

## CONSUMER FOCUS AND CONSUMER FOCUS POST POLICY ADVOCACY

Deputy Chief Executive: Philip Cullum

Interim Director of Reputation and Impact: Adam Scorer

---

### 1 ACCOMPLISHMENTS SINCE LAST BOARD MEETING

**Key areas of achievement since the last Board meeting are as follows:**

#### 1.1 Energy

##### **Our energy strategy**

- 1.1.1 We held a successful energy strategy day to launch the new energy team and bring energy people together including colleagues from across the nations and horizontal teams.

##### **Bills**

- 1.1.2 We met the Energy Bill team on 16 June to discuss our views on what should be included in the Bill. These include changing the way in which licence conditions/consumer protections are agreed, data sharing to help low income and vulnerable consumers during smart meter roll out, back stop protections for example around billing and tariffs. The latter being particularly important given that it is clear that licence condition changes are unable to keep pace with technological change.
- 1.1.3 The Government has made clear its intention to prioritise the Green Deal (or Pay as You Save, PAYS) and that this will form a major element of the new Energy Bill. The Bill will also set out proposals for the post 2012 supplier obligation (the successor to CERT), proposals to bring forward smart meter roll out and a number of other possible energy market reforms. We intend to carry out research that will identify which consumers may not benefit from PAYS and other potential barriers to scheme design for consumers. This is intended to inform our advocacy activities relating to the Bill.
- 1.1.4 The Government has also announced its intentions to put in place a Welfare Reform Bill. We are exploring the potential to advocate reforms to Fuel Direct and extending data sharing arrangements between the Department for Work and Pensionms and fuel suppliers so that non-pensioner benefit claimants can automatically receive mandated social price support (rather than make a separate claim). This power already exists for pensioners.

##### **Debt and disconnection**

- 1.1.5 The joint Ofgem/Consumer Focus debt and disconnection review was published on 3 June.
- 1.1.6 Draft versions of the confidential Consumer Focus debt and disconnection reports have been shared with each supplier.

##### **Revenue protection**

- 1.1.7 Audrey Gallacher presented at the UK Revenue Protection Association conference.
- 1.1.8 Ofgem is shortly to issue guidance to suppliers spelling out their responsibilities around alleged meter theft cases. This is a direct result of Consumer Focus pushing the issue backed up by EHU case studies.

## **Smart metering/grids & low carbon**

- 1.1.9 We continue to play the lead role representing consumers in the current discussions on smart meter roll out and the development of smart grids. Consumer Focus hosted a workshop on smart metering data protection and privacy issues on 4 June. The aim was to bring together key stakeholders in the energy industry, with privacy experts from a range of sectors, government, the regulator and consumer groups, to discuss timely issues and potential solutions in this area. Mike O'Connor welcomed guests and Enid Rowlands took part in the discussions.
- 1.1.10 We have completed the initial analysis of our online survey of 2,000 energy consumers on smart metering and broader energy issues. This has already been used in consultation responses.
- 1.1.11 We responded to consultations on making better use of the Energy Performance Certificates and also on green skills.

## **Fuel poverty**

- 1.1.12 William Baker attended the May Warm Front Delivery Board meeting. Eaga warned the Board that they would stop taking on new Warm Front clients this summer if funding is not confirmed for the post March 2011 period (the end of the current Warm Front phase). The Board subsequently wrote to the Chancellor to urge him to announce further funding in the 2010 budget. The End Fuel Poverty Coalition sent a similar letter, which we drafted.
- 1.1.13 The UK Public Health Alliance has agreed to join the End Fuel Poverty Coalition, support the Fuel Poverty Charter and encourage other health organisations to similarly lend support. This should give a significant boost to making the case for the health benefits that would ensue from the fuel poverty policies we advocate. We now hope to encourage local government bodies to join the Coalition.
- 1.1.14 Our contractors are currently writing the final version of the '*fuel poverty monitoring tool*' research report, which will include information on Wales, Scotland and Northern Ireland as well as detailed breakdowns of fuel poverty in England for 2010. DECC has already accepted the broad findings of the research, which suggest that fuel poverty levels are not quite as bad as that projected by DECC itself (4.0m, rather than DECC's projection of 4.6m for England).
- 1.1.15 The Government has not yet made clear when it intends to consult on how it will use its powers to mandate social price support. As soon as this is made clear, we will publish our report on *Cutting fuel prices to the fuel poor* which makes proposals for including low income families and disabled people in the mandate, in addition to older people as proposed by the last government.

