

CONSUMER FOCUS AND CONSUMER FOCUS POST POLICY ADVOCACY

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1 ACCOMPLISHMENTS SINCE LAST BOARD MEETING

- 1.1 The undoubted highlight in this period was the submission to the Office of Fair Trading of our first supercomplaint, on the market for cash ISAs. This gained an exceptional level of media coverage, with much support for our action on this issue from several national newspapers as well as (amongst others) the Financial Services Consumer Panel, Which?, moneysavingexpert.com and moneysupermarket.com. An early day motion, supported by a range of MPs, called for more help to enable consumers to switch providers more easily. The OFT sought evidence from consumers and companies in April, and we have met the enquiry team. We have also met the British Bankers Association to discuss this matter, and the topic has been raised in our regular meetings with individual banks.
- 1.2 Audrey Gallacher, Clare Lucas and Gemma Bowen met with the OFT to discuss access to the full set of cross-sector Consumer Direct data (similar to that received in Energy and Post). OFT agreed in principle to us obtaining full access to the data and are now looking at ways to facilitate this. This will have a real benefit to our policy and investigations work.

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

1.3 ENERGY

- 1.3.1 We met the then Secretary of State, Ed Miliband, and the then shadow Secretary of State, Charles Hendry, to discuss current issues in the market. Both expressed keenness to work closely with us in the future. Charles Hendry is now a DECC minister, while Ed Miliband is a Labour leadership candidate.

npower

- 1.3.2 We have continued to meet with npower and will provide an oral update at the Board meeting.

Fuel poverty

- 1.3.3 In March Consumer Focus, as part of the End Fuel Poverty Coalition of fifteen organisations, launched and co-ordinated media work for the Fuel Poverty Charter. Lord Whitty presented the Charter recommendations, which were responded to by Energy Minister Joan Ruddock MP. The event was attended by stakeholders, including MPs and Peers. It was followed by a National Right to Fuel Campaign cross-party debate on fuel poverty and reducing winter deaths. Alongside the successful stakeholder launch we achieved coverage on the Press Association newswire, BBC online and BBC breakfast and further regional and online coverage. Jonathan Stearn was also interviewed on BBC Breakfast on 30 March, in response to the Energy and Climate Change Committee's report which asserted fuel poverty targets will be missed, with further online and newswire hits.

Consumer empowerment through advice providers

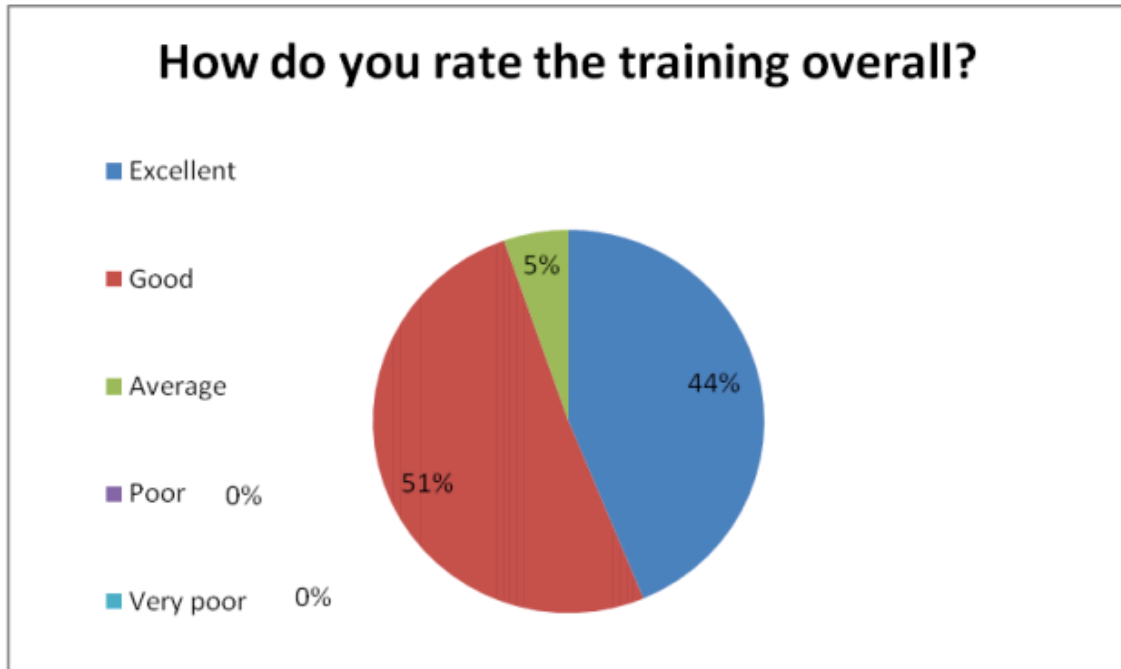
1.3.4 Over the last few months we have run 11 half-day events for advice providers and frontline staff across Great Britain to promote and encourage greater use of the free information, support and advice which Consumer Focus provides. These events, which were attended by 203 advisers, took place in Aberdeen, Glasgow, London, Birmingham, Manchester, Nottingham, Leeds, Bournemouth, Norwich, Llandudno and Cardiff.

