



Via Email

Citizens Advice response to consultation of Priority Services Register

This submission was prepared by the Consumer Futures team within Citizens Advice. It has statutory responsibilities to represent the interests of energy consumers across Great Britain.

Citizens Advice welcomes the opportunity to respond to this consultation. This response is not confidential and can be published on your website.

Statutory obligations to protect vulnerable consumers are crucial, and this consultation is timely: the review of the Priority Service Register (PSR) must ensure that it is fit for the future. We particularly welcome the increased emphasis on flexibility and the recognition that vulnerability is not a static state.

The Ofgem Consumer Vulnerability Strategy sets out the regulator's approach to identify and tackle consumer vulnerability. It is essential that the PSR is reviewed and modernised to recognise that often it is the situation consumers are in which makes them vulnerable.

Citizens Advice strongly recommends that the regulator considers a more formalised twofold approach – the maintenance of a very clear PSR register for a narrow, prescribed group of consumers which goes deeply into providing a prescribed range of services and support, as well as a wider, broad and flexible approach which recognises and encompasses consumers in vulnerable circumstances, including financially vulnerable consumers.

This approach would go above and beyond current arrangements, requiring energy companies to take a more holistic view of consumer circumstances, whilst retaining statutory obligations which require energy companies to maintain a list and provide services to a core group of consumers who are:

- of pensionable age
- physically disabled
- chronically sick
- deaf or hearing impaired
- blind or partially sighted.

Energy is an essential for life service, and there must be a minimum set of non-financial services for these consumers. Using the proposed new data sharing arrangements should improve the current arrangements and ensure that this core group of consumers who have (or may have) significant, ongoing needs are highlighted and flagged for safety and security of supply. Continuing to use this for

prescriptive criteria for a 'narrow and deep' version of the PSR will enable practical application by all suppliers, provide consistency across service categories and create a tighter safeguard. It is less subjective and will provide a framework within which Ofgem can monitor and take enforcement action where appropriate.

We are particularly supportive of the proposals for common branding across the energy industry and also potentially across other essential services, for example water. This is a longstanding policy goal of Citizens Advice and we are pleased to see that Ofgem is now taking this work forward. We also welcome the recognition to review the promotion and monitoring of the PSR, and recommend that Ofgem consider how this can also be linked to the Standards of Conduct.

We recommend Ofgem considers placing an obligation on companies to proactively identify those consumers who may be eligible for help and support. For example by working closely with local voluntary and community organisations and demonstrating outreach activities.

Question 1: Do you agree that energy companies should be required to offer non-financial services with the aim of equalising outcomes for customers?

We agree; energy is an essential service and it is important that energy companies are required to offer non-financial services in order to ensure equal outcomes for consumers.

These services should be offered as part of specialist package such as a PSR as well as a part of a broader package of customer service/support options available to a wider register of consumers with support needs or in vulnerable situations.

The Standards of Conduct (for example on appropriate communications) also require energy companies to provide services in a way which can equalise outcomes, and Ofgem could work with the energy companies to consider how these might be packaged together where appropriate in order to avoid confusion for customers.

Question 2: Do you agree that we should continue to prescribe a minimum set of services? Do you support the proposed list of services? What additional services, if any, do you think energy companies should be required to provide?

Citizens Advice supports the proposal for a minimum set of services. It is important that consumers know what they can expect from their energy company as an absolute minimum and that there is a framework that the regulator can use to monitor compliance. It is essential that the companies are encouraged to innovate beyond this minimum, and to share best practice, developing services and support mechanisms that are responsive to individual customer needs.

The PSR services should be 'narrow and deep', supporting consumers with complex or enduring needs, accompanied by a range of services and assistance as part of broader package of customer care for those who have elements of vulnerability or may need additional support in particular situations or at particular times.

There are a number of services which are currently explicitly linked to specific consumers: for example a password scheme for PSR consumers or ensuring alternative heating and cooking arrangements to consumers of pensionable age: in practice we know that most energy companies can and do make these sorts of services available to a wider range of consumers. This should be actively encouraged by the regulator.

Specifically in relation to the proposed scope of services, Citizens Advice recommends that the provision of alternative heating and cooking should also be a duty on Distribution Network Operators (DNOs) where the lack of electricity supply will mean that the consumer will not have cooking or heating.

Citizens Advice expects the rollout of smart meters will affect all households in Great Britain, and there will need to be a prescribed list of services / support in connection with it. It may be more appropriate that the obligations are detailed in smart specific obligations (such as SMICOP) but with specific reference in PSR obligations. A forthcoming report from Citizens Advice looks into this, and proposed a number of possible options for a Smart Meter Extra Help Service.

Question 3: If applicable, what services do you currently provide and what are the current costs of providing services (please break down by service). What financial impact do you think widening eligibility in the way we have proposed will have? Please provide evidence to support your answer.

