

CONSUMER FOCUS AND CONSUMER FOCUS POST POLICY ADVOCACY

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1 ACCOMPLISHMENTS SINCE LAST BOARD MEETING

1.1 The announcement of the repayment by Npower to consumers of some £70 million, as a direct result of our work, was the main impact in this period and resulted from sustained in-depth work by colleagues across the organisation.

1.2 Other key areas of achievement since the last Board meeting are as follows:

1.3 Energy

Protecting consumers at a disadvantage

1.3.1 We held a summit under the Chatham House rule with the major suppliers and Ofgem to discuss recommendations out of our recent research report into self disconnection amongst prepayment meter users - *Cutting Down, Cutting Off*. The discussion focussed on the five key commitments identified by Consumer Focus and what suppliers felt they could publicly sign up to before moving onto possible solutions for improving the service offered to prepay users. We are working on refining the key commitments and will issue a joint statement with suppliers once they have been agreed.

Fuel poverty

1.3.2 We worked closely with the End Fuel Poverty Coalition to urge the Government to retain Warm Front until the Green Deal comes into effect at the end of 2012 (the current phase finishes in March 2011). Many were concerned that the programme would be cut as part of the October 2010 spending review. We received a reply from the Chancellor in early September which again referred to the final decision forming part of the spending review. However, the Secretary of State subsequently stated that Warm Front will continue until the implementation of the Green Deal – the question is now at what level.

1.3.3 We prepared a discussion paper on the new energy company obligation, the successor to CERT that will start in 2012 as part of Green Deal. The paper puts forward proposals for ensuring the obligation effectively combats fuel poverty, given that the Government has made clear that it will become the main fuel poverty programme in 2012, replacing Warm Front. We intend to discuss the paper with senior DECC officials in the near future.

1.3.4 We signed up to a campaign to introduce minimum energy efficiency standards for the private rented sector as part of the forthcoming Energy Bill. The campaign also calls for increased support to private landlords to enable them to meet the new standards. We encouraged supporters of the EFPC to sign up to the campaign, given its implications for reducing fuel poverty in homes with notoriously low standards (many of which are classed as a danger to health under existing regulations).

1.3.5 We published new figures setting out the current position on fuel poverty, to address the problem that official fuel poverty data is always at least 2 years out of date. We released the research to coincide with the Government's release of its official fuel poverty data for 2008. Our research predicted that 4 million households are in fuel poverty in 2010 – almost identical to the Government's own projection for 2010. Our research goes further by showing how this breaks down by different consumer groups, regions and tenure etc. We consider the findings will be of considerable value to policy makers and researchers.

- 1.3.6 Following past Board discussions, we have agreed to carry out a joint project with Consumer Focus Scotland and Consumer Focus Wales on 'getting a better deal for 'off-gas' consumers' – a group particularly likely to live in fuel poverty. The project will investigate the potential for improving protection for off-gas consumers, plus options for reducing heating costs through improved energy efficiency and micro-generation.
- 1.3.7 We prepared a draft position paper on energy poverty for the ECCG (European Consumers Consultative Group). We hope this will persuade BEUC and other consumer organisations to make fuel poverty a priority work area for 2011.
- 1.3.8 One key upcoming event is the annual European Citizens Energy Forum on 21-22 October, attended by European policy makers, regulators, industry and other stakeholders. The EU wants to use this Forum to increase the emphasis on affordability and the consumer experience in energy market policies. Our preparations for this Forum include the hosting by Consumer Focus of a pre-meeting for other national consumer organisations. We also participated in the European Commission Retail Markets Working Group charged with the drafting of Commission best practice paper for presentation at the Forum.

Effective energy markets

Back billing referral

- 1.1.1 We sent a referral to Ofgem requesting that they publish definitive guidance on the application of the back billing rules. ERA members have published a document detailing the scenarios where suppliers are agreed that the back billing rules will apply. This document was originally developed in 2009/10 with the assistance of Consumer Focus and Ofgem but both organisations withdrew their support when it became clear that the ERA members could not obtain agreement on several key scenarios. Over five years have now elapsed since the publication of Ofgem's super-complaint decision document and industry remain unable to obtain agreement on a definitive set of scenarios, nor is it clear whether these rules apply to small suppliers.

Improving energy bills

- 1.1.2 We have commissioned Mori to carry out some qualitative research into what consumers want from their energy bills as well as testing likely reaction to the Government's plans to add information about the lowest available tariff and comparative energy consumption to energy bills. The results will help inform DECC's thinking on this issue. We have already provided advice and guidance to DECC over their new proposals. We have significant concerns about the workability of these proposals but we are seeking to provide constructive solutions.

