



Consumer Futures Unit Annual Report 2016-17



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About us

The Consumer Futures Unit puts consumers at the heart of policy and regulation in the energy, post and water sectors in Scotland. Part of Citizens Advice Scotland, we research and gather evidence, which we use to improve outcomes for consumers.



CONSUMER FUTURES UNIT PURPOSE

Providing a voice for consumers in Scotland on energy, post and water

By working under a framework of internationally recognised consumer principles, we seek to deliver strategic outcomes through a combination of:

- ▶ Gathering and sharing evidence
- ▶ Developing consumer focused policy
- ▶ Improving consumer experience through advocacy

OVERARCHING CONSUMER PRINCIPLES

Information | Access | Choice | Redress | Safety | Fairness | Representation

STRATEGIC OUTCOMES

- ▶ Markets are shaped around consumers
- ▶ Services are accessible to consumers regardless of their income or location
- ▶ Consumer principles are at the heart of government policy and regulation
- ▶ Utility products and services deliver the right outcomes for consumers



Introduction

Energy, water and postal services are essential. Whether it's staying warm in the fiercest Scottish winter, having clean water to drink, or getting that crucial online order delivered when you need it, we all have an interest in keeping these services accessible.

The Consumer Futures Unit (CFU) works as part of Citizens Advice Scotland to that end, on behalf of all of us as consumers of energy, water and postal services.

Up and down the country, decisions are taken every year that affect us as consumers of these vital services. These can be anything from new laws, to choices made by private companies. A wide variety of interests and priorities are considered by these decision makers, ranging from businesses and political parties to government officials and regulators. Amongst all these voices, the CFU speaks up for consumers, and with a special responsibility to represent the most vulnerable in society.

To help us represent consumers in these discussions, we research what's working and what isn't for consumers in the energy, post and water markets. We use our research and expertise to keep an eye on what consumers might need in the future too. We share our knowledge with other relevant organisations and individuals so they can better understand how their decisions may affect consumers, and advise them on how policy, regulation and markets could work better for consumers.

2016-17 was an important year for the CFU. Although our work plan for the year was produced jointly with our colleagues in Citizens Advice (England and Wales) (referred to as CitA), responsibility for consumer advocacy and advice

legislation in Scotland transferred to the Scottish Parliament in May 2016. This means that for the rest of 2016-17 we were directly accountable to Scottish ministers, while maintaining relationships with UK Government ministers and departments.

As a result, this is our first independently produced annual report. Any differences between the themes and projects described in our joint work plan for 2016-17 and those in this annual report are a result of this change. The former covered Scottish, English and Welsh planned work, while this report only covers the work done by the Consumer Futures Unit on behalf of consumers in Scotland.

This report describes what we've achieved in the past year for energy, post and water consumers and the work that will contribute to future successes. It consists of a chapter for each sector, and one for our cross-sector work (where we work on issues that affect consumers across different sectors), with an appendix covering our finances.

Each team within the CFU (energy, post and water) is resourced at different levels and operates within different markets, each with consumers facing different issues. The different chapters reflect this, covering a mix of our ongoing work and our project work.

Sam Ghibaldan

Manager of the Consumer Futures Unit

Summary

The CFU worked hard for energy, post and water consumers throughout 2016-17.

We spoke to government, regulators and business about how services could be improved for consumers. We carried out thorough research and shared the findings with key decision makers. We improved the quality of advice available for consumers, empowering them to make informed choices.

In energy we focused on fuel poverty, energy affordability and getting the energy market to work better for consumers. The bulk of our research and advocacy work was directed at government policy developments, but we also investigated what can be done to address fuel poverty and improve energy efficiency at a local level too. Amongst other successes, this resulted in:

- New government fuel poverty advice pilot projects, targeted at vulnerable consumers.
- The responsibility to implement CMA (Competition and Market Authority) remedies. The CFU, along with colleagues in Citizens Advice (England and Wales), has a new role working with suppliers to increase awareness of switching options for Relevant Restricted Meter Customers (some of the most vulnerable in Scotland)
- Safeguarding service provision until 2020 for the 350,000 consumers whose energy meters rely on Radio Teleswitch signals.

The CFU post team worked with our colleagues in Citizens Advice (England and Wales), and the Consumer Council for Northern Ireland to provide a unified consumer position on key postal issues to regulators and government. This resulted in Ofcom accepting our recommendation to retain important regulatory requirements that will keep complaints processes as easy as possible for consumers. Together, we also produced material on parcel ‘doorstepping’ that we’ll distribute in 2017-18 to inform consumers about their rights and the actions they can take in relation to parcel delivery problems.

The CFU’s independent 2016-17 post work will be used to produce an evaluation framework for the Post Office Outreach services that cater to rural and remote communities, and to collaborate with the parcels industry to explore how location based delivery surcharging can be reduced. Although progress has been made in the past on guidelines aimed at retail operators¹, this will be the first time substantial action has been taken with parcel operators.

We’ve also established ourselves as an important critical friend for the water industry in Scotland, successfully challenging and supporting stakeholders where appropriate. In partnership with Scottish Water and the Water Industry Commission for Scotland (WICS), we’ve established a Customer Forum who will represent consumers during negotiations with Scottish Water over the 2021-2027 Strategic Review of Charges. We’ve secured commitment from Scottish Water on considering the establishment of a hardship fund for those struggling to pay domestic water and sewerage charges, and we encouraged local authorities to roll out best practice in use of the Water Direct scheme. For businesses, we’ve ensured that the new Code of Practice for non-domestic water suppliers is based on the CFU’s Consumer Principles.

Our cross-sector work was exemplified in the Rural Futures Conference held in early 2017, highlighting common issues across energy, post and water on rurality-associated challenges. Attendees shared insight from their own areas, and worked together on developing solutions. Another cross-sector success was our role in developing a new national complaints standard for ombudsman bodies in the UK (which, once adopted, will improve consumer experience of complaints handling)².

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- 1 [BIS, CAS, CitA, CCNI \(2014\) Statement of principles for parcel deliveries](#)
 - 2 [Ombudsman Association \(2017\) Service Standards Framework](#)



The Scottish Government Minister for Business, Innovation and Energy in the Scottish Government, Paul Wheelhouse MSP, delivering the keynote speech at the CFU's energy conference.



Energy

In 2016-17 our energy work focused on fuel poverty, energy affordability and how the energy market can work better for consumers.

It was a year when energy was high on the policy agenda with the Scottish Government developing its Energy Strategy, Climate Change Plan and also beginning to develop Scotland's Energy Efficiency Programme. The Competition and Markets Authority (CMA) and Ofgem also carried out major pieces of work in 2016-17.

Throughout the year, the CFU's energy team ensured that policy makers, regulators and industry had the high-quality evidence they needed to understand consumer priorities. We commissioned new research where a lack of information was inhibiting good decision making.

A highlight was our Energy Conference in the summer of 2016, where we launched three reports from our 2015-16 research to a broad range of stakeholders:

- *Hot Off the Grid: Delivering Energy Efficiency to Rural, Off-Gas Scotland*³
- *Taking the Temperature: A review of Energy Efficiency & Fuel Poverty Schemes in Scotland*⁴
- *Smart Move: Taking Stock of the Smart Meter Rollout Programme in Scotland*⁵

3 [CFU \(2016\) Hot Off the Grid: Delivering energy efficiency to rural, off-gas Scotland](#)

4 [CFU \(2016\) Taking the Temperature: A review of energy efficiency and fuel poverty schemes in Scotland](#)

5 [CFU \(2016\) Smart Move: Taking stock of the smart meter rollout programme in Scotland](#)

The conference was also successful in helping to identify areas where we could work in partnership with other organisations, such as promoting consumer engagement in the energy market and supporting schemes to alleviate fuel poverty and increase energy efficiency.

Our 2016-17 research contributed to the evidence base in Scotland, identifying areas of consumer detriment and opportunity. We had six pieces of project-based work in 2016-17, details of which can be found in this chapter. Some of these projects informed other work in 2016-17, some recommendations have already been acted on by stakeholders, and some will be taken forward in 2017-18 (see our 2017-18 Work Plan⁶ for details).

In particular, we were pleased to see an announcement by the Scottish Government in Q4 of 2016-17 of a pilot project programme delivering face-to-face fuel poverty advice with clear monitoring and evaluation goals. This was a recommendation of our research project on energy efficiency (Project E1 below) and the CFU has been invited to sit on the advisory group for this pilot programme. A successful rollout of this programme could improve the advice available to the third of Scottish households affected by fuel poverty.

6 [CFU \(2017\) Consumer Futures Unit 2017-18 Work Plan](#)

Ongoing work

Fuel Poverty and Energy Efficiency

The issue

Almost a third of Scottish households are in fuel poverty (defined as being required to spend more than 10% of household income in order to maintain a satisfactory heating regime). This figure has remained broadly stable since 2009^{7,8}. Fuel poverty is found across income bands and the impact varies between consumers. However, we know that many consumers in fuel poverty have to juggle spending on heating with other essential purchases such as food, childcare, rent and transport⁹.

Fuel poverty has several causes¹⁰ but improving the energy efficiency of buildings is one way of tackling it, and can also reduce carbon emissions. This can include improving:

- Building materials and heat conservation (e.g. insulation, double glazing).
- Efficiency of heating systems (e.g. modern boilers achieving higher heat levels with less fuel).
- Consumer energy use (e.g. shutting doors and windows, using timer settings effectively).

In 2015, around 58% of Scottish housing (around 1.4m households) still had an Energy Performance Certificate at the less efficient end of the scale (D or lower) but this is an 18% improvement since 2010. In addition, only 14% of households (around 357,000) are rated below band D¹¹.

What we did

- We published two research reports ([Hot Off the Grid](#) and [Taking the Temperature](#)) which recommended that energy efficiency & fuel poverty schemes be designed to benefit rural, off-gas areas as much as urban areas, and that the Scottish Government regulate minimum energy performance standards in existing homes.

- We represented consumers on the Scottish Government's Fuel Poverty Strategic Working Group and the Rural Fuel Poverty Taskforce. In doing so, we recommended that the definition of fuel poverty be revisited and that greater support for face-to-face consumer advice be introduced to ensure that adequate support reaches those who need it.
- We provided evidence during the development of Scotland's Energy Efficiency Programme and the new Scottish Social Security System (the latter in relation to Cold Weather Payments and Winter Fuel Allowance – paid to around a third of Scottish households¹²). The CFU recommended that the triggers for Cold Weather Payments should be reassessed to better represent certain Scottish rural consumers.