Not applicable

Question 4: Do you agree that we should move away from requiring energy companies to provide services to disabled, chronically sick and pensionable age customers to an approach which requires energy companies to take reasonable steps to identify and provide appropriate services to any customer with safety, access or communication needs?

Citizens Advice supports this move: we recognise that it is a new approach which will require guidance for suppliers, Gas Distribution Networks (GDNs) and DNOs. This guidance should include examples of potential needs- whether temporary, enduring or varying on a day to day basis and suggested approaches as to how they might be met, whilst making clear it is not an exhaustive list.

Citizens Advice strongly supports the proposal that it is for companies to identify consumers who may need additional services/support to enable them to receive an equal service. In many cases this is an obligation created by the Standards of Conduct (for example communication), and/or legal duty under the Equality Act 2010 (particularly in relation to reasonable adjustments for disabled people). We recognise that whilst companies have an obligation to identify consumers with safety, access or communication needs, the regulatory requirements should explicitly require companies to demonstrate that they have taken reasonable steps to identify these consumers. Monitoring by the regulator will be important to ensure that reasonable steps are being taken, and that they are sufficient to see that consumer's needs are being met either through PSR, Standards of Conduct or elsewhere.

In line with Ofgem's Consumer Vulnerability Strategy, the proposed approach recognises the importance of the customer needs, and acknowledges that some consumers can be vulnerable in some circumstances and not in others. The smart meter rollout will provide a unique opportunity to identify and offer support to consumers in vulnerable circumstances during installation. The installation will involve visiting consumers' homes as well as changing the way in which consumers have access to information about consumption. Suppliers should seek to identify any access and communication needs prior to the installation to ensure equal outcomes for all consumers. Where appropriate this should include identifying consumers who are eligible for the PSR.

More generally it may be appropriate to follow the Ofwat model – providing guidance which is not prescriptive. We recognise that the proposed change in nature of PSR may be challenging for some companies and practical guidance will help companies put in place minimum standards but also give practical suggestions which they may adapt to their customers' specific needs. Guidance should also include suggestions on staff training in both identifying consumers' needs, explaining the PSR, the wider register, data sharing rules and how to identify/provide personalised solutions.

Question 5: Do you agree that energy companies should be required to maintain a wider register of consumers that they have identified as being in a vulnerable situation?

Citizens Advice strongly supports the introduction of a new requirement on companies to maintain a wider register of consumers that have been identified as being in a vulnerable situation. It is essential that this information is only ever available to the companies that are involved in serving the consumer (DNO, GDN and supplier) and not available to all companies all of the time.

A centrally held wider register should allow a consistent and up to date approach to data management relieving individual suppliers of an obligation to maintain their own wider list. It should be updated and transfer access to personal information to the right company when a consumer switches or moves. In order to be most effective, we understand that a central list held and administered by ECCOES would be the most practical solution.

Companies should have an obligation to update this list on regular basis, as they become aware of changing consumer situations and needs. If a company becomes aware or concerned about a potentially vulnerable consumer as part of a consumer transaction (rather than as a direct request from a consumer), the company must be required to identify the nature of the vulnerability further and explain to the consumer how and why this information will be held, used and shared. There may be a need to reassure consumers it will not be used for marketing but may be shared in order to ensure their DNO or GDN is aware of their circumstances so they can provide support if there is a power outage.

It is essential that the industry works together (alongside the regulator and consumer groups) to overcome some of the issues around consumer trust that we have discussed elsewhere in this response. There was a strong message from bureaux that consumers worry about this information being used to market products and target them for sales. This is a positive move to ensure that companies involved in providing an essential service are aware of their consumers' needs and circumstances, in order to tailor support, communication and services. The data sharing element must be clear so that consumers are aware of what is held and who can access their data.

There is also value in a wider register specifically in relation to the smart meter roll out, in order to ensure smart meters deliver benefits for consumers with health, access or communication needs, and that those needs are taken account of during the installation. As mentioned above we see the rollout as an opportunity to identify customers who could be on the PSR.

Question 6: Do you agree that suppliers, DNOs and GDNs should share information about customers' needs with: a) each other? b) other utilities?

Citizens Advice is strongly in support of data sharing between DNOs, GDNs and suppliers. We are also in favour of wider data sharing beyond the energy industry, with other essential for life services where there is a clear intention of protecting and providing services and support for vulnerable consumers. Citizens Advice is very conscious of a range of data protection implications and the vital balance to be struck between making use of data to equalise outcomes and maintaining high levels of security of data.

This is by definition sensitive personal data: trust in energy companies has been in decline for some time, and consumers will need reassurance and clarity about how their data is used. Anecdotal evidence from bureaux suggests consumers are reluctant to give details of vulnerability to energy companies, fearing that if their personal data is shared it could lead to cold calling, targeting vulnerable consumers with sales or services and/or supply contracts. It is essential that these fears are not realised.