Empowering consumers

- 1.1.3 All of our energy leaflets have been updated to make them more consistent and user-friendly. They will be made available on our website and via Consumer Direct ahead of our parliamentary event on 27 October, where the Extra Help Unit will be providing a drop-in service to highlight when and how we can help MPs deal with constituents' energy and post problems.
- 1.1.4 Our advice agencies website has been re-launched with new functionality and improved usability. We have already seen an increase in the number of Knowledge Base hits on energy questions.

- 1.1.5 Consumer Focus launched a joint campaign with the ERA, 'Top-up Safe', to warn prepayment meter users about a scam involving organised crime and fraudulent key cards. This involved a press campaign.

Smart metering

- 1.1.6 Ofgem has issued guidance around remote disconnection and switching with smart metering to prevent misuse of the new technology by suppliers. This is something we have been pushing for over the last year. This is an important first step that will help to protect customers before a wider protections package is implemented next year – we will be pushing to ensure that this Guidance is replaced by stronger licence conditions.
- 1.1.7 We are leading on the development of a Best Practice Customer Charter and a Code of Practice for suppliers. The aim is to ensure high quality customer service during the home visit and that customers get the information, advice and support they need to help them manage their energy more effectively. We are also pushing for an extra help scheme for low income and vulnerable consumers.
- 1.1.8 As part of this work we held an informal consumer workshop in September to bring together the consumer voice on this issue. This was attended by representatives from Citizens Advice, NEA, Age UK, FPAG and Sustainability First. Which?, Green Alliance, and NHF also fed in afterwards. Zoe McLeod then presented the findings of this to an Ofgem workshop.
- 1.1.9 Charles Hendry MP, the Minister responsible for smart metering, has agreed to attend a breakfast workshop hosted by Consumer Focus. The details of this are under discussion.
- 1.1.10 We responded to the public consultation launched by the European Energy Regulators Group, on the draft best practice guidance document for the regulation of smart meters, and presented our concerns in greater detail at the public hearing in Brussels.
- 1.1.11 Audrey Gallacher and Zoe McLeod both spoke at the European Billing & Metering Conference. This is the largest event of the year about energy bills and smart meters and is designed to share best practice in Europe and internationally, with 3800 delegates from industry, government and regulators at both a European and nation state level. This covered energy bills – what do consumers want, our response to the summer prospectus on smart metering, gaining consumer trust and data protection and privacy sessions. Dhara Vyas spoke at Utilities Credit Access Forum on smart metering and fuel poverty. Audrey Gallacher participated in a *Utility Week* online smart metering debate, while Zoe McLeod spoke at the NEA Fuel Poverty Conference about smart metering and low income and vulnerable consumers. We also had a free stand at the NEA conference where the team were able to demonstrate to advisors the tools we have available to help them with their front line work.
- 1.1.12 We met with our pro-bono lawyers about smart metering and data protection and privacy issues. We are making an information request, which will then enable them to advise us on whether or not suppliers existing data practices are in breach of human rights legislation, right to privacy.

1.2 Post

Research into consumer needs from the postal USO

- 1.2.1 The preliminary findings of our joint research with Postcomm show that most consumers are tolerant to changes in the postal service, but older residents in particular would find reductions to the service unacceptable. Overall, the most acceptable changes would be

a small increase in price or reduction in the Quality of Service. The final reports are due in mid-October, and we are planning to publish them with Postcomm in November.

VAT on postal services

- 1.2.2 We have responded to HMRC's consultation on its proposal for VAT on postal services. This states that from 31 January 2011 the VAT exemption currently enjoyed by the universal service provider (in this case Royal Mail) should be scaled back to apply only to those services provided under its licence. This is better than some other possible options but will not solve the issue that Royal Mail's exemption is a competitive distortion which acts as a barrier to end-to-end competition for postal services.

Meetings with Moya Greene and Ed Davey

- 1.2.3 We held an introductory meeting with Moya Greene, the new CEO of Royal Mail.
- 1.2.4 Consumer and Postal Affairs Minister Ed Davey MP attended our Post Office Advisory Group (POAG) meeting of stakeholders in late September. He discussed the future of the post office network and the Postal Services Bill, outlining tentative dates for the proposed legislation and a statement on the network. At the same meeting public affairs briefed the group on Consumer Focus' intended approach to the Bill's passage through Parliament. The Minister will attend the next POAG meeting in December.

Cross-border mail in Ireland

- 1.2.5 We have been advised by the Joint Secretariat to the North-South Ministerial Council that the issue of the performance of the Cross-border mail service, and the recommendations contained in our research report published earlier this year, are to be discussed under the cross-border mobility agenda of the Council's Institutional Structures meeting planned for later this month.

Royal Mail's Northern Ireland Enquiry Office research

- 1.2.6 A briefing paper has now been drafted on the findings and recommendations of the survey into Northern Ireland consumers' experience of Royal Mail's Enquiry Offices and their preference for more innovative delivery solutions. We are arranging a meeting with Royal Mail to share our findings with them prior to publication in early November.

