

Consumer Futures

Annual Report 2014-15

October 2015



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Executive summary

From 1 April 2014 Consumer Futures was integrated into Citizens Advice and Citizens Advice Scotland (CAS)¹. This transition completed the government's rationalisation of the consumer landscape, identifying Citizens Advice and CAS as the pre-eminent bodies for consumer advice, education and advocacy across Great Britain. In the following year the Consumer Futures teams delivered on the wide-ranging 2014/15 work plan, securing major wins for consumers while integrating this work with the wider strengths of Citizens Advice.

In its new home at Citizens Advice, the energy team carried out a wide array of work that won material gains for consumers. Among other activities, the team:

- Helped secure Ofgem's referral of the energy market to the Competition and Markets Authority (CMA),
- Shaped energy market rules by representing the voice of consumers on four energy market governing bodies²,
- Ensured that the £24.6 billion settlement governing electricity distribution networks from 2015 to 2023 includes the most stringent ever performance reporting requirements,
- Chaired a Fuel Poverty Advisory Group working group to secure an unprecedented commitment to ensure no low income consumer lives in a dangerously cold home by 2020, and
- Published unprecedentedly detailed company performance league tables.

Throughout the year, this work began to realise the strengths of the combined organisation. The 'fair play for prepay' campaign, for example, combined Citizens Advice's influencing work with Consumer Futures' deep understanding of the pre-pay electricity market, securing extensive improvements for pre-pay customers, from pricing and tariffs to a winter 'debt holiday', and an agreement from the big six energy suppliers to use £6 million of unallocated payments to help vulnerable consumers - on its own equal to the full budget for Consumer Futures' work. Major improvements were also made to the digital content covering consumer issues on Citizens Advice's website, which attracts over 20

¹ With the exception of the Northern Ireland postal policy unit which transferred to the General Consumer Council for Northern Ireland.

² The Balancing and Settlement Code (BSC), Uniform Network Code (UNC); the Connection; Use of System Code (CUSC) and Smart Energy Code (SEC) panels

million unique visits a year. This was done in particular through fundamental improvements to the advice available to energy customers.

The year saw a similar range of activities to represent the consumers of postal services. This work included:

- Promoting the interests of consumers in the internet fulfillment market, negotiating the extension of the Scottish statement of principles for parcel deliveries across the United Kingdom,
- Exploring the impact of competition in the mail market on Royal Mail and the financing of the Universal Service Obligation,
- Representing the consumer voice to both the BIS Parliamentary Select Committee and Ofcom's 2015/16 mail market review, and
- Monitoring Royal Mail's quality of service around deliveries and collections.

The year also saw extensive work to represent the views of postal services users in the Post Office's Network Transformation programme. Citizens Advice analysed over 3,100 proposals to convert sub-post offices to the new formats, reviewing over 80,000 customer views and securing modifications to almost two thirds (64%) of branch relocations. This work secured material improvements for the users of postal services, for example to protect access to postal services for elderly and disabled consumers through the Post Office network. The year also saw wider work to raise consumer awareness of online delivery rights and to educate consumers about the use of postal services in the Christmas period.

Finally, cross-cutting work was carried out to draw wider lessons from consumer experiences to inform the regulation and oversight of energy and post markets, with a particular focus on vulnerable consumers. For example, the widely-respected report *Many Happy Returns* set out proposals to improve value in the energy and water sectors. The team also helped develop a dynamic approach to consumer vulnerability, examined consumer detriment in relation to price comparison websites and explored the issues faced by small to medium-sized enterprises in a range of consumer markets.

1. Background and Introduction

1.1 Brief history

Consumer Futures was previously the operating name for the new National Consumer Council (new NCC), established in 2008 through the Consumers, Estate Agents and Redress Act. The new NCC was formed through the merger of the National Consumer Council, Welsh Consumer Council, Scottish Consumer Council, energywatch and Postwatch.

On 1 April 2014 Consumer Futures became part of Citizens Advice and Citizens Advice Scotland (CAS), with the exception of the Northern Ireland postal policy unit which transferred to the General Consumer Council for Northern Ireland. Citizens Advice and CAS are two charities and established advocates for consumers, helping people find a way forwards when things go wrong and using their insights to put the case for change to businesses, regulators and Governments.

The integration of Consumer Futures into Citizens Advice and CAS completed the Government's rationalisation of the consumer landscape and confirmed Citizens Advice and CAS as the pre-eminent bodies for consumer advice, education and advocacy across Great Britain.

1.2 Representing consumers across Great Britain

Citizens Advice and Citizens Advice Scotland have formed a strong partnership to deliver the functions of Consumer Futures. The two organisations' policy teams worked closely together to address particular national dimensions of consumer issues and to ensure consistent messages for stakeholders. Arrangements were also made for some Consumer Futures staff to be based in CAS alongside the Extra Help Unit (EHU).³ This report outlines the coordinated approach the two organisations took in 2014-15 to issues that cut across borders. It also gives examples of work with a strong national dimension in policy development or programme delivery, for example in the case of fuel poverty strategies. Within Citizens Advice, the policy teams also worked closely across England and Wales, seeking to improve the welfare of consumers or to protect them from detriment wherever they live.

³ The EHU is a team of telephone caseworkers helping people and micro-businesses with complex energy or postal complaints.

2. Delivery of 2014-15 Work Plan

2.1 How this report is structured

The 2014/15 work plan is attached as an Appendix to this report. The report describes the work that was done to achieve the outcomes identified under each objective within the eight projects.

2.2 Energy

Summary

The energy team secured wins for consumers in a number of areas by:

- Helping secure Ofgem's referral of the energy market to the Competition and Markets Authority (CMA),
- Securing, through the 'fair play for prepay' campaign, extensive improvements for pre-pay customers, from pricing and tariffs to a winter 'debt holiday', and an agreement from the big six energy suppliers to use £6 million of unallocated payments to help vulnerable consumers,
- Shaping energy market rules by representing the voice of consumers on four energy market governing bodies⁴,
- Ensuring that the £24.6 billion settlement governing electricity distribution networks from 2015 to 2023 includes the most stringent ever performance reporting requirements,
- Chairing a Fuel Poverty Advisory Group working group to secure an unprecedented commitment to ensure no low income consumer lives in a dangerously cold home by 2020, and
- Publishing unprecedentedly detailed company performance league tables.

Project 1: Affordable energy, transparent markets, confident consumers

Outcomes: Objective 1

- *A focused competition review of the energy market, clearly driven by consumer welfare.*

⁴ The Balancing and Settlement Code (BSC), Uniform Network Code (UNC); the Connection; Use of System Code (CUSC) and Smart Energy Code (SEC) panels

- *Consumers are able to better understand the component parts of their bills.*

Citizens Advice continued to develop and evidence a compelling case for an independent review into the state of competition in the energy market and the need for market reform. These calls resulted in Ofgem referring the market to the Competition and Markets Authority (CMA) in June 2014. Citizens Advice responded to several consultations and calls for evidence relating to this inquiry during the year and also worked to build deliverable solutions that could help vulnerable consumers in the market - for example, commissioning a study into the feasibility of a regulated backstop tariff. The CMA provisionally concluded that a range of problems exist in the market that impede consumer welfare and need to be tackled. In the coming year work will continue with the CMA and others, to ensure the investigation delivers lasting improvements to the sector.

Citizens Advice provided a consistent and balanced perspective on the energy companies' financial performance, engaging with the question of the relationship between costs and profits directly with the regulator and government and also, where appropriate, with a broader audience through the media. Citizens Advice also made the case to Ofgem for a better framework for energy company profit reporting by responding to its consultation *Rebuilding confidence: Actions to improve the transparency of energy company profit reporting* in November 2014.

Citizens Advice also represented consumers on four bodies that govern energy market rules: the Balancing and Settlement Code (BSC), the Uniform Network Code (UNC); the Connection and Use of System Code (CUSC) and the Smart Energy Code (SEC) panels. It was a busy year for the panels, with the development of new European-wide rules that are now being incorporated into these GB codes, and the need to amend the rules to implement competition and decarbonisation policy and regulation. They play a critical role behind the scenes in determining the extent to which the market delivers a good service at an affordable price for consumers.

As well as considering individual proposals to modify the rules, Citizens Advice worked hard to make the case for structural reform to the code governance framework itself to deal with the fact that the framework had become a major barrier to fundamental reform - a problem which was raised with the CMA as part of its energy market investigation and that it is now pursuing as part of its new 'Theory of Harm 5'.

The energy market is complex, and can be hard to navigate for consumers. In 2014-15, taking advantage of the integration with the wider Citizens Advice service, Citizens Advice carried out scoping work to develop new tools to help energy consumers engage and improve their understanding of the energy market. One example was the development of a new digital tool to help people understand the component parts of energy bills. This activity took time to establish and will be delivered in Q2 2015-16. Citizens Advice also scoped the potential to develop and launch a bespoke price comparison service to support work helping consumers to take advantage of the competitive energy market and reduce their bills.

Outcomes: Objective 2

- *The establishment of mechanisms to ensure security of supply and decarbonisation are delivered in a cost-effective manner.*
- *Networks become more innovative and responsive to the needs of the communities they serve.*

Citizens Advice was a strong voice for consumers in the development of the £24.6 billion regulatory settlement that will govern Britain's electricity distribution networks from 2015 to 2023.

Whereas previous settlements had been effectively negotiated behind closed doors, Citizens Advice took advantage of Ofgem's new more open 'RIIO' framework to challenge the distribution networks to justify, in clear and simple terms, the investment and operational costs in their draft business plans and explain how consumers' bills would be impacted.

As a member of Ofgem's Price Control Review Forum, Citizens Advice made interventions on specific parts of the settlement, pushing for a fairer, more transparent methodology for awarding network suppliers extra 'incentive' payments over and above their base allowances. Citizens Advice also began a debate about the apparent disconnect between the double-digit profits suppliers have earned in recent years and their position as monopoly, low-risk businesses - work that fed into the Energy and Climate Change Committee's inquiry into network costs which Citizens Advice gave evidence to in July 2014.

Thanks to this advocacy, the RIIO-ED1 settlement that Ofgem signed-off in November 2014, incorporates the most stringent performance reporting requirements seen to date, providing a platform for Citizens Advice and other

stakeholders to hold the networks to account during the course of the price control.

