

The Citizens Advice consumer work plan 2022-23



Foreword

Our last annual work plan was written in the midst of a pandemic that had stark effects on people's livelihoods and wellbeing. It remains unclear if the pandemic's impacts on public health have peaked, but either way the social and economic consequences of this extraordinary period will continue to be felt for many years to come.

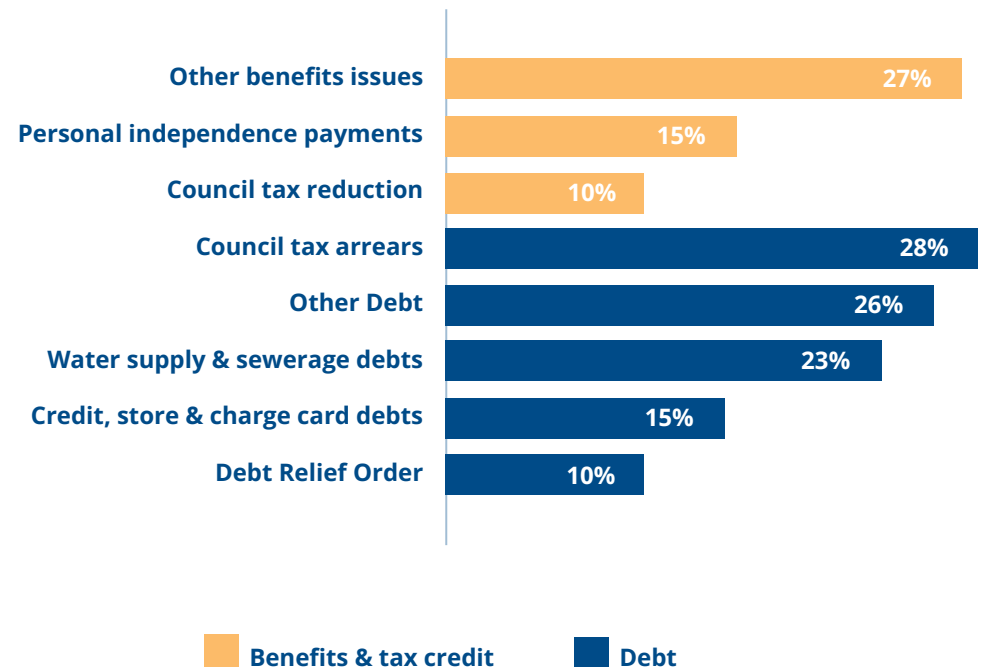
A recovery from the pandemic won't bring fewer challenges for consumers, but different ones. As pandemic-era debts start to be recalled, the long-term impacts of Brexit continue to unfold and the cost of living rises, the future looks uncertain for many. Our data confirms this, showing early warning signs of rising pressures on people.

A surge in the wholesale price of gas has triggered a crisis in the UK energy sector, as millions of customers have seen their energy supplier fail. Consumers will pay a heavy cost for this - already over £2 billion - just as the retail price cap is expected to rise by hundreds of pounds, over and above increases in 2021. Combined with rising living costs and falling incomes for those receiving Universal Credit, household budgets will be stretched to the limit.

Citizens Advice locally and nationally has reacted quickly to the changing situation to help people find a way forward. However, people's problems are intertwined, which makes

them more damaging and harder to solve. Many of those we've helped with fuel debt in the last three months face a storm of debts, with more than one in five needing further emergency charity support for basics like food and clothes.

Other issues faced by people with fuel debts



Foreword

We cover four main themes in this work plan:

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

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

Advice and advocacy must also adapt to meet the needs of consumers today. Over the next year, we will stay focused on achieving an impact for consumers in extraordinary times



James Plunkett

Executive Director of Advocacy and Technology

Equity, diversity and inclusion (EDI)

We will continue to achieve change for people from marginalised communities. We will refine our processes to better understand the challenges, detriment and harm experienced by marginalised groups, and be vocal in our campaigning to change this. We will pay particular attention to the impact of the pandemic on Black, Asian and minority ethnic people, disabled people, and other groups who have been disproportionately affected, making sure we take their needs and circumstances into account in our work in the coming year.

We will integrate equality by design into every major advocacy project we undertake. We will ensure we identify and consider the needs of marginalised groups who experience intense disadvantage, detriment and harm.

At least one of our policy priorities each year will focus specifically on achieving positive change for marginalised groups who experience disadvantage, detriment or harm in ways that our other clients do not.

We will do regular stocktakes of our data to understand how our clients' problems map against specific protected characteristics, to determine whether there are gaps in our advocacy work.

A robust and impactful approach

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

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

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

6 core outcomes that characterise a successful consumer market

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

A robust and impactful approach

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

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

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

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

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

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

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

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

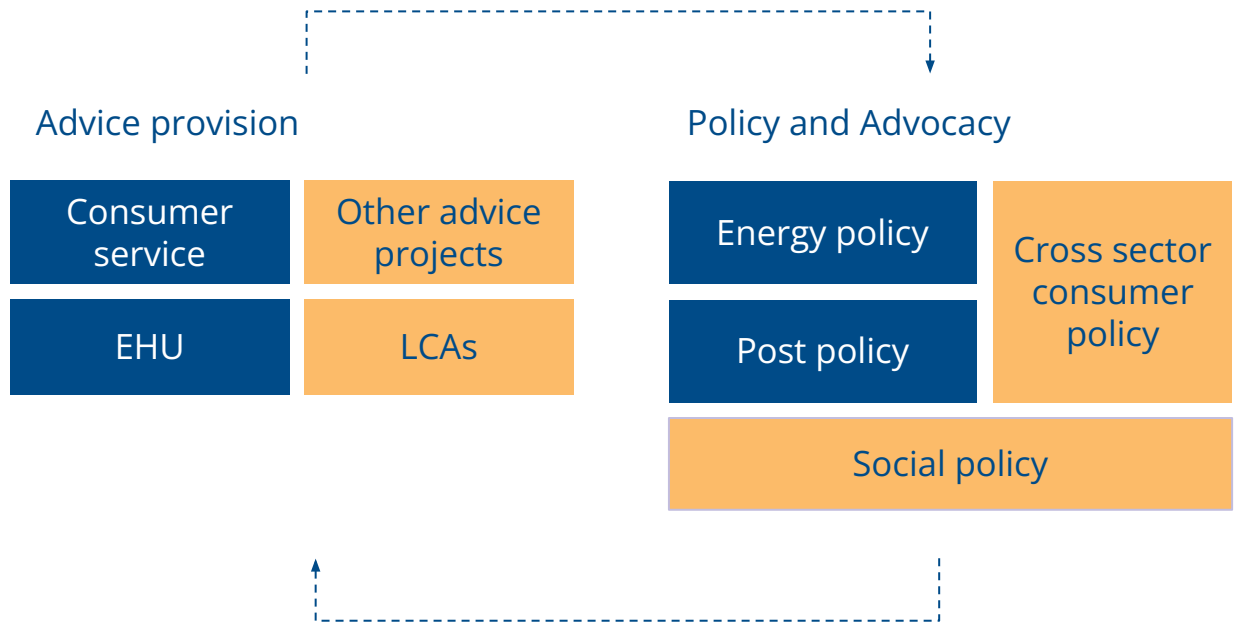
How our advice and advocacy roles support each other

