

Inclusive policy, social development

GK consulting



Strengthening and streamlining energy advice and redress

**An independent review of the adequacy of energy
advice and redress - executive summary**

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1. Introduction

The primary objective of the review was to identify the changes needed to the regulatory and delivery framework in order to deliver optimal energy advice and redress to domestic (in particular vulnerable) and micro-business consumers in Great Britain.

Because the commissioning organisation – the Citizens Advice Service - is itself an advice provider, a number of measures were put in place to ensure the review was robust, objective and maintained independence. Of key importance was the development of an objective assessment framework building on widely accepted approaches, and the collection of data from advice and redress providers to evidence performance against this. In addition, a detailed document review was conducted to understand policy and market drivers, performance measurement and actual performance. This work was completed in March 2015.

The review was limited by the non-disclosure of key information to the reviewer and weaknesses in information publicly available, in spite of these services being funded by taxpayers and consumers. Nonetheless, the review:

- provides a robust evaluation framework that can be applied to help drive future improvements in advice and redress provision in energy as well as other sectors
- provides a comprehensive, aggregate view of the performance of both energy advice and energy redress in Great Britain
- secures sufficient evidence to indicate the improvements needed to the regulatory and delivery framework in order to deliver adequate energy advice and redress.

2. Key policy developments

This chapter sets the context for the evaluation of current provision by considering the policy drivers behind key recent developments in advice and redress provision. It considers both consumer affairs and energy sector-specific policy drivers of the British, Scottish and Welsh Governments.

In all countries, over the last four or so years, we have witnessed a recognition of the importance of advice as a means of improving markets, driving economic growth and achieving climate change objectives. Governments have responded by seeking to consolidate and better coordinate the provision of advice to consumers to enhance both its quality and cost-effectiveness.

In Scotland and Wales, the recent changes in the advice delivery framework have focused primarily on energy efficiency advice, with provision split between domestic and non-domestic consumers with similar delivery frameworks. The delivery of advice to vulnerable

energy consumers has remained unchanged, either because it has been deemed effective, has yet to be subject to review or because some elements are overseen by the British Government.

In Great Britain, the dual policy drivers from consumer affairs and energy has led to simplification efforts being focused on general advice provision, and so there has been little impact on energy advice. Simplification of general consumer advice has been achieved by consolidating provision in one organisation and a new cross-sector complaints referral helpdesk is under development, which will be part of this service. Energy advice has a more tangled path. Some provision has been integrated within a general consumer advice line, a more specialised advice service has been set up for vulnerable energy consumers, and a specialist energy advice service has been launched to advise on energy efficiency and signpost to financial support. A coordinated network of face-to-face energy advisors has also been set up.

Redress provision has also changed, with an energy ombudsman being a legislative requirement, a new Green Deal Ombudsman (GDO) being set up, and the British Government becoming more formally involved in what was the voluntary complaints scheme of the Micro-generation Certification Scheme (MCS). This is in spite of Cabinet Office and the Department for Business, Innovation and Skills (BIS) stated preference for a single ombudsman. Driven by a European Directive, residual alternative dispute resolution (ADR) schemes have emerged to plug the gaps in provision.

3. Consumer needs - current and future

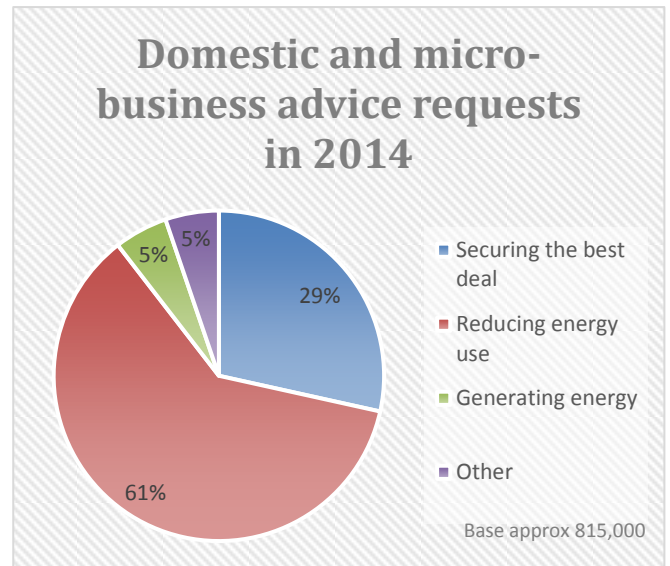
This chapter sets out the scope of consumer advice and redress needs, both currently and likely to emerge in the future. Intransigent consumer service problems such as billing and transfers, coupled with rapidly evolving complex policies, drive consumers' advice and redress needs. Consumers need help to:

- secure the best deal (including bill management, identifying the best deal, securing subsidies and negotiating a better deal)
- reduce energy use
- generate energy.

