

Citizens Advice: Protecting consumers in a changing world

The Citizens Advice
consumer work plan
2018/19



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Foreword

A strong consumer voice: Now more than ever

Are consumer markets working as well as they used to? And what does this mean for the relationship between the market and the state?

In the last year, these questions loomed into the centre of political debate. There's growing evidence that new technologies are changing the way markets work, creating new risks - and opportunities - for consumers. Meanwhile, there are still longstanding problems to solve, from scams to disengagement.

This work plan describes how Citizens Advice will discharge our role as the statutory advocate for consumers of energy and postal services in 2018/19. The plan has been developed with this context in mind. It includes work to tackle specific forms of detriment and broader work to make sure consumers are heard in the big debates of the day - not least the negotiation of Brexit. It takes on board feedback from the 62 responses we received to our consultation.

In the last year, our work has shown the value consumer advocacy can add.

In energy, a market that hits the headlines, the results of our work can often be captured in a single big number. Our landmark report found that regulated monopolies in the energy sector are making £7.5 billion in excess profit in the current price settlement. Meanwhile, our work on standard variable tariffs helped lead to an immediate cap on bills for 1 million vulnerable customers and plans to limit these excessive tariffs for a further 13 million households.

In post, consumer advocacy shows its impact in hundreds of small changes that are secured, often in private, by protecting vital community services. In our work on the Post Office's £2 billion transformation programme, for example, we now make a difference in 88% of the cases we work on - up from 57% four years ago. A bus stop moved, a ramp installed, or a vital service kept open: lifelines for the millions of vulnerable and elderly people who rely on postal services every day.

Next year, our goal is simple: to continue generating returns for consumers far in excess of the amount our work costs. Our work on excessive profits alone has put £210 million - and counting - back into consumers' pockets, 50 times the total annual cost of our energy work. To do this, we will continue to use our cross-cutting insights to learn lessons across sectors, and we keep speaking up for vulnerable people, scrutinising deals, and challenging incumbents.

To this end, we have categorised the work in this plan under four themes:

- Protecting consumers in turbulent times by **strengthening mechanisms of consumer power**: redress, choice, and consumer voice.
- Throwing light on the way billions of pounds are spent on **infrastructure and major projects**, making sure consumers get value for money.
- Tackling **practices that exploit consumer behaviour**, such as misleading pricing or bills that sky-rocket when a fixed-contract ends.
- Fighting for **protections and market access for vulnerable people**, from economically excluded groups to people at risk of scams.

We're hugely grateful for the number of responses we received to our draft work plan. The feedback was overwhelmingly positive and supported the four themes above. The responses also helped us improve the plan and we have adjusted our plans accordingly. For example, we removed work on marketing mail opt-outs and integrated new areas of focus in other areas. For transparency, this year we are also publishing, alongside this plan, a summary of the 62 stakeholder responses we received and the changes we have made in response.

We look forward to working with all our stakeholders as we fight for consumer interests in the coming year.



James Plunkett
Executive Director of Policy & Advocacy
Citizens Advice

Our approach: Robust and impactful

As an advocate working on behalf of consumers, we do everything we can to maximise our impact and to make evidence-based decisions. To help guide our thinking, we design our work plan with reference to four principles. We want to be confident that our plan as a whole passes the tests.

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 scale our overall plan, and the components of the plan, on this basis.

These judgments guide our financials. This year, they mean that the cost of our work on post will fall again, leading to a 33% year on year-on-year reduction in and a total cut of over 50% over 2 years. This reflects rapid change in a market in which consumer preferences are switching from postal services to telecoms; we will cut our cloth to fit the changes in this sector.

In energy, the context is different. The challenges facing the market are, if anything, bigger than ever, and it is essential that consumers have a strong voice over the coming year. Even so, through efficiencies we have been able to propose an ambitious plan while holding our advocacy budget flat in cash terms with last year, absorbing inflationary pressures. Alongside our advocacy work, we will also take responsibility for the Big Energy Saving Network this year, continuing its good work to help vulnerable households save money on their energy bills.

We stress-test the proportionality of our work against various benchmarks. In energy and post, for example, our spend on advocacy costs just 13 pence and 5 pence per year per household respectively. To help guide our work, and to ensure intellectual coherence, we also work to a framework reflecting the outcomes that characterise a successful consumer market. We assess the need for action against six core outcomes.

Value	Products and services are good value for money
Inclusive	All consumers are served well, including the vulnerable
Quality	Consumers get what they paid for, and their reasonable expectations are met or exceeded
Redress	If things go wrong, they're put right quickly, with compensation if 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

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

We seek to add value over and above the value of other organisations. A key aspect of this is our data; the millions of contacts we have with the public each year mean our research and advocacy is, as much as possible, distinctively rooted in the real world. We have a unique understanding of how public policy affects people in practice, and not simply in theory. This evidence comes from our Consumer Service, Extra Help Unit and local Citizens Advice.

In addition, our cross-cutting perspective adds significant value - and this value is *increasing* as technology blurs boundaries between markets. For example, to understand the way consumer data is being used, or get the best value from infrastructure price settlements, regulators and consumer advocacy bodies must share lessons between sectors. To encourage this, we have structured this year's plan around cross-cutting themes rather than specific markets. (For clarity, we have also published market-specific annexes for post and energy stakeholders.)

Finally, we leverage the unique brand of Citizens Advice. This helps to make sure consumers' voices are heard; when we shout about an issue, people listen. Our brand also gives us a unique power to educate and inform consumers with trusted and reliable advice on issues from switching to scams.

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

This final work plan, and the process we followed to produce it, embodies this principle. We engage with stakeholders informally to produce our draft work plan and then engage formally through a public consultation to make sure we pursue the most impactful work possible. We meet regularly with regulators, industry, other consumer bodies, and government officials to discuss and refine our work throughout the year. We engage in numerous formal processes - such as the Smart Metering Delivery Group and the Post Office Advisory Group - to embed our work in the wider institutional context, to spot and remove duplication, and to make sure we complement the work of other like-minded organisations.

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

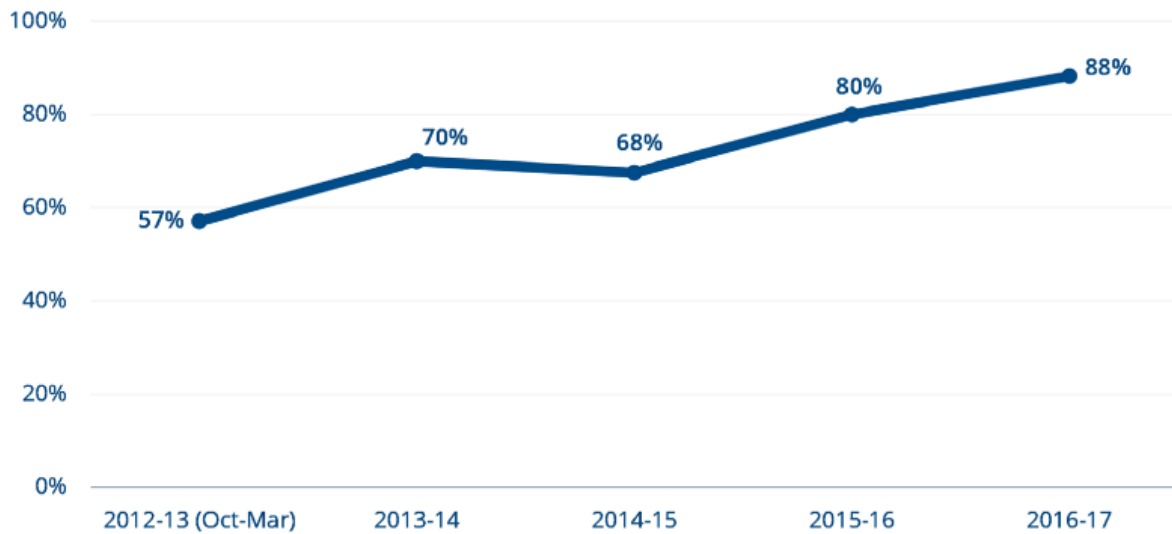
Our work in 2017/18 generated huge value for UK consumers, far in excess of our costs. For example, we found that consumers are overpaying for energy networks by £7.5 billion over the course of the current 8-year price control, and have followed up by asking providers to repay, with SSEN returning £65 million¹ and SGN returning £145 million to consumers.² Our advocacy in the energy sector also contributed to proposals to protect consumers from the worst deals, particularly the most vulnerable.

In our work on the Post Office's £2 billion transformation programme, for example, we now make a difference in 88% of the cases we work on - up from 57% four years ago.