In March 2015, Citizens Advice published research that for the first time brought together and assessed the findings from 13 innovation projects that consumers had funded under the £500m Low Carbon Networks Fund (LCNF). This and other work throughout the year provided Citizens Advice with a strong evidence base to challenge the networks to translate this investment into tangible benefits for consumers such as passing through the benefits of smart metering - something that is a point of contention in an appeal of the RIIO-ED1 settlement the Competition and Markets Authority (CMA) is hearing and in which Citizens Advice is acting as the statutory consumer representative.

Outcomes: Objective 3

- *National fuel poverty strategies provide road maps to the eradication of fuel poverty.*
- *Over the longer term programmes and measures are in place that will ensure no consumer should to live in a dangerously cold home by 2020.*
- *New political and policy momentum behind fuel poverty campaigns.*

Citizens Advice published *Raising standards, cutting bills* - a costed programme for eliminating fuel poverty in Great Britain, particularly through the introduction of minimum energy efficiency standards for homes.

The UK Government's new *Fuel Poverty Strategy for England: Cutting the cost of keeping warm*, accepted the need to improve low income homes to a minimum energy efficiency standard by a target date. It also committed to making sure that no low income consumer should live in a dangerously cold home by 2020, which we also called for. As a result, at least 2.3 million households should benefit from warmer homes and cheaper fuel bills.

In the run-up to the 2015 UK general election, the three major political parties committed to making investment in home energy efficiency, particularly those of low income consumers, a national infrastructure priority, as called for by Citizens Advice. The reform could potentially provide an extra £1-2 billion a year to help make low income homes warmer and cheaper to heat and power.

The Citizens Advice research report, *Closer to Home*, also made a powerful case for local action to tackle fuel poverty, arguing that services tailored to the

circumstances of local households can be more effective. Many local authorities and other partners have endorsed the proposals. In response to evidence from Citizens Advice, the National Institute for Clinical Evidence (NICE) also recommended local strategies and referral systems to tackle ill health due to cold homes.

Outcomes: Objective 4

- *A coherent policy vision from UK and national governments on the health, growth, climate and cost of living benefits of improving the energy efficiency of housing stock.*
- *A greater demand from consumers for well-designed and implemented energy efficiency programmes.*
- *Consumers understand their energy use and are aware of how they can control bills.*

To better understand the barriers to reducing energy bills, Citizens Advice commissioned and published *Taking Control*, a vision for 21st century energy services that are affordable, accessible, safe and fair. This research identified a number of practical policy interventions that could achieve this aim.

In 2014/15 Citizens Advice continued to engage with partners and stakeholders both at the UK and EU level to promote near zero cost options for energy demand reduction including engaging with the UK Government's review of the Energy Company Obligation, the provision in the Energy Bill to set minimum energy standards in the private rental sector, the European Commission and Council of Energy Regulators (CEER)'s review of the energy efficiency market and the European Union legislative framework for product energy labels and ecodesign. Citizens Advice also built on previous work to investigate and challenge the complexity of consumer protections in the energy services markets of heat, power and energy efficiency. Citizens Advice participated in DECC working groups and recently published *Quality assurance in energy efficiency and low carbon schemes* which led the Government to commission a review of energy efficiency schemes.

In September 2014, Citizens Advice published a research and policy position paper on a potential smart metering Extra Help Scheme for vulnerable consumers in the smart meter rollout, to ensure that consumers in vulnerable situations benefit from the £11 billion roll out. Citizens Advice also continued to press for simpler ways for consumers to be able to access their own data so that

they, as well as new intermediary or energy services working on behalf of consumers, can exploit the full potential of smart meters.

Project 2: A fairer and smarter energy retail market

Outcomes: Objective 1

- *Consumer experience of material improvements to energy supplier debt policies is reflected in Extra Help Unit and data from local Citizens Advice.*
- *Smart meter rollout starts to deliver improvements to the products and services available to low income households, in particular to prepayment meter (PPM) users.*

In 2014/15 Citizens Advice harnessed its campaigning power and expertise to launch the '*Fair play for prepay*' campaign to improve the market for all prepayment meter customers. The campaign shone a spotlight on some of the many issues that prepayment meter customers face and called for better service and support, more control for prepay customers and a smarter prepay offer. As a result of this work:

- Seven suppliers committed to offer their most vulnerable consumers a 'debt holiday' this winter;
- All but two energy suppliers now have a specialist telephone line for prepay customers;
- The six largest energy suppliers agreeing to donate £6 million worth of unallocated prepayment meter payments to their trust funds or other support services;
- Just over a third of suppliers agreed to make prepay the same price as their cheapest tariff through smart meters;
- Eleven suppliers now have at least two prepay tariffs; and,
- Citizens Advice's spotlight on prepayment meter user issues prompted Ofgem to carry out a review of prepay and the charges suppliers apply.

Our *Topping up and dropping out* research found that 1.62 million consumers had self disconnected from their meter as a result of financial pressures.

The Extra Help Unit was able to identify aspects of best practice where certain suppliers had introduced or trialled new approaches to assisting customers who had self-disconnected. Citizens Advice held a joint roundtable with Ofgem last autumn to present the report findings to industry and share best practice. As a result, many suppliers have now introduced more flexible policies to improve the service offered to their customers.

Citizens Advice also continued to advocate on behalf of consumers in a range of government and industry smart metering working groups, consultation responses and bilateral meetings.

Outcomes: Objective 2

- *Consumers can identify benefits from the implementation of the Retail Market Review.*
- *Material progress in key areas of consumer detriment such as billing performance and standing charge rates.*

Customer service problems as a result of billing migrations continued to cause problems for millions of consumers in 2014-15. Citizens Advice provided detailed evidence of its concerns to Npower and ScottishPower and negotiated generous write-off policies for any Extra Help Unit consumers with an open complaint caused by the billing migration. We provided evidence to Ofgem's enforcement team to aid the investigations into these two suppliers.

Citizens Advice agreed an approach with suppliers on the treatment of vulnerable low gas users who were negatively affected by the shift to tariff structures. Citizens Advice formally supported British Gas' request for a derogation to allow them to offer financial redress to these consumers.

We also helped draft the new Ofgem-led code of practice for the Third Party Intermediary market. Citizens Advice also ensured that suppliers were adhering to the voluntary back billing code of practice and worked with industry and Ofgem to resolve areas of consumer detriment including contract rollovers and poor customer service performance. Our concerns about the lack of price transparency in the market were picked up by the CMA in its July 2015 document.

Project 3: Empowering advice, lifeline support and timely intervention

Outcomes: Objective

- *Consumers can simply access or be signposted to appropriate information and advice for their energy needs.*

- *Consumers can access their energy consumption data for free in easy to understand use formats.*
- *Data relating to the energy performance of appliances is freely available so that intermediaries can provide better information, challenge poor performance and encourage innovation.*

Citizens Advice conducted its second audit of supplier bills and websites, reviewing their signposting to the Consumer Service and Ombudsman Services: Energy, which will ensure energy consumers contact the right organisation at the right time.

We carried out a detailed review of the current state of energy advice and redress. We found there were 815,000 requests for energy advice in 2014 across government funded bodies.

We also reviewed the strengths and weaknesses of quality assurance in the domestic energy efficiency and low carbon market to simplify and strengthen protections for consumers.

We continued to publish company performance league tables to help consumers make an informed choice of supplier and incentivise industry improvements in complaint handling. Citizens Advice also consulted with industry and other key stakeholders on expanding the league table to cover all suppliers with over 50,000 customers, and the new league table will be published in autumn 2015. A consultation was also issued on publishing a new non-domestic company performance league table. This work will continue in 2015-16.

Our annual consumer checklist, also known as the *Know your rights* document, was produced and distributed to all suppliers. Suppliers are required to mail or email a copy of the document to each of their customers.

Following bilateral work with the European Commission's Energy Efficiency Unit, Citizens Advice was invited to participate in the EU stakeholder group on the potential application of the Eco-design legislative framework to smart appliances. Over the next two years this group will assess how the eco-design standards and the A-G Energy Label will need to be adapted to accommodate smart appliances (and flexible electricity markets). Citizens Advice also participated in a stakeholder group for preparation for smart energy efficiency products.

Outcomes: Objective 2

- *Poor performance by energy companies that causes consumer detriment is quickly identified and addressed.*
- *Consumers on heat networks are confident that they are paying a fair price for heating and know where to turn for redress if things go wrong.*

The transfer of Consumer Futures to Citizens Advice included the formal responsibility to refer issues of concern to Ofgem. Citizens Advice worked closely with Ofgem's enforcement team and regularly provided detailed evidence and insight from across the service to help inform their work.

Independent suppliers now have over 10% of the domestic market. Citizens Advice worked with new entrants to ensure the needs of more vulnerable consumers are taken into account.

Citizens Advice participated in the drafting of the Heat Trust Consumer Protection scheme for district heating users, carried out research into the experience of micro-generation consumers, monitored complaints to the Citizens Advice consumer service about the smart meter rollout and energy efficiency, using case evidence to inform and influence DECC's policy work on these issues.

2.3 Post

Citizens Advice represented postal services consumers in a number of ways:

- Promoting the interests of consumers in the internet fulfillment market, negotiating the extension of the Scottish statement of principles for parcel deliveries across the United Kingdom,
- Exploring the impact of competition in the mail market on Royal Mail and the financing of the Universal Service Obligation,
- Monitoring Royal Mail's quality of service around deliveries and collections,
- Protecting access to post services through the Post Office network, analysing over 3,100 proposals to convert sub-post offices to new formats, reviewing over 80,000 customer views and securing modifications to almost two thirds (64%) of branch relocations,
- Working to raise consumer awareness of online delivery rights and educate consumers about the use of postal services in the Christmas period, and,

- Representing the consumer voice to both the BIS Parliamentary Select Committee and Ofcom's 2015/16 mail market review.

Project 4: Post Offices - transformation, services and products

Outcomes: Objective 1

- *Consumers benefit from a restructured branch network that offers improved access, services and opening hours.*
- *Consumers are able to influence effectively decisions on local branches and the impact of proposed changes on communities.*
- *Proposals to move or close branches that would significantly weaken consumer access to PO services are withdrawn.*
- *A single operating framework for case-handling across GB and with CCNI in Northern Ireland to ensure consistent delivery of consumer outcomes.*

As the post office restructuring programme, known as Network Transformation, accelerated Citizens Advice scrutinised over 3,100 proposals to convert sub-post offices to the new PO Local and Main operating models, analysing the views of over 80,000 customers and stakeholders and securing modifications to almost two thirds (64%) of branch relocations.

In 36 cases, Post Office Limited (POL) withdrew proposals where Citizens Advice expressed concern that consumer access to services would be significantly weakened.