- Statutory role
- Non-statutory role

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

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

The **Extra Help Unit (EHU)** is a specialist support service investigating complaints for domestic and micro business energy consumers, and postal service users, who are in vulnerable circumstances across Great Britain. The service is managed by Citizens Advice Scotland.



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

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

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

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

Work plan projects

Our energy, post and cross-sector consumer projects for 2022-23

Four themes for our work

Applying these principles, this document sets out our plans for 2022-23. There are 4 themes for our work this year.

Making markets work for consumers

Better value infrastructure

A fair deal for consumers in vulnerable circumstances

Protecting consumers in rapidly evolving markets

For each theme we have also included success stories from the past year. More information about our work from 2019-20 can be found in our **Annual Report**.

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

 Energy

 Post

 Cross-sector consumer

Making markets work for consumers

The rise in the cost of living is going to have a huge impact on the money in consumers' pockets. This makes it more important than ever that markets work well for consumers. The loyalty penalty shows us what can happen when markets don't function well, costing consumers thousands of pounds a year. This year our work will focus on improving outcomes for consumers where markets are currently tilted against them such as the use of 'buy now pay later' products, and the largely unregulated postal market. Our work will consider the impact on consumers across England, Wales and Scotland.

Investigating discrimination in consumer markets

We have been exploring whether people of colour could be experiencing worse outcomes in financial services markets than other consumers. Our research into the insurance market found that people living in areas where there is a high proportion of people of colour face much higher insurance prices.

Regulators have a responsibility to ensure firms are complying with the Equality Act, and treating all customers fairly. We will continue to monitor responses to our research and support the FCA to investigate this issue further, whilst also undertaking research to establish if similar patterns exist in other markets.

The impact of buy now pay later services

We estimate that 14 million people used unregulated 'buy now pay later' products (BNPL) in the last year. While some consumers find BNPL helpful to manage their spending, as credit products they're also inherently risky. As BNPL products become more common in a wider range of markets, we need to ensure the right protections are in place for consumers.

Our research found that a lack of affordability checks and 'slippery' product design are causing problems for consumers. More than 40% have taken out buy now pay later credit by accident, many consumers don't fully understand what they are signing up for, and 1 in 4 regretted using BNPL. Too many consumers are taking on unmanageable debt, with 41% struggling to make repayments, and 1 in 10 having been chased by debt collectors.

BNPL checkouts should have clear information for consumers, effective affordability checks and provide fair and consistent treatment for people in financial difficulty. As the UK Government begins to bring these new products into regulation, we will continue to track and analyse the challenges consumers are facing, explore what kinds of approaches could reduce the harm people face, and scrutinise the development of regulation to ensure it delivers the best outcomes for consumers.

Making markets work for consumers

Monitoring action to end the loyalty penalty

Since we made our super-complaint to the CMA in 2018, we have seen good progress towards tackling the loyalty penalty in a number of markets. The FCA has recently introduced new rules which effectively end the practice of loyal customers being charged higher premiums in the insurance market. We will monitor the implementation of these new rules to ensure they deliver for the 4 million customers who have been overpaying for home insurance.

But in other areas, further action is needed. The FCA has paused work to introduce Single Easy Access Rates in the cash savings market. They are also yet to propose any action in the mortgage market, despite acknowledging that 'harm is significant', with customers overpaying by £800 million per year. We will push the FCA to match the level of boldness shown in insurance in these other markets.

We will also continue to monitor progress of voluntary commitments in the mobile market, and push for stronger action from Ofcom. Ofcom research shows that real progress is being made in the overcharging of people at the end of their bundled mobile contracts, and the protection of vulnerable consumers from overpaying for their broadband. But detriment still exists and we'll continue to monitor, intervening with firms, the UK Government and the regulator where appropriate.

Protecting and strengthening postal regulation

Ofcom is conducting a review of postal regulation. This review will determine the future of the rules that govern the provision of essential postal services - including the Universal Service Obligation (USO), the safety net that keeps post fair and affordable for everyone. In the last year we responded to Ofcom's Call for Inputs to highlight the need for changes to the regulatory framework in response to changes in consumer needs.

We also published our **parcels league table**, which for the first time compares the performance of major delivery companies. With no company scoring more than 2.75 out of 5, this highlights the need for regulatory reform in this market.

In the coming year, we'll continue to engage in the regulatory review process and respond to consultations to advocate for greater consumer protections. To do this, we'll work closely with Ofcom, industry and other consumer advocacy bodies, including Consumer Scotland and the Consumer Council of Northern Ireland. We will also monitor how the introduction of barcoded stamps works for consumers.

Making markets work for consumers



Ensuring parcel and postal services meet the needs of micro businesses

In 2017, our **research** found that micro businesses heavily relied upon post and parcel services. The coronavirus pandemic cemented this trend. Small and micro businesses face a new set of challenges and opportunities in the post-pandemic, post-Brexit environment. It is important that we better understand current micro business needs from both the post office network and the wider parcels sector.

Citizens Advice is the statutory advocate for micro businesses as well as consumers. This means we are uniquely placed to explore how small and micro businesses use post offices and parcel services, and the value they place on them.

We will seek to identify solutions to support them as they navigate a challenging wider context.

