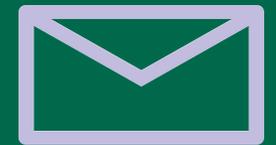


# The Citizens Advice consumer work plan 2021-22



# Foreword

Since we produced our last annual workplan the world has changed beyond recognition. A global pandemic has caused over a million deaths, over 85,000 of them in the UK. More than simply a health crisis, the impact on people's livelihoods and wellbeing has been stark. More than three quarters of a million people have lost jobs, and the number of people claiming benefits because they are out of work or on a low income has more than doubled. Every aspect of our lives has been touched, from mental health to social mobility.

It has been heartening to see the speed at which Citizens Advice locally and nationally have reacted to this crisis so we can continue to help people find a way forward. That is more important than ever. We have also seen rapid moves from the government and some parts of the private sector to support people through this crisis. But further help will be needed.

**6 million adults have fallen behind on bills during the pandemic, building up £1.6 billion of arrears** →

- Total value of debt
- Number of households with this type of debt

## Debt built up during the pandemic by type



## Foreword

We cover four main themes in this workplan:

- 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 Advice and Advocacy

## 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, people with disabilities, 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

<b>Value</b>	Products and services are good value for money
<b>Inclusive</b>	All consumers are served well, including those in vulnerable circumstances
<b>Quality</b>	Consumers get what they pay for. Their reasonable expectations are met or exceeded
<b>Redress</b>	If things go wrong, they're put right quickly, with compensation where appropriate
<b>Protected</b>	Products and services are safe and secure to use
<b>Sustainable</b>	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.

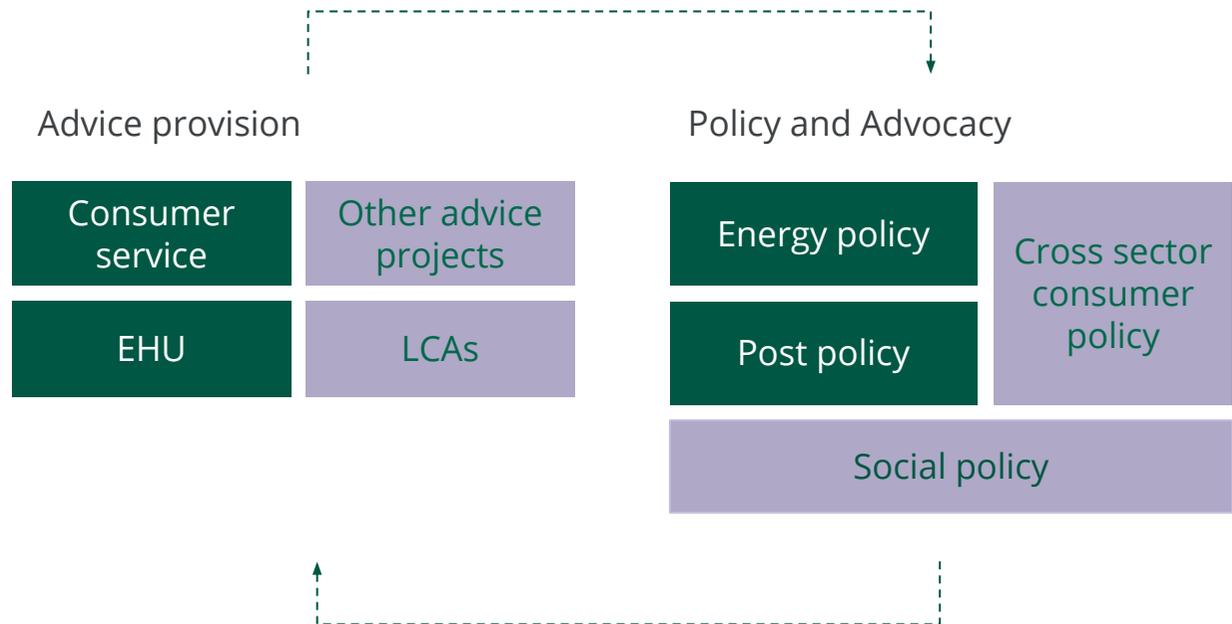
# How our advice and advocacy roles support each other

- 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 2021-22

## Four themes for our work

Applying these principles, this document sets out our plans for 2021-22. There are 4 themes for our work this year. The response to the pandemic cuts across each of them.

Making markets work for consumers

Better value infrastructure

A fair deal for consumers in vulnerable circumstances

Protecting consumers in rapidly evolving markets

Response to the pandemic

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

We will continue to speak out on behalf of consumers where markets are tilted against them. We will work to better understand where there are market failures, like the loyalty penalty. We will work with regulators to make sure markets deliver better consumer outcomes. Our work will consider the impact on consumers across England, Wales and Scotland

## Using insight to deliver better outcomes in the energy market

Our monitoring work provides us with a rich and valuable live insight into consumers' experience of the energy market. It also allows us to see who is excluded from existing products and the emerging propositions that are needed to deliver a fair transition to a net zero society.

We will continue to provide advice to consumers with online content and tools.

Our work here will include:

- Monitoring who is unable to access the market using an exclusions dashboard, and building from our previous digital exclusion work.
- Producing new good practice guides, including on Third Party

- Intermediaries ('TPIs'), and updating the self-disconnection guide.
- Improving advice on switching to specialist tariffs, like those for Electric Vehicles ('EVs').
- Improve information for microbusinesses, including on supplier service and signposting to advice.
- Ongoing monitoring of TPI issues, as this market grows

## Supporting the 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 meet around 18% of the UK's heating demand by 2050, up from 2% today. The government has announced that the industry will be regulated, so that heat network consumers have similar protections as other energy consumers. We will:

- Continue to work on the issues that matter to people with homes on heat networks. This includes working with the heat networks industry and continuing to be an active member of the Heat Trust Committee.
- Carry out research to better understand how companies in this market are preparing for regulation.
- Begin to plan for how we will monitor this market in preparation for our new statutory role as the consumer watchdog for consumers on heat networks.

