

CONSUMER FOCUS AND CONSUMER FOCUS POST POLICY ADVOCACY

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1 ACCOMPLISHMENTS SINCE LAST BOARD MEETING

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

1.2 Energy

Referral to Ofgem on tariff complexity

1.2.1 In early December we made a referral to Ofgem on increasing tariff complexity in energy markets, requesting that the regulator, as part of its recently announced market review, open an investigation into the way that energy suppliers market and sell tariffs.

Energy Security and Green Energy Bill

1.2.2 We expect the second reading to be on 21/22 December, with the Committee stage on 10 January.

Green Deal

1.2.3 In terms of the Green Deal, the Bill will aim to give DECC options for the secondary legislation coming next year with large 'set-piece' consultation towards the end of the year, following outputs from working groups. Consumer Focus will use its research to provide briefings for second reading and Committee Stage. In addition to collating lessons from our existing evidence base, we have undertaken three research projects to cover the technical and behavioural aspects of the Green Deal. These cover reach and access issues, consumer confidence in energy services and the use of social marketing to overcome barriers to engagement, and issues relating to the private rented sector. Consumer Focus has presented initial findings to DECC and a range of energy and energy efficiency stakeholders, receiving very positive feedback for providing a layer of evidence currently missing from policy discussions. These will be published shortly and will be used to promote consumer interests both through the development of the Bill and the subsequent working groups.

Information on energy bills

1.2.4 The Bill will give the Secretary of State enabling powers to require suppliers to publish new information on bills including details about the cheapest tariff and comparative consumption information. Consumer Focus hosted a billing summit (bringing together all suppliers, price comparison sites, Ofgem, DECC, Which?, Age UK, ERA and Energy UK) to discuss the future of energy bills and DECC's current proposals. A report on the summit was published in mid November and we are continuing to liaise with suppliers and DECC to ensure that the proposals will be cost-effective and useful to consumers.

1.2.5 Our focus group research on energy bills, including testing of DECC proposals for new information on bills, will be published in mid-December

Smart meters

- 1.2.6 We hosted a breakfast roundtable meeting for the Energy Minister, Charles Hendry MP, with DECC officials, NEA, FPAG and Which?. On the Minister's request, we have subsequently sent him a consumer aims and priorities paper and will be presenting this to him in the New Year. We are also working on a 'crisis messaging' document and Q&A on smart meters which was also requested by the Minister.
- 1.2.7 We continue to represent consumers on numerous DECC/Ofgem smart metering groups – Ministerial Advisory Group, Implementation Coordination Group, Smart Meter Design Group, Data Communications Group, Consumer Advisory Group, Disability Advisory Forum and most recently the Small Users Group on behalf of micro-businesses. We participated in the EU Smart Grids Steering Group in late October and continue to contribute to the work in particular of Working Group 2 on privacy and security and Group 3 on roles and responsibilities of stakeholders and financing. We have also been invited to be the sole consumer representative on the DECC/Ofgem Data Privacy Expert Group.
- 1.2.8 Zoe McLeod presented at workshops on the code of practice, prepayment and data privacy, spoke at the European Utilities Smart Grids & Meters conference in Stockholm and presented to No2ID members at an event in London on privacy and wider issues. We jointly hosted an event with Green Alliance and UKBSCE at the start of December on smart metering and energy efficiency, at which Zoe presented. The event was attended by a range of stakeholders including key officials at the Central Office of Information, DECC and Ofgem.
- 1.2.9 We have started to do some light touch parliamentary work– this includes briefing for the ECC Select Committee on consumer smart metering issues, participation in a roundtable event hosted by the Chair of PRASEG (Parliamentary Renewable and Sustainable Energy Group) Dr Alan Whitehead MP and briefing him.
- 1.2.10 We succeeded in adding an amendment to the European Parliament ITRE (Industry, Research and Energy) Committee report (draft Resolution) on the upcoming EU Energy Efficiency Action Plan. The amendment calls on Member States to develop and publish a strategy to deliver the potential benefits of smart metering to all consumers, including vulnerable and low income people

New housing

- 1.2.11 We provided evidence to the Carbon Compliance Taskforce that is advising DCLG on new zero carbon housing standards.

Fuel poverty

- 1.2.12 The 'now cast of fuel poverty in 2010' was published in November. This includes detailed breakdowns of fuel poverty for different groups, regions, payment methods etc and provides a more realistic picture of fuel poverty in 2010 than the Government's figures which are always two years out of date.
- 1.2.13 We also published a discussion paper on the Energy Company Obligation and its potential for tackling fuel poverty, then met DECC to discuss our analysis.
- 1.2.14 We co-ordinated a letter from the End Fuel Poverty Coalition to the Minister to seek involvement in the forthcoming review of the fuel poverty target and definition. This was

particularly timely, given that Government missed its target to eliminate fuel poverty among vulnerable households by 3.3 million. The Government will announce the chair and terms of reference for the review very shortly and we intended to make a significant input.