1.3.5 The aim of each session was to:

- Build new (and improve existing) linkages with local community and advice groups.
- Promote and raise awareness of the Partners website, Advice Agency Knowledge Base, Ask the Adviser service and Confidence Code.
- Update advice providers and community groups on Consumer Focus" work to date.
- Increase membership of Consumer Community and encourage two way dialogue with this audience.
- Provide opportunities to encourage grassroots support for our campaigns and obtain trends and evidence.

1.3.6 We are aware that many attendees were planning to circulate information from the course to colleagues, suggesting a significantly wider impact.

1.3.7 Annex 1 details the support, information and advice tools that Consumer Focus currently provides. The events received extremely positive feedback, with 95 per cent of advisers rating the event overall as excellent or good – more details are set out in the Figure below and in Annex 2.



Guaranteed Standards of Performance

1.3.8 We have now finalised our report into the Electricity Distribution Network Operators (DNO's) performance under the guaranteed standards (GS) regime. The publication of this information is a statutory requirement. The analysis carried out to produce the report has pinpointed issues on the payment of GS and other voluntary and proactive

payments to consumers experiencing quality of supply issues. The role of suppliers, in particular around the visibility of these compensation payments, has also caused concerns. In 2008/09, around £3 million was paid out but there were significant difference across DNOs, which warrants additional analysis to ensure all consumers are obtaining GS payments when they are due. We have therefore committed to further work in this area with DNOs and suppliers.

Smart metering

1.3.9 We continue to play the lead role representing consumers in the current discussions on smart meter rollout:

- Zoe McLeod spoke at the Westminster Energy, Environment & Transport Forum conference on 23 March on the consumer protection needed for smart metering. This was chaired by DECC Committee Chair Paddy Tipping MP;
- Zoe also spoke at the Eurelectic conference in Brussels on 12 April on the consumer perspective on smart meters with the Chair of ERGEG working group on smart meters (the European regulators group), and the President of ESMIG (the European smart metering industry group);
- Zoe represented consumers at three Ofgem workshops on smart metering & the Consumer Advisory Group, including chairing a couple of sessions;
- Heidi Ranscombe joined the BEUC delegation to meet with the Director Heinz Hilbrecht in DG Energy to explain our concerns that standards and consumer protection policies are not keeping pace with the roll out of smart meters and emphasise the importance of this being examined within the EU Smart Grids Task Force;
- We have secured an agreement with Navetas to provide independent consultation on their consumer trials of smart meter displays. This will feed into our recommendations for minimum standards on displays;
- We are leading on developing a Smart Meter Supplier Code of Conduct for early roll out in the absence of regulation, given the British Gas announcement on early rollout of smart meters;
- We responded to non-public consultations/evidence gathering on smart prepayment functionality and data protection and privacy and are ongoing discussion with DECC and Ofgem on these issues.

Energy Direct selling

1.3.10 We held a summit on direct marketing on 19 May as part of our joint work in this area with the Trading Standards Institute and following on from our investigation into doorstep selling. The event was well attended with 40 representatives from industry, regulators and consumer organisations.