# Making markets work for consumers

## **Improving supplier performance**

More than 30 suppliers have exited the energy market in the last 3 years, causing upheaval for customers and leaving behind significant unpaid costs. In response, Ofgem has introduced tougher rules to oversee supplier conduct. We'll continue to monitor the experience of consumers who are affected by poorly performing suppliers and those who go through the Supplier of Last Resort process, and monitor the impact of Ofgem's reforms on these areas. We'll also track the mutualised costs arising from these failures and make the case for further reforms to minimise these as much as possible.

## **Improving consumers' experience of switching supplier**

In 2022 the energy industry is due to adopt a new process that will result in people switching supplier faster and more reliably. As these changes are made, we will look at the consumer experience of switching and what further improvements may be needed to improve engagement. We will focus particularly on the experiences of people trying to switch while in debt, those who don't have access to the internet, and other customers in vulnerable circumstances.

- We will also improve our understanding of the experience of those using new services like auto-switchers, and the role of green claims in consumers' switching decisions.

## **Driving improvements in billing, communications and support**

- The energy market is undergoing profound changes, driven by consolidation and transition of new entrants into large, established players. This is accompanied by a move to more 'digital-first' customer service approaches. In this context we'll review suppliers' existing services, to understand the extent to which they are continuing to meet their core obligations to their customers in practice, particularly those in vulnerable circumstances.

- Inaccurate and estimated billing issues remain the top issue that consumers contact Citizens Advice about. This causes significant stress and hassle, while the back-billing rule that is meant to provide protection against large billing errors is not always followed by suppliers. Many consumers will be moved between billing platforms over the coming year as supplier takeovers are completed. Previous transitions resulted in declines in customer service, causing significant distress to many consumers. We will work with companies and the regulators to ensure their consumers have the best possible experience.

# Making markets work for consumers

Engagement with communications from suppliers is important in order for people to understand how they might be able to save money and get additional support. And looking ahead, the net zero transition means more changes to people's energy that they'll need to understand and engage with. Unfortunately, a minority of consumers remain confused by their energy bills. We will consider supplier performance in relation to customer communications - including signposting to third party support - and identify best practice.

## **Finishing the job on the loyalty penalty**

According to FCA data, 4 million people are overpaying in the home insurance market. In September 2020, the FCA announced it would effectively ban insurance companies from charging loyal customers higher premiums. With customers overpaying by £750 million in home insurance, it is important that this is implemented as quickly as possible. We will make sure this happens, monitoring the process closely. We will also monitor the FCA's decision to pause its work on Single Easy Access Rates (SEARs) to address the cash savings loyalty penalty, and if there are changes post-pandemic, we will push for them to re-start work in this area. The same level of boldness is now needed to deal with the mortgage loyalty penalty.

- The FCA has said that 'harm is significant' in the mortgage market.
- Its Mortgages Market Study Final report found 800,000 people are paying on average £1,000 too much every year. This means that customers are overpaying by £800 million every year, and yet the FCA has not proposed any action to tackle this. We'll continue to push the FCA to put strong measures in places, especially for low-income consumers.

- We also want to see stronger action from Ofcom in the mobile market. While we acknowledge voluntary commitments by broadband providers have led to improvements, in mobile voluntary commitments will only save loyal customers £58 million a year. This is despite Ofcom estimating that loyal mobile customers are overpaying by £182 million a year.

## **Discriminatory outcomes in consumer markets**

- We are concerned that Black, Asian and minority ethnic customers are experiencing poorer outcomes in some financial services sectors than other customers.

- The **FCA wrote to insurance firms** in October 2018 about their use of information in their pricing model that relates to race or ethnicity. This is something it found to be an issue in its household insurance thematic report.

# Making markets work for consumers

The report found that the use of data relating to protected characteristics as a factor in pricing is one of the issues in insurance with the most potential for significant harm and poor outcomes. Investigations by BBC You and Yours and The Sun in 2018 found motorists with names common among ethnic minorities were being quoted more for car insurance.

We will carry out research on whether Black, Asian and minority ethnic customers are continuing to be charged higher insurance premiums, as well as assessing whether the same patterns exist in other sectors.

## **The impact of unaffordable subscriptions and unregulated credit**

As subscription type services and instalment payments become more common, it is crucial that business models don't enable businesses to take advantage of people in financial difficulty. When businesses are able to make a profit from bad outcomes for consumers, regulators may need to intervene to set parameters for the way products are sold or who they are sold to.

We will look into the impact on consumers of 'unregulated credit' or instalment products which might be driving poor consumer outcomes as a result of firms having exemptions from FCA regulation.

## **Making essential consumer markets work in the post-pandemic context**

As the government's support schemes wind to a close, many people's incomes will take a hit, making them less able to afford essential services.

Market concentration in the UK had already increased by between 17-23% between 2004 and 2016, and mark-ups have risen considerably. The coronavirus pandemic may accelerate this trend, leading to even higher prices and hitting many struggling consumers' bottom line. We will scrutinise regulators to make sure they are promoting effective competition in the interests of consumers in essential markets. We will use our data to measure the changing nature and number of vulnerable customers and the implications that brings for how essential markets are regulated. For example, if more economic activity takes place online, are we seeing an increased risk of digital exclusion?