Outreach services

- 1.2.7 Our latest report into Post Office Outreach services, '*Sink or Swim*', was published in September. The report outlines our increasing concerns over the long-term viability of Outreaches, because of Post Office Ltd's (POL) failure to provide support to sub-postmasters and other operators; insufficient investment in technology, equipment and training; and the rigidity of POL's approach, imposing 'one size fits all' solutions that insufficiently reflect the needs of local consumers.
- 1.2.8 The report attracted national media coverage and a significant number of articles in the regional and local press. The report has been issued to MPs with Outreaches in their constituency, with further information on how we can assist MPs who have concerns regarding a specific Outreach service. In the past year, we have assisted 29 MPs in such cases, and empowered consumers and stakeholders in 55 cases overall.

PO Essentials

- 1.2.9 We have now commissioned research to assess the consumer experience of the PO Essentials service model, which is currently being trialled in 50 locations. PO Essentials

sees a core range of post office services offered from the main retail counter in a wide range of retail premises, such as convenience stores, petrol stations and even cafes.

- 1.2.10 Crucially, in this model Post Office services are not operated by a sub-postmaster. As outlined in previous reports, this research was brought forward at the request of BIS, and we continue to liaise closely with officials on the progress of the research. It looks increasingly likely that the Government may opt to commence a large-scale conversion programme of sub-post offices into PO Essentials, perhaps as early as next year.

1.3 Public services

Policing

- 1.3.1 The launch of our report is planned for the weekend of 23/24 October, leading with a piece in the Sunday papers arranged by Julie Spence, former Chief Constable of Cambridgeshire.
- 1.3.2 Members of the project advisory group will be taking an active role in promoting the report for example through their personal contacts or via linked web sites. We have briefed key stakeholders in the policing world on the findings, including the Home Office, the Police Federation, representing rank and file officers, the Association of Chief Police Officers (ACPO), the Association of Police Authorities (APA), Her Majesty's Inspectorate of Constabulary (HMIC) and the Independent Complaints Commission.
- 1.3.3 In addition we are in touch with the Institute of Customer Service, who work with a number of constabularies to improve the consumer experience of policing, to identify opportunities to promote our findings and recommendations.

Navigating public services

- 1.3.4 This project aims to identify the problems consumers experience as they try to access the services they need in their day-to-day lives. It takes a case study approach, looking at public services through the lens of a particular group of young people - those leaving care. After careful scoping work, the project is now set to move to the commissioning stage.
- 1.3.5 To make sure the project addresses real needs and identifies effective solutions, we will be involving young people in designing the project and interpreting the findings. We are working with a range of expert organisations involved with this group of service users, including the Prince's Trust, Barnardos and NCAS (National Care Advisory Service). We will also involve a range of providers in our project advisory group to make sure our recommendations are realistic and have maximum impact.

Directgov

- 1.3.6 Following its move from the DWP to Cabinet Office, an independent review of Directgov headed by Martha Lane Fox has been initiated. This seeks to establish views on what Directgov should (and should not) do and how government objectives in digital communications and service delivery can be achieved more generally. We have provided a response that draws on our work on Directgov and online public services.

1.4 Financial services

Payday lending

- 1.4.1 We launched '*Keeping the plates spinning*' our report into the payday lending market and the experiences of payday loan users. The report achieved extensive media

coverage, appearing on the main television channels, as well as national and regional radio and being featured in many national newspapers. SNP MP Stewart Hosie subsequently issued a supportive statement about the report. The report called for better safeguards for consumers taking out payday loans, including a limit of five loans or rollovers per household per year, and for the banks to make better alternatives available to the customers. We have been liaised with the Centre for Responsible Credit over the report and we will be continuing to work together over this issue. We have also met with the Consumer Finance Association, the representative body for payday lenders to discuss working together to take forward our recommendations. We have also had contact from both social lenders and payday lenders wanting to engage with us over this issue.

Payday loans

- 1.4.2 In early October, we held a roundtable event as a follow-up to the ‘*Keeping the Plates Spinning*’ report on payday loans, which came out in August this year. The event was well attended, with a mixture of representatives from the payday loans industry, consumer agencies, government departments and debt advice charities taking part. As well as being a unique forum for debate, it brought together payday lenders with a range of other agencies for the first time.
- 1.4.3 John Lamidey from the Consumer Finance Association agreed to organise a working party (which we will be part of) to take forward a proposal that industry and consumer bodies should produce a code of practice.

Switching and personal current accounts

- 1.4.4 In early October we launched ‘*Stick or Twist*’, a major report on switching and personal current accounts. Three-quarters of consumers have never even considered switching their current account to another bank and many of those who had considered Switching were put off by fear of delays and things going wrong. We found that switching will not increase unless banks become more competitive and offer a better incentive for consumers to want to switch. We are calling for reforms of the current account market to make switching more worthwhile and trustworthy.