In the coming year, we will:

- Commission research to understand how micro businesses access and use post office and postal services, and the problems they encounter when doing so
- Through this research we will also seek to understand the impact that Brexit has had on micro business access to and use of the European parcels market, including sales into Europe

- Work with business groups and other key stakeholders such as Consumer Scotland and Consumer Council Northern Ireland to help ensure post offices and parcels services are meeting the needs of micro businesses



Safeguarding consumer experience in an evolving energy sector

The energy retail market has faced significant challenges caused by historically high wholesale prices and consequently an unprecedented level of supplier failure. In 2021, over 2 million households experienced the Supplier of Last Resort (SoLR) process, and the Special Administration Scheme for large suppliers was used for the first time. The SoLR process can create problems for customers in relation to credit balances, debt repayment plans and overall unwanted hassle. Supplier failures also result in costs which are socialised across the market and paid for by consumers. At present these costs are estimated at £2.6 billion. At the end of the current crisis, the market will be very different with far fewer suppliers and a high level of costs to recover.

Making markets work for consumers

In 2022/23 we will research and advocate for regulatory reforms which deliver an energy market which is stronger and more resilient, ensuring that better compliance and enforcement leads to improved consumer outcomes. We will:

- Conduct a study to consider whether there is a need for longer term price protection for energy consumers, and what form this should take
- Continue to call for reforms to improve the resilience of the retail market and consider how a more consolidated market can deliver higher standards for consumers, innovation, and the role of consumer engagement
- Continue to work directly with energy suppliers, maintaining bi-lateral relationships and drawing on Local Citizens Advice data, social media monitoring, Consumer Service and Extra Help Unit data to provide insights on areas where improvements are needed
- Provide consumers with the information they need to make informed choices about their energy supplier, building on the respected position our **Star Rating** has gained across the wider industry as the leading indicator of customer service performance
- Continue to collaborate with Ofgem on a tracking survey of consumer experience in the market, particularly focusing on the impact of supplier failure and debt support
- Use our voice on industry codes and panels to stand up for consumers and deliver positive outcomes, particularly in the context of the new Retail Energy Code



Supporting people to decarbonise their homes

The UK Government has set a target for as many homes as possible to reach EPC Band C by 2035. Achieving this target is essential to meeting the Government's net zero targets. It will also help ensure people live in warm and comfortable homes. Improving the energy efficiency of homes will also help to reduce energy bills, and tackle energy debt and fuel poverty. Consumers currently need better information, protection and support when making their homes more energy efficient or installing low carbon home technologies. We will continue to play a crucial role in representing consumers' needs, especially in the development and operation of energy efficiency schemes and incentives.

In 2022/23 we will:

- Advocate for more wide-ranging support to enable consumers to confidently take steps to decarbonise their homes
- Undertake research to understand the barriers and experiences of people who undertake retrofit and energy efficiency improvements to their homes
- Input into the development of green financial incentive options, working with industry, government and regulators

Making markets work for consumers

Success stories



Supporting people during the energy market turmoil

The pandemic and the energy market turmoil have meant many consumers have needed additional help and support. Citizens Advice has been:

- providing consumers of failed suppliers with advice and support
- setting out **guidance on best practice** for SoLRs
- working with incoming suppliers and administrators to protect consumers, for example through alterations to how debt is collected
- working with wider industry by providing insights from our unique data sources to contribute to the design of voluntary higher standards such as the **Energy UK Winter Commitments**.

We have also been advocating for solutions to some of the root causes of retail energy market turbulence such as the cost of supplier exits. We estimated that supplier exits in December 2019 cost consumers £97 million through the mutualisation of the Renewables Obligation (RO). We advocated for improvements to regulation and have since seen the implementation of higher entry and ongoing standards by Ofgem through its Supplier Licensing Review. We also welcomed the consultation from BEIS on more frequent payments under the Renewables Obligation, which could substantially reduce the costs to consumers in future supplier exits.



A fairer deal for mail redirections

Mail redirections give people continuity of post so that they don't miss important correspondence (utility bills, letters from the bank etc). It also helps to protect against identity fraud.

We've long been campaigning for cheaper mail redirections. Our research has found that people on lower incomes, who are disabled, or in receipt of benefits are less likely to take out redirections due to cost. We found that only **a quarter of low income home movers used a redirection service compared with two thirds of high earners**.

In November 2021, Royal Mail announced that it is making the redirections discount more generous and widening the eligibility criteria. From 29 November 2021, the improved discount will be available to people on Universal Credit, six legacy benefits and Pension Credit. For example, 2 adults redirecting their mail for 6 months will pay £30 instead of £56.99. That's a 47% discount.

However, affordability remains an issue for those not eligible for this discount. Between 2013 and 2020 the cost of mail redirection has **risen by more than 60%**, far in excess of inflation. We will continue to make the case that Ofcom should explore introducing price controls to prevent prices from continuing to rise so steeply.

Highlighting the impact of unregulated credit

Millions of people in the UK use buy now pay later (BNPL) to split or delay payments. While useful for some, it is concerning that these products are unregulated and can push consumers into debt.

In April 2021, we published **Buy Now Pain Later**, a report which highlighted how BNPL is causing problems for consumers. In particular, consumers are often using BNPL without releasing it or fully understanding what they are signing up for, and many are struggling to make repayments. We followed this up in September 2021 with our **What Happens If You Can't Pay Later?** report. We found that current affordability assessments don't seem to be working, and too many people are being referred to debt collectors despite not being warned about this at the checkout.

Since then, HM Treasury has released a **consultation on BNPL**, which reflects our calls for regulation to reduce consumer detriment. The consultation shares the core issues and solutions which we identified in our research; slippery product design, information and understanding, affordability checks, and fair and consistent treatment of people in financial difficulty. We'll continue to feed in our research and support the development of regulation to make sure it delivers the best outcomes for consumers.



Better value infrastructure

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

Investment must be well managed to ensure value for money and good consumer outcomes. In markets dominated by a monopoly provider, regulators need to act to make sure consumers don't pay more than they need to for an essential service. We will consider the regional impacts of infrastructure investment, and any differential impacts between England, Wales and Scotland.



Delivering net zero network investment at best value for money

Energy networks are monopolies, with the returns they make set by Ofgem and then charged through consumer bills. Our landmark **2017 research** found that in the last price control for networks (RIIO-1), consumers were set to overpay for energy networks by £7.5 billion.

