




Ofgem
Consumer First Panel

RESEARCH TO INFORM OFGEM'S REVIEW OF THE PRIORITY SERVICE REGISTER



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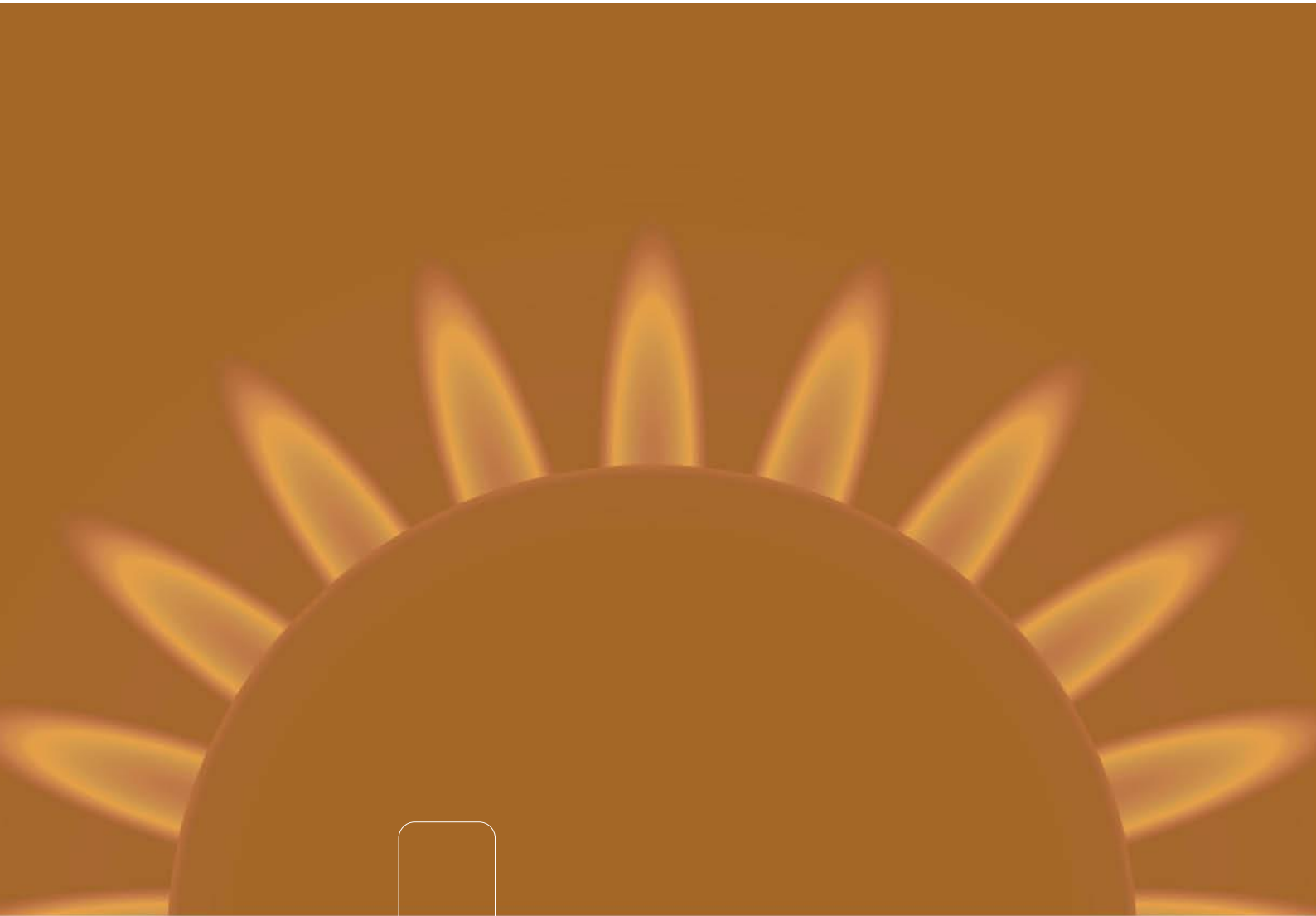
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MANAGEMENT SUMMARY



MANAGEMENT SUMMARY

Ofgem asked Ipsos MORI to use the Consumer First Panel¹ to undertake research to understand energy consumers' broad expectations of the non-financial support provided by suppliers and distribution companies² to vulnerable and potentially vulnerable consumers, including services provided through the Priority Services Register (PSR) and gas safety checks³.

The discussions focussed on three main aspects of non-financial support, namely:

- Eligibility – who should be eligible and why;
- Accessibility – how those who are eligible should be made aware of the Priority Service Register (PSR) and how they should sign up to it; and
- Services provided – what kind of support should be available to vulnerable or potentially vulnerable customers.

Workshops with 123 newly recruited participants were conducted in six locations across Great Britain between the 23rd January and 7th of February 2013. The Panel is recruited to broadly reflect GB adults and as such includes a number of people who are eligible for PSR services currently, including those of pensionable age and some people with long term illnesses or disabilities.

VIEWS OF GB ENERGY MARKET

Participants' views of the GB energy market provide important context for understanding their views about vulnerability and reactions to the concept and details of the PSR and gas safety checks. Overall, Panellists' views about the energy market were generally negative, though somewhat less so than in last year's Panel. Some had seen improvements but the majority felt the market is still not working in the interests of consumers.

Consequently, Panellists advocated measures that would allow them to identify the cheapest deal more easily.⁴ Ultimately, they felt the outcome of this would be increased affordability, i.e. bills falling for the majority of customers. Specifically they called for:

- **Tariff simplification** – for most Panellists this would involve both offering fewer tariffs to decrease complexity, and simplifying tariff structures to make it easier to make comparisons.
- **Better information** – i.e. simpler and more comprehensible information on energy bills, and more transparent information on tariff pricing.

¹ This reports presents findings from the first wave of Panel (now in its fifth year)

² Distribution companies - including distribution network operators (DNOs) and gas distribution networks (GDNs) - are companies licensed to distribute electricity and gas in Great Britain. There are fourteen licensed geographically defined areas where the DNO distributes electricity from the transmission grid to homes and businesses. They are not permitted to supply electricity. There are four licensed geographically defined areas where the GDN distributes gas from the transmission system to homes and businesses. They are not permitted to supply gas.

³ Energy companies are required to provide gas safety checks to customers who are defined as vulnerable using set criteria. These criteria are different to that for the PSR. Gas Safety Checks are available to home owners on means tested benefits who are elderly, disabled or chronically sick and either live alone (or with others who are all elderly, disabled, chronically sick or under 18), or are living with others where at least one child is under 5 years old. See: http://www.gassaferegister.co.uk/advice/vulnerable_people.aspx

⁴ While some Panellists advocated more radical changes such as nationalisation, moderators steered conversations towards improvements that are within Ofgem's remit, rather than the Government's.

VULNERABILITY IN THE ENERGY MARKET

Existing awareness of non-financial support for vulnerable energy customers was low.⁵ Panellists were much more likely to be aware of financial support such as special tariffs for older people, low income customers and single parents. Few spontaneously mentioned PSR services such as help with reading meters, ensuring boiler and appliance safety or support answering the door to energy companies.

DEFINING VULNERABILITY

A key finding is that Panellists did not think vulnerability is easy to define, or that it can be assigned to certain categories of people in a straightforward way.

Although Panellists were encouraged to focus their discussions on non-financial support, many of the discussions of vulnerability specific to the energy market initially related to **affordability**. Additionally, **reliance on a continuous power supply** was thought to be a cause of vulnerability. However, most Panellists assumed this would affect just a small minority of customers (e.g. just those who need to continually power medical equipment); although some argued that households with young children could also be considered particularly vulnerable in the event of power outages.

Some Panellists raised the idea that anyone can, at any point, encounter a challenging life circumstance that makes them less able to pay for energy, more reliant on power and in need of extra support when dealing with their energy company. In this sense they argued that some types of **vulnerability are transient**. Panellists thought this emphasised the importance of the PSR being accessible. Furthermore, they believed for it to be truly responsive to customers' needs, it should be well-publicised to all customers on a regular basis (i.e. more often and more effectively than the current obligation of once a year) and be easy to opt in and out of.

Panellists also noted that **vulnerability may be multidimensional**, which adds to the difficulty of defining it. Furthermore, some of these dimensions may not necessarily be as easy to identify as age and disability which initially led Panellists to argue that many more people should be eligible for the PSR than currently are. It was thought that the current strict category-based eligibility may mean the PSR is not always reaching those who may need extra support the most.

Vulnerability was also thought to be a spectrum encompassing people with very different needs and support requirements. Panellists generally concluded that this meant that energy companies should take a **needs-based approach** to providing extra support. However, they did not think this should be allowed to result in extra costs being passed to customers through their bills.

⁵ Ofgem has carried out separate quantitative research to determine levels of awareness of PSR services among the general public, which will be published separately

PEOPLE IN NEED OF SUPPORT

There was consensus among Panellists about a few specific types of people who should receive extra non-financial help; namely vulnerable elderly people, disabled people or chronically sick and those with learning difficulties.

There was less consensus about other customer groups who might be considered at risk of being vulnerable. In response to probing on different groups who might be considered vulnerable, participants explained that those on low incomes, those with large families and those living in remote areas were considered to have some degree of control or choice over their vulnerability depending on circumstances. Therefore it was deemed more complicated to automatically consider them ‘vulnerable’ and therefore deserving of additional support.

RESPONSIBILITY FOR VULNERABLE CUSTOMERS

While there was no consensus around the limits of energy company’s responsibilities in regard to supporting vulnerable customers, some themes were discussed across the different Panel locations.

EXISTING SUPPORT AVAILABLE FROM OTHER SOURCES

Many presumed that certain types of vulnerable people already have a lot of support. Some suggested that those with carers or support workers could look to them, rather than suppliers, to provide help in their dealings with the energy market. Other Panellists agreed that there is no reason to duplicate what is available, but they were concerned that expecting others (e.g. family) to take responsibility for helping *all* vulnerable people in the energy market would mean that *some* vulnerable people would end up with no access to help.

IMPACT OF COST

Debates around who is responsible for providing support arose especially when the services in question were thought to be potentially costly. Most argued it would be less costly for an existing relationship to be utilised (e.g. support worker), rather than requiring energy companies to duplicate this service.

THE IMPORTANCE OF LIAISON WITH RELEVANT PARTIES AND JOINED-UP SUPPORT

These debates led Panellists to suggest that perhaps the important principle is that energy companies should be available to liaise with the other people or institutions that provide support for vulnerable consumers, and should work with them to provide energy-related support.

SERVICES

PRINCIPLES OF PROVIDING PSR SERVICES

The discussion around the provision of PSR services can be grouped into five key principles:

- Services should be **need-focussed**. Panellists want companies to speak to their customers and respond to need from the bottom up rather than setting rigid list of rules and eligibility criteria.
- Tied to this was the principle of **non-duplication of support already available**. It was thought that if energy companies knew their customers’ needs better, they would not have to offer services to those who already have support.

- While Panellists were concerned about the cost of providing the PSR and of any expansion, they thought that **safety first** was a principle that was more important than cost; hence the calls for an expansion of eligibility for free or low-cost gas safety checks.
- Where services are low-cost however, they should be **universalised** and open to all consumers, as they could then potentially benefit more people than they currently do.
- Energy companies should take **financial vulnerability** of customers into account, both when dealing with vulnerable customers (e.g. their supply should never be ‘cut off’) and also when considering tariff pricing structures.

SPONTANEOUS VIEWS OF SERVICES WHICH MIGHT BE REQUIRED

The key non-financial services participants proposed before being given the details of current PSR services were:

- Sensitive customer service and appropriate, accessible communications – it was felt that if energy suppliers performed better in this respect more broadly then there may be less need for more prescriptive support services targeted at specific groups
- Tailored advice around energy efficiency and tariffs
- Practical support and priority treatment for some customers (for example during power cuts)
- Assistance with managing energy accounts

RESPONSE TO THE SUPPORT THAT IS CURRENTLY AVAILABLE

Reactions to the services that are currently available through the PSR⁶ were mostly very positive. **Overall, the services available were seen as “about right”,** with few questioning the specific detail.

Some Panellists suggested extending eligibility for the services listed below to all customers, because they did not think vulnerable customers (using the current PSR definition) always have a greater need for these services than other customers, and because they thought making the services universally accessible would not be expensive (i.e. because they are either low cost measures in themselves, or because uptake would be limited by the fact that only customers who need them would use them).

- **Password protection:** The argument behind this suggestion was that anyone can be worried about letting strangers come into their house.
- **Bill nominee scheme:** Most Panellists thought this could be offered to all customers at a low cost and felt that only those who needed it would request it in any case.
- **Provide information about any bill or service offered by supplier in an appropriate format:** Panellists thought that this was an essential part of good customer service.
- Panellists thought **giving prior notice of interruption and keeping customers informed** as to when their supply will be restored was a core part of an energy company’s customer service, and did not understand why it would not be available to everyone.
- **Free gas safety check:** Panellists in many locations argued that this is necessary because the risks are so high, and the impact of not checking is not just confined to the household whose responsibility it is to pay for the checks.

⁶ Supplier specific services include: third party billing “bill nominee scheme”; relocation of a PPM meter; quarterly meter readings. Distribution specific services include: prior notice of planned interruption; to keep customers informed when supply restored/available. Supplier and distribution companies’ services include: customer password scheme; to provide accessible information about all aspects of their services and facilities to complain for any impaired customer.

The provision of quick reconnection of supply where it has been cut off (for any reason) was thought to be important, and many Panellists would add this to the PSR.

VIEWS ON ACCESSING PSR SERVICES

SPONTANEOUS VIEWS OF THE PROCESS OF JOINING THE PSR

Panellists were concerned that those who are eligible might not be aware of the PSR and therefore could be “missing out” on support that they need. There was a strong perception that currently the PSR is not sufficiently well advertised. Panellists thought that the most important improvement to PSR would be to require energy companies to do more to make people aware of it.

