded to our evidence suggesting that consumers with non-standard metering equipment, such as dynamically teleswitched metering, should be able to access cheaper single rate tariffs, which should benefit a further 700,000 homes. The CMA referenced our evidence on deficiencies with current arrangements in proposing a range of improvements to the way in which low carbon generation is procured, which should materially reduce the costs that consumers face in making the transition to a decarbonised energy sector. It also put forward a range of measures that should improve transparency on, and accountability for, the factors that drive consumers bills - a necessary measure that we have called for to rebuild consumer trust.

On the non-domestic front we had a number of policy successes. Our CMA responses focussed strongly on improving price transparency and resolving the problems with rollover contracts; the fact that these key issues which we have campaigned on for several years was given top priority by the CMA was itself positive. We also commissioned a [significant piece of omnibus research](#) on these areas which provides key evidence for these policy lines.

Our evidence also influenced the CMA to look more closely at the barriers deterring rental tenants from engaging with the energy market. Though we are disappointed that it has not proposed concrete measures to remove those barriers, it is welcome that problems facing those consumers are starting to be acknowledged by regulators and we will continue to press for necessary reforms to renters' rights.

Perhaps the strongest validation of our powerful work on energy competition has come in the fact that the CMA findings in so many areas reflect that our views and positions have become the mainstream thinking on energy policy; its diagnosis confirms our core arguments on areas where the market is failing, and a range of its remedies features many interventions that we have called for.

Priority 6: Effective industry governance and network regulation

Citizens Advice backs up its work on consumer-facing aspects of the energy market by representing consumer interests in regulatory and policy design processes that affect the cost of energy and the convenience of engaging with the market.

In October we published [‘Beginning to see the light’](#), in which we called for a refreshed, principles-based focus on transparent reporting for energy network companies, underpinned by a concise scorecard-style template that focusses attention on what matters. This work helped instigate [Ofgem’s consultation](#) on the subject, which also tested the viability of the template produced by the report. [Ofgem’s final decision](#) incorporated several of our recommendations, including for a concise one-page summary of the most pertinent information to be included in network reports. We [presented the ideas](#) developed in this report (along with work from previous years) [to the Energy and Climate Change Select Committee’s inquiry](#) into low carbon network infrastructure.

Citizens Advice staff participated in Ofgem work groups to develop a customer-focused smart grid. Workstream 6 of the Smart Grid Forum included a [consumer subgroup report, written by Citizens Advice](#). We also provided the protections toolkit now embedded in smart grid development policies.

Citizens Advice staff members represent consumer interests on a number of energy industry codes - the gas industry Uniform Network Code, the electricity industry’s Balancing and Settlement Code and Connection and Use of System Code, and the Smart Energy Code which covers both gas and electricity . This allows us to scrutinise day-to-day industry developments, and ensure that major projects, such as the Project Nexus overhaul of the gas industry, or moves to settle electricity on a half-hourly basis, benefit from consumer perspectives. Efforts to improve the accountability, accessibility and transparency of codes processes were also endorsed by the CMA in its provisional statements of findings. Should firm proposals emerge on the future direction of code governance, Citizens Advice will seek to ensure they are taken in a more consumer-oriented direction.

EU network codes will be legally binding and ultimately integrated into the GB network codes. Citizens Advice has worked to improve transparency and access of to the process for a wider set of stakeholders including consumer representatives. We therefore welcome the creation of an independent European Network of Transmission System Operators for electricity (ENTSO-E)

advisory council. Citizens Advice has been appointed as BEUC's (the European consumer body) representative on the council.

We also work with the energy networks to help improve their understanding of customer needs, including by participating in National Grid, Northern Powergrid and SSE stakeholder groups.

Citizens Advice also protects and advances the interests of consumers in government energy policy decisions beyond the retail market. In 2015-16, Citizens Advice provided [feedback to DECC proposals](#) on the capacity market, feed-in tariffs, the role of the National Infrastructure Commission in energy policy, as well as EU proposals on energy market design and the future of renewable energy support. We also followed up last year's advocacy in relation to some large investment decisions, most notably the Hinkley Point C nuclear power station and the Swansea Bay tidal generator, with the latter now undergoing a formal [independent review of its value for money](#).

To ensure that the multi-billion pound levies charged on energy bills to support efforts to decarbonise the economy are spent in the most efficient way, Citizens Advice also developed proposals for improving the value-for-money of low carbon spend. 'Generating value', published in October, showed how the government should prioritise between cheaper, more mature, and costlier, less mature low carbon technologies, giving the best chance of making the energy system greener and cheaper. It also proposed an alternative way of enabling low-cost low carbon technologies, most prominently onshore wind, to return to the market and reduce the need to fund more expensive alternatives. The government has [stated that it is listening to and developing proposals](#) on how that can be delivered (Question 5). Recommendations were also picked up [extensively by the CMA in its energy market inquiry](#) (pp. 85-109, especially p. 99), substantiating the cost to consumers of decisions to give some low carbon technologies preferential status and of barring further onshore wind developments.

To enable us to respond to a changing energy sector, we also commissioned forward-looking research. Work looking at distribution charging in a market with greater levels of distributed generation will be published in May 2016, and will allow us to better advocate for the interests of future, as well as current, energy consumers. Research on the disruptive consequences of technological and commercial developments which will affect how consumers deal with the energy market will be published in summer 2016.

The Extra Help Unit

The EHU has a statutory duty to help vulnerable energy and post consumers across GB by investigating complaints with the relevant service providers. The statutory responsibilities of the unit are set out in section 12 and 13 of the Consumer Estates and Redress (CEAR) Act 2007. The EHU works closely with the Citizens Advice energy team as well as Ofgem and energy suppliers with the aim of improving practices and regulations that affect consumers.

The majority of consumers (90%) referred to the EHU are referred by the Citizens Advice consumer service. Referrals can also be received from the energy Ombudsman, Ofgem, other advice agencies and elected representatives.