¹ [SSEN acts on Citizens Advice's call to return excessive profits to energy customers](#), Citizens Advice, November 2017

² Southern Gas Networks, [Regulatory forecast allowances](#), November 2017

We've been securing an increasing number of improvements and clarifications with Post Office Limited for the post office relocations we've worked on



Our broader advocacy work also has huge benefit to consumers. Our work on high-cost credit led to Brighthouse repaying £14.8 million to 250,000 rent to own customers. The Financial Conduct Authority has introduced new protections for guarantor loan consumers and is currently investigating the rent to own and home credit markets following our research. Our work led to a proposed crackdown on misleading subscription traps.³ And, in telecoms, we persuaded the Government to amend the Digital Economy Act to require mobile phone companies to allow their customers to cap their total monthly bill.

Our focus on vulnerable people is also important to our impact - particularly where a vulnerable group lacks market access, or is excluded from an innovation or new market development. A strong advocate can make an evidence-based case for fair and equitable access to essential goods and services.

Four themes for our work in 2018/19

Applying these principles, this document sets out our plans for 2018/19. To reflect the increasingly cross-cutting nature of consumer problems, and the value of learning lessons across markets, the plan is arranged under four themes. It also makes clear where a project is relevant to - and therefore funded by - the energy or postal sectors. For stakeholders in these sectors, the plan concludes with sector-specific annexes grouping these projects together.

³ [Government crackdown on subscription traps will help stop consumers from losing money](#), Citizens Advice. March 2017

The four themes for our work this year are:

Strengthen consumer rights in a changing world. The world is changing fast. In post, the rise of online shopping is causing rapid growth in the parcels sector and putting continued pressure on the letters market. In energy, people are choosing energy suppliers in new ways and new competitors are entering the market. Meanwhile, Brexit potentially affects both sectors. These changes create significant opportunities and risks for consumers. We will be there to fight the consumer's corner, balancing out pressure from incumbents.

Ensure consumers get value from spend on infrastructure and major projects. Consumers spend billions of pounds a year funding major projects and paying for infrastructure. This ranges from the £11 billion smart meter rollout, to the £100 billion spent on energy networks, to the £2 billion post office transformation programme. Following major successes in 2017/18, we will continue to scrutinise these processes to make sure they're value for money.

Make sure markets do not unfairly exploit consumer behaviour. There is growing evidence that some companies take advantage of human behaviour, for example by hiking prices significantly at the end of a fixed term contract, leaving loyal consumers paying dramatically more.⁴ These practices mean uncompetitive prices, particularly for vulnerable people, in markets from energy to mobile phones to financial services. We will look across markets to see how remedies can be used to consumer behaviour to improve markets and outcomes.

Protect and empower vulnerable consumers. Vulnerable consumers suffer more detriment and have less power to push back against poorly functioning markets. Lower income consumers, for example, pay more for basic services and they often pay an extra premium, such as the extra costs paid by the 41% of our clients with a disability or long-term health condition. In 2018/19, we will make new efforts to stand up for vulnerable people, pushing for progress on issues from the exclusion faced by homeless people to the disengagement of vulnerable consumers in the energy market.

How to read this document

In the 4 years since we assumed our statutory consumer advocacy roles, we have seen a growing number of problems cut across markets. We now structure our plan to reflect this, presenting our projects around themes rather than

⁴ For example, the loyalty penalties in [mortgages](#) and [insurance](#) and the [difficulty in following a good decision-making process](#)

specific markets. For our immediate stakeholders, we have labelled each project clearly to reflect whether it falls under our energy, post, or cross-sector work.

This work plan covers consumers in England, Wales and, in some cases, Scotland. This can include where decisions are made at a GB level; Citizens Advice Scotland, a separate and independent organisation, works on issues specifically affecting Scottish consumers. We work together to make sure our work is complementary and in the best interests of consumers.

We focus on the sectors where we currently receive statutory funding - energy and post, and on lessons that can be learned for these sectors from other essential services markets. We also highlight other markets where joined up consumer advocacy would have a major benefit for consumers. For example, telecoms is an essential service that lacks a strong, independent consumer advocate. We see significant detriment to consumers in the mobile and broadband markets, and will continue to argue that this gap needs to be filled.

1. Strengthening consumer rights in a changing world

With consumer markets changing fast, our first priority is to make sure consumers are well protected. To do this, we will work to strengthen three mechanisms of consumer power: effective redress, freedom of choice, and formal representation. The projects in this theme all use our role as advocate to protect consumers in turbulent times, pushing for improvements in these areas.

We will push for effective **redress**, so that consumers get what they need when things go wrong. In the postal market, for example, fewer than two in five consumers (38%) who experience problems with parcel delivery take any action.⁵ A quarter of those who complain to Royal Mail find the process difficult.⁶ This leaves consumers exposed in a fast-changing market and, as things stand, consumers are taking to social media to bring attention to problems.⁷ We will put our weight behind improvements to improve how redress works.

We will make sure *all* consumers can exercise **choice**. The average UK household saves £560 per year by shopping and paying bills online.⁸ But, with technology helping savvy customers shop around, there is a risk that vulnerable consumers are left behind, without access to choice or competitive prices. As digital platforms change how we shop, and price comparison sites become more powerful, we will push to maintain and improve consumer choice - with a particular focus on vulnerable people.

We will make sure consumers have **formal mechanisms** to be heard, not least during Brexit negotiations. More than 80% of UK shoppers fear price rises on goods and services after Brexit and these changes add complexity and uncertainty for industry and consumers alike.⁹ As a consumer advocate, we are often the only non-industry voice in the room, so we will work hard to ensure the consumer interest is heard throughout the negotiations.

If we're successful in this theme, we will see tangible examples of:

- Consumers being better able to access complaints procedures and to secure compensation when things go wrong

⁵ [Parcel delivery: Delivery services in the online shopping market](#), Citizens Advice 2017

⁶ [Ofcom Residential Postal Tracker \(January - December 2016\)](#)

⁷ [Understanding Consumer Experiences of Complaint Handling](#), DJS Research 2016

⁸ PWC, [Manifesto for a Networked Nation](#), 2012

⁹ Mintel [British Lifestyles Report](#), 2017

- All consumers, including the vulnerable, finding it easier to exercise choice in the pursuit of a good deal and good customer service
- Consumers being represented in conversations that affect them, including negotiations over Brexit and the UK's relationship with the EU

There are 10 projects under this theme.

1.1 Secure the best Brexit deal for consumers

Brexit presents short and medium-term opportunities and challenges for UK consumers. In the short-term, our priority is to defend and, where possible, enhance existing consumer rights, and ensure that relevant authorities reflect on how our competition regime can be reformed in the best interests of consumers. We will scrutinise the process of transposing EU regulations into UK law. Many protections at EU level were hard won by consumer groups and it is vital that these are transposed into UK law. We have begun to develop consumer principles to test the final Brexit agreement against, making sure consumer outcomes are considered at every stage.

In the medium-term, Brexit will create a new settlement for consumer rights and protections, and consumer advocacy will need to adapt to this environment. Specifically:

Cross-sector: Consumer laws and trade negotiations previously made in Brussels will be made and contested in Britain. We will consider the role of consumer advocacy in this picture and how consumer interests will be embedded in intricate multilateral negotiations that will help determine our post-Brexit consumer rights and regulatory framework. We will also work closely with the Consumer Protection Partnership to widen the consumer's voice in Brexit negotiations.

Energy: We will be advocating about the impact of Brexit negotiations for energy consumers. In energy in particular there are questions over the enduring arrangements for infrastructure, tariffs (for cross border trade) and codes, and governance for the gas and electricity that flows between our country and the continent every day. Many energy sector rules are set at an EU level, and so key regulations will need to be transposed by government into UK law. We intend to scrutinize this process. This is happening at the same time that the EU's Clean Energy Package is being concluded, where we will continue to push for stronger consumer protections.

Post: We will ensure the voice of postal consumers is heard as decisions are made about our future relationship with the EU. It is vital, for example, that consumers buying parcels across borders are not hit by disproportionate charges and lengthy delays. Consumer rights originating from the EU which protect consumers from bad practice in the postal market must be retained. We'll work flexibly, adapting our approach as new information on Brexit becomes available - producing briefings, meeting officials, and representing postal consumers at stakeholder forums.

1.2 Ensure consumers are comfortable with how their smart data is used - Energy

Companies are rapidly increasing their use of data to decide who should and should not be offered new products, services and support. In order to build a fuller picture of their customers, companies are developing ways to access new sources of information about them. In energy in particular, the half-hourly consumption data from smart meters will provide a powerful picture of people's lives behind their front door.