# Making markets work for consumers

## **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 services in the postal market - including the Universal Service Obligation, the safety net that keeps post fair and affordable for everyone. Without this protection there is a risk we'd have variable prices and variable delivery schedules, compounding existing regional, age and income inequalities.

We will work to ensure that any changes to the regulatory framework are made in response to changes in consumers' needs.

We will:

- Continue to advocate to protect key parts of the existing framework, including universal price and delivery across the UK.
- Seek to address problems we see in the current rules, including the unaffordable redirection service and lack of transparency about complaints handling for major parcel companies.
- Provide our data and other submissions to Ofcom through formal review mechanisms and undertake further research where necessary.

## **Treatment of people behind on bills**

Millions of people have fallen behind on their bills due the economic impact of coronavirus. Regulators, companies, and trade bodies have responded by improving support for people in arrears but gaps remain.

▪ The increase in people struggling to maintain bill payments has highlighted how people who fall into arrears across sectors are treated differently. Sectors should learn from each other, and consumers struggling financially should be able to understand how they will be treated by their essential service providers.

▪ We'll compare the way debts are recovered across markets, focussing on how successful providers are at supporting people out of debt. In particular we'll look at how different sectors assess people's ability to afford repayments and whether different groups of consumers receive different levels of treatment.

## **Engaging with our international partners**

▪ As this workplan goes out to consultation, agreement on our new trading relationship with Europe had only just been reached and relationships with some other nations are under negotiation. We will continue to represent the interests of GB consumers in international supply chains in particular through engagement:

- With governments, regulators and industry, and
- In forums that influence consumers' rights and protections, including membership of the BEUC, the European consumer body.

# Making markets work for consumers

## Success stories

### Tackling the Loyalty Penalty

Since making our super-complaint to the CMA in 2018, regulators have proposed strong measures to tackle the loyalty penalty in a number of markets. The CMA called on regulators to take action in every market that we had found loyal customers were overpaying in.

In 2019, the FCA found that 4 million home insurance customers were paying high or very high margins. In September 2020, they announced proposals to end gradual year-on-year price increases. This would end the loyalty penalty in the home insurance market, saving customers **£370m** per year overall.

**But there's still more to do.** All the proposals from regulators and firms must be implemented so consumers can start to feel the benefit now. The Financial Conduct Authority (FCA) has set the bar with its proposal to ban the loyalty penalty in the insurance market. But in other markets, particularly in mobile and mortgages, we're worried that not enough action has been taken.

### Improving outcomes for microbusiness consumers

As the official body for energy consumers, we cover microbusinesses as well as domestic consumers. Even though many of the issues that microbusinesses face are similar to domestic customers, they have far fewer protections.

In 2019 we published **Closing the Protection Gap**, a report highlighting the key issues that microbusiness consumers were seeking help from our energy advice services on. In particular, this included the conduct of brokers, issues with contracting and how suppliers support customers in debt.

We followed this up in 2020, with **Getting Through to Business**, which looked at the role that supplier communications can play in helping customers understand their tariff choices and the support that suppliers can offer if they're struggling to pay. We also published a **good practice guide** for suppliers to understand how their services can best meet microbusiness customer needs.

Since then, Ofgem has **published proposals** that will tackle many of the problems we've raised, including allowing microbusiness customers a cooling off period, a new broker conduct principle and access to redress for broker issues. These are welcome steps, but in the year ahead we will continue to push Ofgem to go further in help for microbusiness customers in debt - an issue that has only grown in importance as a result of the coronavirus pandemic.

# 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.

## Scrutinising monopoly markets

Energy networks are natural monopolies, with the returns they make set by Ofgem, then charged through consumer bills. Our landmark 2017 research found that in the last price control for networks (RIIO-1), consumers were overpaying 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 which runs from 2023-2028. Some of this investment will contribute towards decarbonising Great Britain's energy network and facilitating the Net Zero transition.

In the following year, we will continue to work to advocate for a price control that delivers good value for consumers.

We will:

- Consider the different types of evidence of consumer needs from monopoly energy networks.
- Consider how best practice for assessment, used within ED2 as part of the incentive reward process, can be both fair and transparent.
- Investigate how to incentivise good corporate behaviour for networks, for example through considering the impact of alternative governance and regulatory arrangements, such as sharing factor rates in the RIIO Totex Incentive Mechanism (TIM).
- Monitor complaints about networks, to understand where they can improve their services for customers.
- Continue to represent consumer interests on industry code panels.

# Better value infrastructure

## **Facilitating a smart and flexible transition to net zero**

Achieving a low carbon future will depend on massive changes to our energy system. This will require new roles in managing local flexibility and distribution networks, alongside the continued roll-out of smart meters, to allow half-hourly electricity settlement. In the coming year we will:

- Advocate for a cost effective transition to Net Zero, and ensure that its distributional impacts are properly considered.
- Consider what support consumers will need from networks for the delivery of Net Zero, and making sure that people aren't left behind in the transition.
- Consider which consumer protections will be needed to engage with flexibility.
- Consider how networks can recover their costs more fairly as we move to Net Zero.
- Consider which is the most efficient, fair, and cost-effective system operator model at the electricity distribution level.

## **Ensuring post offices can support resilient communities**

Post offices can play a vital role in sustaining dynamic and resilient local communities. As the largest-remaining universal face to face service provider, the post office network is relied upon to fill the gaps left by bank branch closures and ensure vulnerable people can access digital only services.

In the last 3 years the number of people using post offices for banking services has doubled, including 1 in 5 local businesses. As services have shifted online, the post office has served as a lifeline for people in rural areas or people who aren't able to use the internet. During lockdown, the post office network stepped up to ensure these people could still pay bills, access cash and other essential services. As many retailers leave the high street due to the financial impact of coronavirus, its role looks set to increase.

