

The Future of Regulation

A response to the National Infrastructure Commission Call for Evidence.



Contents

Executive summary	2
To aggregate or not to aggregate?	4
Regulators often view consumer and citizen interests too narrowly	6
Tackling vulnerability	9
A duty to collaborate	11
How much is too much?	11
The need for a telecoms advocate	13
Summary of recommendations	17

Executive Summary

The regulatory framework for the energy, water and telecoms sectors has evolved in a piecemeal fashion since the privatisation and liberalisation of these sectors in the 1980s and 1990s. The challenges of today and tomorrow, in particular those of tackling climate change and the rise of big data, are ones that were simply not envisaged when the current regulators were created. We also have the opportunity to learn from the successes and failures of the past.

There have been some calls for the aggregation of regulators. We think the case for this is strongest in retail regulation, if one thinks that these services may, or should, be bundled in future. But it does not appear to us that this is imminent, or that the benefits of bundling are so profound that they would justify immediate steps to merge the regulators. The case for a single infrastructure regulator is weaker. Price controls are often portrayed as a mechanical, almost scientific discipline but in practice this masks the considerable use of discretion and judgement in setting their parameters. Shaving as little as 0.5% off the WACC of the major regulated sectors would save consumers £1bn/year. In our view, the benefits of competition between infrastructure regulators is currently likely to exceed any economies of scale that could be delivered by their merger. Notwithstanding those views, we think that would be value in reforms that encourage more joined up regulatory thinking across these three sectors. This report reaches four specific recommendations on how we think the regulatory framework for utilities should evolve.

Our first recommendation is that **the statutory definition of vulnerability should reflect that this can be driven both by enduring characteristics but also by transient circumstances**. Current legislative definitions of vulnerability rely on the demographic characteristics of the consumer. While these are useful indicators, they are a crude match. In practice, many consumers holding none of those characteristics can find themselves vulnerable at some point in their lives because of their personal or financial circumstances. A more nuanced definition of vulnerability that takes into account transient circumstances as well as static underlying characteristics should be adopted.

Our second recommendation is that there should be **a duty on these regulators to collaborate**. They currently do so informally through the UKRN, but our perception is that it is probably insufficient to meet the challenges ahead given its limited resourcing and lack of statutory mandate. Short of requiring the merger of regulators, a duty to collaborate on matters of common interest could be beneficial in ensuring joined-up thinking on the challenges ahead.

Thirdly, **either the UKRN, or the NIC itself, should be obligated to consider the cumulative impact of infrastructure investment on consumers, and to periodically refresh this analysis.** As far back as 2013 the National Audit Office was highlighting that nobody knows by how much new investment in infrastructure will increase household bills and whether they will be affordable. That problem remains. Without a holistic picture of the overall strain that overhauling our infrastructure will put on households, it will be impossible to judge the impact on overall affordability and on who may benefit most or least from this transition. This task should be **paired with an obligation to provide recommendations on how to mitigate any problems the assessment identifies. In turn, the government should be obligated to respond to these recommendations,** in much the same way it has to respond to recommendations from bodies like the Committee on Climate Change.

Finally, we think **the government should legislate for the creation of an independent statutory consumer advocate for telecoms at the earliest opportunity.** In the other sectors covered by this consultation, and in many other sectors too, the existence of a statutory advocate provides a powerful consumer voice into the development of new policies and markets, counterbalancing industry views and providing evidence and insight to improve regulatory decision making. Despite being essential services, no such representation exists in the telecoms sector. That gap needs to be filled.

To aggregate or not to aggregate?

The call for evidence seeks views on whether we should move to a multi-utility regulator. The current regulatory framework in Great Britain is a legacy of the piecemeal liberalisation of the three sectors, and there is no inherent reason why the sectors need to be separately regulated - or indeed why we should regulate on the basis of sector rather than activity.