This kind of data stands to provide benefits for consumers, ensuring products and support are tailored to the individual's needs and are targeted effectively. However previous research has suggested that some consumers can become distinctly uncomfortable about companies holding a wide range of information about them.¹⁰

The government plans to review the privacy framework that governs how smart meter data is used. We will commission research into consumer attitudes about the use of their smart meter data by companies or other organisations seeking to provide support and represent these views as the new framework develops. In the course of this work we will also look at how lessons we have learnt can be applied to other sources of personal data and other sectors.

1.3 Understand the impact of potential changes to the Universal Service Obligation - Post

Across the world, universal providers of postal services are facing drastically reduced mail volumes as well as pressure to maintain profitability and quality of service. In the UK, Royal Mail's addressed letter volumes have decreased by 22% over the last 5 years.¹¹

¹⁰ Citizens Advice, [On Supply, In Control](#), June 2016

¹¹ See, for example: Royal Mail, [Annual Report and Financial Statements 2016-17](#), June 2017; Royal Mail, [Annual Report and Financial Statements 2012-13](#), July 2013

Internationally, some governments are responding to these market trends by taking steps to amend or adjust the USO. In Finland, for example, delivery in urban areas has been reduced from 5 to 3 days per week, and strict requirements on the location of post offices have been relaxed to guarantee only one service point per municipality.¹² In Denmark, Government-driven digitalisation has led to a sharp decline in postal volumes and revenue.¹³ First class postage has been scrapped, delivery times increased, delivery days reduced and the redirection service limited in efforts to save money.

Changes to the USO in the UK are not inevitable or expected in the short term, and would require the consent of Parliament. However, it's important that we are equipped to contribute to future debates on the USO, given trends in postal volumes and discussions taking place at the European level.¹⁴

We do not intend to commission new external research at this time. Instead, we will undertake in-house research and work with partners, such as the European Commission and global postal operators, to ascertain the impact on consumers of these changes, informing UK policy-makers in their future approach to the USO. Our work will have particular regard to vulnerable groups and those living in rural areas, and will explore whether their access to post has been limited by reduced delivery frequency, increased costs, or fewer access points.

1.4 Build the future energy market around consumers - Energy

New ways of generating, distributing and using energy should bring significant benefits for consumers, energy systems, and the environment. We want to make sure domestic consumers and small businesses benefit from these developments and that consumer protections are built-in from the start. Lessons should be learnt from the heat sector where we see significant detriment because consumer protections were considered too late in the day.

As new services and products emerge, we will research consumers' early experiences. This includes services related to electric vehicles, time of use tariffs, household-level battery storage or solar panels. We will explore barriers to adopting new products and services, particularly for vulnerable consumers. We will examine detriment, access to advice and redress, and the adequacy of consumer protections. And we will advocate for stronger consumer protections in the EU's Clean Energy Package as this is finalised.

¹² Yle Uutiset, [Mail deliveries to drop to three days a week in Finnish cities](#), 15 September 2017

¹³ The Local, [Denmark's postal service just got even worse](#), 3 May 2016

¹⁴ See, for example, the focus on sustainability of the USO in the 2018 ERGP work programme.

In recent trials of time of use tariffs, 25-40% of consumers faced higher costs at the end.¹⁵ It is vital that consumers are able to choose the products that are right for them. The increasing complexity of these tariffs makes this more difficult. An attractive rate might end up more expensive if it's only available a few days a year, or the consumer is unable to shift their usage. In 2018/19, we will therefore explore how we can provide additional advice to help consumers decide if a certain time of use tariff is right for them.

A range of new supplier models have entered the market over the past few years. Many of these, such as local authority suppliers, have ambitious aims to tackle vulnerability and fuel poverty. We will explore which of these models might deliver the best outcomes for consumers. We will support Ofgem's work on future supply arrangements by examining what changes to the supplier hub model (such as the emergence of new third party intermediary models) will mean for consumers. We'll also consider the different ways they might engage with the market and how they should be protected.

We will feed into Ofgem's work on market-wide half-hourly settlement, providing our views and evidence to ensure this reform process considers consumers' data privacy. We will highlight any impacts on those who will, for whatever reason, not be half-hourly settled.

1.5 Help flexible regulation to drive improvements in service - Energy

The energy regulator Ofgem recognises that a fast-changing market requires more flexible, and less prescriptive, regulation. This new regulatory regime makes sense but it makes our early warnings of consumer detriment all the more important. Through our Consumer Service, Extra Help Unit (EHU) and local Citizens Advice we have access to rich data about the consumer experience. The EHU in particular, with its statutory powers to investigate complex complaints for vulnerable consumers, provides an in-depth understanding of emerging issues with particular suppliers.

We will continue to pool our resources with Ofgem and the ombudsman, highlighting new issues as they arise and working collaboratively to improve customer service. We will monitor the impact of recent changes to the Standards of Conduct and new informed choices principles on consumers across England, Scotland and Wales. We will work to drive up customer service standards by benchmarking energy company performance against best in class companies in other sectors. And, as new technical and regulatory challenges emerge, we will

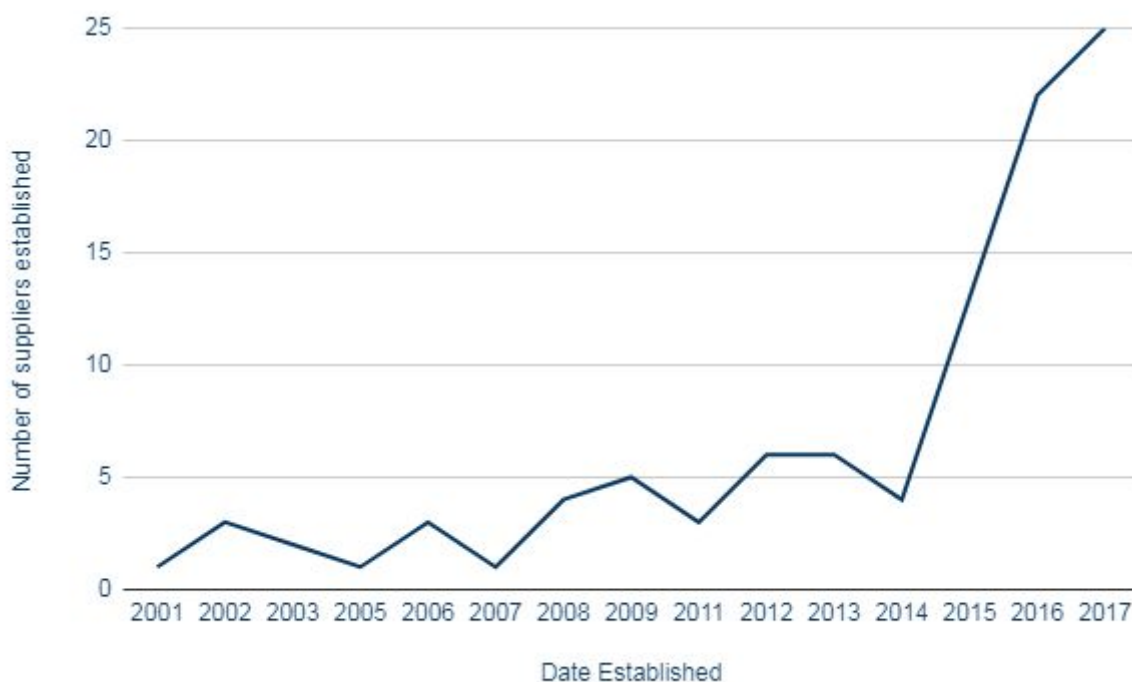
¹⁵ Citizens Advice, [The Value of Time of Use Tariffs in Great Britain](#), July 2017

continue to share good practice with suppliers through our consumer-focused guides.

1.6 Ensure that new market entrants put consumers first - Energy

In the energy retail market, we expect the steady stream of new suppliers to continue, including some set up by local authorities. We are also seeing new third party intermediaries start to enter the market, some blurring traditional relationships between consumers and suppliers. For example, new business models testing peer to peer trading, and smart solutions related to storage, are changing the way consumers interact with energy in their homes. More innovative technologies will enter this market as more homes acquire smart meters. It's essential that consumers understand what they are signing up to and are able to access support and advice if they need it.