Citizens Advice secured agreement from POL that branches should be no less accessible compared to the previous sub-post office in that area as a result of conversion to the new operating models.

Citizens Advice developed a single GB-wide process for handling change proposals and linkages with the GCCNI to ensure consistent and fair outcomes to all consumers across the UK.

Citizens Advice also commissioned several pieces of independent research to measure the customer experience and the quality of access, service provision and advice given across a range of the new operating models. We will publish

this new research very soon and will use it to inform discussions with POL as to how Network Transformation is being operationalised.

Outcomes: Objective 2

- *Consumers benefit from improved service standards in PO Locals, including accurate product and pricing advice.*
- *Consumer access to the full range of products and services in rural areas is maintained via the Transformation rollout strategy.*
- *Diverse funding sources are in place to support the impact of branch conversions in local communities, helping branches to diversify and maintain local retail provisions.*

PO Locals do not, as a matter of course, offer some parcel, banking and cash deposit services. In response to Citizens Advice's engagement, POL agreed to provide an expanded range of products and services in rural post offices that are more than 5 miles from the nearest alternative, reducing the need for additional journeys and the costs incurred in doing so for rural consumers and SMEs.

Citizens Advice opposed the loss of ATM services in some rural and urban deprived locations as a result of Transformation conversions, where this resulted in the loss of the last free-to-use ATM. Following these cases, POL made some modifications to how it consults on such proposals, so that consumers are better informed about the full impact of branch proposals where they live.

Citizens Advice secured agreement from POL that branches should be no less accessible, compared to the previous sub-post office in that area, as a result of conversion to the new operating models.

Outcomes: Objective 3

- *Improved service standards in the busiest High Street Crown and franchise post offices, including accurate product and pricing advice.*

Citizens Advice scrutinised each proposal to convert town and city centre post offices directly managed by POL, known as Crown post offices, to new franchised branches. In most cases, these changes (part of the Crown Transformation programme) resulted in the relocation of the existing branch.

Citizens Advice had significant concerns about the impact of these proposals, and sought a formal review of 55% of conversion proposals (17 of 31 branches). In comparison, the equivalent figure for reviews of PO Local and Main conversion during this period was less than 1%.

Citizens Advice secured changes to the majority of these proposals, including changes to the planned layout of premises, receiving assurances that the 'route to the counter' would be kept clear of stock and product displays, and agreeing action plans to ensure that staffing arrangements and branch design would reflect the needs of customers using them, including older consumers and those with a disability.

Outcomes: Objective 4

- *Consumers can access more central and local government services across the PO Network.*
- *Post Office banking develops to support the introduction of Universal Credit.*
- *Effective successor arrangements for the Post Office Card Account (POCA) and credit union access agreement for low income consumers.*

The UK's high street banks agreed with Government, business and consumer groups including Citizens Advice, a package of measures to minimise the impact of further bank closures. It will lead to an expanded role for post offices, with all major banks providing standardised access to their current accounts over PO counters.

We championed post offices playing an expanded role to help 'plug the gap' left behind by bank closures, with over half of rural consumers saying they already use post offices to make cash withdrawals, in virtually all cases because there is no alternative bank branch nearby. Our research on POCA user needs influenced DWP's policy development, in the first instance to extend the contract for the Post Office Card Account (POCA), and to ensure that the long-term successor arrangements for working age claimants are driven by a rigorous understanding of user needs.

Project 5: Making the parcels market work

Outcomes: Objective 1

- *Consumers, especially in rural areas, have access to greater choice and better value in parcel deliveries.*
- *Online shoppers have better information provided by e-retailers earlier in the purchasing process.*

In 2014 the Scottish statement of principles for parcel deliveries was extended across the United Kingdom following liaison between Citizens Advice, BIS and the British Retail Consortium.

Citizens Advice Scotland undertook innovative research to benchmark progress against the Statement of Principles. This assessed the extent to which a group of more than 500 retailers had adjusted their policies and practices to comply with their legal obligations and with the Statement of Principles since its introduction in Scotland and subsequently across the UK. Citizens Advice Scotland also worked closely with the Federation of Small Businesses to assess their members' experience of sending and receiving parcels as a business consumer.

A roundtable event was held on parcels to bring together stakeholders involved in e-commerce including e-retailers, regulators and policymakers, delivery operators and providers of digital delivery platforms. Presentations were given which addressed the issues of how to improve online parcel delivery options, in light of new and previous consumer research from Consumer Futures, Citizens Advice, Citizens Advice Scotland and Consumer Council for Northern Ireland. These focused on success in the parcels market by placing consumer feedback at the centre of the e-retailer model and actively using feedback to enhance consumer experience and choice.

Outcomes: Objective 2

- *Higher level of consumer awareness of their rights, including how to obtain redress from parcel operators and online retailers.*

Citizens Advice and Citizens Advice Scotland ran a Christmas shopping campaign to highlight consumer rights in online shopping. The campaign saw 4,400 downloads from the "12 tips of Christmas" campaign page. Template letters were produced for consumers to use if they were unhappy with, or wished to query the service they received from retailers or parcel delivery companies. These letters were made available on the self-help advice website, Adviceguide.

Project 6: Value and service in the mail market

Outcomes: Objective 1

- *There is a Universal Service that continues to meet consumer needs in the context of emerging postal competition and electronic channels.*
- *The needs of remote and rural consumers are met by the Universal Service.*

In light of the concerns about whether Royal Mail may be able to finance universal service provision in a more competitive mail delivery market, Citizens Advice commissioned and published a policy paper exploring the consumer impact of competition in the mail market and the privatisation of Royal Mail. This report found that competition benefits consumers by providing increased choice and innovation in the market.

Citizens Advice submitted evidence to the BIS Parliamentary Select Committee to influence their report on the sector and to influence Ofcom's 2015/16 mail market review.

Citizens Advice continued to monitor Royal Mail's quality of service performance data. The company met its targets set by Ofcom for First and Second class delivery but failed narrowly to meet the 99% target for its Special Delivery (Next Day) items, achieving 98.7%. Royal Mail also met its First Class delivery target in 109 of 118 postcode areas which was 5 less than the previous year. An interactive map of quality of service was published on the Citizens Advice website which will be updated every quarter when Royal Mail publishes its quarterly reports. The map enables consumers to examine the performance of all 121 postcodes (including Kirkwall, Hebrides and Lerwick which are exempted from postcode area targets) by clicking on a Post Code Area to show the performance achieved for the last quarter and any previous quarters as well as the target and year to date cumulative performance. There is a separate map showing the end of year results.

Citizens Advice also represented consumers in discussions with Royal Mail towards developing an open consultative process on post box changes for example in relation to the location of post boxes and 'collection on delivery' arrangements.

Outcomes: Objective 2

- *Ofcom agrees to conduct a formal regulatory review of the complaints handling framework.*
- *Consumers have access to a responsive complaints handling and redress process in the mail market and understand how to use it.*

The *Delivering Satisfaction* report, jointly produced by Citizens Advice, the Consumer Council for Northern Ireland and Citizens Advice Scotland, set out a clear route for Ofcom to assess the complaints handling framework. The current system for regulated operators captures the fundamental attributes of good complaint handling but there are key actions that can be taken by regulated operators, the redress scheme and the regulator to strengthen it. This research fed into Ofcom's call for evidence on complaint handling standards and their widening to include other postal and parcel delivery operators.

Citizens Advice undertook independent polling and new analysis of data from its own Consumer Helpline and with the results produced the first report which provided an assessment of consumer protection in online marketplaces. In the report Citizens Advice made a number of suggestions including verification processes to ensure sellers have their contact details recorded.

2.4 Cross-Sector

As part of the responsibilities transferred from Consumer Futures, Citizens Advice is legally bound, when developing policy, to take into account the particular needs of vulnerable consumers. Reference has been made throughout this report to such issues. Citizens Advice also worked closely with regulators - Ofgem, Ofcom, Ofwat and FCA - to develop a common, BIS approved, approach to defining vulnerability. Consequently, Citizens Advice played a leading role among consumer policy-makers (in line with developments across the EU) to changing from a static, list-based definition ("disabled people", "elderly people", "rural", "poor" etc) to a more dynamic fluid definition of "consumers in vulnerable situations" - consumers at greater risk of detriment than others because of the particular conditions in the way they access markets.

Project 8: Consumer interests drive regulatory regimes and policy

Outcomes: Objective 1

- *Increased consumer confidence and greater reliability of price comparison tools market.*
- *Over the longer term, consumers and small businesses will benefit from disruptive services of next generation intermediaries in regulated markets*
- *A policy framework that enables consumers confidently and securely to share data via intermediary services and personal data tools, and benefit from trusted intermediaries.*
- *A joint approach to personal data empowerment and intermediary services by regulators and stakeholders that enables more effective use of resources.*
- *Ensure that European policy development aligns with GB consumer needs (including EU working group on energy consumers as market actors and the modernisation of related European legal frameworks, such as the draft Data Protection Regulation).*

Citizens Advice secured commitments from key players in essential regulated markets to collaborate on developing best practice in inclusive services. This work was used to raise the profile of consumer concerns and requirements on personal data use, setting out a new vision and principles for consumer-centered control of data in *Personal Data Empowerment: Time for a fairer data deal?*

This best practice work was also used to develop a response to the CMA call for information on commercial use of consumer data. Citizens Advice was given a seat on the Connected Digital Economy Catapult Trust Framework for Personal Data steering committee and its consumer working group.

Citizens Advice published research reports on price comparison websites such as *The real deal: how do price comparison websites measure up?* and *Price comparison websites accreditation* and engaged with regulators (CMA, FCA, Ofcom and Ofgem) and the European Commission to explore solutions that can improve the functioning of price comparison tools in regulated markets. This research influenced the review of Ofcom and Ofgem accreditation schemes for

price comparison tools and led to strengthening of the accreditation schemes criteria.

The research helped to build a response to the CMA investigation into the retail energy market related to energy price comparison websites, as well as the Energy and Climate Change Parliamentary Committee inquiry into energy price comparison websites. Citizens Advice also contributed and influenced the work on principles setting in the EU-wide price comparison tool market carried out by the European Commission multi-stakeholder group on price comparison tools.

Outcomes: Objective 2

- *Welsh speaking consumers are able to access and engage with essential services in Welsh.*

In March 2015, Citizens Advice published a bilingual report *English by default / Hefyd ar gael yn Gymraeg* which sought to uncover why so few Welsh speaking consumers in Wales use Welsh language services. The report looks at the barriers which face Welsh speakers when accessing services, which can be both structural (the ways in which services are designed and promoted) and behavioural (negative past experiences, attitudes towards the language, lack of confidence). The report gives concrete recommendations to service providers on how to better engage with Welsh speakers so as to ensure that they're developing services which will be valued - and used.

