

Citizens Advice Consumer Workplan 2017/18: Summary of responses



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Summary

We received 51 responses to our work plan, up from 25 last year. The overall responses were:

- Positive: 45
- Mixed: 3
- Critical, do more: 2
- Critical, do less: 1

Stakeholder responses to our work plan were overwhelmingly positive, particularly for our energy proposals which were unanimously supported. Positive responses often highlighted the value of our research and insights on consumer experience, as well as the importance of detailed consideration of vulnerable consumers. Another common theme was the value of our role as an advocate for consumers, with some stakeholders specifically citing our independence as a key asset. Many stakeholders welcomed our collaboration with other consumer groups and businesses - some also suggested how we could extend this next year.

Overall we received 3 responses that were mixed, offering support for some proposals while criticising others. We received critical feedback from 1 stakeholder who suggested our plans contained *too much* work, and 2 others who felt that our proposals were *not ambitious enough*. The former suggested that our past proposals were disproportionate to the evidence of detriment and that our plans were duplicating other work.

The rest of this document presents a more detailed summary of the number and type of responses to each of the 3 sections of our draft work plan. We have reviewed all of them carefully and include our response to the key points raised in each section.

The full changes can be seen in our final work plan, published on our website.

Energy

We received a total of 21 responses relating to our energy work.¹ We have classified these responses as:

- Positive: 21
- Mixed: 0
- Critical, do more: 0
- Critical, do less: 0

The responses were all supportive, with no major areas of complaint. Unsurprisingly, there were some areas where industry disagreed with our approach to some aspects of energy costs, however none thought it was unreasonable for us to investigate. Other than that, there was wide-ranging support for our energy activity, with most suggestions being things that could be done to extend this work should time and resources permit it.

Theme 1: Cutting energy bills

We received 8 responses that made substantive comments about cutting energy bills.

Multiple responses included support for: our plans to assess the framework for controlling policy levies on bills (3), work focusing on less common tariff types including dynamic teleswitching and other time of use rates (3), monitoring the impact of the CMA's proposed energy market remedies (3), work focused on reducing costs from price controlled energy networks (2), work on energy issues faced by small and micro-businesses (2), and our ongoing role in providing the whole of market comparison service (2).

Only one aspect of work in this area received criticism from multiple respondents. These responses were critical of our proposals regarding the loyalty penalty suffered by consumers on standard variable tariffs, disputing that this is a genuine problem, and encouraging allowing a period of time for the CMA's remedies to take effect before any further action. However, other respondents requested that we made it clearer that the loyalty penalty can particularly affect low income and elderly consumers.

Citizens Advice response: Based on feedback, we made a number of drafting improvements, including to reflect that the loyalty penalty particularly affects low-income and elderly consumers. We disagree with stakeholders who dispute the existence of a loyalty penalty in energy. The CMA found that households were paying an average of £1.4 billion a year more than they would have done under well-functioning retail markets over the period 2012 to 2015, reaching £2bn in 2015. Energy consumers are particularly likely to be getting a bad deal if they are on their supplier's standard

¹ Action with Communities in Rural England, Bristol Energy, BEUC, CCWater, Centre for Sustainable Energy, Centrica, Chartered Trading Standards Institute, Community Energy England, EDF Energy, Energy UK, E.On, Federation of Small Businesses, Joseph Rowntree Foundation, nPower, Ofgem, Roger Darlington, Scottish Government, Scottish Power, Smart Energy GB, SSE, UK Public Health Register

variable tariff ('SVT') (which two-thirds of households are) as a result of not having switched away. On average, the CMA estimated that those customers could have saved £330 a year by switching to competitive deals in 2015.

Theme 2: Empowering and protecting vulnerable consumers

We received 10 responses that made substantive comments about empowering and protecting vulnerable energy consumers.

Of these, most responses were in support of our activity on monitoring the smart meter rollout (7). Other comments supported our work on energy efficiency policy (2).