## **Other activity**

- 1.1.16 We published *Fuelling homes: gas and electricity costs to householders* in May, our investigation into the relationship between wholesale and retail energy prices and analysis of all the elements which feed into consumers' bills
- 1.1.17 We responded to consultations on: National Grid proposed sell-off of part of the Gas Transmission System for CCS (from Ofgem), the draft retail market indicators (from Ergeg), the implementation of the 3<sup>rd</sup> package into UK law (DECC) and encouraging generation in the EU (Ergeg).
- 1.1.18 Angus McMillan presented at the Trading Standards Institute conference in June on the role of Consumer Focus and our consumer empowerment tools such as the knowledge

base, help finder, our new suite of leaflets and the price and performance comparison information and services for front line advisers. Aaron Toussaint presented at the Welsh Midlands Fuel Poverty Forum in June organised by National Energy Action.

## **1.2 Post**

- 1.2.1 Meetings on opportunities to progress our Post Office banking work in light of the Coalition Agreement have taken place with DWP officials and with the Chief Executive of the Credit Union umbrella body, ABCUL. We also met the BIS Shareholder Executive too discuss our post office work more widely and the potential implications for the network (and our work in that respect) of the forthcoming Postal Services Bill.

### **Postal strategy**

- 1.2.2 All eight workshops to develop Consumer Focus's future strategy for the postal services have now been completed. The new Minister for Employment Relations, Consumer and Postal Affairs, Edward Davey MP, attended the final strategy session on 10 June on future models of postal regulation. He engaged in a lively discussion in which he outlined the government's plans for Royal Mail and the recently announced Postal Services Bill. Once the outputs from these meetings have been compiled and a draft strategic plan completed, we will seek input from Royal Mail before bringing the plan to the Board in September.

### **Regulatory reform**

- 1.2.3 Postcomm has now issued its consultation on reform of regulation of the postal sector. This consultation includes proposals for reducing regulation where appropriate, increased cost transparency and accounting separation within Royal Mail, and an interim price control. Postcomm have held a series of workshops to engage with stakeholders, including Consumer Focus, on these issues, and a scoping paper outlining the significance of these proposals for consumers and Consumer Focus is being prepared. The closing date for the consultation is 31 August.

### **Postal Services Bill**

- 1.2.4 Following the announcement that the Government will proceed with a new Postal Services Bill in October, Consumer Focus staff have met with BIS and have agreed to provide feedback on the previous Bill. So far there is no clear detail on the new Bill other than confirmation that in this new Bill the Government will not now limit the percentage of Royal Mail that can be privatised.

### **Research into consumer needs from the postal USO**

- 1.2.5 Good progress has been made with this joint research with Postcomm. TNS-BMRB has completed the qualitative stage of in-depth interviews with residential and business consumers; preliminary analysis has revealed that while consumers generally believe they received a good postal service they need greater predictability, reliability and security from the service. We are currently refining and piloting the larger quantitative part of this research, which will involve face-to-face and telephone interviews with residential and business consumers focusing on their current and unmet needs from the USO. The fieldwork is due for completion by early August, with a final report from TNS-BMRB due in October.

### **Follow-up work on the agreement between Royal Mail and the CWU**

- 1.2.6 Several members of Consumer Focus staff, plus Roger Darlington, visited Royal Mail's mail centre at Gatwick. This centre is one of the first to implement 'World Class Mail'

since the agreement by the CWU to adopt this system across the business. This visit gave an insight into the efficiencies and cost-saving measures that Royal Mail hopes the World Class Mail system, designed to improve working practices and communication between staff and management, will achieve.