Billions of pounds of consumers' money will be spent by electricity Distribution Network Operators (DNOs) over the next price control (RIIO-2) which runs from 2023-2028. Some of this investment will contribute towards decarbonising Great

Britain's energy network and facilitating the net zero transition. Substantial investment will also be required in system operation and transmission networks. Ensuring this investment is good value for consumers is vital to deliver the net zero transition at least cost and to help build and maintain public support.

In the following year, we will continue to advocate for a price control that delivers better value for consumers by:

- Scrutinising new price control proposals
- Investigating and proposing different models of network regulation
- Considering how new net zero investment plans should be assessed
- Promoting how strategic investment can be delivered without placing undue financial risk on consumers
- Investigating what regulatory developments are required to ensure networks earn an appropriate rate of return for investment



Ensuring post offices can support resilient communities

Post offices play a vital role in sustaining dynamic and resilient local communities. As one of the largest-remaining face to face service providers, the post office network helps fill the gaps left by bank branch closures and ensure people can physically

Better value infrastructure

access services that are increasingly being moved online. We have found that almost 1 in 2 (45%) people use a post office at least monthly. The post office also serves as a lifeline for people in rural areas where almost 1 in 4 (23%) people visit a post office at least once a week.

In the coming year, we will:

- Build on the evidence from our research in 2021/22 by continuing to monitor consumer use of post offices and the ongoing impact of post office closures and increasing part-time outreach services
- Work collaboratively with Post Office Ltd (POL), Department for Business, Energy & Industrial Strategy (BEIS) and other stakeholders to address the worrying increase in temporarily closed and part-time outreach post offices
- Track network changes and engagement with post office consultations
- Continue to engage closely with operators, charities and consumer groups to share knowledge and insights on post office-related developments through bilateral meetings, the Post Offices Advisory Group and monthly newsletters



Optimising consumer experience in the smart meter roll-out

There are 21.6 million smart meters operating in smart mode in people's homes and small businesses, equal to 39% of all meters. Citizens Advice's insights have been central in refining the roll-out to deliver the best possible consumer experience, with data and case studies relied on by senior stakeholders across government and industry to design policy and practice.

The next phase of the rollout will see meters installed in the homes of harder to engage consumers as well as those with more complex metering arrangements. In 2022/23 we will ensure the data and insight collected by our advice services ensures these consumers have the best possible experience.



Development of heat network regulation

Heat networks will play a key part in achieving net zero. The Committee on Climate Change estimates that heat networks will need to deliver low carbon heating to around 5.5 million homes by 2050, up from 500,000 today. Regulation of the industry will give heat network consumers similar protections to other energy consumers, and Citizens Advice will have a crucial role to play as the consumer advocate when the new arrangements come into effect.

Better value infrastructure



Improving the experience of public charging

The phasing out of new sales of petrol and diesel vehicles by 2030 means that improving the experience and confidence of people using public chargepoints will be essential for the uptake of electric vehicles. The Climate Change Committee forecasts that the UK needs nearly 12 times the current number of chargepoints by 2030. But, the current system is unreliable, with limited information and frequently incorrect messaging about availability. Paying for public charging points can also be complicated, and pricing can be difficult to understand.

In light of the changing regulatory landscape, in 2022/23 we will:

- Advocate for an improved experience of electric vehicle public charging using our research and insights
- Continue to work with the Office for Zero Emission Vehicles (OZEV) to ensure consumers are considered in future regulation
- Continue to participate in the Electric Vehicle Energy Taskforce, advocating for a better complaints and redress process and consumer control over data



Making markets work for consumers

Success stories



Delivering net zero network investment at best value for money

The costs of building energy networks and transporting energy to our homes make up around a quarter of a typical dual fuel energy bill. During the RII0-2 price control process for the gas and transmission networks we scrutinised the business plans of companies and, following appeals by companies, provided formal evidence to the CMA appeal panel, one of only two authorised parties to give evidence. We influenced the CMA's decision on the RII0-2 appeal by network companies which saved customers over £1 billion. The decisions by Ofgem and the CMA can also influence future price control and appeal decisions, which has the potential to further protect customers from excessive returns.



Supporting the development of heat network regulation

In December 2021 Citizens Advice was appointed by BEIS to represent consumers in the heat network market. This new role will expand on our current statutory consumer advocate role in the energy market, ensuring that the interests of customers on heat networks are represented as the sector adjusts to the introduction of regulation and grows to cover an estimated 5.5 million homes by 2050.



A fair deal for consumers in vulnerable circumstances

Consumers in vulnerable circumstances are more likely to experience harm in the markets for essential services. Our previous research showed that these consumers are more likely to be paying a high loyalty penalty. They can find it harder to access essential services. And they're more likely to come to Citizens Advice for help. One way in which we can see this vulnerability coming through is in the proportion of our clients who can't meet their essential outgoings with their income. This is now 40% of all our debt advice clients.

The energy market turmoil and a further hike in energy bills for households from April could mean consumers in vulnerable circumstances face the choice between heating and eating. We will work to make sure consumers in vulnerable circumstances can easily access good value essential products and services.

Weathering the cost of living crisis

During the pandemic, millions lost income and struggled to keep up with their bills. The UK Government, regulators and companies responded by providing immediate support to those in arrears or at risk of falling behind. But as the economy begins to recover, and these support schemes wind down, we need sustainable solutions for those who experience long-term financial difficulty. Rising prices will

make it harder for people to make ends meet, and our data is already showing that growing numbers of people in debt are unable to cover their living costs.

We will explore how the UK Government, sector regulators and companies should respond to the ongoing challenges facing consumers. We'll make the case for measures to improve the affordability of essential services for people on low incomes, such as social tariffs. We'll compare how customers in debt are treated across sectors, how debts are recovered and how successful suppliers are at supporting people out of debt. We'll also look more closely at how essential services, including utilities and financial services providers, assess people's ability to afford repayments or credit, and how this can be managed safely to prevent people being pushed further into difficulty.