Rather than slicing up the economy on vertical lines - by sector - it could be done on thematic lines - by activity. Under this type of regime, you might have, for example, a retail consumer markets regulator who covered all consumer activity in the utilities sectors, including sales and marketing, billing, customer service, switching rules etc. Coupled with this might be an infrastructure regulator who conducted the price controls and set the network rules for the monopoly assets and, where relevant, the market rules for competitive assets that use the infrastructure but are not consumer facing (eg generators, in the energy sector).

In theory, there could be several advantages from that kind of approach. Firstly, it may be more capable of coping with - and possibly enabling - multi utility services. The take-off of quad play in the communications sector, and nascent provision of bundled telecoms and energy products, suggest that there may be some consumer appetite for buying different utility products from a single supplier, and they may result in economies of scale that flow through to lower bills. For multi utility services to prosper, a single set of rules around switching, cooling-off periods, billing, complaints etc, may be easier for a consumer to navigate than having a different set of rules applied to different components of the same transaction. It may also reduce the risk of either the duplication or absence of regulation - for example, in a situation where the provider of a multi utility product is failing to deliver adequate service, it may not be clear which regulator is responsible for taking enforcement action under the current regime. From an infrastructure perspective, one could expect that a single regulator might increase consistency in decision-making which could, in theory, reduce regulatory risk and the cost of capital, which should be passed through to consumer bills. For both retail markets regulation and infrastructure regulation, there should be some long run administrative costs savings resulting from reducing the number of regulators, although in the short term these may be outweighed by merger costs (redundancies, terminating property leases etc). It may also be that a single regulator could make more effective use of public funding and restructure its costs to focus on areas where it can make most difference in a way that sector specific regulators cannot.

There are significant disadvantages to the thematic approach though, particularly on the infrastructure side. Asset regulation is not a wholly scientific discipline and involves considerable use of judgement. Regulators learn from

each others experience and it can result in a healthy 'arms race' in which they compete with each other for better consumer outcomes on things like the cost of capital. This competition between regulators matters - across price regulated businesses, a difference of just 0.5% in the cost of capital could cost consumers £1bn in a year.¹ That healthy tension would likely be lost with a move to a single infrastructure regulator - it is hard to see how it could be replicated internally within a single organisation. Whole of market regulation could just as easily result in lowest common denominator outcomes as highest common denominator ones, depending on the competency and focus of the new regulator. The need to cover everything could encourage headline chasing, and reduce regulatory focus on less publicly visible but nonetheless important policy areas. While public spending savings might be achieved from reducing the number of regulators, these are uncertain, likely to be deferred until future Parliaments (as there will be short term costs associated with merger - redundancies, relocations etc), and would be unlikely to exceed the double digit £millions.

A less radical alternative to remodelling the regulators along the thematic lines of infrastructure and retail, could be simply to merge some of them. Multi-utility regulation is fairly common internationally, particularly in smaller countries where maintaining separate sector regulators would be considered disproportionate. Both the Republic of Ireland, and Northern Ireland, have regulators who cover both energy and water. Within Great Britain, Ofgem was itself formed from the merger of separate gas and electricity regulators (Ofgas and Offer), reflecting a degree of commonality in the underlying sectors and that the future of those markets was seen as dual fuel products. To be credible candidates for merger, regulators would need to have a degree of overlap in what they do. For example, it would be easier to make a case for merging Ofwat with Ofgem, because of the shared discipline of regulating monopoly network assets, than it would be to make a case for merging either with the FCA, which is more of a product and conduct regulator.

The merger approach would have many of the same potential advantages and drawbacks as the thematic approach: improved consistency and more joined up regulation but at the potential cost of losing the 'arms race' for ideas, less sectoral focus and expertise, and with probably limited cost savings.

Blended approaches are possible. For example, it might be possible to unify retail regulation while maintaining sector specific asset/network regulators. This may appear more joined up to consumers because the bits they see - bills, cooling off periods, complaints handling, marketing rules etc - would be

¹ 'Monopoly Money,' Citizens Advice, April 2019.

commonly governed, while they would still benefit from some competition in ideas for regulating the assets they do not see.