In the recent spending review the government committed to maintain the subsidy at £50m and invest £177m in the network. This funding is welcome. Since 2013, the number of temporarily closed post offices has doubled and an increasing number of rural communities now rely on outreach services that are open on average just 7 hours a week. However, the investment plans have not been made public and the funding is only for 1 year.

## Better value infrastructure

In the coming year we will:

- Work closely with POL, BEIS and other stakeholders to make sure the investment money is spent where it's needed most - to improve and secure provision in the network.
- Continue to analyse and build data on the impact of post office closures and reduced service provision.
- Carry out research to understand how the pandemic has changed what consumers need from postal services at post offices, and what effective and measurable social value could look like as the country seeks to build back from Covid-19.
- Push for the government to commit to further funding so that the post office network is well-funded into the future and can effectively serve all communities in the UK.
- Continue to monitor trends in post office changes and engagement with post office consultations.

## Success stories

### Better value networks

Around a quarter of a typical dual fuel energy bill relates to the costs of the pipes and wires that bring it to our homes. We've been deeply involved in influencing the development of the next generation of price controls, RIIO-2, to ensure these networks offer consumers high quality service and good value for money.

During this year, we:

- Frequently met with network companies to discuss the development of their business plans.
- Presented our evidence of the energy market and consumers' needs to all of the customer engagement and user groups.
- Participated as members of Ofgem's RIIO-2 Challenge Group, the ESO ESG user group, and 3 GDN Customer Engagement Groups.
- Helped other organisations contribute to the formal price control process.

Our challenges on these groups helped shape better outcomes and secure more efficient costs for consumers.

We also worked to influence the wider debate on price controls in regulated utility sectors, giving evidence to the CMA about price control appeals by four water companies.

There have been welcome signs that regulators are moving towards making decisions that favour consumers. For example, in water and energy, the lowest costs of capital in regulatory history have been set for PR19 and RIIO-2 respectively.

# Better value infrastructure

## Success stories

### Keeping communities connected

During the pandemic, post offices have provided a lifeline for many people. Over 90% of branches have remained open, helping to maintain access to essential services at a time when many retailers have left the high street due to the impacts of Coronavirus. Subpostmasters have helped keep communities connected by delivering groceries, medicines and other essential items to their most vulnerable customers.

We've used our research to understand how their role can develop in the future - and how a strong post office network can help communities bounce back from the pandemic.

First **we published** the biggest ever independent study of banking at post offices\*. This showed that consumer use of post offices for banking has doubled in the past 3 years. 1 in 4 consumers and 1 in 5 small businesses have now used Post Office banking. This trend is likely to accelerate as a result of the impacts from Coronavirus, as increasing bank branches face closure. This research has helped inform policy debates, such as HM Treasury's **recent consultation** on access to cash.

\*This project was funded from outside our levy funding

- Building on that, we carried out further analysis of the role of post offices - and the state of post office provision - to understand where investment might be needed during the government's spending review, with current funding for the network due to end in March 2021.

- **Our analysis** showed there are significant cracks in the network and concerns about its sustainability. In the last 10 years the number of temporary closed post offices and part time outreaches has more than doubled. The income from running a post office is not enough for some postmasters to continue running their service or attract new operators when a branch closes. Current funding for subsidised post offices is not enough to deliver outreach services that are reliable or open for more than a few hours a week. Despite post offices' continued importance and their vital role during the pandemic, they experience the same pressures as other high street businesses. The economic impact from Coronavirus is unlikely to make this easier.

- As a result of **our work** and collaborative engagement with stakeholders we helped to make sure that the government maintained the subsidy for another year at the recent spending review. This included a substantial amount of money to invest in and improve services, such as banking and parcels, and support postmasters. We're now working with stakeholders to ensure the funding goes where it's needed most.

# 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.

We will work to make sure consumers in vulnerable circumstances can easily access good value essential products and services.



## Using data to deliver better outcomes for consumers in vulnerable circumstances

During the pandemic energy suppliers and providers in other essential service sectors have offered a package of additional help to consumers. This has been valuable, but it hasn't always been easy to identify the people who need help most. We've called for the government and regulators to improve support for consumers in vulnerable circumstances across sectors through **better data sharing**. We'll pursue collaborative initiatives that can deliver positive outcomes for consumers and build understanding of how better processes for information about vulnerable circumstances can improve service provision.



## Tackling Fuel Poverty in England and Wales

We will continue to work with the Committee on Fuel Poverty, the UK and Welsh governments, and other stakeholders to advocate for consumers in the policy debates about how to address the inequality of fuel poverty and how to achieve the fuel poverty targets for homes in England and in Wales.

In 2021/22 we will contribute towards

- The key actions of the Welsh Government's proposed Fuel Poverty Strategy 2020-2035, including consultations on revising the Warm Homes Programme, the development of domestic energy efficiency advice and support services, and the development of a winter resilience plan.
- The development of future fuel poverty schemes in GB and England, particularly the plans for Energy Company Obligation post 2022 and the anticipated investment in a Home Upgrade Grant scheme.
- In carrying out this work we plan to give particular consideration to the impact of fuel poverty on Black, Asian and minority ethnic groups.

# A fair deal for consumers in vulnerable circumstances

## Extra Help Unit

The EHU's 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.



**"They really want to help people. I am very thankful for them. The energy company was giving me the run around and as soon as the EHU got involved it kicked the energy company into action."**

EHU client

More information can be found at the EHU website:  
[ehu.org.uk](http://ehu.org.uk).