- 1.2.7 Consumer Focus staff also met the CWU to understand their view on the agreement that settled the industrial action around modernisation of Royal Mail and their wider views on privatisation and the postal services market.

#### **NI – ROI cross-border mail research**

- 1.2.8 We are maintaining contact with major stakeholders to press for improvements to the cross-border mail service. The issue is still on the agenda of the North/South Ministerial Council and the Secretariat has promised to keep us advised of progress. Postcomm has also formally responded and intend to raise the issue for discussion at the next British Isles Regulatory Forum at which the Republic of Ireland Regulator, ComReg, will be present and will give us a fuller response later in July.

#### **Northern Ireland Post Office Outreach**

- 1.2.9 Consumer Focus Post (NI) report on research into the impact of post office Outreaches in Northern Ireland was published on 24 May. Media interest was mostly from the local press in the areas affected by the introduction of Outreach. The report itself was fairly positive about Outreaches with a focus on areas where the different models of Outreach should be fine-tuned, particularly to take account of local circumstances. Royal Mail was consulted on the main findings prior to publication and has promised to respond.

#### **Annual Northern Ireland postal service consumer survey**

- 1.2.10 A presentation of the survey findings was given by the contractors to the Consumer Focus Post Board, and by videoconference to colleagues in Scotland, Wales and London, on 20<sup>th</sup> May. It is intended to publish the findings in a series of briefing papers over the next few months.

#### **Research into the first class mail service between Northern Ireland and Great Britain**

- 1.2.11 A presentation of the research findings was given to CF Post Board Members, and by videoconference to colleagues in London, Scotland and Wales, on 3 June. We are currently drafting an introductory briefing paper for the research and will publish both the full research and briefing paper in July. Key findings have been shared with Royal Mail and further detailed discussions will take place with them prior to publication.

### **1.3 Financial services**

- 1.3.1 We launched the full report of '*On the margins*' our research into unbanked and marginalised consumers. This research was picked up by the BBC, Channel 4 and the Independent among other media. We will be using this research to support our work on financial inclusion and forthcoming projects engaging with banks to provide appropriate products to marginalised consumers.
- 1.3.2 We responded to the Department for Work and Pensions Social fund consultation, highlighting the need for access to grants and low cost loans for those most disadvantaged in society.
- 1.3.3 We also submitted a detailed submission to the review of consumer complaints being conducted by the Financial Services Authority (FSA), the Financial Ombudsmen Service (FOS) and the Office of Fair Trading. We highlighted the need for publication of

complaints data and for firms to learn lessons from complaints to ensure their processes serve their customers (and improve customer loyalty). Marie Burton and Oliver Morgans have also met FOS to share intelligence about how complaint handling can be improved and how complaints information can be harnessed for public policy purposes.

- 1.3.4 The OFT published its review into high cost credit; we had contributed to the consultation on detriment in this £7.5bn market. The OFT's report shows that it would be very hard to boost competition among high-cost lenders and drive a better deal for consumers. We are pleased that the OFT has accepted our view that there is a problem and a need for government intervention. However, we are disappointed that their proposed remedies were largely about encouraging consumers to shop around, as the evidence shows that many low income consumers are not in a position to do so. It is important that the Government considers how it can make sure that lower cost borrowing, like credit unions, is available to borrowers on low incomes.
- 1.3.5 In May we were invited by Royal Bank of Scotland to comment on its Customer Charter. This resulted in improvements in relation to the inclusion of objectives against commitments and in the area of complaints and providing good information about products in the published version that came out at the beginning of June.
- 1.3.6 We met Chris Pond of the FSA and Catherine Wolthuizen of the newly-formed Consumer Financial Education Body to discuss financial education and consumer engagement, the transition to the Consumer Protection and Markets Agency and how we might work with both organisations in future. We also wrote to the FSA chief executive to Hector Sants urging the FSA Board to establish an effective consumer engagement strategy to support the transition to the new organisation and help shape regulatory priorities in the period ahead.
- 1.3.7 We met the Lending Standards Board to provide input to the responsibility guidance in relation to personal current accounts that is part of the outcome agreed with industry over unauthorised overdraft charges.
- 1.3.8 Mike O'Connor and Linda Weatherhead met Angela Knight of the British Bankers' Association and discussed regulatory issues, collective redress, the Banking Conduct of Business Sourcebook (BCOBS) guidance which is presently out for consultation and issues around people who don't have bank accounts.
- 1.3.9 Our research-based reports on payday lending and switching current accounts are being finalised and will be published shortly.