But on balance, we do not see a compelling argument that the case for immediate moves to merging regulation in these sectors, whether on a thematic basis or on a full value chain basis, has yet been made. On the retail side, we note that there has been some emergence of bundled products covering both energy and telecoms, suggesting that any barriers to the emergence of such markets are not insurmountable. In water, the absence of the right to switch, and the very limited savings that have been projected were a right to switch to be introduced,² suggest that the emergence of bundled products covering that sector is unlikely and not a goal that regulation needs to seek to facilitate. On the infrastructure side, we think that the benefits of competition between regulators are likely to exceed those that can be realised through streamlining price control regulation into a single organisation.

Notwithstanding this, we do think the current siloed framework struggles in a number of areas, particularly in catering for whole systems thinking and in allowing for a holistic assessment of the impact of infrastructure investment decisions on consumers. We consider ways in which those problems could be tackled later in our response.

Regulators often view consumer and citizen interests too narrowly

Competition is not always the right tool

While the duties of the regulators vary, they share considerable common DNA in each having a central duty to protect consumer interests. In each case, this protection clause contains a caveat that this should be done wherever appropriate by promoting competition.³ In the energy sector, this was further clarified by the Energy Act 2010 which requires Ofgem to consider whether there are alternatives to competition that would better protect consumer interests than competition before pursuing that route.⁴ The explanatory notes for that legislative change noted that:

‘Competitive solutions may take time to deliver, and the market may create barriers for some groups of consumers so that the promotion of competition

² Ofwat’s 2015 review of the case for introducing competition into the domestic water market presented four scenarios of possible outcomes. The most optimistic of these resulted in a net benefit of £8 per household per year, with the least optimistic resulting in a net cost of £3 per household per year. <http://tinyurl.com/y32jsw8l>

³ See section 3A(1)(b) of the Electricity Act 1989, section 4AA(1)(b) of the Gas Act 1986, sections 2A and 2B of the Water Industries Act 1991, and section 3(1)(b) of the Communications Act 2003.

⁴ See section 3A(1)(c) of the Electricity Act 1989, section 4AA(1)(c) of the Gas Act 1986.

may not be the most effective means of protecting their interests. These provisions clarify that Ofgem should consider using alternative types of solution to address the consumer detriment instead of, or alongside, measures to promote competition. Such solutions could include strengthened licence conditions and enforcement action, or other means that would prevent certain types of market behaviours.⁵

Competition is an incredibly useful tool, and is often the right one to deliver improvements to consumer well-being. But while statutorily caveated as only one tool of many, it appears to us that it is generally used by default, often without adequate consideration of whether better alternatives exist.

Its primacy has created as many problems as it has solved. In major infrastructure projects like smart meter rollout, competition has hurt rather than helped low carbon transition - and has resulted in a disorderly rollout that is over-budget and far behind schedule.⁶ Across a range of essential markets, including in relation to energy and telecoms, we see deep systemic price discrimination between active and inactive consumers.

In the energy sector, this has resulted in the reintroduction of price caps, specifically to try and address the symptoms of acute price discrimination.

In September 2018 Citizens Advice lodged a super-complaint with the Competition and Markets Authority ('CMA') identifying five essential services where we are concerned about the existence of a loyalty penalty, collectively costing consumers £4.1bn/year.⁷ Two of those five services related to the telecoms sector, in relation to mobiles and broadband. While consideration of the super-complaint remained ongoing at the time of this submission, the CMA has already said it agrees that 'millions of loyal or vulnerable customers are being taken advantage of each year by firms - and end up paying much more than they should do,' calling for 'a step change to protect the people being hardest hit, including targeted price caps where necessary.'⁸