Data from collated providers revealed that, in 2014, nearly 815,000 requests for energy advice were made by domestic consumers and over 2,000 by micro-businesses, which has increased significantly since 2012 but is still below organisation advice providers' own targets.

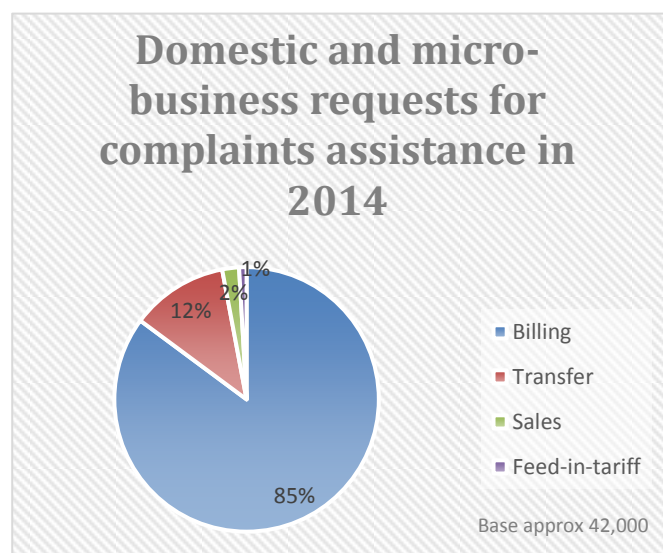
The figure opposite shows the types of advice requested. Overall:

- Saving energy was consumers' primary reason for seeking advice, followed by securing the best deal – no surprise, given the levels of fuel poverty and the measures used to address it. The increasingly technical nature of energy efficiency measures is likely to drive future advice needs.
- Securing financial assistance was by far the most important way of getting the best deal – even more so than identifying the best tariff – but new smart meter tariffs, service bundling and collective switching may increase demand for this type of advice.
- Generating energy concerned considerably fewer clients but its importance is likely to grow for off-grid consumers, as the impacts of supply shortages are felt and as Governments seek to further incentivise its use.



In 2014, around 42,000 consumers requested independent assistance with resolving an energy complaint, with only a tiny proportion of these being micro-businesses. In spite of a quadrupling of complaints across providers over the last three years, there is evidence that far fewer people are making use of independent redress than are eligible.

The figure opposite shows the types of advice requested. Overall:



- Basic consumer service issues of billing and transfers currently dominate.
- There is a conspicuous absence of complaints relating to energy efficiency sales, (which includes products and installations) – all of which stakeholders anticipate will grow with the Green Deal and smart meter roll out.
- The Governments' encouragement of micro-generation schemes is also likely to grow demand for redress.

Consumers want advice to:

- be of different styles and formats
- be comprehensive and accurate
- proactively support those most in need
- offer practical support to those who need it
- be independent from energy providers
- be free of charge.

Consumers want redress providers to be:

- well-known and understood
- trusted to be fair and effective
- hassle-free.

4. Definition of adequate energy advice and redress provision

The definition of adequate advice and redress provision is captured within a bespoke evidence-based assessment tool developed for this evaluation, but which also has equal relevance to other sectors. Unlike previous evaluations, this not only sets expectations of how advice or redress should be provided but prescribes what outcomes are desired, and sets out objective indicators to compare providers' performance and get an overview of sector performance. The tool has three components:

- Best practice delivery principles
- Desirable consumer outcomes
- Objective indicators of performance and compliance

Providers need to adhere to the delivery principles and demonstrate achievement of the stated outcomes to be considered adequate.