1.3.11 The Energy Retail Association announced on the day that it would make further enhancements to the Energy Sure Code on doorstep selling and that all suppliers will in future respect all 'no cold caller signage'. Previously half of the industry ignored such signs). There was also significant movement on suppliers' policies around marketing in 'No Cold Calling Zones' (NCCZs). We have committed to continuing the

work on the possible development of a preference scheme to allow consumers a convenient opt-out of unwanted energy sales visits. We are also exploring other initiatives with Trading Standards to help people, especial those on low income and vulnerable, living in NCCZs to access the best energy deals.

Ofgem and DECC Consultations

- 1.3.12 Prior to the election, we were influential in DECC's decision to produce a discussion paper on consumers' experience of the energy retail market. It is not yet clear whether this will still be published. We understand it was to include several ideas that we have urged DECC to look at, including blocking thresholds on licence changes, enforcement of standards of conduct for suppliers, improving consumer information and helping vulnerable consumers avoid debt.
- 1.3.13 We have responded to four major consultations during this period: RPI-X@20, which is focused on planned changes to the way networks are regulated; Project Discovery, which is concerned with security of supply and sustainable energy; Ofgem's consultation on its electricity interconnector policy; and DECC's consultation on improving access to the grid.
- 1.3.14 One key theme of our responses is the increasing costs being passed through to consumers and how these important consultations will result in decisions that will be reflected in consumers' bills for several generations. It is therefore imperative that policy-makers get the decisions right.

System Operative Initiative scheme

- 1.3.15 The final System Operative Initiative scheme (which encourages National Grid to reduce the costs of operating the transmission network) proposals released by Ofgem have taken on board several of our suggestions for improvements, such as shortening the scheme to one year (given uncertainty of future costs) and encouraging Ofgem and National Grid to look at the quality of forecast costs.

Energy infrastructure

- 1.3.16 We held a successful workshop on "A new energy infrastructure" chaired by Larry Whitty and attended by Sharon Darcy, and representatives from DECC, Ofgem, think tanks, utilities and trade associations. Our chief economist Prashant Vaze gave the opening talk to a major conference on Community Energy Providers hosted by LSE and Trafford Centre.

1.4 POST

Postal Strategy

- 1.4.1 Good progress has been made in the project to develop Consumer Focus' strategic plan for postal services. As part of this plan the first of a series of roundtable workshops with stakeholders was held on 9 March, with Richard Hooper and Elmar Toime as the key speakers on the subject of financing the universal service. A paper based on the discussion at this meeting has been circulated for comment. The second workshop was held on 16 April, and discussed how consumers' needs from the postal service are changing and how their increased use of the internet would affect their needs, with

speakers from the Direct Marketing Association, e-bay, and Accent consultants. Since, two more sessions have been held on rural, disadvantage and small business consumers and also competition and access.

- 1.4.2 One further workshop will be held in London on the 10 June on the development of postal regulation
- 1.4.3 Workshops will also be held in Northern Ireland, Scotland and Wales on 25, 26 and 27 May respectively.
- 1.4.4 Over the next seven months, we will be carrying out joint research with Postcomm into the needs of UK consumers from the Universal Postal Service. TNS-BMRB has been awarded the research contract which will include quantitative surveys with residential and business consumers, supported by qualitative in-depth interviews with consumers and workshops with informed stakeholders to focus on the real needs (and unmet needs) of consumers, as opposed to their wants.

Royal Mail complaints handling

- 1.4.5 We attended a presentation by Postcomm on its Customer and Business Customer Survey results for 2009. The results suggest that customers were generally satisfied with Royal Mail's service, with the notable exception of very low satisfaction scores when customers made a complaint. We followed up on this issue at our regular meeting with Royal Mail on 14 April, and they agreed that their Customer Services staff would give us a presentation on the subject of their complaints handling procedures during the next few weeks.

Cross-border mail research

- 1.4.6 The publication of the "Cross-border Post" study, which investigated the performance of cross-border mail between Northern Ireland and the Republic of Ireland, took place on 15 March. The report achieved significant media coverage not just in Northern Ireland but also in the Republic of Ireland. Recognition of and support for our report has been received from influential Northern Ireland stakeholders, including the Federation of Small Businesses, InterTradeIreland and the North South Ministerial Council. The report has also received the support of a number of local politicians including Dominic Bradley MLA, Billy Leonard MLA and Mark Durkan MP. We met Mark Durkan, who has brought the issue of cross-border mail in Northern Ireland to the attention of the BIS minister Pat McFadden.
- 1.4.7 We have requested a formal response to the recommendations we have proposed in our report from both the service providers Royal Mail and An Post and their respective regulators, Postcomm and ComReg.
- 1.4.8 Consumer Focus Post also has taken receipt of the draft findings of its annual Omnibus survey covering postal services and post offices, which report is being finalised.