On 21 February 2019, Lord Tyrie, the Chairman of the CMA, wrote to the Secretary of State for Business, Energy and Industrial Strategy setting out wide-ranging proposals for legislative and institutional reforms to safeguard the interests of consumers and to maintain and improve public confidence in markets. Central to these was the introduction of an overriding statutory duty to treat the interests of consumers as paramount. He noted that:

⁵ 'Energy Act 2010: Explanatory notes,' UK Parliament, 2010. <https://tinyurl.com/y4sqkxmd>

⁶ 'Rolling out smart meters,' NAO, 23 November 2018. <https://tinyurl.com/ydfwbrm>

⁷ 'Excessive prices for disengaged consumers: a super-complaint to the CMA,' 28 September 2018. <https://tinyurl.com/y9lz9qcs>

⁸ 'CMA tackles loyalty penalty charges,' CMA, 19 December 2018. <https://tinyurl.com/y9w63wfx>

The CMA's current statutory duty is to "promote competition, both within and outside the United Kingdom, for the benefit of consumers". It does not have a primary duty directly to protect consumers. The current duty can leave the CMA constrained from acting to protect consumers' interests unless doing so through purely competition based remedies. This constraint matters because interventions based on competition alone are not always sufficient to protect the interests of consumers, or to do so in a timely manner.'

Of particular concern to the CMA were the challenges prompted by digitalisation, and its ability to facilitate price discrimination and new forms of consumer harm, such as those associated with digital exclusion. These issues are very prominent in both telecoms and energy sectors.

In effect, the Tyrie proposals would repurpose the C in CMA, from Competition to Consumer. But he notes that it 'should not constrain the CMA from intervening to promote and protect the competitive process' where it needs to do so.

But while the CMA may be precluded from considering consumer interests in the round by its current statutory duties, it does not appear to us that sector regulators have been. The 'wherever appropriate' caveat, further enhanced in energy by the requirement to consider alternatives to competition, should, in principle, allow them to use a broader range of tools to tackle consumer detriment.

We therefore see the problem of sector regulators over-relying on competition remedies as a cultural problem, not a legislative one. It seems possible that government sees this issue the same way, noting the recent appointment of the dissenting voice on the CMA's energy market investigation to the Chair of Ofgem.

We are impacted by these sectors as citizens, not simply as consumers

Current regulatory duties are structured around consumers' interests in that sector - eg as bill-payers, and as the recipient of services. But we also have broader interests in the outcomes of these sectors as citizens. Society values many other outcomes like clean air, undegraded ecosystems and fairness. These are not matters that would be considered as within the scope of existing sector regulation.

These three sectors are characterised by their foundational nature - that they facilitate developments in other sectors of the economy, and our broader progress as a nation. So the consideration of their impacts should take into account the wider implications on society - what is sometimes referred to as 'whole systems thinking'.

For example, our path to decarbonisation requires heavy reductions in the emissions associated with the power industry, heating and transport. In the case of transport, the options for achieving this - the adoption of batteries and/or hydrogen to power the next generation of vehicles - are dependent on the energy sector. Yet the decisions in the energy sector that may facilitate those shifts in the transport sector may not make sense if viewed solely in terms of their impacts on energy bill payers. Most obviously, they may involve increasing energy bills. It is imperative that regulators can consider the wider picture if they are to make decisions that are in the best interests of society as a whole.

They need assistance in doing this, but the means of allowing them see and deliver that bigger picture is unclear. There may be value in bolstering the role of Strategic Policy Statements as a means of clarifying the external goals that society wants these sectors to enable. But even with such changes the dividing line between which decisions sit with the regulator, and which should sit with elected politicians, is likely to remain blurred.

Tackling vulnerability

The utility regulators have specific responsibilities to pay regard to the needs of certain categories of customer, based on implied vulnerability. The Electricity and Gas Acts defines their characteristics as follows:⁹

‘the Secretary of State or the Authority shall have regard to the interests of -

- (a) individuals who are disabled or chronically sick;*
- (b) individuals of pensionable age;*
- (c) individuals with low incomes; and*
- (d) individuals residing in rural areas;*

but that is not to be taken as implying that regard may not be had to the interests of other descriptions of consumer.’