Interviewees from advice and redress providers were asked to reflect on the efficacy of the assessment tool. They were highly supportive and only minor adjustments were needed. Following feedback, the delivery principles and consumer outcomes are as follows:

Delivery principle	Outcome
Accessible & visible	All those who want/need to use the service can
Comprehensive & integrated	Consumers get maximum support for minimal effort
Independent & impartial	The service is trusted and improves energy providers' service standards
Expert & professional	Frontline staff have the skills and knowledge necessary to identify and address clients' needs, operate with the highest standards of customer care and deliver fair decisions
Adequately resourced	The service can deliver in line with need
Responsive & future-proof	The service provided/contracted aligns with consumer need
Effective & efficient	Builds clients' confidence and their capacity to successfully navigate the markets for themselves while providing good value to the taxpayer
Transparent & accountable	Advice/redress providers seek to continually improve their service standards

5. An assessment of the adequacy of current advice provision

There are 12 taxpayer or mandated consumer-funded energy advice schemes across Great Britain, delivered by 7 key advice providers and a range of smaller providers. They include:

Advice initiative	Delivery organisation
Great Britain and England only	
Citizens Advice Consumer Service	The Citizens Advice Service (includes Citizens Advice and Citizens Advice Scotland)
Energy Saving Advice Service (ESAS)	Energy Savings Trust with HGS UK (sub-contracted to run the call centre)
Home Heat Helpline (HHH)	Energy UK sub-contract to CPM
Extra Help Unit (EHU)	Citizens Advice Scotland
Energy Best Deal Extra (EBDX)	Citizens Advice (99 bureaux)
Big Energy Saving Network (BESN)	National Energy Action & around 150 grant-funded organisations
Microgeneration Certification Scheme Helpdesk (MCS)	Microgeneration Certification Scheme
Wales	
Nest	Energy Savings Trust is a material sub-contractor to British Gas, responsible for the advice component
Resource Efficient Wales (REW)	Substantial delivery framework of specialist support via the Welsh Government
Business Wales (BW)	Welsh European Funding Office and Welsh Government
Scotland	
Home Energy Scotland (HES)	Energy Savings Trust through a network of advice centres
Resource Efficient Scotland (RES) Advice and Support Service	Zero Waste Scotland

Their collective performance against the framework is poor.

Delivery principle Red/Amber/Green rating	Commentary
Accessible & visible	Awareness of the advice scheme, the number of consumers using the schemes and the organisation's policies and procedures on accessibility were used to evaluate whether all those who want/need to use the service can. A number of major advice providers failed to meet their usage targets, indicating that advice schemes may not be as visible as they should be, although face-to-face schemes fared better. Accessibility issues were rarely given the attention

Delivery principle Red/Amber/Green rating	Commentary
	merited in respondents' answers, and time and eligibility constraints on calls were identified as a significant barrier to providing helpful advice. Micro-businesses appear to be poorly served.
Comprehensive & integrated	The information request looked at the scheme remits, as well as referrals and signposting both into and out of the schemes, to establish if consumers get maximum support for minimal effort. Many consumer needs are addressed by current provision but there are a number of key areas of unmet consumer needs, identified by respondents and through research, that are currently outside of scheme remits. The comprehensiveness of advice provision is aided by the robust integration of some advice schemes through Government-required referral protocols, but there are opportunities missed to further smooth the consumer journey with additional referrals.
Independent & impartial	In order to establish whether advice provision is trusted and improves energy providers' service standards, scheme providers were asked about levels of client, industry and policy-maker trust in the service provider, and also details of procedures used to ensure independence from industry. It would appear that steps are being taken to secure independence and impartiality but levels of consumer trust are unknown. Suggestions were made that Government contracts can restrict the independence of advice and, conversely, industry schemes can have a greater impact on service standards, but there was insufficient evidence to support this.
Expert & professional	In order to establish whether the schemes operated with sufficient expertise and professionalism, they were asked about the numbers of complaints about the advice provider, satisfaction with their service and any significant quality issues identified. There was insufficient collection of data about complaints relating to the scheme's service. Interviewees report difficulties achieving the desired expertise in the sector, in particular staying up to date with Government policies and suppliers' initiatives, and a shortage of technical advice on energy savings and generation.
Adequately resourced	Providers were asked to provide details of their funding in order to determine if they were sufficiently resourced to deliver in line with need. No scheme reported a funding shortfall but some did talk of a lack of resources to offer the services they felt were needed, especially for vulnerable consumers. However, such schemes are not currently mandated. The "stop-start" approach to ECO funding was also reported as problematic to manage. Operational expenditure on energy advice in Great Britain was in the order of £21 million in 2013/14.
Responsive & future-proof	There are key areas of unmet consumer need identified by respondents and through research, which indicates that energy advice provision is insufficiently responsive to consumer needs. Unless addressed, these gaps in provision may grow in future as new advice needs are anticipated. The cessation of much scheme funding in the short term creates