A fair deal for consumers in vulnerable circumstances

Extra Help Unit

The Extra Help Unit's (EHU) statutory duties and powers to investigate complex complaints for consumers in vulnerable circumstances gives us an in-depth understanding of emerging issues with particular suppliers. The EHU will continue to support these consumers, investigating their issues, obtaining financial redress and helping suppliers to improve their services. The EHU continues to work closely with suppliers and policy teams to ensure policies or processes causing detriment to consumers in vulnerable circumstances are addressed. In 2022, the EHU will be implementing a new complaints management system to improve efficiencies in caseload management and tracking of supplier performance.

Comments taken from the EHU's October 2021 customer satisfaction survey (produced by Accent)

"Because within a couple of weeks of getting in contact with the Extra Help Unit the problem I waited 26 months to get fixed was resolved in about a month."



"I like the fact that they actually got back in touch with me after everything was sorted to see if I was ok, which made me feel like I'm not alone - that there's people there, because I hadn't been getting out at all. These people who helped me were invaluable and I'd just like to thank them for helping me."

More information can be found at the EHU website: ehu.org.uk

Ending post exclusion for millions of people

Our research has found that in the last decade **7 million people** weren't able to access their post, because they didn't have a fixed address or someone was intercepting it. The consequences include missed healthcare appointments, missed employment opportunities and the build up of huge debts in people's names without their knowledge. This problem particularly impacts marginalised groups like homeless people, survivors of domestic abuse and Gypsy and Traveller communities.

To overcome this issue, we want to see an Address & Collect service in place that provides access to post and services for those in unsafe or precarious living situations.

In the coming year, we will:

- Work with relevant stakeholders to progress our work on the Address & Collect service
- Track existing data and conduct organisational research to identify groups with intersecting identities who can't access their post
- Work with stakeholders to explore how Address & Collect might ensure access to other key services, like financial and health services
- Engage with Consumer Scotland and Consumer Council Northern Ireland to avoid duplication and maximise opportunities for collaboration

A fair deal for consumers in vulnerable circumstances



Tackling affordability and fuel poverty: raising standards for energy consumers in vulnerable circumstances

The economic impacts of the coronavirus pandemic, rising energy prices and inflation, and cuts to benefits mean more households are struggling to pay their energy bills and are at risk of building up debt. Ofgem highlighted recently in its annual **Consumer Protection report** that people with vulnerable characteristics have been more affected than others by the economic impact of the pandemic. Those with a disability, without internet access and those on low incomes were all more likely to be negatively impacted. This situation is likely to worsen, with projections of a very large increase in the price cap from April 2021, reflecting higher wholesale prices and the cost of supplier failures.

In 2021/22 we worked collaboratively with colleagues in our welfare policy team to highlight the links between wider cost of living pressures, social security spending and energy affordability. We'll continue to make the case for more support to help families on the lowest incomes afford their bills, through adequate benefit payments, complemented by targeted support within the energy system to help those at particular risk of fuel poverty.

The recent disruption caused by Storm Arwen has highlighted the vital role that energy networks play in supporting consumers in vulnerable circumstances during interruptions as well as other services. As we progress through the energy transition, the role

that networks play and the services they provide to support customers will change. There will be a greater reliance on electricity not just for power but also for heat and transport.

In 2022/23 we will:

- Work to ensure support for people with their energy bills via the planned Council Tax rebate and energy rebates is adequate, fair and easily accessible for all. We will also continue to advocate for reforms to the Warm Home Discount to better support low income households
- Scrutinise changes to the energy price cap
- Continue to work with stakeholders including the Committee on Fuel Poverty, the UK and Welsh governments, and other key stakeholders to advocate for the 3.15 million households who remain in fuel poverty in England and Wales
- Advocate for an inclusive transition, ensuring the needs households facing barriers are included in the design of future retail market reforms, such as those in rented homes and digitally disengaged consumers
- Continue to ensure Government schemes aimed at fuel poor households such as the Energy Company Obligation (ECO4), Home Upgrade Grant, Social Housing Decarbonisation Fund, and the Welsh Government's Warm Homes Programme are effective, accessible and targeting those most in need. This includes researching the experience of fuel poor households accessing support schemes delivered by Local Authorities.

A fair deal for consumers in vulnerable circumstances

- Continue to monitor the lived experience of consumers in vulnerable circumstances, including through in-depth qualitative research to identify further gaps in support in the energy market and measures to enhance this
- Scrutinise the plans energy networks propose for supporting consumers in vulnerable circumstances, and monitor their delivery, ensuring consumers are not left behind, money is spent as effectively as possible, and that energy networks make the most of where they are well placed to offer support
- Consider how the current approach to the Priority Services Register is working for the 12.9 million consumers who are on it and advocate for improvements that deliver better protections and services to consumers



A fair deal for consumers in vulnerable circumstances

Success stories

Levy funded energy advice

Citizens Advice currently delivers a variety of statutory and non statutory energy advice programmes across England and Wales. The work is delivered through a mix of channels and offers different levels of support to consumers who need support with energy issues.

We are carrying out a two year transformation of our energy advice services, enabling Citizens Advice to deliver a sustainable and seamless support offer, where everyone can access advice suitable for their needs.

In 2021-22 we have developed our services by:

- Continuing to support people through the coronavirus pandemic and rising challenges with the cost of living
- Supporting consumers through the energy market turmoil and helping them resolve problems caused by supplier failures

- Operationalising a new combined Big Energy Saving Network (BESN) service and Energy Advice Programme (EAP) by joining up delivery centres, with the programme running for 9 months instead of 6 months
- Launching energy webchat on all relevant energy advice pages of the Citizens Advice website
- Delivering a detailed energy training programme for all our energy advisers as well as amending our training platform to allow access for all BESN delivery partners
- Working collaboratively with Citizens Advice Scotland to develop a project plan on how we could transform the Extra Help Unit service - including how to increase referral arrangements in and out of the service
- Setting up a blended multidisciplinary team to explore how we develop and improve community partnerships through our BESN service

- Expanding our digital product team to better develop our online products and public website advice content
- Transitioning our Big Energy Saving Week campaign to a year-long offer to ensure consumers are aware of what support is on offer to them
- Developing and testing a referral pathway between the Consumer Service and EAP for clients in need of more in-depth energy, benefits and debt support
- Starting to develop and test how 'national advice hubs' could work to ensure all energy consumers can access advice in the way that suits them

A fair deal for consumers in vulnerable circumstances



Delivering better outcomes for energy consumers in 2022/23

Continuing our two-year strategy we will further improve our energy advice services in 2022-23, ensuring we provide a more seamless customer journey for people seeking advice and support in England and Wales. This will be particularly important given the continued impact of the pandemic on people's finances and the turmoil in the energy sector.