The Water Act definition is extremely similar, but adds an additional category of customers whose premises are not eligible to be supplied by a licensed water supplier.¹⁰ The Communications Act definition covers the same categories as the energy acts, but additionally adds childhood and ethnicity.¹¹

⁹ Section 3A(3) of the Electricity Act 1989 and 4AA(3) of the Gas Act 1986.

¹⁰ Section 2(2)(c) of the Water Act 1991.

¹¹ Section 3(4) of the Communications Act 2003.

These characteristics all tend to be based on relatively stable, demographic measures. They have the benefit of being usually objectively measurable based on defined thresholds - eg someone is either of pensionable age or they are not - and therefore are often used to design eligibility criteria for assistance schemes. They can also provide a useful focus when considering whether particular classes of customers are positively or adversely affected by policy or market operation.

Despite this, it must be noted that they are often a clumsy fit for vulnerability. It is far from the case that every pensioner or rural resident is vulnerable and the utilisation of such crude classes can sometimes be patronising or divert resources and attention away from where they are needed. One national newspaper focused its 2018 Christmas charity campaign around encouraging pensioners to give away an age related energy benefit if they thought they had no need of it, highlighting this problem of poor targeting.¹²

These definitions also tend to imply that vulnerability is a static, enduring condition. That you are only vulnerable if you fit inside one of those demographic categories, and that you will continue to be vulnerable for as long as you remain in that category. This is an outdated way of looking at vulnerability. In practice all consumers can be vulnerable at some points in their life, for reasons entirely disconnected to their demographic characteristics - for example, because of bereavement, family breakdown or domestic violence.

Citizens Advice, like most practitioners, regards vulnerability as something that can be transient, driven by circumstances or situation, and that any consumer or citizen may be vulnerable at some point in their life. That view appears to be shared by most regulators. But while this more nuanced view is often applied in practice, the underpinning legislation is silent on transient vulnerability and focused on demographic characteristics. To remove that mismatch between rules and reality, we think that the regulators statutory definition of vulnerability should be updated.

Recommendations from this section:

- the statutory definition of vulnerability should reflect that this can be driven both by enduring characteristics but also by transient circumstances.

¹² 'Don't need that winter fuel payment? Give it to Crisis,' Sunday Times, 9 December 2018. <http://tinyurl.com/y3cetmr6>

A duty to collaborate

There is currently no statutory requirement on these regulators (or others) to collaborate or cooperate. They do so voluntarily through the UK Regulators Network ('UKRN'), but our perception is that it is probably insufficient to meet the challenges ahead given its limited resourcing and lack of statutory mandate. Short of requiring the merger of regulators, a common duty to collaborate on matters of common interest could be beneficial in ensuring joined-up thinking on the challenges ahead.

An ambitious form of this could set out a presumption of collaboration in defined areas. For example, if there is a view that the bundling of cross sector products is a desirable or inevitable direction of travel, there would be value in joined up thinking on customer-facing policy, so that rules and experience in policy areas like sales and marketing, priority service registers, data sharing, redress etc are consistent across all aspects of the bundled product.

To ensure accountability, the regulators should set out their expected areas of joint-working in annual work plans and report on their delivery against those commitments.

Recommendations from this section:

- a duty on these regulators to collaborate

How much is too much?