Delivery principle Red/Amber/Green rating	Commentary
	<p>an opportunity to address this and build more responsive services, but only if there is a commitment to continue to fund energy advice provision based around consumer needs, not Government policy. There is no guarantee of funding continuing and such short-termism discourages investment by providers in service improvements. If funding ends, then provision will be considerably less responsive to needs than currently.</p>
Effective & efficient	<p>In order to establish effectiveness, respondents were asked to provide details of their performance indicators and results against them. Evidence on efficiency was sought from evidence on cost per customer contact and identifying any duplication in the sector. Because many contracts pre-agree cost per call, effectiveness becomes very important – can schemes deliver what is needed within cost constraints? Are target call costs exceeded because call volumes are below target? Although there is potential for data improvements, there were clear indications that advice schemes delivered a net benefit and that potentially more intensive, expensive ones offered even better value for money. With improved responsiveness, this effectiveness could be further improved.</p>
Transparent & accountable	<p>As already indicated in discussions of funding, remit and performance monitoring, the transparency and accountability of many advice schemes has been found to be poor. Most providers have information on their websites about the advice they provide but these do not serve to resolve these shortfalls. A legislative underpinning to advice schemes should help clarify their status and objectives, and is therefore considered to provide a further spur to providers continually improving their service standards. It also makes Governments and the regulator accountable for their approach to funding energy advice.</p>

Consumer advice needs not currently sufficiently catered for

- Debt/financial assistance advice, especially face-to-face, long-term provision and practical support.
- Outreach advice to vulnerable consumers is rarely a function of advice providers but there is evidence that advice providers are failing to support all those who could benefit.
- Specialist support for vulnerable consumers with complaints relating to energy savings or generation financing, installation and operation. Such advice would mirror that currently available on debt and disconnection, given that the potential level of detriment could equal or exceed these.
- There is a current shortfall in impartial technical advice about energy efficiency and renewable technologies, including impartial on-site assessments, especially for micro-businesses.
- There appears to be a lack of free and impartial tariff advice for micro-businesses.
- There is generally a lack of systematic support to advisors to ensure the advice they provide is up-to-date with rapidly changing government policies and company provision.

Advice scheme performance indicators

The key performance indicators below draw together the range of indicators used by advice schemes. These can help inform the development of more robust and consistent performance monitoring in future.

Continual improvement

Contacts and files monitored are categorised as 'good'

Overall service partner satisfaction

Complaints

Data completion

% of quality and performance reviews late

Insights provided into operation of government policy and supplier practices (e.g. areas of consumer confusion, barriers to action)/reason for contacting the service (categorised as consumer needs, not into government schemes)

Accessibility

Service use – both number of contacts AND number of individual users are helpful

Average call handle time

Scheme targeting – profile of scheme users – consumer type (target group and beyond), geography

Contact centre availability, Mon-Fri, 9am-5pm

Customer wait time (from end of recorded message)

Abandonment rate (from 5 seconds after Interactive Voice Response (IVR))

Online form response time (from receipt)

Consumer outcomes

Conversion of advice into action – % taking subsequent action and what actions these were (e.g. light bulbs, change tariff, ECO application, benefit application). N.B. This is preferable to asking if consumers are likely to action.

Referral accuracy – what is the rate of conversion of referrals into action?

Consumer income/detriment gearing – £ saved (annually/over lifetime of measures) to £ spent (e.g. potential annual household income increase + bill saving identified vs unit cost of advice). This has been done using OFT/CTSI consumer detriment methodology. Complete separately for different modes of advice.

