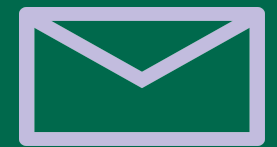


The Citizens Advice consumer work plan 2020-21



Foreword

Looking ahead to the next year in our role as consumer advocate, I asked a question at the start of our draft work plan in December. Is the regulatory regime up to the weighty challenges facing consumers in essential markets?

No-one could have predicted the challenge that confronts us today. The Coronavirus pandemic has changed all our lives at unprecedented speed.

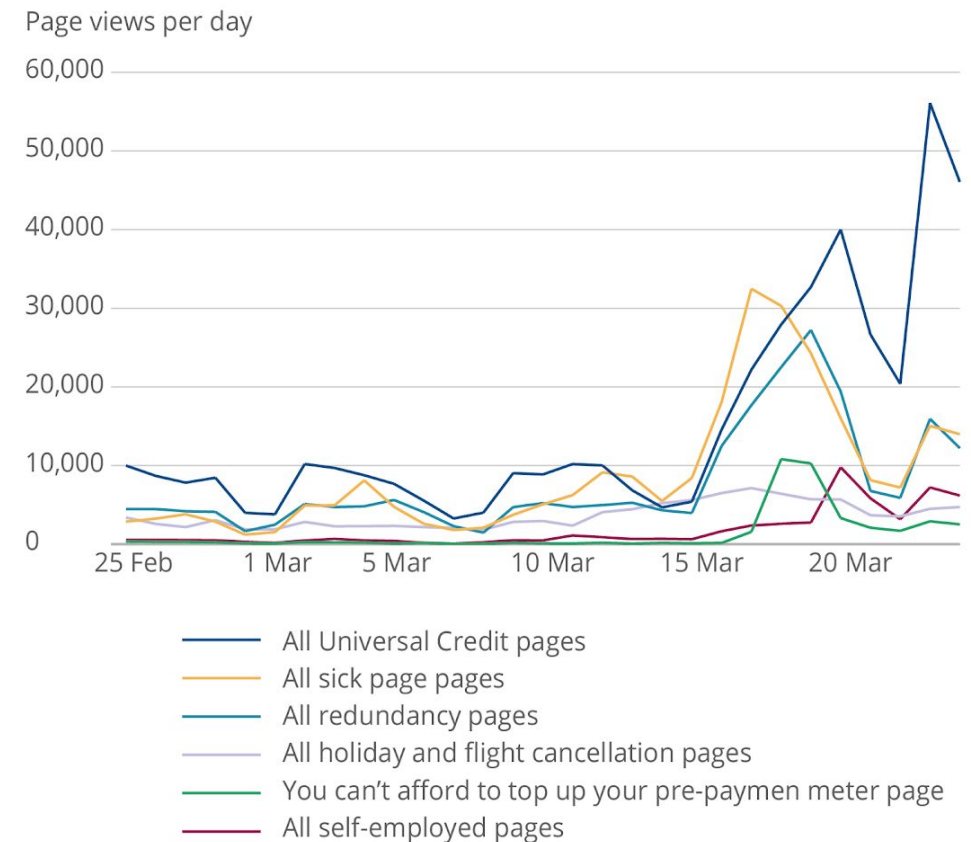
It has been heartening to see the speed at which Citizens Advice locally and nationally have reacted to this crisis so we can continue to help people find a way forward. That is now more important than ever.

Our data gives us a unique insight into the concerns facing consumers. Our website has seen a record-breaking demand, with 2.2 million pageviews in a single week in March. Spikes have been seen in demand for flight and travel cancellation advice, followed by demand for sick pay, redundancy, topping up prepayment meters and benefits information, as the impacts play out.

The question now is how to ensure that, as well as people having the advice they need, this insight is harnessed to deliver fundamental reform of how consumers' interests are protected.

How coronavirus has impacted consumers' concerns

Views of top coronavirus-related pages on the Citizens Advice website, 25 February-24 March 2020



The themes we set out in our draft work plan were:

- **Making markets work for consumers** - speaking out on behalf of consumers where there are market failures
- **A fair deal for consumers in vulnerable circumstances** - guaranteeing that those most likely to suffer harm can easily access good value essential products and services
- **Protecting consumers in rapidly evolving markets** - maximising the opportunities presented by innovation to change and improve the way that markets serve consumers
- **Better value infrastructure** - making sure investment is well managed to deliver value for money and good consumer outcomes.

These themes stand as guiding principles for our advocacy work for the coming year. We also recognise that in such a fast-changing situation, our work will need to be agile and adaptive. This is the reality of a situation where policy decisions that would have been the subject of months of debate must now be made in days.

Regulators continue to do a good job in rapidly evolving circumstances. But the next few months may well reveal key challenges and highlight where there are gaps in powers, duties and protections that the government should remedy by legislation.

Some issues have become even more important, where past action has not been firm or fast enough. For example, concerns in our post work that consumers haven't been protected from problems in the parcel delivery market are even more vital now online shopping has suddenly become an even bigger part of how consumers buy essential products and supplies.

Ensuring a fair deal for consumers in vulnerable circumstances is at the heart of our energy work - and in the last few weeks this has become even more essential, particularly to protect prepayment meter customers at a difficult time.

The questions of future markets will also continue to be debated. Coronavirus does not detract from the need to establish a consumer-focused pathway to net-zero. Indeed, in some ways, the future market has become the present, with acknowledgements that broadband is now essential public utility in a world where work from home will be the new norm for millions.

Advice and advocacy must also adapt faster to meet the needs of consumers today. We stand ready to adapt our consumer advocacy work to this world. Over the next year, and under extraordinary circumstances, we will deliver on that promise.



James Plunkett

Executive Director of Advice & Advocacy

A robust and impactful approach

As an advocate working for consumers, we do everything we can to maximise our impact and to make decisions based on evidence. To guide our thinking, we have designed our work plan on the basis of **4 principles**.