1.5 FINANCIAL SERVICES

- 1.5.1 As noted above, our major piece of work in this area was the cash ISAs supercomplaint.
- 1.5.2 Linda Weatherhead gave evidence to the Treasury Select Committee on the end of cheques.

- 1.5.3 We also contributed to the Retail Financial Services Forum paper on Simple, Transparent Products and responded to two government consultations on financial services for low income consumers and debt: FSA Mortgage Market Review – Arrears and Approved Persons; and the Ministry of Justice Orders for Sale consultation.
- 1.5.4 We held a deliberative event bringing together low income consumers and financial services providers. A report of the event has been drafted and we are working on how best to use the research findings to capitalise on the dialogue opened with financial services providers to achieve change.
- 1.5.5 We published the executive summary of *On the Margins* our research into the most marginalised and vulnerable groups of people without bank accounts (eg homeless, victims of domestic violence, new migrants and established ethnic minority residents with limited English). Marie Burton launched the executive summary report at a HMT Financial Inclusion Taskforce/Barclays event, publicising their own research into unbanked consumers, which was held on 25 March. We plan to publish the full report in mid-June. Marie also met with the OFT to discuss the findings of our debt purchase and debt collection
- 1.5.6 The final version of our qualitative research into payday lending was received at the end of March. It represents a complex picture of consumer behaviour in this area of financial services, with some more vulnerable consumers suffering considerable detriment while others have a more positive experience. We plan to publish our report in late June.
- 1.5.7 We received a report “Desk-study on the impacts of fees on personal and stakeholder pension funds”, commissioned from Janette Weir of Ignition House. Consumers appear to be facing detriment from on-going trail commission charged by IFAs, and from high exit charges for older “with profits” policies. We will be discussing this with the FSA and other consumer groups and considering whether this might be a potential supercomplaint or require some other action.
- 1.5.8 The OFT has launched a review into barriers to entry for new retail banks and at how easy it is for smaller groups to expand. The Financial Services Team will be looking to contribute to this debate and will be re-examining its own work plans in this area as a result of this review.

1.6 COMMUNICATIONS/DIGITAL

Prison phone calls

- 1.6.1 The price of phone calls from publicly-run prisons in England and Wales has been substantially reduced (a similar change has also happened in Scotland). This is a significant win for Consumer Focus, as it results directly from the supercomplaint submitted by NCC in 2008, following years in which government had resisted demands for change and said that a price cut was not possible. While we have some concerns about the closed nature of the procurement process, which has resulted in the extension of the BT contract by 5 years without any competitive process, this is very good news. We are still working out the overall value of the various price cuts, but one particularly significant change is in the price of calls to mobile phones, which we know form quite a high proportion of calls from prisons. Prior to our supercomplaint, these cost 63p per minute at peak time, now they cost 20p a minute throughout weekdays.

Personal information

- 1.6.2 Our joint report with Demos and the Information Commissioner on people's attitudes to personal information online, "Private Lives", was published in March. This then led to a meeting with the Prime Minister's Strategy Unit.

Digital Economy Act

- 1.6.3 We supported the *Bring Democracy to the Digital Economy Bill* parliamentary reception on 30 March. The event was hosted by John Grogan MP and Tom Watson MP and aimed to mobilise support for proper consideration of this controversial legislation in the House of Commons. Saskia Walzel sat on the panel at a conference sponsored by the Black Music Congress dealing with copyright and the Digital Economy Bill, with a particular focus on the music industry. The Digital Economy Bill received royal assent on 8 April following the wash-up period in the houses of parliament.