% climate change impact (tonnes of CO2 saved over lifetime of measures)

% consumers considering issues resolved

% customer satisfaction – overall/for particular service elements/for different target consumers

% consumers feeling informed/empowered by advice

Integration

Referrals – number of referrals by party

Source – how users heard about the service – number by source

Mid-call/warm transfers – volume and to whom

6. An assessment of the adequacy of current redress provision

Four schemes are reviewed: Ombudsman Services: Energy (OSE), GDO, the Renewable Energy Consumer Code (RECC) and MCS. Their performance against the framework is poor.

Delivery principle	Commentary
Accessible & visible	Awareness of the redress scheme, the number of consumers using the schemes and the organisation's policies and procedures on accessibility were used to evaluate whether all those who want/need to use the service can. Up to three-quarters of consumers are reportedly aware of the redress schemes, but with around 43,000 complaints between them in 2014, this awareness may not be translating into use and many of the contacts made with redress schemes demonstrate that they are being approached erroneously. Insufficient support for vulnerable consumers may be a barrier to access for some schemes but perhaps more significant may be the cost:reward ratio of pursuing a complaint. A lack of data means that schemes have not demonstrated they are accessible to all consumer groups, although there are indications that micro-businesses are not using the schemes in the proportions expected.
Comprehensive & integrated	The information request looked at the scheme remits, as well as referrals and signposting both into and out of the schemes, to establish if consumers get maximum support for minimal effort. The distinctions between energy redress scheme remits on some issues are subtle and likely to generate confusion. Whilst there are some attempts to integrate schemes through referrals and collaboration, this has been insufficient to produce a streamlined consumer journey, especially where complaints cross scheme remits. It is likely that the effort required of consumers to follow up on complaints may be a deterrent to doing so. The complaints helpdesk as part of the Citizens Advice consumer Service will not resolve this, as it can only help with signposting. Gaps in provision have also been identified, which will leave consumers unprotected.
Independent & impartial	In order to establish whether advice provision is trusted and improves energy providers' service standards, scheme providers were asked about levels of client, industry and policy-maker trust in the service provider, as well as details of procedures used to ensure independence from industry. No scheme conducted trust surveys. All had taken measures to ensure independence, and with the proposed improvements to MCS, the reviewer considers the schemes merit a GREEN for their independence and impartiality but this is brought to an AMBER based on current provision. No evidence was provided of the schemes raising consumer service standards through reporting and addressing systemic issues.
Expert &	In order to establish whether the schemes operated with sufficient expertise and professionalism, they were asked

Delivery principle	Commentary
professional	about the numbers of complaints about the advice provider, satisfaction with their service and any significant quality issues identified. Redress schemes provided little evidence to enable a robust view to be taken on this so schemes are awarded WHITE to indicate a judgement could not be made on their expertise and professionalism, although there are indications of some problems with OSE's adequacy in this area. The lack of data collection in this area impedes redress providers' ability to demonstrate the value of, and improve, their service.
Adequately resourced	Providers were asked to provide details of their funding in order to determine if they were sufficiently resourced to deliver in line with need. No scheme reported a funding shortfall but, given that complaints can spike quickly, there is a need for all schemes to have sufficient reserves to manage these. It is estimated that around £11 million was spent on energy redress in 2013/14 and this was funded primarily by consumers – either directly from complainants or via energy providers.
Responsive & future-proof	The schemes are not consistently meeting the <i>ADR Directive</i> timescales for resolving disputes and handling cases that fall outside of their remit. As discussed earlier, there are also key areas of unmet consumer need, which together indicate that energy redress provision is insufficiently responsive to consumer needs because of remit (as opposed to resource) constraints. Unless addressed, these gaps in provision may grow in future as new redress needs are anticipated.
Effective & efficient	In order to establish effectiveness, respondents were asked to provide details of their performance indicators and results against them. Evidence on efficiency was sought from evidence on cost per customer contact and identifying any duplication in the sector. The data submitted was not comprehensive but what was available indicated problematic performance. There is considerable scope for improvement on the indicators used and data publicly available on the impacts and costs of the schemes.
Transparent & accountable	As already explored, there are some concerning areas of weakness in the performance monitoring, transparency and accountability of redress schemes. The self and co-regulatory redress schemes by trade bodies are currently achieving (or are aspiring to achieve) greater openness about their performance than those with greater legislative underpinning. There was insufficient data available to the reviewer to objectively establish if the schemes were improving their service standards, but all had clear areas where they had strengthened or sought to strengthen their service.