The number of energy suppliers established annually has risen sharply¹⁶



There is also a need to scrutinise new entrants. In 2016, we saw the first supplier since 2008 exit the market. This added nearly £1 to every household's bill. Increasingly, we meet new suppliers with inadequate processes and insufficient understanding of licence requirements. At worst, we have seen households left off supply in the winter as a result. We will continue our efforts to engage new suppliers as they come into the market, share our consumer expertise and introduce them to the statutory complaints processes. We will also conduct

¹⁶ Based on data collected by Citizens Advice from suppliers and Companies House

research into how other sectors handle new entrants and push for improvements to the licensing regime through legislative change.

Large numbers of new network connections are being won by independent distribution network operators (IDNOs). The number of owners of small independent distribution networks is also increasing. This helps to apply competitive pressure by offering housing developers a choice of network provider but it is important that consumer protections are in place for consumers who receive services from these companies. These companies are not subject to the same regulations as traditional DNOs and a lack of reporting means we don't know how well they are delivering for consumers. Building on our previous work around DNOs and gas transporters, we will undertake research to assess IDNO performance against key consumer outcomes, identify good practice and areas for improvement, and shed light on the experiences of consumers across England, Scotland and Wales.

There are now around 17,000 heat networks in the UK, supplying heat to approximately 446,000 homes.¹⁷ Estimates suggest this could rise to 2 million homes by 2030 in order to meet UK carbon reduction targets.¹⁸ The lack of regulation and competition in this sector means there is no consistency of service for consumers and no means of redress when things go wrong. We will continue to work with Government and industry to push for the implementation of a regulatory framework, and for the Competition and Markets Authority (CMA) to launch a market study investigating domestic heat prices.

1.7 Push for a parcels market that works for consumers - Post

The UK parcels market has a value of almost £10 billion,¹⁹ with consumers receiving an average of 31 parcels per year.²⁰ Over 80% of UK adults shop online at least once a year, the highest number anywhere in the EU,²¹ with nearly a quarter of consumers preferring to shop online rather than in store.²²

With UK consumers increasingly reliant on the ability to receive goods bought online, it is vital that the parcels market serves them well. Our work has already highlighted areas for improvement and we are working with industry to address these. Our research has found that almost two thirds of consumers have experienced problems with parcel delivery, with the biggest single problem

¹⁷ Department for Business Energy and Industrial Strategy, [Heat network metering and billing regulations: compliance and guidance](#), 2016

¹⁸ Policy Exchange, [Too hot to handle](#) 2016

¹⁹ Financial Times, [UK parcels market nears £10bn in annual turnover](#), 2017

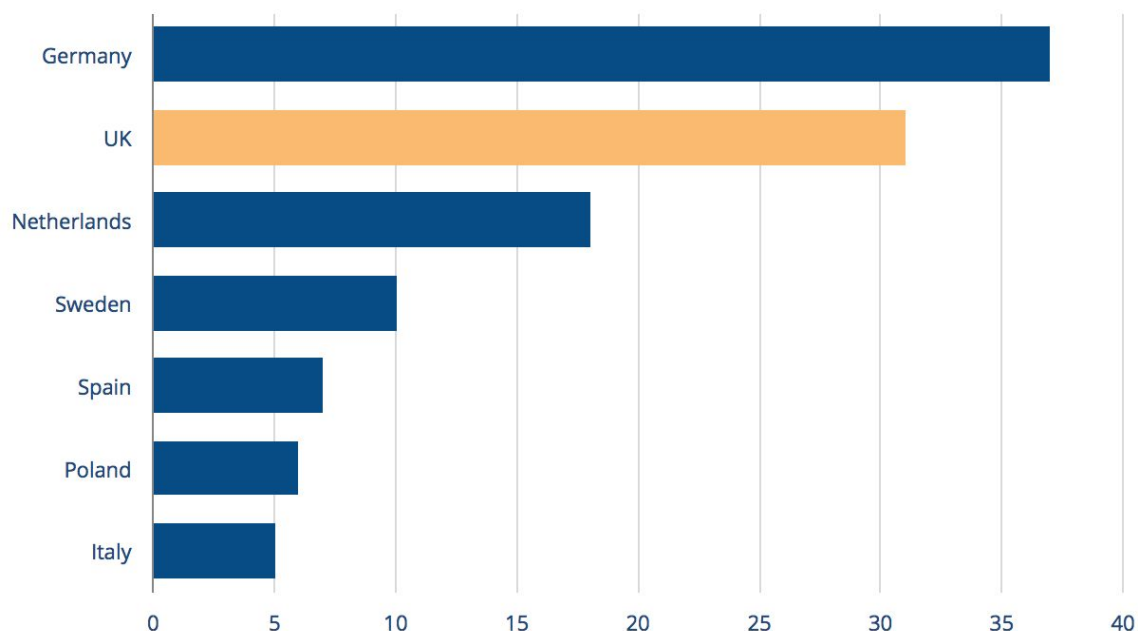
²⁰ Ofcom, [International Communications Market Report](#), 2016

²¹ Eurostat, [E-commerce statistics for individuals](#), 2016

²² Ofcom, [International Communications Market Report](#), 2016

being receiving a 'sorry you were out slip' when someone was home.²³ To help improve first time delivery rates, we are working with Citizens Advice Scotland and industry to explore the feasibility of options such as expanded access to parcel lockers and community collection points.

UK consumers, on average, receive over 30 parcels per year (2015)²⁴



We will build on our existing work by using our understanding of what a well functioning market should look like. We will undertake in-house research and examine existing industry data. Where further issues are identified, we will work with industry and partners to develop solutions to consumer issues such as quality of service and access to redress. We will also commission external research to build on our unique geospatial analysis of parcel collection points across England, Scotland and Wales. This will help us to better understand consumer use of collection points and their experience of collecting, sending and returning parcels.

The size of the UK parcels market has grown by over 50% since 2010.²⁵ Most of this growth comes from e-commerce deliveries, with the B2C segment growing at 19% compound annual growth rate between 2010 and 2015 (see chart, below). But growth is also increasingly being driven by parcels sent by consumers and small businesses (C2X parcels). At the same time, new models have entered the market with consumers able to purchase delivery services

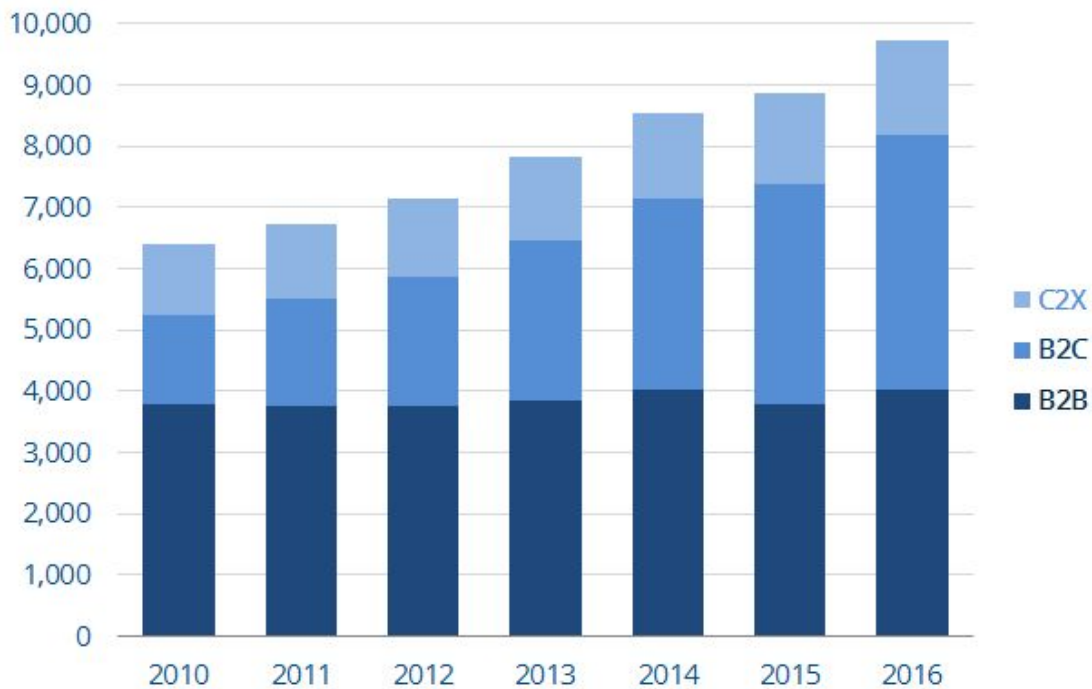
²³ Citizens Advice, [Parcel delivery: Delivery services in the online shopping market](#), June 2017

²⁴ Ofcom, [International Communications Market Report](#), 2016

²⁵ Apex Insight, [UK Parcels Market Insight Report 2017](#), February 2017

through brokers as well as directly through Royal Mail or other parcel operators.²⁶

B2C parcels have grown significantly since 2010 (turnover £ million)²⁷



With such rapid change it is important that consumers can navigate this market effectively and are able to choose the most appropriate products for the best price. While the shape and size of this market are well documented from an industry perspective, less is known about accessing parcel delivery services from a consumer perspective. We will therefore commission research to understand the consumer experience of the C2X market. The research will primarily focus on the following areas of the C2X market: whether consumers have adequate access to the range of services on offer, transparency and clarity of pricing structures, access to redress if things go wrong, and whether consumers understand their rights and responsibilities when using these services - an area of particular relevance for the growing numbers of small and micro-businesses selling through online marketplaces.