1. Our work is proportionate to the evidence or risk of consumer detriment

We build our work plan on the principle of proportionality. To do this, we focus our efforts on areas where we have reason to believe detriment to consumers could be averted. We assess the need for action against 6 core outcomes that characterise a successful consumer market.

6 core outcomes that characterise a successful consumer market

Value	Products and services are good value for money
Inclusive	All consumers are served well, including those in vulnerable circumstances
Quality	Consumers get what they pay for. Their reasonable expectations are met or exceeded
Redress	If things go wrong, they're put right quickly, with compensation where appropriate
Protected	Products and services are safe and secure to use
Sustainable	The needs of current consumers are met without jeopardising the needs of future generations

A robust and impactful approach

2. We apply unique insights, adding value over and above other organisations

We ensure our work adds value that is additional to that provided by other organisations.

A key aspect of this is our data. We have millions of contacts with consumers through our Consumer Service, Extra Help Unit and local Citizens Advice offices. We use this to inform our advocacy work and develop solutions to the problems people face.

Another aspect is the cross-cutting perspective we provide. The value of this is increasing as technology blurs boundaries between markets. Regulators and consumer advocacy bodies must increasingly learn lessons and develop solutions across sectors. To reflect this, this year's work plan is again designed around cross-cutting themes rather than specific markets.

3. We engage consumer groups, government and regulators to avoid duplication

We want to have an open and substantive conversation about the work we do and how we do it. The consultation on the draft work plan was the first step in this. But this isn't a one-off process. This work plan is a living document and we will meet regularly with regulators, industry, other consumer bodies, and government officials to discuss and refine our work throughout the year. We engage in many formal processes to embed our work in the wider context, avoid duplication, and make sure we complement the work of like-minded organisations.

4. We focus on outcomes, using both advocacy and research to shape decisions

While there are many positive outcomes from our work, the most tangible and measurable are better financial returns for consumers. As well as immediate financial benefits, we look to the long term and prevent costs for consumers before they arise. In recent years our work has paid dividends on this.

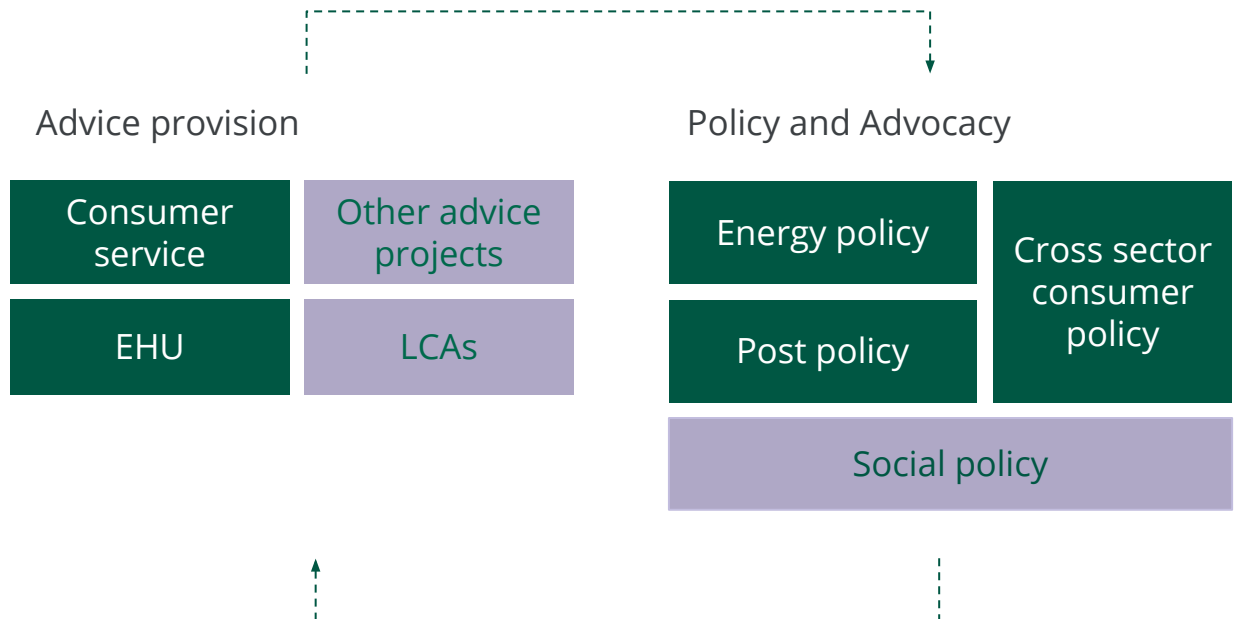
How our advice and advocacy roles support each other

- Statutory role
- Non-statutory role

Our **local Citizens Advice offices (LCAs)** provide face-to-face advice on a range of issues in approximately 2,300 locations across England and Wales.

Our **consumer service** gives advice on all consumer issues, with specialist advice on energy and post issues.

The **Extra Help Unit (EHU)** is a specialist support service investigating complaints for post and energy consumers in vulnerable circumstances across Great Britain. The service is managed by Citizens Advice Scotland.



Our policy and advocacy work gives us insight into the organisations and systems consumers deal with and into the emerging risks for consumers.

This helps us provide advice and support that is up-to-date and effective.

Our advice provision gives us unique insights into the problems people face, with real-time data.

We use this to advocate for evidence-based policy changes that deliver the biggest improvements in outcomes for consumers.

Work plan projects

Our energy, post and cross-sector consumer projects for 2020-21

Four themes for our work

Applying these principles, this document sets out our plans for 2020-21. The 4 themes for our work this year are:

- Making markets work for consumers
- Better value infrastructure
- A fair deal for consumers in vulnerable circumstances
- Protecting consumers in rapidly evolving markets

For each theme we have also included success stories from the past year. More information about our work from 2018-19 can be found in our [Annual Report](#).