Empowering consumers

- 1.2.15 Consumer pricing information on our website now includes improved functionality of the online price comparison tool and the provision of new information on standard price changes and details of terms and conditions of new products and when tariffs have been withdrawn.

Top-up safe campaign

- 1.2.16 Consumer Focus has continued to support the ERA/Energy UK Top Up Safe Campaign aimed at informing electricity prepayment meter customers about fraudulent key cards and we have provided feedback on the industry's code of practice for treatment of customers

Engagement

- 1.2.17 On 16 November Consumer Focus met and briefed the Shadow DECC Ministerial team on energy issues including the Green Deal and the smart meter roll out. The briefing precedes the introduction of the Energy Security and Green Economy Bill into the House of Lords.
- 1.2.18 We hosted a parliamentary drop-in session for MPs and their researchers sponsored by Tom Greatrex MP. The event raised awareness of the services available to them through the EHU's Executive Liaison Team to help their constituents with energy and post problems. The event also marked the launch of our suite of factsheets and leaflets to help energy consumers in debt. Following the event a new area on the Consumer Focus website to assist elected officials and their staff help their constituents went live.
- 1.2.19 We responded to DECC on the implementation of the third EU legislative package and met the European team in DECC to discuss our recommendations for the draft Energy Council conclusions on 3 December. We also met DECC to discuss the market reform package.
- 1.2.20 Mike, Adam, Zoe and Heidi met Philip Lowe, Director General DG Energy and had a very productive discussion on future work. Mr Lowe emphasised the value the European Commission place on Consumer Focus's work.

1.3 Post

Postal Services Bill

- 1.3.1 Consumer Focus provided written evidence to the Postal Services Bill Committee and Mike O'Connor, Robert Hammond and Andy Burrows gave oral evidence. The session focused on the future of the universal service, consumer protections and issues relating to the post office network. MPs subsequently tabled amendments directly addressing consumer protection and regulatory issues, which were raised in our evidence. Our work was cited several times during the Committee's debate including by Postal Affairs Minister Ed Davey and by Shadow BIS Minister Nia Griffith. Consumer Focus also received attention during the Bill's Second Reading including by Stella Creasy MP who commented, '*Consumer Focus, an organisation that many Members have quoted today*

but which the Government seem to want to dismantle, has been a powerful advocate of the potential for credit unions and post offices to work together.' We continue to engage BIS staff on changes that we believe should be made to the Bill and are looking at potential amendments for tabling.

Research into consumer needs from the postal USO

- 1.3.2 The final report of this research was published jointly with Postcomm in early November. The key message was that both residents and SMEs are tolerant to changes to the universal postal service (within the constrained set of realistic changes we presented). However, consumers did indicate their preferences for different options. They would be prepared to accept a moderate increase in prices and a slight reduction in the quality of service to retain other aspects of the current service. They are also prepared to consider dropping to five days a week collection and delivery, although for SMEs losing a weekday was the least acceptable change proposed. This research has been well-received by stakeholders including Royal Mail.

Postcomm consultation on regulatory reform and price increases

- 1.3.3 Postcomm has launched a consultation on its proposed removal of some regulatory safeguards, particularly in the parcels and bulk mail markets, and on its 'minded to' decision on Royal Mail's application for price increases on bulk mail and access products. This is part of its move to lighter touch regulation due to increasing competition in the mail market. It also published its decision to roll over the current price control for one year, which will allow Royal Mail to increase stamp prices by up to 10% on average as of April 2011. Consumer Focus is seeking further confidential information from Royal Mail and is to meet Postcomm before responding to the consultation.

Consumer Forum for Communications

- 1.3.4 Natasha Dare gave a well-received presentation to Ofcom's Consumer Forum for Communications on the provisions of the Postal Services Bill 2010.

Cross-border mail service between NI and Republic of Ireland

- 1.3.5 At the end of November, Consumer Focus Post met with the SDLP leader Margaret Ritchie MP, MLA to discuss our campaign for improvements to the Cross-border Mail service. She had raised the issue at a meeting of the Joint Committee on Implementation of the Good Friday Agreement at Leinster House in Dublin and wished to meet with us to compare notes and discuss taking the matter forward. She promised to continue to push the matter at Westminster and will try to get some political leverage for the issue within NI Departments (principally the Department of Enterprise, Trade and Investment). In addition she will press further through her contacts with members of the North South Ministerial Council. She indicated she would like to raise the subject direct with the Irish Foreign Affairs Minister.

Royal Mail's Northern Ireland Enquiry Office research

- 1.3.6 We published our report with the research findings on the Enquiry Office service in mid-November, generating good media interest.