Progress and impact

- ✓ Scottish Ministers accepted the Strategic Working Group's recommendation to commission an independent, expert review of the current definition of fuel poverty. A consultation paper on a new fuel poverty strategy is expected in autumn 2017.
- ✓ The Scottish Government established a new face-to-face fuel poverty advice pilot project, following recommendations from our 2016-17 research¹³. The CFU has been invited to sit on the advisory group for this pilot project.
- ✓ Our 2016-17 research into homeowner views on energy efficiency regulations and incentives formed part of our response to the Scottish Government's SEEP (Scotland's Energy Efficiency Programme) consultation. We have established a constructive dialogue with officials in this area and hope to see our findings from this research inform the SEEP approach for the 67% of owner-occupied homes at EPC D or below¹⁴, which may need to be upgraded.

More detail on our 2016-17 energy efficiency research and its impact is covered below (projects E1 and CS2 respectively). Advocacy work on the reports' recommendations will continue in 2017-18.

7 Around 34% or 805,000 households in 2009 - [Scottish House Condition Survey 2012, Scottish Government](#)

8 Around 31%, or 748,000, households in 2015 - [Scottish House Condition Survey 2015, Scottish Government](#)

9 [Scottish Fuel Poverty Strategic Working Group \(2016\) A Scotland without fuel poverty is a fairer Scotland](#)

10 Other factors in fuel poverty levels include household income, energy costs and health (poorer health usually requires a higher temperature to be maintained to be comfortable).

11 [Scottish House Condition Survey 2015, Scottish Government](#)

12 [CAS \(Dec 2015\) Designing a Social Security System for Scotland: Winter Fuel and Cold Weather Payments](#)

13 <http://www.cas.org.uk/publications/facing-fuel-poverty>

14 [Scottish House Condition Survey 2015, Scottish Government](#)



The CMA's Project Director for the energy market investigation, Erika Lewis, speaking at the CFU's energy conference.

Ongoing work

Retail Markets

The issue

Almost 90% of UK energy consumers are customers of ‘the big 6’ energy suppliers¹⁵ and around 70% of those customers are on the most expensive Standard Variable Tariff. This concentration and lack of competition was one area of the Competition and Markets Authority’s investigation into the energy market, and its subsequent recommended market remedies. In Scotland, consumer engagement and switching rates are even lower than the GB average. In 2015 the Scottish electricity supplier switching rate was 10%, compared with 12% across GB¹⁶.

Our research also found that around 13.4% of households in Scotland relied on electric heating (which is more expensive than most alternative heating methods), compared with around 8.2% in England¹⁷. This is exacerbated by high numbers using Time of Use (ToU) tariffs – consumers with ToU meters in Scotland have the lowest switching rates in the UK: 85% of ToU tariff customers in the North of Scotland and 78% in the South of Scotland are with their incumbent supplier. This is even higher for those using restricted meters, which are also more prominent in Scotland.

What we did

- > We submitted a joint response, with Citizens Advice (England and Wales) to the CMA’s provisional decision on market remedies,

highlighting that the CMA needed to look beyond the ‘average consumer’ to look at circumstances affecting different types of consumer¹⁸.

- > We hosted Erika Lewis, Project Director of the CMA’s Energy Investigation, as a keynote speaker at our energy conference in June 2016 shortly after the publication of the CMA’s final Energy Market Investigation report. This gave Scottish stakeholders a unique and timely opportunity to comment and ask questions directly.
- > We highlighted the abruptness of price rises by the big 6 energy companies and the lack of transparency around reasons for the increase, resulting in coverage from media including The Scotsman, The Times and BBC Scotland’s Evening News.
- > Throughout Ofgem’s consultation process on moving to principles based regulation, we (together with CitA) highlighted concerns around implementation of reforms and possible risks, including how principles are interpreted, the need for clear information to be provided (to consumers, suppliers and those providing energy advice) and the need for effective monitoring and evaluation.

Progress and impact

- ✓ CAS, alongside Citizens Advice (England and Wales), was tasked to take forward one of the CMA’s energy market investigation remedies: ensuring tariff information is available to GB restricted meter customers, around half of which (approximately 350,000) are in Scotland¹⁹.

¹⁵ [CMA \(2016\) Energy Market investigation final report](#)

¹⁶ [Ofgem \(2016\) Retail Energy Markets](#)

¹⁷ CFU Research into Off-Gas Consumers, to be published Summer 2017.

¹⁸ [Citizens Advice Service \(2016\) Response to CMA’s provisional decision on remedies](#)

¹⁹ [CMA \(2016\) Reforming the energy market](#)

Ongoing work

Energy networks

The issue

Energy networks – whether transmission or distribution – and their assets and infrastructure (pipes, wires, fuel and generation assets) are all paid for by consumers in one way or another. Networks are essential, long-term infrastructures so the decisions made by network operators and owners can impact both current and future consumers. Most of the decisions taken about energy networks are long-term in nature, often looking decades ahead. It is therefore important that the consumer voice is heard when those decisions are being taken, rather than only after their effects are felt. Energy networks have to balance the reliability of energy (preventing power cuts or surges) with keeping energy affordable, and the shift to a more sustainable energy system.

Key energy network issues in Scotland include:

- > The high transmission element of energy costs in some rural areas, and subsidies such as the Hydro Benefit Replacement Scheme.
- > The challenges of connecting increasing levels of distributed generation and the associated network management issues.
- > Efforts by network companies to address the needs of vulnerable consumers.

What we did

- > We submitted a joint response, with Citizens Advice (England and Wales) to a consultation from the Energy Networks Association (ENA) on Radio Teleswitch Broadcasting Provision from January 2018. Our response highlighted the lack of consideration of consumer impacts on proposed service changes. We argued that the provision of the Radio Teleswitch signal should be extended to 2020, and that associated costs should be spread across consumers.
- > We met bilaterally with Scottish Power Energy Networks (SPEN) and Scottish and Southern

Electricity Networks (SSEN) to discuss how energy networks can best respond to the needs of vulnerable consumers.

- > We continued as a member of SPEN's Strategic Stakeholder Panel, including making contributions on consumer engagement efforts and planning for disruption of supply.

Progress and impact

- ✓ We secured agreement from the ENA that the Radio Teleswitch service should be extended until 2020, protecting the 350,000²⁰ consumers in Scotland who rely on these until the smart meter roll out is completed.
- ✓ We've confirmed interest from the energy network companies in our 2017-18 project on vulnerable consumer registers (see our 2017-18 work plan for details).

Next steps

- > In 2017/18 the CFU will investigate the additional support and advice that may be required by restricted meter customers in Scotland, as they make up a higher proportion of all energy consumers in Scotland than the UK average – around half of the restricted meters (as defined by the CMA remedy²¹) in Great Britain can be found in Scotland. This will help to support the delivery and success of this remedy. Bespoke advice on tariffs and using heating systems, which takes into account individual circumstances, will be crucial.
- > We will also take forward, in partnership with CitA, relevant work on other CMA energy market remedies. We anticipate that this will include our project on consumers using electric heating in 2017-18.

20 [Ofgem \(2013\) 'The state of the market for customers with dynamically teleswitched meters' p11](#)

21 [CMA \(2016\) Energy Market Investigation \(Restricted Meters\) Order](#)

Project work

As well as our ongoing advocacy work, the CFU gathers evidence and commissions research to ensure that consumer perspectives and interests are at the heart of policy making.

Energy research projects undertaken this year focused on energy efficiency, fuel poverty and consumer protection in unregulated markets. The findings have and will be used to inform CFU responses to a number of Scottish Government consultations (details below). This will ensure that the consumer perspective is understood and incorporated into future energy policy in Scotland.

In addition to these projects, together with Citizens Advice (England and Wales), we published *Living without Mains Gas*²². This examined the experience of consumers who rely on means other than mains gas to heat their homes. Recommendations for the UK and devolved governments included increasing awareness of support for consumers living off-gas.

E1 – Beyond Energy Efficiency: Research on face-to-face actions to help consumers in fuel poverty in Scotland

The issue

With fuel poverty continuing to affect almost a third of households across Scotland, strategies to support fuel poor households need to be identified. The provision of face-to-face advice in-home has been recognised as essential in alleviating fuel poverty, yet the availability of these advice services and their impacts is under-researched.

Research findings and recommendations

- Face-to-face fuel poverty advice in the home is essential for some. For example, those who are hard of hearing, unable to leave their home, experiencing mental health problems, don't have English as a first language, or are otherwise vulnerable.
- Face-to-face advice has a wide range of benefits beyond reducing household energy costs, such as improved health and increased confidence.

- At the time the research was carried out, there were 158 projects delivering face-to-face fuel poverty advice through 108 organisations in Scotland. Some of those do evaluate and monitor outcomes effectively, but this is not consistent.
- We recommend improving project monitoring and evaluation to enhance understanding of the costs, benefits and quantifiable outcomes of face-to-face advice on a national scale.

Progress and next steps

- ✓ The CFU published an Insight Report, *Facing Fuel Poverty*²³.
- ✓ The Scottish Government acted on the CFU's recommendation by commissioning a pilot project programme for face-to-face fuel poverty energy efficiency advice, and invited the CFU to sit on the advisory group for this pilot programme.

22 [CAS and CitA \(2017\) Report: Living without mains gas](#)

23 [CFU \(2017\) Facing Fuel Poverty: Research on face-to-face actions to help consumers in fuel poverty in Scotland](#)

Project work

E2 – Different Rules for Different Fuels: Exploring Consumer Protection in the District Heating Market

The issue

Currently 35,000 households in Scotland use district heating²⁴ and the Scottish Government has a target that would increase that number to 40,000 by 2020²⁵. A UK Government report suggested that 7% of heat demand in Scotland could come from district heat by 2025²⁶.

At present, the district heating market in Scotland is not regulated, and consumers of district heating are not covered by the same statutory consumer protections as those who rely on gas and electricity to heat their homes. In 2016, the CFU identified the in Scotland's district heating market. Amid Scottish Government proposals to introduce measures to support the expansion of the technology in coming years, the data on existing consumer protections, and what additional protections might be needed in Scotland, was limited.