Our research shows that many consumers are not aware of their rights when it comes to parcel delivery. Only 50% correctly identified that it is the retailer who is responsible for ensuring their parcel arrives safely, 75% do not know the

²⁶ Parcel brokers such as Parcel2Go, D2D Xpress, and Parcel Monkey act as intermediaries between consumers and parcel operators or couriers. By aggregating demand, parcel brokers are able to offer lower rates to consumers than if they were to approach companies individually.

²⁷ Apex Insight, [UK Parcels Market Insight Report 2017](#), February 2017 (CAGR 2010-15: C2X 7.7%, B2C 18.9%, B2B 1.4%)

length of their cooling off period, and 83% do not understand their rights to a refund.²⁸ We will educate consumers on their parcel delivery rights, developing and delivering consumer education campaigns coinciding with peak e-retail periods such as Black Friday and Christmas.

1.8 Understand how fluctuating incomes and billing practices interact - Cross-sector

In today's flexible labour market, increasing numbers of consumers have insecure and unpredictable incomes. Often this fits the way they live their lives, but for others it can cause budgeting nightmares, never knowing where the next paycheck is coming from. We'll work with companies in essential service markets to identify where providing flexibility in how consumers are billed could help increase reliable payment and reduce the possibility of customers falling behind on their bills. People with fluctuating physical or mental health conditions can face particularly volatile incomes, as well as being especially prone to detriment in essential service markets. We will ensure our research focuses on solutions for these groups.

1.9 Ensure consumers have access to redress, resolution and automatic compensation

Cross-sector and Energy: This year, we're continuing to identify the scale of compensation that is unpaid. In energy, £2.2million of compensation did not reach consumers in 2015/16 when they had not received guaranteed levels of service²⁹. Meanwhile, in many sectors, consumers are still not guaranteed access to redress and Alternative Dispute Resolution (ADR) when things go wrong.

The need for regulation is clear. Consumers tend to make purchasing decisions on the assumption that things will go right, so companies have little competitive incentive to improve how they act when things go wrong. This year, we'll work with companies and regulators to improve consumers' rights, automate compensation and persuade Government to extend and improve ADR provision.

Post: In postal services, the rights and routes to redress available to consumers are complex. Although Royal Mail customers have access to a clearly defined complaints process and an ADR service, those that use it often report being dissatisfied with the process. For example, two in five report concerns with how their complaint was handled (42%), how their complaint was resolved (42%) or

²⁸ Citizens Advice, [Parcel Delivery: Delivery services in the online shopping market](#), June 2017

²⁹ Although £1 million of this sum plus a 20% penalty was returned to all electricity consumers as required by regulation.

how long it took (38%).³⁰ These type of problems are often exacerbated in the parcels market, where the complex relationship between consumers, retailers, national and regional carriers means consumers can feel stuck between companies with nobody willing to take responsibility for the problem.³¹

Understanding the scale and nature of problems that people encounter with postal services can be challenging. Royal Mail is required by Ofcom to publish a breakdown of its complaints data. But in practice this often reveals little about the specific types and impact of problems consumers experience. Meanwhile, in the wider parcels sector, operators are not required to publish any complaints data at all. This presents a challenge to policy makers seeking to ensure that the needs of postal consumers are being met.

A growing number of consumers are turning their backs on traditional complaints channels, choosing instead to register their dissatisfaction and seek resolution through social media platforms. Using a technology platform called Method52 (developed by The Centre for the Analysis of Social Media)³² we found that each month consumers direct an average of 35,000 tweets at parcel operators mentioning either a specific 'issue' (see footnote) with parcel delivery services or general dissatisfaction with the quality of service provided. In the run up to Christmas the volume of these tweets increases substantially, with over 85,000 recorded in December 2017.

Taken together, these tweets contain a wealth of insight on the types of problems consumers experience in postal services markets and the additional frustration they can encounter when trying to get these problems put right. At the moment, this insight is largely untapped.

In 2016/17 we began to explore how we can use Method 52 software to harvest, and gain insight from, complaints made through social media. This year, we will build on this exploratory work, asking questions of the data to develop a strong picture of the volume and nature of the complaints made through in this way, and how the insights from these complaints can be used to best effect by

³⁰ Ofcom, [Residential Postal Tracker \(January - December 2016\)](#), 2017

³¹ Citizens Advice, [Parcel delivery: Delivery services in the online shopping market](#), June 2017

³² We collect all Tweets written in English that reference Royal Mail, the Post Office, or UK-based postal operators (or in cases where an operator also operates abroad, we record Tweets directed at their UK, or European Twitter page), either by their Twitter handle or specified keywords. Method52 then uses natural language processing to classify the Tweets into 'issues'. A Tweet is classified as an issue if it is from a consumer about an issue they have experienced, or are experiencing, relating to postal services. This includes information-only queries (if it is clear there is a specific problem), and problems reported in non-compliant language. It also includes general negative comments from consumers about the postal services industry or postal service providers.

regulators, policy makers and consumer advocacy bodies. We will also work with industry to understand how, if at all, complaints made through social media currently interact with their formal complaints processes and whether and how they use insights from social media complaints to monitor and improve the service they provide to their customers.

2. Ensure major projects and infrastructure investment deliver good value for consumers

Essential markets rely on investment in major projects and infrastructure, paid for by consumers or taxpayers. These costs constitute a substantial proportion of consumers' bills: in energy, Ofgem will agree new revenue controls with energy network companies costing up to £100 billion, forming a quarter of consumers' final bills. In other markets, there are important questions about whether and when to invest: in telecoms, for example, a broadband Universal Services Obligation would require significant investment, but there is no consensus on how such investment would be funded.

Investment must be managed well in order to deliver good outcomes. Many projects - whether it be the £100 billion cost of energy networks, the £12 billion rollout of smart meters or the £2 billion funding of the Post Office transformation programme - face little if any competitive pressure. Our analysis of energy networks' profitability found £7.5 billion of consumer overpayments over the current price control. We'll campaign for more companies to follow the lead of Scottish and Southern Electricity Networks and SGN and give excess profits back.

Major investments in other areas also affect our consumer work. The cumulative cost of setting up Universal Credit is estimated to be £15.8 billion.³³ This offers opportunities for cross-pollination of expertise: lessons we have learned from scrutiny of the rollout of Universal Credit will have relevance for the smart meter rollout, for example. Universal Credit has shown us the importance of implementation, the procurement and management difficulties involved in complex IT projects, and the need to focus on the end consumer experience.

We'll know we have succeeded in tackling these issues if consumers get a better deal in the next round of energy network price controls, if the smart meter rollout meets the needs of consumers, and if access to post offices is preserved.

There are 6 projects under this theme.

³³ [Annual Report](#), Major Projects Authority, 2015

2.1 Advocate for fairer energy network costs for all consumers - Energy

Next year Ofgem will begin deciding how much networks can charge for managing the pipes and wires that deliver energy to our homes. These payments are made by all consumers through their energy bills and are currently worth nearly £100 billion over eight years. In our recent report we found key forecasts made in the last decision fell in favour of the network companies, costing consumers an estimated £7.5 billion.³⁴

These payments are agreed by a negotiation between network companies and the regulator. This is a hugely complex task for which Ofgem will set its methodology in the next year. Seemingly small, technical decisions at the margins can have huge impacts on consumer costs: for example, a 0.1% adjustment to the cost of capital can increase consumers' costs by £400 million.

Industry is extremely well-represented in these negotiations. We'll make sure that consumers have a powerful voice at the table. As Ofgem makes decisions on the next price controls, we will build on our findings from the previous process and conduct new research and analysis as the framework develops, working closely with Ofgem and providing a robust counter-balance to the industry. We'll also work with Ofgem as they reform the methodology for how network companies recover agreed revenues from consumers.

