

Ofgem's Single Equality Scheme

May 2013

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FOREWORD

Ofgem's principal objective is to protect the interests of existing and future gas and electricity consumers. In our dual role as an employer and regulator, we are committed to promoting equality and diversity amongst our workforce and our ways of working to the industry we regulate.

This commitment starts with our employment practices. We are committed to promoting equality of opportunity and diversity throughout our organisation.

We want to be an equalities exemplar, proportionate to our function and influence. This commitment, coupled with the statutory duty placed upon us as a public authority, has enabled us to create our first Single Equality Scheme (SES). The scheme consolidates and builds on our existing equality initiatives.

Our scheme will be reviewed as required, but no later than 2016, when we will publish a revised version to cover the following four years. However, we intend to update the accompanying action plan on an annual basis. These updates will include equality data, as well as providing a general account of our progress in meeting our statutory duty and organisational commitments.

Alistair Buchanan
Chief Executive, Ofgem

INTRODUCTION TO OFGEM

Ofgem¹ is the administrative body that supports the Gas and Electricity Markets Authority (The Authority) in its role as the economic regulator for the gas and electricity industries in Great Britain. The Authority determines strategy, sets regulatory policy priorities and takes decisions on a range of matters. The Authority's powers are provided for under a range of legislation including the:

- Gas Act 1986;
- Electricity Act 1989;
- Utilities Act 2000;
- Competition Act 1998; and,
- Enterprise Act 2002.

Our priority is protecting and making a positive difference for all energy consumers through promotion of value for money, security of supply and sustainability, for present and future generations. We do this through the supervision and development of markets, regulation and the delivery of government schemes.

We licence companies engaged in the competitive generation and supply markets and we regulate the monopoly companies which construct, own and operate the gas pipes and the electricity wires that carry energy to our homes and businesses.

We also have a range of obligations which set out how we exercise our functions. These include the need to:

- Contribute to the achievement of sustainable development;
- Have regard to the interests of consumers who are disabled or sick, who are of pension age, who are on low incomes.

¹ Ofgem is the Office of the Gas and Electricity Markets Authority. In this document we use the term "Ofgem" to mean both "Ofgem" and the "Gas and Electricity Markets Authority" (GEMA), except where we refer expressly to "GEMA" in its statutory decision-making role.

THE EQUALITY ACT AND OFGEM

The Equality Act 2010 (the Act) brought together all previous equality legislation in England, Scotland and Wales. The Act includes a new public sector equality duty (the duty), replacing the separate duties relating to race, disability and gender equality.

The duty requires that Ofgem must, in the exercise of its functions, have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited by or under the Act;
- Advance equality of opportunity between people who share a protected characteristic and those who do not;
- Foster good relations between people who share a protected characteristic and those who do not.

The Equality Act's second aim (advancing equality of opportunity) involves², in particular, having due regard to the need to:

- Remove or minimise disadvantages suffered by people due to their protected characteristics.
- Take steps to meet the needs of people with certain protected characteristics where these are different from the needs of other people.
- Encourage people with certain protected characteristics to participate in public life or in other activities where their participation is disproportionately low.

It states³ that meeting different needs includes (among other things) taking steps to take account of people's disabilities. It describes fostering good relations as tackling prejudice and promoting understanding between people from different groups. It explains that compliance with the general equality duty may involve treating some people more favourably than others.

The duty covers the following **protected characteristics** – age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, and sexual orientation.

The duty also covers marriage and civil partnership, but only in respect of the duty to have regard to the need to eliminate unlawful discrimination against someone

² The essential guide to the public sector equality duty (3rd edition, November 2012); Equalities and Human Rights Commission (http://www.equalityhumanrights.com/uploaded_files/EqualityAct/PSED/essential_guide_update.doc)

³ As footnote 2

because of their marriage or civil partnership status.

The Act also places specific duties on Ofgem to:

1) Publish (at least annually) information to demonstrate our compliance with the general equality duty. This must include information relating to people who share a protected characteristic who are:

- our employees;
- people affected by our policies and practices.

2) We must prepare and publish one or more objectives to further any of the aims of the general equality duty. The objectives must be specific and measurable and reviewed at least every 4 years.