BRANDING

Panellists unanimously called for a single PSR brand to aid recognition and also to enable more effective word of mouth recommendations. Panellists criticised the supplier branded names for being insufficiently descriptive and potentially misleading. Panellists suggested that a more descriptive name be chosen, and that, at minimum, the word ‘free’ be added to the name. A few thought that a more descriptive name should not include the word vulnerable, as those of a pensionable age might not consider themselves to be vulnerable.

PUBLICITY

Rebranding for many was thought to be the first step in raising awareness of the PSR. After this Panellists thought that energy companies should aim to raise awareness by using their normal communication channels with customers as regularly as possible. They thought that the current obligation to inform customers once a year is not enough to ‘catch’ all those who have become vulnerable when they most need support.

Panellists also suggested energy companies should utilise other channels of communication in order to increase awareness among their customers: direct communication with customers in an appropriate format, advertising (although this was quickly rejected by most on the grounds that the cost would be passed on to bill payers) and informing those who work with or care for vulnerable customers.

OTHER MEANS OF IMPROVING THE ACCESSIBILITY OF THE PSR

Panellists thought that energy companies should be doing more to lead the registration process, instead of the responsibility lying with the individual, or someone acting on their behalf.

- **Energy company proactivity:** Many felt that energy companies should seek to ensure people who could benefit are being offered the PSR by sending a questionnaire to all their current customers.
- **Auto-enrolment of people reaching pensionable age:** Most supported the concept of auto-enrolment, as it was seen as a simple and practical means of ensuring the consumers that might be in most need of help are registered (or at least offered relevant services).
- **Data-sharing.** For most, data-sharing of status/eligibility between different energy companies was relatively uncontroversial and indeed the idea of suppliers and distribution companies maintaining separate lists seemed complicated to many.

VIEWS OF THE COST OF THE PSR

Panellists were asked to consider the cost of the PSR and to what extent they might be willing to pay for a revised PSR. Cost was a key concern which meant some of those who previously supported expanding eligibility of PSR services reverted to saying that the status quo was sufficient. However, there was broad agreement on the following four points:

- Eligibility should ideally expand to encompass consumers with learning difficulties and mental health issues;
- (Perceived) low cost services should be made available to everyone;
- However, Panellists unanimously felt that energy companies should be responsible for footing the bill for any changes to the PSR without increasing energy prices; and
- Many want greater transparency in pricing so they can see where their money is being spent;



1

INTRODUCTION

1: INTRODUCTION

In January 2013, Ofgem commissioned Ipsos MORI to conduct research with a refreshed Consumer First Panel to understand how the Priority Services Register (PSR) might best serve vulnerable customers, linked to Ofgem’s new Consumer Vulnerability Strategy. This report presents the findings of this research.

1.1 BACKGROUND AND CONTEXT

The Gas and Electricity Markets Authority (GEMA) is the regulator of Britain’s gas and electricity markets, and Ofgem carries out the day to day functions of GEMA. The principal objective of GEMA and Ofgem is to protect the interests of current and future consumers.

Ofgem carries out a wide range of research with consumers to better understand their interests and to include their voice in the policy making process. Since 2007, it has run the Consumer First Panel, which is now in its fifth year. The Panel, which is fully refreshed every year, consists of around 100 domestic consumers who will meet 3-4 times over the coming year in a deliberative process, whereby they build their knowledge and understanding of energy related issues, and offer Ofgem their views on these which help inform key policy decisions.

This first workshop in Year 5 of the Consumer First Panel focussed primarily on vulnerable customers and their needs. Within its overall remit, one of Ofgem’s main priorities is to take account of the needs of vulnerable customers, particularly older people, those with disabilities and those on low incomes. It is currently undertaking a review of its Consumer Vulnerability Strategy. One of the key strands of this review looks at the “effectiveness and awareness of suppliers’ and distribution companies’ PSRs with the aim of sharing best practice and where possible making tangible improvements.”⁸

THE PRIORITY SERVICE REGISTER

Energy suppliers and distribution companies are obliged to offer specific types of non-financial help to customers of pensionable age, those with disabilities and those who are chronically ill through their Priority Service Registers (PSRs).⁹ They are obliged to maintain a register of these customers and to provide the following services free of charge (where appropriate), when eligible customers request them:

- Quarterly meter readings in order to help those who would find it difficult or impossible to read their own meter;
- Relocation of a pre-payment meter (PPM) to make them accessible where necessary to help those who would otherwise be unable to use their PPM;

⁷ Distribution companies - including distribution network operators (DNOs) and gas distribution networks (GDNs) - are companies licensed to distribute electricity and gas in Great Britain. There are fourteen licensed geographically defined areas where the DNO distributes electricity from the transmission grid to homes and businesses. They are not permitted to supply electricity. There are four licensed geographically defined areas where the GDN distributes gas from the transmission system to homes and businesses. They are not permitted to supply gas.

⁸

<http://www.ofgem.gov.uk/Sustainability/SocAction/Documents1/Proposals%20for%20a%20new%20Consumer%20Vulnerability%20Strategy.pdf>, Pg 5.

⁹ Suppliers and electricity distribution companies hold separate PSR lists, but for the purpose of simplicity in this report we often refer to ‘the PSR’ in the singular.

- Bills in an accessible format (e.g. Braille) for those who would find it difficult or impossible to read a standard bill;
- Password scheme to help consumers who want to be confident that representatives of their supplier who call to their home are genuine;
- Third party billing ('bill nominee scheme') to help those consumers' who would rather a trusted third party manage their account on their behalf.

Suppliers and distribution companies have an obligation to inform **all** of their customers about the PSR once a year.

Electricity distribution companies are also required to maintain their own PSRs for the same types of customer.¹⁰ Electricity and gas distribution companies are obliged to provide information, advice and help during supply interruptions to those who are on their PSRs and must also tell suppliers when consumers have been added to the PSR. Both suppliers and distribution companies are also required to provide, on request and free or charge, accessible information about all aspects of their service and accessible facilities to complain to any customers who are blind, partially sighted, deaf, or hearing-impaired. This could include, for example, making information about the complaints process available in standard or large print, Braille or audio format.

Ofgem's vulnerability strategy document sets out the parameters of the review of the PSR, which include:

- The potential for joining up, sharing lists, or transferring data during the change of supplier process to indicate when a consumer is on a PSR;
- The potential for a common name or brand for PSRs;
- Consumer research on the awareness amongst eligible consumers of PSRs, their attitudes to PSRs, their views on the services that should be offered free of charge and their experiences of being on a PSR;
- Additional eligibility and services offered beyond those required in the licences in order to potentially promote best practice in this area; and
- A review of suppliers and distribution companies licence requirements, including the free services that must be offered.¹¹

Many of these questions and themes are explored in detail in this report. The Consumer First Panel research is being complemented by

- quantitative research with the general public, including vulnerable customers - measuring awareness of the PSR and the services currently offered to vulnerable customers and
- qualitative research with vulnerable customers who are on the PSR, or eligible for the PSR but not registered, and customers who are not currently eligible for the PSR but could be considered vulnerable.

In addition, the report focuses on the free gas safety check which energy companies are required to provide to customers who are defined as vulnerable using set criteria. These criteria are different to that for the PSR. Gas Safety Checks are available to home owners on means tested benefits who are elderly, disabled or chronically sick and either live alone (or with others who are all elderly, disabled, chronically

¹⁰ Gas distribution companies use suppliers' PSR lists to ensure registered customers receive PSR services

¹¹ Ibid,pg.17

sick or under 18), or are living with others where at least one child is under 5 years old.¹² However, some suppliers use a broader definition of eligibility.

1.2 OBJECTIVES

Ofgem asked Ipsos MORI to use the first wave of Year 5 of the Consumer First Panel to undertake research to understand energy consumers' broad expectations of the non-financial support provided by suppliers and distribution companies to vulnerable and potentially vulnerable energy consumers. The discussions focussed on three main aspects of non-financial support, namely:

- Eligibility – who should be eligible and why;
- Accessibility – how those who are eligible should be made aware of the Priority Service Register (PSR) and how they should sign up to it; and
- Services provided – what kind of support should be available to those on the PSR.

Within this broad objective the following specific topics were explored:

- Consumer expectations of the energy industry when providing services for vulnerable customers;
- Awareness of the PSR specifically;
- What services should be provided and to whom? Who might need extra support from their supplier/distribution company and why;
- How consumers view the different roles of suppliers and distribution companies when providing Priority Services;
- Exploration of the costs of such services, and which are considered priority services and why;
- Access to the PSR: how can companies best identify who is eligible. Should enrolment be automatic or opt in? Role of sharing data, e.g. with other energy companies if you switch, or telling other utility companies (e.g. water companies) who is on the PSR; and
- How should such a service be labelled? How helpful or unhelpful is different branding of the PSR across companies? Would consistency across companies be helpful or not?

1.3 METHODOLOGY

A qualitative approach was considered the optimal approach to allow participants to explore this complicated topic, from both a personal consumer and a citizen perspective. Qualitative methods allow participants the freedom to express the issues that are salient to them and they are not restricted in their thoughts by a structured questionnaire.

Workshops of three hours were conducted in six different locations to allow Panellists enough time to express their views about the GB energy market and discuss and reflect on vulnerability and the PSR. The workshops were deliberative in nature, so that Panellists were given information about the energy market and the PSR as the workshop progressed, and encouraged to develop their views in light of the information provided. In future workshops Panellists will continue to build their knowledge of the energy market, which allows for further deliberation throughout the course of the year.

¹² See: http://www.gassaferegister.co.uk/advice/vulnerable_people.aspx

Panellists were also encouraged to prioritise and engage in trade-offs and come to a consensus on an ‘ideal PSR’ (encompassing eligibility, services and access to these services) by the end of the workshop, in order to illuminate the key principles underlying their views. Activities that Panellist engaged with throughout the three hours included:

- A **poster activity** whereby Panellists wrote their top of mind thoughts about the energy market before the main workshop began: this encouraged all participants to engage immediately in the discussion and allowed everyone to feel like they could have their say early on in the discussion. It also allowed for a more focussed discussion on vulnerability and the PSR rather than other aspects of the energy market.
- Group **discussions about the energy market**, and how it is changing: this allowed Panellists to discuss the issues that matter to them as consumers and citizens; those that are most important to them in their everyday engagement with the energy market. It also helped us to understand how overall attitudes have changed since Year 4 of the Consumer First Panel.
- A **quiz about the energy market**: this task started Panellists thinking about the structure of the energy market and the different companies involved (suppliers, distribution companies) and the different components of an energy bill.
- Discussion of **‘pen portraits’** of potentially vulnerable customers: these short vignettes - each describing a customer with different support needs - allowed Panellists to begin to think about vulnerability in the energy market, and the types of non-financial support that might be necessary to help some customers.
- A **presentation** which outlined the difference between suppliers and distribution companies, and the current PSR obligations to which they must comply: this gave Panellists the information they needed to both consider what companies were already obliged to offer and to begin to create their ‘ideal’ PSR. Panellists were given a matrix **of the current services available** to different types of customer to aid this discussion. They spent time working in pairs to discuss which of these services were essential, ‘nice-to-have’ or unnecessary.
- A **cost trade-offs activity**: this encouraged Panellists to reflect on what changes to the PSR they deemed essential in the context of potential costs to all consumers. This exercise gave them a chance to rethink their ‘ideal PSR’ in light of this cost consideration.

The presentations, pen portraits, Priority Services matrix and discussion guide are published separately.

1.4 SAMPLE AND RECRUITMENT

The research process involved 123 newly recruited Panellists from different backgrounds across six GB locations (Birmingham, Dundee, London, Morpeth Southampton and Wrexham) as shown in Figure 1 (below). These Panellists will meet another two or three times over the course of the next year. The groups were recruited to broadly reflect the adult population of Great Britain, taking into account a number of key criteria that are likely to influence views of the most salient issues. All participants were recruited to be solely or jointly responsible for their household’s energy bills. In addition, the following recruitment variables were used:

- Gender
- Age
- Supplier
- Electricity only vs. gas and electricity

- Ethnicity
- Socio-Economic Group (SEG)
- Tenure
- Fuel poverty
- Long-term condition/disability
- Payment type
- Employment status
- Family status
- Urban/rural

In order to ensure Panellists broadly reflected energy consumers in Great Britain, the quotas set within these variables corresponded to national demographic figures derived from the 2011 Census figures and other relevant data sources¹³.

It was necessary to up-weight quotas to ensure the following groups were represented sufficiently for sub-group analysis. These included:

- Ethnicity – black and ethnic minorities (BME) were up-weighted to ensure that these groups were represented in each workshop location.
- Rural/Urban – we recruited those living in rural areas, including those living off the gas networks to ensure we could capture their views, as they can often have different experience to those living in urban environments.
- Tenure – we also over-represented those living in social and private rented accommodation, as they can often have different experience to those who own their properties.

Figure 1: Panel locations



Participants were recruited by specialist qualitative Ipsos MORI recruiters.¹⁴ The majority of the recruitment was carried out face-to-face on street. However, due to adverse weather conditions a few people who had been recruited were unable to attend. Where this occurred (mainly in rural locations) recruiters utilised alternative techniques e.g. using personal contacts of those able to come to ensure quotas could be met. Recruitment took place within easy travelling distance of the venue (while ensuring the rural quota was met). All respondents were given information about the purpose of the Panel and of the commitment required at this stage, i.e. that they would be taking part in at least 3 workshops over the year, with the potential of being asked to take part in other research in between events. Participants received a monetary incentive to encourage participation in the workshop.

¹³ Full details of quotas including the sources used and numbers of achieved are available on request.

¹⁴ The recruitment questionnaire for this research is published separately

The Panel was over-recruited to take account of dropout, which is a common feature of panel research.¹⁵

1.5 INTERPRETATION OF FINDINGS

It is important to note that qualitative research approaches (including deliberative methods) are used to shed light on why people hold particular views, rather than how many people hold those views. The research is intended to be illustrative rather than statistically reliable and, as such, does not permit conclusions to be drawn about the extent to which something is happening. In the case of this study, we intended to develop an in-depth understanding of consumer conceptions of vulnerability within the energy market, the support that they think would be most appropriate for those who are vulnerable, and the principles that underlie these views. Where possible we have stated how common a particular view was amongst Panellists, but as this is qualitative research, these proportions should be considered indicative, rather than exact.