We have also indicated which sector each project covers with these icons:



Making markets work for consumers

We will continue to speak out on behalf of consumers where markets are tilted against them. We will work to better understand where there are market failures, like the loyalty penalty. We will work with regulators to make sure markets deliver better consumer outcomes.

Tackling the loyalty penalty

In 2018, we **submitted** a super-complaint to the Competition and Markets Authority (CMA). This showed that loyal consumers were overpaying for their essential bills by billions. The CMA **agreed** and recommended that regulators take a range of actions to better protect consumers. Since then, regulators have revealed the cost of the loyalty penalty in essential markets to be a staggering £4.4 billion.

Some progress has been made to address the penalty. For example, Ofcom has come to voluntary agreements with most mobile phone companies that will save consumers over £100 million. However, this progress is nowhere near meeting the £4.4 billion scale of this challenge. Proposals in the cash savings market have been delayed, while for mortgages no action has yet been taken.

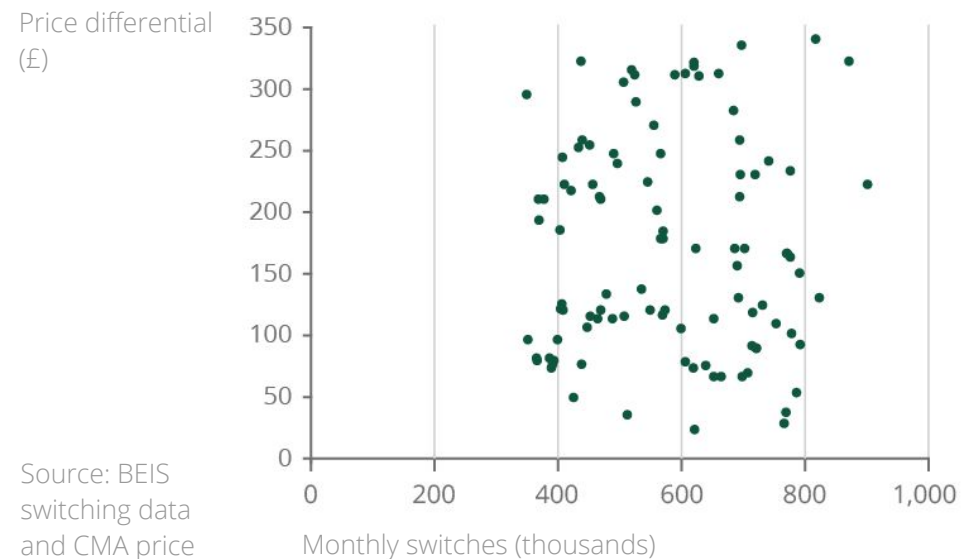
We will push regulators and government to make sure loyal customers in essential markets are not charged a significant penalty. In doing this, we will prioritise the interests of consumers in vulnerable circumstances.

How consumers respond to price

The impact of future pricing structures, such as time of use tariffs in the energy market, depends on how likely people are to respond to price nudges. We're sceptical about the extent to which price consistently drives behaviour, especially those who are disengaged or are in vulnerable circumstances. For example, in the energy market it's difficult to see a relationship between the level of savings on offer and the amount of switching which is counterintuitive.

The poor relationship between the amount that a consumer could save by switching and switching rate

Switches and price differentials per month, January 2009-June 2019



Source: BEIS switching data and CMA price data

Making markets work for consumers

To address this we will:

- Explore the extent to which prices are a good tool for changing customer behaviour in essential consumer markets. How do price differentials effect switching rates?
- Consider whether price signals or other tools are the best way of achieving certain policy goals

Using data to set prices in essential markets

Our 2018 **research** found that firms weren't yet capitalising on the opportunities to profit from personalised pricing, based on increased data. We now know more about how firms use data to set prices, particularly in financial services. The Financial Conduct Authority (FCA) **has shown** that insurance firms are setting prices based on a range of non-risk related factors, like credit search history and what else people buy. We want to ensure that companies use data to provide better services, not to set prices that exploit consumers.

We will:

- Deepen our understanding of how firms are using data to set customers' prices
- Explore how regulators could establish a framework for what can be considered in pricing decisions - taking any unintended consequences into account

Reforming institutions to help them protect consumers

Across markets, regulators are failing to deliver the right consumer outcomes. They have also struggled to address problems that span multiple sectors, like the problems postal consumers experience when receiving online shopping deliveries. In the past year, government and regulators have increasingly recognised a need to change the way markets are regulated, as regulators have run up against the limit of their powers. New products and services in energy are blurring the boundaries between markets and raising questions about consumer protection arrangements. Legislative reform to the powers and duties of regulators is likely to be needed to protect consumers in a modern economy.

To address this we will:

- Set out an agenda for how government should reform regulatory powers to ensure they're best placed to protect consumers
- Assess whether consumer bodies, like Citizens Advice, have the powers needed to protect consumers including taking class actions

Making markets work for consumers

Parcel delivery market reform

Parcel delivery is increasingly important to the consumer experience of retail markets. 94% of people **we surveyed** have shopped online in the last year. But we also know that nearly 6 in 10 online shoppers experienced at least 1 problem with parcel delivery during that period. Fewer than half of these people took action to try to address their most recent problem. Of those who did, nearly two-thirds did not receive a satisfactory response from the parcel delivery company. In some areas, people are regularly subject to unfair charges based on their location.

The scale of problems reflects market incentives. Parcel delivery firms are contracted by those sending the parcels, typically online retailers, rather than consumers themselves. This prevents consumer choice and incentivises parcel delivery firms to act in the interests of online retailers over those of consumers.

Consumers often receive a poor service as parcel delivery firms respond to retailer demands for the lowest price.