24 [Scottish Government \(2014\) Scottish House Condition Survey](#)

25 [Scottish Government \(2015\) Heat Policy Statement](#)

26 [UK Government \(2015\) National comprehensive assessment of the potential for combined heat and power and district heating and cooling in the UK](#)

Research findings and recommendations

- There is a need for greater consumer protection for district heating customers in Scotland.
- The Scottish Government has the power to implement these through a statutory license.
- Stakeholders, including suppliers, support greater protection measures.
- Suppliers need appropriate support to ensure they are able to meet regulatory standards and consumer expectations.
- Recommendations included the introduction of a statutory licence for district heating suppliers, with a Scotland-wide body to regulate the district heating market in Scotland.

Progress and impact

- ✓ The CFU published an Insight Report, *Different Rules for Different Fuels*²⁷.
- ✓ The CFU used the outcomes of this research to respond to the Scottish Government's consultation on district heating, which closed on 18th April 2017²⁸.
- ✓ We contributed the findings of this research to the group's outputs, which informed the Scottish Government's consultation on district heating and the development of heat and energy efficiency strategies.

27 [CFU \(2017\) Different Rules for Different Fuels](#)

28 [CFU \(2017\) response to Local Heat and Energy Efficiency Strategies and Regulation of District Heating consultation](#)

Project work

E3 – Heating Oil Clubs in rural and remote areas

The issue

The most recent Scottish House Condition Survey shows that 158,000 households in Scotland relied on heating oil in 2015, making it the second most common off-gas fuel after electric heating. The price of heating oil is considerably more volatile than other fuels and varies across Scotland, with the highest prices in rural and remote areas. Highland, Eilean Siar, Orkney and Shetland local authorities have the highest rates of fuel poverty in Scotland²⁹. Evidence shows there is a prevalence of oil heating in these local authorities, therefore the use of oil clubs (buying in bulk, or in advance) may help reduce high fuel poverty levels. This work follows up a recommendation from the Scottish Government's Rural Fuel Poverty Task Force's October 2016 report: that the Scottish Government promotes and supports oil buying clubs.

Research findings and recommendations

- While heating oil satisfaction is generally high, price and lack of choice of payment methods are concerns, particularly for lower income groups.
- More work is needed to identify what level of savings may be possible in remote and rural Scotland, or whether oil clubs might provide an incentive for new suppliers to enter the market and help reduce prices.

Progress and next steps

This project will be taken forward as part of our 2017-18 work plan in the following ways:

- The CFU will assess the feasibility of developing heating oil clubs in rural Scotland as a means of alleviating fuel poverty, by commissioning a small number of locally-based organisations, already active in providing energy advice in rural and remote communities, to test whether heating oil clubs can provide sufficient benefits to engage consumers and suppliers.
- We'll publish an Insight Report describing the results of pilot work, including demand for and benefits of heating oil clubs.
- A stakeholder event to promote how the outcomes of the research could be used to inform future work.

²⁹ 56%, 59%, 65% and 52% respectively: [Scottish Housing Condition Survey Local Authority Tables 2013-15](#)

E4 – Off-gas consumer research

The issue

In 2012 Consumer Focus published an analysis of existing data on the characteristics of off gas grid consumers and their homes, drawing on data in housing surveys in Scotland, England and Wales among other data sources. It confirmed that households not connected to the gas grid are more likely to face additional challenges related to their energy consumption. The CFU, together with Citizens Advice (England and Wales) commissioned analysis of the updated household surveys to identify changes. The work tracked changes in the characteristics of off gas households, and led to better understanding of the distribution of issues such as fuel poverty and poor energy efficiency across different heating types.

Research findings and recommendations

- Off grid households continue to be more likely to face problems such as fuel poverty and poor energy efficiency.
- The proportion of homes with a gas grid connection has increased, as has the proportion with access to communal heating systems. Use of heating oil and solid fuel has fallen.
- Off gas grid consumers face unpredictable price fluctuations, which has seen oil fired heating change from being one of the most expensive to the least expensive heating options, with the expectation that this will revert in future.
- Communal heating is associated with low levels of fuel poverty, and electric heating with high levels. However, the two heating methods are found across similar levels of household income, building type and tenure, suggesting that replacing electric heating with communal heating could reduce fuel poverty.

Progress and next steps

- A CFU Insight Report is due to be published in summer 2017. It will provide a detailed analysis of the changing characteristics of off gas grid households.
- The 2012 Consumer Futures research has provided a regular reference point for various aspects of heating fuel use and the new evidence will likewise be used to inform the CFU's policy and advocacy work in 2017-18 and beyond.

Project work

E5 – Energy Advice in Detail

The issue

The CFU produces an annual analysis of energy issues raised by clients of the three advice services that are part of the CAS network: 61 Citizens Advice Bureaux, the Citizens Advice Consumer Helpline and the Extra Help Unit. This latest Energy Advice in Detail Insight Report³⁰ analysed the energy issues upon which Citizens Advice Service clients in Scotland sought help in 2015-16, and placed these issues within the wider policy context.

Research findings and recommendations

Our findings were based on:

- > 23,237 new energy issues brought by clients through the 61 Citizens Advice Bureaux across Scotland – an increase of 5% from 2014-15.
- > 4,210 calls from Scotland to the Citizens Advice Consumer Helpline – a decrease of 12% from 2014-15.
- > 1,163 vulnerable consumers in Scotland supported by the Extra Help Unit, almost identical to the number in 2014-15.

Altogether, this data suggested the main areas in which energy markets are still failing to meet the needs of consumers, included:

- > Billing and metering issues.
- > Management of energy debt.
- > Insufficient or inconsistent customer service standards and complaints procedures.

Progress and next steps

- ✓ The CFU will use these findings to advocate for consumers with the aim of reducing the level of detriment they face in the energy market.
- ✓ We will share our findings with stakeholders to demonstrate priority areas for action.

30 <http://www.cas.org.uk/publications/energy-advice-detail-2015-16>

CS2E – Consumer Participation and the development of SEEP (part of Cross Sector Project 2)

The issue

What incentives and regulations would encourage homeowners in Scotland to invest in improving the energy efficiency of their homes? We worked closely with stakeholders such as the Scottish Government and Energy Saving Trust to design a project that helps answer this question. Only around 37% of Scottish homes are in the highest energy efficiency bands (Energy Performance Certificate (EPC) band A, B or C)³¹, and considerable investment is needed to bring the remaining housing stock to acceptable levels. The CFU is using the outcomes of this research to inform the Scottish Government's development of SEEP (Scotland's Energy Efficiency Programme (SEEP)).

Research findings and recommendations

- ✓ Engaging homeowners in the drive to invest in the substantive property improvements needed to meet Scotland's future Climate Change Plan targets will be challenging. There is limited appetite for either regulation or most forms of incentive.
- ✓ One form of tax incentive could prove more acceptable to the public (more detail will be provided in the finalised published report).
- ✓ The research also drew lessons about the way people engage with the option of regulation, which could inform future approaches.

Progress and next steps

- ✓ We responded in detail in May 2017 to the Scottish Government's SEEP consultation.³²
- ✓ We used this and other research to inform our response to the Scottish Government's draft Energy Strategy consultation.³³
- ✓ We will publish an Insight Report in the summer of 2017.

31 [Scottish Government \(2015\) Scottish House Condition Survey](#)

32 Consultation response to be published alongside Insight Report later in 2017.

33 [CFU \(2017\) Response to Scottish Government Draft Energy Strategy Consultation](#)



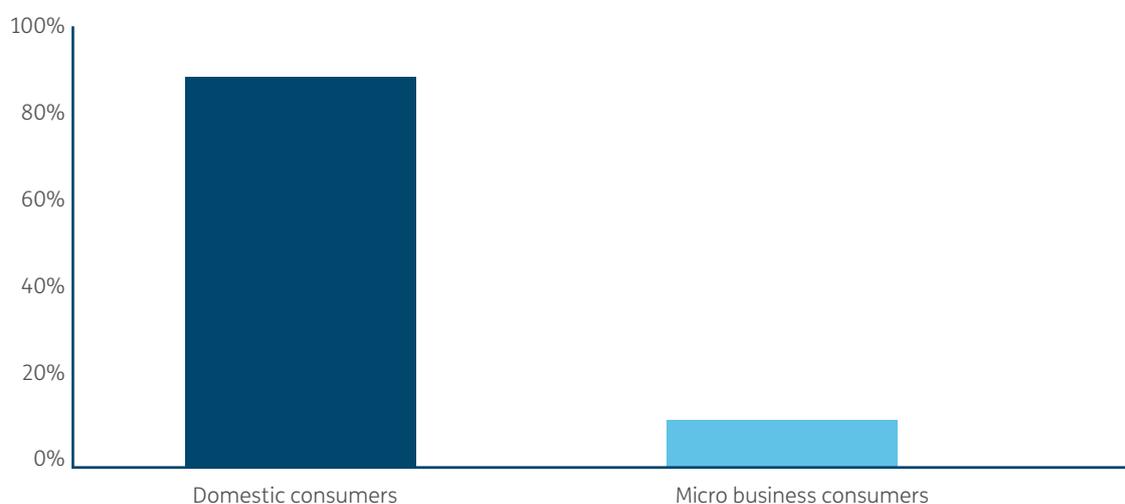
Extra Help Unit: 2016-17 Annual Report

The Extra Help Unit (EHU) has a statutory duty to help vulnerable energy and post consumers across Great Britain by investigating complaints with the relevant service providers. This is stipulated in section 12 and 13 of the Consumer Estates and Redress (CEAR) Act 2007. The EHU works closely with the energy teams at Citizens Advice Scotland (CAS) and Citizens Advice (England and Wales), as well as the regulator and energy suppliers to improve practices and regulations that affect consumers.

The majority of consumers are referred to the EHU from the Citizens Advice consumer service. Referrals can also be received from the energy Ombudsman, Ofgem, other advice agencies and elected representatives. In addition to providing support to consumers, the EHU operates an “Ask the Adviser” service, which offers support to other advice providers, including bureaux, to help them resolve a client’s energy or postal complaint.