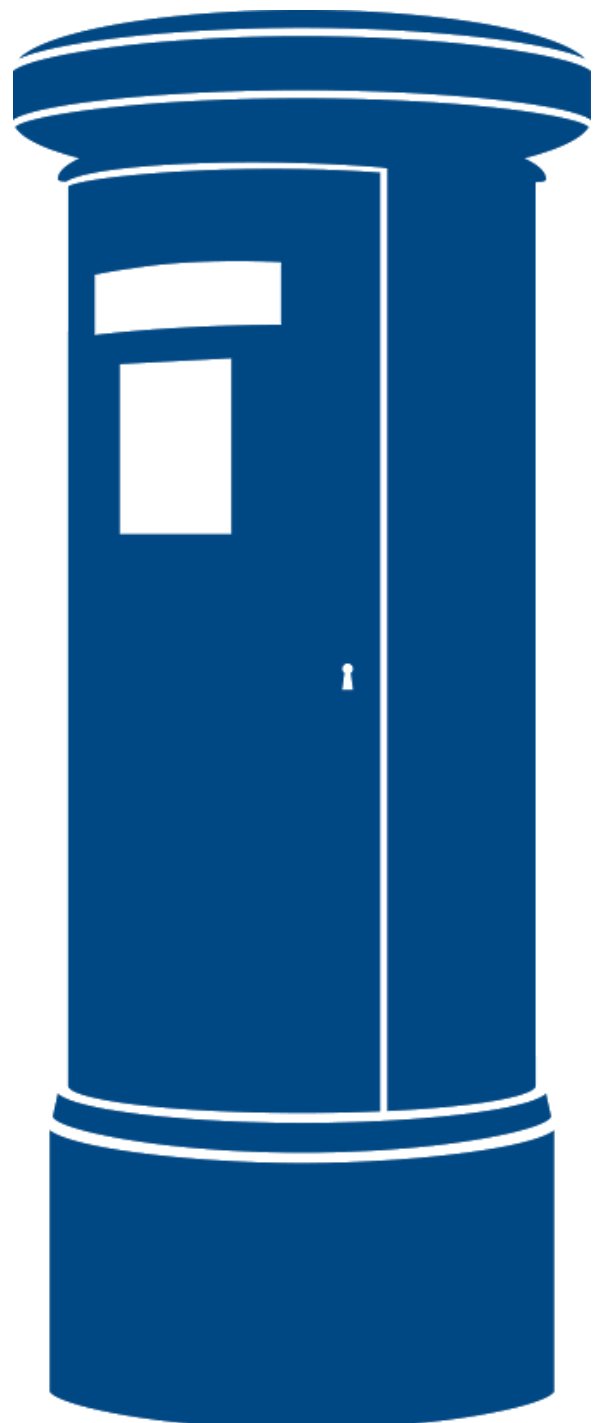
In addition to providing support to consumers, the EHU operates an 'Ask the adviser' service, which offers support to other advice providers (including Citizens Advice and CAS advisors) to help them resolve a client's energy or postal complaint. Advice providers can also use the EHU's knowledge base, which is a database of frequently asked energy and post questions, used by EHU advisers for their casework.

In 2015-16, 1998 priority complaints, and 8397 complaints of all types, were received by the Extra Help Unit. 71% of cases were closed within 35 working days, and 87% led to a tangible outcome for the complainant. Total financial redress for consumers as a result of EHU activity amounted to £2.0 million. 91% of consumers who contacted the EHU were either satisfied or very satisfied by the quality of service provided by the EHU.

90% of EHU complaints came from households, with the remaining 10% from micro-businesses. Of domestic complaints, 22% related to debt and disconnection issues, 36% to billing errors, 15% to metering complaints, and 7% to prepayment meters.

Agreements were brokered with suppliers affected by billing migration difficulties to write off some unbilled amounts for EHU customers. 1 smaller supplier in particular has caused lots of work for the EHU this year with widespread customer service failures, billing problems and insufficient resources to deal with EHU complaints. EHU staff visited the supplier in May 2015 and again in January 2016 and have held weekly teleconferences with them to review progress on cases from the start of 2016. The arrival in the market of many new entrants has meant more time this year has been devoted to introductory engagement and in helping those suppliers develop their customer support practices, while addressing problems with engagement and complaint handling in some instances.

Chapter 2: Post



About this work

In our work on post, we advocate on behalf of consumers of postal services in general and we also stand up for users of Post Offices to make sure people can access postal services through the Post Office network.

As we laid the foundations for stronger consumer advocacy in post in 2015-16, we also continued our essential role monitoring changes to the Post Office network. In 2015-16, our work secured changes to 60% of branch relocation proposals to make them better for consumers. We secured particular changes for vulnerable consumers that depend heavily on the network, for example to ensure an enhanced product range will be provided in rural and remote areas.

In broader postal services markets, our research on the impact of competition showed the benefits that can result for consumers. We responded to Ofcom's review into the regulation of Royal Mail, supporting a pro-consumer regulatory approach. We also stepped back to look at the long-term future of postal services markets, with our project on the future needs and value of post for consumers, exploring how the market can best serve consumers as technology and consumer preferences change over time.

Our priorities

Priority 1: postal services and post office network should anticipate and respond to changing consumer and community needs

Postal services are changing rapidly in response to new technology. Consumers want better and cheaper parcel delivery, in part linked to online purchasing, and firms and government continue to send fewer letters.

This trend has complex effects on postal consumers. On the one hand, consumers are seeing major benefits and an explosion of choice through online retail, and enjoy the convenience of using mobile devices and computers to receive official communications. Meanwhile, some consumer groups, particularly vulnerable groups, can see degradation in the quality of their retail services and still rely on receiving traditional letters service for important correspondence.

A key concern has been the extent to which some groups of consumers may be left behind by new technology. Those with limited digital access may suffer a gradual erosion in their traditional letters and retail services while not being able

to benefit from bargains online or communicate effectively online. Citizens Advice is well placed to understand these issues as our clients report problems in other areas such as communication with government bodies and mobile communications, meaning we can explore these problems in the round.

Citizens Advice is helping to shape the debate on the future of postal services, with a focus on consumer need. We brought together stakeholders from the European Commission, Department of Business, Innovation and Skills, Ofcom, the postal industry, disability charities, small business and rural advocacy groups to a roundtable meeting in September 2015. We highlighted key opportunities and risks for consumers and provided a forum for sharing ideas and approaches to analysing the current and future changes in the postal market.

For our 'Futures needs for postal services' project we have commissioned two major pieces of research exploring the relationship between new technologies and changing users needs. These will provide the groundwork for a strategic review of the social and economic value of post for consumers this year.