Mobile Best Deal Campaign

- 1.6.4 Our targeted communications strategy for our *Mobiles Best Deal* leaflet is aimed at ensuring all consumers, including those who do not use or have access to the internet, are able to access advice and information on getting the best mobile phone deal.
- 1.6.5 We reached an agreement with Carphone Warehouse to make the leaflet available in 1,000 stores nationwide. 200,000 leaflets have been circulated and are already appearing in shops nationwide. We will be pushing for in-store terminals to give customers access to accredited switching sites as a next step.
- 1.6.6 We have agreed with the Society of Chief Librarians that our leaflet would be circulated to every local library in the country - 67,000 been distributed.
- 1.6.7 Billmonitor, the only Ofcom accredited switching site, which was quoted in the leaflet, has reported a spike in hits on the launch day. We will continue to monitor use to establish the impact of wider circulation.
- 1.6.8 A press release with an accent on sustainability has also been issued covering recycling of old mobile phones, giving estimated numbers of old phones in people's possession and top tips for consumers and how to get the best deal on recycling them.

1.7 COMMUNITY AND PUBLIC SERVICES

Directgov

- 1.7.1 Following on from our report on *Does Directgov deliver?*, Consumer Focus held a workshop at RIBA on 15 March, entitled *We direct gov: how to put consumers at the heart of the design and delivery of digital public services*. The event took a positive and constructive approach to the challenges of Directgov and online services generally, with strategists and product designers from Directgov working alongside consumer reps, 'techie' social innovators, design specialists and service providers to hammer out what good consumer involvement looks like and how it might be achieved.
- 1.7.2 We experimented with an innovative approach and format for this type of event. Working with facilitators who specialised in online engagement, we produced a website prior to the workshop where participants (and those unable to attend on the day) were able to debate the issues with each other. The workshop itself connected with the outside world via live bloggers and tweets. At one point we were being followed by Jim Knight, minister responsible for directgov, who joined the discussion via twitter.

- 1.7.3 The report and video of the workshop has been developed as a wiki in collaboration with participants and can be viewed at: <http://digips.wikispaces.com/>. Background can be found here: <http://socialbysocial.net/profiles/blogs/digital-public-services-join>
- 1.7.4 Colin Griffiths presented the results of our Directgov work and the outputs of our digital public services workshops at a 'Local 2.0' meeting. Local 2.0 is a programme organised by the Young Foundation and brings together pioneering local authorities that are developing the use of hyper-local or 'digital neighbourhood media' (social media, mapping technologies/data and I-phone applications) to connect people with the neighbourhoods they live and work in.

Jobcentre Plus

- 1.7.5 We built on our November 2009 analysis of people's experience of Jobcentre Plus with a short series of focus groups to test JCP users' responses to the DWP customer charter, which covers Jobcentre Plus. Our findings have been used to propose an alternative, consumer-led charter, which is available on our website along with a research report.
- 1.7.6 Consumer Focus met both Theresa May MP, then Shadow Secretary of State for Work and Pensions and now Home Secretary, and Jim Knight, then Minister of State for Employment and Welfare Reform, to make the case for a Jobseeker Charter. Both Henny Abuzaid and Jim Knight were interviewed by Radio 4's File on Four programme about the research. The interviewer challenged the then Minister repeatedly on our findings. Following the programme, we have been approached by a number of Jobcentre Plus customers who have been frustrated by the service.

Post office network

- 1.7.7 The team's Network Adviser, Richard Brown, has undertaken a number of monitoring and mystery shopping exercises in Devon and Stafford in response to concerns that elected officials have raised on queuing and service provision. Richard has worked with local councils and Post Office Ltd to introduce changes that have tackled 45 minute waiting times at POs in Honiton. He has also worked with Consumer Focus Wales to carry out an investigation at Llanwrtyd Wells. These activities demonstrate how we can use a number of watchdog and empowerment techniques to enhance our reputation with elected officials, drive local improvements for consumers and at the same time developing our evidence.
- 1.7.8 Andy Burrows and Matt Forde held meetings with Paul Charmatz, Director of Commercial Services at Camelot, and Annette Lovell, Deputy Chief Executive at the National Lottery Commission, on Camelot's application to allow bill payment services through its National Lottery terminals (which the Commission will make a decision on). Post Office Ltd is part of a consortium backing this proposal. The meetings highlighted potential implications for consumers: an increase in competition in the bill payment sector, but potentially adverse impact on access to bill payment services and post office counter revenues. We have submitted a note to the Commission highlighting our concerns.
- 1.7.9 Mike O'Connor and Andy Burrows met Oliver Griffiths, Deputy Director of the Shareholder Executive at BIS, which covered CF's post office work and the challenges facing the service.