Summary statistics (numbers in brackets are Key Performance Indicator targets)

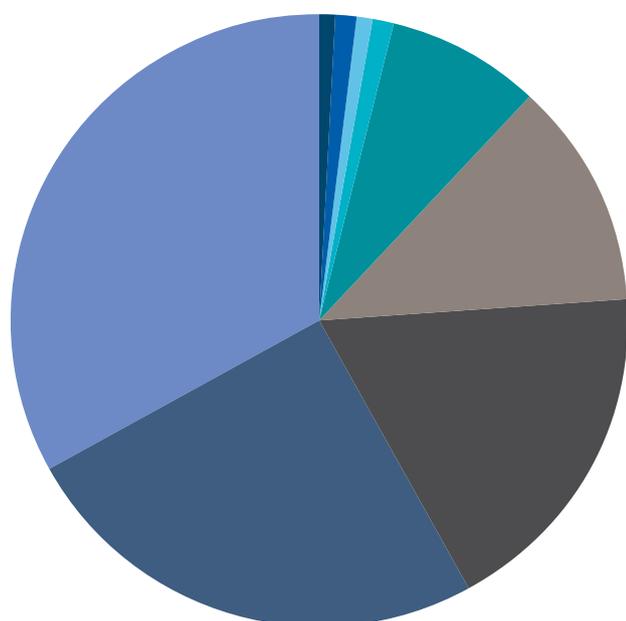
	2016-17	Change from 2015-16
Complaints – where a consumer has raised a complaint but issue is unresolved	6943	↓ 8%
Enquiries – where a consumer has not raised a complaint at the time of contacting the EHU	1245	↑ 10%
% of complaints that were priorities (e.g. risk of disconnection)	29%	↑ 5%
Ask the Adviser	1101	↑ 1%
Cases closed within 35 working days (75%)	76%	↑ 5%
Cases closed within 66 working days (90%)	91%	↑ 3%
Tangible outcome (90%)	87%	No change
Financial redress (£1.2 million)	£2,033,437	↑ £12,498
Domestic consumers satisfied or very satisfied with the quality of service (83%)	92.5%	↑ 1.5%
Micro-business consumers satisfied or very satisfied with the quality of service (81%) ³⁴	87%	↓ 4%



³⁴ Highest ever satisfaction rate since the establishment of the EHU satisfaction survey

Domestic consumer case themes

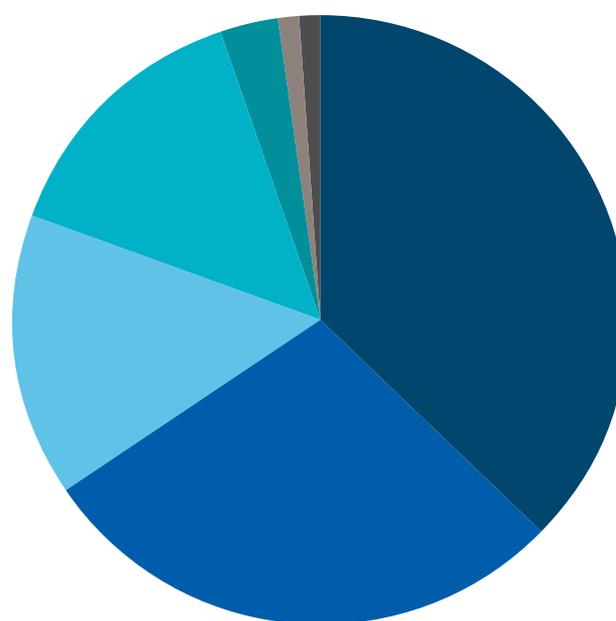
(bracketed numbers show change from 2015-16)



- Smart meters
- Advice/information
- Networks
- Customer service failure
- Transfers
- Prepayment meters (↑ 5%)
- Metering (general) (↑ 2%)
- Debt or disconnections (↑ 2%)
- Billing (↓ 3%)

Micro business consumer case themes

(bracketed numbers show change from 2015-16)



- Debt or disconnections
- Billing (↑ 4%)
- Transfers
- Metering (general) (↑ 2%)
- Customer service failure
- Networks
- Miscellaneous

Recurring Trends Summary

Domestic consumers	Micro business consumers
<ul style="list-style-type: none"> > Delayed welfare payments or sanctions, and low income, leaving consumers vulnerable and at risk of self-disconnection for those with prepayment meters. > Consumers with mental health issues experiencing difficulties communicating with their energy supplier > Variety of metering issues, ranging from missed installation appointments to meter faults. > Old debts from previous addresses 	<ul style="list-style-type: none"> > Financial difficulties. > Low understanding of differences between domestic and non-domestic supply contracts. > Language barriers. > Domestic premises attached to the business with a single supply e.g. flat above pub. > Changes in property use (e.g. a shop converted into flats).



Post

Issues for rural consumers dominated our work in Post in 16-17. The decline in letter volumes, the increase in parcel volumes and the privatisation of Royal Mail has led to the postal industry becoming increasingly competitive.

This has resulted in increased efficiencies and technological innovation in some areas, but it's also highlighted areas where the market has been less successful in improving outcomes for consumers. In particular, services in rural areas have come under pressure due to the lower numbers of customers and higher operational costs involved in providing services in those areas. For example, rural areas are more affected by post office closures and rural consumers in Scotland often have to pay delivery surcharges when shopping online. As a result, consumer issues for postal consumers in Scotland are often related to rurality, and both of our main research themes focused on the needs of rural consumers.

Our research projects on location-based parcel delivery surcharges in Scotland have allowed us to present methodologically robust findings on the prevalence of the issue, and the consumer response to it. Just as importantly, our qualitative work with parcel delivery operators has drawn from their knowledge and gathered their opinions, laying the groundwork for collaboration with industry in taking

forward innovative solutions to reduce surcharges for consumers in areas affected by them. In addition, we hosted a workshop on rural postal issues at the CFU's Rural Futures Conference 2017, which helped to guide work planning for 2017-18.

As part of our consumer participation project we used in depth deliberative research techniques to engage with consumers on service standards for Post Office Outreach services. This was the first step in allowing the CFU and other consumer advocacy bodies to track service standards at these key lifeline services over time.

In our Business as Usual work, we advocated on behalf of consumers in responses to consultations, and through regular engagement with Royal Mail and Post Office Ltd. We monitored media and cases from the Citizens Advice network to identify any new consumer trends, and we met with politicians to share our latest findings on issues that may affect their constituents, or were relevant to their other parliamentary or governmental responsibilities.

Ongoing work

Postal regulation and the universal service

The issue

Royal Mail was separated from Post Office Ltd in 2012 and fully privatised in 2015. However, it has retained its status as Ofcom's Designated Universal Service Provider (DUSP). This designation carries a number of conditions, including required number of days' delivery in a week, a series of products with a flat UK-wide price, and quality of service standards.

The presence of a DUSP and these conditions are essential to maintaining equal access to the postal network for all consumers. The standards enshrined in the Universal Service Obligation (USO) are some of the most stringent in Europe, and are generally met or exceeded by Royal Mail. However, the consequences for consumers when the service does not meet these conditions can be inconvenient and costly. With our colleagues at Citizens Advice (England and Wales) and the Consumer Council of Northern Ireland, and the postal regulator Ofcom, we:

- > Monitor industry compliance with these standards;
- > Investigate the effect on consumers when those conditions are not met;
- > Raise instances of consumer detriment caused by the USO not being met directly with Royal Mail and Ofcom.

What we did

Some of our work to ensure the sustainability and provision of the universal service in 2016-17 included:

- ✓ Tracking industry compliance with the USO minimum legal standards, and raising questions directly with Royal Mail when postcode areas in Scotland fell short of these standards.
- ✓ Responding to Ofcom's consultation on the regulation of Royal Mail.
- ✓ Monitoring data from the Citizens Advice Bureaux network, Consumer Advice Line and Extra Help Unit for relevant case studies, and insight.

Progress and impact

As we jointly recommended, along with the other consumer advocacy bodies, Ofcom decided to retain the requirement for all relevant postal operators to follow the Postal Common Operational Procedures (PCOP) Code of Practice and to sign up to the PCOP Agreement (in the absence of having entered into appropriate alternative arrangements for the repatriation of mail). This maintains the requirement for Access mail operators to provide an identifier, meaning that complaints can be dealt with appropriately and effectively by the correct party.

Ongoing work

Access to postal services

The issue

We share a legal responsibility with Citizens Advice (England and Wales) and the Consumer Council for Northern Ireland to monitor how people access postal services, with an explicit role monitoring the number and location of Post Offices³⁵. The government ambition for Post Offices to be as independently commercially sustainable as possible means that individual branches with smaller customer numbers and lower-value transactions are under pressure to run more efficiently. These branches tend to be outside large urban centres where, despite footfall being lower, services may be more essential than those in busier branches. A CFU focus group participant gave an example of this:

“... for returning parcels, couriers don’t come up our road, they refuse to come up our road, so again everything we have to do, we have to travel out for.” (*Participant in CFU 2016-17 research*)

We work hard to ensure consumers in more rural locations can still retain access to vital services where there are no alternatives. In Scotland, this accounts for almost 20% of the population³⁶.

³⁵ [Consumer, Estate Agents and Redress Act \(2007\)](#): p.16

³⁶ [Scottish Government \(2015\) Rural Scotland Key Facts](#)

What we did

- Submitted a response to the UK Government’s consultation on the future of the Post Office network.
- Represented the interests, and asked questions on behalf of Scottish consumers at the quarterly Post Office Advisory Group.
- Supported communities in engagements with Post Office Ltd about local network changes.
- Investigated the prevalence and length of temporary Post Office closures in Scotland.

Progress and impact

- ✓ As a result of our engagement around the Post Office Advisory Group, we’ll be working with Post Office Ltd in 2017-18 on the development of an evaluation framework for Post Office Outreach services. This will allow us to identify changes in services over time, and support consumers and operators in areas where service provision may be challenging.

The final UK Government statement on the Post Office network consultation was postponed by the 2017 UK general election. The CFU are awaiting the consultation’s outcome at the time of writing.

Ongoing work

The parcel market

The issue

The competitive parcels market continues to grow³⁷, with Ofcom estimating a volume increase of 645 million in just one year³⁸, and the range of industry players and service options can make it a confusing place for consumers at times, especially if something goes wrong. The complexity of the contractual arrangements and responsibilities between sender, retailer, delivery operator (and sometimes local courier) and receiver means that returns and redress processes can be difficult to navigate. The lack of regulation outside Royal Mail's universal service products also means that availability of standardised information is limited.

In Scotland, this is compounded by the different service levels and prices found across the country as a result of location-based delivery surcharging (also addressed in the project section below). Similar to the issues around access to postal services above, the areas most likely to face location-based delivery surcharging are those least likely to have alternative means to access the same goods.