Consumer issues for which there is no legally binding redress

- Off-grid consumers who use Calor gas and oil for heating.
- Domestic and non-domestic Renewable Heat Incentive application complaints.
- Additional services not operated directly by the supplier (for example, boiler cover).
- Third-party energy brokers (this is particularly relevant to micro-businesses). These issues are not captured by Financial Ombudsman Service either.
- All consumers from poor Green Deal provider conduct prior to a Green Deal payment plan being put in place. This means protection from poor assessments and advice, and mis-selling, is weak but also post-sales issues may arise if a consumer decides to pay outright for the measures. Some trade bodies may offer redress as part of the terms of membership but this creates a convoluted route for consumers.
- All consumers from micro-generation product and installation problems, although MCS is looking to address this gap. MCS has set compensation claim bands ranging from up to £25,000 to a maximum of £200,000, indicating this is a potentially sizable area of detriment (although this does capture large non-domestic consumers too).
- Micro-business from poor micro-generation sales and post-sales practices.
- All consumers from poor micro-generation assessors, suppliers, installers and products that are not accredited by or members of MCS and RECC. In 2013, RECC found that 15 per cent of complaints it received were about non-members.
- Installations/complaints falling outside of scheme timelines. This is only problematic where timescales do not comply with consumer legislation, the statute of limitations or where this notice period is insufficient for a detection of the problem.
- Support for vulnerable consumers to submit technically complex complaints.

Redress scheme performance indicators

The key performance indicators below draw together the range of indicators used by redress schemes. These can help inform the development of more robust and consistent performance monitoring.

Contacts & communications

- Types of new contacts received
- The total contacts responded to
- Channels that contacts used (phone, email)
- Complaints forms issued and returned
- Customer satisfaction – does it improve after use of redress scheme?
- Stakeholder feedback
- Call answering – less than 2/5 minutes
- Correspondence – within 10 days
- Trigger points – is it clear when disputes can be referred to

Outcomes

- Installer behaviour – has there been any noticeable change in installer behaviour as a result of arbitration being introduced?
- Cost – does the cost model work?
- Do disputes exceed the maximum claim value?

Complaints profile

- Reasons for accepting a complaint
- Complaint types
- Profile of suppliers complained about – by supplier type (e.g. technology), % with different numbers of complaints against them
- % complaints inside and outside terms of reference
- % referred to other named redress schemes
- Number & % of complaints resolved
- Number & % resolved for each stage of resolution – pre-investigation/early/mutually acceptable settlement/scheme decision or different complaint handling service
- Time to resolve – % meeting 42/56 working days & beyond service level agreements; average time to resolve
- Number & % awards and remedies by type – settled, settled and paid/not, no settlement reached, further redress pursued, in whose favour; awards (financial & non-financial)

7. Proposals for improving provision

This chapter sets out a number of general recommendations about how energy advice and redress provision can be improved. It then sets out a number of options for how provision can be restructured. The aim is to stimulate a debate that results in further investigation of these options and, ultimately, better delivery.

General recommendations

a) Greater coordination of policy on energy advice and redress

Recommendation 1: The three Governments and departments within the British Government (that is, DECC and BIS) need to better coordinate their advice and redress policy-making to improve the consistency and quality of oversight of provision and scheme performance across the energy sectors. To this end, they should consult on the structure and funding of future energy advice and redress.

Recommendation 2: Government should publish information on all key energy advice and redress providers, including on its [tendering website](#). This would include what advice and redress services have been procured, from whom, for how much are being delivered in response to government policies.

Recommendation 3: The potential for poor protection and mis-selling by market-led advice and redress provision requires the Governments to consider their performance alongside mandated and taxpayer-funded services, and to maintain a role in their accreditation and oversight.

b) Improving the comprehensiveness of advice and redress services

Recommendation 4: BIS (and subsequently also the Scottish Government) should ensure that industry-led energy redress schemes – currently GDO, MCS, RECC and now Heat Trust – are regulated for their compliance with the *ADR Directive*. Any organisation with responsibility for oversight must work in tandem with Ofgem.

c) More robust tracking of outcomes to improve service delivery

Recommendation 5: The British, Welsh and Scottish Governments and Ofgem should draw on best practice in advice and redress performance monitoring, and require more robust and more consistent tracking of outcomes of all schemes receiving Government funding or mandated industry expenditure.