We want to see the business to consumer (B2C) parcel delivery market reformed so that it works in the interests of the consumers.

We will:

- Push for a CMA review of the parcel delivery market and for solutions that rebalance the dynamics of this market in favour of consumers

- Work with stakeholders to address specific parcel delivery problems, carrying out targeted research to support this
- Develop future solutions to complaints-handling issues for parcels complaints, building on our previous research



Smart monitoring of the energy market

When things go wrong in the energy market, detriment for consumers can be significant. In upcoming Citizens Advice research, energy ranks bottom of all regulated markets for customer satisfaction and trust. There continue to be serious cases where suppliers fail to meet basic standards of customer service.

The market is also in a period of upheaval. Since the start of 2018 there have been an unprecedented 17 supplier failures. These have created ongoing problems for affected customers.

We're working towards an energy market where all consumers get good service. If things go wrong, consumers should be able to get them put right, and should have access to satisfactory redress.

We will:

- Use the cases we see through all parts of the Citizens Advice service to understand the issues facing energy consumers
- Continue to share good practice and flag problems with suppliers

Making markets work for consumers

- Continue our tripartite work with Ofgem and the Energy Ombudsman to resolve these issues. This is based on sharing intelligence and taking a coordinated approach to improve consumer outcomes
- Work to make sure suppliers and networks are paying out compensation when things go wrong, under the established Guaranteed Standards
- Track the impact of new licensing rules on customer service for new and existing suppliers
- Ensure learning from the supply market is used to develop consumer protections in future heat and home energy technology markets



Campaigning for microbusinesses to get a better deal

Our role as the consumer energy advocate includes microbusinesses. Microbusinesses often contact us with problems that they have relatively few protections against. These include mis-selling by brokers, contractual problems or problems related to debt.

The non-domestic energy market is not working well enough for the smallest businesses. It's time to close the protection gaps between household consumers and microbusinesses.

To do this we will:

- Research the role of better communication with customers in overcoming long-standing issues in the microbusiness market
- Work to improve the data that we publish on microbusiness supplier performance
- Continue to contribute to Ofgem's ongoing Microbusiness Strategic Review

Extra Help Unit

The EHU's statutory duties and powers to investigate complex complaints for consumers in vulnerable circumstances gives us an in-depth understanding of emerging issues with particular suppliers. The EHU will continue to support these consumers, investigating their issues, obtaining financial redress and helping suppliers to improve their services. The EHU continues to work closely with suppliers and policy teams to ensure policies or processes causing detriment to consumers in vulnerable circumstances are addressed.



"They are one of the best services I have ever received. Informative, immediate, no messing around and got the result needed"

EHU Customer Satisfaction Report

Making markets work for consumers



Helping people make informed choices about energy

While the price cap limits rip off prices, energy consumers can still benefit by engaging with the market. As of November 2019, the difference between the cheapest fixed tariff and the average standard tariff from the 6 largest suppliers is £300. Consumers also have to be confident that they're choosing a provider who provides a good service for them.

The majority of consumers switch using a price comparison website. Increasingly many also use auto-switching services. Both reduce the hassle of switching supplier but can also introduce new risks.

We will:

- Consider how we can help consumers choose which intermediary service is best for them
- Work towards smarter regulation to protect consumers when they use these services
- Continue to provide a whole market price comparison tool and quarterly customer service star rating. We'll implement changes to ensure the rating continues to cover the aspects of service customers care about

Energy advice projects

We will continue to provide direct assistance for energy consumers through our flagship programmes designed to raise awareness and directly deliver advice. We're constantly innovating to better serve the needs of those who can benefit.



Big Energy Saving Network (BESN)

BESN is made up of local community groups and charities across GB that can advise on energy saving in the home, switching energy suppliers, different energy tariffs and available support to help consumers in vulnerable circumstances stay warm and lower their energy bills. In addition to help delivered directly to consumers, the programme provides training to frontline workers, empowering them to give basic energy advice to the people they support.

- Between October 2018 and March 2019, 19,000 consumers received advice from a BESN champion
- 79% said they understand more about how to save money on their energy bills and 64% said they now feel more able to meet their energy costs
- Training was provided to over 7,000 frontline workers,
- 100% of frontline workers found the training useful and 89% have gone on to provide energy advice to people they support

Making markets work for consumers



Big Energy Saving Week (BESW)

BESW is a national campaign to help people cut their fuel bills and get the financial support they're entitled to. Citizens Advice runs the week in close collaboration with BEIS and with the support of numerous organisations, charities and companies. The week aims to drive public awareness of how to save money on energy costs by switching energy supplier or tariff, accessing discounts or grants, and making homes more energy efficient.

Delivering better outcomes

We will make more improvements to BESW in 2020-21 aimed at creating a more seamless customer journey for people seeking advice and support. For example:

- We will improve our online energy advice for advisers and consumers
- We will expand the number of local partnerships and pilot new approaches for improving the capability of other organisations

Success stories



Picking up the pieces of supplier failure

We've long been concerned that the licensing regime for suppliers is not fit for purpose. We first called for a review of licensing in 2013. This has allowed poorly prepared suppliers to enter the market. In turn, the number of energy suppliers leaving the retail energy market has significantly increased in recent years. Since the start of 2018, 17 suppliers have left the market, with over a million customers affected.

Our research - **Picking Up the Pieces** - revealed the costs of this problem:

- Up to June 2019, 10 failed domestic energy suppliers left behind an estimated £172 million in unpaid industry bills
- Administrators of failed companies don't have to follow Ofgem rules on debt around back billing and assessing ability to pay

The research has been widely used across the energy industry and the media to highlight the consequences of continued supplier failure. Since its publication, Ofgem has:

- Proposed changes that will require new measures from suppliers to ensure that a proportion of credit balances will be covered if they fail
- It will look to introduce a new fit and proper person requirement for those running suppliers, and take steps to protect consumers who owe money to failed suppliers

Making markets work for consumers

Tackling the loyalty penalty

A key area of work for us has been tackling the extra costs faced by loyal customers in essential markets.