3 responses recommended a more cautious approach to the smart meter rollout. These parties perceived risks that, were we to report poor performance on smart metering, it could undermine the smart meter rollout.

Other comments encouraged gathering more data on rural consumers in the context of our work on vulnerable consumers and gathering more detail on the overlap between low income consumers and those fitting our definition of vulnerability.

1 respondent suggested carrying out a full distributional analysis of the impacts of energy policy and regulation and the shift to a smarter, lower carbon energy system.

Citizens Advice response: We made a number of amendments to reflect the needs of rural and low income consumers as well as to strengthen our scrutiny of fuel poverty and energy efficiency measures. We also agreed to scrutinise Ofgem's distributional analysis of time of use tariffs. We will ensure that our scrutiny of the smart meter rollout is balanced and we are committed to the programme's success.

Theme 3: Giving energy consumers a voice in decisions that affect them

We received 4 responses that made substantive comments about giving energy consumers a voice in decisions that affect them.

These responses were all positive, praising our work with companies to improve their customer service provisions, and proposals to support Ofgem as it decides whether to launch a mid period review of the electricity distribution sector.

Citizens Advice response: We did not make any substantive changes to this section.

Theme 4: Creating a simpler and fairer energy market

We received 7 responses that made comments about creating a simpler and fairer energy market.

6 of those responses were positive, supporting our proposal to extend monitoring to third party intermediaries, work to measure the performance of district heat providers, encouraging us to further expand our star ratings system for energy company performance to cover more (smaller) suppliers and to incorporate more metrics.

One response commented on how approaches to good practice can lead to a lack of innovation in customer service if they steer companies down similar paths. Another commented on proposals for considering data on district heat providers, issues that will be taken into account when we conduct this project. One proposed changes to the customer complaints league table to more accurately portray small/new suppliers. Another requested more clarity on our approach to supplier licensing in the coming year.

Citizens Advice response: We agreed to consider including more metrics, accepting an Ofgem suggestion that we consider providing further information about customer service quality for vulnerable consumers. We also included a commitment to contribute to Ofgem’s review of supplier licensing to ensure any new entrants meet the necessary standards.

Other comments

Other substantive feedback included:

- 3 comments requesting further transparency on our approach to how different groups of consumers should cross-subsidise each other’s energy bills, and to articulate more clearly the consumer interests we protect and advocate for. We will explore this further in the coming year.
- 3 comments reporting concern about the excessive burden of consultation and requests for information from Citizens Advice on areas of overlapping policy interest. Through the tripartite working arrangements with OS:E and Ofgem we are already working to reduce this burden, and will continue this process through the coming year.
- Comments on the omission from our work plan of specific proposals on faster switching and elective half hourly settlement, which Ofgem are already devoting considerable time and attention towards. This will be progressed as part of our business as usual work.
- Changes to the way the impact of new entrants on standards of customer service are described. We made drafting amendments.
- Emphasising work on areas where Scotland has unique or disproportionate experience of problems, which we will address.
- General comments about the difficulty of expanding consumer switching, and the need to find solutions which do not rely on switching to drive improvement in cost and quality of service. We will consider this on an ongoing basis as our retail work progresses over the year.
- An observation that the value of supporting community energy and renewable energy could be missed if focusing on least-cost solutions. We will ensure we consider these issues holistically.

Post

We received 34 responses to the post section of our work plan.² Overall they were:

- Positive: 27
- Mixed: 3
- Critical, do more: 2
- Critical, do less: 1
- Unclear: 1

27 of the 34 responses were supportive of the overall post work plan. They generally focused on our role researching consumer issues, advocating on behalf of consumers, and the independence of our work.

Many respondents highlighted the value of the evidence Citizens Advice provides to help understand consumers' needs and the issues they face. Some responses emphasised the importance of Citizens Advice's advocacy work. 1 welcomed our plan's focus on ensuring access to key services is protected. 10 respondents were particularly positive about our role in scrutinising post office changes.