³⁷ [Apex Insight \(2017\) UK Parcels Market Insight Report](#)

³⁸ [Ofcom \(2016\) Annual monitoring update on the postal market](#)

What we did

- We developed materials on what actions consumers can take to address misdelivery or 'doorstepping' and will be distributing them through Scottish Citizens Advice Bureaux (CAB) in 17-18.
- We lobbied parcel operators to consider how location-based delivery surcharging could be reduced.
- We've explored with Ofcom and the CMA whether standardised guidelines and codes of conduct for parcel operators should be put in place.

Progress and impact

We'll be distributing the information on 'doorstepping' in 2017-18 online and in CABs around Scotland, but the majority of our progress on this work is related to the research we undertook in 2016-17. Further detail of this can be found below in the projects section.



Project work

In 2016-17 our project work focused on two issues – location-based parcel delivery surcharging, and rural access to postal services. We commissioned four pieces of post-specific research in these areas. The methodologies were chosen to better understand and address consumer issues strategically.

Three pieces of work looked at location-based parcel delivery surcharging. One explored its prevalence, another its impact, and the third consisted of interviews with industry to better understand the operator perspective.

The fourth piece of work was part of our larger cross-sector project on how deliberative research methods and consumer participation in decision making can add additional value to traditional research methods. This piece of research covered consumer perspectives on postal services in rural areas. Specifically, we worked with groups of consumers living in rural areas to consider Post Office Outreach services. These Outreach services offer a reduced range of Post Office services from a temporary location at certain times of day and days of the week: e.g. a mobile Post Office Outreach service operating from a specially modified van a few times a week.

Reports covering all our project work will be published in 2017-18 when we'll also be taking forward advocacy work to see their recommendations put into place.

P1 (a and b) – Parcels market research

The issue

Calls relating to parcel delivery surcharges are amongst Highlands Council Trading Standards' most common issues. This was highlighted in their response to our 2017-18 work plan consultation. Location-based parcel delivery surcharging is an issue that primarily affects consumers requesting deliveries to addresses in Northern Ireland, island addresses and parts of mainland Scotland. We wanted to understand what was behind the problem and what impact it has so that it can be better addressed.

The postcodes that 'trigger' a location-based delivery surcharge vary from retailer to retailer, and between parcel operators. Consumers in Scotland are frustrated by what they see as unfair charges compared to similarly rural or remote areas in Cornwall and Wales³⁹. The language used to explain the charges can sometimes frustrate and confuse consumers even more, with some consumers who live miles inland being told they don't qualify for (lower) 'mainland UK' delivery prices.

Research findings and recommendations

In P1a we looked at the prevalence of location-based delivery surcharging – how common it is, what kind of locations and items tend to attract surcharging, and what the extra cost charged is. In P1b we look at the impact on consumers – for example, whether consumers facing surcharges take action to avoid them (costing time), or pay them (costing money).

Key findings include:

- The Scottish Highlands is the only mainland area of Great Britain to attract delivery surcharges.
- The average delivery cost, for smaller parcels, for the Scottish Highlands and Islands is 23% higher than other rural and island areas of Britain.
- For larger parcels the average cost for consumers in the Highlands and islands is nearly double.
- Consumers in affected areas often employ a range of responses to avoid surcharges, including collecting the item from somewhere else, buying in bulk to get free delivery and getting items delivered to family members outwith surcharging areas.

³⁹ CFU research to be published in 2017-18 found that 81% of consumers who face surcharges don't think they're fair.

Project work

Progress and next steps

- ✓ We'll be publishing reports covering P1 later in the summer of 2017-18, and using the findings to push for more effort on behalf of parcel operators to address the issue.
- ✓ The findings from P1 and P2 also allow us to provide more informed advice to consumers about what they can do to reduce the impact of location based surcharging.
- ✓ We'll explore whether we can work with CAB and other local organisations in areas affected to provide more comprehensive education and advice.

P2 – Parcel operators research

The issue

The majority of addresses affected by location-based delivery surcharging are in 'low drop density' areas, and tend to be further from the bulk of logistics hubs in the English midlands. Both these factors – as well as “offshore logistics” like sea or air miles – are cited as reasons for consumers in these areas facing a surcharge for deliveries. The CFU appreciate that the economics of delivering to sparsely populated regions, far from where stock is stored, are likely to remain trickier than delivery to densely populated urban areas near large depots and warehouses.

However, there was limited available information on exactly which costs the extra charges are related to – if one aspect of delivery was pushing up prices in particular or if it was a combination of factors. Previous work⁴⁰ suggested that there could be scope for innovation and collaboration that could reduce costs for operators, and in turn reduce the prices charged to consumers.

Research findings and recommendations

We interviewed national and local parcel operators to learn what scope there was for reducing location-based delivery surcharging for consumers in Scotland and learned:

- More about the economics and logistics of parcel delivery in rural Scotland.
- That many operators see merit in exploring the potential for the development of a public/private sector pick up/drop off (PUDO) network, possibly using existing infrastructure such as island ferries, high street retailers, and public buildings like schools.

We recommended that industry commit to exploring further collaboration and innovation where it may help to reduce these surcharges, and offered to convene a roundtable discussion to review our findings and facilitate this.

Progress and next steps

Thanks to this work, and that done in P1, we not only understand the issue better, but believe that actions can be taken to reduce the consumer detriment associated with location-based delivery surcharging. Our progress includes:

- ✓ Commitments from the UK's major postal operators to examine how the parcels market can function better for consumers, starting with a forum we will organise this year (2017-18).
- ✓ Taking this work forward in 2017-18 by hosting a forum including industry, relevant public sector stakeholders and all parties with an interest in making the parcels market work better for consumers. It will be tasked with exploring the feasibility of some of the recommended solutions.

Involving industry in this way is key to achieving outcomes for consumers. This part of the market is unregulated, so we have targeted our efforts at the decision makers who can make a difference for consumers: the parcel operators.

⁴⁰ [CFU \(2015\) The Postcode Penalty: The Distance Travelled](#)



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Projects work

CS2P – Outreach services (part of Cross Sector Project 2)

The issue

The other theme of our research – rural access to postal services – is a response to the shifting nature of the Post Office network and the ongoing challenges faced in many rural communities. Although the size of the Post Office network is relatively stable, and we are approaching the end of Network Transformation (the most recent network change programme), many rural communities across Scotland are now served by ‘Outreach services’ in place of a traditional, permanent bricks-and-mortar Post Office outlet. Outreach services can be provided from mobile Post Office vans, community buildings, or even very occasionally delivered directly to your home or a local pick-up point. They tend to offer reduced hours and services compared to city centre ‘Main’ or smaller ‘Local’ branches.

Outreach services are an innovative solution to address the needs of rural communities who cannot commercially sustain a more permanent kind of Post Office branch. As such, they can often be a lifeline for members of communities who might struggle to visit alternative outlets in their nearest town. Their numbers are also likely to increase, but very little is known about how they are used by consumers, what kind of services Outreach consumers prioritise and how well consumers’ needs are being met by the current offerings of Outreach services. In P3 (part of our bigger cross sector project on consumer participation and deliberative engagement – also known as CS2), we worked with rural communities to establish what they needed from their local Outreach service.

Research findings and recommendations

The policy aim of this work was to gather information on what matters to consumers in relation to Outreach services. This would allow us to set up monitoring for Outreach services based on

guidelines and criteria that matter to those using the services. We’ll publish full findings later in the year, but some key conclusions include:

- > Postal services (sending and receiving mail and parcels) being seen as the most important part of Outreach service provision because there are no alternatives for rural consumers.
- > Banking, finance and bill paying services all also ranking as high priority services.
- > In terms of service principles or standards, consumers agreed that staff knowledge and customer service skills were paramount. Many participants spoke appreciatively of good examples from their own experiences, and could envisage forgiving a smaller range of services if the staff member was helpful, friendly and knowledgeable.

Progress and next steps

- ✓ The CFU will publish findings from this work later in 2017.
- ✓ Other UK consumer bodies have already expressed interest in adopting a UK wide evaluation framework for Outreach services, and engagement with Post Office Ltd (POL) has been very positive.
- ✓ We’ll be taking forward the development of this evaluation framework later in 2017-18 (with more detail in our 2017-18 work plan) and aim to incorporate elements of co-design with consumers in rural areas so we can ensure it’s fit for purpose.
- ✓ After establishing a baseline, this framework will be able to identify whether Outreach service standards were being maintained over time.

The CFU understands these services are often provided only thanks to the good grace of the local postmaster and we fully appreciate the effort required in maintaining these services. We aim to develop this framework as a tool to promote positive outcomes for consumers, POL and the local postmaster. If we note any change, we envisage this as an opportunity to work with POL on establishing whether additional support is needed or if the service in question is still the right solution for the area.



Water

In 2016-17, the water team's core policy areas related to:

- Consumer engagement and representation in the water industry.
- Fair water and sewerage charges and debt management.
- Small organisations as water consumers.

To strengthen the consumer voice at the heart of the water industry in Scotland, the CFU met and worked throughout the year with Scottish Water, the Water Industry Commission for Scotland (WICS), the Drinking Water Quality Regulator (DWQR), the Scottish Environmental Protection Agency (SEPA), and the Scottish Government to review specific consumer issues in relation to existing and developing policy and practice.

During 2016-17 the CFU worked closely with WICS and Scottish Water to set up a new Customer Forum for Water⁴¹, which will be responsible for negotiating with Scottish Water to ensure that customers get a fair deal for what they pay for water and sewerage services from the 2021-2027 Strategic Review of Charges.

We also made significant progress in 2016-17 on tackling water debt. An increasing number of

local authorities use the *Water Direct* scheme to recover debt directly from benefit payments. We participated in partnership working with local authorities and frontline agencies to increase protection for low income and vulnerable consumers through developing best practice for the deployment of Water Direct.

We were particularly pleased that Scottish Water, at our Water Direct stakeholder event, committed to look at establishing a hardship fund for those struggling to pay for their domestic water and sewerage charges. This commitment will be fulfilled during the next price review period 2021-27 and presents an opportunity to significantly reduce the detriment caused by water and sewerage debt for the most vulnerable water consumers.

Another significant achievement for the CFU this year was the completion and sign-off of a Code of Practice for the non-domestic water market by the Code of Practice Working Group. The proposal for the Code, which adheres to the CFU consumer principles, arose at an earlier CFU non-domestic stakeholder event and has been taken forward through partnership working by the CFU, WICS, Scottish Water and non-domestic stakeholders. It will ensure greater protection and better outcomes for consumers.