1.4 Financial services

Independent Banking Commission

- 1.4.1 We are hosting an event for the Commission on 13 December. We have arranged an eminent and diverse panel and Paul Lewis (presenter of Radio 4's Moneybox programme) has agreed to host the event. Invitations have now gone out and 50 acceptances have been received to date. We have also organised for 40 consumers to be invited via moneysupermarket.com and Paul Lewis's website. Ten low-income consumers who attended our deliberative event earlier this year have also agreed to take part.

Payday lending

- 1.4.2 We ran a roundtable event in October 2010 which reached a general consensus that industry and consumer bodies should work together to produce a code of practice for the industry. The first meeting of the Payday Loans Forum to take forward that process took place on 30 November. It was a positive and constructive meeting with representatives from industry, regulators and consumer agencies committed to producing a code that will deal with the concerns in this market, particularly those raised by our report '*Keeping the Plates Spinning*'. The next meeting will be in January 2011. Marie Burton also ran a joint workshop on payday loans at the Responsible Credit Convention.
- 1.4.3 On 9 November Stella Creasy MP had an adjournment debate to highlight issues including the need to cap total credit on some high-cost credit products and provide access to credit union products and accounts via the post office network, citing the work of Consumer Focus.

FSA Mortgage Market Review

- 1.4.4 We submitted our response to the FSA proposals on the Mortgage Market Review in relation to responsible lending. We are very supportive of the proposals in relation to the assessment of affordability proposed by the FSA. These proposals face considerable opposition from the industry and the BBA.

Responsible credit

- 1.4.5 Oliver Morgans spoke at this event on the topic of "Creating an effective market: the roles of competition, regulation, self regulation, and consumer support". He set out the case for making financial products simpler, more transparent and more comparable in order to deliver effective market competition and real value for consumers.

Treasury select committee

- 1.4.6 Philip Cullum and Sarah Brooks gave oral evidence to the Treasury Select Committee as part of their inquiries on Financial Regulation and Choice & Competition in Banking. Our work on market regulation, payday loans, bank account switching, and the ISA super-complaint were discussed during the session.

Communications/digital

Switching

- 1.4.7 Following meetings with Ofcom, we have now responded to the significant consultation document from them on the reform of the switching process in the telecoms sector. We broadly support the proposals for gaining provider led processes as we believe these deliver the greatest benefits to consumers and ensure ownership of any problem when attempting to switch.

Meeting with Ed Vaizey

- 1.4.8 Larry, Mike, Robert Hammond and Saskia Walzel met with Ed Vaizey, the Minister for Communications, Media and Creative Industries, to discuss copyright, rollout of broadband, net neutrality and online advertising to children.

Copyright

- 1.4.9 In October the Prime Minister announced a review of the Intellectual Property framework, particularly copyright. Consumer Focus has influenced the terms of the review, which includes fair use rights, copyright licensing and enforcement. Saskia Walzel has been invited to sit on the IPO Copyright Expert Advisory Group.
- 1.4.10 On 30 November we published '*The economic impact of consumer copyright exceptions: A literature review*', an in-depth study that concludes that no proper economic assessment has been undertaken to show that consumers copying from one medium to another (eg CD to iPod) has a significant detriment effect upon copyright holders. This challenges the music industry assertion that such copying is costing copyright holders millions in lost copyright revenue.
- 1.4.11 At the end of November Mike O'Connor spoke at the Digital Economy All Party Parliamentary Group event "Creative Industries, Consumers and the Digital Economy Act".

1.5 Public services

- 1.5.1 We launched our research report about people's experiences of the police service, and the way the police respond to dissatisfaction and complaints in October. Julie Spence, the former Chief Constable of Cambridgeshire was instrumental in securing a feature in the *Sunday Telegraph*, enabling us to successfully manage the process of getting the report into the public domain without the findings being misinterpreted.
- 1.5.2 The response has been positive, including:
- Cambridgeshire police will be reviewing their existing practices against the Consumer Focus recommendations and have asked our advice on connecting with local people and communities
 - South Wales police are keen to use the findings to drive service improvements and want to talk to us about best practice in customer service
 - Merseyside Police asked us to review their customer service policy and guidance
 - The research featured in a Westminster Hall debate on the impact of budget cuts on policing, called by Jim Cunningham MP for Coventry South.

- 1.5.3 Nick Herbert MP, Minister of State for Policing and Criminal Justice, has also written to us to welcome the report's timeliness and relevance to the government's reform *proposals*. He has asked officials in the Home Office Local Policing, Crime and Justice Unit to contact us to discuss our recommendations further.
- 1.5.4 Our response to the Home Office consultation *Policing in the 21st century - reconnecting police and the people* drew on the research to make recommendations for improving responsiveness and public accountability. We support the government's aim to make the service more responsive to local need and noted that 'at the heart of that vision is a radical shift in power and control away from government back to people and communities'.
- 1.5.5 Our recommendations stressed that one of the keystones for the Home Office proposals should be delivering good customer service, providing an accessible and effective complaints route, and effective management of feedback data. This is a cost-effective measure, saving money and resources by getting things right rather than spending time sorting out problems when things go wrong. We also recommended that the new Police and Crime Commissioners take the lead in driving this area of work.