Several respondents underlined their high regard for the independent nature of our work. They highlighted our role representing consumers and the way we monitor different organisations involved with postal services.

3 respondents gave mixed views about our planned postal work. Some of these supported parts of our plan but questioned our focus on post office viability. 1 suggested that we should focus on a broader share of the market.

3 respondents were generally critical. 1 of these argued we should reduce the scope of our work: a key criticism was that our proposals were not proportionate to consumer detriment. 2 respondents said that we should undertake more work to understand consumer problems. 1 of these said that our plan was not ambitious enough, and that we should take a broader focus.

Several respondents said they were planning to work with Citizens Advice, or could do so, to avoid duplication. However, 1 respondent felt there is significant duplication of work undertaken by regulators and other consumer bodies.

² FSB, Tesco, Spar, Ofcom, Defra, ACRE, Scottish Government, Plunkett Foundation, CWU, Whistl, Chartered Trading Standards Institute, National Trading Standards, MUA, MCF, Roger Darlington, CPRE, CCNI, POL, UKGI, IMRG, Royal Mail, SLG, DX Exchange, and 10 elected representatives. In addition, 1 response (the NFRN) suggested additional work that we could undertake, but didn't comment directly on the main work plan.

Theme 1: Scams

We received 9 responses relating specifically to our scams theme.

8 responses were positive about the work. Many of these supported our proposals and emphasised that they were keen to work in collaboration with us to support consumers. 2 respondents highlighted the growing importance of this issue to national and devolved governments. A respondent described our proposals as a vital step in protecting consumers and enhancing confidence in the market generally. Other respondents highlighted areas where we could coordinate to avoid duplication.

1 response was critical of our proposals. The respondent felt our plans risk duplicating work already in place, including a government forum on scams.

Citizens Advice response: We received positive feedback about the importance of conducting research in this area and in particular, suggestions of where we can collaborate with other organisations. To focus our work where it adds most value, we have decided not to convene a task force on mail scams in 2017/18. Instead, we will strengthen our engagement with existing initiatives, feeding in intelligence and insight from our network and existing research. We have clarified that our research will add value to existing work by using behavioural insights to develop and target our consumer education work. We have edited our consumer education proposals to more explicitly state our ongoing commitment to working collaboratively with partners to deliver consumer education campaigns.

Theme 2: Rural and vulnerable consumers

We received 11 responses specifically on our rural work plans.

7 of these were positive. Respondents stated that our proposals would help to represent the the specific needs of rural consumers, and ensure that equitable services are supplied to rural communities. A respondent highlighted the importance of post offices to rural businesses and encouraged us to look closely at how redress could be improved for businesses using post offices. Another respondent said that we could address rural isolation by linking our evidence with its own.

3 stakeholders were critical of our proposals. 1 respondent felt that it was unclear what our research and activity would cover, and what the added value would be. They suggested that surcharging had already been extensively researched. 2 others suggested that we should focus on all consumers rather than focusing solely on rural and vulnerable consumers.

1 stakeholder said that the focus of our work should be on the postal industry in general and, therefore, that it should include all operators within the industry. Another

said that our resources could focus on informing conferences rather than producing a report and stressed that solutions must be reasonable and affordable.

We received 7 responses on disabled and vulnerable consumers. 6 were positive. 2 of these expressed a desire to work with us in the interests of vulnerable consumers. Another said that, more than ever, residential consumers who used postal services, as compared to online services, were older consumers, and consumers with disabilities or vulnerabilities. 1 respondent was critical of this approach, saying that we should focus our research to ensure the maximum benefit to all consumers, whether or not they are disabled.