2.2 Make sure consumers get value for money from other monopoly services - Cross-sector

There are hundreds of billions worth of monopoly assets in the UK consumer economy. What is true for energy networks is true for other essential monopoly services: the exceptional economic climate and regulators' caution has too often led to decisions that have ended up in companies' rather than consumers' favour. For example, this was found by ourselves³⁵ and by the National Audit Office for the 2010-2015 water price control.³⁶ This year, we've begun to apply the insights we developed regarding energy networks to potential overpayments or under-investments in other sectors with price regulated monopolies.

Multiple regulators are considering their next round of price controls. In the coming year, we'll build on this analysis to propose a series of remedies for improving the regulation of monopoly businesses in essential markets. We'll

³⁴ [Energy Consumers' Missing Billions](#), Citizens Advice, 2017

³⁵ [Many Happy Returns?](#), Citizens Advice, 2015

³⁶ [The economic regulation of the water sector](#), National Audit Office, 2015

identify good practice from regulators in different areas to make improvements to price controls across markets.

2.3 Help scrutinise the hidden costs of energy - Energy

Consumers' energy bills aren't just formed by the costs of networks, suppliers and the energy itself. We also pay for system changes, low carbon incentives and other government policies. £132 of the average dual fuel bill is currently attributable to policies intended to help us decarbonise and keep the lights on. This is forecast to rise to £164 by 2020. In 2014, the government estimated that around £100 billion of investment may be needed in the electricity system alone by 2020, costs that will be met by bill-payers.³⁷

The calculation and allocation of these costs is complex and opaque. Consumers are underrepresented by contrast with industry and other well-resourced interests and, consequently, can end up paying more than they should. We will represent all consumers at the negotiating table and bring decisions into the public domain so consumers can have their say.

Further, many decisions about major system changes, such as half hourly settlement and faster switching, are made by industry code panels. These decisions determine how large amounts of money are spent and allocated, which eventually find their way onto our bills. We will continue to use our expertise and evidence to ensure GB consumers get a fair deal.

The Helm review posed fundamental questions about this complex and costly web of incentives, interventions and system costs and provided some radical answers. We will conduct our own analysis and contribute to the debate as government develops their answers to these questions.

2.4 Ensuring consumer access to a high-quality Post Office network - Post.

The Post Office Network Transformation Programme is due to conclude in April 2018. During this programme, around 7,500 post offices have been modernised or moved to new premises. We have worked with Post Office Ltd. to agree improvements or clarifications in three quarters of off-site cases following public consultation over this period.³⁸ As this programme concludes, we will focus on aggregate monitoring of post office access. We will review the number and location of post offices across England, Scotland and Wales to ensure customers,

³⁷ All figures from [Controlling the consumer-funded costs of energy policies: The Levy Control Framework](#), National Audit Office, October 2016

³⁸ [Post offices matter to communities](#), Citizens Advice, October 2017.

including small businesses, are not at risk of detriment, which could arise from a cumulative increase in temporary closures or reductions in opening hours or services. If we identify adverse trends we will make recommendations to Post Office Ltd. to help them develop measures within their control to preserve consumer access.

More than 20% of all Post Office Crown branches have been franchised since 2012.³⁹ Crown branches are usually in town centre locations and have four times as many customers per week than other post offices. We will continue to oversee the public consultation of Crown POs. We will also publish analysis of recent Crown post office changes as well as new analysis of our existing evidence on post office service standards.

Unlike mail services, there is no regularly reported public data on customer experience of post office services. We will commission an annual representative survey on a focused range of measures for customer satisfaction and post office use, supplemented by existing commercial data where possible. We will collaborate with stakeholders to make sure that this work is targeted and adds value to existing industry metrics. To ensure the voice of vulnerable consumers is at the heart of this work, our representative sample will include groups at high risk of detriment, such as older and rural consumers and people with mental health problems.

2.5 Keep the smart meter roll-out focused on consumers - Energy

On current expectations, around one quarter of homes should get a smart meter in the next year.⁴⁰ This will push new smart meters up the agenda as a consumer issue. Significant investment has been made in this technology on the basis that it will deliver benefits to the energy system as a whole but also put consumers - both domestic users and small businesses - in control of their usage. All consumers are paying for this investment so it is vital all benefit from the technology.

We have a strong record of representing consumers in the smart meter rollout, which we will build on in 2018/19. We have been collecting and analysing data on the consumer experience of smart meters across England, Scotland and Wales since 2013. This data is invaluable for understanding the technical

³⁹ Citizens Advice Analysis, [Westminster Hall debate on post office closures](#), 27 April 2017

⁴⁰ Citizens Advice estimate based on [Smart Meters Statistics, Quarter 3 2017](#), Great Britain, Department for Business, Energy & Industrial Strategy, November 2017

difficulties and consumer impacts emerging from the roll-out. By listening to those who contact us, we have helped to shape the programme, highlighting potential risks and improving the consumer experience. We have worked with industry through the programme's consumer groups to make recommendations for improvement.

Most recently our work has secured progress on backbilling, post-installation support, prepay switching and enrolment of early smart meters. In 2018/19, we will track existing risks and be alert to new issues and concerns. We will provide the necessary evidence and recommendations for the industry to maintain a good consumer experience as the roll-out gathers pace. We will also use what consumers are telling us about the new technology to ensure our national advice remains relevant and up to date.

2.6 Ensure accessible and deliverable energy efficiency policy - Energy

For many households energy efficiency is the most effective way to reduce bills. The Government has committed £6.8 billion up to 2028 through ECO,⁴¹ as well as consulting on other energy efficiency incentives as part of the Clean Growth Strategy. The Welsh Government has also committed £240 million per year for its own Warm Homes schemes up to 2021.

Significant changes are needed if government is to realise its energy efficiency objectives. We are currently researching long term answers to the hard questions being asked about energy efficiency policy. We will contribute evidence on funding streams, delivery models and consumer engagement into the debate around the future of energy efficiency across the UK.

The UK government's renewed commitment to minimum standards for renters in England and Welsh Government's implementation of new standards suggests that new self-financing options will need to be brought forward in the coming year. We will research the consumer perspective on previous schemes and ensure the lessons are reflected in the policy as it develops.

⁴¹ £640m per year for five years to 2022 committed in [Spending Review 2015](#), HM Treasury, November 2015 and a further £3.6bn committed up to 2028 in [Clean Growth Strategy](#), BEIS, October 2017

3. Reformed markets that do not exploit consumers' behaviour

Essential markets often exploit consumer behaviour. For example, companies take advantage of consumers' busy lives by placing long-standing customers on uncompetitive deals. This is what we call the 'loyalty penalty' and we have identified it in many markets. Consumers pay an average of £111 more than they should for a low or mid range mobile handset,⁴² 43% more a month for basic broadband when the initial contract ends,⁴³ and over £3,000 extra if they have stayed with the same energy providers for over 15 years.⁴⁴

The loyalty penalty is already costing the average consumer hundreds of pounds every year but it could soon get much worse. New technology such as big data and algorithmic pricing, could be used to further exploit consumer behaviour.

We think there may be wider costs in these broken markets. Large incumbents can rely on revenue from unengaged consumers, so face less pressure to innovate, increase efficiency, and improve customer service. Ending the loyalty penalty will help consumers *and* the wider economy by forcing companies to increase their productivity.

We will address these problems by encouraging consumer engagement and wider market reform. We'll seek to identify new ways to engage people with essential markets. Our advisors already help save our most vulnerable clients hundreds of pounds every day. For example, over a single winter, Citizens Advice Reading helped 500 clients save an average of £240 a year from their bills.⁴⁵ But we also know that engagement can only have a limited effect. For every low-income household we help get onto a better energy deal, there are dozens that we will never see. Markets need to be reformed to work for consumers, so we'll review the evidence of what works in this space.

We'll have succeeded in tackling these issues if we persuade regulators to take more effective action on reducing the loyalty penalty in different markets, work

⁴² Citizens Advice, [3 of the largest mobile phone providers are overcharging loyal customers](#), 2017

⁴³ Citizens Advice, [Exploring the loyalty penalty in the broadband market](#), 2017

⁴⁴ Citizens Advice, [What's the true cost of loyalty for consumers?](#), 2016

⁴⁵ Reading Voluntary Action, [Save money on energy bills](#), 2017

well with Ofgem and the Government to design an energy price cap that works, and prepare for the implications of big data.

We have 6 projects under this theme.

3.1 Establish the costs of the loyalty penalty - Cross-sector

We've calculated the loyalty penalty in energy, insurance, broadband, mobile and mortgage markets this year. To complete this research programme we'll identify its impact in further markets.