In seeking to embed consideration of equalities issues within its working practices and influencing role, **Ofgem is committed to adhering to both the letter and spirit of the law.**

INTRODUCTION TO OFGEM'S SINGLE EQUALITY SCHEME

We are pleased to introduce our first SES. **This Scheme will apply for the period 2013 – 2016.**

Our start point is our statutory responsibilities towards vulnerable customers and our duties, as defined above, but also a recognition that people can experience 'inequality' in different ways. This requires an holistic response.

We believe that this Scheme is ambitious and challenging, requiring development and commitment over time to implement fully, but at the same time appropriate to our role.

We have concentrated on 4 key objectives where we believe an emphasis on continuous improvement can add most value and impact.

These areas include:

- **Objective 1** – Staff awareness
- **Objective 2** – Internal processes
- **Objective 3** – Policy and decision making
- **Objective 4** – Promoting equality and diversity

These priorities are supported by our Action Plan (Annex A) and are cross-cutting in nature, underpinning our day-to-day activities in policy making, access to information and services, as an

employer and the way we procure goods and services.

We will keep the SES under review, making improvements where there is a clear case for change or when new priorities emerge. **To this end, we welcome views, comments and contributions from external stakeholders, which can be sent to:**

equalities@ofgem.gov.uk

OUR OBJECTIVES



OFGEM'S SINGLE EQUALITY SCHEME

Who is the scheme for?

This SES is for all our staff, delivery partners and stakeholders.

What we mean by equality

We live in a diverse society where everyone has equal rights which must be respected. Advancing equality involves, for those who share a protected characteristic:

- removing discrimination and or minimising disadvantages;
- meeting their needs that are different from the needs of persons who do not share it;
- to encourage participation in activities where their participation is disproportionately low.

As an employer

We believe that by attracting diverse talent we can drive positive change in our organisation and improve our overall standing as a regulatory body. We know that it is not enough just to have an understanding of diversity issues, if we are to drive better performance.

As a regulator

If we are to make a difference, equality and diversity outcomes must be a feature of all that we do. It must matter to all of us, if we are to continue developing

evidence-based policies that take customers' different needs into account and enable us to deliver high-quality programmes and services.

Reviewing our activities

In developing our SES we have identified a number of important areas that need to be regularly reviewed. We have committed to a number of these reviews in our action plan.

In particular, we have focused on ensuring continuing staff awareness of our obligations; our internal processes (e.g. employment practices and procurement); policy and decision making; and, our promotion of equality and diversity in our day to day business.

OUR POLICYMAKING

Our duties require us to have regard to the interests of individuals who are disabled or chronically sick, of pensionable age, with low incomes or live in rural areas, **as well as to those of other consumers whose characteristics or experience of inequality may be different.**

Our approach to equality and diversity, therefore, requires us to consider, and where necessary protect, consumers in the energy market - recognising that people have different needs, situations and characteristics.

Engaging with stakeholders

A fundamental aspect of our work is engaging with a wide range of stakeholders. Effective consultation is at the heart of good policy development. We will continue to review this area.

We carry out regular public consultation exercises, host cross interest forums and engage in bilateral discussions with consumer representatives across Great Britain.

This enables us to embed equality considerations in our work by assessing the effect that our policy proposals have across a wide spectrum of consumers.

Policy-making

We will continue to review how we formulate and implement policies and practices to ensure

that their impact on all relevant groups has been considered.

We will continue to adopt the fundamental principles of better regulation in our work, – that is transparency, consistency, targeting, proportionality and accountability.

We will ensure that our policy work is developed through rigorous research, our dealings with stakeholders are inclusive and wide ranging, and we will promote equality in how we operate as an organisation through both our culture and values.

Some key examples of how equality is considered in our policy and regulatory work are provided at Annex B.

Impact Assessments

Impact Assessments (IAs) have a significant role to play in policy development. Ofgem has a duty to undertake IAs - or explain why one is not required - for all important policy proposals.

We have a rigorous approach to IAs in line with best practice.

However, we are committed to continuous improvement and have embarked on a review of our IA guidance to make, where necessary, improvements to our approach. This review process includes our consideration of the Equality Act when undertaking IAs.

OUR ENGAGEMENT

Public Contact

Ofgem has a Consumer Affairs team dealing with contacts from members of the public seeking information about Ofgem's role and functions or concerned about potential enforcement or consumer detriment issues.