The scale of investment needed to meet our infrastructure challenges is daunting. The National Infrastructure Pipeline sets out over £400 billion of planned investment in the coming decade, of which around £190 billion will occur by 2020/21.¹³ More than half of that investment will be in the three sectors covered by this consultation, and the vast majority of that spending will be paid for by consumers through bills, rather than taxes. The implications of paying for infrastructure through bills rather than taxes are that it will expose consumers in lower income deciles to a higher proportion of the costs,¹⁴ which makes it particularly crucial that we understand its implications on affordability. This investment wave is set against a backdrop of rising prices, including

¹³ 'Analysis of the National Infrastructure and Construction Pipeline,' Infrastructure and Projects Authority, 26 November 2018. <http://tinyurl.com/y4cmfw9j>

¹⁴ 'Funding a Low Carbon Energy System: a fairer approach?' UK Energy Research Council, March 2018. <http://tinyurl.com/y5mg5h88>

real-terms rises of 28% for gas, 37% for electricity and 6% for water since 2007,¹⁵ and stagnant real wage growth.¹⁶

Despite this, no one holds responsibility for understanding how these investments impact on consumers in a holistic way. Back in 2013, the National Audit Office noted that:

*'Government and regulators do not know by how much overall investment by the private sector in infrastructure will increase household utility bills and whether bills will be affordable. The NAO [...] is concerned that without a fuller understanding of affordability in the round, government and regulators cannot assess the adequacy of [mitigation] schemes, now or in the future.'*¹⁷

That problem remains. We are not aware of any of these three regulators producing future forecasts of the direction of bills in their individual sectors, let alone something that maps the peaks and troughs, winners and losers, in their sector onto those of other sectors. There is very limited evidence of 'bigger picture' thinking. Somebody needs to pick up the responsibility for this.

In our view, the most obvious candidate for this role is the National Infrastructure Commission ('NIC') itself. Its remit is by definition cross sectoral, and there would appear to be natural synergies between its work in producing and periodically refreshing the National Infrastructure Plan and in understanding how and where those costs fall, and whether they are manageable. In our view, any National Infrastructure Plan is only likely to be credible if it can be paid for, and if there is common buy-in from both society and investors to its vision.

An alternative candidate for this role to the NIC could be a modified version of the UKRN. It also has a cross sectoral remit, though in its current form it appears to lack the resourcing or clout to conduct such a complex role. It may however be possible to fill that gap through the introduction of a duty to collaborate on the regulators, discussed elsewhere in our response, which could give impetus to the sponsor regulators to boost the UKRN's operational capability.

While sector regulators view affordability through the prism of their own sector, consumers view it very differently. They have to pay all their bills, not simply those in one silo - aggregate affordability matters to them. Around a third of

¹⁵ 'Regulating to protect consumers in utilities, communications and financial services markets,' National Audit Office, March 2019. <http://tinyurl.com/y6ohld7p>

¹⁶ 'IFS: UK wages have not recovered to pre-crisis levels: Annual earnings more than 3% lower than in 2008 with millennials worst hit,' The Guardian, 13 September 2018. <http://tinyurl.com/y2kfcv1>

¹⁷ 'Infrastructure investment: the impact on consumer bills,' National Audit Office, 13 November 2013. <http://tinyurl.com/y22wng9t>

clients coming to us with debt problems relating to utility bills are experiencing problems in more than one sector.¹⁸

So we would like to see the introduction of a periodic assessment of the cumulative impact of infrastructure investment on consumers. This needs to map the costs and bill impacts over time, and also needs to include distributional analysis to understand whether costs will fall on particular types of consumers, whether by income, usage pattern or region.

To ensure that this analysis is acted upon, we think the body tasked to produce it should be required to present its results to Parliament, and that it should include recommendations on how to mitigate any pinch-points the analysis finds (for example, if there are particular types of consumers who are likely to be adversely affected, or if there appears to be a need to reprofile spending to dampen bill peaks). The government should be obligated to respond to these recommendations, in much the same way that it has to respond to recommendations by bodies such as the Committee on Climate Change.

Recommendations from this section:

- either the NIC, or a modified version of the UKRN, should be obligated to consider the cumulative impact of infrastructure investment on consumers, and to periodically refresh this analysis
- the same body should also be obligated to provide recommendations on how to mitigate any problems the assessment identifies. In turn, the government should be obligated to respond to these recommendations

The need for a telecoms advocate

In two of the three sectors covered by your consultation, energy and water, there is a dedicated statutory consumer advocate to stand up for consumer interests - Citizens Advice for energy¹⁹, and the Consumer Council for Water.