We will also commission research on the broader economic consequences of the loyalty penalty and other forms of consumer inertia where relevant. Incumbent firms - often companies who started as the state-run monopoly - still dominate many major markets, and competition remains limited. In energy, the 'Big Six' providers have kept 85% of the market and the top 4 broadband providers have 95%.⁴⁶ Even though engaged consumers *have* been switching, most have stayed on deeply uncompetitive deals for years. In energy, for example, 3 in 4 consumers on the lowest incomes across Britain have never switched.⁴⁷

In the coming year, we'll estimate the wider costs of the loyalty penalty and how much could be gained - by consumers and the wider economy - if regulators and the Government tackled it.

3.2 Fix the loyalty penalty - Cross-sector

We're determined to help fix problems as well as quantify them. We set out suggestions for increasing market participation, but after years of the best consumer, regulator and industry minds trying to improve this, we think it's time to try other strategies too.

We'll review evidence across markets and countries to understand potential remedies, alongside our work to ensure the energy price cap is a success (project 3.3). We'll consider, for example, what types of price regulation work in different markets. And we'll explore how regulators can use principles based regulation to give companies the right incentives to fix this problem.

3.3 Protect against excessive energy prices - Energy

⁴⁶ Ofgem, [Electricity supply market shares by company: Domestic \(GB\)](#), October 2017; Ofcom, [The UK Communications Market: Telecoms and Networks](#), 2017

⁴⁷ Centre for Sustainable Energy on behalf of Citizens Advice, [Energy tariff options for consumers in vulnerable situations](#), 2015

Since the Competition and Markets Authority (CMA) established the scale of detriment suffered by energy consumers (an average of £1.4bn a year),⁴⁸ we have been campaigning for consumers on default tariffs to be protected. Ofgem, the energy regulator, plans to protect vulnerable consumers from the highest prices and the government intends to protect all those on default tariffs through a draft bill.⁴⁹ We expect that these plans will be implemented in the year ahead.

As the plans are finalised we will work closely with government and the regulator, sharing our evidence and analysis of the potential impacts of the proposed solutions. We will use our expertise in the industry and first-hand experience of consumer detriment to identify risks. As the caps for prepayment and Warm Home Discount customers take effect, we will monitor both our market data and our caseloads to understand the impact on consumers.

We will engage throughout the legislative process to ensure that the consumer voice is heard in the deliberations of both houses. We will also continue to use other channels - behind the scenes with industry and in the public sphere - to advocate for consumers.

3.4 Help consumers switch energy supplier - Energy

The proposed price caps should protect consumers from the most exploitative prices. But in the long term, reducing suppliers' pricing power and addressing market inefficiency requires more consumers to engage. Around 2 in 3 households remain stuck on default tariffs despite significant savings to be made from either switching supplier or tariff.

More consumers would switch if systems were designed better. The CMA instructed Ofgem to implement remedies to simplify switching, including the potential for smart meters to make the market more engaging. We will monitor the impact of the smart meter roll-out and share our consumer insights. We know that small businesses often face similar barriers to getting a good deal. We will also publish joint research with Ofgem on the barriers faced by small businesses, look at the impact of CMA remedies on this group of consumers and support Ofgem to explore further ways they can be encouraged to engage.

This year, for the first time, price comparison websites will not need to show a whole of market comparison. This means our price comparison tool will be increasingly important, providing British consumers a full market comparison.

⁴⁸ CMA, [Energy Market Investigation - Final Report](#), June 2016

⁴⁹ Department for Business, Energy and Industrial Strategy, [Draft Domestic Gas and Electricity \(Tariff Cap\) Bill](#), October 2017

We will continue to update and improve this tool and explore ways to make it easier for users to access their preferred deal. Service is just as important as price for many consumers. We will continue exploring new ways to publish information about suppliers that are outside the scope of our supplier star rating.

We will also continue to directly support consumer engagement in the market through our local network, digital offer and telephone helpline.

Big Energy Saving Network & Week

We know some consumers struggle to engage with the energy market and to reduce their energy costs. We also know how difficult it is to reach this group with interventions to help them engage. One important way to reach vulnerable households is to provide local, face-to-face advice on reducing bills.

The Big Energy Saving Network (BESN) is made up of local community groups and charities across Great Britain that can advise on issues including: energy saving in the home, switching energy suppliers, good value energy tariffs, and government support for warm homes and low fuel bills. The network is supported by Big Energy Saving Week which raises awareness of ways to reduce energy bills through promotion, media and events around the country.

The Network contains specially trained 'Champions' that coordinate the training of community volunteers so that they can proactively provide energy saving advice through events and outreach programmes in local communities to help households reduce their energy costs and consumption.

In 2018/19, we propose to deliver a single effective community outreach programme across England, Scotland and Wales, including the Big Energy Saving Network (BESN) alongside our delivery of the Big Energy Saving Week campaign and Energy Best Deal programme. The programme will combine the strengths of these current schemes while simplifying the commissioning process for Citizens Advice and delivery partners.

3.5 Assess the impact of big data, pricing algorithms and personalised pricing - Cross-sector

We have begun to develop a framework for judging when personalised pricing leads to better or worse outcomes for consumers across Britain. This year, we'll

put that framework into practice. We will work to understand what the necessary response from consumer advocates and regulators will be. We will look particularly closely at the energy market, where personalised pricing could have the greatest impact. In particular, we'll consider what strategies regulators can adopt in the face of complex pricing algorithms that companies themselves don't understand. This will include work alongside the CMA, Ofgem and UKRN to jointly explore how we maximise benefits for consumers.

3.6 Improve outcomes for people with mental health problems - Cross-sector

Our upcoming work on the loyalty penalty will show that people with mental health problems find it harder to shop around. This means they can end up paying more for their essential services. We will do further research with consumers across England, Scotland and Wales to understand the impact a mental health problem can have at other stages of the consumer journey, such as when switching provider.

4. Protecting and empowering vulnerable consumers

As a consumer advocate, we feel a strong responsibility to represent the most vulnerable consumers in society. This is reflected in our charitable objectives and in the sheer number of vulnerable people who come to us with problems in essential markets every day.

Some personal characteristics give rise to the need for special consideration in essential markets - poverty, pensioners, those with disabilities and long term health conditions and households with children. In local Citizens Advice offices in the last year we helped 440,000 people in one of these groups with consumer issues - accounting for 61% of all our local office clients. Of these, three quarters were on a household income of less than £16,000.⁵⁰

The Extra Help Unit have also helped around 8,000 energy consumers in vulnerable situations in the year to date⁵¹ - investigating their issues, obtaining financial redress and helping suppliers to improve their processes for supporting vulnerable consumers.

As consumer markets rapidly evolve, it is more vital than ever that they do not leave people behind and that any changes to the way services are delivered are designed with everyone's needs in mind, so that all consumers feel like they have a stake in future markets.

This year we'll build on insights developed in the water and energy industries, as well as make use of our own data and network, to help companies identify their vulnerable customers and ensure they have access to high quality essential services. We will also focus on what more can be done to support those who contact us in serious situations. Victims of domestic abuse who cannot receive their post, families with young children or long term health conditions who cannot afford to turn their heating on.

We will have succeeded in this area if there is a stronger, more coherent offer of support for vulnerable consumers. Success would also include guarantees that those more likely to be disadvantaged or in crisis situations are able to access the products and services that are essential to their daily lives and not have their situation made worse in the process.

⁵⁰ Internal analysis of our client data (November 2016 - November 2017)

⁵¹ Internal analysis of our client data (October 2016 - October 2017)

4.1 Preventing crisis situations

Energy

Energy consumers are at their most vulnerable when they lose access to their heating and lighting because they cannot afford to pay for it. We still see far too many cases of this happening and it is particularly concerning when those households contain children, people with health conditions or older people.

As a priority, low income vulnerable consumers should be given immediate price protection in the market. We also want to go further by exploring options such as increasing the number of households who receive direct financial support, and ensuring this vulnerable group get the energy efficiency measures they need to make their bills more manageable.

One sixth of GB households have prepayment meters,⁵² which means if they cannot afford to top-up, they automatically lose their supply. Building on our survey work to understand the extent and nature of self-disconnection in GB, we will work with industry on how they can best support these consumers. We will also look at what more can be done to identify and support those on credit meters who cannot afford to pay for the energy they need.

Cross-sector

Benefits changes are often the main cause of people being left with no money for their gas and electricity⁵³ or falling into debt in other essential services.⁵⁴ We have also researched the problems Universal Credit is causing for household finances. We will explore ways to help people retain access to essential services and stay out of debt when they experience significant income changes.

