

Consumer Focus Board

Paper 7

Title: Empowering vulnerable consumers

Purpose: For discussion

Date of meeting: 28 June 2011

Responsible officer: Adam Scorer

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Attachments:

1 Overview

1.1 Consumer Focus and Citizens Advice and Citizens Advice Scotland have been asked to respond to a request from BIS/Cabinet Office to: *‘Consider and advise on how they, local and central Government and other organisations could help empower the very vulnerable as consumers. They will undertake a review to identify the groups of people, and the types of transactions, where more help and support for the most vulnerable consumers in society could make the greatest difference. They will report to BIS and present a proposed plan of action for tackling the issues identified by January 2012.’* (*Better Choices: Better Deals Consumers Powering Growth*, BIS/Cabinet Office, 2011)

2 Action for the Board

2.1 To note progress on this important joint project and advise on further development and positioning

3 The key issues

3.1 *Better Choices: Better Deals* asks for three issues to be identified to empower vulnerable consumers:

- The ‘groups’ of very vulnerable people
- Types of consumer transactions to focus on
- Where help and support could make the most difference.

The third element – ‘where help and support can make the difference’ will form the basis of the action plan that will be presented to the government at the end of this year. The first two issues – the types of transactions and who is vulnerable - will provide a focus for the plan.

4 Proposal

4.1 To provide the focus for the action plan we will clarify, by the end of July, the 'groups' of very vulnerable people and types of consumer transactions we are concerned about – and why.

4.2 We will employ a well-established 'risk factor' approach (see, for instance, BSI 18477 *Inclusive Service*) to establish who are vulnerable consumers. This approach seeks to avoid stereotyping people into 'groups' and instead looks at the factors that place consumers at risk of vulnerability. The aim is to closely reflect the realities of individuals' and households' circumstances in the short and long terms.

4.3 Conventional categorisation of vulnerability frequently fails to acknowledge many dimensions of disadvantage. For example, people with literacy or numeracy problems, or those with mental health issues may be embarrassed or fearful about revealing their difficulties. Similarly, a wide range of circumstances (including events such as unemployment, bereavement, domestic violence) can adversely, but sometimes temporarily, affect people's ability to cope with markets and providers. As the BIS/Cabinet Office document recognises: *'Government has traditionally avoided defining a 'vulnerable' consumer as we can all be vulnerable at different stages of our lives or depending on the type of goods and services we are purchasing.'*

4.4 The risk factor approach is also characterised by a recognition of the range of difficulties that can arise as a result of the policies and practices of organisations and companies. This approach serves to place 'vulnerability' in context, namely it recognises that being 'vulnerable' is often a result of the inter-action between consumers and organisations, not simply a matter of people's personal circumstances.

4.5 We will look at risks of vulnerability in the context of transactions in specific service/product areas; and 'interactions' between consumers and provider organisations and companies.

4.6 We have already established a close working relationship with colleagues from Citizens Advice and developed an agreement on the risk factor approach and a working definition of vulnerable consumers as: *'People who cannot choose or access essential products and services which are suitable for their needs or cannot do so without disproportionate effort/cost/time.'*

4.7 When considering what vulnerability may mean, some services/product areas are likely to be more important than others, for example, in terms of potential consequences for individuals and households particularly regarding people's health, safety and well-being and ability to participate in society, as well as importance for household expenditure. These are likely to include:

- Energy and water services
- Electronic communications: telephony and digital services
- Financial services, such as banking, payment services, credit, savings products and insurance
- Public services
- Food
- Housing
- Home repairs and maintenance, adaptations, equipment for people with specific needs

4.8 But we are acutely aware that the vulnerability of consumers is closely related to the transactions we focus on. We have mapped out an initial grouping of essential transactions between services and commodities and cross cutting services and provisions.

4.9 We have an excellent starting point. This project will be informed by existing work by Consumer Focus on the financial products and services needed by low income consumers, energy debt, self disconnection and fuel poverty and other cross cutting issues – like attitudes and access to broadband. Citizens Advice has also recently published a report *Access for All* – on inclusive access to goods and services.

4.10 To help prioritise (and validate the prioritisation) of the transactions that will become the focus of the action plan, desk research has been commissioned from Linda Lennard to look at the data that exists on transactions and vulnerable consumers.

4.11 Indicators of the key transactions and vulnerable consumers will be available at the end of July.

4.12 Consumer Focus and Citizens Advice will initiate focus groups with other organisations and consumers to test the transactions that have been identified. This will start the process of seeking solutions that will empower this group of consumers – the third and final part of the task that will form the basis for the action plan.

4.13 Ideas for the action plan will initially emerge from the Linda Lennard desk research and other work of Consumer Focus and Citizens Advice but we will:

- Use the focus groups and discussions with organisations to test the priorities and seek and test ideas for solutions
- Trawl for innovation that may not be picked up by the focus groups or from other organisations – or from consumers themselves
- We will work with colleagues from NSMC to develop solutions that include insights from social marketing
- Finally, we will test ideas for the action plan with organisations and companies – and BIS - before producing a final draft of the action plan.

4.14 A draft action plan will be available in mid October for comment – and feedback from BIS. A final document will be produced in December. The ultimate aim is to ground the action plan, test it and achieve buy-in to the final proposals. The aim is

to develop a plan from Consumer Focus and Citizens Advice that will be followed up and acted upon by organisations and individuals.

5 Resources

5.1 This project is included in the work plan. Sufficient resources have been earmarked to cover the research and the focus groups that are needed for this project.

5.2 Jonathan Stearn is co-ordinating the development of the action plan and will be supported by staff from individual Consumer Focus teams as the plan is developed. Citizens Advice Head of Welfare Policy Lizzie Iron plus Head of Consumer Policy Sue Edwards together with Matthew Lancaster from Citizens Advice Scotland have committed time to the project. We are working together on organising the focus groups and developing the action plan.

6 Next steps

6.1 We have already established a very good working relationship with Citizens Advice. Regular meetings have been held with the key Citizens Advice staff involved in the project. Jonathan Stearn has been at meetings with Citizens Advice policy staff and Lizzie Iron from Citizens Advice has been to a Consumer Focus session on the project – that included Consumer Focus Wales and Consumer Focus Scotland.

6.2 The immediate next step is the printing of the report from Linda Lennard in July and the agreement on the transactions that we will focus on.

6.3 In July we will start to test the transaction priorities in the focus groups and start to develop the solutions – and the action plan. In parallel we will seek innovations and incorporate work that is developing from other elements of the Consumer Focus workplan.

6.4 The draft action plan will be constructed and agreed by mid October. We will seek comments from BIS and other stakeholders on the plan and produce a final action plan in December that we can present to Ministers.