Citizens Advice response: We have edited the plan to make it clear that we plan to use findings from previous work to inform this, and do not intend to commission further research. We have added a reference to planned work by Ofcom and Citizens Advice Scotland on parcel surcharging in rural areas, and our commitment to working closely with these organisations to avoid duplication and make best use of resources. We believe that this work strikes an appropriate balance between representing the interests of all consumers alongside the particular experience of vulnerable post users.

Post offices

We received a total of 26 responses for our work on post offices.

This includes 15 responses on our post office policy research. Of these, 10 stakeholders were positive overall. 1 stated that our research was vital in finding out what consumers really wanted in a postal offering. Another said that it would be more important than ever for us to have a role in protecting current and future rural consumer access to essential services through the post office network.

1 of the 15 responses were negative overall, with 3 providing mixed responses to different proposed activities. 1 felt that we allocated too much staff resources to our post office work.

6 stakeholders commented on our plans to continue post office mystery shopping. 4 were generally supportive of conducting this kind of research. 1 said it supports continued post office mystery shopping, but called for a greater focus on specialist services and how their provision differs between different post office models. Another felt that mystery shopping was the right area for us to be involved, but felt that there could be an issue on the frequency of these visits. 1 respondent took a neutral tone overall, suggesting that the historic features of a rolling programme should be reviewed to ensure they are still relevant. They stated that if there were a view that such research is needed, it should consider a broader range of providers. 1 respondent actively opposed the plans, suggesting they were an unnecessary duplication given providers already conduct mystery shopping.

4 stakeholders commented on our plans to analyse the location of post office services. 1 was fully supportive, saying it endorsed proposals to map service provision in rural areas. 2 stakeholders had reservations on the scope of the work and opposed the viability review component of the proposal. 1 of these expressed duplication concerns if the work were only looking at post office access. They argued that to be of value to consumers, our work should look at the marketplaces generally in which consumers operate rather than one provider amongst many. Another respondent found it useful to have a complete picture of the service. However, they were not sure of the need to map alternative outlets as they felt these would only improve provision beyond access criteria. 1 respondent did not support our plans saying they had already conducted this mapping exercise.

8 stakeholders commented specifically on plans to research what consumers want from post offices and the viability of different models. Of these, 4 were positive. 1 endorsed our efforts to evaluate community-run post offices. 2 responses challenged the research's focus on viability. They suggested that Citizens Advice instead collaborate with partners to gain better insight. 1 respondent felt it would be a costly and unnecessary duplication in light of previous research on what consumers want from post offices.

Citizens Advice response: We welcome the feedback, recognising the value of maintaining a longitudinal record of post office performance. We believe that we add particular value as the only independent consumer voice monitoring performance, so do not believe that this duplicates other research conducted by operators. However, we accept the feedback that this research should be proportionate - we have changed our proposals from a full network review to focus on any pockets of particular detriment presented by our previous research. We received mixed feedback about proposals to model the viability of aspects of post offices. We have removed these elements from our work plan for next year to focus more directly on consumer experiences. Our mapping project will focus on understanding access to the full range of postal providers, and our consumer expectation research will focus on gathering consumer needs for a potentially lighter post office model. These projects will be important to understand where consumers need access to post services the most and what type of access they want.

Supporting improvements in post office changes

We received 15 responses specifically on our plans to continue scrutinising off site (and on site PO Local) branch transformations.

13 respondents were positive about the work. 1 respondent said that the processes specifically put in place for the NT [Network Transformation] programme had proved generally valuable, and suggested we should review our arrangements in 2017/18. Another respondent welcomed our emphasis on providing robust scrutiny of changes to the Post Office branch network and ensuring access to key services is protected. 1 emphasised how much our work in the past year was appreciated and stressed that it

was vital we continue with it. They highlighted the unique position of Citizens Advice as an organisation that is able to give a more balanced and impartial view. They suggest that this could be more influential to a large, distant supplier.