Where necessary they redirect consumers to other sources of assistance (energy companies, the Citizens Advice consumer service, Ombudsman Services for energy or Consumer Focus).

We aim to make our service as inclusive and accessible as possible and operate a dedicated consumer phone number and e-mail address, and provide a text phone/Minicom service. Across Ofgem there are also a number of staff qualified in British Sign Language.

Ofgem staff, including the Consumer Affairs team, are trained in writing in plain and understandable language. Where identified from the consumer's content or on request, written responses can also be given in large print.

Ofgem's publications are, wherever possible, in plain language and designed to be easy to use and read. Corporate font sizes have been adopted in line with best practice guidance.

We will continue to review how we provide information

to ensure it is accessible to all.

Consultations

Ofgem consults on relevant policy development with a range of groups and we are proactive in seeking this engagement.

All consultation documents contain a cover note highlighting the category of stakeholder groups to whom the consultation may be of relevance, and are flagged by email alerts to subscribers and others whom we think may be particularly interested.

We do acknowledge, however, that our consultation processes could be improved. We are currently looking at how we can increase the accessibility of consultation documentation and better target prospective consultation respondents in order to enhance levels of involvement from a wider range of stakeholders – particularly special interest groups.

Publications

Ofgem regularly publishes a range of documents including policy papers, media releases and factsheets which are aimed at various audiences including the general public. Going forward, Ofgem is committed to ensuring that our website meets all required accessibility standards.

OUR PEOPLE

We strive to ensure that our employment policies and practices are free of discrimination, promote equality and ensure adherence to relevant legislation, to provide a secure, diverse and attractive place to work. We achieve this in partnership with staff representative groups.

We consider all requests for reasonable adjustments, in all the areas noted below, where there appears to be a barrier to our employment practices.

We rigorously investigate any claims of discrimination, bias or actions that do not support our diversity and equality aims.

Staff in post

Regular monitoring and reporting to the Senior Management Team, and in our Annual Report, is conducted in relation to equality and diversity, focusing on:

- staff in post and promotions
- applicants for employment
- staff who receive training
- staff pay and reward
- staff who are involved in grievance procedures
- staff who are the subject of disciplinary procedures
- staff who cease employment with us.

Applicants for employment

Equal opportunities data from applications is collected and monitored.

Learning and development

We collate information on the diversity breakdown of staff attending training courses. All training events are, where appropriate, available to all staff.

We ensure that our training programmes and external training providers incorporate equality and diversity considerations into learning and development activities.

Performance management and pay

We analyse all annual assessments of performance and the allocation of financial rewards to see if there are any diversity issues.

Grievance and disciplinary cases

We aim, through good management, to achieve early resolution of any cases relating to grievance and disciplinary issues. This aim includes scrutiny for diversity issues.

Leavers

All staff that leave us are asked to undertake an exit interview. They are able to identify their reasons for leaving and indicate areas for improvement at Ofgem. It includes questions around equality and diversity. We report on this data to our Senior Management Team and Human Resources Working Group.

OUR PROCESSES

We have noted in previous sections of the SES our commitment to ensuring that our internal processes enable our effective monitoring and action on diversity issues. This includes the key areas of human resource practices and our policy-making.

We are also committed to ensuring our external processes related to stakeholder engagement support our diversity aims.

Procurement of services

We firmly support the business case for diversity, and are committed to ensuring that our procurement activities are fair. We meet all required Government standards.

A requirement is included in every contract that the contractor promotes equality of opportunity in their organisations and services they provide. We have reviewed our tender processes to ensure equality and diversity is considered when procuring goods and services.

We will also consider development of external guidance (e.g. on our website) to encourage greater supplier diversity.

OUR LEADERSHIP

We have embedded accountability for the Scheme implementation with the Authority and Ofgem's Executive team, ensuring regular monitoring and review of progress against our action plan.

ENSURING SUCCESS

About our Action Plan

In order to take forward the SES, we have developed an action plan which sets out how we will deliver on this agenda. The action plan will assist us in assessing and managing the progress we make towards improving our efforts on equality and diversity and help external scrutiny. The Plan sets out the actions and timings we propose.

Accountability and reporting

Our Chief Executive and Managing Directors/Senior Partners are ultimately responsible for managing the Scheme and the programme of work that flows from them.