The first of our commissioned research studies on ['Technology and change in postal services'](#) was published in March 2016. The main findings of this influential report included that innovation is redrawing both how companies organise letters and parcels services and how consumers want letters and parcels delivered. We commissioned impact assessments to assess a range of technological advancements and their impacts on different groups of consumers, as well as likelihood of development given current regulation and costs. This work found that postal companies use barcoding and robotics to cut costs and provide greater choice of delivery for consumers. Meanwhile, new technology is creating potential disruption through the sharing economy, though the report concluded that the potential for drone and 3D printing applications for parcel delivery still remain far off.

While mobile technology and tracking are giving online savvy urban consumers increased choice of delivery in some areas, some rural and remote consumers have less choice in taking advantage of new choices and services in the postal market.

In order to explore the needs of different consumer groups across the GB population, we carried out further research on the value that consumers place on the service. The research found that consumers continue to value the importance of the postal service, even if they rarely send letters. Regardless of age, consumers still attach relatively high levels of importance to receiving formal communications in the post that help them administer their day-to-day

lives. This research suggests that letter communications remain essential for consumers, particularly older people and those on low incomes.

To explore further the impact of postal problems on those on low incomes we conducted a survey with local offices. This found that there were issues related to letters from government agencies to those receiving benefits.

Increasing demand for parcels deliveries is creating new consumer issues, as all consumers need effective returns and redress policies when sending goods as online sellers and returning goods to retailers. The results are being used to engage and influence stakeholders across government, Ofcom, and the postal industry more broadly. The full results of this research will be published in Summer 2016.

In order to give a detailed picture of the impact of rural living on changing patterns of need for postal services, CAS has commissioned research into specific needs of rural and remote consumers. The results of this work will be used with Scottish and UK stakeholders to inform the detailed picture of user needs in Scotland.

Parcel delivery surcharging and exemptions affect certain groups of consumers more acutely, based on their location. In response, CAS has commissioned research to explore potential improvements to the operating environment parcel delivery operators face in rural Scotland. The first stage of this project assessed the available data on the parcel delivery industry in rural Scotland, and made an initial assessment of what that data tells us about opportunities to reduce the cost of rural parcel delivery. This work leads into the second stage of CAS's research which will consist of a series of research interviews with parcel delivery operators. Ultimately this research will drive a programme of cooperative work involving private and public sector stakeholders to explore innovation in rural parcel delivery.

CAS has continued to develop productive relationships with key stakeholders, including Ofcom, Trading Standards, the National Federation of Subpostmasters, postal operators and many others. This has included providing secretariat support to the Scottish Parliament's Cross Party Group on Postal Issues, which brings a range of organisations and businesses together and this year covered topics including Post Office 'locals' service standards, consumer issues around rural parcel deliveries, and work undertaken by Ofcom.

Citizens Advice commissioned further research looking at the met and unmet needs of vulnerable consumers, particularly those on low incomes, to essential services through the post office network. The research focused on the role the

network plays in underpinning access for low income consumers to provide access to postal and other essential services. The research will also help to inform a larger programme of work over the next few years looking at the social and economic value of universal access to postal services through the post office network.

We continued to work closely with our campaigns team to improve awareness of mail scams and how to report them in communities across England and Wales during 'Scams awareness month', distributing postcards to doorsteps with tips to protect and report scams reaching 222,000 consumers. This led to an increase of scams reporting, preventing consumers from becoming victims of scams. Royal Mail also received increased calls to its hotline, and 210 suspected victim addresses were identified as a result of training to postmen and women to spot potential scams when delivering mail. Local Citizens Advice were supported by their local MPs in launching mail scams initiatives with events hosted by Anna Soubry MP (Minister for Small Business, Industry and Enterprise) in Broxtowe and Richard Benyon MP in West Berkshire.

Priority 2: a sustainable post office network that is accessible and offers services and products relevant to each diverse community it serves

The Post Office network is currently undergoing major restructuring, known as the Network Transformation Programme (NTP). The programme will result in the conversion of approximately three quarters of Post Offices to new operating models, 'locals' and 'mains'. In many cases branches have been physically relocated to new premises.

Citizens Advice has continued to independently scrutinise each proposal entering the NTP. Our scrutiny focuses on consumers' ability to access new branches and to all services and products once inside, to ensure that reasonable consumer access is maintained and the new models are responsive to local needs. On a case by case basis we contact or are contacted by a wide range of local stakeholders on individual branch proposals during the NTP. These local stakeholders include but are not limited to MPs, councillors, local Citizens Advice staff and local community groups. Our contact with these stakeholders has allowed us to provide advocacy and support on specific proposals while seeking further information or feedback.

We continue to meet with Post Office Limited (POL) on a weekly basis to review changes that will result in post offices relocating to new premises. Although we do not have a power of veto over POL's proposals, in cases where we have concerns that significant consumer detriment may be caused, we operate a 2 stage escalation process in which a proposal is pushed up the respective management chains of POL and Citizens Advice for further review.

Since the NTP began in October 2012 Citizens Advice and its predecessor bodies have scrutinised over 4,000 proposals to convert sub-post offices to the new 'PO local and main' operating models, analysing the views of over 65,000 customers and stakeholders. By working with POL to highlight our concerns we have secured modifications to 60% of branch relocations. In a further 28 locations we helped to improve the product range so consumers in rural and remote areas can continue to get the essential products and services that they need. With POL expected to convert approximately 3,000 branches in the remaining 2 years of the NTP, the rate of branch conversions is likely to increase over the coming year, requiring an ongoing role to protect consumer access to branches and services and products.

In Scotland, CAS took action on a number post office transformation proposals where we felt there were potential problems for consumers and achieved access improvements.⁶ Using our powers to monitor the location and number of post offices we were able to escalate the issues with POL and interact with local elected representatives to move these branches to better locations. In the case of Motherwell, we worked with POL to maintain an accessible branch in the town centre whilst further work is undertaken on transformation.

Separate to the NTP, in January 2016 POL announced further changes to Crown branches, the largest town and city centre branches which POL directly own and operate. The latest changes involve franchising 39 Crown branches across Great Britain, and the closure of up to 3 more in Wales and Northern Ireland.

More recently POL has announced that up to 61 Crown branches will move into WH Smith stores over the next 12 months, as a franchise or hosted in WHSmith stores as a concession. The plans include some of the original 39 Crown branches announced for franchising earlier in the year. During previous Crown restructuring programmes, Citizens Advice and CAS (and their predecessor bodies) held a formal role, independently scrutinising and meeting with POL to review each individual branch proposal and again we will expect a role that enables us to represent consumer interests.

⁶ Motherwell Civic Square, Fort Augustus, Kirriemuir and Easttriggs.