2 stakeholders were critical of our proposals. 1 said that reviews of branch changes should now be light touch and minimal, as they feel Citizens Advice and POL should now understand the potential pitfalls, and should have worked with POL to address them. The other said that there will be fewer post office changes in 17/18 and therefore fewer resources would be required. It also suggested Citizens Advice should sample a subset of cases rather than going through every off site case.

Citizens Advice response: We have merged sections 2.8 and 2.9 on Network Transformation Programme and Crown post office changes as the feedback and style of work was similar. We agree with feedback that our work should be commensurate with the scale of change to the post office network. We have clarified that the vast majority of our work in this area is focussed on off site conversions. We believe that this work is still vital, and have added our records showing that this year we have agreed improvements to 86% of cases with POL.

Theme 3: Fighting for clearer, affordable prices

We received 8 responses on this theme.

6 respondents commented specifically on pricing transparency plans. 3 were positive: 1 said that our approach seemed reasonable and could help POL make running post offices easier. Another agreed there is scope for greater pricing transparency particularly in comparison with grey market providers. 3 stakeholders were critical of our plans. They largely pointed to the current absence of evidence that pricing transparency was an issue. 1 noted the concern that consumers may be at risk of paying more for complex pricing structures but was not aware of any evidence that this was the case in practice. Another considered it costly and an unnecessary duplication in light of Ofcom's recent Review of the Regulation of Royal Mail.

3 stakeholders commented on the theme of affordable mail services for disabled users, with 2 responding positively to our proposed plans. 1 welcomed activity that helps promote the most effective provision of service to disabled customers. Another agreed that hearing from disabled people on their use of postal services is important and called for outputs on hard issues rather than perceptions. We received 1 critical response that our work was unnecessary and a costly duplication of Ofcom's User Needs Reviews unless timed to feed into the next Review. It questioned the evidence basis supporting the need to conduct extensive research.

We received 2 responses specifically on our plans to look at mail redirection services. 1 said that without an indication of the size of this issue it is difficult to suggest whether it would be worth putting in place measures to seek to address it. 1 was critical of the plans, pointing to recent Royal Mail research showing high consumer awareness of and

satisfaction with mail redirection services. This respondent also noted previous Consumer Focus research in 2013 looking at redirection services.

Citizens Advice response: We have considered this feedback carefully. We are still concerned that pricing structures in the postal services market are too complex. However, on balance, we have decided to remove project 2.10 from the draft 2017/18 work plan. We will carry out further internal scoping in this area to allow us to better estimate the nature and scale of detriment. We have clarified that any research under this theme will be guided by feedback from the working group. For raising awareness, we have edited the text to make fuller reference to existing research on mail redirection. We have also clarified that we will conduct GB wide research in this area if existing preliminary research identifies systemic barriers to redirect services.

Theme 4: Measuring consumer detriment

We received 6 responses relating specifically to the theme of consumer detriment.

3 were positive. 1 welcomed work on measuring consumer detriment, while another noted that it will help to improve our understanding of areas for improvement. 1 stated that it is important to understand the size of consumer detriment and where it occurs. A respondent said that vital infrastructure sectors are not working well for many consumers and micro-businesses, and that further exploring how this structural disadvantage manifests itself will be important for Citizens Advice in its work activity.

2 were both positive about fully mapping detriment but had reservations. 1 had questions concerning how this work would compare with previous work measuring detriment in the postal and other markets, and wondered whether it could be deferred to the following year. The other suggested that Citizens Advice consider alternative methods that could be employed to assess the size of consumer detriment.

1 stakeholder was critical of our proposal. It considered that, based on evidence suggesting low levels of consumer detriment in the postal sector, further research in this area would not be justified.

Citizens Advice response: We considered the wide range of responses on this project, with some saying it was vital and others saying it was not justified at all. We still believe that understanding the scale and distribution of consumer detriment across postal services is important, and within the scope of our role as a consumer advocate. However, having considered the feedback from stakeholders we have removed this project from the 2017/18 work plan.