## **Reviewing regulators' compliance and enforcement practices**

In last year's workplan, we noted that people in vulnerable circumstances are being failed across many consumer markets, and we described our planned review of regulatory enforcement and guidance on treating vulnerable consumers fairly.

Unfortunately we had to pause this work to deal with the urgent fallout from the COVID crisis. However, this issue has not gone away. If anything it has been exacerbated: more people are experiencing mental health problems due to the pandemic, large numbers of people are dealing with bereavement while cut off from friends and family, more people are struggling financially and in debt, and there are widespread health implications due to delayed or cancelled surgeries, treatments and screenings.

We will therefore return to this work in 2021, assessing regulators' compliance and enforcement practices, and cases relating to consumers in vulnerable circumstances receiving poor outcomes in past years and what the consequences were for the firms involved.

# A fair deal for consumers in vulnerable circumstances

## Self-disconnection, self-rationing & debt

Many people will continue to face significant financial pressures and struggle to pay for their essentials over the coming year as a result of the pandemic. We'll **continue our previous work** to understand the experience of prepay customers through the pandemic, including the impact of the improved support Ofgem put in place for customers who self-disconnect, what further support may be needed, and how people who are self-rationing could be supported in future.

We'll also consider the experience of people in debt, including those with and without an arrangement with their supplier to repay, as well as those who move to new payment methods to manage their debt. We'll seek to understand how they can be better supported, including the role of schemes like Warm Home Discount and charitable grants/fuel vouchers.

## Ending post exclusion for millions of people (Post)

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

We'll continue advocating for a solution that gives people somewhere safe to pick up their post, and a secure address to use to access services. To support this work we will:

- Conduct targeted research and track data to show the impact on people who can't access their post, presenting these in innovative outputs.
- Engage with postal stakeholders, local authorities, charities and industry to understand how the service would work in practise, identify challenges, and develop and test possible solutions collaboratively

# A fair deal for consumers in vulnerable circumstances

## 💡 Energy advice projects

Citizens Advice has been responsible for delivering the Big Energy Saving Network (BESN) and Big Energy Saving Week (BESW) since 2018-19. We will continue to provide direct assistance for energy consumers through our flagship programmes designed to raise awareness and directly deliver advice and support.

In 2020-21 we carried out a review of our energy advice services to identify how we could provide people with a more seamless customer journey. We identified opportunities to improve the coverage and reach of our specialist energy advice programmes. This would enable us to provide additional casework support to more households with energy related debt and other issues, many of whose issues have been exacerbated by the pandemic. Implementing these changes will also help us improve the impact of our national energy campaign in England and Wales, which is delivered in partnership with BEIS and other charities.

## 💡 Delivering better outcomes for energy consumers in 2021-22

We will improve our energy advice services in 2021-22, 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 impact of the pandemic on people's finances.

- We will move forward with our digital energy strategy, introducing more tailored online energy advice to help people solve their problems or know where to get additional help if needed
- We will deliver a new energy training programme for our local offices, improving the support offered by our advisers and ensuring they can make more effective referrals to our energy advice programmes for consumers in need of additional help and support
- We will increase the number of community outreach partners we work with and ensure more people can access our energy advice programmes and other support services

- We will incorporate learnings from the digital delivery of our 2020-21 outreach and campaign activity, Big Energy Saving Winter, as necessitated by the impact of the COVID-19 pandemic
- We will meet more demand, expanding the number of referrals to our energy advice programmes, as well as increasing the number of people supported through dedicated casework that helps solve their problems
- Over the next two years, we will complete our transition to providing year round, nationally available services in England and Wales

We have proposed a £555,465 increase in funding in 2021-22 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

### Making sure everyone gets their post

Post has kept communities connected throughout national and regional lockdowns this year. People are using post to keep in touch with loved ones. And the government used post to communicate one of the biggest public messages in years — mailing coronavirus guidance to over **30 million households**. As many faced restrictions on going to brick and mortar shops, online shopping has boomed. More of us than ever before now rely on parcel deliveries to access everything from a new winter coat, to food and medication.

But not everyone can access their post in the same way. Our **Millions without mail report** showed that 7 million people haven't been able to receive their letters at some point in the last decade. These people face significant harm as a result, like missing out on health care services, benefits, housing and employment opportunities. It's also resulted in financial loss and debt. This problem disproportionately affects marginalised people such as survivors of domestic abuse, and homeless people and members of the Gypsy and Traveller community.

To overcome this problem we're asking the government to invest in an Address & Collect service provided at post offices to provide equal access to post for those in unsafe or precarious living situations.

- Our solution has received support from domestic abuse charities, organisations representing gypsy and traveller communities and postmasters, consumers and MPs. We are now working with key stakeholders to see how it can work in practice.
- We've also identified growing issues in the delivery market - where an increased reliance on parcels was accompanied by an increase in the number of problems. In March our consumer service **received three times as many** calls about delivery issues compared to the same period last year. Our research has examined this issue to understand what's happening and what solutions might be needed.
- We found 1 in 2 people have experienced a parcel issue during lockdown. Disabled people were also particularly impacted. We estimate that in a single week, over 7 million disabled people **had a problem with a parcel delivery**. Further research highlighted that parcel delivery issues are a particular problem for time-poor and vulnerable groups, with carers, zero hours contract workers, and those who are shielding being hit the hardest.
- We're continuing to work with stakeholders to address these issues
  - - like pushing more delivery companies to sign our accessibility pledge for disabled consumers, or improving complaints processes
  - - as well as exploring what broader changes might be needed to ensure consumers have sufficient protection in this new essential market.

# A fair deal for consumers in vulnerable circumstances

## Success stories

### **Supporting people in vulnerable circumstances and struggling to pay their bills through the coronavirus pandemic**

Coronavirus lockdowns and their associated economic impact have had an unprecedented impact on all our lives, particularly people in vulnerable circumstances and those who have fallen behind on their bills due to lost income.