Citizens Advice also started a formal review of the code of practice with POL. This review was intended to understand how the code of practice arrangements have worked for both POL and Citizens Advice since the start of NTP, what lessons can be learned and what improvements can be made without weakening consumer protections. To inform our approach in this review we commissioned a second wave of mystery shopping research to examine if branches were correctly undertaking consultations, enabling consumers and local representatives to be fully aware of proposed changes and how they can respond. We will be using the results from this research in our continuing discussions with POL on the code of practice arrangements.

We continued to hold quarterly Post Office Advisory Group (POAG) meetings with a wide range of stakeholders holding a direct or indirect interest in the post office network. The quarterly meetings continued to provide an important forum for stakeholders, including Citizens Advice to communicate research results and wider work and share perspectives and intelligence on the NTP in a constructive environment, and to encourage changes to how the transformation programme is being rolled out. We also started a monthly newsletter for POAG members informing them of the latest developments in post office and postal services policy.

Outside of POAG, Citizens Advice continued to hold regular bilateral meetings with POL to discuss strategic issues coming out of the NTP, any business as usual changes or policy developments affecting the network and to communicate our wider work programmes. We also held further bilateral meetings with BIS, Royal Mail and Ofcom to disseminate research findings and discuss developments in post office policy.

CAS met postmasters on different islands to discuss island post office concerns and service provision to Islanders and integrated their concerns into our ongoing research and consumer advocacy.⁷ As a result of our work we received significant insights into the workings of island post offices which has informed our research on transformation support and will continue to provide a basis for our work with rural consumers.

CAS has carried out research into the relative success of previous diversification funding programmes, assessing the best way to promote sustainable business models for post offices going forward. The research included interviewing postmasters across Scotland and Wales and evaluating previous diversification

⁷ Islay, Jura, Barra, South Uist, Vatersay, Eriskay and Benbecula.

funding with a view to supporting branches through the network transformation.

CAS also hosted 2 roundtable discussions in Edinburgh focusing on sharing good practice around transformation support for local and community branches. The roundtable events were attended by sub-postmasters, representatives from Citizens Advice Scotland bureaux and from businesses. This identified and led to new issues and opportunities which CAS will be taking forward in 2016-17. CAS has also undertaken branch visits with a wide range of post offices to ensure that consumers are represented where issues are raised such as service provision, unexpected branch closures and accessibility.

Priority 3: consumers expect good services and products at a fair and reasonable price

Citizens Advice has worked to ensure that consumers get a better deal from the postal market across three main areas:

- Monitoring the quality of postal services and the development of any detriment and taking up problems and issues with operators
- Providing high quality advice for consumers
- Campaigning to raise awareness of key issues around affordability, choosing the right postal service, and rights when shopping online

Along with the consumer service post helpline, our digital advice plays a key role in advising consumers on what to do if they experience issues with postal services. Five postal advice pages were amongst the top 30 most visited consumer pages on Citizens Advice in 2015-16.⁸

Citizens Advice provides scrutiny of Royal Mail's quality of service performance data to ensure that consumers receive a high quality service.⁹ We query actions to improve performance in postcode areas (PCAs) that are continually failing, providing analysis and insight if Royal Mail has asked for the regulator to consider poor weather or other issues for failing results. Overall, 14 postcode areas (PCAs) failed to meet the 91.5% target in 2015-16 compared to 9 in

⁸ 'What to do if you're receiving someone else's mail', 'your post box collection or mail delivery times have changed', 'your mail was lost or hasn't turned up', 'if something you ordered hasn't arrived' and 'how to get your post sent to a PO Box'

⁹ Royal Mail's cumulative results for 2015-16 are slightly worse than those for 2014/15. 1st Class missed the 93% target by 0.5% which is 0.5% down on the 2014/15 result; 2nd class passed the 98.5% target by 0.3% but is 0.1 down on the 2014/15 result. Special Delivery failed the 99.0% target by 0.5% which is 0.2% worse than the 2014/15 result.

2014-15, showing the need for ongoing pressure on Royal Mail to recover performance standards.

We continued to [publish an interactive map](#) of quality of service on our website which is updated every quarter in tandem with Royal Mail's quarterly reporting. This enables consumers to examine the performance of all postcodes. The maps we have produced provide an accessible way for consumers and stakeholders to see how well mail delivery is working at postcode level across the UK.

We provided strong evidence about the needs of consumers in relation to collections of mail from Royal Mail's regulated network of post boxes, undertaking discussions with Royal Mail to improve the process for the review and relocation of post boxes so that consumers are made aware of these changes in advance. As a result, Royal Mail now provides a four week notification period to consumers when it plans to remove or relocate a post box unless the removal is caused by something outside of Royal Mail's control, such as theft or damage.

We analysed the changes Royal Mail makes to its collection times from post boxes, challenging them when we believe changes are not justified and will harm consumers. We also monitored the impact of Royal Mail pricing and service changes, analysing the potential for negative impacts on consumers.

The run-up to Christmas is the peak season for the postal system. We work to prevent the risk of consumer detriment due to poor quality parcels services over this period. To test the extent of this, and whether new pre-Christmas promotions are easing the intensity of the peak delivery period we commissioned TNS to undertake omnibus research to test the consumer experience of the post and parcel services over the 2015 Christmas and New Year period. The research found that consumers were overwhelmingly positive about the parcels delivery service they received and only 6% of consumers were dissatisfied. The areas that caused most concern are those that are problems at all times of year, such as items left with a neighbour, a card saying delivery was attempted, parcels left on the doorstep, misdelivery and delayed delivery.

Our 'Be a clever Christmas consumer' campaign that included 10 tips reached over 50,000 consumers on Facebook. Trading Standards, MPs and Councillors also took part in sharing the tips through their constituency websites and news articles raising awareness of the changes to shopping rights as part of the Consumer Rights Act and ways to save money at Christmas.

When Royal Mail announced its annual stamp price increase, we communicated the changes with consumers. Working alongside the campaigns team, we shared

engaging posters and social media messaging across local Citizens Advice in England and Wales to inform consumers of new pricing for letters, parcels and stamps, giving notice of price increases so consumers weren't caught out when it came time to post.

CAS has looked more specifically at the issue of misdelivered parcels - where items are left somewhere unsuitable or unexpected. CAS commissioned research in response to consumer complaints we had assisted with, where there was a lack of clarity over what consumers should expect from delivery operators. The research found that 47% of Scottish consumers have experienced misdelivery issues, and that consumers are faced with a confusing set of policies and standards that vary with each operator. As a result, we are producing advice materials to offer guidance on the rules and the correct routes to redress for consumers.