Over the next year, we will complete our transition to providing year round, nationally available services in England and Wales through our Big Energy Saving Network (BESN) and Energy Advice Programme (EAP) services.

- We will move forward with our digital energy strategy, continuing to introduce more tailored online energy advice to help people solve their problems and understand how to get additional help if needed.
- We will increase the number of community outreach partners we work with to enable more referrals into our energy advice programmes and other support services.
- We will design, test and implement new processes, systems and referral pathways between services to improve our users' experiences

- We will meet more demand, expanding the number of referrals to our energy advice services, as well as increasing the number of people supported through dedicated casework.
- We will test and pilot how we can expand referrals directly into the Extra Help Unit from our energy advice programme, developing and rolling out successful processes further.
- We will continue to use a range of channels to reach consumers on and off-line with national advice campaigns as well as testing and evaluating the success of a range of new channels.

We have requested a £467,130 increase in funding in 2022-23 to allow us to meet more demand, better integrate and improve referral mechanisms between our energy advice programmes.

A fair deal for consumers in vulnerable circumstances

Success stories



Tackling affordability and fuel poverty

Recent proposed changes to the Warm Home Discount Scheme and Energy Company Obligation 4 (ECO4) reflect improvements we have called for. This includes the use of data matching to improve the customer journey for households receiving the Warm Home Discount, where we have previously seen people struggle to access the support they need. We had also long called for BEIS to implement changes to ECO and Warm Home Discount to remove supplier thresholds, to improve access to these schemes.

As energy prices rose during 2021 we called for **more support for households** on the lowest incomes via the benefits system, as the best way to support them with their essential bills. We continue to call for additional benefits support, but welcomed the Household Support Fund as a temporary measure to help people as pandemic support was withdrawn. Our advocacy also led to customers of failed suppliers being able to maintain their eligibility for the Warm Home Discount. This is particularly important as we know customers of failed companies faced an average increase in their bill of £30 per month as they moved to a new supplier.



Raising standards for energy consumers in vulnerable circumstances

Over 2021 we have worked with industry on developing important agreements such as the **Energy UK Vulnerability Commitment** and the **Winter Commitments** which have provided additional

- support to energy customers and especially those struggling financially and in vulnerable circumstances. We also highlighted that some low income households would be £37.40 per week worse off from the combined impact of supplier failures, higher inflation and the £20 per week cut to Universal Credit.



Making sure everyone gets their post

- To make sure those in unsafe or precarious living situations can access their post, we're working to establish an Address & Collect service provided at post offices. We know that collaboration is vital to design a service that works for everyone, especially those in marginalised communities. In May 2021, we ran a 3 hour **workshop** on Zoom which invited stakeholders to think about how the Address & Collect service could work in practice.

- The session brought together 21 experts from specialist charities, unions, the postal and banking sectors and local Citizens Advice to discuss the logistics of running a future Address & Collect service. We also heard from people with lived experience of post exclusion, who were invited to share their experience of being shut out from vital services. They spoke in their own words and voices about what they needed from a service, and what it would mean to them. Throughout the session, attendees put forward solutions to tackle problems raised and applied their knowledge and expertise.

A fair deal for consumers in vulnerable circumstances

Success stories

Since the workshop, we have continued to work collaboratively with key stakeholders to build on our blueprint for the Address & Collect service.

Supporting people through the cost of living crisis

The economic impact of the coronavirus pandemic continues to be felt by households across the UK. In August 2020, **6 million people had fallen behind on bills** as a result of the pandemic. In 2021, as inflation increased to 3%, energy prices rose and many on Universal Credit saw their incomes reduced, the rising cost of essentials put a strain on already stretched budgets.

As the scale of the cost of living crisis became clear, we **highlighted the impact on people who come to Citizens Advice for support**, particularly on vulnerable consumers and those least able to absorb price rises. We shared further evidence and **policy recommendations** on the impact on consumers in the energy market as suppliers failed and people moved from cheap tariffs with failed suppliers to more expensive ones - at an average cost of £30/month. As further pressure is expected in Spring, when the energy price cap could rise by £400-500, we will continue to measure the prevalence of debt across sectors, and advocate for further support from regulators and the UK Government to ensure people can weather the ongoing crisis.



Protecting consumers in rapidly evolving markets

Consumer markets are changing fast. The net zero transition will require big changes in how energy consumers use energy. It will also require markets to evolve rapidly to enable consumers to change behaviour and to retrofit their homes, including installing new low carbon heating technologies. All of these changes create huge challenges and opportunities. Regulatory protections will need to evolve to reflect this new world. We will develop and use compelling evidence on technology, market design and consumer insights to positively shape the consumer landscape of the future. This will maximise the benefits future changes can bring and minimise risks to consumers while ensuring that nobody is left behind.



Ensuring innovation delivers for all in the future retail market

The UK now has a clear route map on how it is seeking to decarbonise, with its Net Zero Strategy identifying a key role for energy suppliers in developing attractive, innovative products. In some of their future energy scenarios National Grid ESO sees as many as 80% of consumers engaging with smart charging. Over recent years we have highlighted the need to consider how consumers in different circumstances will experience different barriers to participating with new energy services.

Research has focussed on those in the private rented sector, those without savings and those without the necessary digital skills.

We will continue to lead the debate on how innovation can be harnessed to serve as wide a group of consumers as possible, and what protections may need to be put in place to give consumers confidence to engage. We will also evaluate our own advice content to consider how it can accommodate new energy products and services.



Facilitating a smart and flexible transition to net zero that works for consumers

The way we use energy in our homes and the energy system itself needs to change radically to enable net zero at least cost to consumers. A smarter energy system with increasingly digital markets is needed to enable the flexible use of energy which can minimise large infrastructure costs. However, this presents both opportunities and risks to consumers.