Outcomes: Objective 3

- *A stronger collective voice for small businesses across regulated markets.*
- *Small businesses have access to better information and signposting resulting in more choice and better market engagement.*
- *Small businesses have access to new forms of intermediary services that will make comparing offers and switching easier.*

Citizens Advice extended its evidence base about the experiences of small business consumers in essential regulated markets, by commissioning and publishing two in depth studies. These studies, jointly produced and funded by Citizens Advice and CAS, involved a broad quantitative survey of small businesses' experiences of essential markets and a series of qualitative interviews with particular types of small businesses whose structure and location may affect the way they engage with essential markets.

This research provided a greater understanding of how small businesses experience essential markets such as energy, communications and water, particularly those whose location or structure may mean they face greater barriers to market engagement. This work was used to inform policy and advocacy work for small business consumers, and was shared with stakeholders who might find it useful for their work.

Citizens Advice worked to promote an agenda for small business consumers with government, regulators and business via events, presentations, consultation responses and bilateral meetings. We responded to Ofcom's call for evidence on small business users of communications, which led to Ofcom identifying a number of key areas for improvement, in particular improvements to broadband services for small businesses.

Insight from this work was also used to inform policy and advocacy work for small business energy consumers, including a response to the ongoing CMA investigation and work around the rollout of smart energy meters to small businesses.

We also worked with DEFRA and Ofwat on aspects of opening up the retail water market in England for SMEs, adding valuable consumer insight from research and experiences in the energy and water markets in Scotland.

Evidence from Local Citizens Advice services and the Consumer Service (as well as original research) was provided to BIS to support calls to improve the consumer experience for small businesses by extending the protections in the Consumer Rights Bill to small business consumers.

Citizens Advice published a policy report summarising key findings and policy asks for small business consumers in essential markets.

Outcomes: Objective 4

- *The costs of long-term infrastructure are clearly identified and taken into account within and across regulated sectors and distributed equitably across different generations of consumers.*
- *Political and institutional acceptance of the need to identify and mitigate the impact of infrastructure investment on those least able to pay.*

Citizens Advice sought to identify and develop an understanding of long term infrastructure costs in a number of ways. Firstly, by broadening its capability into

regulated sectors where it had not previously had a presence (in England & Wales), most notably water. This work included a widely respected report, *Many Happy Returns*, that analysed whether past energy and water network price controls had offered consumers good value for money, and suggested a range of ways in which they could be improved in future. These findings were shared with the National Audit Office and others, to inform their thinking. The work also included a response to the consultations on the PR14 water price controls, suggesting improvements that could add value.

Citizens Advice gave evidence to the Energy and Climate Change Committee on several occasions, influencing its findings on investigations into the Government's Energy Market Reform programme and its report on network performance. Letters to the Public Accounts Committee, and others, pushed for a more joined-up approach to monitoring and assessing the cumulative impact of infrastructure investment on consumers.

We also engaged with newly formed cross-sectoral bodies such as the UK Regulators Network (UKRN) and the New Energy and Water Public Interest Network (New-PIN), and with cross-sectoral initiatives coming out of government such as BIS proposals to improve collaboration between sectoral regulators, to build wider understanding of the implications of decisions taken in individual sectors on the wider economy.

Citizens Advice continued to provide input to DECC and Ofgem, participating in workgroups and responding to consultations, on policy developments affecting the energy trilemma - affordability, security and sustainability - to ensure that it remains focused on delivering a high quality, affordable energy system that meets the needs of both current and future consumers.

Outcomes: Objective 5

- *Regulators are able to demonstrate how dynamic consumer vulnerability strategies drive their work with companies they regulate*
- *Key firms show market leadership and best practice by embedding inclusive and flexible approaches to design, marketing and delivery of essential goods and services for all consumers*

Citizens Advice worked closely with water companies to help them understand the implications of the welfare reforms for water companies and their

customers, in order to identify appropriate strategies that water companies could take to mitigate the financial impact on customers.

The work resulted in a publication of a research report *Welfare Reform and its impact on the collection of water charges* which helped water companies to identify households under greatest pressure due to the reforms: to improve customer relationship and consider best practice in collection of charges and debts and arrears; and identify who should benefit from social tariffs and charitable trust funds.

Following on from joint work between CAS and Consumer Focus in 2012 which developed the British Standard on Inclusive Services, Citizens Advice and CAS worked closely with key players in regulated markets to encourage adoption of the standard. They secured commitment from a major energy supplier to explore benchmarking its progress in supporting vulnerable consumers against the standard and worked closely with Scottish Water to seek a similar outcome.

Outcomes: Objective 6

- *Key players in the Scottish consumer policy environment commit to tackling the poverty premium.*

In 2014/15 Citizens Advice established closer ties with several charities which conducted research and campaigns and published reports on the poverty premium including Iona Community and Christians Against Poverty. These relationships helped inform thinking on regulation, competition and markets amongst organisations with a social policy focus.

A short qualitative report was commissioned on the impact of the poverty premium on consumers. The research looked at the experiences of lower income consumers in regulated markets, particularly in energy, telecoms and financial services and the higher prices they often pay for goods and services compared with lower income consumers. We plan to publish this report in summer 2015 and it forms part of a longer term body of work being undertaken to address inequality in regulated markets for lower income consumers.

2.5 Scotland

Competition and cost

We ensured that issues in the energy market which disproportionately affect consumers in Scotland were taken into account in the CMA energy market investigation. Issues such as lower levels of switching, incumbency, the higher proportion of prepayment meter customers and electric only heating households were all highlighted. These were recognised in the CMA's interim proposals and will help inform the remedies adopted in the final report.

Funding for energy efficiency and fuel poverty programmes

Working as part of the Scottish Fuel Poverty Forum and the Existing Homes Alliance Scotland, CAS secured a commitment from the Scottish Government to make energy efficiency a national infrastructure priority, meaning that private finance can be used to address the poor energy efficiency of homes.

CAS also commissioned a literature review of the impact of energy efficiency programmes on jobs and the wider economy, building on work that Consumer Futures carried out in 2013. CAS will work with the government and others over the coming months to ensure that the design and delivery of any new programmes meets the needs and expectations of consumers in Scotland and takes this research into account.

Consumer focused energy efficiency and fuel poverty programmes

When the Scottish government introduced a new home energy efficiency programme, CAS worked with the government to revisit the eligibility criteria, balancing the need to reach the most vulnerable as well as groups such as the working poor who are often excluded from support programmes. As the government designs its new energy efficiency programme for Scotland, CAS will continue to work with the government and with consumers to ensure that changing needs are met and experiences captured.

Regulating energy efficiency in private sector housing

Understanding that 85% of Scotland's housing stock will still be in use in 2050, CAS prioritised work on retrofitting homes to become more energy efficient. CAS worked closely with the Scottish government and a wide range of other stakeholders to develop proposals for the regulation of energy efficiency in the private sector. This is set to introduce regulation for minimum standards in both private rented and owner occupied housing, helping to tackle poor energy efficiency in many of Scotland's homes.

CAS carried out research into the views of consumers in both urban and rural Scotland in order to inform this work, publishing a report which drew on these

findings and CAB evidence. CAS will continue to make the case for minimum standards in its response to the formal consultation later this summer.

2.6 Wales

Influencing the Welsh Government's work to tackle fuel poverty

Citizens Advice commissioned *Future Support for Fuel Poor Consumers in Wales* research to influence the next phase of the Welsh Government's fuel poverty strategy. The research found many consumers are excluded from the schemes by eligibility criteria which are too narrow, and that certain groups - particularly younger people - disproportionately fail to benefit from the schemes. The research will inform the work of both Citizens Advice and the Fuel Poverty Coalition Cymru around the National Assembly for Wales elections in 2016.

Citizens Advice also jointly coordinated the Fuel Poverty Coalition Cymru with NEA Cymru, agreeing key priorities for action with member organisations which will form a manifesto for joint campaigning in 2016.

Competition investigation

Citizens Advice lobbied the CMA to consider whether devolved nations require a distinct approach to stimulating competition in the energy market, reflecting the significantly lower rates of switching, unique demography and geography, higher distribution charges, and Welsh language requirements .

The need for a devolution-literate approach was acknowledged by CMA board members during meetings and public receptions in Wales, and questions were asked by Assembly Members regarding the CMA's work.

Energy Efficiency policy in Wales

Citizens Advice gave evidence to the National Assembly for Wales' Environment and Sustainability Committee's inquiry into fuel poverty and energy efficiency. This highlighted key concerns raised by past research and stakeholders into the lack of quality data around fuel poverty and housing quality, the need for a new strategic approach, better eligibility criteria, and the need for clearer targets on tackling fuel poverty. As a result the Welsh Government undertook to fund a research post to provide new data on fuel poverty, and the Nest scheme widened its criteria to include EPC E rated properties.

Citizens Advice also submitted a response to the Welsh Government's initial call for evidence on a new Energy Efficiency Strategy for Wales, and key messages around consumer engagement and areas of innovation in smart technology were reflected in a subsequent draft of the strategy.

We provided the secretariat to the Assembly Cross Party Group on Fuel Poverty, arranging high profile speakers from Ofgem, the CMA and others to address AMs and stakeholders on energy market and consumer vulnerability issues.

Wider work

As well as Wales-specific projects, the Wales team contributed to GB-level work, providing advice on areas of devolved policy divergence, and seeking to represent and promote its reports and campaigns in Wales.

2.7 The Extra Help Unit

The Extra Help Unit, which has statutory responsibilities to assist vulnerable energy and postal consumers across Great Britain, transferred to Citizens Advice Scotland in April 2014.

Contacts to the Extra Help Unit increased by 66% in 2014-15, compared to the previous financial year, due to a combination of customer service problems at several suppliers, the growth of independent suppliers and changes to benefits.

The Unit provided assistance to 9,800 consumers through investigating complaints and dealing with queries from advice providers on the Ask the Adviser line. Positive changes for consumers were achieved in 85% of investigated complaints, with £1,414,652 in direct redress for consumers from refunds, reductions and goodwill. The Unit's consumer satisfaction survey found that 89% of surveyed clients were satisfied or very satisfied with the service.

The Unit worked closely with energy suppliers and stakeholders; meeting suppliers regularly to discuss performance and trends supported by colleagues in the Citizens Advice Energy Team. It was successful in negotiating change to policies and processes that caused detriment for consumers.