In energy, as of 2018, more than half of households remained on default tariffs, paying an average of £320 a year more than the cheapest tariff in the market. We made the case for a default price cap and helped design effective regulation. This meant:

11 million customers protected by the price cap

£1 billion saved from their bills per year

In 2018 we **submitted** a super-complaint to the CMA in highlighting the loyalty penalty in other essential service markets. The CMA **agreed** and regulators found the true cost of loyalty in essential markets as £4.4 billion. Since then:

- **80%** of the harm in the mobile market will be addressed by **voluntary agreements** between Ofcom and firms
- Ofcom has also come to **voluntary agreements** with broadband providers and are trialling other solutions
- In insurance, the FCA has **published** its initial findings, and it currently exploring all options to tackle the £1.2 billion penalty in that sector

Energy hack day

We're always looking for new ways to improve people's experience of the energy market. In September 2019, we hosted our first ever energy hack day. Hack days, which are common in the technology sector, bring together specialists to work towards solving a common problem.

We had evidence that some letters that energy suppliers send to customers, notably about debt and complaints, weren't effective. People didn't understand them, felt intimidated by them, or didn't know what steps to take.

To prepare for the day we worked with colleagues from Energy UK, Ofgem, BEIS, the Energy Ombudsman, the Money Advice Trust, HMRC and the Government Digital Service. The day itself saw participants from 25 energy suppliers practically working through how to improve their debt and complaint letters.

We will continue working with suppliers as they take this learning back to their organisations. The signs of positive change are encouraging: 96% of participants said they would likely change something in their organisation as a result of the hack day.

Better value infrastructure

Essential markets rely on investment in both new projects and in maintaining existing infrastructure. This tends to be funded by either consumers or taxpayers. The requirement to reach net zero emissions provides an added challenge, requiring a transformation of the economy as a whole.

Investment must be well managed to ensure value for money and good consumer outcomes. In markets dominated by a monopoly provider, regulators need to act to make sure consumers are not exploited.

High quality access to the post office network

Our **research** shows post offices are still an essential part of local communities. Every week there are 17 million visits to post offices a week and almost all individuals and small businesses use them at least once a year.

However, though the number of branches has remained fairly steady over the past 10 years, there has been significant change in the availability of services. Around 1 in 12 post offices are now temporarily closed. There has been a significant increase in the number of 'Outreach' branches, which are only open for a few hours a week. As a result many consumers find it hard to reach a full-time post office.

In June 2018, Post Office Limited (POL) introduced principles of community engagement. These set out how it should communicate and consult with local communities on post office changes. But our research shows participation in post office consultations has been low. We're concerned that consumers may not be aware of post office changes or do not feel it is worthwhile participating. We want consumers to participate in meaningful consultations about post office changes.

We will:

- Continue to monitor trends in post office changes
- Undertake further research to understand the impact of these changes on consumers' access to post
- Work closely with POL, BEIS and other stakeholders to ensure consumers have permanent, full-time access to a post office within a certain distance and understand what this could look like in practice
- Monitor engagement with post office consultations
- Work closely with POL, BEIS and other stakeholders to ensure post office community engagement is working. This includes ensuring POL make improvements to the process, building on our 2019-20 research

Better value infrastructure

Scrutinising monopoly networks

Energy networks are a natural monopoly, with the money they can make set by Ofgem, then charged through bills. Our landmark 2017 **research** found that in the last price control for networks (RIIO-1), consumers were overpaying for energy networks by £7.5 billion.

We're working to make sure consumers see significant savings through the RIIO-2 price control process. In 2020/21 we will begin to engage with the next price control process for electricity distributors. We will also work on ongoing electricity charging reviews, and possible gas charging reviews. These have the potential to change how charges for network costs are allocated, and could have a big distributional impact.

We will:

- Shape Ofgem's price control determinations, providing evidence to support a lower cost of capital
- Continue to engage more broadly with the price controls for Transmission and Gas Distribution companies
- Begin to engage with the next price control process for Electricity Distributors

- Continue to work with the energy networks and the system operator, directly and through their customer engagement groups, to ensure that business plans for RIIO-2 deliver quality service at a fair price
- Continue to engage in the Electricity Charging Reviews and other code panels
- Promote the interests of consumers in vulnerable circumstances to ensure that they receive the right level and quality of service

Networks' use of data

Data is growing in importance for the effective operation of energy companies. Energy consumption data can help optimise the operation of the energy system, benefiting consumers. However, it is important that consumers have transparency and control over their data.

Much of the potential for consumer benefit from energy data is yet to be realised. So far only 1 distribution network operator (DNO) has had their data privacy plan approved by Ofgem.

We will:

- Work with energy network companies to help deliver customer benefits through improved use of data
- Analyse and publish information to highlight best practice for DNO data privacy plans

Better value infrastructure



Facilitating a smart and flexible energy future

A low-carbon future will need a transformed electricity system. This will rely on the successful roll-out of smart meters, to allow half-hourly electricity settlement. It will also require new roles in managing local flexibility and distribution networks. We will work to make sure the design of this future system reflects consumer needs.