Independent Banking Commission

- 1.4.5 In late September, the Independent Banking Commission issued a discussion paper on the financial services industry. We have been invited by the Commission to host a debate in early December on the key consumer issues.

Key consultation responses

- 1.4.6 We made submissions to the Treasury Committee on competition and choice in banking, the Lending Code Review, the Banking Conduct of Business Sourcebook guidance, the Treasury Committee Inquiry into Financial Regulation, HM Treasury consultation on the new approach to financial regulation and the Mortgage Market Review

1.5 Communications/digital

Advertising to children

- 1.5.1 Jillian Pitt and Philip Cullum took part in panel discussions at two marketing conferences to launch Jillian’s report ‘*A Tangled Web: Marketing to children*’. The report explores the complexity and contradictory nature of existing regulation and codes of practice around online advertising to children. We aim to use the report to influence the government’s Children and Families Task Force, chaired by the Prime Minister.

Copyright and Licensing

- 1.5.2 We met Baroness Wilcox to share our views on the reform of the existing complex copyright licensing arrangements and the development of an extended collective licensing regime. We also raised the issue of user rights and exceptions and the need to legalise format shifting. The government is to put forward proposals in Spring 2011
- 1.5.3 At the end of October, we are to meet Ed Vaizey, Minister for Communications, Media and Creative Industries, to discuss copyright, broadband and net neutrality issues as well as marketing to children.

Premium rate calls

- 1.5.4 We published our '*Strictly Unclear*' report on the cost of calls made from mobile phones when voting on game and reality TV shows. The premium rate services market is financially lucrative, but is responsible for some of the most expensive and least transparent phone calls in the sector. Our research showed that 72% of the customer service representatives either gave the wrong information or did not know. Bilateral engagement with providers has been positive and has led to significant changes:
- Two providers have changed their pricing bands, simplifying the costs and aligning them.
 - When we first conducted the research in November, only one provider had an online number checking facility. One provider introduced one earlier in the year and as a result of our project, two more are putting number checkers on their websites too.
 - Providers have also committed to reviewing the training of customer service agents, ensure that they are briefed before voting starts on popular TV shows, and ensure they know where to look for accurate information.
 - Nearly all of the providers have improved the information on their websites.

Public sector special free phone tariff pilot scheme

- 1.5.5 0800 numbers are free from fixed-line numbers but can be quite costly from a mobile phone. In order to develop an alternative solution to this, we have been working with The Helplines Association to pilot a public sector special freephone tariff. 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.
- 1.5.6 After some delays, the pilot project is set to launch on 1 November with the support of two mobile operators, Vodafone and 3. The number will be for the Skills Funding Agency. 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.

1.6 Fair Markets

- 1.6.1 Our report on the small claims procedure (*Small Claims, Big Claims*) was published in mid-October. The report uses primary research to analysis users' experience of the small claims procedure and small claims mediation, concluding that there is room for considerable improvement in areas such as information provision, length of time it takes to complete a case from initiation to hearing (which currently stands at six months) and enforcement of judgement post an award is difficult for claimants and defendants alike. One striking finding was that businesses now bring the majority of small claims cases, so squeezing out consumers from an already hard-pressed system.

- 1.6.2 The Fair Markets team is undertaking an investigation of the trail commission being paid to IFAs by pension providers for personal pension plans that were sold in previous years. We have commissioned TNS to undertake an omnibus survey of customers' recollection of how advisors were compensated for the advice they had provided & their knowledge of trail commission. We are issuing s24 letters to a sample of IFAs and all the large pension funds to gain access of the contracts between pension providers and IFAs and between IFAs and clients and also data on the magnitude of payments..
- 1.6.3 The team has drafted consultation responses on the Local Better Regulation Office, Ofwat and the Green Investment Bank.

2 CHALLENGES RUNNING UP TO NEXT BOARD MEETING

- 2.1.1 We expect an announcement in November on Ofgem's investigation into British Gas debt repayment rates. The investigation is a result of our referral, drawing on EHU evidence.
- 2.1.2 We are hosting a billing summit on 28 October, which will bring together a wide range of stakeholders including suppliers, Ofgem, DECC, price comparison sites, advice agencies and Which? to discuss the future of energy bills. The event will be interactive. We will publish a report after the fact with the results of our discussion, which will feed into DECC's proposals (the summit is mentioned in the DECC Energy Bill summary document).
- 2.1.3 We will be working on the Postal Services Bill. Second Reading is expected on 27 October
- 2.1.4 As noted above, our joint project with Postcomm on universal service will be published in November; and the launch of our report on customer satisfaction with the police is planned for the weekend of 23/24 October.