2.8 Water in Scotland

Project 7: Representing Scottish water customers

Outcomes: Objective 1

- *Consumers' views influence regulatory, policy and business decisions.*
- *Customer challenge across sectors informs decisions on the future of the Customer Forum for Water and feeds into the development of customer challenge in other sectors.*
- *Customers are more engaged in the water industry and are more aware of their rights and responsibilities.*

CAS gained a commitment from Scottish Water to consider the development of corporate customer engagement principles to improve customers' experience of Scottish Water through best practice engagement and services; Scottish Water has in the interim, established an internal Customer Experience group.

Within its statutory role, CAS worked closely with Scottish Water to update and issue a new industry Code of Practice and Customer Charter, with all suggestions accepted.

Partnership working with Scottish Water resulted in joint campaigning and Scottish Water's involvement in CAS' Scams Awareness month scheduled for July 2015.

CAS initiated ground breaking research into the consumer journey through the redress landscape and received a commitment from the Scottish Public Services Ombudsman and Scottish Legal Complaints Commission to work jointly on a pilot study with a view to publication of results early 2016.

CAS established regular engagement with the Consumer Council for Water, our counterpart in England and Wales, to discuss relevant consumer issues and share developments in the consumer landscape regarding representative roles.

Outcomes: Objective 2

- *Water charges are distributed in a fair, efficient and transparent manner across consumers in Scotland.*
- *Debt recovery practices are improved in order to deliver fairer outcomes for consumers.*

CAS secured commitment from the Deputy First Minister to investigate the need to balance income maximisation with protecting vulnerable consumers through the Long Term Charging Group as a result of CAS evidence to the Scottish

Parliament's Infrastructure and Capital Investment Committee on the Draft Determination.

CAS established a working group with Scottish Water to consider how debt can be mitigated through improved customer messaging; and to examine additional measures to support Scottish Water customers in debt.

CAS also conducted primary research into consumers' experiences of water and sewerage debt. The findings supported advocacy work with stakeholders to highlight the need to improve protection for vulnerable consumers from debt recovery practice.

The Commission on Local Taxation considered our evidence on the impact of significant changes to local taxation on the billing and collection of water and sewerage charges and the potential impact on Scottish Water customers.

Outcomes: Objective 3

- *The experience of SME and third sector water consumers improves*
- *Water providers, WICS and non-domestic consumer representatives are better informed about the needs and priorities of SME and third-sector consumers*

There was joint research by CAS and Citizens Advice to better understand the experiences of small businesses as consumers. Findings indicate increased awareness of the water market in Scotland.

Engagement with SME community resulted in higher levels of understanding and awareness of competition and choice in the water industry and increase in cases seen in bureaux. CAS hosted a roundtable event with Water UK to discuss current and emerging consumer issues including competition in light of market reform for England in 2017.

Business Stream committed to review and improve its debt recovery processes, providing better protection for SMEs and charities in response to significant issues raised by Citizens Advice Service In-Court Advisers and SCVO. A roundtable event was held in late Summer 2015 to share results of SME research and initiate working group of SME consumers.

3. Governance

Citizens Advice and CAS are independent charities, with separate governance structures. Each is governed by a Board of Trustees which provides overall strategic direction to the respective Chief Executives and their management teams. The charities' Annual Reports provide more information about these governance arrangements.

Citizens Advice and CAS are funded separately by BIS to carry out consumer representation functions. CAS's work includes research and influencing activities agreed between the charities and included in the annual work plan. CAS also operates the Extra Help Unit, which provides help to vulnerable energy and post consumers, and to those threatened with disconnection from energy supplies.

As part of the funding agreement with BIS, Citizens Advice must consult with stakeholders annually on the development of a work programme to discharge its Consumer Futures' responsibilities. It must also prepare and publish an annual report (this document) on delivery against the work plan and any additional work, either voluntarily undertaken or requested in-year. This document also outlines how the public funds have been spent.

The relationship between the two charities in relation to their Consumer Future responsibilities is collaborative and cooperative. A joint Partnership Committee, which includes the two Chief Executives and a Trustee from each charity, meets quarterly to review plans and progress and to ensure that the relationship is well-founded and productive. Just as importantly, the relationship is sustained through working relationships between individuals and teams.

4. Finance and resource

4.1 Citizens Advice and CAS budget and expenditure 2014/15

The overall budget for Citizens Advice Consumer Futures activities in 2014/15 was £6.3 million. This was allocated between the income streams outlined in the tables below. Also provided is a breakdown of allocations by programme spend, staffing and related costs, and committed expenditure. The budget for CAS Consumer Futures activities was £656,100, outlined in the second table below, and also broken down by programme spend and staffing and related costs.

Summary financial position for 2014/15

Table 1: Citizens Advice Consumer Futures activities

Citizens Advice	Programme Spend	Committed Expenditure	Staffing & related costs	TOTAL	Funding 14/15
Directorate	N/A	£187,594	£186,193	£373,787	£2,399,900
Energy	£607,217	£97,728	£1,744,560	£2,449,505	£1,586,800
Post	£339,069	£113,322	£1,461,070	£1,913,461	£1,245,200
Cross-Sector	£130,920	£689,940	£469,688	£1,290,547	£1,099,400
TOTAL	£1,077,205	£1,088,584	£3,861,511	£6,027,300	£6,331,300

Table 2: Citizens Advice Scotland Consumer Futures activities

Citizens Advice Scotland	Programme Spend	Committed Expenditure	Staffing & related costs	TOTAL	Funding 14/15
Energy	£69,700	£77,800	£161,500	£309,000	£328,100
Post	£60,300	£30,200	£100,200	190,700	£203,400
Cross-sector	£41,000	£7,700	£75,900	124,600	£124,600
TOTAL	£171,000	£115,700	£337,600	£624,300	£656,100

4.2 Outturn in 2014/15

In practice, 2014/15 was an atypical year for the organisation, with the transfer of functions and staff into Citizens Advice, the adoption of new ways of working, and a period of readjustments as assumptions made in the development of the 2014/15 work plan were tested and projects re-phased.

This effect of this re-phasing was most significant in relation to the development of fresh energy and post advice content and work to incorporate consumer empowerment activity into the Citizens Advice national network of bureaux. These work streams in particular sought to capitalise on the combined strengths of Consumer Futures and Citizens Advice. To this end, £1.089 million of expenditure was committed to deliver these aspects of the 2014/15 work plan for completion in 2015/16. In addition, £304k of 2014/15 of uncommitted funding has been deducted from 2015/16 funding.

Appendix 1: 2014-15 Work Plan

Work Plan 2014/15

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Consumer Futures within Citizens Advice and Citizens Advice Scotland

Consumer Futures has been the operating name for the new National Consumer Council (new NCC), established in 2008 through the Consumers, Estate Agents and Redress Act. The new NCC was formed through the merger of the National Consumer Council, Welsh Consumer Council, Scottish Consumer Council, energywatch and Postwatch.

From 1 April Consumer Futures will be a part of Citizens Advice and Citizens Advice Scotland. The two charities are established advocates for consumers, helping people when things go wrong and using their insights to put the case for change to firms, regulators and Governments.

Consumer Futures will complement the work of local bureaux, the consumer helpline and a track record of campaigning on behalf of consumers – and in particular, those who are treated unfairly or in vulnerable circumstances.

This work plan document summarises the key projects and activities for Citizens Advice and Citizens Advice Scotland as they take over responsibility for consumer advocacy in regulated markets.

It builds on the experience of Consumer Futures and its predecessors as expert consumer advocates in essential markets and draws on the insight and recommendations made by stakeholders during the consultation process on this plan.

It also begins to show how Citizens Advice and Citizens Advice Scotland will create stronger, more dynamic consumer representation by providing:

- direct connection between expert market intelligence and empowering advice and information
- a richer source of real time consumer experience with a market research capacity
- deep engagement with regulated markets and broad engagement across the economy
- a trusted partner in regulated market with a trusted voice of consumer experience
- even more credibility across GB markets and with national Governments and policy makers.

Strategic priorities

In the 2013/14 work plan Consumer Futures identified three strategic priorities to drive the development and delivery of its advocacy. The context over the past year has shown their continuing relevance.

The three areas identified in the 2013/14 work plan continue to help prioritise the work of Consumer Futures within the two charities. They are:

Costs of infrastructure resilience and renewal

Affordability and the fair recovery of the costs of efficient and essential infrastructure investment should be a cornerstone of policy development and decision-making across the essential network industries. The long-term aim is to reduce the impact on consumers' bills while supporting necessary programmes of infrastructure renewal.

Consumer vulnerability

Essential services and markets need a sharper focus on the cause, impact and solutions to consumer vulnerability, including the poverty premium. The long-term aim is for products and services that are accessible to, and meet the needs of, all consumers, including those at a disadvantage, be that due to their particular circumstances, economic position or geographic location.

Complex markets in a digital age

The level of choice, value and service provided by essential markets – be they competitive or a monopoly – is under constant scrutiny. The opportunities and challenges of digital technologies and the controlled use of consumer data – including consumer-led control of their own data – need to be anticipated and built into consumer protections and market rules. In the long-term, market structures need to support and facilitate potential growth in consumer engagement.

The current context

- **Cost of living:** the Office for National Statistics shows a marked increase in the proportion of household budgets being spent on essentials such as housing and energy.
- **Poverty premium:** Consumer Futures' research suggests that households on low incomes may spend 10 per cent more for the same service as those with access to low cost credit, banking services and broadband.
- **Shift of policy costs from tax to bill:** The controversy on the impact of energy policy costs on consumer bills mean a more forensic focus on regressive forms of recovering policy costs.
- **Rise of the intermediary:** The growth in third party intermediaries, such as price comparison websites, has seen the emergence of a market that enables consumers to engage in complex markets more easily and with greater confidence.

Consumer Futures

- **Adaptation and growth:** Severe weather events, such as winter storms and floods, add to debates around climate change and resilience – for example, on low carbon electricity generation – requiring clearer thinking about asset investment, smart networks and demand-led solutions.
- **Penalties, incentives and disruption:** Economic regulators have started to think differently about how to levy fines or require consumer compensation, how to reward network companies for their response to consumer needs and the value of disruptive market forces in otherwise closed markets and markets where there are few suppliers.

The Work Plan projects

The eight projects outlined in this document combine important continuity and significant development in respect of Consumer Futures' work over recent years.

Many of the issues for consumers across regulated sectors of the economy are long term, common across Great Britain and subject to major European Commission, UK or national government and regulatory reviews.