We will:

- Help shape Ofgem's market wide settlement reform programme through the Design Advisory Group and forthcoming consultations
- Research how energy storage at grid and distributed levels can work best for consumers
- Continue to work with BEIS and suppliers to make sure consumers are at the heart of the smart meter roll-out and that they can capture the benefits of a smart energy future
- Share learning from the consumer experience of smart meters to inform the government's future heat roadmap

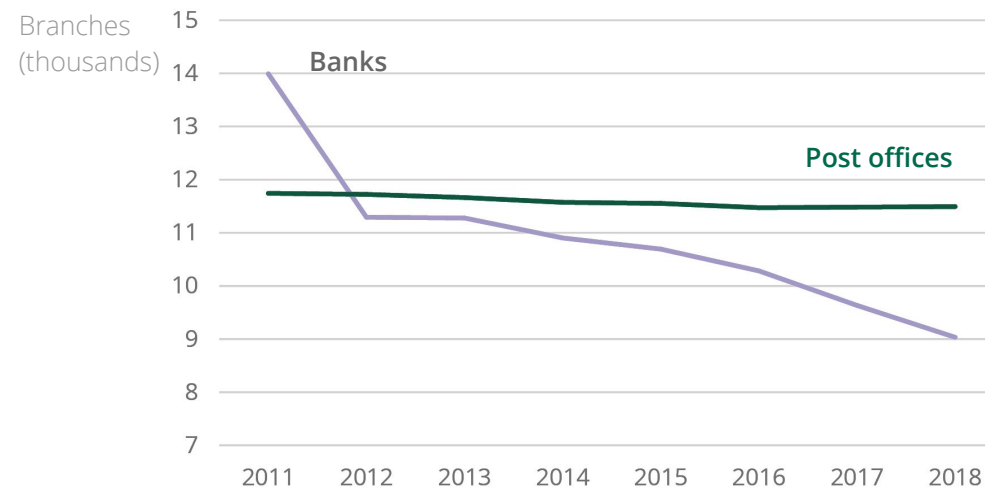


Access to banking services

As the high street banks continue to close their branches, the post office network has the potential to be an important provider of face-to-face banking services. This is particularly the case in rural areas where poor internet connectivity means people are less likely to use online banking. Local access to cash is particularly important for people in vulnerable circumstances such as older people, disabled people and people on low incomes. These groups are also more likely to use post offices.

Post offices remain open while banks have closed

Number of high street branches, 2011-18



Better value infrastructure

Post offices currently provide a range of basic banking services. Some stakeholders are calling for them to offer more.

However, our **research** shows that public awareness and use of Post Office banking services is low. Also service standards can sometimes fall short. Our **previous research** found 1 in 5 people who should have been able to access a Post Office banking service couldn't. We're carrying out research to examine in detail how well post offices are delivering these services and their potential to offer extra banking services in future. **This research is being entirely funded from outside the levy.**

Next year, we will:

- Work with POL to deliver changes to improve everyday banking services at post offices
- Push the government, POL, regulators and the banking industry to develop a coherent strategy to ensure people can access the cash and banking services they need today and in the future.

Success stories

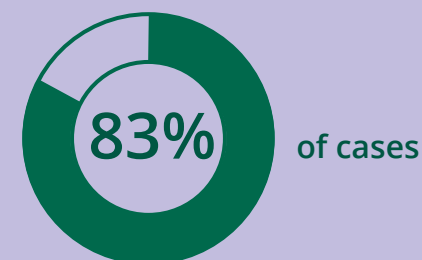
Reviewing post office franchising

We have a formal role reviewing the franchising of directly managed post office branches to new retail operators, like WH Smith. We meet with POL to discuss consumers' feedback and agree improvements where necessary.

Between October 2018 and November 2019 we reviewed:

- Over **27,000** consultation responses
- In **52** different franchise cases

Improvements
were agreed and
reassurances provided in



- Next year, we will continue to formally review the franchising of directly managed post offices. Where our research or case handling uncovers issues with access to and quality of services at franchised branches we will work closely with POL, BEIS and other key stakeholders to make improvements

A fair deal for consumers in vulnerable circumstances

Consumers in vulnerable circumstances are more likely to experience harm in the markets for essential services. Our previous research showed that these consumers are more likely to be paying a high loyalty penalty. They can find it harder to access essential services. And they're more likely to come to Citizens Advice for help.

We will work to make sure consumers in vulnerable circumstances able can easily access good value essential products and services.

Making sure *all* consumers can access post

An address and access to post are key to engaging with essential services. Without them, people face significant detriment, such as missing jobcentre appointments and facing benefits sanctions, missing out on NHS treatments, or having large amounts of debt build up in their name from bills they have never received.

Our research shows that **homeless people** and survivors of domestic abuse face considerable barriers to receiving post and, therefore, accessing the support and services they need. Also many people living in non-traditional living situations are unable to receive post in a reliable, secure and accessible way. For the postal service to be universal it must serve all residents, not just those in more traditional living situations.

We will:

- Look to uncover just how many UK residents don't have access to post, and the harm they face as a result
- Work with stakeholders to determine what actions need to be taken to make post a truly universal service
- Continue to work with parcel delivery companies to promote equal access to delivery and collection services for disabled people

Social tariffs

The cost of essential services for consumers on a low income or in vulnerable circumstances is a significant driver of the cost of living crisis. Fourteen percent of the poorest households' income goes on their **energy** and **water** bills. The FCA **found** these consumers were likely to be paying more than they should for insurance. We want to find out if social tariffs could help address this.

We will:

- Review the lessons from existing targeted deductions in the energy and water sectors (eg Warm Home Discount and WaterSure)
- Explore extending targeted protections to customers in other markets, such as essential financial services

A fair deal for consumers in vulnerable circumstances

- Explore if and how targeted interventions could be used to address the loyalty penalty for consumers on a low income or in vulnerable circumstances
- Review whether customers could be automatically placed on the best deals available for their energy or broadband
- Explore the potential for the Digital Economy Act 2017 to enable data sharing between the government and firms to help provide support with bills
- Review how social tariffs could be used to ensure that mail redirections are more affordable for consumers in vulnerable circumstances

Regulatory compliance and enforcement action on vulnerability

Essential markets are not working for consumers in vulnerable circumstances, such as people with mental health problems and those on low incomes. These consumers are **disproportionately affected** by the loyalty penalty. Where poor mental health reduces their ability to carry out daily activities, they can pay £1,100 - £1,550 more each year, as a result of inaccessible services, inadequate regulatory protections and lack of tailored support across essential markets.