Our Diversity Working Group in conjunction with our Human Resources Department is responsible for monitoring the Scheme.

We intend to produce an Annual Update report, setting out progress against our priorities and action plan.

The Authority will also receive an annual progress update, particularly in relation to our leadership and influencing role.

Scrutiny

Ofgem is a public organisation and has a duty to have due regard to the need to promote equality of opportunity and to eliminate discrimination,

harassment and victimisation. Ofgem will be held to account for undertaking our public equality duties by the Equality and Human Rights Commission, who will assess our performance against this SES.

Continuous review

We intend to keep the SES under continuous review, making improvements where there is a clear case for change or when new priorities emerge. To this end, we welcome views, comments and contributions from external stakeholders, which can be sent to:

equalities@ofgem.gov.uk

Annex A – Action Plan (N.B. some actions appear under one or more objectives)

Objective 1:	To build on our existing diversity awareness programme to ensure Ofgem staff (and contractors) are aware of the Equality Act and their responsibilities by 31 March 2014.	
	Develop and roll-out staff awareness programme	By 31 December 2013
	Create dedicated microsite on staff intranet for guidance/advisory material	By 31 December 2013
	Introduce Equality Act into staff induction programme.	By September 2013
	Review Ofgem procurement practices to ensure EA compliance	By 31 December 2013
Objective 2:	To further review and, where necessary, amend our internal processes (HR, building services, procurement) to embed consideration of the Equality Act by 31 March 2014	
	Review current HR data to ensure compliance with EA	By September 2013
	Review stakeholder engagement to ensure compliance with the EA	By 31 December 2013
	Review Ofgem procurement practices to ensure EA compliance	By 31 December 2013
	Review decision making processes to ensure compliance with the EA.	By 31 March 2014
Objective 3:	To further review and, where necessary, amend our policy and decision making process to embed consideration of the Equality Act by 31 March 2014	
	Review policy and decision making processes to ensure compliance with the EA.	By 31 December 2013
	Review stakeholder engagement to ensure compliance with the EA.	By 31 December 2013
	Review accessibility and inclusivity of our information to ensure compliance with the EA.	By 31 March 2014
Objective 4:	To further promote awareness of equality and diversity in Ofgem and publicise our approach to the wider sector we regulate	
	Review policy and decision making processes to ensure compliance with the EA.	By 31 December 2013
	Introduce Board level annual reporting of EA compliance and progress.	By 31 March 2014
	Review People Survey action planning to ensure equality and diversity issues addressed.	By 31 March 2014
	Publish our SES and updates on the Ofgem website.	May 2013

Annex B

Consumer Vulnerability Strategy

As part of this developing Strategy, we have proposed to embed a more sophisticated understanding of the nature of vulnerability, which would in turn be reflected in our expectations of energy suppliers and distributors as a matter of best practice. This approach would recognise the diverse and multi-dimensional nature of vulnerability, which may vary over time and in different settings as a result of individual's changing circumstances and capabilities. The Strategy also recognises that the market itself can cause or exacerbate vulnerability. We want to develop this more sophisticated understanding of vulnerability in a way that allows it to be embedded and applied easily across Ofgem and the companies we regulate.

As part of this Strategy we also propose to establish a Consumer Vulnerability Network to further develop our connections with a range of grassroots organisations that work with consumers in vulnerable positions. This network will assist us in developing future policy in this area and in understanding more fully the issues that face particular consumers when interacting with the energy market.

Consumer First

The Consumer First programme aims to help Ofgem to further improve our understanding of the things that really matter to energy consumers. It involves ongoing consumer research to inform all of our key policy decisions and includes a Consumer First Panel, consisting of 100 domestic customers recruited from five locations across Great Britain. The panel consists of consumers with a diverse range of characteristics and needs and meets regularly to discuss key issues impacting on their participation in the energy market, as well as other key issues related to energy.

As part of the Consumer First initiative, we have also commissioned research in order to better understand the barriers to market engagement for vulnerable customers including those with a range of disabilities, which we have used to provide evidence on issues outlined in our Consumer Vulnerability Strategy and our Retail Market Review.

We have also commissioned in-depth interviews with people who are medically dependent on their electricity supply - such as those on home dialysis or needing a home oxygen supply - as part of our review of electricity network operations. At the initial scoping stage of each new research project consideration is given as to how people with particular characteristics should be specifically involved.