The coming together of Consumer Futures with the Citizens Advice service will strengthen fundamentally the outcomes of consumer advocacy and advice across essential markets. Consumer Futures' strong track record in representing the interests of current and future consumers and the Citizens Advice service's reach and consumer intelligence will combine to become a powerful force that will strengthen consumers' ability to act in their own interests across essential markets.

That process of development continues in this work plan and the following projects are the kernel from which greater impact will develop. As such, the projects retain a significant degree of flexibility in order to extract maximum added value.

Working across England, Scotland and Wales

Most of the issues at the heart of these projects affect consumers across England, Scotland and Wales. Our projects are intended to improve the welfare of consumers or to protect them from detriment, wherever they live.

Citizens Advice and Citizens Advice Scotland form a strong partnership to deliver the functions of Consumer Futures. The policy teams will work together closely, in matrix teams, to ensure that particular national dimensions are addressed and policy levers fully utilised to deliver consistent messages for stakeholders.

The projects show where there will be a strong unitary approach such as in relation to our role with Post Office transformation and where there is a strong national dimension in either policy development or programme delivery, such as with fuel poverty strategies.

Energy

Project 1: Affordable energy, transparent markets, confident consumers

The level of consumer trust in the GB energy market remains at an historic low. Ofgem's supply market indicators suggest that profit margins have steadily increased and consumer sentiment questions the legitimacy of a 'competitive market' and demands more active regulation.

There are a range of areas where competitive pressures could be increased to improve prices for consumers and where greater transparency could increase confidence. There are also important market and public policy programmes which are failing to support those who hardest hit by rising prices and stagnant incomes and who need help to safely reduce their cost of consumption.

Objective 1: Open and competitive energy markets
Outcomes
<ul style="list-style-type: none">• A focused competition review of the energy market, clearly driven by consumer welfare.• Consumers are better able to understand the component parts of their bills.
Activities
<ol style="list-style-type: none">1) Monitor and analyse the relationships between wholesale/retail costs, as well as the impact of policy costs on retail prices.2) Represent consumers in all major Ofgem or DECC initiatives to improve competitive intensity in the market – and take action to prompt such initiatives where necessary.3) Understand the opportunities and risks of 'disruptive' forces in the energy market – on the demand and the supply side4) Argue for clear terms of reference for a consumer focused competition review of energy markets.5) Represent consumers on the key industry panels (Balancing and Settlement Code and Uniform Network Code) and engage, as needed, with others where proposals may materially affect consumer wellbeing.6) Influence European policy debates to benefit GB consumers, whether through the development of new policies or the transposition of EU legislation into UK law.

Objective 2: Low cost, secure energy supplies and responsive networks

Outcomes

- The establishment of mechanisms to ensure security of supply and decarbonisation are delivered in a cost effective manner.
- Networks become more innovative and responsive to the needs of the communities that they serve.

Activities

- 1) Produce a report on the issues, lessons and consumer impacts of Low Carbon Network Fund, Network Innovation Competition trials.
- 2) Review lessons to be learned from supply disruption during the winter storms 2013/14.
- 3) Test the assessment and incentive regime from the Electricity Distribution price review to ensure it rewards best practice in engaging with consumers and meeting their needs.
- 4) Review the lessons learned from regional and national network stakeholder panels.
- 5) Represent consumer interests on relevant network programmes and reviews from DECC, Scottish Government, Ofgem, National Grid and European Commission.
- 6) Engage constructively with DECC Electricity Market Reform programme and represent consumers on relevant working groups.
- 7) Represent consumers through the Significant Code Review process, identifying and mitigating risks to consumers and participate in the Future Trading Arrangements workstream.
- 8) Represent UK consumer interests in context of negotiations on new European Union 2030 framework.
- 9) Explore ways in which distribution network operator companies can become more responsive to the needs of local communities across GB.

Objective 3: Ambitious, targeted and resourced fuel poverty strategies

Outcomes

- National fuel poverty strategies provide road maps to the eradication of fuel poverty.
- Over the longer term, programmes and measures are in place that will ensure no consumer should have to live in a dangerously cold home by 2020.
- New political and policy momentum behind fuel poverty campaigns.

Activities

In England, push for whole government approach to fuel poverty, in particular through improving the homes of low-income households to minimum energy efficiency:

- 1) Present a model of local delivery of energy efficiency and income maximisation services involving local authorities, social housing providers, local contractors and voluntary and community agencies.
- 2) Publish findings on data-matching processes to reduce the costs of delivery and improve targeting of help to the most vulnerable households.
- 3) Represent consumers in Fuel Poverty Advisory Group, DECC Fuel Poverty Methodology Group, Ministerial off-grid round table, DECC off-grid working group, FPAG off-grid sub-group, EFPC, Eaga CT and ad hoc EU meetings.

In Scotland, to support the recommendations of the Fuel Poverty Forum and improve the design and impact of future programmes:

- 1) Work with the Scottish Government and local government to improve the existing reporting mechanisms for fuel poverty programmes, including ensuring the consumer experience is captured.
- 2) Track the impact of existing Scottish Government programmes and look to improve the design, delivery and impact of future programmes.
- 3) Make the case for ambitious minimum standards of energy efficiency in private housing.
- 4) Contribute to the research which refines the definition of fuel poverty in Scotland to reflect consumers' real circumstances and needs.
- 5) Advocate economic benefits of a major energy efficiency programme for fuel poor households, building on Consumer Futures' research.
- 6) Build on Consumer Futures' work on energy efficiency in tenements, including working to establish tenement action areas and undertaking consumer awareness work to encourage and support take-up of energy efficiency measures.
- 7) Support Scottish Citizens Advice bureaux to connect with the Climate Challenge Fund, whether through help to develop projects or to connect with existing local projects.

In Wales, to ensure fuel poverty is a central priority for the Welsh Government's Tackling Poverty strategy and commands sufficient resources to address the scale of the problem:

- 1) Assess the extent to which the Welsh Government's fuel poverty schemes reach those most in need and make sufficient impact on those that receive assistance.
- 2) Make the case for the Welsh Government to tackle fuel poverty using its wider devolved powers (health and social care services, housing, and information and advice).

Consumer Futures

- 3) Develop and build on the 'Five Calls for Action' statement agreed by the Fuel Poverty Coalition Cymru.
- 4) Use the Welsh Housing Bill to promote minimum energy standards in the private rented sector.

In the European Union, we will continue to promote the interests of fuel poor households during the review of the legislative frameworks for retail energy markets, the introduction of smart technology and the review of supply and climate targets:

- 1) Contribute to European Commission Communications on energy efficiency and retail energy markets, and the pan-European study of consumer vulnerability, and other appropriate policy papers and working groups.
- 2) Support European energy poverty projects and advocate their lessons to EU institutions and providing evidence in support of our advocacy.

Objective 4: Policies that enable people to take control of their energy use and cut costs

Outcomes

- A coherent policy vision from UK and national governments on the health, growth, climate and cost of living benefits of improving the energy efficiency of housing stock.
- A greater demand from consumers for well-designed and implemented energy efficiency programmes.
- Consumers understand their energy use and are aware of how they can control bills.

Activities

- 1) Identify the various incentives and barriers to consumer take-up of energy efficiency programmes from the UK, Scottish and Welsh governments.
- 2) Promote near zero cost options for demand reduction including those arising from:
 - a) the UK Government's review of the Energy Company Obligation
 - b) minimum energy standards in the private rental sector
 - c) the European Commission and Council of Energy Regulators (CEER)'s review of the energy efficiency market
 - d) the European Union legislative framework for product energy labels and ecodesign.
- 3) Investigate and challenge the complexity of consumer protections in the energy services markets of heat, power and energy efficiency.
- 4) Publish proposals regarding potential models for a smart metering Extra Help scheme for consumers in vulnerable circumstances.

Consumer Futures

- 5) Research the emergence of innovative heating controls in the context of the smart meter rollout, and developing advice for consumers, policy-makers and industry.
- 6) Develop the Smart Meter Data Privacy Framework and press for simpler access for consumers to their own data so that consumers, and new intermediary or energy services, can exploit the potential of smart meters.

Project 2: Fairer and smarter energy retail market

The latest substantial review of the retail market is implemented this year. All consumers need to see material improvements in the 'basics' of an effective retail energy market – experiences of billing, marketing, account information, ease of comparison and switching. However, for many consumers, how energy suppliers respond when they are in hardship, debt or otherwise vulnerable, will outweigh the quality of retail competition.

As technologies connect with better consumption data to make new services possible, consumer protections and market rules will need to anticipate the opportunities and risks so that new products and services do not create a new era of market failure.

Objective 1: Better protection for those in most need

Outcomes

- Consumer experience of material improvements to energy supplier debt policies is reflected in Extra Help Unit and bureaux data.
- Smart meter rollout starts to deliver improvements to the products and services available to low income households, in particular to prepayment meter (PPM) users.

Activities

- 1) Publish research and promote recommendations regarding consumers who are self-disconnecting from their PPMs.
- 2) Work with suppliers, the UK Government and the regulator to ensure that smart PPMs deliver improved products and services for consumers.
- 3) Publish paper on the opportunities and risks for consumers associated with 'smart' debt management.
- 4) Monitor, identify and promote best practice among domestic and non-domestic suppliers regarding consumers in debt.
- 5) Through our work with DWP and the energy and water industries, develop concrete proposals and practical tools to assist the introduction of Universal Credit.
- 6) In Scotland, work with the Scottish Government and local authorities to share and implement best practice in dealing with consumers in energy debt.
- 7) Support PPM consumers to take control of their energy, access support and advice and reduce costs wherever possible.

Objective 2: Getting smarter: implement and monitor key reforms to retail market

Outcomes

- Consumers can identify benefits from the implementation of the Retail Market Review.
- Material progress in key areas of consumer detriment such as billing performance and standing charge rates.

Activities

- 1) Monitor the impact of Retail Market Review and represent consumers on relevant working groups.
- 2) Represent consumers in relation to the drafting of EU policy and legislation regarding the retail energy market, and in particular in the preparation of the European Commission Communication assessing the next steps for the retail energy market, the recommendations of CEER and the working groups preparing recommendations for the 2014 Annual London Citizens Energy Forum.
- 3) Press for the introduction of switching within 24-hours.
- 4) Provide timely evidence and recommendations on industry performance in relation to billing performance – including back billing, Direct Debit handling and information around time of use tariffs – approaching 10 years after an energywatch super-complaint.
- 5) Represent consumer interests on Ofgem's third party intermediary workstream.
- 6) Small businesses benefit from improved protections, better information and products and services that meet their needs.
- 7) Provide evidence to Ofgem and campaign with consumers on the likely impact of new standing charges on low income and vulnerable consumers.
- 8) Empower consumers to be active energy shoppers through advice and information on switching and how to challenge billing problems.