Regulators have made progress in this area by introducing new rules and guidance.

We want to understand whether these changes are delivering enough change.

We will:

- Review how successful regulators have been in using compliance and enforcement to ensure essential services companies treat consumers in vulnerable circumstances fairly, what good practice exists and how it varies across sectors
- We may also explore compliance and enforcement more broadly - seeing how good practice from existing enforcement activities could inform better enforcement for consumers in vulnerable situations

Ensuring affordable services for consumers

Universal Credit (UC) is a once in a generation change in how welfare support is delivered. Unless it is joined up with support with energy costs, this could make it more difficult for the poorest households to heat their homes and meet their other essential energy needs.

We will:

- Research the impact of UC on our clients' ability to meet their energy needs and take up opportunities to make their homes more energy efficient
- Research the experience of consumers using third-party deductions from benefits to pay for energy and water

A fair deal for consumers in vulnerable circumstances

Negative budgets

An emerging and growing challenge faced by Citizens Advice clients is a lack of resources to pay for essential expenditure. Amongst the people we helped with debt last year, 38% had a negative budget which means that even after a client had debt advice they didn't have enough income to cover essential expenditure. The level of expenditure deemed essential is established through the Standard Financial Statement.

In our non-consumer work we're going to analyse the scale, causes, and solutions for people with negative budgets. We will take a cross-sector approach ensuring that what we learn about affordability in consumer markets supports that work. And that our wider work - looking at welfare, labour markets, debt solutions, and public services - feeds into our work supporting consumers in vulnerable circumstances.

Success stories

Better support for people with mental health problems

Since 2017, we've been doing research on the practical support needs of people with mental health problems. We found that people with mental health problems coming to Citizens Advice were more likely to need help with their essential services, and that the number of issues people we're having was also rising. The support offered by water, energy, telecoms and financial services firms to customers with mental health problems is patchy, inconsistent and unreliable. This leaves people financially worse off and often negatively affects their mental health.

In 2019, we **published** our report on the minimum standards of support for people with mental health problems we'd like to see jointly introduced by the FCA, Ofcom, Ofgem and Ofwat to address this. We were pleased to see Ofcom integrate many of our recommendations in its draft 'Treating vulnerable consumers fairly' guidance. We've received positive responses to our report from a number of essential services firms considering how to improve their support provision.

A fair deal for consumers in vulnerable circumstances

Making Post Offices more accessible

Following **our research** revealing patchy accessibility for disabled consumers across the post office network, we made 2 recommendations to POL:

- POL should introduce a spot check or monitoring process, involving regular face-to-face visits to post office branches, to review their accessibility and take action where improvements are necessary
- POL should update the accessibility information they have on their branches and make it easier to find on their website

As a result of our research and regular meetings with POL, they've now implemented both recommendations. Every post office branch now receives at least 2 visits a year where accessibility is checked and action is taken if needed. Accessibility information is also up to date and easier to find on the post office website. This will make a significant difference to disabled people's access to, and experience of, using post offices.

Ending energy disconnections

Disconnection can be one of the most traumatic outcomes for any energy consumer.

Ofgem and the energy industry have almost eradicated the problem of households being disconnected for debt. There were only 6 disconnections for debt in 2018, compared to 640 in 2013. But this has, in part, been achieved through greater use of prepayment meters to recover debt.

Our 2018 self-disconnection research report found that around 140,000 households couldn't afford to top up their prepayment meter at some point in the last 12 months. We found that 88% of these households contained a child or someone with a long term health issue. We've called for an end to prepayment customers having to self-disconnect, which should be possible with the rollout of smart meters.

Ofgem recently proposed new protections for consumers with prepayment meters that should help people stay on supply if they forget to top up and give more protection for consumers in vulnerable circumstances who experience financial emergencies. These changes should help reduce self-disconnection, although further action is needed to ensure all customers are able to afford the energy they need.

Protecting consumers in rapidly evolving markets

Consumer markets are changing fast. The low carbon transition and increase in big data will create huge challenges and opportunities to change and improve the way that markets serve consumers. Regulatory protections need to evolve to reflect this. We will develop and use compelling evidence on both technology and market design to positively shape the consumer landscape of the future. This will maximise the benefits future changes can bring, while ensuring that nobody is left behind.

Making future energy markets work for all consumers

Fundamental drivers are changing the energy market:

- Digitisation: energy data has led to new smart products and services, as well as different ways of pricing energy
- Decarbonisation: significant changes to reach net zero
- Decentralisation: a rise in local energy solutions gives people different options

These changes could bring a number of benefits. But there is a risk that people less able to engage will be left behind or face higher costs.

These issues are already in focus, for example through the flexible and responsive energy retail markets review. We want to see government and regulators tackle the barriers these consumers could face in accessing the future retail market.

We will:

- Deepen understanding of how to make future markets inclusive, by analysing innovative supplier offerings already coming onto the market
- Research how to meet the needs of groups who face higher barriers to access the future retail market, including people who are digitally disengaged or in rented homes
- Evaluate the experience of customers using bundled products and services, particularly those that cross different sectoral regulators
- Look at how advice, support, and alternative dispute resolution will need to evolve to be fit for the future market

Making future postal services work for all consumers

Postal services have changed dramatically in recent decades. People are sending fewer letters, but receiving many more parcels.

We want to make sure that postal regulation keeps up with these changes to continue to support a postal system that is secure, accessible and reliable for everyone. Our work, on access to post, parcel delivery, and mail redirections, shows that the current framework doesn't always achieve this. For example, mail redirections are still too expensive for low-income households.

Protecting consumers in rapidly evolving markets

We want to better understand how postal regulations are currently working, and how they can deliver effective consumer outcomes in future.