Post office banking

- 1.7.10 The government published its response to the consultation on expanding banking services at the Post Office on 29 March. The response included proposals to introduce a 'budgeting account' for low-income consumers and to open up access to credit union products through the PO network. This represents a considerable success for Consumer Focus and our attention will now turn to working with officials to ensure the budgeting account takes the shape of the 'custom account' recommendations identified in our research; and to ensure the potential of enabling credit union access at post office counters is fully realised.
- 1.7.11 Our work and briefing of key political figures contributed to an explicit commitment to Post Office banking appearing in both the Labour and Liberal Democrat manifestos; and a commitment to reforming the Post Office Card Account in the Conservative manifesto.
- 1.7.12 Richard Bates and Andy Burrows twice met Financial Inclusion Task Force officials at HM Treasury to discuss its proposed work to establish the business case for offering an account for low-income consumers through the Post Office. It has been agreed in principle that we will partner them in this work, if it receives ministerial sign-off. The HMT proposals would build on and have been influenced by CF's Opportunity Knocks research.

1.8 FAIR MARKETS

- 1.8.1 We have received a report on co-regulation commissioned from Georgia Klein and aim to use this to engage decision-makers shortly.
- 1.8.2 We responded to a BIS consultation on civil sanctions powers for consumer law enforcers.
- 1.8.3 Prashant Vaze attended the first meeting of Ofwat's advisory board which considered issues of metering and social tariffs in the water sector. The Regulatory Policy Committee published its first 15 opinions; Philip Cullum is a member of the Committee. Philip also took part in a Better Regulation Executive advisory group.

1.9 SUSTAINABLE CONSUMPTION

- 1.9.1 In March the Environmental Audit Committee published its findings from their inquiry into Adapting to Climate Change. The findings support a number of Consumer Focus's asks, and cite our policy recommendations and the related consumer survey. In summary, the Committee supports our calls for improved management of the risks to existing homes and to food supplies, calling for: safeguards in the risk reporting process in relation to existing homes and food supplies; stronger incentives for people to adapt their homes; the provision of better information to homebuyers and prospective tenants; the Government to press the insurance industry to encourage and assist homeowners to improve the flood resilience of their homes; and the integration of adaptation measures in retrofitting programmes that are currently limited to energy efficiency.
- 1.9.2 The report asks the Government to ensure that its economic regulatory frameworks are promoting adaptation actions that improve the resilience, and therefore long-term reliability, of services provided to consumers. It states that regulated companies should be required and enabled to take urgent, efficient and effective adaptation measures within, and across, the different sectors of national infrastructure. This is also in line with our evidence, and relates to our concerns about Ofgem's failure to incorporate the impacts of a changing climate into Project Discovery.

2 CHALLENGES RUNNING UP TO NEXT BOARD MEETING

- 2.1 We were restricted in our public-facing work for slightly over a month, in the run-up to, and briefly the aftermath of, the general election. We used this time to plan for the first 100 days of a new government and to prepare to engage the large intake of new MPs. We have subsequently contacted a number of key ministers to set up meetings.
- 2.2 We have a very strong programme of work planned for June and July, drawing on the large amount of consumer research and other projects commissioned in the final quarter of 2009-10. This includes:
- The OFT decision on our supercomplaint, which is due no later than 29 June.
 - Publication of the report into energy and post consumer redress arrangements
 - Publication of final performance metrics for energy suppliers – the league table
 - Publication of supplier performance against complaint handling standards (statutory requirement)
 - Publication of pre-payment meter self-disconnection research, as part of our ongoing work on debt and disconnection
 - Ofgem decision on British Gas debt recovery practices following our referral
 - Launch of the new Confidence Code
 - Launch of 'Out of Reach' report, which evaluates the effectiveness of the post office outreach models in Northern Ireland
 - Launch of Focus on Finance Summary paper and reports on payday lending and 'On the Margins'
 - Report on switching in financial services.