Throughout the report, verbatim comments have been included to illustrate particular viewpoints. Where this is the case, it is important to remember that the views expressed do not always represent the views of all participants. In general, however, verbatim comments have been included to illustrate where there was a particular strength of feeling about a particular topic.

1.6 REPORT OUTLINE

The rest of this report is structured as follows:

Section 2: Views of the GB energy market – this looks at how consumer needs are met and outlines their concerns, and also describes how views of the energy market may have evolved since Panel Year 4.

Section 3: Views of extra support in the energy market – this brief section looks at what extra support consumers think is available in the energy market.

Section 4: Vulnerability in the energy market – this section explores Panellists’ spontaneous and considered views on who needs extra support within the energy market and the principles underlying these views.

Section 5: Services for vulnerable consumers – this section discusses views on the principles of support energy companies should follow and specific services they should provide to those who are eligible for PSRs.

Section 6: Accessibility of the PSR – this section describes what consumers think of the current process of getting on PSRs and improvements that are deemed necessary. It also discusses views of how energy companies should communicate the PSR to their customers.

Section 7: Cost of the PSR – this section discusses views of the cost of the PSR, whose responsibility consumers think the cost of PSR is and whether and how much Panellists would be willing to pay for any suggested changes to the PSR.

Section 8: Conclusions – this brings together the findings from the study to provide overall conclusions and implications.

Section 9: Appendices – this contains discussion guides and other research materials.

¹⁵ The overall achieved sample of those who attended the first Consumer First Panel workshops is published separately



2

VIEWS OF THE GB ENERGY MARKET

2. VIEWS OF THE GB ENERGY MARKET

This section sets out consumer views of the current energy market and how they have changed since Year 4 of the Consumer First Panel. The findings presented in this section give a contextual understanding of many of the views on vulnerability and reactions to the PSR expressed throughout the report. Where differences in attitude between Panellists from Year 4 (2011-12) and Panellists from Year 5 (2013) were observed, these are described, as they give some insight into the evolving consumer view of the energy market.¹⁶ Overall Panellists were somewhat less negative about the energy market this year, although many concerns remained the same, particularly those around the difficulty of navigating the market, the high costs of energy and perceived unfair behaviour of energy companies.

As outlined in the methodology section of the previous section, Panellists were invited to arrive early to the workshop, and complete a ‘poster task’ in which they wrote down their thoughts on five key questions:

- What’s good about the energy market?
- What’s bad about the energy market?
- What have you heard about the energy market recently?
- How would you improve the energy market?
- What are the future issues in the energy market?

This section uses data gathered from the posters and also during a short discussion about overall engagement with the energy market at the start of each workshop.

2.1 OVERALL VIEWS OF THE GB ENERGY MARKET

Panellists’ spontaneous views about the energy market were generally negative, though somewhat less so than in last year’s Panel, with some mentioning improvements they had noticed such as the improved ability to compare tariffs and change supplier online and the convenience of paying by Direct Debit. It is possible that consumers are observing changes some of the Big Six suppliers are making in anticipation of likely forthcoming retail market reform (e.g. around improved information provision) but that this is not yet translating itself into more active engagement with the market. Many of the perceptions outlined below remain broadly negative and convey a sense of resignation with a market, as it is still not seen to be working in the interests of consumers.

However, this marginal shift in attitudes should be considered in the context of falling overall switching rates¹⁷. Just 11% of gas customers and 12% of electricity customers switched their supplier in 2012, compared to 19% and 20% respectively in 2008, which suggests that the proportion of people actively engaging in the market is falling. There also remains a very high proportion of consumers who say they

¹⁶ Please note, differences between Year 4 and Year 5 may not always indicate changing attitudes over time, as Panellists have changed between this year and last.

¹⁷

<http://www.ofgem.gov.uk/Markets/RetMkts/rmr/Documents1/Consumer%20Engagement%20with%20the%20Energy%20Market%20-%20Tracking%20Survey%202013.pdf>

have never switched tariff (62% for both fuels)¹⁸. In Panel workshops, most people felt there was simply no point in looking for a better deal or switching tariffs or suppliers.

Few had heard many good things about the energy market recently. Many Panellists' impressions of the energy market were based on media stories they had heard or read, but some Panellists' views were influenced by their own experiences within the market. Regardless of how their opinions were formulated, most felt that the market was in “chaos”, and “out of control”, and that competition was not necessarily working to the benefit of customers.¹⁹

PRICE

As in last year's Panel, conversations around price dominated discussions of the GB energy market. The main points of discussion that Panellists raised were price increases, rising fuel poverty, lack of transparency in pricing and complicated tariff pricing. These issues, all of which feed into overall negative views of the energy market, are outlined below.

Price increases

In each Panel location across GB, price “hikes”/“increases” were the most prevalent words used in response to ‘**What's bad about the energy market?**’. In discussion many Panellists mentioned recent price increases had occurred “just in time for the winter bills”. Many Panellists had personal experiences of price rises which had impacted on their view of the market. Additionally, the widespread press coverage of price increases meant that this was the main energy related issue that Panellists had heard or read about in the media. Some felt that “after years of price increases” there needs to be stronger action to curb potential harm to consumers:

“People dying of hypothermia because they can't afford the price of fuel. That doesn't rest easy with me, in a developed country.”

Rising fuel poverty

In several locations there was a lot of concern about increasing numbers of people unable to afford adequate energy to heat and power their homes. Even where they were not themselves in this situation; many Panellists from across all social grades thought that fuel prices were putting a huge strain on household budgets.

Lack of transparency in pricing

Panellists thought that the perceived price increase “rounds” are not reflective of changes in the wholesale market price for energy. Some Panellists were convinced that consumers are being overcharged for energy by suppliers not “passing on” reductions in the wholesale market price of energy in a timely manner.

“The fluctuations in the price of energy are not reflected in the cost.”

¹⁸ The previous downward trend in the proportions who say they have “never switched” has been arrested – up one point for gas, and up three points for electricity. This may be attributable to the adjusted wording for the question “Did you switch your ...supplier at any time before 2012?” which attempts to remind respondents about earlier switches.

¹⁹ A small number of Panellists specifically mentioned the recent allegations about wholesale gas price fixing, but this did not seem to be a strong driver of opinion. Allegations of the manipulation of UK wholesale gas prices are currently being investigated by the Financial Services Authority and Ofgem.

Complicated tariff pricing

Complicated pricing was another key theme that echoed concerns raised in last year’s Panel, with people spontaneously referring to the “hundreds” of tariffs on offer, and the difficulty in telling the difference between them and working out which would be the best deal for their household and their particular circumstances. As seen in previous Ofgem research²⁰, Panellists felt that the nature of pricing in the energy market made it particularly difficult to engage in. A handful of Panellists had heard about plans to reduce the number of tariffs on offer, but this did not seem to be driving any changes in views of the market as yet, because this change has not yet affected them personally.

Complicated pricing was also thought to be reflected in bills, which many found to be incomprehensible, particularly where they were on tariffs with tiered pricing. As a result of this perceived complexity, for many, the extent of their engagement in the market is paying their direct debit, or checking the ‘amount to pay’ figure on their energy bill.

SWITCHING

By contrast to last year’s Panel, there was a higher proportion of Panellists who had switched tariff or switched supplier recently. For some, especially the frequent switchers, this was generally a positive experience as they felt that they had saved money. These Panellists tended to use switching websites and were quite confident in their understanding of the market and tariffs, and the process of transferring from one energy supplier to another. However, one said they felt like they had to switch in order to try to “beat the market”, and resented the time it took and others agreed with this sentiment. Others believed that they had not saved money by switching, and in some cases had ended up paying more.

A few Panellists had stories of difficult or confusing switching processes that had resulted in other problems such as double billing. Their experiences had made them even more disillusioned with the market. This sentiment is similar to that found in last year’s Panel; one bad experience whilst attempting to engage in the market can lead to future disengagement.²¹

COMPETITION

There was much discussion of the nature of competition in the market. For some, the annual price increases that they have observed happening simultaneously across suppliers were seen as evidence of collusion in the market. The perception that energy companies operate as a cartel was strongly held by some Panellists. Others believed the desire to be as profitable as possible was the nature of any market. Because of this, they thought that energy should be treated differently given its special status as a universal need. However, they were unable to articulate what the ideal would be, beyond general calls for ‘regulation of prices’.

“They make umpteen billion pounds of profits and still put the prices up! How is that allowed?”

Given how essential energy is perceived to be, many thought that Ofgem and ‘the government’ are not doing enough to intervene, especially at a time of “triple dip recession”. In this context, some suggested

²⁰

<http://www.ofgem.gov.uk/Markets/RetMkts/rmr/Documents1/Consumer%20engagement%20with%20the%20energy%20market,%20information%20needs%20and%20perceptions%20of%20Ofgem.pdf>

²¹ Ibid.

that energy companies should not be allowed to make excessive profits. A small number suggested that the entire industry be renationalised.

Some Panellists were more positive about the idea of a competitive energy market. Those who had successfully saved money by switching supplier were convinced that it can help consumers. Overall, however, there was a perception that competition is currently not working for the benefit of consumers.

Panellists also thought that suppliers tended to only focus on winning new customers to the detriment of their existing ones; unlike in other markets such as mobile phones, loyalty was not seen to be rewarded. Conversely, there were thought to be insufficient perks to make switching attractive unless there is a lot of money to be saved.²²

IMPROVEMENTS

Panellists were also asked specifically what was good about the energy market. Whilst some struggled to answer this, others could mention what they believed to be improvements. A few thought that bills were reasonably clear and becoming clearer. This may reflect some of the changes that have been made to suppliers' billing in anticipation of Ofgem's Retail Market Review proposals (although no Panellists mentioned the RMR by name). Others were pleased with how easy and efficient it is to pay their bills nowadays, particularly by direct debit and online. Online price comparison websites were also seen by the most engaged as very useful in navigating the market and finding good deals. However, these positives were also seen as negatives for many other Panellists. They thought that it is unfair that people get discounts for paying by a specific means. More broadly, there was a perception that *"if you are not online you suffer"* in the energy market (discussed further in Section 4.4).

2.2 FUTURE ISSUES IN THE ENERGY MARKET

The most pressing future issue in the energy market was seen to be affordability. While Panellists seemed more resigned than angry about the perceived inevitability of increases each year, some did think that prices are reaching a point where they will have serious consequences for those on the lowest incomes.

Concerns with affordability were closely linked with the two other main future issues: energy efficiency and securing adequate supply. The first was thought to be important both because of future supply constraints and the effect of energy generation on the environment (e.g. burning of fossil fuels) but primarily due to the need to lower bills in their own households. Changes to how we live, particularly the rise in home-based working, were seen as potentially adding to household bills in the future, which makes affordability an even more pressing issue.

Concerns about securing supply in the future led to debates about renewable energy sources. Many Panellists were convinced that the government and energy companies need to be taking urgent steps to invest in renewables due to decreasing supply of fossil fuels.

²² Ibid - see the report for the second wave of Panel research last year for a detailed discussion of the consumer path to engagement in the energy market.

“We’ve got to go green, have to think about our grandkids and their kids.”

However, they were also worried that this would lead to further increases in energy prices, partially driven by recent media reports about the high level of investment required in alternative energy sources including renewables and nuclear.

“Renewable energy sources – they’re not all efficient. Wind farms definitely aren’t and the consumer pays for investment in the future.”

Overall, Panellists generally had a pessimistic view of the future of the energy market, and were convinced that not enough is currently being done both to ensure security of supply, affordable energy in the future and to meet carbon emissions targets. However, they felt strongly that future-proofing should be paid for through energy company ‘profits’ and not by passing the costs through to the consumer.

“Why can’t the government do a law that forces 15% of profits into investment in the future – there has to be a long term goal.”

2.3 SUGGESTED CHANGES TO THE CURRENT MARKET

A small number of Panellists called for renationalisation of energy companies, or suggested that at the least they should be run as not-for profit companies. Others advocated much more intervention by “the government” to control the energy companies, by capping profits or shareholder earnings.

Overall however, Panellists called for measures that would allow them to identify the cheapest deal available to them.²³ Ultimately, they felt the outcome of this would be increased affordability i.e. bills falling for the majority of customers. Specifically, they called for:

TARIFF SIMPLIFICATION

Most, called for fewer tariffs and simpler tariff structures as they believed this could make it easier to compare different products across the market. Some advocated the abolition of tariffs altogether, on the grounds that they are too confusing. They believed that everyone with a particular supplier should be paying the same price for their energy. Few had heard of Ofgem’s work in this area, but a handful had heard David Cameron’s statement about obliging energy companies to put their customers on their cheapest tariff, and they were usually in favour of this plan. There was some scepticism about this however, due to broader cynicism about the nature of the market.

BETTER INFORMATION

Panellists also called for simpler and more comprehensible information on the bill.

“Simpler bills! You need to be a scientist to be able to understand them now.”

²³ Moderators encouraged Panellists to focus on improvements that are within Ofgem’s remit, rather than the Government’s.

Panellists also wanted more transparent information on tariff pricing. Specifically, they want information to be set out in a way that makes sense to them, and that relates to the way in which they consume energy. For example, as in Panel Year 4, there were many spontaneous calls for information on how units relate to everyday usage. Panellists thought that if they could understand how much it cost, in monetary terms, to power every day household tasks (e.g. to boil a kettle), then they would better understand their bills, and consequently would be better placed to control their usage.



3



VIEWS OF EXTRA SUPPORT IN
THE ENERGY MARKET
GB ENERGY MARKET

3: VIEWS OF EXTRA SUPPORT IN THE ENERGY MARKET

This section examines what extra support Panellists spontaneously thought was available to energy customers. It discusses Panellists' awareness of non-financial and financial support in the energy market.

Overall, Panellists were largely unaware of non-financial support available to vulnerable customers from energy companies, and felt that they were ill informed about what support is available to those that might need it. As a consequence, many assumed that there is not much support available. Even when prompted to think of non financial support, Panellists struggled to give any examples. This may be because their perception of what makes a consumer “vulnerable” in the energy market is primarily related to ability to pay. We discuss this further in Section 4 of this report.