In energy, we worked closely with government, industry and Ofgem to help develop **a package of additional support**, including payment holidays and extra help for people who use prepay to remain on supply if they need to self-isolate. We've put in place enhanced monitoring of contacts to our service to ensure that suppliers deliver this support, and conducted research looking at the **experience of prepay customers during lockdown**.

While this and similar temporary help in other essential services markets is welcome, we also worked to identify **gaps in enduring protections** for people who fall behind and advocate for regulators to address these, so people can access support like affordable repayment plans and debt write offs. In energy, Ofgem has now put in place enduring support for prepay customers and new rules on how to support people with debt, and the government has published proposals to improve access to debt write off in next year's Warm Home Discount.

We've continued to **track the prevalence of debt** across sectors and the impact it has - often leaving people with **nothing to live on** - and called for more government action to support people through this crisis. We'll continue to take account of the debt picture across different sectors in our consumer work next year, ensuring that appropriate support is put in place.



# Protecting consumers in rapidly evolving markets

Consumer markets are changing fast. The low carbon transition and increase in big data will create huge challenges and opportunities to change and improve the way that markets serve consumers. Regulatory protections need to evolve to reflect this. We will develop and use compelling evidence on both technology and market design to positively shape the consumer landscape of the future. This will maximise the benefits future changes can bring, while ensuring that nobody is left behind.

## Putting people at the heart of net zero

In June 2019 the UK was the first major economy in the world to pass laws to bring all greenhouse gas emissions to net zero by 2050. Achieving net zero won't be possible without ensuring over 90% of homes have low carbon heating systems, up from just 4.5% today. We also need more efficient homes - both new builds and making sure our existing homes are better.

Around 80% of our existing housing stock will still be in use in 2050, meaning over 23 million homes that will require a net zero carbon retrofit.

In 2021/22 we will commission a number of research projects to inform our work on ensuring people are at the heart of plans for net zero.

We will:

- Use existing data and commission new research to better understand the scale and types of changes needed to retrofit homes so that they are future proofed and contribute to reaching the net zero target. This will also include a focus on how the different codes and standards in the energy market interact and impact on people.
- Consider how we can better understand the user experience of people who make 'green' improvements to their homes to advocate for consumers when the government is planning and designing any new energy efficiency or low carbon heating support schemes.
- Carry out research on the role, impact, opportunities and risks of using smart home technologies to decarbonise heat.
- Seek to better understand consumer experience of local area energy initiatives and how people in different areas might be served in a future energy market.

# Protecting consumers in rapidly evolving markets

## Consumer data in a changing energy market

Citizens Advice will continue to explore the impact that technology and data have on how people use energy in the home. We will engage with government, industry and regulators to make sure that new technologies work in people's favour.

We will:

- Continue to build relationships with smart energy companies to understand new business models as they emerge.
- Continue to monitor the problems people experience as they use these products and services, making sure we share what we learn with stakeholders as we go along.

## Improving the experience of public charging

With the government announcing the phasing out of new sales of petrol and diesel vehicles by 2030, improving the experience and confidence of people using public charging points will be essential to unlock more electric vehicle ownership. The current system is unreliable, with limited information and frequently incorrect messaging about availability. Paying for public charging points can be complicated, and pricing can be difficult to understand. The CMA has recently launched a market study, which we'll feed into. In 2021/22 we will:

- Ensure that industry learns from current experiences and makes improvements early on, before even more public chargers are rolled out.

- Continue to lead work on the consumer journey as part of the second phase of the governments Electric Vehicle Energy Taskforce.
- Build on our work to improve the public electric vehicle charging experience.

## Supporting the transition to local low carbon heat

Changing the way our homes are heated will be essential to achieve the UK's net zero emissions target. Low carbon heating 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**. These changes will make a huge difference to the way people live in their homes, and success will depend on people being protected and supported through the transition. Citizens Advice will:

- Continue to engage with industry and government on the potential for different low carbon heat technologies to decarbonise energy in the home. This will include working with the government and industry to monitor the implementation of new schemes and financial incentives to support the rollout of home energy and low-carbon technologies.
- 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.

# Protecting consumers in rapidly evolving markets

## **Facilitating a smart and flexible future**

More innovation is vital to test different ways to deliver low carbon products, while consumers also need appropriate protections to give them the confidence to engage with new services. We'll consider what changes to the retail energy framework could better achieve this balance.

The smart meter rollout will continue through the coming year, with meters available to a wider pool of consumers than ever before. However, there are still likely to be some barriers to overcome in order for people to accept a smart meter and access the benefits they unlock. We'll consider public views on incentivising smart meters in certain circumstances, the experiences of those using smart prepayment and how best to ensure that the benefits of smart are accessed by consumers.

Reforms are also underway to encourage consumers to be more flexible with their electricity usage, in order to accommodate more low carbon energy and reduce system costs. There are a number of possible routes for consumers to benefit from flexibility, including through products from their supplier or third parties. We'll consider the models that may be available for consumers to sell their flexibility, identifying the potential impact on different groups of customers, and whether these lead to fair outcomes.

## **Protecting fair access to payment infrastructure**

The physical infrastructure for financial services is under pressure. In the last two years, 1,200 bank and building society branches and 9,500 ATMs have closed. The government has said it will legislate to protect access to cash, but not necessarily branch access. The way people pay for payments is often hidden. The high cost of interchange is now regulated but the scheme fees charged by Visa and Mastercard to retailers are hidden. It is important that the payments systems regulator looks into what is happening in this market.