In Scotland, CAS continued to voice the concerns of Scottish rural consumers, particularly those in the Highlands and Islands, who often face high or unexpected delivery surcharges when shopping online. We published ['The postcode penalty'](#) in September, which presented the findings of research we conducted examining the change in the prevalence and cost of delivery surcharging over the last 3 years. This raised the profile of the issue of parcel delivery surcharging in the Highlands and Islands, and led to a member's debate on the report at the Scottish Parliament, as well as informing an adjournment debate at Westminster.

As a result we have been able to initiate positive working relationships with key stakeholders. Ofcom have begun a programme of work examining the parcel delivery sector, and we are exploring the potential for collaboration. We worked with the Scottish government's competition and consumer policy and rural policy teams, as well as Highlands and Islands Enterprise, to examine implementation of some of the report's recommendations, and will be continuing this working relationship in 2016-17, when we intend to facilitate cooperation between private and public sector stakeholders to develop innovative solutions to the high costs operators face when serving rural Scotland.

Citizens Advice [published its fourth round of research](#) on the quality, consistency and accuracy of product and pricing advice at PO locals. The research found continued problems with the consistency of staff knowledge, product and pricing advice, and the availability and reliability of some products and service, with limited overall improvement since the start of the restructuring programme in 2012. We presented the findings to key stakeholders and liaised with POL, BIS,

Royal Mail and Ofcom to secure improvements to, and refine our next wave of mystery shopping research on PO locals.

We also carried out a further wave of mystery shopping research on the quality, consistency and accuracy of product and pricing advice in PO mains. The research tested staff knowledge and expertise across a range of services and products to see if mystery shoppers were provided with the correct product and pricing advice to meet their needs. Our mystery shopping research has been complemented with further rounds of customer experience surveys on PO locals and mains to understand how the new models were meeting consumers' needs across a range of attributes.

In the last year Citizens Advice also commenced a new project looking at the long term consumer outcomes from the roll out of the new models, PO locals and mains. The project examined the experience of independent, multiple and symbol group operators running the new models and the impacts this is having and may have on consumers.

Priority 4: keep the consumer voice at the heart of developing UK and European mail and parcel markets

In our role as postal consumer advocate, we have spoken up for consumers in regulatory policy discussions occurring at both the UK and EU level. A key issue at the start of the year was the potential impact of competition in the market with Royal Mail arguing that Whistl's letters delivery service may threaten its ability to finance universal service provision.

Citizens Advice had contributed to this debate in discussions at the parliamentary select committee and commissioned a study to assess the possible impact of competition in the market on consumers¹⁰. This found that competition in letters delivery was likely to benefit consumers, although it could lead to some negative financial impacts on Royal Mail.

We helped shape [Ofcom's approach to its regulatory review](#) on the efficiency of Royal Mail and its ability to efficiently deliver the universal service in the UK, as well to the European Commission as it leads on enhancing transparency and [affordability in the cross border parcel market](#).

Citizens Advice contributed to the consultation on the regulatory review emphasising the importance to consumers of value for money. We shared

¹⁰ PLCWW: "Review of the impact of competition in the postal market on consumers".

concerns with Ofcom on the risks that a very quick turnaround in regulatory decisions may erode certainty. As the review continues, we are developing evidence and insight into the effective regulation of Royal Mail to ensure that consumers receive value for money and that the universal postal service is protected for all consumers.

UK postal regulation is set in part through European agreements, and we have represented the views of consumers in debates about the effective development of cross-border parcels services as part of contributing to the growth of the 'digital single market'. As a leading EU consumer body we provided evidence to the consultation on cross border parcel services, addressing concerns of the EU Commission about the price and quality of cross border parcel services.

We have also influenced the debate in how the online retail delivery market could better serve consumers. Meeting regularly with the online retail industry and working with the CCNI and CAS to follow up work towards best practice in online delivery. We helped to prepare a common position (for consumers) with CAS and CCNI towards next steps in promoting industry best practice.

This was presented at a UK roundtable on online retail delivery charges in January 2016, where we were joined by Nick Boles, Minister of State for Skills and other stakeholders. We are working with the Department of Business, Innovation and Skills to develop practical tips for online retailers to secure fair and transparent e-commerce delivery for consumers following a statement of principles for parcel delivery agreed in July 2014.

We met with postal operators and other industry stakeholders to represent consumer views, presenting postal consumer views on the growth of new delivery options and e-commerce needs at industry events and conferences. We met regularly with key stakeholders including Royal Mail, the Mail Competition Forum and the Mail Users Association to share our evidence of consumer needs in discussions on market development, access and pricing.

This has included discussing regulatory developments and sharing ideas on market development and the needs of consumers and presenting information and updates on the findings of our research.

Chapter 3: Water



About this work

Citizens Advice Scotland is the consumer representative body for the water industry in Scotland. Our core responsibilities involve:

- Representing the voice and interests of consumers in the governance of the Scottish water industry
- Influencing policy development to secure better outcomes for water consumers
- Supporting a consumer-focussed approach in the way that water and sewerage services are delivered

Ministers instruct Scottish Water to provide us with levy funding on the basis of the work we plan to do. We have delivered our functions in a number of ways including our participation in key stakeholders' forums, through stakeholder engagement at a senior level, through independent research and analysis, and by gathering and sharing evidence from bureaux.

Citizens Advice Scotland responds to policy consultations impacting upon consumers in the water industry launched by the Scottish government, by the EU, by the Water Industry Commission for Scotland, by Scottish Water and by other key stakeholders. Citizens Advice Scotland is also a statutory consultee with regard to certain issues including charging.

What we did in 2015-16

- CAS ensure that the joint Scottish government and Convention of Scottish Local Authorities Commission on Local Tax Reform's report includes measures on water and sewerage charges
- CAS secured a commitment from the Scottish government to take action on water debt recovery practices
- CAS obtain a commitment from Scottish Water to develop corporate customer engagement principles to improve customers' experience of Scottish Water
- CAS initiate, help to shape, and inform Scottish Water's new code of practice and customer charter, ensuring that all non-domestic customers in Scotland receive good practice in provision of essential services

Our priorities

Priority 1: A consumer focused water industry

As the representative body for water consumers, Citizens Advice Scotland has worked to ensure that the needs and interests of consumers have been represented, and considered, at the heart of the water industry's decision making processes. As a key stakeholder, we have contributed to the strategic planning and delivery forums that monitor Scottish Water's current investment delivery period as well as its plan for future work. During 2015-16, we worked closely with industry stakeholders to advocate for a stronger consumer focused culture within the industry that would deliver better outcomes.