⁴¹ Customer Forum statement: <http://www.cas.org.uk/news/agreement-reached-establish-customer-forum-water>

Ongoing work

Consumer engagement and representation in the water industry

The issue

Scotland's water industry is moving towards a more customer-led culture. Frameworks that embed better engagement, consultation and representation allow consumers to make more informed decisions, improve policymaking and increase trust between service providers and their customers. Water industry stakeholders are working together to establish a new Customer Forum that will increase the consumer voice during the Strategic Review of Charges process. During 2016-17, around 650 Community Engagement Plans were initiated by Scottish Water. Effective engagement is essential to ensure communities' voices are heard on issues that could impact them, particularly during the planning and delivery of capital investment work. We support this direction of travel and are working to further improve consumer outcomes.

What we did

- We worked with WICS and Scottish Water to develop and agree the remit and process for renewing the Customer Forum for water, seeking to ensure consumers are represented in setting prices and levels of service for the 2021-27 regulatory period.
 - We carried out innovative deliberative research to determine consumer attitudes to the water environment, and to rural and urban water services.
 - Through the Lead in Water Action Group we successfully supported the NHS and Scottish Water to improve availability and accessibility of lead in water information for consumers.
 - We worked closely with industry and government partners in industry forums, including the Output Monitoring Group and Working Group, and the Interim Review (IR18) Group, which monitor, plan and review Scottish Water's capital investment programme.
- We engaged with partners in Ireland and Galicia to share best practice, receiving an award from Coxapo, our Galician partners. The award acknowledged our international partnership work supporting the availability of safe private water supplies in rural communities.
 - We completed research into the accessibility of information for consumers on rights and responsibilities related to private water and wastewater services. This informed the work of the Scottish Government's Rural Provision Working Group.
 - We engaged with Scottish Water to explore how strategies to improve consumers' experience of Scottish Water activities could be strengthened.

Progress and next steps

Our work to enhance consumer representation in the water industry resulted in:

- ✓ The CFU, with Scottish Water and WICS, setting up a new Customer Forum for water. The Customer Forum will negotiate with Scottish Water to get consumers a fair deal as part of the 2021-2027 Strategic Review of Charges. This ensures the 2.5 million Scottish Water consumers will be represented in decisions made about the future of water and sewerage service levels and charges.
- ✓ Scottish Water agreeing to review its approach to community engagement and consultation to ensure community interests are protected during the planning and delivery of over 650 projects within its capital investment programme. The CFU will work with Scottish Water during 2017-18 to help redraft the Consultation Code.
- ✓ We will use our 2016-17 deliberative research to inform our response to the Scottish Government's Principles of Charging and Ministerial Objectives for the 2021-27 regulatory period.

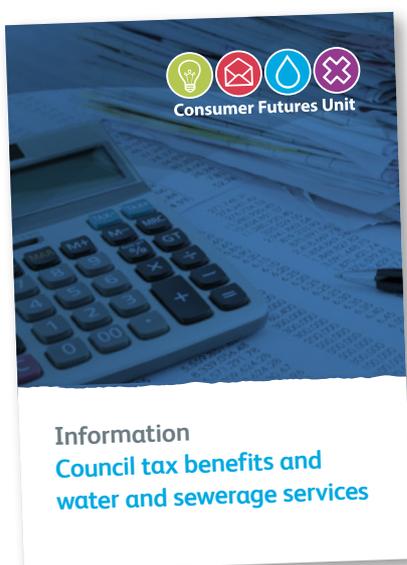
Ongoing work

Fair water and sewerage charges and debt management

The issue

Low awareness and understanding of ongoing liability to pay for water and sewerage charges whilst on benefits can lead to consumers falling into debt. For example, consumers on 100% Council Tax Reduction assume that a similar reduction applies to water and sewerage charges (or are unaware that the charges for Council Tax and water and sewerage are distinct). As a consequence, these consumers don't pay their bill, resulting in mounting debt, which can be difficult for low income consumers to repay on top of their ongoing usage charges and other debt repayment arrangements.

Local authority debt recovery practices for water debt are often not informed by a person's ability to pay. An increasing number of local authorities use the Water Direct scheme to recover debt, where deductions from benefits are made for both current charges and historic debt. For some consumers on single benefits, this can be as much as 10% of their weekly income, and can displace other debt commitments, or consumers' means to purchase essentials like food and heating. How debt is recovered can make the difference between an individual managing financially and being left destitute. CAB evidence shows that some people only found out that deductions to their benefits for Water Direct had been made after enquiring at a Citizens Advice Bureau following financial hardship.



What we did

Alongside our research on water debt issues, addressed in project W1 below, the CFU engaged with a range of stakeholders to promote understanding of water debt and affordability issues. We:

- > Commissioned research by Fraser of Allander, which highlighted that affordability is more likely to impact those on single benefits.
- > Hosted a Water Direct conference for over 70 local authority and frontline agency delegates.
- > Published a household leaflet for consumers in receipt of benefits to increase their awareness of ongoing liability to pay for water and sewerage charges.
- > Supported the Long term Charging Group as it reviewed charging and policy arrangements.
- > Hosted a workshop at the Money Advice Scotland conference for frontline and local authority debt advisors on the impact of water and sewerage debt on consumers.
- > Supported the development of an eLearning Training module for Citizens Advice Bureaux advisers on Water Direct.

Progress and impact

In 2016-17 our work on behalf of consumers experiencing water debt resulted in:

- > Development of transferable good practice between local authorities and frontline agencies to support water and sewerage debt recovery for consumers and to prevent consumers getting into debt.
- > A commitment from Scottish Water to look at establishing a hardship fund during 2021-27 for those struggling to pay domestic water and sewerage charges. This represents significant progress and is an opportunity to reduce the most severe detriment caused by water and sewerage debt.
- > Information leaflets for those in water debt and in receipt of benefits being available online, from 61 bureaux, 20 local authorities, and from various debt advisory agencies in Scotland.
- > More advisers than ever before being trained and informed on water debt and affordability.
- > Local authorities and bureaux being able to emulate best practice partnership working to better support consumers already in debt, and prevent consumers getting into debt.

Ongoing work

Small organisations as water consumers

The issue

Scottish Water directly supplies water to domestic consumers. It is also the wholesale supplier to the water service providers, who in turn serve 130,000 non-domestic consumers including SMEs, third sector organisations and public sector bodies. There are 24 companies currently supplying water to the non-domestic sector in Scotland.

Due to the nature of regulated industries – where there may be monopoly provision or a limited choice of suppliers and where the regulatory framework is complex, with unfamiliar terminology – business customers may lack specialist understanding, or resilience to sudden changes in how charges are notified and recovered.

Changes to charging policy designed to unwind cross-subsidies and create a fairer charging regime can result in business customers ignoring invoices and getting into debt, unaware of their liability to pay. Therefore, implementation of new policy should be accompanied by effective consumer messaging and engagement, particularly for smaller organisations (approximately 99.1% of the non-domestic market) that may be less aware of these changes than larger organisations.

What we did

In 2016-17, the CFU’s water team was an active voice for small and medium sized non-domestic consumers. Our work included:

- Hosting two forums for non-domestic stakeholders to explore issues related to developments in the non-domestic market.
- Developing a new non-domestic Code of Practice as a member of the Code of Practice Working Group.
- Using existing business networks such as the FSB and SCVO to promote awareness of water and sewerage charges to SMEs, sole traders and charities.
- Collaborating with Business Stream to review and refine their approach to customer engagement, and ensure their billing and debt recovery information is clear and accessible.
- Working with stakeholders to ensure that non-

domestic consumers receive clear information and advice about charging changes. This follows the Scottish Government’s policy designed to further unwind cross-subsidies within the non-domestic sector and develop a fairer and more transparent charging process for all non-domestic consumers⁴².

- Responding to consultations on the regulatory framework underpinning the opening of the non-domestic market in England.

Progress and impact

- Publication of a CFU leaflet for new businesses to raise awareness of their water and sewerage choices and liabilities. This is being distributed through the networks of our partners in Business Gateway, the Federation of Small Businesses, WICS, Scottish Water and the Confederation of British Industry.
- The CFU continued to support Business Stream during 2016-17 to improve its customer messaging by reviewing its new website, which resulted in stronger and more supportive consumer engagement, particularly around liability to pay and debt recovery.
- More consumer focused information and engagement methods for non-domestic consumers, such as the Scottish Government’s Guidance Note on policy changes to charging for vacant properties, which could affect 22,500 customers.



⁴² [Scottish Government \(2016\) Modernising the Water Industry’s Use of Rateable Value to Charge Non-Households for Water and Sewerage Services](#)

Project work

Alongside our ongoing advocacy work, we carry out research to develop our evidence and understanding of consumer issues in the water industry.

Our project work last year encompassed five projects. Two focused on awareness, availability and provision of information to consumers, and also to other industry stakeholders such as service providers, private water supply communities and debt recovery agents. Two related to Codes of Practice, one using non-domestic consumers' views to inform a new Code of Practice, the other comparing the effectiveness of Codes of Practice internationally and in other industries. The fifth project studied public engagement methods with communities that are at risk of flooding, to address, respond to, and deliver measures designed to protect against flooding.

All of these projects have contributed to positive outcomes for consumers (see “Progress and next steps” below) and their findings have informed our work for this year, 2017-18.

W1 – Promoting targeted support for low income and vulnerable consumers

The issue

Research⁴³ in 2008 highlighted that benefit payments to qualifying households have not kept pace with increases in average water and sewerage charges. As a result, consumers on benefits may have to subsidise any shortfall from other income, and may be more at risk of falling into debt.

In order to better understand the impact that charges could have on low income households, the CFU conducted research into recent changes in the cost of household water and sewerage charges in Scotland. It studied the position across all consumers but focused particularly on those on low incomes, and examined in detail, using case profiles, the issue of affordability for those in receipt of state benefits.

Research findings and recommendations

- Affordability is more likely to be a problem for those on single benefits.
- Further research on how best to target policy and support for the most at-risk consumers is still required.

Progress and next steps

- Following this project, we'll conduct further research to identify suitable targeted support for low income households and vulnerable consumers. The Scottish Government's Long Term Charging Group supported this work, following our recommendation.