#### 1.4 **Communications/digital**

##### **Mobile phone recycling**

- 1.4.1 Our Omnibus survey conducted in March 2010 suggested that consumers have 85 million old phones at home, with some admitting to throwing their old phones in the bin. Old phones can be recycled for cash, so we published information and a press release encouraging consumers to recycle their mobile phone, with information about how to get the best deal. Our findings generated a good level of press coverage including regional news, BBC news, Guardian Money and the Independent on Sunday.

##### **International roaming fees**

- 1.4.2 We also published comparative price information detailing how much it will cost World Cup ticket holders in South Africa to use the Internet, make phone calls and send text messages. The press release highlighted the potentially huge charges levied by mobile operators, issued advice for consumers and detailed a range of Match day scenario's

that could lead to 'bill shock'. The story generated a lot of media interest, with articles on the subject appearing on BBC Online, Sky news, Times online, The Guardian, and many regional newspapers. Adam Scorer was interviewed for BBC breakfast, BBC news, Working Lunch, Radio 5 live, LBC etc. Nick Hutton was also interviewed on Radio 4's You and Yours.

### **Consultation responses**

- 1.4.3 We continue to respond to key sector consultations. Most recently Nick Hutton responded to an Ofcom consultation on mobile call termination rates. It is a complicated, highly charged issue, but we broadly supported Ofcom's proposals to reduce termination rates at the rate proposed in the paper. We have also been actively engaging with both BIS and Ofcom regarding seeking the best outcome for consumers in implementing the measures laid out in the EU Telecoms package.
- 1.4.4 Consumer Focus responded to the BIS consultation on how the cost of the notification process should be split between Internet Service Providers (ISPs) and copyright owners, and whether subscribers should be required to pay a fee for appealing against notifications of alleged copyright infringement on their internet connection. Consumer Focus and the Open Rights Group undertook associated press work to underline subscribers should not be required to pay a fee and that copyright owners should meet the full cost arising to ISPs and Ofcom from the notification process.

### **Digital Economy Act**

- 1.4.5 Consumer Focus is playing an active part in Ofcom's ongoing work to implement the notification stage of the Digital Economy Act 2010. Consumer Focus, together with the Communications Consumer Panel, Which?, the Open Rights Group and the Citizens Advice Bureau, agreed Consumer Protection Principles designed to guide Ofcom in implementing the DE Act. The Consumer Protection Principles were launched 28<sup>th</sup> May to coincide with Ofcom's publication of the draft initial obligations code consultation. Consumer Focus has been participating in two consumer engagement meetings with Ofcom and one stakeholder meeting on measurement. Consumer Focus is working closely with libraries and universities on the implementation of the DE Act, and is liaising with the Information Commissioner's Office to ensure adherence to relevant data protection laws.

### **Online marketing**

- 1.4.6 We will shortly publish our report on online marketing to children.

## **2 CHALLENGES RUNNING UP TO NEXT BOARD MEETING**

- 2.1 We will need to digest OFT's response to our cash ISA supercomplaint and consider how to follow it up.
- 2.2 We are preparing our formal response to the proposed Postal Services Bill.
- 2.3 There will be a high level of external activity on energy issues in July and August. This includes publication of our pre-payment meter self disconnection research, our report into energy and post consumer redress arrangements, and our analysis of supplier performance against complaint handling standards. The new Confidence Code will also be launched in July, and we will be kicking off our campaign for improvements in suppliers' annual statements.