SPONTANEOUS KNOWLEDGE OF EXTRA SUPPORT IN THE ENERGY MARKET

Spontaneous knowledge of the support currently available to customers who need extra help was very low in the workshops. Ofgem has carried out separate quantitative research to determine levels of awareness of PSR services among the general public, which has been published separately.

Many thought that there is not much non-financial support available to consumers who need it, in part because very few of the Panellists had experience of receiving such support themselves.

“Thing is, until you’ve had a problem you don’t look into it, you don’t even think about looking into it and when you do phone the company and say you have a problem they can’t help you.”

As a result of more general distrust in the market, there was a strong perception that energy companies do not try to build relationships with their customers or treat them well as individuals, and thus would be uninterested in providing extra support to those who might need it:

“They don’t know care about individual people, older people and people who don’t use too much energy.”

Where support is available, it was thought that this would be difficult to find and would require “digging around”. They thought that energy companies would not want many people to claim support because it would decrease profitability. A few Panellists discussed this point in the wider context of treatment of customers by other service providers (e.g. telecoms), pointing out that it could be extremely time-consuming and expensive to offer a tailored service to all your customers, and that no company could afford to do so.

FINANCIAL SUPPORT

When Panellists were asked what kinds of extra support for energy consumers they were aware of, many of the initial suggestions were financial. Some were simply product features that were characterised as ‘support’ such as loyalty points, direct debit or online discounts. In all locations, Panellists mentioned special tariffs which were thought to be available to older people, those on low incomes and single

mothers. A few had heard of one-off payments to those on income support and other benefits to help with their energy bills, or had received these themselves.

Other examples of financial support mentioned by name included the Winter Fuel Allowance, and supplier discounts such as the Warm Home Discount, but Panellists did not differentiate between support offered by suppliers and support offered by the government. This may be in part because they feel that who provides the support is less important than the fact that it is provided at all, as discussed in Section 5.3.

NON-FINANCIAL SUPPORT

When prompted to think of non-financial support, Panellists in all locations spontaneously spoke about energy efficiency, including the advice available, for example from the Energy Saving Trust. Across all workshops, there was discussion of the measures available for improving houses such as fitting new boilers and loft insulation, with a handful of Panellists mentioning by name specific schemes or tariffs such as Stay Warm, the Green Deal and home energy efficiency schemes offered by the Welsh Government. Free light bulbs and adaptors to help customers save energy were thought to be a widespread means of support, as were “energy monitors” – also described as ‘smart meters’ by some – which some Panellists had received, though only a handful said that they had used theirs.

Knowledge of the existence of energy monitors and potential uses seemed to have increased since last year’s Panel. Well-informed Panellists noted that most energy monitors only give people usage information and do not feed back to the supplier. They felt having a meter with this functionality would be as more useful, as it would eliminate the need for meter readings.

Some also mentioned types of support that they thought to be specifically available to the elderly. These included cavity wall and loft insulations (which people saw as non-financial as they would not have chosen to pay for it so they saw it as a free service) and the option to have your meter read if a customer is frail.



4

VULNERABILITY IN THE ENERGY MARKET

4. VULNERABILITY IN THE ENERGY MARKET

This section describes views on vulnerability within the energy market. Specifically we examine who Panellists perceived to be in need or deserving of extra support from the energy market.

Panellists were initially asked for their spontaneous views on those who might need non-financial support. They were then given six ‘pen portraits’ of potentially vulnerable customers and asked to discuss whether these people might need help and what this help might look like. Each of the consumers described in the pen portraits had differing levels of potential vulnerability. These case studies helped to prompt a detailed discussion of types and levels of vulnerability. The stimulus material distributed during this discussion is included in the annex. The six fictional energy customers described in the pen portraits used to prompt discussions about different types of vulnerability were:

- Angela, a 75 year old woman who lives alone and is wary of opening the door to strangers;
- George, a 55 year old man with mental health problems who lives alone in a rural area;
- Sanjeed, a man who is chronically sick, lives alone but has a carer, and has dialysis at home 3 times weekly;
- Bob, a young man with learning difficulties who lives independently;
- Rita, a 35 year old woman who is blind and has hearing problems who lives alone but in sheltered accommodation; and
- Nigel, father in a low-income family who have just had their first child and rely on benefits due to temporary unemployment.

A longer list of potential vulnerabilities were also used as prompts by moderators to ensure Panellists considered a wider range of circumstances which may lead to vulnerability. These were:

- Customers with English as a second language
- Someone with literacy/numeracy difficulties
- Someone with a speech impairment
- Someone who has recently suffered a bereavement or a relationship breakdown
- Someone who is unemployed or who has been made redundant
- Someone who lives with mental health problems (but isn’t registered as having a disability)
- Someone with young children in a rural area
- Someone living in low quality rented accommodation
- Someone leaving the care system care for the first time
- Full time carers
- Lone parents

Rather than report on responses to each case study separately the key themes have been drawn out through analysis to summarise which particular aspects of the case study were seen to lead to potential vulnerability and therefore potentially result in the need for additional non-financial help.

4.1 SPONTANEOUS VIEWS OF VULNERABILITY WITHIN THE ENERGY MARKET

Panellists had low awareness of the extra support that is currently available, but spontaneous views of who might need support in the energy market were unanimous across locations. Before they discussed the pen portraits, Panellists in all areas mentioned that disabled customers or those with long term illnesses would be most likely to need additional support. They perceived that these customers would have a greater reliance on energy to maintain their health. Most Panellists felt these types of customers were deserving of unconditional support across a range of services, and not just within the energy market, as *“we live in a compassionate society”*.

Elderly customers were also spontaneously mentioned in all Panel locations. Panellists said that because these customers often live alone and have the potential to be socially isolated, they will need extra support. For example, they are more likely to have difficulties navigating the energy market, and coping during a power cut.

Even though Panellists were invited to focus on non-financial support, many of the discussions of vulnerability specific to the energy market initially related to affordability, including difficulties in finding the cheapest tariff. In this sense, some thought that everyone had the potential to be vulnerable within the energy market, if for some reason they could not afford the energy they need to heat and power their home:

“It’s now becoming everyone because prices are going up so much, everyone needs help.”

Panellists spoke of the importance of energy, and how it is a fundamental human need. For them, someone who is unable to adequately heat or power their home, perhaps because they are on low wages, is more vulnerable than someone who cannot read their meter due to their personal circumstances or who might struggle during a temporary interruption whether planned or not.

Reliance on a continuous energy supply was thought to be the other main cause of vulnerability in the energy market. However, few were thought to fall into this category: Panellists suggested the main group of people who would be vulnerable in this way would be those who need to power medical equipment continuously. Few Panellists mentioned that they had experienced power cuts so they were not seen to be a big problem. The belief that very few have problems with reliability of supply led them to believe that ability to pay was the key factor in determining energy market vulnerability.

At this stage, only a minority were able to think of other specific reasons why some consumers might need extra support from their energy company. This may be because few had personal experience of problems which might be resolved through non-financial support²⁴. A few spontaneously mentioned difficulties with reading meters, ensuring boiler and appliance safety or coping with calls to the door. This indicates low awareness of how the needs of vulnerable consumers could be met by energy companies. In general, even those Panellists who thought they might be eligible for the PSR (e.g. pensioners, disabled people) could not think of reasons why vulnerable energy consumers might need extra help.

²⁴ The exception to this being the call for better information to help them navigate their options

More broadly, many Panellists did not spontaneously take a ‘citizen’ view²⁵ of the energy market when considering the needs of vulnerable customers. This may be in part to do with their limited understanding of the difficulties vulnerable people might encounter in this market. However, it was also driven by the nature of the relationship they have with their supplier, which is seen to be a purely transactional one i.e. paying for being supplied with energy. As such, they do not expect the companies to be providing extra support to them, or to their fellow consumers, as this was not perceived to be the nature of competitive markets. For many, giving extra support was seen to be the responsibility of the government or family. This is discussed further in Section 5.3 in ‘spheres of responsibility’.

“If you have a health condition, you might need the heat on, you wouldn’t call your supplier, you’d call up social services, your supplier wouldn’t do anything. Our relationship with them is a financial one.”

4.2 FINANCIAL VULNERABILITY WITHIN THE ENERGY MARKET

Throughout the first half of the workshop, Panellists repeatedly returned to financial vulnerability or affordability when discussing who might need extra support from energy companies. As the focus of the workshops was non-financial help, these mentions were not explored in depth but the key points raised are identified below.

Many spontaneously mentioned those on low incomes with children, and specifically single mothers, as potentially being in need of extra financial help. Panellists thought that people with children in their household were more at risk of being vulnerable in the market as many felt they simply cannot go without power in the way that adult-only households could:

“In the past I’d go without power...now [I have children] I can’t.”

Many were of the view that parents with young children are more likely to need and deserve extra financial help to ensure that their houses are adequately powered and heated. The main suggestions were cheaper tariffs to help those who are financially vulnerable or tailored advice on the most suitable tariff for them. Additionally, some suggested people with children should not have their energy supply “cut off” (e.g. due to non-payment of bills) because children should not have to live in a home without power.

Later on in the discussion, Panellists also drew out the link between financial and other types of vulnerability, suggesting that a physical or circumstantial vulnerability can exacerbate a financial vulnerability, and vice versa. Pensioners were thought to need cheaper energy or access to special tariffs because of their reduced income and higher reliance on energy compared to younger people. Some suggested that those with mental health issues might have difficulty keeping up with payments and would need help in ensuring they pay on time to avoid building up debt. Those who were disabled were also thought to need financial support with their bills, because they may need to use more energy to operate medical equipment.

²⁵ Where a participant takes into consideration the perspectives of other people when forming opinion about a topic

Finally, some suggested those who are isolated, perhaps because they are elderly and living alone, live in remote rural locations or have mental health problems, were thought to potentially need financial support (particularly advice on the most suitable tariff) in the energy market. Panellists felt this because they thought such customers may not have the option of accessing help from other sources. These issues were frequently raised when discussing the pen portrait of George, a 55 year old man with mental health problems who lives alone in a rural area.

“He [George] should get financial support because he is in a vulnerable position and he doesn’t have any friends or family nearby.”

This latter point was made throughout the workshops in relation to support for vulnerable people more generally. Where people are socially or geographically isolated or lack support from family, friends or institutions including the state and charities, then the likelihood of vulnerability in the energy market was perceived to be increased. Panellists were not always sure who should be responsible for helping people in these situations (see Section 5.3) but suggested that it might be useful to take access to other sources of support into account when considering eligibility for the PSR.

4.3 PEOPLE IN NEED OF SUPPORT

After the pen portraits were discussed, there was consensus among Panellists about a few specific types of people that need extra non-financial help; namely vulnerable elderly people, disabled people or chronically sick and those with learning difficulties. These were either case studies of people they knew (for example as a result of having elderly relatives) or whose vulnerability was a verifiable condition (e.g. physical disability), and was not a result of the choices the individual made (e.g. choosing to live in a rural area).

ELDERLY PEOPLE

Most thought elderly people should be given any support necessary to allow them to feel secure and confident, for example having password protection or the option to have a trusted friend or family member present when they are expecting a caller to the house from an energy company.²⁶ However, many did not give detail of the specific services at this stage as they felt it should be up to the elderly person to decide what support, if any, they required.

Some argued strongly against labelling all pensioners as vulnerable. This fed into a wider argument that the PSR should be more specific and designed around need rather than category. Those of a pensionable age in particular did not think that there was anything about their age that meant that they should be automatically enrolled on the PSR. There was a feeling that it is important to not make pensioners feel like they are vulnerable purely because of their age:

“Pensioners feel dispirited when people think they’re incapable. I don’t think all pensioners need help.”

²⁶ This mirrors other qualitative work exploring general public views on who deserves support from the state. Even where costs of providing different support services are presented, people of all ages tend to be more sympathetic to the claims of elderly people than those of any other group that may be thought to be in need: often the reason behind this in relation to state support is the perception that elderly people have worked hard all their life and “paid in”/paid for their benefits. It is also likely to be driven by almost universal experience of knowing someone of pensionable age.

However, some Panellists reasoned that additional support was necessary for elderly people not because of their age, but because of the likelihood of having some other type of vulnerability that might be related to their age, such as living alone, being frail or socially isolated. Panellists often had personal experience of parents or acquaintances having similar problems to Angela, the 75 year old woman described in the pen portraits, such as being scared to open their door to unsolicited callers.

DISABLED/CHRONICALLY SICK

Additional support for people who are disabled or chronically sick (where a particular condition affects a person's day to day physical capabilities) was considered relatively uncontroversial.

It was thought that those with physical disabilities should have access to any support that they need to ensure they are not at any disadvantage in the energy market due to their specific condition, although it was not always clear whose responsibility it should be to provide that support or what these disadvantages might be (see Section 5.3). Most thought that the same principles should be extended to those who have a learning disability or mental health issue, as they may have difficulty understanding the energy market, making sure they have paid their bills on time and coping during a power cut. Some Panellists argued that given that the spectrum of learning disability or mental health is so broad, one should need to be profoundly impaired to be eligible for extra support from energy companies.

Panellists acknowledged it can sometimes be difficult for service providers and other agencies to accurately assess who is disabled and who needs related support. Most thought that energy companies should assess their vulnerable customers on a case by case basis in order to ascertain their support needs, but then were unsure about how those who needed the extra support could prove that they did. The detail in the pen portraits led to a discussion of the need for registration and what registration might mean, which some presumed would be linked to eligibility for state disability benefits.²⁷

Some argued strongly that the consumer described in the pen portraits (George - who suffered from mental health issues) would need to be registered disabled before he could have access to support. Others said that he should have access in any case (without the need to be registered as disabled), as it was presumed that the help that this person might require would be low cost; for example access to the bill nomination scheme.