Our work on utility infrastructure - energy networks - has saved consumers billions of pounds. Financial service infrastructure is different, but just as important in affecting how people can access financial services and how much they pay for them. With the FCA taking on responsibility for access to cash, there is an opportunity to use our knowledge of how infrastructure can be paid for and the costs shared to influence that legislation.

# Protecting consumers in rapidly evolving markets

## ✉ Putting people at the heart of parcel delivery

Our **recent work** has highlighted that parcel delivery is now an essential service. According to **Ofcom**, nearly 2.6 billion items were delivered to households across the UK in 2018-19 - an increase of 10% on the previous year. Volumes have continued to increase dramatically as physical shops were closed during Covid-19 lockdowns and people shopped online and had goods delivered. Office for National Statistics **figures** reveal that, in June 2020, people in Great Britain spent almost £2.5 billion per week online, almost a billion pounds more than in January 2020.

But parcel delivery doesn't work well for consumers. In 2019, **we found** that 6 in 10 consumers experience significant problems with parcel delivery. Large spikes in visits to our parcels **online advice** pages during lockdowns supports our previous findings that problems increase with parcel volumes as set out in our report on **Trends in the postal service market** and **work on next day delivery**.

- We want to see the parcel delivery market work for consumers.
- We will:
  - Push for a CMA review of the parcel delivery market to rebalance the market in favour of consumers.
  - Evaluate how the rapid development of the parcels market has changed the dynamics of the industry.
  - Continue to **work** to get parcel companies to sign up to our pledge to improve home deliveries for disabled people.
  - Work with stakeholders to address other parcel delivery problems as they arise, carrying out targeted research to support this.

# Protecting consumers in rapidly evolving markets

## Success stories



### Putting consumers at the heart of the net zero transition

Much of the debate over the road to net zero focuses on the costs and benefits of different technologies. What has often been missing is the central role the consumer will play in this transition. Our work has helped fill that gap, reframing the debate around consumers.

Our research report **Future for All** explored emerging supply models - like time-of-use tariffs, peer-to-peer trading and energy as a service. It quantified the barriers consumers will face in adopting the supply models and recommended policy solutions to overcome them.

In **Zero Sum**, we published polling on what consumers know and think about the challenge of reaching net zero. It outlines how government and regulators should work together to create a net zero consumer protection promise to help consumers overcome these challenges.

Our **Stuck in the Middle** report considered the increasing role of third-party intermediaries (TPIs) in the energy market. It provided legal analysis to show the gaps in protections that users of these services face. We also carried out **workshops** in Summer 2020 to understand how to build consumer confidence in these services.

Smart products and services offer new potential to be flexible with how and when we use electricity in our homes and businesses. In early 2021, we worked with Energy UK and the Association of Decentralised Energy (ADE), to launch a new risk register **Demanding Attention** outlining the emerging risks associated with demand side response offers currently available in the market. The register will help government, regulators and industry to appropriately manage these emerging risks, supporting the expansion of this market and ensuring consumer benefits.

These reports have been widely welcomed and cited. Future for All was cited in Ofgem's half-hourly settlement work. Stuck in the Middle was welcomed by Ofgem, and the Energy Ombudsman acknowledged the need for better protection for TPI consumers.

# 💡 Representing 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 those engagements, 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.

## Smart consumer technologies

DCUSA 371 working group (consumer devices connected to smart meter infrastructure)  
 BSI: Strategic Advisory Group for Energy Smart Appliances  
 Smart Energy Great Britain - Board member  
 Open Energy: Modernising Energy data Access Advisory group  
 Electric Vehicle Energy Taskforce Steering Group

## Code panels

Uniform Network Code (UNC) Panel  
 Smart Energy Code (SEC) Panel  
 SEC Change Board  
 Balancing and Settlement Code (BSC) Panel  
 Connection and Use of System Code (CUSC) Panel

## Net Zero / Future of heat

Ofgem Net Zero Advisory Group  
 BEIS Strategic advisory group for the future of heat  
 BEIS Heat Networks Stakeholder Group  
 Heat Trust Committee  
 Future of Gas Steering Group  
 Renewable Energy Consumer Code Advisory Board  
 Gas Goes Green Advisory Board

## Fuel poverty

NEA Cymru: Fuel Poverty Coalition

## Better networks

### RIIO-ED2

Customer Satisfaction, Vulnerability and Connections Working Group  
 Decarbonisation and Environment Working Group  
 Safety, Reliability and Resilience Working Group  
 Overarching Working Group

### RIIO-GD2

Customer and Social Working Group  
 Vulnerability and Carbon Monoxide Allowance Steering Group

Electricity RIIO-2 Stakeholder Group  
 Ofgem RIIO-2 Challenge Group  
 Member of three power network's 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

# Provisional expenditure 2021-22

Our proposed budget for 2021-22 sees expenditure on Citizens Advice core consumer advocacy increase by 1.7% year-on-year in cash terms and by 1% in real terms\*, following a 1% decrease in the budget in real terms in the preceding year. The principal driver of the small proposed increase this year is investment in heat networks advocacy, ahead of wider changes to the heat market, as well as investment in the delivery of tailored energy advice. This will improve our ability to quickly introduce new advice content in response to the insights obtained from our ongoing monitoring work.

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.

Citizens Advice Scotland, a separate and independent organisation, advocates on Scotland-specific consumer issues within Scotland. We will work with them, the Energy Consumers Commission and, when it is established, Consumer Scotland to ensure joined up consumer representation across Great Britain.