Project 3: Empowering advice, lifeline support and timely intervention

The energy services marketplace is evolving at a rapid pace with new technology, services and systems capable of changing consumers' relationships with energy companies. Consumer protection, advice and information needs to keep pace with this change.

Regulators and enforcers need to respond quickly and decisively where there is strong evidence that firms are failing to treat consumers fairly.

Objective 1: Strengthen the provision of information and advice to consumers

Outcomes

- Consumers can simply access, or be signposted to, appropriate information and advice for their energy needs.
- Consumers can access their energy consumption data for free in easy to understand and use formats.
- Data relating to the energy performance of appliances is freely available, so that intermediaries can provide better information, challenge poor performance and encourage innovation.

Activities

- 1) Publish recommendations on the consumer 'journey' through energy advice.
- 2) Working across the Citizens Advice service, help to extend and strengthen the range and channels for information and advice, by providing expert analysis of consumer issues and solutions in the energy market.
- 3) Support Citizens Advice service information campaigns, such as Energy Best Deal Plus and local activities led by bureaux.
- 4) Press for the inclusion of an accurate account balance on smart meter displays to help consumers budget effectively.

Objective 2: Monitoring, investigating and tackling consumer detriment

Outcomes

- Poor performance by energy companies that causes consumer detriment is quickly identified and addressed.
- Consumers on heat networks are confident that they are paying a fair price for heating and know where to turn for redress if things go wrong.

Activities

- 1) Evidence from the Extra Help Unit, the Citizens Advice consumer service, Citizens Advice bureaux and elsewhere will be used to identify and tackle poor performance by companies; where appropriate through timely and evidenced referrals to Ofgem.

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- 2) Extensive market monitoring of consumer experience and potential detriment in smart meter rollout, heat networks, energy efficiency and microgeneration schemes.
- 3) Work with the Scottish Government and others – including in the third sector – to promote the uptake of incentives to establish community owned renewable energy assets, particularly in deprived areas.
- 4) Publish report and recommendations on the regulatory and consumer protection framework in the evolving energy market for off-gas consumers and other ‘non-standard’ consumers, with a focus on the needs of consumers in rural areas and in Scotland and Wales.

Post

Project 4: Post offices – transformation, services and products

As the Post Office Transformation programme accelerates, it is important that consumers and communities are able to influence local branch decisions, through an effective consultation process. The new operating models have experienced problems with service standards, not least in terms of inadequate knowledge among staff, that have too often resulted in poor product and pricing advice, particularly in local post offices. This has led to widespread problems, with consumers being sold or recommended products which do not best meet their needs.

Service standards across the busiest High Street branches remain unacceptably poor, with long queues, inaccurate product and pricing advice, and widespread 'upselling' to products that do not best meet customer needs. Greater leverage from contractual, regulatory and government partners will be necessary to secure a transformation in High Street service standards.

There is consumer appetite for the Post Office (PO) to offer an expanded range of banking and government services. This potential is constrained by factors such as privacy and space issues, matters that need to be addressed through the Transformation programme.

Objective 1: Network Transformation results in fair access with consumers and communities able to influence branch proposals

Outcomes

- Consumers benefit from a restructured branch network that offers improved access, services and opening hours for consumers.
- Consumers are able to influence effectively decisions on local branches and the impact of proposed changes on communities.
- Proposals to move or close branches that would significantly weaken consumer access to PO services are withdrawn.
- A single operating framework for case handling across GB, and with CCNI in Northern Ireland, to ensure consistent delivery of consumer outcomes.

Activities

- 1) Scrutinise proposals for local branch changes, and identify and secure necessary improvements to proposed branch location, product range, access and opening hours, for both the Network and Crown Transformation programmes.
- 2) Enter cases into the formal escalation process, where there are significant concerns about the impact on consumers, seeking the withdrawal of such proposals as appropriate.

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- 3) Undertake Geographic Information System (GIS) analysis to verify independently Post Office Ltd's (POL's) adherence to UK Government access criteria and report on access levels at UK and nation levels.
- 4) Deliver a rolling programme of checks to ensure POL compliance with its consultation and communications requirements under the Code of Practice, including commissioned research on in-branch adherence.
- 5) Review the Code of Practice and Transformation programme framework with POL to ensure it reflects, and can respond to, consumer priorities under the restructured programme, with a single operating framework for case handling across GB.
- 6) Explore ways of working with the Citizens Advice Bureaux network to engage communities in the consideration of local post office transformation proposals.

Objective 2: To ensure the Transformation operating models maintain access to Post Office products and services

Outcomes

- Consumers benefit from improved service standards in Post Office Locals, including accurate product and pricing advice.
- Consumer access to the full range of products and services in rural areas is maintained via the Transformation rollout strategy.
- Diverse funding sources are in place to support the impact of branch conversions in local communities, helping branches to diversify and maintain critical local retail provisions.

Activities

- 1) Research programme to monitor service standards in PO Locals, with an action plan agreed with POL to transform service standards.
- 2) Policy paper to assess medium and long-term viability of Local and Main Post Offices operating models, and to identify associated consumer risks.
- 3) Publish reports on the likely impact of Transformation in rural areas, and the impact of Transformation on Outreach services (research commissioned in 2013/14 workplan).
- 4) Model the likely coverage and composition of the branch network upon the completion of the Transformation programme model in 2017/18, at GB and UK nation levels, and identify priorities and risks for long-term post office provision.
- 5) Research and advocacy in England, Scotland and Wales that makes the case for diversification and modernisation funding and community branch grants.

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Objective 3: To monitor the key indicators of Post Office performance:

Outcomes

- Improved service standards in the busiest High Street Crown and franchise post offices, including accurate product and pricing advice.

Activities

- 1) Publish report and policy paper on shortcomings in service standards in Crown, franchise and PO Mains branches, including 'upselling' of products.
- 2) Continue to monitor the consumer experience of High Street branches through tracker research, and to assess the impacts of the Crown and Network Transformation programmes on queue times, product and pricing advice, and branch accessibility.

Objective 4: To realise the potential of the network to meet the needs of diverse, and changing, consumer and community needs:

Outcomes

- Consumers can access more central and local government services across the Post Office network.
- Post office banking develops to support the introduction of Universal Credit.
- Effective successor arrangements for the Post Office Card Account (POCA) and credit union access agreement agreed for low income consumers.

Activities

1. Research to identify consumer needs and priorities from a changing Post Office – how can the PO reposition itself to ensure its continual relevance against changing and diverse consumer needs?
2. A policy paper to explore the barriers to take-up of 'front office' potential with a focus on access to government services in Scotland.
3. Research on emergent proposals for POCA successor and Post Office Universal Credit solutions to inform provision and product design.
4. Support the delivery of a Post Office and credit union access agreement through the credit union modernisation project, with a particular focus in Wales.
5. Represent consumers in the Post Office Advisory Group and Mutualisation working groups.

Project 5: Making the parcels market work

Ecommerce continues to grow but research shows that consumers, especially in rural and remote locations can be adversely affected by limited access, choice and value in the parcels market. The agreement of a Statement of Principles in Scotland and the BIS parcels summit in 2013 provides valuable platform to take this work forward.

We will work on issues arising from the introduction of new rights under the Consumer Rights Directive and the importance of awareness to ensure consumers can exercise online shopping rights.

Objective 1: To improve access, choice and value in parcels delivery:

Outcomes

- Consumers, especially in rural areas, have access to greater choice and better value in parcel deliveries.
- Online shoppers have better information provided by e-retailers earlier in the purchasing process.

Activities

- 1) Encourage Scottish businesses to commit to the Statement of Principles on parcel delivery, monitor its implementation and review its impact.
- 2) Gain support and active involvement of retailers to develop principles across UK that build on the Scottish Statement of Principles and consider incentives for operator compliance and use of delivery operators accredited to an independent quality scheme.
- 3) Represent consumers in the development and implementation of the European parcel delivery roadmap in order to give consumers greater confidence in cross-border transactions.

Objective 2: To raise consumer awareness in the parcels market:
Outcomes
<ul style="list-style-type: none">• Higher level of consumer awareness of their rights, including how to obtain redress from parcel operators and online retailers.
Activities
<ol style="list-style-type: none">1) Undertake and publish research on consumer awareness of delivery rights.2) Develop and deliver multi-channel consumer information tools that reflect best practice principles in the parcels market to raise consumer awareness of their rights.3) Launch a delivery rights empowerment campaign in Scotland that provides template letters and a revised Advice Guide, incorporating the Scottish Statement of Principles.4) Conduct research to identify delivery practices of major online retailers and parcel operators across the UK and, in particular, to conduct a benchmarking study to identify and evaluate delivery policies of online retailers delivering to Scotland.

Project 6: Value and service in the mail market

The privatisation of Royal Mail and the growth of competitors may impact on approaches to regulation, price setting and target setting. The needs of consumers and small businesses in rural and remote areas require particular scrutiny in this new operating environment.

As the operating environment and consumers' needs from the mail market continue to evolve, Royal Mail and other postal operators need to respond innovatively to meet consumer needs and provide high quality services. Effective operation of the market also depends on greater consumer rights and choices as users of postal services.

Objective 1: To maintain consumer welfare in mail markets after Royal Mail privatisation:

Outcomes

- There is a universal service that continues to meet consumer needs in the context of emerging postal competition and electronic channels.
- The needs of remote and rural consumers are met by the universal service provider.

Activities

1. Publish a policy paper exploring the consumer impact of competition in the mail market and the privatisation of Royal Mail in order to influence Ofcom's 2015/16 mail market review.
2. Undertake research on residential consumers and small and micro business in remote and rural areas, focusing on mail deliveries and collections, access to post boxes and post offices.
3. Influence Ofcom's regulatory approach to Royal Mail's quality of service performance and standard setting by analysis of quality of service data.
4. Represent consumers with Royal Mail in developing an open consultative process on post box changes.

Objective 2: To promote innovation and consumer empowerment in the mail market:

Outcomes

- Ofcom agrees to conduct a formal regulatory review of complaints handling framework.
- Consumers have access to a responsive complaints handling and redress process in the mail market and understand how to use it.