Broadband and mobile phone services are now essential services. However, consumers have more issues with telecoms than any other essential service.²⁰ Not only does this have a significant impact on our everyday lives, it is also detrimental to productivity in an economy increasingly reliant on digital connectivity.

¹⁸ 'Regulating to protect consumers in utilities, communications and financial services markets,' National Audit Office, March 2019. <http://tinyurl.com/y6ohld7p>

¹⁹ This role is held jointly with Citizens Advice Scotland.

²⁰ 'Counting the cost of consumer problems,' Citizens Advice/Oxford Economics, 2016. <http://tinyurl.com/yy9ae4bw>

Telecoms is a unique essential service in that the market is evolving rapidly, both in terms of technology and the way consumers use it. There are debates underway today that will shape the future of the UK's digital economy for decades to come. Issues such as the below are crucial to the long-term development of our digital infrastructure:

- rollout of full-fibre broadband,
- broadband Universal Service Obligation,
- separation of BT and Openreach,
- wholesale broadband pricing,
- retiring the public switched telephone network, and
- mobile spectrum allocation.

Unlike markets for other essential services such as water, energy and post, a strong, independent consumer voice is almost entirely absent from the policy-making process in the telecoms sector. While industry can and must be part of these debates, consumers and small businesses should not be left without a seat at the table. Industry has the resources and the incentives to make significant investments into shaping the policies, regulations and codes that govern the telecoms sector in a way that benefits them. Consumers, too, should have a strong, independent champion to ensure their interests are represented to decision-makers in the best possible way.

Advocacy is a structural feature of a well-functioning essential service market. Consumer representation in key decisions on infrastructure leads to positive outcomes for consumers.

We see this in energy, where consumer-provider engagement activities on price controls are providing companies with considerable insight into the views and priorities of consumers, resulting in significant improvements in service quality.

There are a range of upcoming policy issues in the telecoms sector, such as the switching off of copper lines and switching to Voice over Internet Protocol, that will have a huge impact on consumers - they should be represented in these debates.

Consumers and small businesses should not be without a dedicated champion. Experience from other sectors shows that a well-resourced, independent consumer advocate can:

- Shine a spotlight on areas of consumer detriment and represent consumers in decisions that affect the services they receive
- Provide front-line advice and case-handling for vulnerable consumers
- Empower people through consumer education

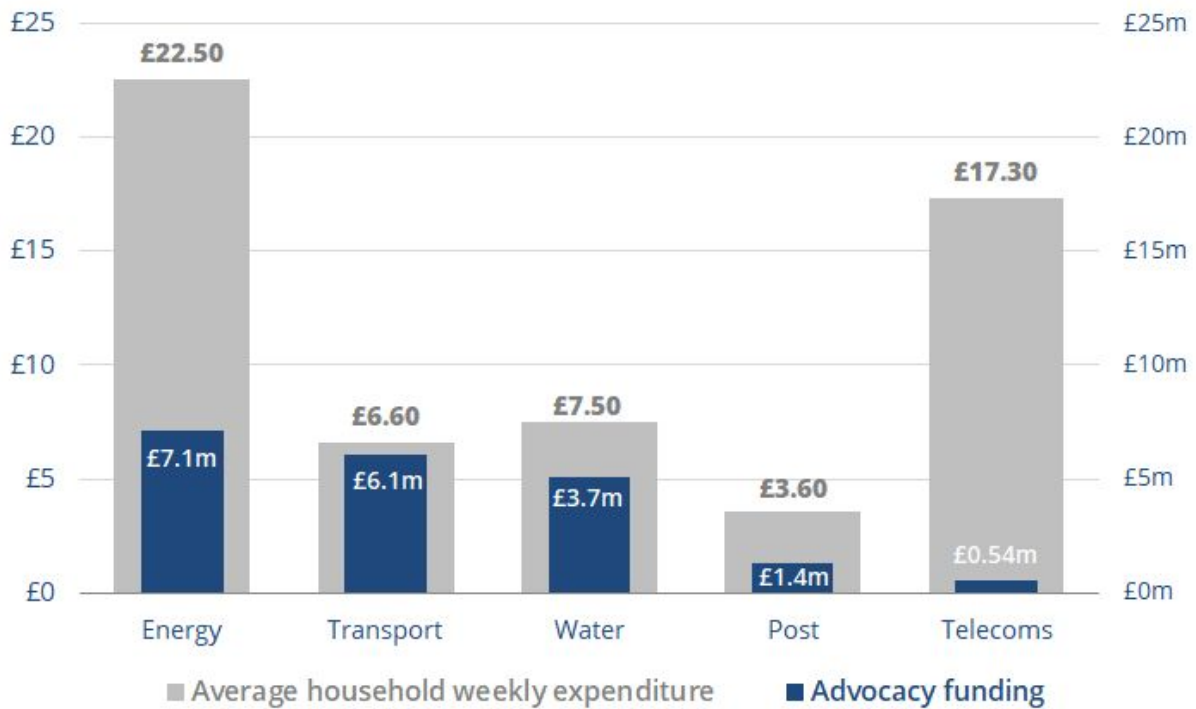
- Support industry in developing policies that deliver positive outcomes for consumers.