Recommendation 6: The performance data for each discretely funded service should be required for inclusion in each scheme's published annual reports and/or published by Governments on an annual basis.

Recommendation 7: BIS could helpfully extend reporting requirements of redress schemes to enable a more robust oversight of performance and comparison across sectors.

d) Addressing under-performance

Recommendation 8: As a matter of routine, service level agreements with scheme providers should require repayments for under-performance. Letters of contract or grant funding and accreditation agreements should also stipulate the terms on which funding or accreditation is withdrawn. These terms must be adhered to. Annual performance reports should be explicit about areas of under-performance, the possible reasons and follow-up procedures. If a statutory scheme is failing to meet its targets in three years, the possible reasons for failure (policy and provider) should be explored and alternative provision should be sought, in consultation with stakeholders.

Recommendation 9: Ofgem should consult on accreditation requirements to fulfil the 2008 and 2014 Redress Scheme Orders, with a view to:

- raising the accreditation standards in light of this report and the *ADR Directive*
- testing whether restricting potential providers to the ombudsman is still appropriate.

Recommendation 10: Given that the last review of OSE was a while ago, it would be timely if Ofgem published a formal review of whether OSE is meeting its accreditation and other performance criteria shortly.

e) Identifying systemic issues and seeking to improve policies and practices

Recommendation 11: To be independent of Government, all schemes must capture consumers' presenting issues as opposed to what Government scheme they may be helped by, so that gaps in provision can be identified and the advice remains independent – though supportive of – delivering Government policy. Outcomes also need to extend beyond signing up consumers to Government schemes by looking at the consumer benefits delivered (for example, reducing fuel bills and carbon). Greater consistency in capturing needs across schemes would be highly beneficial.

Recommendation 12: To reinforce their independence, all schemes must be required to publish detailed data on consumer issues or complaints (for example, scale, trend data and by target consumer group with domestic, vulnerable and micro-enterprise consumers separately, companies/types of companies generating these calls).

Recommendation 13: Schemes wishing to further demonstrate their independence should use their data to inform Government policy (for example, written submissions to consultations) and in meetings with industry. These activities should be reported in their annual report.

Recommendation 14: To aid addressing systemic issues, Ofgem should become the competent authority overseeing the compliance of all energy-related redress schemes with

the *ADR Directive* and new Alternative Dispute Resolution for Consumer Disputes Regulations.

f) Lowering the costs to consumers using advice and redress services

Recommendation 15: A greater focus must be placed on ensuring that the services deliver what consumers need, and that the benefits of engaging in the scheme outweigh the costs of doing so.

Streamlining the consumer journey

Recommendation 16: Governments need to put in place a system of advice schemes with complementary remits and obligations to make two-way referrals, so that providers can proactively contact consumers with relevant support and consumers receive consistent and relevant support regardless of how they first make contact.

Recommendation 17: A single point of entry into a redress scheme is recommended. Complaints that cross the remit of more than one redress provider need to be handled in such a manner as they appear seamless to the consumer, similar to advice. To support this, the number of redress providers should be as low as possible and remits should not prevent responding to issues that are likely to co-exist for consumers. MCS should have regard to this report and consider stakeholders' reactions prior to proceeding with its plans to set up a procurement framework for arbitration services.

Recommendation 18: BIS should require that the overall time to resolve the complaint after it is initially made should not exceed 90 days, regardless of how many organisational remits they cross.

Recommendation 19: Where schemes offer non-binding, mediation-style support or conciliation in addition to arbitration, the timescales for these should be incorporated within the 90-day deadline.¹

Recommendation 20: Ofgem guidance requires the scheme to be provided free of charge to consumers at the point of use. All schemes offering legally binding redress should adhere to this principle, and BIS should include this within its guidance documents.

Prioritising vulnerable consumers

Recommendation 21: The three Governments, in particular the British Government, should increase the proportion of advice that uses community outreach and offers more intensive, practical support.

Recommendation 22: To support vulnerable consumers' access to redress, the British Government should extend the remit of EHU to include supporting vulnerable consumers with any energy supply, distribution or service issue that may risk their financial wellbeing, ability to live comfortably in their own home or health.

¹ BIS have indicated that their guidance materials will reflect Recommendations 18 and 19.