This year, we have seen evidence that consumer perspectives are being increasingly taken into account by stakeholders during the formulation and development of policy and practice. Citizens Advice Scotland's engagement with these stakeholders has been a key part of processes for reducing lead in water, and for water resource management in rural areas. Our input has supported the inclusion of robust community based research, and multi-channel consumer engagement and messaging.

In addition to our work within the water industry, Citizens Advice Scotland's water team represented the broader consumer base as a member of a 'Customer sounding board' put in place by the Scottish Public Service Ombudsman. The board is comprised of stakeholders from Scottish public sectors, and reviews industry redress processes and ways of improving the customer's experience of access to justice. Citizens Advice Scotland's research on consumer confidence, including issues around redress, has drawn upon our work with the board.

Citizens Advice Scotland also informed policy development and practice in the water industry by commissioning independent research into issues such as the extent to which the consumer voice is heard during the planning and delivery of capital investment work, specifically flood prevention schemes, and the degree to which communities influenced the design and delivery of capital investment work. Findings highlighted the importance of effective collaboration between communities and public bodies to address flooding issues in order to create stronger, more resilient communities. The report, due to be published in Summer 2016, will allow CAS to make specific recommendations to stakeholders, including Scottish Water, and local authorities on effective community engagement. The findings will inform CAS's ongoing policy

development and advocacy work on community consultation, participation and communication. This will improve consumer engagement and the consumer experience of Scottish Water during the delivery of extensive capital investment work, and reduce the number of issues impacting on consumers from Scottish Water activity.

This year, Citizens Advice Scotland has worked with Scottish Water to identify where direct or indirect engagement between Scottish Water and the wider consumer base could improve to deliver a better experience and more consistent outcomes for consumers. For example the impact of Scottish Water's capital investment work on land managers. Citizens Advice Scotland seeks to support Scottish Water to establish a corporate consumer engagement framework, with clear principles, that can apply across all areas of consumer interaction. This will support a more proactive approach to improve consumer experience of all Scottish Water activities and services, create consistent standards of practice and consumer care across all Scottish Water activities, and support a culture of transparent consumer engagement strategies and processes for delivery.

Inclusion of Scottish Water as a key stakeholder in CAS' 'Scams awareness month' during July 2015 was another significant development. This strengthened public messages about the risks of doorstep scams from those claiming to be from Scottish Water, and helped to educate up to 2.4 million households about these risks and about what consumers can do to protect themselves such as demanding that tradespeople show identification.

CAS commissioned research that demonstrated best practice consumer experience, and where further research is required to strengthen standards of service delivery. Findings indicate that clearer information and signposting is required to ensure that consumers receive, engage with and understand their rights and responsibilities, and can make informed decisions. This interim report will be used to inform the design of further cross sector research to more fully understand what customer services should look like to consumers if they are aligned with key consumer principles.

CAS [responded to the Water Industry Commission for Scotland's consultations](#), calling for a plain English and accessible version of both the market code and a new code of practice for business consumers. We are now working with WICS, to publish all final documents in plain English for industry stakeholders, and to make these documents more accessible to business consumers through multi-channel communications.

In addition, CAS provided WICS with pre-consultation feedback on the draft Deemed Contract Scheme and provided a formal response to WICS's consultation on the scheme. This led to CAS working with WICS to develop a [plain English and accessible information leaflet](#) for business consumers across Scotland about the scheme.

We also contributed to WICS's development of the Disconnection Code by providing pre-consultation feedback and a formal response.

CAS submitted written evidence to the Scottish Parliament's Infrastructure and Capital Investment Committee for its annual evidence session with Scottish Water and Business Stream. The committee raised issues we highlighted - where policy and practice could support better consumer outcomes in terms of billing, collection and debt recovery of both domestic and non-domestic water and sewerage charges - with both Scottish Water and Business Stream during the parliamentary evidence session. We also responded to the Scottish Public Services Ombudsman's (SPSO) [Draft Strategic Plan 2016-20](#) recommending that performance measures define how they will benefit service users and that SPSO extend 'customer conversations' with its users through the use of focus groups or other participative discussions. As a result of our response, SPSO has committed to working with us next year to establish a user panel / focus group using our consumer expertise in this area.

Citizens Advice Scotland submitted evidence to the joint Scottish government and Convention of Scottish Local Authorities Commission on Local Tax Reform, including evidence about the impact of water debt and the need to improve messaging around billing for water and sewerage charges. The Commission's final report, 'Just change', included recommendations based on [issues raised by Citizens Advice Scotland](#) such as the need to improve public messaging around liability for water and sewerage charges and exemptions, as well as to give further thought to the level of exemptions available for vulnerable consumers.

Citizens Advice Scotland [responded to key industry consultations](#) to ensure that consumer interests were represented and prioritised within important policy issues:

- Reservoirs (Scotland) Amendment Regulations 2015
- Private and Public Water Supplies Regulations
- Non-domestic rates: setting decapitalisation rates for the 2017 revaluation
- Review of building regulations
- Provision of Water and Sewerage Services (Reasonable Cost) (Scotland) Regulations 2015

- changes to the public procurement rules in Scotland
- River Basin Management Plans: Improving the physical condition of Scotland's water environment
- water and sewerage charges for vacant non-household properties
- Scottish government consultation on the private and public water supplies regulations

Citizens Advice Scotland engaged with international water industry representatives, sharing best practices with peer organisations in other water markets. The [International Water Resources Association World Water Congress](#) provided us with an opportunity to share our experience and expertise on issues related to water consumers in Scotland. This raised the profile of Citizens Advice Scotland's Consumer Futures Unit as the recognised consumer body within the water industry.

CAS helped InnovateUK with the development of the Property Flood Resilience Database. This is designed to record where flood mitigation measures have been implemented in place by public bodies, including Scottish Water. It will provide the insurance industry with a common dataset which should enable it to provide more affordable insurance for flood risk communities.