An independent advocate could also strengthen the regulator and help them to take more decisive action by providing additional evidence or balancing out industry opinions.

Establishing a levy-funded statutory telecoms advocate remains the most beneficial long-term solution for consumers.

Telecoms consumer advocacy receives the least funding of all essential services. The chart below shows average household weekly expenditure and annual advocacy funding for a range of essential services. The funding gap for telecoms is clear.

Fig.1: Telecoms advocacy receives the least funding despite high weekly household spend.²¹



²¹ Figures for weekly spend from: ONS, Family spending in the UK: April 2017 to March 2018, [Components of household expenditure: Table A1](#); Citizens Advice, [Trends in the Postal Services Market](#), May 2018. Figures for Transport, Water and Telecoms advocacy funding from: Transport Focus, [Annual Report and Accounts 2017-18](#); CCWater, [Annual Report and Accounts 2017-18](#); Communications Consumer Panel, [Annual Report 2017-18](#), with projection for 19/20 from [Ofcom Annual Plan 2019-20](#). Figures for Energy and Post advocacy funding are from 2017-18 Citizens Advice grant agreement, including, an estimate (based on 2016-17 figures) for the costs of Citizens Advice Scotland to ensure geographic comparability. Includes cost of advocacy, Extra Help Unit, and Consumer Service. Energy figure includes Big Energy Saving Week. **We note that Ofcom has increased funding for the CCP for 2019/20 by 50% from its 2018/19 level, bringing the provisional budget for 2019/20 to c.£480k.

Recommendations from this section:

- the government should legislate for the creation of an independent statutory consumer advocate for telecoms at the earliest opportunity

Summary of recommendations

We recommend that:

- the statutory definition of vulnerability should reflect that this can be driven both by enduring characteristics but also by transient circumstances
- a duty on these regulators to collaborate
- either the UKRN, or the NIC itself, should be obligated to consider the cumulative impact of infrastructure investment on consumers, and to periodically refresh this analysis
- the same body should also be obligated to provide recommendations on how to mitigate any problems the assessment identifies. In turn, the government should be obligated to respond to these recommendations
- the government should legislate for the creation of an independent statutory consumer advocate for telecoms at the earliest opportunity

Good quality, independent advice. For everyone, for 80 years.

We give people the knowledge and confidence they need to find their way forward - whoever they are, and whatever their problem.

Our network of charities offers confidential advice online, over the phone, and in person, for free.

With the right evidence, we show companies and the government how they can make things better for people.



citizensadvice.org.uk

Published April 2019

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

Registered charity number 279057.