After discussion of George's requirements, many thought that anyone who could prove to their supplier they had a physical or learning difficulty or mental health issue should have access to the specific services they need to manage their energy account or to look for a better deal in the energy market. However they also presumed that, even if awareness of PSR was much higher than it is currently (see section 6 for further discussion of awareness), no one would ask for access to these services unless they actually needed them. Consequently, they believed extending eligibility would be unlikely to lead to 'abuse of the system' and over-claiming of the services on offer, particularly because the help would not be financially beneficial.

²⁷ In one workshop, Panellists discussed current changes to eligibility for state disability benefits, and argued that those who are made ineligible should be given a year's 'grace period' in which they would still be eligible for the PSR.

Most Panellists thought that those with difficulties speaking, seeing or hearing were vulnerable and deserving of help in all consumer markets, not just energy. They said that those who have difficulties communicating should be given as much support as they need to gain information and communicate with their energy company. However, there was a presumption that this is a standard part of customer service across all markets (including telephone, banking, insurance, etc), and not just the energy market.

LEARNING DIFFICULTIES

There was a high level of sympathy for consumers with learning difficulties. When discussing the pen portrait of Bob, who has difficulties reading and writing, many Panellists were surprised that someone in this situation does not currently receive any extra support from energy companies. This was thought to be especially important in the context of the perceived complexity of the energy market and communications from suppliers. For some this was an argument for simpler communication for all customers:

“If a consumer who has no difficulties can’t understand things, then what chance has Bob?”

However, a small number said that there should be clearer terms of eligibility. They believed that someone should need to have severe learning impairments rather than being eligible due to a “difficulty”, and were consequently unsure whether Bob should be eligible for support based on the information provided in the case study.

4.4 OTHER GROUPS WHO MAY NEED SUPPORT

There was less consensus on other types of customers that could be considered vulnerable, in particular those where the vulnerability related to circumstances over which people could potentially have some control. Whether or not Panellists believed people in different circumstances might need or deserve extra support was often based on assumptions about whether the specific circumstance described might be a result of:

- personal choice (e.g. living rurally, having young children) or
- had the potential to be remedied by personal actions (e.g. by moving home, by learning English, asking for family/friends to help).

In general, those people in the case studies who were apparently vulnerable due to a decision they had made, or a circumstance they could change if they chose, were less likely to be considered vulnerable or in need of non-financial support, than those who had no choice over the challenges they faced.

Some Panellists had the cost of providing extra support top of mind throughout the workshop. These participants tended to argue against providing support for lots of different types of potentially vulnerable people. Instead they argued in favour of keeping help focussed on the types of people outlined in the previous section (elderly, disabled, chronically sick, learning difficulties, mental health issues).

However, sometimes opinion of whether certain people deserve support was driven by wider considerations of the energy market. Those who had strong opinions that energy companies currently make too much profit argued that anyone who is vulnerable for any reason should get extra support when they need it as long as the support was paid for by the energy company.

“These companies are choosing to make profit; but because it’s [energy] a fundamental human need, it should be their responsibility to help vulnerable people. It’s all about the market but we’re forgetting about people... we should help them out.”

In one group, this argument for widening eligibility for PSR seemed to be driven more by personal experience of low-income and other forms of vulnerability such as affordability. This group argued that *“everybody’s struggling”* at the minute and that it should not be hard for energy companies to give an *“extra helping hand”*. They therefore concluded that eligibility for support should be universal. This point particularly related to financial support, but also applied to non-financial support too. For example, many felt that help navigating the market could be considered non-financial and would be important to all consumers.

As discussed above, opinions on whether different circumstances should therefore lead to eligibility were mixed. Below are the examples that did not result in a consensus.

Pre-payment meter (PPM) customers were spontaneously thought to be vulnerable for financial reasons, as it was thought that they are charged at a higher rate for their gas and electricity. Those who found it easiest to navigate the market made this point, believing that PPM customers were being taken advantage of. However, a few Panellists mentioned that installing a PPM was a good way of helping the financially vulnerable to budget for and control their energy expenditure. Several young Panellists had a PPM installed at their request to help them budget, but did not consider themselves in need of the kind of support currently offered through the PSR. Similarly, few Panellists thought PPM customers would be more likely to need non-financial support as a result of their meter type.

The suggestion of providing help to **families on low incomes with young children** led to debate amongst Panellists. Many thought that the only support they should be entitled to would be help with finding the most appropriate tariff (which Panellists classified as non-financial support). However, a few expressed the view that where young children live in a house, that household should not have its power ‘cut off’ (see Section 4.2 above for more details). There was some support for protecting those in transient circumstances: for example, the family member (Nigel) described in the case study had been made redundant. In the short term, he was seen as being more vulnerable through no fault of his own and therefore considered to be in potential need for financial help and protection from being cut off. However, there was a strong feeling among some Panellists that those whose income is low due to being on benefits should not be eligible to receive financial support for this reason alone, as they already receive help from the government, which they thought should be sufficient.

“Why should they get help, other people just get on with it? You can’t keep mollycoddling people.”

Panellists also disagreed on whether those that lived in **rural locations** should be considered for additional non-financial support. In most workshops, Panellists argued that those in rural locations choose to live there, and if they, in effect, make themselves more vulnerable in the energy market by choice (i.e. by isolating themselves or living somewhere where power cuts were more likely). They concluded that those people should not expect to receive extra support free of charge. On the other hand, a small number of people (in Wrexham and Morpeth) argued that supporting those who are in rural isolation is the hallmark of a caring society. In these locations, Panellists concluded that those who live in rural locations and are

also old, disabled, socially isolated, frail or have small children should perhaps receive some extra support when there are interruptions, but simply living in a rural area should not make one automatically eligible for this.

Customers with English as a second language prompted the most debate, and a large number of Panellists strongly disagreed with the suggestion of providing any extra support for this group. This included provision of translated bills, as people felt it would be costly and, on principle, they felt that those who have moved to Great Britain should learn to speak English. Others, particularly younger Panellists and those in Birmingham, were convinced that translation services are not expensive, that it already happened in the energy market, and should continue to do so. Some mentioned that this makes good commercial sense for companies, as it enables people who do not have fluent English to pay their bills promptly.

Panellists were prompted to consider a much wider definition of vulnerability, including those who had **recently lost a partner**, either through bereavement, or divorce/relationship breakdown. Panellists had some sympathy with the idea of helping elderly people who have been recently bereaved, as it was presumed that this might be someone who had not had to deal with the energy market before. They imagined such customers may have difficulties understanding what to do, and may not be aware of the need to have regular gas safety checks. For similar reasons, many agreed that **young people leaving the care system** for the first time may also need extra support, with a subset of this group thinking that this should be extended to **students and other young people** living on their own and looking after energy bills for the first time.

A few Panellists mentioned households who **do not have access to gas** as being potentially vulnerable, and thought that electricity companies should have a list of those who are more reliant on electricity, in case of power cuts.

Finally, a point raised throughout the workshops was the perceived vulnerability (either financially or otherwise) of **people who do not use the internet**. It was thought that those who live entirely offline cannot access the best comparison information, best energy deals or the best customer service. They considered that this type of vulnerability would be likely to overlap with another type, primarily being of a pensionable age. Some Panellists called for energy companies to design their extra support so that it is easily accessible by those who do not have an internet connection or who are not confident in using the internet to navigate the energy market.

Panellists were also asked to consider several other types of people who may potentially be considered vulnerable. They concluded that the following would be unlikely to need extra non-financial support in the energy market, unless they were also in one of the categories listed above:

- **Lone parents:** They were not thought to be vulnerable in the energy market by definition, but could be as a result of other conditions or circumstances (e.g. low income). Therefore they were more likely to be identified as needing financial rather than non-financial support.
- **People living in poor rented accommodation:** Again, these people were not thought to be vulnerable if they were “healthy and able-bodied”. Their landlord should be giving any support with practicalities necessary, though some Panellists lacked trust in landlords carrying out their energy-related duties (see Section 5.4 ‘gas safety check’).

- **Unemployed or people who have been made redundant:** Most Panellists felt that these people would be financially vulnerable – some suggested that energy companies should be obliged to offer a “*payment break*” or a discounted price per unit of energy until a time when these customers are better able to pay. However, the main need of this group was perceived to be more financial rather than non-financial. Also, as discussed above, there was no consensus on whether long term unemployed should be entitled to receive additional support.
- **People with literacy/numeracy difficulties:** These people were not thought to be particularly vulnerable as often they were assumed to be dyslexic and perceived as distinct from people with learning difficulties who were considered to have similar but more severe issues. In general, it was thought that bills and written communications should be made more accessible for all customers, which would help those who have these difficulties.
- **Full time carers:** Again, these people were not thought to be particularly vulnerable by many Panellists, and opinion was split as to whether or not energy companies should be responsible for providing extra support to them. Most assumed the person being cared for would be likely to fall within current eligibility criteria and therefore support for their carer was considered unnecessary. However a few said that energy companies should make an effort to find out more about these customers as a way of ensuring the person being cared for receives the necessary help.

4.5 DEFINING VULNERABILITY

One of the main findings to emerge during the discussions is that Panellists did not think vulnerability is easy to define or to assign to certain categories of people. While most did not use the term vulnerability during their discussions, differing views throughout the workshops indicate that most had a conception of vulnerability that was more sophisticated than the current PSR eligibility criteria.

Some Panellists raised the idea that anyone can, at any point, encounter a challenging life circumstance that makes them less able to pay for energy, more reliant on power and in need of extra support when dealing with their energy company. In this sense they argued that some of types of **vulnerability are transient**. Panellists also thought that circumstances can change very quickly (e.g. bereavement can make someone vulnerable overnight). Conversely it is possible to stop being vulnerable, for example by moving house to somewhere less isolated (i.e. less rural and/or closer to support networks), or due to an improvement in mental or physical health. Panellists thought this emphasised the importance of PSR eligibility being more flexible.

Panellists also noted that **vulnerability may be multidimensional**, which adds to the difficulty of defining it. For example, they noted that a person may be vulnerable by virtue of being both elderly and frail, while a family may be vulnerable because they live in a rural area and have very young children. In neither case would the person be vulnerable just because of one of these two conditions/circumstances. As we have previously discussed in Section 4.2, it was also thought that financial vulnerability may also exacerbate non-financial vulnerability. Furthermore, some of these dimensions may not necessarily be as easy to identify as age and disability which led Panellists to argue that many more people should be allowed to be eligible for the PSR than currently are. It was thought that the current strict category-based eligibility means the PSR is not always reaching those who may need extra support the most.

Vulnerability was also thought to be a spectrum encompassing people with very different needs and support requirements. For example, a person with back problems may only need their PPM meter moved in order for them to be able to charge it, while someone with a specific learning difficulty may need a lot of support when communicating with energy companies. Panellists generally concluded that this meant that energy companies should take a ‘needs-based’ approach to providing extra support. While there were some groups of customers who should potentially be automatically be registered for the PSR (i.e. those with certain conditions which make them particularly reliant on energy), a better approach to helping vulnerable consumers within the energy market would be for the companies to take more steps to “*know their customers*” by understanding better their conditions and personal circumstances. This would allow the energy company to tailor services and extra support accordingly, and make it easy to access this support if and when a consumer becomes vulnerable.



5

SERVICES



5. SERVICES

This section discusses the principles Panellists believed energy companies should follow when providing support and specific services to those who are eligible.

5.1 SPONTANEOUS VIEWS OF SERVICES REQUIRED

As outlined in the previous section, Panellists were asked to consider a set of pen portraits and discuss whether the people described needed help, and what that help might look like. They then developed a long list of services and discussed which they would prioritise and why.²⁸ These discussions about which services should be offered and the reasons why are outlined below.

IDENTIFYING VULNERABLE CUSTOMERS

As outlined in Section 4, many Panellists argued that in order for energy companies to adequately support vulnerable consumers, they need to know all of their customers better, and particularly they need to learn more about those who may need support. Several questioned how an energy company could know that someone has learning difficulties for example; as this is not something which people would automatically tell their energy company. Similarly most felt that lists of people with learning difficulties or mental health issues would not necessarily be available from other sources. Panellists thought that collecting more information about customers' needs would also help energy companies to target consumers appropriately and offer them the specific support that they might need. For example, the person in the pen portraits who was visually impaired but lived independently and was otherwise active was perceived to "just need Braille bills" and was not seen to need the same level of attention as someone who is chronically sick.

A few argued that energy companies should create a list of vulnerable customers and add flags to their accounts to enable them to identify and potentially target people who might need support. This was seen as particularly important as it would allow companies to ensure that no one who is considered vulnerable is ever cut off for financial or other reasons as there would be a warning on the account:

"The operator needs to understand why he [George] can't be cut off."

Panellists thought that a flag on the account would also allow customer service representatives to take into account special communication needs when a vulnerable customer contacts an energy company.

SENSITIVE CUSTOMER SERVICE AND APPROPRIATE, ACCESSIBLE COMMUNICATIONS

Many Panellists thought that sensitive and appropriate customer service ought to be sufficient to provide most vulnerable customers with adequate support. Indeed, once the PSR obligations had been presented,

²⁸ This exercise was done to understand consumers' broad expectations of how energy companies should be supporting vulnerable customers, to be considered by Ofgem alongside the more detailed feedback coming directly from vulnerable customers themselves.

some Panellists argued that if the overall customer service offered by energy companies was better, there would be less need for prescriptive rules around eligibility and services for vulnerable customers.²⁹

Vulnerable customers were thought to need one-to-one advice on energy options, help with making complaints and in some cases very simplified bills. Panellists also thought it was important that these customers should never receive unsolicited sales offers (for example, doorstep selling or being sold to when they get in contact with energy companies about other matters). Where companies need to make a home call to a vulnerable person, Panellists thought that this should always be booked in advance, especially if the person is elderly or has a visual or hearing impairment.

As Panellists presumed that much contact with energy companies happens over the phone, they suggested effort should be put into making this as accessible as possible for vulnerable people. Panellists were concerned that “circular phone calls”, “being put on hold”, “foreign staff”, and waiting a long time for call backs could all be particularly off-putting for vulnerable customers when they are trying to communicate with an energy company about any account related matter. Consequently, Panellists felt these experiences could lead to disadvantage for vulnerable customers, for example, resulting in a complaint remaining unresolved.