⁴³ Waterwatch Scotland (2008) Affordability of Scottish Household Water and Sewerage Charges: Historic Trends and Current Position

Project work

W2 – Providing information for users and managers of private water supplies

The issue

The Scottish Government’s Rural Provision Working Group, of which the CFU is a member, recognised that improving the support available to the over 20,000 private water supplies and the communities dependent on them, required some baseline research. Desk-based research was needed to establish the range of information available to communities, where this information can be accessed and how easy it is to access in terms of both location and simple language. The CFU was asked to take this forward and commissioned a study into the issue.

Research findings and recommendations

- More needs to be done to establish resilient and empowered communities with safe and reliable private water supplies.
- Available information on the rights and responsibilities of users and managers of private water supplies is available but is often not accessible i.e. not written in plain English, or is difficult for consumers to find.
- Some local authorities do not provide any, or sufficient, information online, despite accessible information being easily available on the Drinking Water Quality Regulator (DWQR) and CAS public advice websites.

Progress and next steps

- ✓ The Water Team will continue to represent the interests of consumers on the Scottish Government’s Rural Provision Working Group. We will advocate for a more holistic strategy of support and resources to support the improvement of private water quality.
- ✓ In 2017-18 we are conducting joint research with DWQR into what additional support communities on private water supplies need to improve their water quality, what this should look like and how information on private water supplies should be made available to consumers. This will be used to inform ongoing policy.

W3 – Promote awareness of water issues in the non-domestic market

The issue

A CFU event in 2015 recognised the need for an industry Code of Practice for the non-domestic water market to address customer service issues. Since then, we have been working as part of the Code of Practice Working Group to design and implement that Code. This research project was commissioned to inform the group’s work, and set out non-domestic consumers’ views on a Code of Practice for the retail water market in Scotland.

As part of this work strand we also hosted the bi-annual CFU conference for non-domestic water stakeholders, focusing on market developments.

Research findings and recommendations

- The majority of SMEs are in favour of a mandatory Code of Practice, rather than a voluntary one.
- A workshop at our bi-annual non-domestic conference identified the need for further research on third party intermediaries (known as TPIs), and consumer trust in the non-domestic water market.

Progress and next steps

- Research in 2017-18 into TPI and service bundling, which will establish what is required to improve and protect consumer trust in a competitive market.
- The Code of Practice Working Group has based the new Code on the CFU Consumer Principles. The Code of Practice is now signed off and awaiting implementation by WICS. We hope our findings from this project will inform WICS’ decision on whether the Code should be voluntary or mandatory.
- We’ll promote recommendations to non-domestic stakeholders to ensure that the consumer interest remains paramount during the development of the non-domestic market in Scotland, and that consumer trust in the market is maintained or increased.

Project work

W4 – Review of comparative Codes of Practice

The issue

In 2016-17, the CFU's water team commissioned research to compare how international and domestic regulated and non-regulated industries apply Codes of Practice (i.e. on a voluntary or mandatory basis) to inform the Code of Practice Working Group. We sought to identify what lessons could be learned from other Codes of Practice in the development and implementation of a non-domestic water market Code of Practice in Scotland.

Research findings and recommendations

- > The primary conclusion of this research recommended that the non-domestic water Code of Practice should be mandatory.
- > The findings of this research were presented to the Code of Practice Working Group, and also at our bi-annual conference.

Progress and next steps

- ✓ A briefing of findings and recommendations is being produced.
- ✓ In 2017-18 we will publish an Insight Report on our work in this area.
- ✓ Along with our other evidence (see above), this recommendation has been submitted to WICS to consider when making their final decision on how the Code of Practice will be implemented.

W5 – Community engagement in capital investment completion to protect from flooding

The issue

The need for public bodies to engage with communities on issues that may impact on them has been raised by both consumer representative bodies and the Scottish Government. We were keen to compare communities' experience of Scottish Water engagement and consultation with their experience of engagement by other public bodies. Given the nature of changing weather patterns and increasing pressure on public agencies to deliver local flood risk management plans, we chose flooding as a common theme.

Research findings and recommendations

This study examined previous and existing engagement with four flood risk communities. Some key points are as follows:

- > Effective and timely community engagement by public bodies achieves the establishment of safer, confident and more resilient communities that are informed, equipped, empowered and mobilised to respond appropriately to flooding events in the longer term.
- > Greater focus may be placed on the need to build local capacity as part of a more formal flood mitigation strategy for Scotland.
- > Greater levels of participation between public bodies and communities offer both parties the opportunity to explore not only flood related issues and solutions, but also how they can work together to deliver the best outcomes.
- > Case studies demonstrate that levels of participation can go beyond the provision of information or simple consultation towards joint identification of solutions. The communities involved reported that deeper engagement achieved stronger outcomes.

The CFU have developed a good practice framework based on this research. We will work with Scottish Water to refine and embed this approach in relation to consumer engagement for capital investment work, including sewer flooding prevention. This will include earlier engagement and consultation with communities during the design phase of investment work. However, our remit limits our ability to engage with individual local authorities so we will identify others who are better placed to provide the exchange of experience and support needed.



Project work

W6 – Engaging with bathing water communities

The issue

The Outputs Monitoring Group (OMG) – a forum of regulators, the CFU and Scottish Water convened by the Scottish Government – highlighted the need for a more comprehensive community engagement strategy among those public bodies, including Scottish Water, responsible for managing bathing water quality. In 2016-17, the Water Team discussed with key stakeholders the need for an inclusive approach to engaging with bathing water communities. Key issues that affect bathing water communities include:

- The possible impacts of changes in bathing water quality classifications on local economies.
- What communities can do to help protect or improve bathing water quality.

When we began this work it was unclear to what extent bathing water communities are aware of either of these issues.

What we did

We prompted the establishment of a Bathing Waters Working Group, consisting of SEPA, the CFU, and chaired by the Scottish Government. The group's goal was to develop a strategy for community engagement, and messaging for communities and local economies affected by poor bathing water quality ratings.

Progress and next steps

- ✓ The process of establishing this working group led to the creation of two local stakeholder groups on bathing water quality, one of which we are a member of (West Lothian and Edinburgh). Chaired by SEPA, these groups bring together local and agency stakeholders to develop solutions for local bathing waters with poor quality ratings.
- ✓ In 2017-18, we will continue to provide support and expertise to the Scottish Government and other stakeholders on consumer research, and on developing community engagement and communication frameworks.

W7 – Increasing the evidence base for water

The issue

The CFU uses case evidence, as well as independent research, to highlight how and where industry frameworks and legislation can impact on consumers, sometimes adversely. This information is used to influence decision makers to develop informed policy that delivers better outcomes for consumers.

A long standing issue for the water team has been difficulty gauging the true scale of water debt in Scotland. Case data from Citizens Advice Bureaux across Scotland has the potential to be valuable in addressing this evidence gap. However, cases related to water and sewerage debt or billing are generally recorded as 'council tax' issues, which does not provide enough information for the CFU to differentiate.

What we did

In 2016-17, we initiated a project to address the recording issues preventing the water team using specific case evidence to effectively advocate for consumers in relation to water debt, in addition to the eLearning module mentioned above. It sought to:

- Increase awareness of water debt issues amongst Citizens Advice Bureaux (CABs) advisers and clients.
- Provide evidence of water and sewerage debt.
- Encourage partnership working between local authorities and frontline agencies to develop good practices to support those in debt for water and sewerage charges.

Progress and next steps

- ✓ The Water Team will support the development of a toolkit for bureaux advisers to help those clients that have fallen into debt for water and sewerage charges to recover, and to increase awareness among clients of their ongoing liability to pay.
- ✓ We will facilitate networking amongst participating CABs, and will support them to publicise their work to the 61 member bureaux. This will also improve partnership working and outcomes between bureaux and local government regarding debt recovery, and improve consumer outcomes by way of supporting those in debt.

Project work

C2W Consumer participation: perspectives on water, the environment, and urban and rural service standards (part of Cross Sector Project 2)

The issue

The water industry and Scottish Government have to make choices when planning policies. Consumer insight helps to inform these strategic options and to increase the likelihood of public acceptance, as well as helping to meet consumer needs. We conducted research to help inform strategic options for the water industry.

Two policy areas were prioritised for more deliberative research methods:

- How engaged are consumers in matters related to water and the environment, and what is required to increase their engagement in these matters?
- Do consumers think there should be similar service standards between urban and rural areas and if so, to what degree?

Research findings and recommendations

- > Research was completed at the end of March 2017 and associated reports will be published later in 2017.

Progress and next steps

- > The outcomes of this research will be used to inform the CFU's input into the Scottish Government's Ministerial Objectives and Principles of Charging for the 2021-27 price review that sets the framework for the development of Scottish Water's Business Plan.



Cross-Sector

Our cross-sector work in 2016-17 sought to amplify the consumer voice in key decision making processes, and to make it easier for consumers to get any help and support they need.

There were three main areas of focus: rural consumers, consumer representation, and safeguarding future consumers.

Substantial work went into producing our work plan for 2017-18, and engaging stakeholders in industry, government and the regulatory world. For the first time, we also held a conference specifically looking at the issues faced by rural consumers in the three regulated markets we work in: energy, post and water.

This was our Rural Futures Conference, held on February 1st 2016. It was a unique opportunity for stakeholders in each sector to learn from the way consumer issues were handled in other industries and identify synergies for working together for consumers in future.

Ongoing work

Rural consumers

The issue

Consumers in rural Scotland face many of the same issues that consumers in more urban areas do. However, some of these issues are exacerbated in rural areas or are combined with issues that are more uniquely prevalent in rural areas. In addition, we have a statutory responsibility to consider the needs and interests of rural consumers in particular (CEAR Act 2007). Lack of choice or competition, higher living costs, and poor public transport are all issues that can have knock on effects for consumers living in rural communities⁴⁴.

What we did

We drew attention to the particular issues that rural consumers face in a number of ways in 2016-17, including:

- Organising the Rural Futures conference, exploring key themes in energy, post and water in rural areas. It featured a keynote speech from the Cabinet Secretary for Rural Economy and Connectivity, Fergus Ewing MSP.
- Consulting with numerous rural stakeholders in the development of our 2017-18 work plan, including Scottish Rural Action.
- Consulting the CMA in the development of our work plan, and more generally on how competition often doesn't exist, or isn't working for consumers in rural areas in Scotland.