Recommendation 23: Benchmarking under-performing schemes against the British Standard for Inclusive Services may reveal other opportunities to reduce costs and so increase use.

Recommendation 24: It is recommended that Ofgem drives forward actions to enable vulnerable consumers to be prioritised in advice and redress provision. Energy UK, the administrators of HHH, should have regard to this report and consult with stakeholders prior to revising its advice scheme.

Prioritising micro-businesses

Recommendation 25: Ofgem should commission research to understand the advice and redress needs of micro-businesses, with a view to supporting the development of adequate provision. The Federation of Small Businesses and current schemes involved in providing services to micro-businesses should be involved in this work.

Recommendation 26: The three Governments and Ofgem should collaborate with behavioural experts to gain further insights into how to shape scheme delivery to best reduce costs for consumers.

g) Increasing the benefits to consumers of using advice and redress services

Recommendation 27: The three Governments should work with behavioural experts to investigate how the benefits of advice and redress schemes can be better communicated to their target audiences to help improve use.

Recommendation 28: Ofgem should commission research into consumers' expectations of redress and use these findings to inform policy guidance on redress measures.

h) Reducing demand for redress schemes

Recommendation 29: Ofgem, MCS and RECC should reduce demand for redress schemes by putting in place stronger financial deterrents for companies that treat their customers poorly.

Recommendation 30: Ofgem should use its redress order powers, and redress schemes should be actively feeding in proposals for potential redress orders to support the many consumers who have complaints but do not use redress services.

Recommendation 31: The British and Scottish Governments should bring in legislation to stop high-pressure doorstep sales practices.

Options for improving the adequacy of advice provision

Option 1: Make minimal changes in order to comply with the Smith Commission

Maintaining the status quo is not an option since consumer advocacy and advice will be devolved to the Scottish Parliament. Elements of Options 2 and 3 are therefore of relevance to Scotland. Such changes do not preclude UK-wide solutions supporting nation-specific schemes, as currently but with a change to the funding and administration of some schemes.

Option 2: Citizens Advice is the lead advice provider and coordinator of decentralised support

This option seeks to streamline provision by directing consumers through the single statutory advice provider in the UK, while preserving the structure of provision in Scotland and Wales and learning from interesting practice there. Shortcomings in current provision are addressed through expanding the remit of Citizens Advice and a procurement framework that also better equips the sector to respond to future issues. This is the preferred option.

Option 3: Separate support for the fuel poor from advice on saving and generating energy

This option builds on the approach that is emerging from DECC and has evolved in Scotland and Wales, and leads to the provision of two centralised advice schemes responsible for coordinating more detailed, specialist advice. This approach risks failing to deliver an integrated service as it is not customer-centred. There are potential areas of overlap, and it may prove to be inadequate for micro-business consumers.

Options for improving the adequacy of redress provision

Option 1: Make minimal changes in order to comply with the Smith Commission and *ADR Directive*

Maintaining the status quo is not an option since consumer protection is to be devolved to the Scottish Parliament. The *ADR Directive* will also require some changes to how schemes currently operate and will force the provision of redress on complaints currently outside of existing provision. Gaps in provision will not be addressed. Fragmentation and under-performance remains.

Option 2: Refine existing schemes

This option builds on Option 1 – seeking to address under-performance and streamline provision with as minimal intervention as possible – on micro-generation issues only. This minimalist approach keeps down costs but means that expertise and the possibility of responding to systemic issues is diminished.

Option 3: Refine schemes and address gaps in provision within the energy sector

This option builds on Option 2 by resolving gaps in provision within the energy sector with a residual energy redress scheme, maximising opportunities for identifying and tackling systemic issues and plugging current gaps in provision. There will be four redress schemes in energy (including Scotland), creating an opportunity for learning from different models of provision. However, fragmentation in redress provision remains.

Option 4: A single energy redress scheme

This option is identical to Option 3, with the exception that it seeks to consolidate redress provision by giving the residual energy scheme the responsibility for being the single point of entry to redress. It acts as coordinator for all energy-related redress; referring to other schemes as appropriate, tracking progress in a similar way to the extended role for the Citizens Advice Service, and reporting on their performance. It generates enhanced opportunities for identifying systemic issues crossing different scheme remits than Option 3 and simulates the Cabinet Office's preference for a single sector scheme, making it the preferred option.