Theme 5: Promoting consumer interests in a changing world

We received 9 responses relating specifically to the promoting consumer interests in a changing world theme.

6 stakeholders were positive about the work. Several responses strongly emphasised the need for a consumer champion in this area or stated that Citizens Advice is in a good position to undertake this work. 1 emphasised that Citizens Advice is well-placed to take a strategic overview of this issue and to conduct research, in order to have the best possible view of consumers' needs. Another said it looked forward to engaging to discuss the outcomes of work on future scenarios. 2 were specifically positive about the proposed work on the impacts of Brexit.

1 respondent said that more clarity or detail regarding some of the proposed research was needed. It said that the plan should consider options for re-engineering the universal postal service in order to make it fit for purpose in the modern world.

1 response described the work as an unnecessary and very costly duplication of the work of Ofcom.

Citizens Advice response: We have considered this feedback carefully, and have removed our intention to commission further research on the future of the market from the 2017/18 work plan. Instead, we will focus on extracting maximum value and impact from existing research, disseminating the findings to key stakeholders and using our insights to speak on behalf of consumers in public debates.

On the UK's decision to leave the European Union, we believe there is an important role for consumer advocacy to ensure consumer interests are considered as the nature and magnitude of the impact on the postal market becomes clear. We have decided not to commission analysis on this area this year. Instead, we will monitor changes that affect consumers to identify areas of detriment and develop solutions to mitigate them.

Cross-sector

We received a total of 8 responses relating to our cross sector work.

- Positive: 7
- Mixed: 0
- Critical, do more: 0
- Critical, do less: 1

These responses expressed a diversity of areas of interest, and preferences for how Citizens Advice should focus its cross-sector activity. Respondents were positive towards the plans, and commended their timeliness in the context of the BEIS consumer green paper. They welcomed the prospect of future collaboration in this area, as well as commending efforts to date on joining up lessons from different industries and areas of policy. Several respondents commented on the importance of learning from the energy sector, and how that learning can be applied in other sectors including water and telecommunications. Reflecting the areas of respondents' focus, responses also prioritised an emphasis on small business experience, on Scottish experience, on leaving the European Union, and on the role of the Consumer Protection Partnership. These comments identified the development of policy as Brexit takes shape, and the effective use of consumer data as areas where the cross-sector work should be expanded if resources become available.

Theme 1: Understanding the cost of consumer detriment

We received 3 responses specifically on understanding the cost of consumer detriment.

1 response encouraged more work on determining the costs of consumer detriment incurred by small businesses as consumers. The second response welcomed the development of the consumer barometer, with particular interest in whether it can be extended to assess different telecoms markets. The third requested more focus on the specific experience in Scotland, and in particular Scottish islands, when assessing consumer detriment.

Citizens Advice response: We have been more explicit about where projects would relate to Scotland and telecoms markets.

Theme 2: Fighting rip-offs that exploit consumer behaviour

We received 2 responses specifically on fighting rip-offs that exploit consumer behaviour. Both respondents pointed out the benefits of learning from one sector to another, and pointed to our work on energy as being instructive for other sectors, such as water and telecoms.

Citizens Advice response: No action was required by these responses.

Theme 3: Getting consumers the best deal in a changing world

We received 1 response specifically on getting consumers the best deal in a changing world.

This response raised concern that issues with regard to next generation intermediaries (NGIs) are concentrated in the energy market, and should not (yet) be considered to be a problem that cuts across multiple markets.

Citizens Advice response: We will publish existing research on NGIs but have paused plans for further work at this stage.

Influencing stakeholders

We received 2 responses specifically on how we influence stakeholders

Both responses focused on the merits of inter-organisation collaboration, including with consumer representatives for other sectors and other geographical areas. They encouraged sharing of information to avoid duplication and ensure robust findings.

Citizens Advice response: We replaced work that risked duplication (on rural issues) with work that did not exist elsewhere and responded to emerging issues (on bereavement and mental health).