We will:

- Work with stakeholders to determine what a fit-for-purpose post regulatory framework looks like, now and in the future
- Hold Ofcom to account, making sure that their postal user needs study is conducted in consumers' interests. We will conduct targeted tactical research in response to any gaps we identify in this initiative
- Continue to feed into the European Commission's review of postal regulation
- Assess the extent to which the current Universal Service Obligation works in delivering secure, accessible and reliable postal services for all
- Work towards better support for consumers who can't afford the high upfront cost of mail redirections



A consumer-friendly path to net zero

In June, the government committed to achieving net zero carbon emissions by 2050. This means we need a rapid acceleration of changes to the way we heat our homes.

We want to support the government in bringing forward carbon reduction policies. These should

- Minimise costs
- Provide a good customer experience
- Make sure low income or consumers in vulnerable circumstances are not left behind

To achieve this we will:

- Continue to look at the implications of the transition to net zero and work to make sure the costs are fairly distributed
- Work with local Citizens Advice offices to understand the changes that need to happen at the local level
- Monitor and share the experiences of consumers installing home energy technologies, energy efficiency measures and electric vehicle charging
- Use the findings from our data to make sure that taking up these technologies is as simple as possible
- Work with BEIS to shape future regulation and consumer protection arrangements for consumers on heat networks. This will include working to understand and support the needs of consumers in vulnerable circumstances

Protecting consumers in rapidly evolving markets

European policy

We have helped ensure EU negotiations on the new electricity market design and on consumer protections reflect the needs of British consumers. In the context of Brexit, this area will continue to present new opportunities and challenges.

We will continue to defend the interests of GB consumers in any changes to applicable EU policies and European standards, and from their subsequent integration into GB policy.

We will continue to work to deliver this including through:

- Our membership of BEUC (the European Consumer body)
- Contributing to the stakeholder forums which oversee the alignment of EU and GB network codes

Success stories




The smart meter roll out

Smart meters are a crucial part of energy infrastructure. The tight deadline of 2020 for energy suppliers to offer smart meters to all consumers meant significant issues emerged with the roll-out.

We raised these issues through:

- Regular analysis of smart meter issues that people frequently contacted our advice services with
- Providing evidence to the National Audit Office and the BEIS Select Committee
- Media work to call for action

As a result:



-  The government has now published an updated cost benefit analysis
-  A government minded to decision indicated that the programme deadline will be extended to 2024
-  Consulted on plans to publish supplier performance

Fairer mail redirections

People moving house in the UK can pay Royal Mail an upfront fee to have their post forwarded to their new address. This avoids the risks of not receiving important mail. Our August 2018 **report** highlighted the unfair cost of these mail redirections. Particularly, the redirections service was also previously charged on a 'per surname' basis. This unfairly penalised people in non-traditional family households - such as cohabiting couples, lone parent families or blended families - simply because they don't share a last name.

We worked with Royal Mail to reform the way they charge for mail redirections.

As a result they:

-  Agreed to change the cost of redirection from a per surname basis
-  **£26** saved per household with different surnames on mail redirection costs

Provisional expenditure 2020/21

Our proposed budget for 2020/21 sees expenditure on Citizens Advice core consumer advocacy increase by 0.5% year-on-year in cash terms and a decrease of 1.0% in real terms.

The specific allocations in this work plan are necessarily provisional, and subject to change if we have to adapt our work in response to external developments during the year. This budget reflects funding allocated by BEIS to advocate for consumers in England and Wales and it also includes funding allocated in collaboration between BEIS and the Scottish government to reflect the interests of Scottish consumers in GB-wide decision-making.

Core consumer advocacy budget for 2020/21

	Staff and related	Programme	Scotland	Total
Energy	£3,020,280	£569,030	£139,800	£3,729,110
Post	£935,560	£132,000	£31,000	£1,098,560
Cross-sector	£646,690	£139,590	£58,300	£844,580
Directorate	£190,300	£0	£9,300	£199,600
Total	£4,792,840	£840,620	£238,400	£5,871,860

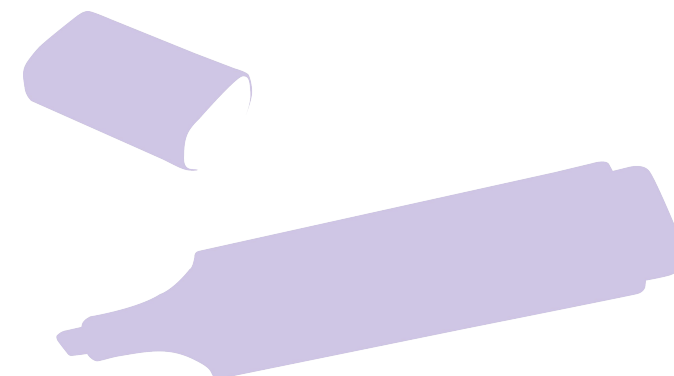
Citizens Advice Scotland, a separate and independent organisation, advocates on Scotland-specific consumer issues within Scotland. In addition to our core consumer advocacy work in energy, in 2020/21 we're also pleased to oversee the Big Energy Saving Network (BESN) and Big Energy Saving Week (BESW).

We have proposed a 7.2% year-on-year increase in cash terms (5.6% increase in real terms) in the funds allocated to Citizens Advice's delivery of BESN and BESW to help us invest in creating a more seamless customer journey for people seeking advice and support. Citizens Advice Scotland will receive £90,000 to coordinate BESN delivery in Scotland.

Funded delivery programmes (energy)

Big Energy Saving Week and Big Energy Saving Network

Programme	Total
1,848,800	1,848,800



Free, confidential advice.

Whoever you are.

We help people overcome their problems and campaign on big issues when their voices need to be heard.

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

We're here for everyone.



citizensadvice.org.uk

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