4.2 Drive improvements in service - Energy

Ofgem introduced a new vulnerability principle this year that gives suppliers a broad obligation to vulnerable consumers, similar to those in the finance sector. However, success of this obligation will depend on how suppliers interpret it and

⁵² [State of the energy market](#), Ofgem, November 2017

⁵³ 22% of those self-disconnecting cited change in benefit income - [Topping-up or dropping-out: self-disconnection among prepayment meter users](#), Citizens Advice 2014

⁵⁴ 25% of those behind with council tax cited change in benefit income as a reason - [Catching up: Improving council tax arrears collection](#), Citizens Advice, July 2016

we anticipate range of responses. We will introduce an easy to understand indicator for how well each supplier is treating their vulnerable consumers.

Energy UK will be undertaking some major new work to review industry practice, consider evidence and make recommendations for improving outcomes for vulnerable customers. We will support this work by providing evidence and challenge on the areas we think are key for addressing the needs of vulnerable consumers.

4.3 Ensure vulnerable people are not disadvantaged when accessing postal services - Post

Following our UK-wide research on disabled people's experience of accessing postal services, we will work with industry to implement recommendations ensuring disabled people's needs are being met. We will use this data to look at specific types of disability, such as mental health problems, and advocate for additional improvements for these groups.

Post Offices are used by all sections of society, with 97% of consumers and 93% of small businesses using a post office at least once a year.⁵⁵ Post offices are of particular importance, however, to people in rural areas and for vulnerable groups such as older people and people on low incomes.⁵⁶ Our research found that 9 in 10 disabled and older consumers describe the post office as "essential".⁵⁷ Therefore, we will review existing data to understand how changes to the post office network have impacted on consumers.

Our research found people in rural areas are more likely than those in urban areas to depend on their local post office for access postal services, with 1 in 3 (31%) rural residents using a post office at least weekly compared to 1 in 5 (21%) in urban areas.⁵⁸ Using these and other existing findings on community post offices and postal operator access points we will advocate for rural consumers to ensure adequate access to high-quality Post Office and postal services.

In addition, we will work with other organisations and stakeholders to develop our understanding of vulnerability in relation to post and postal services - including looking at intersectionality - to ensure that we advocate for all vulnerable consumers.

⁵⁵ [Consumer Use of Post Offices](#), Citizens Advice, 2017

⁵⁶ [Consumer Use of Post Offices](#), Citizens Advice, 2017

⁵⁷ [New model post office access for disabled consumers](#), Citizens Advice, 2017

⁵⁸ [Rural Post Office Use](#), Citizens Advice, 2017

4.4 Ensure access to post for those with no permanent address - Post

There are over 300,000 homeless people in Britain, up 4% since 2016.⁵⁹ 1 in 200 people are currently homeless, rising to 1 in 25 in some areas.⁶⁰ Having no fixed address, or moving between temporary accommodations can be a significant barrier to receiving post. This can lead to problems accessing essential services through the post, including banking or voter registration. Regular and reliable access to post is even more important for correspondence that is highly time sensitive, such as letters regarding court hearings and benefits.

We will investigate the effects of this detriment, examine the options available for homeless people across the UK to access post, and make recommendations to ensure these are as accessible as possible. This research will be conducted in-house by Citizens Advice.

4.5 Increase the uptake of Freepost - Post

Our research suggests that more than half of people who are provided with a Freepost envelope during their benefits claim do not use it, opting instead to pay for an alternative service.⁶¹ However, it was not clear from the research why this is the case.

It is important we understand if there are any barriers to using Freepost because people on low incomes could be spending money on mail services unnecessarily. This is particularly an issue if they have to send significant volumes of mail to access benefits or public services.

Therefore we will commission a short survey to understand the barriers to using Freepost, and identify appropriate actions to increase its uptake.

4.6 Improve identification of vulnerable consumers - Cross-sector

A longstanding issue in supporting vulnerable consumers is the difficulty providers face in identifying people who need extra support, particularly in energy and postal markets. Language and information can play a key part in consumers' receptiveness to disclosing vulnerability or accepting a support offer. We will explore how behavioural insights can be applied to improve the ways

⁵⁹ [Far from alone](#), Shelter, 2017 (This figure includes people identified as rough sleepers, single people in hostels, households owed a statutory homeless duty by a local authority and homeless households being accommodated by social services.)

⁶⁰ [Far from alone](#), Shelter, 2017

⁶¹ [Using the post to access benefits](#), Citizens Advice, 2017

essential service providers identify people who are vulnerable, as well as improving disclosure rates among vulnerable groups. Based on data sharing arrangements in energy, we will explore what similar interventions might be possible and appropriate in other essential markets and what more providers can do to identify vulnerable customers.

We also intend to introduce a tool to allow vulnerable GB consumers to notify their utility companies about their needs through a single form.

Provisional expenditure 2018/19

Our proposed budget for 2018/19 sees expenditure on Citizens Advice core consumer advocacy work fall by 8% year-on-year in cash terms and 11% in real terms. We have held our budget in energy flat in cash terms (equivalent to a 2% cut in real terms). We have also proposed a further year-on-year reduction in post of 33% in cash terms (31% in real terms) to reflect the changing nature of this market. These savings reflect our ongoing commitment to value for money for consumers, seeking greater impact even while we cut the costs of our work.

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 & 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. 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 2018/19 we are also pleased to oversee the Big Energy Saving Network and Big Energy Saving Week. The agreed budget for this work will be £1.6 million (Table 2).

Table 1: Citizens Advice core consumer advocacy budget for 2018/19

Citizens Advice 2018/19	Programme Spend (GB)	Staffing & related costs (GB)	Total GB	Scotland	Total GB & Scotland
Directorate	0	205,100	205,100	9,300	214,400
Energy	800,000	2,490,300	3,290,300	139,800	3,430,100
Post	138,000	966,100	1,114,100	31,000	1,135,100
Cross-Sector	164,000	518,200	682,200	58,300	740,500
Total	1,102,000	4,179,700	5,291,700	238,400	5,520,100

Table 2: Funded Delivery Programmes - Energy

Citizens Advice 2018/19	Programme spend	Total
Big Energy Saving Network/Week	1,597,100	1,597,100

Annex A: Post themes

Alongside this work, we have published a full annex outlining the work we intended to carry out to advocate for consumers in the postal market. This includes the following projects focused on postal consumers:

- 1.1 Secure the best Brexit deal for postal consumers
- 1.3 Understand the impact of potential changes to the Universal Service Obligation
- 1.7 Push for a parcels market that works for consumers
- 1.9 Ensure consumers have access to redress, resolution and automatic compensation
- 2.4 Ensuring consumer access to a high-quality Post Office network
- 4.3 Ensure vulnerable people are not disadvantaged when accessing post offices or receiving post
- 4.4 Ensure access to post for those with no permanent address
- 4.5 Increase the uptake of Freepost

Annex B: Energy themes

We have also published a full annex of our energy work alongside this work plan, available to download on our website. This includes the following projects:

- 1.1 Secure the best Brexit deal for consumers
- 1.2 Ensure consumers are comfortable with how their smart data is used
- 1.4 Build the future energy market around consumers
- 1.5 Help flexible regulation to drive improvements in service
- 1.6 Ensure that new market entrants put consumers first
- 1.9 Ensure consumers have access to redress, resolution and automatic compensation
- 2.1 Advocate for fairer energy network costs for all consumers
- 2.3 Help scrutinise the hidden costs of energy
- 2.5 Keep the smart meter roll-out focused on consumers
- 2.6 Ensure accessible and deliverable energy efficiency policy
- 3.3 Protect against excessive energy prices
- 3.4 Help consumers switch energy supplier
- 4.1 Preventing crisis situations
- 4.2 Drive improvements in service
- 4.6 Improve identification of vulnerable consumers

Annex C: Cross-sector themes

We have also published a full annex of cross-sector themes alongside this work plan, available to download on our website. This includes the following projects:

- 1.1 Secure the best Brexit deal for consumers
- 1.2 Ensure consumers are comfortable with how their smart data is used
- 1.8 Understand how fluctuating incomes and billing practices interact - Cross-sector
- 1.9 Ensure consumers have access to redress, resolution and automatic compensation
- 2.2 Make sure consumers get value for money from other monopoly services
- 3.1 Establish the costs of the loyalty penalty
- 3.2 Fix the loyalty penalty
- 3.5 Assess the impact of big data, pricing algorithms and personalised pricing
- 3.6 Improve outcomes for people with mental health problems
- 4.1 Preventing crisis situations
- 4.6 Improve identification of vulnerable consumers