Suggestions for specific improvements included having specially trained staff so that all customers feel comfortable with the person at the other end of the line. In particular, some thought it important that company representatives who deal with customers with learning difficulties should be specially trained. Others argued that all customer service representatives should have the skills necessary to take everyone’s specific vulnerabilities into account, for example, “going more slowly” with those with learning difficulties. This type of considerate customer service was something they thought should be available to all energy customers.

Some Panellists suggested that companies should also have a special number for vulnerable customers that they could call when they are experiencing difficulties. Some thought that this should also be available to the family members or friends of these customers in case they needed to contact the energy company on their behalf. As those in need of this support may also be financially vulnerable, a few Panellists suggested that this be a call-back service (with short waiting times for call backs), to save money and help vulnerable customers avoid long holds on the line. Some Panellists in London thought that companies should go further and ensure that each vulnerable customer has access to a personal adviser who they would speak to every time they needed to make contact. It was felt this would help ensure the customer feels comfortable and receives personalised advice and support from someone who understands their circumstances.

Some also argued that appropriate customer service might involve offering face-to-face support where necessary, because some vulnerable customers might find communication by telephone, post or online difficult or even impossible. It was thought that home visits might be appropriate for some, particularly for those who may need a lot of specific support i.e. those with physical impairments or are reliant on energy to power medical equipment. However a few argued that this should be open to elderly people

²⁹ Ofgem have recently carried out research on consumer views of Standards of Conduct in the energy market, which is available at: <http://www.ofgem.gov.uk/Markets/RetMkts/rmr/Documents1/Consumer%20research%20and%20collaborative%20engagement%20on%20the%20proposed%20Standards%20of%20Conduct%20-%20Domestic%20Customers.pdf>

too, as receiving a home visit where a customer service representative who could talk them through their energy options and support available would ensure that fewer old people end up disadvantaged – financially or otherwise – in the energy market. This was immediately rejected by some Panellists as too expensive. Others believed it to be unnecessary as they imagined friends or family would be better placed to provide vulnerable people with this sort of support.

Most thought those with sight difficulties should have the option of getting all correspondence in Braille, and support with filling out any forms, including a home visit if needed.

The principle behind all these suggestions was that personal support should be given in an accessible format sensitive to the individuals' needs. While Panellists argued that this should be the goal for all customers, they presumed that having access to this would benefit vulnerable consumers proportionately more than other customers. As a result, they should be prioritised for enhanced customer service. However, as discussed in Section 5.3, not all Panellists felt this support was necessary if friends, carers or family were providing some level of support.

TAILORED ADVICE AROUND ENERGY EFFICIENCY AND TARIFFS

In some locations, tailored advice around energy efficiency and tariffs was spontaneously raised as the most important support that should be given to vulnerable customers in the energy market, and for some groups (e.g. low income) the only help they would need. As discussed in Section 4.2, physical or mental vulnerability was thought to go hand in hand with financial vulnerability. Although it was not argued explicitly, some Panellists assumed that helping vulnerable people to save energy and reduce their bills in the energy market would help them with other forms of vulnerability too. This was thought to be especially true for those who use a lot of energy or consume a lot of energy at certain times of day due to a physical impairment/disability/long-term condition. Panellists argued that they may need one-to-one in-home advice on tariffs that suit these patterns of use, and perhaps timers to regulate their usage, to ensure that their disability/long-term condition does not end up financially disadvantaging them.

“His [Sanjeed’s] usage is different from other customers so he needs to be treated differently. He should have the cost of his dialysis machine monitored, and get advice on how to save in other ways too.”

Again, while this level of support was considered a ‘nice-to-have’ for all customers, most Panellists felt vulnerable people should be prioritised for receiving tailored advice, given that they are more likely to benefit, and thought to be more in need of that benefit.

PROVIDING PRACTICAL SUPPORT

Most Panellists felt energy companies should be prepared to provide practical support to vulnerable customers in the event of power cuts. Panellists believed these customers would be more reliant on energy than “average consumers” and therefore ought to receive priority for restoration of power, call-outs and any repairs that may be necessary after an interruption. Elderly customers and people with sensory impairments were also identified as groups who would benefit from this kind of support.

Additionally, Panellists suggested customers who are continuously reliant on electricity may need either back-up generators or help to make alternative arrangements (e.g. energy companies may need to supply them with temporary accommodation).

In cases where those with mental health conditions or those who are socially or geographically isolated are impacted by an interruption, some Panellists suggested that they may need an emergency hotline to call or even someone to check on them in person to ensure that they are ok.

Although practical support was mainly discussed within the context of power cuts, some Panellists mentioned other types of practical support that could benefit vulnerable consumers. These included:

- Moving meters. Many noted that meters may be in inaccessible places for vulnerable customers. Panellists thought energy companies should offer to move the meter of anyone who is physically unable to access their meter, not just those on the PSR. It was thought that this would be most likely to be necessary for those who are disabled/chronically sick or the frail elderly.
- Installing smart meters for all those whose vulnerability makes meter reading difficult – Panellists argued that if this were in place there would be no need to move meters or send readers to the house on a regular basis.
- Free safety and efficiency checks of old appliances for elderly people.
- Quicker repairs of any gas or electricity appliances for elderly and disabled people.
- General help with in-home safety for the sight and hearing impaired, including free provision of “gadgets”, such as warning systems or sensors for when appliances are left on.
- Appliance upgrades and grants for adaptations to appliances or the home for sight or hearing or physically impaired to make using them easier.
- Usage limits for those likely to accidentally use too much energy due to their vulnerability (i.e. by forgetting to turn their heating or appliances off).

ASSISTANCE WITH MANAGING ACCOUNTS

In most areas, Panellists spontaneously mentioned that many customers with vulnerabilities would benefit from allowing someone else to have control of their energy account. This was specifically in relation to those with people with learning difficulties and older people, who were thought to perhaps have more difficulty in dealing with customer service representatives and ensuring that their needs were being understood and met.

“She’s 83 and she’s very frail, why does she have to go on the phone herself?”

5.2 REACTIONS TO THE SUPPORT THAT IS CURRENTLY AVAILABLE

Panellists were given a short presentation on the energy market to allow them to understand the difference between suppliers and distribution companies. They were also given a brief explanation of the services available through the current PSR, and the types of non obligatory extra support that some energy companies offer to their vulnerable customers.³⁰ Almost all Panellists had not heard of the PSR or the free gas safety check before the workshop, which was seen as the biggest problem with these services. However, some had assumed that something like the PSR existed. The accessibility of the PSR is discussed in greater detail in Section 6.

³⁰ See the appendices for the PSR presentation

Reaction to what is currently available through the PSR was mostly very positive. Some noted that many of the services that they had thought were necessary when discussing the pen portraits are in fact already available. They were pleased to hear that this support is available and, crucially, that the provision of the PSR is an obligatory licence requirement. However, the eligibility criteria attached to the PSR and the free gas safety was less positively received. After the presentation, many asked for clarification about eligibility rules and access to specific services; in particular eligibility for a free gas safety check and prior notification of planned interruption of supply.

“It is too complicated and hard to understand, it’s a joke.”

There was a perception, particularly in London and Birmingham, that energy companies only offer this support because it is mandated by Ofgem. This view was based on the assumption that, left alone, energy suppliers would focus on profit-making, and the interests of stakeholders rather than those of their customers.

“Why should they offer it? If they are purely there to make a profit then why do they do it? Do Ofgem make them? I think they would stop if they could.”

It was also thought that most companies probably offer the minimum services that they are obliged to. Many commented that only a few suppliers, if any, would go above and beyond their obligations and provide extra services such as the ‘knock and wait’³¹ service.

5.3 RESPONSIBILITY FOR VULNERABLE CUSTOMERS

Throughout the workshops, Panellists debated the limits of energy companies’ responsibilities for supporting vulnerable customers. In particular, some suggested that support could be given by other people (e.g. friends, family, carers), groups and institutions that support vulnerable people rather than energy companies. For others, this was not a consideration, as they have high expectations of what energy companies should be providing, due the high profits many believe they make:

“Why shouldn’t they offer this help. We should be spoon-fed”

Those who were strongly against the idea of a market in energy were likely to say that energy companies must be responsible for doing whatever is necessary to ensure that everyone has access to the energy or to the help that they need. Others were less sure, and while there was no consensus around the limits of energy company responsibilities, some themes emerged across the different Panel locations.

EXISTING SUPPORT AVAILABLE FROM OTHER SOURCES

Many presumed that certain types of vulnerable people have a lot of support already. This included financial support such as the Disability Living Allowance. Access to financial help from the state was seen by a few as a reason for some vulnerable people *not* to receive extra help from energy companies. Arguments for this were couched in terms of fairness, such as *“they already get enough help”*; a few took the fairness point further, whereby they disapproved of the fact they did not receive extra support while certain groups of customer did. Others were concerned with avoiding duplication of support: some

³¹ “Knock and wait” is a non-mandatory service provided by some suppliers. For any home visit a representative from an energy company will allow longer time than would be normal for a customer to get to and open their front door.

Panellists suggested those with carers could help them in their dealings with the energy market. Panellists argued that these consumers would probably not need many of the services available under PSR because they have someone taking care of their needs. This point was raised in particular with relation to Bob (in the pen portraits), who lived independently but had learning difficulties. Some Panellists thought that his support network meant that he should not need support and perhaps should be ineligible for it. It was also argued by some that it is more efficient, and perhaps more appropriate, to provide support to vulnerable people in a holistic manner, and as such energy companies should have less of a role in providing support than those who act as primary carers/supporters. As a result, some of those who previously considered these consumers to be eligible for the PSR reverted to saying that perhaps they should be ineligible for it.

Similarly, it was suggested that most people with impairments that make it hard to receive communication through standard channels (sight, speech, hearing impairments) or learning difficulties would, if living independently, have access to a support worker who helps them with other aspects of their lives where they might be vulnerable e.g. dealing with benefits or banking. This was also raised in relation to those leaving the care system for the first time, who they believed would have a lot of support from a social worker. Again, some argued that these particular types of customer would be unlikely to need the extra support offered under PSR. A small number of Panellists believed that asking companies to provide all types of support for vulnerable consumers is forcing them to act as a “social worker”. For others this was seen as a negative aspect of a wider cultural trend whereby friends and family are no longer expected to help those close to them.

“Certain things families should take responsibility for, and not shove it onto the state. As a nation we should take more responsibility for ourselves.”

Older Panellists typically believed in a more traditional family and community orientated model of support, and felt that families, friends and others who are close to those who may be vulnerable should become more involved in supporting them. They felt this would take the burden off energy companies, but also that vulnerable people would be better supported in this way. A few suggested that the fact that support is offered could contribute to some families opting to ‘shirk’ their caring responsibilities.

ROLE IN ENABLING INDEPENDENCE

Other Panellists who took a citizen view were concerned that support from existing sources would lead to potentially vulnerable consumers “falling through the gaps”. While they agreed that there is no reason to duplicate what is available, they were concerned that expecting friends, family, carers and charities to take responsibility for helping *all* vulnerable people in the energy market would mean that *some* vulnerable people would end up with no access to help. They felt this was unfair on those who may be potentially vulnerable, but choose to live independently. Even if one might reasonably expect some ‘softer’ aspects of the PSR services (i.e. help with understanding information, and making complaints) to be the responsibility of friends, carers and families, these Panellists concluded that all vulnerable people should still be able to claim help from energy companies in regard to these aspects of the energy market. This would ensure that those who may be socially isolated are not disadvantaged and enable them to engage with the market independently, if they so choose to do so.

IMPACT OF COST

Debates around spheres of responsibility³² arose especially when the services in question were thought to be potentially costly. For example, when Panellists in Dundee and London discussed the provision of back-up generation during a power cut, some argued strongly that those who need a continuous electricity supply for medical reasons would be the same customers who already get ongoing help or support from the NHS or a community nurse. They argued that these types of support workers should be better placed to provide any emergency support needed during a power cut. They argued that health professionals would have a much better understanding of a vulnerable person’s needs than an energy company, and would be more likely to be in contact with the vulnerable person on a regular basis.

Similar arguments were also raised in relation to providing home visits to give advice on, or help with, safety:

“Is that [home visiting] the job of the electricity company, or is that the job of social services?”

THE IMPORTANCE OF LIAISON WITH RELEVANT PARTIES AND JOINED-UP SUPPORT

These debates led most Panellists to conclude that energy companies should be available to liaise with the other people or institutions that support vulnerable people. They should also work with those people or groups to provide the energy-related support that is necessary. This idea of working with others who support vulnerable people was also raised when Panellists discussed the best ways of ensuring that those who are eligible actually register for the PSR (see Section 6).

The conclusion that can be drawn from Panellist discussions in this area is that sector-specific support (i.e. practical support with meters, information, priority restoration of supply during interruptions assuring safety and potentially offering alternative methods of providing power) should be provided by the energy companies.

5.4 SPECIFIC SERVICES AVAILABLE ON THE PSR

In order to test reactions to specific services currently available on the PSR and whether they meet expectations, Panellists were given a matrix of services outlining what the people in the pen portraits would be entitled to under current obligations.

Overall, the services available were seen as “about right”, with few questioning the specific detail of the services available. See Table 1 for an overview of the Panellists’ ideal level of availability of services.³³

The main change suggested by some Panellists was extending eligibility of some services (listed below) to all customers, partially because they did not think that those who are vulnerable have any greater claim to these services than the average consumer.

³² This term is used to illustrate how opinion varied in regard to who should be responsible for providing extra support to energy vulnerable consumers and was dependent on a range of factors such as the person’s existing support network, type of support required, and own needs.

³³ Please note that George was thought to be eligible for services on account of his mental health problems, and not because he lives in a rural area.

“They should be doing a lot of this for everybody anyway.”