In 2022/23 we will:

- Consider how energy system costs, including network costs, should be passed on to consumers in a way that facilitates the move to net zero in an efficient and fair way

Protecting consumers in rapidly evolving markets

- Consider the advantages of different governance models for the energy system, including the approach to system operation
- Represent consumer interests in the development of the UK government's regulatory approach to companies providing smart energy services, advocating for consumers to have control over their data, as data-sharing becomes an increasing part of a smarter energy system
- Explore what support consumers will need from energy networks to ensure people aren't left behind in the the effective and fair delivery of the net zero transition
- Help consumers to understand flexible business models and get a fair deal which reduces the overall costs of the net zero transition
- Ensure that the distributional impacts of any developments are properly considered



Putting people at the heart of net zero transition to low carbon heat

Meeting our net zero emissions targets will require more than 90% of homes to switch to low-carbon home heating. This will mean systems such as heat pumps, biomass boilers, advanced storage heaters, heat networks and hydrogen boilers will need to be installed in over 29 million homes in the UK according to the Climate Change Committee. Our aim is to ensure that national

and local decisions which radically impact the way people live in their homes are consumer-focused and do not leave anyone behind. Success will depend on people being protected and supported through the transition.

In 2022/23 we will:

- Continue to engage with industry and government on the potential for different low carbon heat technologies to decarbonise energy in the home
- Continue to analyse and report on the problems our clients experience with low carbon technology and energy efficiency measures, sharing our insights with stakeholders to improve consumer outcomes
- Continue to advocate for the need for meaningful consumer public engagement on net zero
- Engage with government to ensure adequate and robust consumer protections are in place, building on our **research** of the current landscape
- Investigate the support people need after installing low carbon home technology
- Advocate for a national framework of local area energy mapping and planning
- Use our upcoming hydrogen research to influence government consultations and help shape hydrogen neighbourhood and village trials

Protecting consumers in rapidly evolving markets

- Seek to better understand the impact that decisions about local and regional approaches to low carbon heat have on people
- Represent consumers in discussions and plans for the future of gas

Putting people at the heart of parcel delivery

The parcels market has grown rapidly in the **last 10 years** as more people than ever shop online. However, the market is structured around the needs of retailers and parcel delivery companies. This has created a high pressure and high workload environment for parcel delivery drivers, in turn negatively affecting consumers.

Our research shows 1 in 5 (21%) people have a delivery issue every single week. These problems are not evenly distributed, with time-poor people and those who rely more on delivery services being impacted most. At the same time the parcel market and consumers' appetite for home delivery is having a negative impact on the environment.

There is a large network of parcel Pick Up and Drop Off (PUDO) points that provide people with an alternative delivery option. These PUDO points can help overcome some of the structural problems in the parcels market. Yet, they remain underused and their benefits have been limited as they are tied to use by particular delivery companies.

However, recently parcel delivery companies and retailers have realised the benefits of a more open-access PUDO network that gives better choice over where consumers can pick up and return their items. In turn this may help to overcome some of the structural problems with the market.

In the coming year, we will:

- Commission research to understand current consumer use and experience of PUDOs and the potential benefits of PUDO points to consumers, delivery drivers and the environment
- Work with stakeholders to understand how a network of local, open-access PUDOs would work in practise, identify challenges and develop possible solutions

Exploring the role of algorithms in consumer outcomes

Increasing digitisation of consumer markets in recent years, along with innovations in technology and the use of consumer data, have generated significant benefits for consumers. But, our research has indicated that these innovations can also bring risks for consumers, for example where algorithmic bias and machine learning entrench inequality in markets such as insurance.

As financial and other retail markets rely increasingly on algorithms and AI, more regulation is needed to prevent

Protecting consumers in rapidly evolving markets

unequal outcomes for consumers. We will look further into which markets are most influenced by algorithms and AI, and explore the impact on consumers across the UK.



Scrutinising the impact of 'financial quicksand' across consumer markets

We are concerned that behavioural nudges and choice architecture are creating 'financial quicksand' across consumer markets; online spending that's easy to slip into and difficult to get out of.

Our research has started to explore the nudge and sludge that's used across different markets. We've looked at buy now pay later products, where we've found that the customer journey design has a big impact on consumer choices. The signup process is too simple and slippery - we found 2 in 5 people who used BNPL in the last year did so without realising - many then ending up with payments they struggled to manage. We've looked at online subscriptions, where the ease of signing up in moments isn't matched by the friction people face when they try and exit contracts. And we've looked at online gambling, where people can open a new account in a matter of minutes, but you often have to place another bet or pay a transaction fee to access winnings.

- We will continue to assess the consumer detriment caused by 'financial quicksand' across consumer markets - and explore how smart product design and insights into behavioural biases could instead be harnessed to benefit consumers.



Considering the future of regulation

- Amid increasing digitisation and smarter product design, firms are able to rapidly introduce innovative technologies and products that can bring new risks - as well as benefits - for consumers. Our recent research has highlighted some examples of this - such as the use of behavioural 'nudge' and 'sludge' tactics in the booming Buy Now Pay Later market, or important decisions about pricing being made by opaque and complex algorithms.
- Developing at pace, and often using complex technologies, these types of innovation throw up new challenges for regulatory models, and the risk that existing approaches will be outstripped by the speed and scale of change.
- We will bring together our insights on consumer experiences and exploratory research into international regulatory approaches, to develop ideas for how sector regulators can adapt to the growth of digital, algorithms and artificial intelligence. We will share our thinking with UK Government and regulators, to support the identification and tackling of new and different risks across retail markets.

Protecting consumers in rapidly evolving markets

Success stories



Protecting consumers in the net zero transition

Our research, insight and expertise allows us to identify the consumer issues of tomorrow. We work collaboratively with industry, government and regulators and influence the development of consumer protections that prevent future problems. We called for meaningful public engagement on net zero such as a national campaign as outlined in the net zero home guarantee. Our work was referenced by the BEIS Select Committee and the UK Climate Assembly and we welcomed the UK Government's commitment to further public engagement on this in the net zero strategy. We worked on the Electric Vehicle Energy Taskforce to help shape recommendations to government on the mass take-up of electric vehicles. Our call for enhanced protections in Ofgem's microbusiness strategic review also led to important proposed changes including requiring transparency about broker costs.



Increasing consumer protections in parcel delivery

The pandemic has made many of us more reliant on post. The significant increase in parcel volumes over the last 2 years has exposed cracks in the parcel delivery market, with many consumers experiencing problems throughout the customer journey.