Activities

1. Publish a review paper on the adequacy of the current postal services complaints framework.

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2. Make recommendations to Ofcom and postal operators that would ensure the provision of independent advice and redress processes that are better tailored to consumers' needs.
3. Raise consumer awareness of scam mail and useful techniques for combating detriment, and work with the Consumer Protection Partnership to address any consumer detriment.

Water

Project 7: Representing Scottish water customers

Scottish Water has improved its performance since its creation in 2002, including improving drinking water quality, reducing interruptions of supply and delivering better customer service. While the framework for economic regulation has enabled this achievement, economic constraints and the limitation of regulation through benchmarking will mean that water services in Scotland will need to evolve. The regulatory, policy and business decisions that shape water services in Scotland are based on a transparent decision-making process that take into account consumers' views and preferences as elicited through robust research.

Objective 1: Consumer representation and engagement in water industry

Outcomes

- Consumers' views influence regulatory, policy and business decisions.
- Customer challenge across sectors informs decisions on the future of the Customer Forum for Water and feeds into the development of customer challenge in other sectors.
- Consumers are more engaged in the water industry and are more aware of their rights and responsibilities.

Activities

- 1) Conduct a critical assessment of customer challenge across sectors, with a specific focus on the Customer Forum's impact on the Strategic Review of Charges 2015-2021 and taking into account Professor Stephen Littlechild's forthcoming review.
- 2) Working closely with Scottish Water, WICS and the Scottish Government, inform decisions over the future of the Customer Forum.
- 3) Ensure that the Scottish Water consultation code supports effective engagement with customers, through monitoring of how the code's guidelines are implemented, identification of lessons learned and suggestions for improvements if needed, in particular, where communities may be impacted by large renewable energy projects.
- 4) Establish new ways to engage effectively with consumers, at an individual and community level, to determine their needs, priorities and expectations from their water service.
- 5) Support Scottish Water in developing education campaigns aimed at empowering customers with regard to their water service, including but not limited to issues around sustainability and water wastage.
- 6) Conduct research into consumer attitudes to using water, using the results to inform consumer education campaigns and engagement strategies.

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- 7) Work with Scottish Public Services Ombudsman to ensure that complaints handling processes keep improving so as to drive down further the number of water related complaints.

Objective 2: Fair charges and debt management

Outcomes

- Water charges are distributed in a fair, efficient and transparent manner across consumers in Scotland.
- Debt recovery practices are improved in order to deliver fairer outcomes for consumers.

Activities

- 1) Represent consumers in the 'Long Term Charging Review Group' aiming to assess and, where necessary, amend the principles and features of the current charging scheme for domestic and non-domestic water customers.
- 2) Build on research into consumers' views towards paying for water, including exploring options for low income consumers.
- 3) Influence any modification of the charges scheme that might be proposed following the review by shaping and responding to the corresponding consultations.
- 4) Build on the debt research conducted in 2013/14 by working with local authorities and debt and money advice groups in order to deliver fairer debt recovery practices for consumers.

Objective 3: Small businesses as water consumers

Outcomes

- The experience of SME and third sector water consumers improves.
- Water providers, WICS and non-domestic consumer representatives are better informed about the needs and priorities of SME and third sector consumers.

Activities

- 1) Provide a robust, evidence-based assessment of how retail competition has delivered for non-domestic consumers so far. This will include a review of the emerging challenges for non-domestic consumers, such as low customer awareness and engagement with the market.
- 2) Monitor the development of the UK Water Bill and subsequent introduction of retail competition in England to gain an understanding of how it may tie in with the Scottish competition framework and impact (positively or negatively) on business customers, and share this understanding with water industry and consumer bodies in the rest of the UK.

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- 3) Advocate for the establishment of a working group including Scottish Water, License Providers, WICS, non-domestic customer representatives and other relevant parties to seek a resolution of current issues experienced by SMEs.
- 4) Assess the impact of the current charging scheme on small businesses and the pros and cons that alternative tariff structures may entail.

Cross Sector

Project 8: Consumer interests drive regulatory regimes and policy

The future and focus of sectoral regulation needs to take proper account of consumers as people rather than ‘actors’ in individual markets. While regulators focus on critical issues within their sectors, there is a risk that consumers will need to cope with different approaches to common issues; multiple redress mechanisms, different approaches to the new uses of personal data, variable approaches to consumer vulnerability and in the protections and market opportunities that are available to small businesses.

The mechanisms by which consumer representatives, regulators and others can explore and work together on issues that cross market-boundaries is crucial. Over recent years Consumer Futures has brought groups together to consider issues such as consumer vulnerability, the simplification of complex markets, approaches to consumer challenge in network industries and the potential of new forms of intermediaries. In addition to the advocacy projects below, extending this approach will be critical.

Objective 1: Data, intermediaries and consumer engagement
Outcomes
<ul style="list-style-type: none">• Increased consumer confidence and greater reliability of price comparison tools market.• Over the longer term, consumers and small businesses will benefit from disruptive services of next generation intermediaries in regulated markets.• A policy framework that enables consumers confidently and securely to share data via intermediary services and personal data tools, and benefit from trusted intermediaries.• A joint approach to personal data empowerment and intermediary services by regulators and stakeholders that enables more effective use of resources.
Activities
<ol style="list-style-type: none">1) Publish policy paper and research reports on the functioning of price comparison websites and engage regulators and the European Commission to explore solutions that improve the functioning of price comparison tools in regulated markets.2) Carry out and publish research into market barriers to the functioning of intermediary services.3) Publish final research report on Personal Data Empowerment Tools and Services and influence the development of appropriate protections for consumers.

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| 4) Ensure that European policy development aligns with GB consumer needs (including EU working group on energy consumers as market actors and the modernisation of related European legal frameworks, such as the draft Data Protection Regulation). |
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Objective 2: Essential services provided in the Welsh language:

Outcomes

- Welsh speaking consumers are able to access, and engage with, essential services in Welsh.

Activities

- 1) Publish report on Consumer Futures research into Welsh language services conducted during 2013/14, and take forward its findings within Citizens Advice Cymru.
- 2) Establish and facilitate a Working Group to agree and implement recommendations for improving Welsh language services for consumers, on the basis of the research evidence gathered during 2013/14.

Objective 3: A small business consumer agenda

Outcomes

- A stronger collective voice for small businesses across regulated markets.
- Small businesses have access to better information and signposting resulting in more choice and better market engagement.
- Small businesses have access to new forms of intermediary services that will make comparing offers and switching easier.

Activities

- 1) Publish and promote an agenda for small businesses as consumers in essential markets, highlighting key recommendations from existing research.
- 2) Work with representative business groups across GB to help mobilise small businesses as engaged consumers.
- 3) Conduct research into the barriers small businesses face in engaging with the market and how they currently use intermediary services.
- 4) Initiate a programme of review and comparison of regulatory protections for small businesses across markets.

Objective 4: To set out and embed a consumer-aware policy framework for infrastructure investment:

Outcomes

- The costs of long-term infrastructure are clearly identified and taken into account within and across regulated sectors and distributed equitably across different generations of consumers.
- Political and institutional acceptance of the need to identify and mitigate the impact of infrastructure investment on those least able to pay.

Activities

- 1) Challenge the current approach to infrastructure investment and develop relationships with Infrastructure UK, national government departments, EU bodies, and sector regulators to:
 - raise awareness of the cumulative burden of infrastructure investment on consumers
 - ensure that within each sector there is a lead body with responsibility for assessing this burden and the distributional effect of where it falls
 - encourage best practice and knowledge transfer between these bodies
 - develop a framework that allows these sector estimates to be aggregated into credible cross-economy assessments.
- 2) Work with EU bodies to acknowledge affordability challenges for domestic consumers within the proposed legal framework to address energy and the environment up to 2030.
- 3) Commission expert papers setting out, with original and compelling logic, the case for a more co-ordinated approach to assessing the impact of infrastructure investment, for example, on 'global best practice' to set out how UK compares with other comparable economies and the advantages of getting it right.

Objective 5: To work with regulators, companies and governments to develop and implement holistic approaches to consumer vulnerability:

Outcomes

- Regulators are able to demonstrate how dynamic consumer vulnerability strategies drive their work with the companies they regulate.
- Key firms show market leadership and best practice by embedding inclusive and flexible approaches to the design, marketing and delivery of essential goods and services for all consumers.

Activities
<ol style="list-style-type: none"> 1) Promote, monitor and assess regulator and company consumer vulnerability strategies and associated developments in government and European policies. 2) Publish final research report on how regulators compare in their approach to consumer vulnerability and disseminate findings among the wider regulatory and consumer organisation community. 3) Support, advise and influence regulators in implementing the report's recommendations and facilitate shared learning, the development of ideas and bring about a sustained commitment to make markets work in a fair and transparent way. 4) Publish the public report on BS18477 benchmarking study on inclusive services, promote findings via a roundtable event and drive forward company understanding of consumer vulnerability by championing the use of BS18477. 5) Generate market leadership and best practice in the identification and response to consumer vulnerability by engaging in constructive dialogue with providers of essential goods and services (and working with them to help identify ways of embedding more inclusive approaches to service provision for all consumers). 6) Engage with the incoming European Commission and Parliament, on policy solutions for consumers in vulnerable situations, in particular by: <ul style="list-style-type: none"> ○ contributing to the European Commission's study of consumer vulnerability of consumers across key EU markets ○ working with MEPs to address these challenges in European Parliament resolutions.

Objective 6: To raise awareness of the causes, impact and solutions to the poverty premium
Outcomes
<ul style="list-style-type: none"> • Key players in the Scottish consumer policy environment commit to tackling the poverty premium.
Activities
<ol style="list-style-type: none"> 1) Undertake research into consumer behaviours relating to the poverty premium, with a view to identifying possible policy 'nudges' towards consumer choices that avoid high cost options. 2) Through a broad based advocacy programme, raise the profile of the poverty premium in Scotland, and the markets and policy levers that are available to mitigate it. 3) Highlight the advice and support that exists for consumers on low incomes and identify gaps where this could be improved.

Resource allocation

Consumer Futures' budget for 2014/15 is £9.4 million and is based on funding available from BIS. Allocated grant funding comprises of contributions from levies on the energy, postal services and water (Scotland) sectors, as well as a contribution from BIS toward the cross-sector work of Consumer Futures.

Revenue stream	2013/14 Consumer Futures (including EHU)	2014/15 Citizens Advice/Citizens Advice Scotland (including costs of the EHU)
Energy	£5.771m	£5.771m
Postal services	£3.111m	£3.111m
Water (Scotland)	£0.3m	£0.3m
BIS grant*	£0.25m	£0.25m

* Confirmation awaited