- **Password protection:** While Panellists understood that this service exists to provide vulnerable customers some peace of mind; they thought it would cost energy companies nothing to widen it to all customers, so “why not have it for everyone?” The argument behind this suggestion was that anyone, not just vulnerable people, can be worried about letting strangers come into their house.
- **Bill nominee scheme:** Most Panellists thought this could be offered to all customers at a low cost. If this is not possible, it was thought to be *essential* that this is offered to those with learning difficulties and mental health issues, in addition to those currently eligible. Furthermore, some suggested it would be more cost effective to offer this to customers with English as a second language than translating documents or offering telephone services in other languages.
- **Provide information about any bill or service offered by supplier in an appropriate format:** Panellists thought that this was an essential part of good customer service although this did not necessarily apply to alternative language formats.
- **Services specific to distribution companies: i.e. giving prior notice of interruption and keeping customers informed as to when their supply will be restored.** Panellists thought this **was a core part of an energy company’s customer service**, and did not understand why it would not be available to everyone. This was especially true in the case of prior notice of interruptions. If the distribution company knows in advance, then it should be within their power to let all of their customers know.

“Everyone needs to know that regardless of where they live – we all have full freezers!”

A few Panellists had experience of this, and argued that distribution companies already do this for all their customers. Some did think that priority should be given to keeping vulnerable people informed during an interruption³⁴, if the resources available to inform all customers are limited.

- **Free gas safety check:** Panellists in many locations argued that this is necessary because the risks are so high, and the impact of not checking is not just confined to the household whose responsibility it is to pay for the checks:

“You can blow up and take the whole street with you.”

Equally, it was thought for those in rented accommodation, that landlords cannot always be trusted to ensure that this is carried out for their tenants. Some felt at the very least eligibility should be widened to include those living in privately rented housing. A handful thought that it is impossible to put a price on safety, and as such gas checks should always be free for all customers

³⁴ Wave 3 of Year 4 Consumer First Panel Research explored consumer views of DNO obligations in this area. Panellists did think that vulnerable people should be prioritised during long interruptions. Available here <http://www.ofgem.gov.uk/Networks/ElecDist/PriceCtrls/riio-ed1/consultations/Documents1/RIIOED1ConResConsumerPriorities.pdf>

to ensure universal take-up. Another suggestion was that energy companies provide cheap gas checks for all (as they are the most trusted to carry out the checks) and then potentially means tested free checks for others.

However, in other locations this was more controversial, as some thought free gas checks should be available just to those currently on the PSR, and perhaps extended to those with mental health issues and learning difficulties. Some Panellists in London suggested means-testing gas safety checks for those on the PSR, as they may not be financially vulnerable.

There were also a number of services that Panellists suggested were missing and could potentially be added. As outlined in Section 5.1, the provision of quick reconnections of supply where it has been interrupted (for any reason) was thought to be important, and many Panellists would add this to the PSR. Smart metering was suggested by some as a replacement for the current obligations to move meters or provide more frequent meter reads. The obligations around moving meters free of charge caused confusion: Panellists thought it cheaper just to provide quarterly readings for all vulnerable people, especially those who have sight impairments or learning difficulties. Few made the link with PPMs; although one woman with a PPM said that she now tops-up online to get around the problem of an inconveniently placed meter.

As in previous research undertaken by Ofgem, there was low awareness of the role of distribution companies and them being separate from energy suppliers. However, when prompted, in general, it was thought that the PSR services provided by distribution companies were fewer and less useful than they might have expected. For example, many were surprised that there is no obligation to provide back-up power to those who are chronically ill. They thought that if this was not the responsibility of the NHS, then it should be added to the PSR.³⁵ They also thought that there should be a free advice service for socially or geographically isolated vulnerable people to call during any interruptions to provide reassurance.

Table 1 overleaf provides an overview of the Panellists' ideal level of availability of services.

Key for Table 1 (overleaf): Ideal PSR Services

- ✓ Should be provided
- OIN Should be provided only if necessary
- X Should not be provided
- ? No consensus among Panellists

³⁵ Perhaps prompted by the pen portrait of Sanjeed, who has a dialysis machine at home and therefore would rely on a continuous electricity supply.

	Supplier services under current PSR system			Other support offered by suppliers	Distribution company services under current PSR system	Supplier and distribution company under current PSR system		
	Bill nominee scheme – send bill to nominated person	Move meters to more convenient position (free of charge) Meter reading every quarter	Provide information about any bill or service offered by supplier	Annual free gas safety check – suggested change to cheap for all and free for those with low incomes	Prior notice of interruption Be kept informed when supply restored/available	Agree password with customer	Provide suitable facilities to allow customers to make complaint or enquiry	At least once a year inform customers (in suitable format) that PSR exists and services offered
Pensionable age (Angela)	OIN	OIN	✓	✓ (free)	✓	✓	OIN	✓
Rural with mental health issues (George)	✓	OIN	✓	✓ (free)	✓	✓	OIN	✓
Chronically sick (Sanjeed)	OIN	OIN (not necessary if has full-time carer)	✓	✓ (free)	✓	✓	OIN	✓
Learning difficulties (Bob)	✓	OIN	✓	✓ (free)	✓	✓ (but concern this could be forgotten by someone with learning difficulties)	✓	✓
Sight/hearing impaired (Rita)	OIN	✓	✓	✓ (free)	✓	✓	✓	✓ (e.g. Braille / large print)
Low income family with young children (Nigel)	?	?	✓	✓ (free)	✓	✓	X	✓
Disabled	OIN	✓	✓	✓ (free)	✓	✓	OIN	✓
English Second Language	OIN	X	✓	?	?	✓	?	✓
Everyone else	OIN	X	✓	?	?	✓	X	✓

5.5 PRINCIPLES OF PROVIDING PSR SERVICES

Panellists were asked to discuss the ideal PSR services that energy companies should offer. Their discussion of the priorities can be summarised in five key principles which have been identified through analysis:

- Services should be **need-focussed**. Not all customers (e.g. pensioners) need all of the services which are currently available to them under the current obligations. Conversely, the support needs of others are not being met (e.g. those with learning difficulties). This was tied to the argument many Panellists made about knowing the customer better and being flexible about eligibility. In effect, they would prefer companies to speak to their customers and respond to their individual needs directly rather than setting rigid list of rules and eligibility criteria.
- Tied to this was the principle of **non-duplication of support already available**. It was thought that if energy companies knew their customers' needs better, they would not have to offer services to those who already have support from family, friends, carers and institutions. Consequently, many felt the ideal approach would ensure support is provided to those without advocates/carers but would not necessarily provide support where it was already available from other sources. Also, as outlined above, the emphasis should be on energy companies providing support directly relevant to the supply of energy and not necessarily relating to broader needs of vulnerable people (e.g. providing adaptors for appliances).
- While Panellists were concerned about the cost of providing the PSR and of any expansion, they thought that **safety first** was a principle that was more important than cost; hence the calls for an expansion of the free or low-cost gas safety check.
- Where services are **low-cost** however, they should be **universalised** and open to all consumers, as they could then potentially benefit far more people than they currently do.
- Energy companies should take **financial vulnerability** of customers into account, both when dealing with vulnerable customers (e.g. they should never be cut off) and also when considering tariff pricing structures.



6

ACCESSIBILITY

6. VIEWS ON ACCESSING PSR SERVICES

This section discusses what Panellists think of the current process of joining the PSR and what improvements are necessary to make that process better. It also discusses how energy companies should communicate and advertise their PSRs.

6.1 SPONTANEOUS VIEWS OF THE PROCESS

Despite the requirement for suppliers to publicise PSR services at least once a year, most Panellists' initial reaction to being presented with the PSR was surprise that it exists, and in many cases annoyance that they had not been told about it. Some thought that the suppliers were intentionally not publicising the PSR, because it could result in extra cost to them.

“I’ve never been told...if we were cynical, I would say that they don’t want to tell us.”

While some were concerned about their personal lack of awareness, Panellists were generally more concerned that those who are eligible might not be aware of the PSR and thus “missing out” on support that could be really useful. In particular, they noted that many of the pensioners attending the workshops should be registered, but currently were not due to lack of awareness of its existence.

“It sounds like just words, is it really available? I never realised what you can apply for when you retire, I learned a lot today. When you change supplier they don’t tend to tell you.”

Many said that they were going to register themselves or tell friends and family that they should do so after the workshop. In several locations Panellists refused to believe that their own supplier was following the rules and informing each customer about the existence of the PSR every year, as they could not recall ever having seen it anywhere on their own bill or any other communication from their suppliers.

“None of this is advertised, it’s definitely not on the bills, and I can guarantee it’s in teeny weeny writing if it is.”

Only one or two Panellists could recall being asked questions about whether they had a disability as part of the switching process, and speculated that, based on what they had learned in the Panel discussions, this might have been to identify if they needed further support.

The perception that the PSR is currently insufficiently promoted was extremely strong. Panellists thought that the most important change to PSR would be requiring energy companies to *ensure* people were aware of it (i.e. a stronger obligation than is currently in place). Some thought that increasing awareness of the PSR would also have advantages for the energy companies themselves, in that those who go ‘above and beyond’ the obligations might seem more attractive to consumers who were considering switching.

6.2 BRANDING

Panellists were critical of the current branding of PSRs. Of the larger suppliers, three call the service the “Priority Services Register” and three use their own specific branding. This further stoked cynicism about the energy companies’ commitment to the PSR among some Panellists. They thought that branding this way made the system more confusing and thus was a means of keeping numbers on the PSR to a minimum while still fulfilling their obligations.

“Are they doing that on purpose to confuse people?”

As a result, Panellists unanimously called for a single PSR brand to aid recognition and also to enable more effective word of mouth recommendations.

“One name makes it easier to understand, one service for everyone.”

In addition the supplier branded names for PSR were criticised for being insufficiently descriptive and potentially misleading. Some thought they could be interpreted as a complaints helpline or a scheme to help people heat their houses better. The greater issue however was that none of these brands would alert a vulnerable customer immediately to the fact that there may be free services available to them.

The name “Priority Services Register” was also criticised by some. There was concern that using the term “priority” might make people less likely to register, as it could be confused with “premium”, and may make people think that they have to pay to join. However, others believed that it was sufficiently descriptive and there was no need to rebrand once all of the companies used it and it was better publicised. For others, there was a perception that the word “priority” made it sound like other customers are less important to energy companies:

“We should all be priority!”

Some also thought that the word “register” could be alarming to vulnerable people and a few suggested “list” as an alternative. Where it was discussed in detail, Panellists suggested that a more descriptive name be chosen, and that, at minimum, the word “free” be added to the name. A few thought that a more descriptive name should not include the word vulnerable, as those of a pensionable age might be offended to be seen as potentially vulnerable.

6.3 PUBLICITY

Most thought that rebranding was the first necessary step in ensuring that all who are eligible are aware of the services they may be entitled to. After that, energy companies should aim to spread awareness by using their normal communication channels with customers as regularly as possible. Many suggested information about the PSR prominently on every bill, as people’s circumstances can change very quickly. They thought once a year is not enough to catch those who have become vulnerable when they most need support.

“It’s totally inadequate to inform customers once a year, and should be compulsory to tell new customers as they sign up.”

The other three main channels for increasing awareness of the PSR suggested were:

DIRECT COMMUNICATION WITH CUSTOMERS IN AN APPROPRIATE CHANNEL

Panellists thought that energy companies should ensure they communicate with customers using a channel appropriate to their individual needs. Panellists thought it very important that energy companies recognise that online communications are not appropriate for all customers. In particular those who are more likely to be vulnerable such as elderly people and those with learning difficulties might struggle with this type of communication.

This point led Panellists to suggest that energy companies should utilise telephone and face to face communication. Some also suggested sending tailored text messages or leaflets (with the bill) to potentially eligible customers telling them the services that they could receive. A few people presumed that energy companies had customer’s ages on file; from which, they thought energy companies could easily work out whom might be eligible. They were unsure how other potentially eligible customers could be identified however.

ADVERTISING

General advertising “on the television” was mentioned in every workshop, and thought to be the most effective means of raising awareness of all consumers, which in turn, could lead to further dissemination through word of mouth. However, some Panellists were quick to argue that this would be prohibitively costly. One group suggested a strapline, similar to the “drinkaware” message³⁶, could easily be added to every energy company advert at no extra cost. Radio and national newspapers were also proposed, while some suggested that internet or regional radio and print advertising might be more cost effective means of raising general public awareness. Targeted advertising in places that those who might be eligible for the PSR are more likely to frequent (e.g. GP surgeries) was also suggested.

INFORMING THOSE WHO WORK WITH OR CARE FOR VULNERABLE CONSUMERS

Informing those who work with or care for vulnerable people was suggested as another targeted means of increasing awareness. As discussed in Section 5.3, Panellists thought that most vulnerable people have support from other people, groups and institutions. Therefore they felt it would be important for these support networks to be involved in helping vulnerable people access support where it is available. Where necessary, they suggested this could include taking steps to register vulnerable people on their behalf, as it may be difficult for someone eligible (e.g. with mental health problems) to ask for help and get themselves on the PSR. In cases such as this, it was thought that a GP, social services, Citizens Advice Bureau (CAB) or charities might help spread awareness and increase enrolment for the PSR.

³⁶ The drinkaware URL appears in all adverts relating to alcoholic beverages – more information is available on the website <http://www.drinkaware.co.uk/>

6.4 OTHER MEANS OF IMPROVING THE ACCESSIBILITY OF THE PSR

For many Panellists, the easiest and most self-evident way to ensure that those who are eligible for PSR services are offered what they need is to ask customers about their individual requirements. They thought that energy companies should be doing more to lead the registration process. Some strongly objected to the current self-registration model, as they thought that some customers who are vulnerable may lack the skills necessary to register as a result of their vulnerability.

“It should be the other way around...companies should know who their vulnerable customers are. During the application process, they should ask certain questions.”

ENERGY COMPANY PROACTIVITY

Many were of the view that energy companies should seek to increase the number of people on their PSR by sending a questionnaire to all their current customers. A small number opposed this idea as it was seen as potentially expensive or impractical, but there was general agreement that everyone who switches tariff or supplier should be “screened” at the point of switching to check whether or not they are eligible for the PSR. When probed on what should be done to target the large proportion of energy consumers who do not switch, some thought that it might be affordable to get in touch with every customer to check eligibility every 3-5 years.