- In response to evidence submitted by us, Ofcom recently proposed an **increase in protections** for parcel consumers.
- Ofcom will consider new guidance requiring all parcel firms to tighten their complaints handling. If implemented, delivery companies may have to give consumers more concrete information about what to do when things do go wrong.
- Ofcom also plans to place a new requirement on parcel firms to ensure disabled customers can communicate their delivery needs to the parcel operator, and to set out how couriers will meet those demands when delivering parcels. Citizens Advice welcomes this move, as we have long **called for action** to address the disproportionate effect of parcel delivery problems on disabled people.
- But there is still room for improvement. We will continue to feed into Ofcom's ongoing review through our work on protecting and strengthening postal regulation and will research areas of consumer detriment such as the high numbers of parcels which are **lost or stolen** each year.

Representing energy consumers in the policy development process

Energy policy is developed in a range of different arenas and it is essential that the consumer voice is represented. To give a sense of the breadth and depth of where we represent consumers interests, here are just some of the working groups, taskforces and panels we expect to participate in in the year ahead. This is not an exhaustive list, and we expect it to evolve during the year in line with policy developments.

Retail market standards

Energy UK Expert panel and stakeholder panel for Vulnerability Commitment

Energy UK Compliance Panel for Switch Guarantee

Smart consumer technologies

Electric Vehicle Energy Taskforce Steering Group

Energy Digitalisation Taskforce Advisory Group

Open Energy: Modernising Energy data Access Advisory group

BSI: Strategic Advisory Group for Energy Smart Appliances

Fuel poverty

Welsh Government Fuel Poverty Advisory Panel

NEA Cymru: Fuel Poverty Coalition

Codes

Balancing and Settlement Code (BSC) Panel

Uniform Network Code (UNC) Panel

Smart Energy Code (SEC) Panel

SEC Change Board

Connection and Use of System Code (CUSC) Panel

Retail Energy Code (REC) Performance Assurance

Smart Energy Strategic Working Group

Smart metering

Smart Metering Delivery Group (SMDG)

Smart Metering Operations Group

Consumer Reference Group (CRG)

Smart Metering Installation Code of Practice (SMICoP)

Observer on Smart Energy GB Board

Net Zero / Future of heat

Ofgem Net Zero Advisory Group

BSI Net Zero Strategic Advisory Group

BEIS Heat Networks Stakeholder Group

Heat Trust Committee

Future of Gas Steering Group

Renewable Energy Consumer Code Advisory Board

Gas Goes Green Advisory Board

BEIS electrification of heat group

Sustainable Homes & Buildings Coalition Working Group

Social Housing Decarbonisation Fund Consultative Panel

Better networks

Ofgem RIIO-2 Challenge Group

Electricity System Operator RIIO-2 Stakeholder Group

Member of three power networks' Customer Engagement Groups

Electricity System Operator Performance Panel

Electricity Networks Strategy Group

Electricity Networks Association Open Networks Advisory Group

Resilience as a Service Advisory Group

Welsh Government integrated grid group

BEIS Offshore transmission network review Expert advisory group

BEIS Electricity Transmission Network Planning

RIIO-ED2

Strategy Delivery Incentive working group

Customer Satisfaction, Vulnerability and Connections Working Group

Decarbonisation and Environment Working Group

Safety, Reliability and Resilience Working Group

RIIO-GD2

Customer and Social Working Group

Vulnerability and Carbon Monoxide Allowance Steering Group

Provisional expenditure 2022-23

Our proposed budget for 2022/23 sees expenditure on Citizens Advice core consumer advocacy increase by 2.1% in cash terms, which represents a 2.4% decrease in real terms,¹ following a 1% increase in the budget in real terms in the preceding year. The Post budget has decreased 0.6% in cash terms and 5% in real terms, with the other elements also decreasing in real terms. This brings the total budget for 2022/23 to £6,097,638, which represents 15p per GB household.²

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

From April 2022, Consumer Scotland will be responsible for advocating on Scotland-specific consumer issues within Scotland. We will work with them to ensure joined up consumer representation across Great Britain.

Core Consumer Advocacy Budget for 2022/23

	Staff and related costs	Programme	Scotland	Total
Energy	£3,305,391	£488,734	£139,800	£3,933,925
Post	£917,044	£132,926	£31,000	£1,080,970
Cross-sector	£693,405	£124,900	£58,300	£876,605
Directorate	£196,838	£0	£9,300	£206,138
Total	£5,112,678	£746,560	£238,400	£6,097,638

¹ Based on an annual CPIH inflation rate of 4.6% at the time this document was produced.

² Energy cost per household based on the approximate contribution made by household energy consumers only (by volume). Non domestic consumers also contribute towards the levy. Other figures based on dividing the budget evenly amongst GB households.

Provisional expenditure 2022-23

In addition to our core consumer advocacy work in energy, in 2022/23 we're also pleased to oversee the Big Energy Saving Network (BESN) and Big Energy Saving campaign.

We have proposed a £467,130 increase in the funds allocated to Citizens Advice's delivery of levy funded energy outreach activity in England and Wales. The funding will allow us to meet more demand for advice, with energy bills due to increase significantly in 2022, as well as continuing to invest in service transformation. This will ensure energy consumers seeking help and support are provided with a more seamless customer journey by strengthening referral mechanisms between Citizens Advice energy programmes. It will also allow us to further expand the provision of casework support for energy consumers in need of additional help and support.

Citizens Advice will continue to expand the number of external community outreach partners we work with as well as increasing overall capacity in our energy services, enabling clients to be referred on to the specialist advice service most suitable for their personal circumstances. That provision includes our digital advice, consumer service helpline as well as the casework support provided by the Energy Advice Programme.

The total funding is equivalent to approximately 5p per GB household.¹

Funded delivery programmes (energy) Big Energy Saving Week and Big Energy Saving Network

	Programme	Total
Energy advice programmes	£2,871,430	£2,871,430

¹ Energy cost per household based on the approximate contribution made by household energy consumers only (by volume). Non domestic consumers also contribute towards the levy.

Free, confidential advice. Whoever you are.

We provide free, confidential and independent advice to help people overcome their problems. We are a voice for our clients and consumers on the issues that matter to them.

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

We're here for everyone.



citizensadvice.org.uk

Published April 2022

Citizens Advice is the operating name of The National Association of Citizens Advice Bureaux. Registered charity number 279057.