Supply licence conditions

Gas and electricity suppliers have a range of obligations to both customers and industry which they must fulfil under the conditions of their supply licences. A key part of Ofgem's regulatory approach is the monitoring and enforcement of these conditions, a number of which provide for specific protection for consumers with particular protected characteristics. For example:

- **Priority Services Register** - Each domestic supplier has a licence obligation to maintain its own Priority Services Register (PSR). The PSR is a list of consumers who are of pensionable age, have a disability or a chronic sickness that have asked to be added to their supplier's register. Suppliers are required to provide a variety of free services on request including the provision of bills and information relating to the customer's account in an accessible format for customers who are blind, partially sighted, deaf or hearing-impaired..
- **Consumers struggling to pay** – gas and electricity domestic suppliers must offer alternative payment arrangements, including payment through social security benefits (known as Fuel Direct), a prepayment meter or instalments, and must take into account a consumer's ability to pay when agreeing debt repayment arrangements.
- **Disconnections** – The gas and electricity supply licences require that in Winter (October to March) suppliers do not disconnect households at which the customer has not paid the charges due if it knows or has reason to believe that the customer is of pensionable age and lives alone or lives only with persons who are of pensionable age or under the age of 18. In addition, suppliers must take all reasonable steps to avoid disconnecting in winter premises where the occupants have a disability, chronic sickness or are of pensionable age.
- **Free gas safety checks** – Gas suppliers are required to provide free gas safety checks to those consumers most at risk of carbon monoxide poisoning including pensioners and the chronically sick on low incomes and families with young children. This policy has been specifically developed to focus eligibility on consumers most susceptible to carbon monoxide poisoning and has been developed following extensive stakeholder consultation involving energy suppliers, consumer representatives and the Health and Safety Executive.

Network Licence Conditions and the Discretionary Reward Scheme

Under their licence conditions, electricity distribution network operators are also required to establish a Priority Services Register for customers who are of pensionable age, disabled or chronically sick and who, because

they have special communication needs or are dependent on electricity for medical reasons, require certain information and advice about interruptions in the supply of electricity to their premises.

Gas distribution companies are required to maintain a list of customers who should be given priority in respect of the supply of gas to their premises. This list includes customers who are on the suppliers' Priority Services Registers and where details have been passed to the company by the supplier. Network companies have specific obligations to make financial payments to customers where specific levels of service have not been met (e.g. alternative cooking and heating facilities in certain circumstances where gas supply to priority customers is interrupted).

If requested by a customer who is blind or partially sighted, deaf or hearing-impaired, network companies must provide the following in a way that is appropriate to that customer's communication needs:

- information and advice relating to interruptions in supply; and
- facilities to ask or complain about any service provide by the company.

Gas distribution companies are additionally required to provide a facility for customers with hearing impairments to report gas emergencies.

To encourage good practice over and above these licence requirements, Ofgem introduced a Discretionary Reward Scheme to provide a financial incentive to distribution companies to develop best practice for a variety of consumers in areas that cannot be easily measured or incentivised. Companies were assessed on their policies and practices which take a holistic approach to, among other things, the provision of support and accessible information for priority services customers where these exceed the statutory licence requirements. Award decisions were taken by a panel which included disability group representatives.

The Discretionary Reward Scheme has achieved significant success in developing good practice of particular relevance to customers with disabilities such as proactive use of materials and communication techniques such as easy-to-read, audio and Braille formats; partnership with a home oxygen equipment provider to raise awareness of the Priority Services Register among oxygen dependent customers and co-ordinate emergency care; customer support vehicles and winter packs to provide assistance during interruptions; and bespoke customer service training initiatives to empower staff to respond to the needs of customers with learning difficulties. The scheme has benefitted a broad spectrum of consumers and has encouraged distributors to address the specific needs of consumers in relation to their energy supply. For gas distribution, the Discretionary Reward Scheme continues to play an important role in addressing issues such as fuel poverty and carbon monoxide awareness.

For the electricity distribution companies, we have moved from the discretionary reward scheme to a stakeholder engagement incentive.

The electricity distribution stakeholder engagement incentive encourages the network companies to engage proactively with all stakeholders in order to better anticipate their needs and deliver a consumer focused, socially responsible and sustainable energy service.