AUTO-ENROLMENT

In several workshops, the possibility of auto-enrolment of pensioners was spontaneously suggested. There were few arguments against this idea, as it was seen as a simple and practical means of ensuring the group that might be most in need of help are registered. This argument was underpinned by the presumption that all companies hold age data on their customers. Some would extend this principle of auto enrolment to anyone that the suppliers know is eligible but not currently on the PSR. However they did not think that companies currently collect information on their customers’ other potential vulnerabilities (for example, disabilities).

DATA-SHARING

Panellists were asked for their views on data sharing in order to increase registration. For most, data-sharing of status/eligibility between different energy companies was relatively uncontroversial and indeed the idea of suppliers and distribution companies maintaining separate lists seemed wasteful to many. Few thought that specific permission needs to be sought for this, although some suggested consumers could be offered an opt out of data sharing when they switch suppliers or sign up to a PSR. Panellists also thought that when switching, you should in effect ‘carry’ your PSR registration with you, so that the individual in question does not have to re-enrol. A handful argued to extend this principle to propose a centrally administered PSR, which could perhaps be held by Ofgem, though others thought this impractical as it would add another layer of bureaucracy.

While sharing of information within the industry was considered broadly acceptable, sharing of data between energy companies and other organisations, such as charities or government departments,

provoked much disagreement amongst Panellists. Some were relaxed about any data sharing, partly as a result of a perceived general lack of protection of private data in society:

“Most people know your data these days – people dislike it but it’s happening anyway, so might as well use it for good.”

Some were willing to accept sharing of personal information (e.g. age) from public organisations such as Her Majesties Revenue and Customs (HMRC) to energy companies. The potential positive impacts of this were linked to the wider argument for energy companies working with other providers (in both the public and private sectors) to improve the PSR to ensure that vulnerable peoples’ support needs are met. In this context, data-sharing was seen as a pragmatic means of reducing duplication of effort and ensuring better outcomes. For others, wider concerns around data privacy mitigated the potential benefits, and these Panellists thought the role of other organisations who work with vulnerable people should be limited to helping to spread awareness. In addition, the nature of the information also made a difference; many felt sharing sensitive information on medical or health conditions from public organisations (e.g. GP or NHS) was a step too far, even if it meant that more eligible people would be supported.



7

THE COST OF THE PSR

7: VIEWS OF THE COST OF THE PRIORITY SERVICE REGISTER

This section explores Panellists' views of the cost of the PSR and the extent to which Panellists would be willing to pay for any future changes to the PSR.

7.1 VIEWS OF THE COST OF PSR

To aid discussion, moderators explained that energy companies rely on revenue from customers to cover the cost of PSR.³⁷

Some presumed that take-up of the PSR services must be low, due to their own and other Panellists' lack of awareness, and that therefore the cost of PSR to suppliers must be very low in relation to energy company profits. By contrast, other Panellists assumed the costs of PSR might be very high as they thought that many energy consumers must fall under the eligibility criteria. Many thought that this was an argument for greater transparency in pricing, so that people know where their money is being spent.

“We’ve been paying for it all along! How do we know it’s not a massive bill?”

Indeed, once Panellists had been told that all consumers contribute towards the cost of PSR a few spontaneously said all consumers should be entitled to PSR services regardless of whether or not they are vulnerable.

“If you’re paying, everyone should be treated the same.”

7.2 SPONTANEOUS REACTION TO COST EXERCISE

In order to explore attitudes to expanding eligibility and making some services universal (e.g. gas safety check) in more detail, Panellists were presented with the spectrum overleaf and moderators explained that:

- To expand eligibility or have more services available (or both) bills might rise;
- To limit eligibility or have fewer services available (or both) bills might fall; and
- Were PSR to stay the same then bills would remain unchanged.

³⁷ This is due to different energy companies using different mechanisms to fund PSR services i.e. suppliers absorb the cost of PSR within running costs, whereas distribution companies rely on incentives associated with price control.

The cost of the Priority Service Register



The PSR changes, so that either **fewer people are eligible** for help from energy companies, or **fewer services are available** to those who are eligible, or both.

PSR remains broadly the same. The proportion of your bill that goes towards funding PSR requirements remains the same.

The PSR changes, so that either **more people are eligible** for help from energy companies, or **more services are available** to those who are eligible, or both.



At the mention of cost many Panellists were immediately concerned, and it was clear they were fearful of paying more given the current pressure on household finances. Some mentioned that the spectre of a rise in every consumer’s bill to cover the cost of changing PSR obligations could actually deter take-up among vulnerable consumers.

“That’s how they scare you, to prevent you from taking it up!”

Panellists unanimously felt that energy companies should be responsible for footing the bill without increasing energy prices, and some added that energy companies should be made to absorb the cost of PSR either by Ofgem or the UK Government. Many simply refused to accept they should even have to consider collectively paying for PSR through their bills which led many to revisit their earlier point that energy companies need to be doing more for their customers utilising their current profits.

“They get a lot of profit from the people so they should do something for the people.”

A minority of Panellists were of the opinion that those who want PSR services should pay for them, although this view was quickly rejected by others who were concerned this would penalise vulnerable customers who needed them but might find them difficult to afford. Some who were reluctant to see their own prices increase countered arguments by those who would pay extra by suggesting that there should be a two-tier pricing system whereby those who want to be good citizens could pay a slightly higher rate for their energy to fund the PSR. This was quickly rejected as unworkable by other Panellists, who presumed that no one would voluntarily sign up to pay more.

7.3 CONSIDERED RESPONSES TO COST EXERCISE

After the immediate rejection of the idea of paying more, some Panellists began to balance the cost of delivering PSR services against earlier views around the vulnerability (or potential to be vulnerable at some point) of themselves, family and friends. In doing so, many perceived that most PSR services are likely to

be low cost so it seemed sensible to them to widen entitlement in case they or someone they know encountered a challenging life circumstance which could make them vulnerable.

“What costs masses of money? Nomination [Third party nomination of energy account control] doesn’t. Moving meters is just a one-off cost. I don’t see how it should have to increase.”

Some went further than this and suggested energy companies making efforts to learn more about their customers and widened eligibility might not add that much cost. They believed that better tailoring of services would result in customers choosing services based on need rather than having access to them all. It is worth noting that despite PSR being explained some of those who held this view seemed to misunderstand how PSR currently operates as they concluded that once a vulnerable customer is registered they are automatically provided with every service regardless of whether or not it is needed.

“Balance the services that people didn’t need with the services people need so that the costs stays the same.”

By contrast a few people put forward the idea of cutting some services altogether. They viewed some services as unnecessary (e.g. accessible information about any bill or service offered by supplier). This was based on their belief that most vulnerable individuals are able to support themselves or have organisations that provide them with support. Those Panellists therefore suggested that more people could utilise help from other sources, to reduce the need for some PSR services, so that others can be retained.

Overall, there were clear limits in regard to what consumers are willing to pay and these views are largely driven by how financially ‘squeezed’ people feel at the moment. Consequently, even after deliberation some Panellists continued to back-track on views made earlier in regard to eligibility and services especially around certain services being universalised. Specifically, some suggested that means tested services, for example gas safety checks, should be introduced on the presumption it would reduce cost while ensuring those most vulnerable were still safeguarded and able to access a low cost service.

“We’re in the middle [of the spectrum i.e. PSR remains broadly the same]. There are enough services, that’s what we’ve found out. We can’t see what else needs to be added, just better awareness of what’s there.”

Some (typically not those who are struggling financially) concluded they would accept slightly higher bills if it meant expanding eligibility to include people with mental health issues and learning difficulties. It was evident that the Panellists who suggested greater flexibility around eligibility were taking a ‘citizen perspective’ which appeared to supersede any concerns around cost. However they, as much as others consumers, are fearful of rising costs and therefore demand transparency in pricing (e.g. breakdown of bill) in order to reassure them that any additional money collected is spent on PSR.

“If they told me my increase this month/year was going towards this, I’d be like fine, but normally there’s no reason, and that’s when it makes me annoyed.”

7.4 CHANGES TO ‘IDEAL’ PSR

During the discussion around cost there was a clash between the citizen and consumer view because once cost becomes important, many would back-track on earlier views, particularly in regard to the universalised right to access PSR services.

Several Panellists suggested sacrificing all of the additions to the PSR that they had previously suggested, as well as discarding services no longer considered essential. Those Panellists who felt like they were struggling to cope with rising prices – in Birmingham and Wrexham especially – rejected anything they assumed would be expensive which led many to reject the idea of advertising (being informed once a year in bill would be enough) as well as suggesting the introduction of means-tested gas safety checks.

Others came back to the idea of who should be responsible for providing extra support to vulnerable people and suggested that if more families looked after each other then costs should broadly remain the same, even allowing for energy companies to take steps to build awareness. By contrast, those in favour of increasing eligibility tended to speak about the potential for family, friends and themselves becoming vulnerable at some point in the future.

Although there was no unanimous view in regard to PSR changes, there was broad agreement that eligibility should expand to encompass learning difficulties and mental health and that (perceived) low cost services should be made available to everyone (based on the assumption that only those who really need them will take them up). However, this was on condition that the extended eligibility added no more than a maximum of “a few pounds per year” to the bill and that the way the money was spent was transparent and clearly linked to the PSR.

CONCLUSIONS AND IMPLICATIONS

8. CONCLUSIONS AND IMPLICATIONS

8.1 CONCLUSIONS

Trust in the energy market remains low, and few think that competition is working for consumers. There is low awareness of Ofgem’s Retail Market Review proposals, though some small signs of improvement are filtering through to some consumers which is reflected in their responses. More broadly, there is little trust in the government and energy companies to tackle the future energy supply issues effectively while ensuring affordability.

Specifically, this set of workshops revealed very low public awareness of the PSR, but positivity towards the scheme upon learning about it. The services available broadly match consumer expectations, and there was little demand for radical changes to the current PSR obligations. Some of the strongest views expressed by Panellists related to extending some of the current PSR services and the gas safety check to all customers, including those who are not vulnerable. These were, specifically:

- Password scheme
- Bill nominee scheme (if not costly)
- Prior notice of planned interruptions to supply
- Free/means-tested/cheap gas safety checks

Panellists assumed that the first three of these services are low cost, and in any case would only be used on the basis of individual consumers’ needs. They therefore concluded that the extension of these services to all is easily affordable for energy companies without increasing customer bills overall, especially given their perception of excessive energy company profits. However, when discussing the possibility of free, means-tested or cheap gas safety checks, the perceived importance of safety meant that many Panellists thought these should be provided even if the cost was high.

There were numerous suggestions for improvements to the current PSR, though it should be taken into account that there was little appetite for expansion if it were to prove costly. However, it was thought to be very important to rectify the perceived lack of provision of support for customers with mental health issues and those with learning difficulties. Additionally, a more flexible and responsive service tailored to individual needs was called for, along with ensuring PSR is well publicised to those who need it.

The focus of the workshops was non-financial support. However, spontaneously there was a strong appetite for financial support for a range of customers, particularly given the perception that energy prices are constantly rising and are becoming unaffordable. Specifically there was interest in mechanisms to help people navigate the market effectively, such as personal advisors, particularly for customers who might be more vulnerable. The need for financial help, and the potential for financial difficulties exacerbating the needs of vulnerable groups was an issue that was returned to throughout the workshops.

8.2 IDEAL PSR

Taking Panellists’ views from all of the workshops, and, as far as possible, taking into account prevalence and strength of feeling, the ideal PSR, according to the Consumer First Panel, would have the following features:

ELIGIBILITY

- Broaden current eligibility to include those with learning difficulties and mental health issues (for PSR services as well as the gas safety check)
- Energy companies to gather more information about their customers and their specific support needs and flag this on accounts
- Flexibility of eligibility that takes into account the transient nature of vulnerability, and the specificity of some peoples’ needs
- Those who are new to the energy market (those leaving care, other young people, the recently bereaved) should be eligible for support to help them navigate the market.

SERVICES FOR PSR CUSTOMERS

- PSR services should be need-focussed. Energy companies should speak to their customers (and perhaps others who are involved in supporting them) and respond to their individual needs directly rather than setting rigid list of rules and eligibility criteria
- Access to some PSR services should be universalised if inexpensive (password and bill nominee schemes, free/means-tested/cheap gas checks and prior notice of planned interruptions to supply)
- Sensitive customer service and appropriate, accessible communication, including:
 - Customer service representatives trained to deal with people who are vulnerable
 - Adapted materials and modes of communication for different groups of vulnerable people
- Tailored advice around energy efficiency and tariffs.

ACCESSIBILITY

- Increased general public advertising and/or targeted advertising for those eligible for the PSR through appropriate channels and those who work with or have contact with vulnerable people
- Energy company proactivity in enrolling the eligible, including current and new customers
- Information on the PSR displayed prominently on every bill
- Consistent, descriptive branding of the PSR across energy companies.

COST

- Some improvements to PSR dispensable if will lead to significant price increases
- Where possible should be funded out of energy company profits
- Consumer could pay maximum “a few pounds” more per year and the price increase must be transparent and clearly linked to the PSR.

Improving accessibility was seen as the most urgent task. Panellists wanted energy companies to absorb the cost of any work to increase awareness, although many imagine that the cost would be low. There is some appetite for auto-enrolment and greater sharing of some specific data between specific companies

and between companies and public sector organisations to aid this task. Further research would be needed to understand some of the specific concerns raised around the limits of data-sharing in this area.

8.3 IMPLICATIONS

Signs of energy market improvement as a result of Ofgem's RMR work might help to restore some trust in the market and potentially overcome some of the barriers to engagement that Panel research consistently highlights. This may be insufficient to overcome worries about future energy affordability, the responsibility for which is thought to lie in the hands of the UK Government.

The PSR itself is seen as fit for purpose if properly promoted and eligibility criteria widened slightly and applied more flexibly. In order to build awareness of the PSR, Ofgem may wish to explore how it can help energy companies build on or forge new relationships with other public sector organisations or charities that work with or are in contact with vulnerable people. Work in this area may be more efficient and cost-effective if shared across the sector, especially if energy companies were to consistently brand the PSR.