Progress and impact

- ✓ The CFU's Rural Futures Conference attracted approximately 80 stakeholders interested in rural issues. The discussions helped to inform our 2017-18 work plan, as did our engagement with our other rural stakeholders.
- ✓ Our sector-specific project work (see above sections) secured progress on some specific rural issues, including rural post office services, private water supplies and off mains-gas heating.

⁴⁴ [CAS \(2015\) Remotely Excluded report](#)

Consumer representation

The issue

Assumptions about the 'technical' nature of some policy questions in the regulated markets have often inadvertently excluded consumer voices from decision making. This means that the interests of consumers are only considered theoretically, if at all. We work hard to advocate for consumers, but we also believe that embedding other complementary forms of consumer engagement in decision-making results in better outcomes.

What we did

- Our expertise in this area was recognised by the Scottish Public Services Ombudsman (SPSO) in 2016-17. SPSO formally requested we collaborate with them to establish customer forums that could facilitate better and more regular consumer-focused dialogue around service needs. This followed a recommendation in our response to SPSO's Draft Strategic Plan 2016-20 to improve its customer services by developing customer conversations,
- As a member of the Ombudsman Association Working Group we also supported the development of a national complaints standard for ombudsman bodies in the UK. We attended a series of stakeholder meetings, representing consumers and commented on the draft standard.

Progress and impact

- ✓ Many of our recommendations were accepted and our presence was important to ensure the consumer, not industry organisations, remained at the heart of the process.
- ✓ As a result of encouraging SPSO to conduct greater customer engagement and consultation, SPSO has established a series of Customer Forums using insight from consumers to support the consumer experience of complaints handling.
- ✓ As a member of the Ombudsman Association Working Group, our support for the development of a national complaints standard for ombudsman bodies in the UK has established a stronger consumer focus within ombudsmen in terms of consumer-focused standards and services.
- ✓ The Standard has now been signed off. This will become a UK standard and will apply to all UK ombudsman bodies that are members of the Ombudsman Association.

Ongoing work

Safeguarding future consumers

The issue

Consumers in regulated markets face challenges and complications distinct from other markets. The complex rules governing regulation and the technical nature of some of developments can serve to disengage consumers. This leads to a lack of competition in these markets, and consumers missing out on the efficiencies that effective competition can bring. The services that providers in regulated markets offer are often essential ones, and often require long-term strategic plans that can be difficult for consumers today to see the benefits of.

Long-term policies designed to tackle climate change, adapt to the rise in online retail, and prevent flooding can all have an impact on consumers, even though this might not be the primary consideration of policymakers. The CFU works on behalf of current and future consumers in these instances to make sure their interests are considered by policymakers and industry.

What we did

In 2016-17, as well as drafting, consulting on and finalising our annual work plan, we spent time raising possible future consumer issues with regulators, governments and political representatives across the party spectrum. Some of this work included:

- > Submitting evidence to the parliamentary committees scrutinising the Scottish Government's Climate Change Plan.
- > Hosting a parliamentary reception to publicise our consumer work.
- > Regular liaison with Scottish Government on the development of water, rural, energy and climate change policies.
- > Meeting with political representatives of all levels of government at party conferences.
- > Regular engagement with relevant regulators and the Competition and Markets Authority (CMA).

Progress and impact

Our submission to support parliamentary scrutiny of the Scottish Government's Draft Climate Change Plan comprised written responses to three parliamentary committees.

- ✓ Evidence was given to the Environment, Climate Change and Land Reform Committee on issues related to consumer costs, consumer engagement and monitoring and evaluation⁴⁵.
- ✓ Evidence was given to the Rural Economy and Connectivity Committee on issues relating predominantly to the operation of postal and parcel logistic systems in rural areas⁴⁶.
- ✓ Evidence was given to the Economy, Jobs and Fair Work Committee on issues relating to consumer costs, energy efficiency and residential heating and consumer engagement issues in relation to reducing energy demand⁴⁷.
- ✓ Scottish Parliament committees agreed with our recommendation that there was not enough evidence of consumer focused policies or proposals to support the consumer behaviour change demanded by the plan⁴⁸.

⁴⁵ [CFU \(2017\) Evidence to the Environment, Climate Change and Land Reform Committee](#)

⁴⁶ [CFU \(2017\) Evidence to the Rural Economy and Connectivity Committee](#)

⁴⁷ [CFU \(2017\) Evidence to the Economy, Jobs and Fair Work Committee](#)

⁴⁸ For example, page 2, point 8 in [Environment, Climate Change and Land Reform Committee \(2017\) Report on the Draft Climate Change Plan](#)



Consumer

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The Scottish Government's Cabinet Secretary for Rural Economy and Connectivity, Fergus Ewing MSP, delivering the keynote speech at the CFU's Rural Futures conference.

Projects

Our cross-sector work in 2016-17 focused on strengthening our evidence base to ensure that our recommendations are based on robust research and conclusions.

This can be seen in our tracker survey (CS3), and in our comparative study of effective methods of engaging consumers through deliberative research (CS2). The work on consumer principles (CS1) clearly conclude that incorporating elements of a consumer principles based framework in industry policy and practice results in positive outcomes for consumers. We will be promoting further adoption of principle based regulation and policy as a result.

The majority of this research was carried out in the latter half of 2016-17 and some of the findings are still being reviewed. We are confident that this work will help enhance consumer advocacy and empowerment in 2017-18 and beyond.

CS1 – Application of Consumer Principles

The issue

The CFU's work is embedded in a principle based framework that is consumer focused, and uses consumer principles as a checklist to test consumer outcomes during the development and delivery of policy and practice. The CFU is unaware of any previous research into regulated industries to ascertain the use of consumer focused frameworks.

In 2016-17 the CFU commissioned research to assess how consumers are currently considered by other industries during the formulation and development of policy and practices. The purpose was to determine whether the application of consumer principles by regulators and service providers to these processes could improve consumer outcomes.

Research findings and recommendations

- > The benefits of adopting a consumer principles-based approach to regulation have been demonstrated in a range of markets, including the legal, financial and health sectors.
- > There is a strong body of evidence that regulation is moving from a prescriptive rules-based approach towards one based on principles or ethics.

- > A principles-based approach to regulation has several key benefits, including being briefer, simpler and easier for consumers themselves to understand.
- > With principles-based regulation, the regulator does not have to understand every nuance and detail of the market, and the regulations do not need to cover every option or eventuality to ensure that there are no gaps or loopholes.
- > Principles-based regulation, importantly, places the onus on the service provider to consult consumers, better understand their needs and develop more customised, innovative and consumer-focused service provision, leading to more positive consumer outcomes.

Progress and next steps

- ✓ The CFU will publish an Insight Report drawing on this research in summer 2017.
- ✓ Based on that report we will work with stakeholders in energy, post and water to promote the application of consumer principles in the development of policy and procedures.

Projects

CS2 – Consumer Participation in the Regulated Industries

The issue

The CFU embarked on a cross-sector research project to pilot the use of deliberative research methods and to bring consumers and their perspectives more closely into the policy-making process. Deliberative public engagement is a distinctive approach to involving people in decision-making. Whereas traditional consumer engagement tools, such as opinion polls, focus groups or customer surveys, tend to measure ‘top of the head’ public views, deliberative public engagement is able to offer policy and decision-makers richer data on public attitudes and values, exploring in more depth why people feel the way they do. It also creates time to develop ideas with the public.

We had two objectives with this research. The first was to explore consumer perspectives on specific policy issues in energy, post and water (details of the outcomes of these can be found in the relevant chapters of this report). The second was to compare the merits of different methods of deliberative research in understanding consumer perspectives within the regulated industries.

What we did

- > We examined previous uses of deliberative research in the regulated and related sectors, both in the UK and internationally.
- > We commissioned IPSOS Mori and Involve to conduct deliberative research studies in each of the policy areas of energy, post and water, trialling methodologies including a Citizens Assembly, a Citizens Jury, Structured Dialogues, and focus groups for ‘control’ purposes.
- > Further details of each sector specific study can be found in the relevant section above.

Progress and next steps

- ✓ The first quarter of 2017-18 has been spent reviewing the sector reports and meta-analysis. We will publish an Insight Report later in the year examining the relative merits of each of the methodologies, aiming to establish which deliberative methods are most effective at identifying and understanding what matters to Scottish consumers in the regulated sectors, and why.
- ✓ We will apply the lessons from this project to our future research, seeking to gain consumer insights in order to ensure that we effectively represent them.

CS3 – CFU tracker survey

The issue

Little is known about how consumer attitudes and experience in Scotland change over time within the policy areas of energy, post and water. While some relevant regular survey work is carried out at a UK level, these surveys do not provide the level of detail required to identify trends within Scotland, and in some cases do not address issues the CFU needs insight into. The CFU decided to commission a pilot survey, with the intention that it will be refined and repeated in coming years, to allow us to track changes over time, measuring the success of policy in these areas.

What we did

The survey gathered data that gives detailed insight into consumer experience of regulated markets in Scotland, focused on:

- > Consumer attitudes and experience of water services and charges.
- > Tariff switching in the energy retail market.
- > Use of postal services and experiences of making complaints.

Progress and next steps

- ✓ Findings will be worked into a final report, and any significant findings will be shared with key stakeholders.
- ✓ The survey will be conducted on an annual basis, and we will look at ways to share the data more widely. Refining and repeating this survey will allow us to identify trends in consumer attitudes in Scotland, and then respond with appropriate measures to address any arising issues.

Appendix: Expenditure 2016-17

The costs incurred to deliver the activity detailed in this annual report are shown below.

The CFU's funding comes primarily from levies on the three industries we cover. The table below sets out our costs for the past two years.

CFU 2016-17 Estimated Expenditure By Sector*			
	Energy Sector	Post Sector	Water Sector
Programme	142,473	118,797	112,751
Staffing & Related	260,387	126,443	202,859
Total	402,860	245,240	315,610

**These are estimated costs only for 2016-17 since this is being published before final accounts are approved.*

Programme refers to costs associated with our research and advocacy work, whereas staffing and related costs includes items such as salaries, national insurance, pension contributions, and the costs the wider organisation incurs in relation to CFU staff.

As – unlike our counterparts in England and Wales – the CFU also covers the water industry, when considering the cross-sector programme we look at each project on an individual basis. In doing so, we seek to allocate funding in proportion to sectoral relevance.



For more information about the Consumer Futures Unit, visit:

www.cas.org.uk/spotlight/consumer-futures-unit

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