We also contributed to a Scottish government discussion group on mapping flood disadvantage and providing a consumer perspective on the impact of flooding on low income areas to inform policy development on flood mitigation. In addition, we issued a call for evidence to bureaux on emerging flooding and insurance issues and scoped out joint work with National UK Flood Forum and with the Scottish Flood Forum.

CAS began engagement with key stakeholders, including the commissioning of research, designed to ascertain and better understand communities' involvement in the design and implementation of flood prevention schemes.

Priority 2: Paying for Water: fair charges and debt management

Citizens Advice Scotland commissioned independent research into the impact of water and sewerage debt, and published a report, '[Sink or swim](#)'. We ran workshops with Fife and Glasgow bureaux to provide evidence of the impact of water and sewerage debt, and in particular of the Water Direct pilot, on low income and vulnerable consumers, and the case evidence provided the context for 'Sink or swim'.

The report increased awareness of water and sewerage debt within the Scottish government, the Scottish Parliament and in the media. It also secured a commitment from the Scottish government that it would host a meeting of key stakeholders including Citizens Advice Scotland to discuss water debt, and that it would work with the local authorities to help them and the water industry to develop a “more sensitive approach to debt collection especially for the most vulnerable”. This will encourage discussions on what can be done to improve outcomes for those affected by water and sewerage charge debt. The report initiated further discussions with stakeholders on how issues of affordability can be addressed.

In response to ‘Sink or swim’, the Scottish government held a Roundtable event that was attended by 15 local authorities, Money Advice Scotland, Scottish Water and CAS, to discuss issues related to the introduction of Water Direct. Following this meeting, CAS engaged with both Fife and Inverclyde Council to discuss debt recovery practices. Discussions identified the need to develop more innovative and cost effective messaging and debt recovery practices that could be carried out by local authorities that would provide a greater degree of protection to vulnerable consumers. This would include increasing their awareness of liability to pay for water and sewerage charges, and about recovering debt in ways that protect vulnerable and low income consumers. Those discussions also highlighted that local authorities are looking for CAS’s support to help them develop such practices.

To support a review of affordability issues with the Long Term Charging Group comprising of the Scottish government, Scottish Water, CAS, and WICS, we commissioned Fraser of Allander to explore aspects of affordability for consumers in receipt of benefits, based on case evidence. The research strongly suggests that the amount paid for water and sewerage charges by those in receipt of benefits as a proportion of their income, exceeds the average proportion paid by wage earners in Scotland. The Long Term Charging Group will consider further research, particularly in relation to the affordability of water and sewerage charges for those on JSA. This will help to inform consideration of more targeted support to low income and vulnerable consumers in future years.

CAS also discussed with Scottish Water the need to improve public messaging for hard to reach consumers that, even if they are in receipt of full Council Tax Reduction, they will only receive a maximum of up to 25% discount for water and sewerage charges. As a result, Scottish Water has rewritten part of its ‘Household charges’ leaflet targeting those on Full Council Tax Reduction.

In terms of welfare reform and water charges CAS and Citizens Advice conducted workshops with clients, focusing on the impact of welfare reform on

claimants' ability to pay their water and sewerage bills. The 'Sink or swim' report will increase awareness of levels of water and sewerage debt, and the impact of welfare reform on the levels of these debts. This will help to strengthen CAS's influencing work in seeking to mitigate the impact of water and sewerage charges debt on low income consumers.

Priority 3: Supporting non-domestic water consumers

Citizens Advice Scotland's role in the water industry includes representing the interests of SMEs and third sector organisations in the non-domestic market. Immediately after the introduction of water sector competition, in 2012, consumer awareness of competition in the water sector in Scotland was low.¹¹ Evidence from [further research in 2015 and in 2016](#) showed that businesses are becoming more engaged in the market, and more likely to switch water supplier, which has enabled greater market penetration from smaller providers. Greater awareness of competition in the market will help to ensure that business consumers see benefits in more competitive prices, and drive improvements to the quality of services.

We arranged for the presentation of the findings from the 2016 research at a roundtable event for SMEs and licensed providers in March 2016. This research provided insight into what is still required to increase SMEs' awareness of competition in the water industry, and how consumers' experiences of services including switching can be improved. Key recommendations included the need to give consideration to establishing a price comparison website to empower consumers in the 'switching' process, and to explore other ways to improve information about competition in the non-domestic water market.

CAS hosted two industry-wide roundtable events to highlight the need for an industry-wide code of practice to improve customer care, billing and collection, debt recovery practices and customer engagement and messaging. CAS has since worked with WICS to support the development of a code of practice for the non-domestic market. This work will help to drive improved consumer messaging and engagement to raise awareness of competition in the non-domestic market among SMEs across Scotland.

CAS also worked with Business Stream to develop more robust consumer-focused communications and debt recovery practices for Business Stream and other licensed providers. This will alleviate debt recovery issues for many SMEs and charities, particularly those within identified premises that had

¹¹ Consumer Futures. *Navigating Unfamiliar Waters*. 2014.

received water and sewerage services, but for which they had not received a bill and for which there was no formal contract between the occupier and the licensed provider.

Chapter 4: Cross-sector



About this work

As we took on our role representing consumers in a number of regulated markets, we knew cross-cutting work would add particular value. The work we did in 2015-16 has now allowed us to publish an ambitious plan for our cross cutting work in 2016-17.

In 2015-16 itself, we began to do more to compare and contrast consumer experiences in different markets to put pressure on those lagging behind. We also expanded our work to learn lessons across market boundaries, such as our work with regulators and industry to improve how they deal with vulnerable consumers and collect debts.

This work also lets us focus on genuinely cross-cutting issues, such as open data or the most consumer-friendly way to structure price controls. This work adds particular value to sector-specific regulators or industries that can find it hard to step back to explore an issue in the round. For example, in 2015-16 we developed new information protection policies with the Information Commissioner's Office. We also developed proposals to improve value for money in regulated industries for their next round of price controls.

Our priorities

Priority 1: Consumers get a better deal from infrastructure regulation

Citizens Advice produced a major report in May 2015 reviewing the value for money for consumers from utility price controls. [‘Many happy returns?’](#) found that consumers are charged millions of pounds each year in unnecessary payments to big infrastructure firms, hidden in water and energy bills, or factored into the prices of tickets for travel. The extent of overpayment has increased since the financial crisis as regulators, who set costs and charges to consumers, have not adjusted sufficiently to the change in financial circumstances. The report developed proposals to improve value for consumers from future price controls, in particular by expanding the use of indexation and by trying to create competitive pressure between regulated monopolies in their performance on customer service, safety and environmental performance.