## Core consumer advocacy budget for 2021-22

	Staff and related costs	Programme	Scotland	Total
Energy	£3,209,117	£474,499	£139,800	<b>£3,823,416</b>
Post	£917,044	£139,926	£31,000	<b>£1,087,970</b>
Cross-sector	£673,209	£121,262	£58,300	<b>£852,771</b>
Directorate	£196,838	£0	£9,300	<b>£206,138</b>
Total	£4,996,208	£735,687	£238,400	<b>£5,970,295</b>

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\* Based on an annual CPI inflation rate of 0.7% at the time this document was produced

# Provisional expenditure 2021-22

In addition to our core consumer advocacy work in energy, in 2021-22 we're also pleased to deliver levy funded energy advice services, known as the Big Energy Saving Network, including the community outreach activity delivered through a range of external partners.

We have proposed a £555,465 increase in the funds allocated to Citizens Advice's delivery of levy funded energy outreach activity in England and Wales. The funding will allow for continued investment in service transformation, providing energy consumers seeking help and support with a more seamless customer journey.

This will strengthen referral mechanisms between Citizens Advice energy programmes and expand the provision of casework support for energy consumers in need of additional help and support. Citizens Advice will 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.

Citizens Advice Scotland will receive £90,000 to coordinate Big Energy Saving Network delivery in Scotland. This is the subject of ongoing discussion with the Scottish Government so will either be confirmed, amended or removed in the final plan.

## Funded energy advice programmes for 2021-22

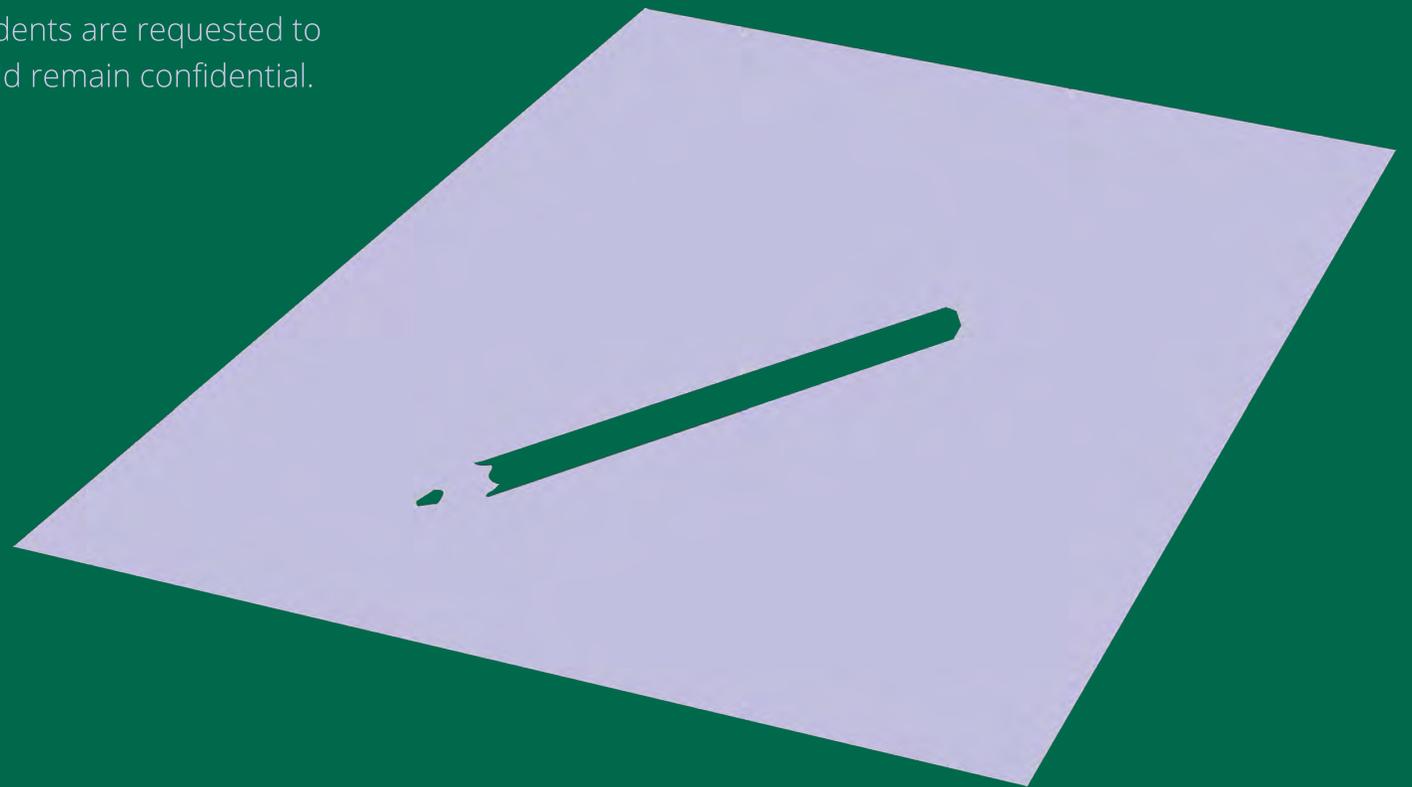
	Programme	Total
Energy advice programmes	£2,404,265	<b>£2,404,265</b>

# Give us your feedback

This work plan describes the activities we will carry out to represent consumers in 2021/22. The plan is being published in draft as part of a 4 week consultation ending on 12 February 2021. We will then take feedback into account and publish a final work plan.

**Stakeholders wishing to respond to the draft work plan can do so by email to [consumerworkplan@citizensadvice.org.uk](mailto:consumerworkplan@citizensadvice.org.uk)**

We intend to publish stakeholder responses on our website alongside our finalised work plan. Respondents are requested to indicate if part or all of the response should remain confidential.



# 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](https://citizensadvice.org.uk)

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