1.6 Fair markets

- 1.6.1 We published our report on the small claims process, *Small claims, big claims*, in October and our report on *Equipment for older and disabled people* in November. The latter argued for OFT to carry out research on the market as there was poor transparency of prices and the customers were often amongst the most vulnerable. The OFT released a statement subsequently saying they would indeed be launching a market investigation.
- 1.6.2 Prashant Vaze is providing oral evidence to the Environmental Audit Committee Inquiry into the Green Investment Bank on Wednesday 8 December. This is in response to the written evidence we gave in November. This chiefly made the case that the GIB ought to support energy efficiency and other low carbon projects at the community level and also provide finance for Green Deal providers who couldn't access funds otherwise.
- 1.6.3 As part of our investigation into commission payments to financial advisors selling pensions products in the UK, we have exercised our s24 powers to require companies to provide information to us about their behaviour in this market. Requests have been sent to eight of the largest IFAs in the country, a random sample of twenty-five smaller IFAs and sixteen pensions companies.
- 1.6.4 A significant number of s24 notice recipients have requested extra time to respond to the request. These requests have been granted and this will delay the investigation. We have also received correspondence from the IFA's trade association querying the need for this investigation. There is a growing possibility that a number of IFAs will refuse to comply, in which case we will return to the Board with a proposed course of action, though we are still working with AIFA to avoid this if we can.

2 CHALLENGES RUNNING UP TO NEXT BOARD MEETING

Energy customer service league table

- 2.1.1 Our new complaints performance league table for major energy companies will go live on 11 December. Npower is the worst of three poorly performing suppliers. SSE is the best, as it has been consistently for many years.

Supplier	Rating
SSE	4****
British Gas	3***
E.ON	3***
ScottishPower	2**
EDF	2**
nPower	2**

Revised confidence code

- 2.1.2 The revised Confidence Code will be published on 11 December. The changes will mean that consumers are:
- less likely to switch to a worse deal or to switch without appreciating the changes that kick-in on their tariff after a few months
 - better able to make a green choice
 - able to navigate sites more quickly and efficiently.

Market reform, pricing and future of Ofgem

- 2.1.3 We expect a substantial number of announcements and evidence sessions in the period ahead. The DECC ‘way forward’ decision on how it progresses its review of Ofgem, and whether consumer representation will also fall in scope, is due very soon, as is the DECC consultation document on electricity market reform. We will be submitting evidence in early January to the Commons Select Committee inquiry on electricity market reform, with the evidence session on the role of Ofgem scheduled for mid-January.

Fuel poverty

- 2.1.4 We will shortly publish ‘*Real lives*’, testimonies from people in fuel poverty, with our proposals for tackling the problems identified.
- 2.1.5 DECC has just published a consultation on social price support. We intend to publish our research, as part of our response, on why mandated price support should go to a larger group than proposed by the Government. This includes costings of our proposals and impact on fuel poverty.
- 2.1.6 We are commissioning research from the Institute of Fiscal Studies on how fuel price rises have affected the inflation rate of the typical basket of goods purchased by income households over past 10 years. This will also look at likely impact of future fuel price inflation.

Pre-payment meter commitments

- 2.1.7 Following our PPM self disconnection summit in September, we have been working with the big six suppliers to draft a series of 5 commitments (service improvements) for their PPM customers. We anticipate that there will be a press launch in early January.

Communications

- 2.2.1 Hannah Bullivant is leaving the team which means decisions will need to be taken about the direction of the mobiles work and its role within the team.
- 2.2.2 Ofcom's significant review of Non-Geographic calls services by consumers using telephone numbers beginning with 03, 070, 08, 09 and 118 is overdue. We will highlight the consumer detriment associated with both the lack of cost information and the complexity of the non-geographic sector.
- 2.2.3 We have been progressing plans to launch the Public Sector Special Freephone scheme. The scheme solves the problem of 0800 numbers being free from a fixed-line numbers but quite costly from a mobile phone. This scheme, based on the THA's existing Special Freephone Tariff for charitable organisations, would be open to public sector organisations providing helpline services and would enable calls to helplines to be 'zero-rated', or free to the caller at the point of use. After some delays, the pilot project is set to launch very soon with the support of Vodafone. The number will be for the Skills Funding Agency, a helpline providing free careers advice. At the end of the pilot, Consumer Focus will receive a report and data set that quantifies the actual financial savings that the pilot has delivered to consumers, in addition to the practical demonstration of this type of solution to the problem outlined above.