As regulated monopoly price controls near mid-term reviews, and later as the next rounds of price controls are being developed, the evidence from ‘Many happy returns?’ will allow Citizens Advice to more effectively scrutinise those

arrangements. It also provides a basis for judging companies' performance against the customer service incentives they are now expected to deliver.

Priority 2: Essential regulated markets treat consumers fairly and consumers can see the difference

Persistent disengagement is common across many regulated markets. Suppliers frequently take advantage of this and we know this means that consumers often pay more than they should. We researched [consumers' 'hierarchy of priorities'](#) which determines how much time they were willing to spend in particular markets and therefore, what can be done to encourage switching. The findings point to changes to make things easier for increasingly time poor consumers in complex markets.

Our cross-cutting role means that we can compare the behaviour of firms in regulated markets against public sector bodies, as well as against each other. ['The state of debt collection'](#) looked at how energy companies, water companies, financial services and government departments can learn from each other's practices on affordable repayment and use of private debt collectors.

We have shared good practice of how to deal with vulnerable customers with a number of stakeholders including Ofwat, FCA, financial service providers, telecom operators and water companies. We contributed to the British Bankers Association report on ['Improving outcomes for customers in vulnerable circumstances'](#). Our front line experience of dealing with clients in vulnerable circumstances provided practical input and influenced their vulnerable customer strategy, in particular regarding debt collection across sectors.

We carried out research into consumer experiences of complaint handling and redress which aimed to provide comparative evidence of consumer experiences across a range of sectors - regulated, non-regulated and public services. The research examined the consumer journey across different markets, from the stage when consumers experience a problem, through the complaint process, until the problem is solved (or not), and produced recommendations about best practice for out of court redress. This work will be published next year.

It is not only domestic consumers who find it difficult to navigate markets. ['How small businesses engage with essential markets'](#) looked at some of the same challenges of knowledge gaps and time pressures. While small businesses often engage with markets with the same level of expertise as domestic consumers, they frequently enjoy fewer protections. The markets studied were energy,

water, communication and postal services (including Royal Mail and Post Office Limited). It explored the experiences of these businesses and how their location or structure affects their experiences of essential markets.

Citizens Advice Scotland commissioned Ipsos Mori to conduct a large-scale quantitative and qualitative research study examining the causes, impacts and possible policy responses to the poverty premium. Separately, CAS commissioned Cambium Research to conduct a review of the existing literature on business models in the energy, finance and telecommunications sectors. This work also included suggestions as to how businesses could alter their business models to alleviate the poverty premium on low income consumers. Both pieces of work will help form the basis of a wider business and consumer engagement and empowerment campaign later in 2016.

Citizens Advice Scotland worked with MSPs of all parties to establish the Scottish Parliament's Cross Party Group on Consumer Affairs. CAS provided parliamentary fora in which MSPs, the business community, representatives from the regulated industries and CAS and other organisations with a focus on consumers could discuss, and take forward, issues impacting upon consumers in the regulated industries.

Priority 3: Consumers are in control of data within a trusted and safe system

At the start of the year, Citizens Advice published ['Personal data empowerment'](#), and discussed and promoted the research to stakeholders in the data economy to build the case for addressing consumer concerns, and to identify where the gaps were with regard to understanding consumer expectations of personal data use. The report analysed the data-driven economy from a consumer perspective, and presented a fresh vision of personal data empowerment along with principles to guide regulators, companies or intermediaries wanting to deliver a fairer data deal for consumers. Stakeholder engagement was carried out with:

- businesses, including working groups and policy stakeholder groups with Google and Facebook
- the CBI's [Great British Business debate](#)
- strategic technology bodies (including presentations at British computer society, [Nominet policy conference](#) and the Centre for Information Rights)
- [events at both Labour and Conservative party conferences](#)

The research was also used to inform key policies at the data regulator, ICO in its review of consumer expectations of data protection. Citizens Advice helped BIS to shape its switching manifesto, and helped the European regulators' forum CEER to form their guidance on smart meter data handling.

As a major cross cutting issue, we were able to apply insight across other digital issues for consumers such as: research into [online subscription traps](#) and confusing terms and conditions, the EU [House of Lords select committee on the digital single market](#), the European Council's [inquiry into the sharing economy](#) and the [European Consumer Protection Conference](#). The impact of data collection and exploitation of vulnerable consumers was presented to ESAN, with regards to smart meters and the internet of things.

We worked with the Citizens Advice network's consumer empowerment partnerships to discuss the use of intermediaries to manage and analyse data to encourage easier switching, [speaking to the Oxfordshire CEP](#) as part of energy saving week. The analysis report was followed by a major qualitative study into consumers' attitudes towards data use and expectations of best practice by organisations and regulators. This was the first research of its kind in the UK and aimed to draw a more complete picture of consumer attitudes and expectations from deep discussion with a broad cross section of consumers. The research has to date been used to inform ICO guidance on best practice for privacy policies and the digital catapult consent work stream, the CMA CPP digital workstream, and its recommendations will be taken forward in next year's work programme.

Expenditure in 2015-16

The overall budget for Citizens Advice and CAS activities in 2015-16 was allocated between the streams of activity outlined in the tables below, as well as allocation by programme spend and staffing and related costs. This outlines how public funds have been spent against both organisations' priorities.

Outturn for 2015-16

Citizens Advice	Programme Spend	Staffing & related costs	TOTAL
Directorate	£0	£191,000	£191,000
Energy	£872,000	£1,875,000	£2,747,000
Post	£470,000	£1,356,300	£1,826,300
Cross-Sector	£375,000	£888,000	£1,263,000
TOTAL	£1,717,000	£4,310,300	£6,027,300

Table 1: Citizens Advice activities¹²

Sector	Programme Spend	Committed Expenditure	Staffing & related costs	TOTAL
Energy	£115,187	£53,348	£159,564	£328,100
Post	£74,923	£35,003	£93,474	£203,400
Cross-Sector	£27,938	£21,700	£74,962	£124,600
TOTAL	£218,048	£110,052	£328,000	£656,100

Table 2: Citizens Advice Scotland activities¹³

¹² Subject to final external audit

¹³ Subject to final external audit. Following devolution of powers in May 2016 the committed expenditure requires Scottish Government confirmation. CAS work in the water industry, and its funding, is devolved and reported to the Scottish Government.



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Published June 2016

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

Registered charity number 279057.