In order to address some of the consumer concerns around privacy and use of data, we recommend that the regulator shares and communicates information about the new PSR and wider register of vulnerable consumers, working with the industry, consumer groups and other third sector organisations.

The need for regular data cleansing is important, as is comparing data to remove inconsistencies. We believe that at least for the prescribed services data sharing may be permitted even with defective permission as being in the consumer's interest but are aware that suppliers and DNOS and GDNs would be the organisation facing fines and so rightly place compliance with data protection above data sharing, especially in relation to other utilities.

For this and Question 8 there must be clear limits and an explanation of the purpose of sharing this data.

Question 7: Should energy companies be required to share information about customers' needs with other fuel providers such as LPG, heating oil distributors. How could the transfer of this information work? What are the benefits and risks of sharing the information?

This would contribute to the single brand and we understand Ofgem's motivation for proposing it.

Energy companies should capture and use PSR information in order to target and shape communications and services and tailor them to consumer needs. They operate in a highly regulated market with numerous safeguards.

Heating oil and LPG providers are not currently regulated nor do they have a requirement to operate a PSR and deliver related services. If a new requirement was introduced to share data with these companies there is a risk that consumer expectations will be raised along with the expectation that they would receive similar services. Ofgem has no regulatory power to enforce such provisions. As Ofgem is aware, Citizens Advice would support the extension of the regulators remit in this area.

The issue of consumer trust in data sharing and the different regulatory environments also affect the practicality of data sharing. Both consumers, and energy companies entering into data sharing agreements, would need to be confident that LPG and heating oil suppliers have sufficiently secure systems for handling sensitive personal data.

If there are to be further discussions about creating a common brand or data sharing PSR information, Citizens Advice recommends that these should focus on communication and also that delivery of fuel to those with access or safety issues be prioritised in the event of severe weather or where supply of non-gas fuels is constrained. We are aware that in practice many non-gas fuel suppliers already do so.

Citizens Advice also recommends that the regulator consider whether there are other groups of energy consumers outside the Ofgem regulatory regime (not just those who are off the mains gas grid) who might benefit from further protections too. Consumers in the heat market i.e. heat networks, combined heat and power (CHP), micro generation etc could also potentially benefit from further protections that a regulatory regime can provide, but may also present more complicated or unique circumstances. If this is investigated, it should work with the existing plans for a voluntary code of practice proposed in the customer protection scheme initiated by the CHPA and supported by DECC¹.

Question 8: Do you agree that we should stipulate the minimum details that we expect energy companies to share, for example that names and phone numbers must be shared where they are available? Is there any other information that should be shared and for what purposes?

Citizens Advice agrees with the proposals to share minimum details. Names and contact details as well as communication needs should be amongst these, and recognition that telephone may not be the most appropriate contact method for all those on the register. Details of customer needs must include information about the particular assistance that the consumer needs (practical support not eligibility).

We support the proposal to set up a working group to agree the information to be shared between suppliers DNOs and GDNs. The development of a set of 'common needs' codes will be vital to ensure continuity and usability.

Question 9: Do you agree that energy companies should agree common minimum 'needs codes' to facilitate the sharing of information? Should we require energy companies to agree these codes? How might this work and what mechanisms are already in place to facilitate this? What role would Ofgem need to have in this process?

Citizens Advice supports the development of common 'needs codes': this coding framework must be agreed by all involved in order to work effectively.

Most companies currently keep a list of codes related to medical conditions/needs to satisfy their existing PSR obligations. We recommend any new list takes the best from all the companies and builds upon it to include consumer needs around communication, information provision and safety.

It is important that Ofgem plays a key role in facilitating the development and ongoing monitoring of common minimum 'needs codes'. There must be a requirement to audit the centrally held lists to ensure accuracy. The regulator must also monitor implementation and, if required take action if there is a failure to agree the codes, if the agreed codes are not implemented in practice or too many records are incorrectly coded.

¹ <http://www.heatcustomerprotection.co.uk/>

Question 10: Should information about a customers' needs be shared with their new supplier when they switch? What is the best way to facilitate the sharing of this information?

Citizens Advice supports the proposal that information about needs should be shared when consumers switch. Switching offers an opportunity to ensure that the support offered remains appropriate to the consumer's needs and to ensure data accuracy. It is also important that data and information held on both the PSR and wider register is portable when a customer moves into a different network area, even if they remain with the same supplier.

If a consumer is on the PSR, the information about their situation and the support that they receive should be exchanged as part of the data package that is transferred when a consumer switches supplier. The new supplier should be required to contact the customer in order to identify whether the support specified on the PSR or wider register is still appropriate to the consumer's needs and discuss ongoing needs and services.

Citizens Advice recommends that Ofgem and the Information Commissioner's Office work closely with suppliers to agree guidance about the most appropriate and secure methods of transferring consumer information. This should include the use of needs codes and how to manage the association of sensitive personal data with an individual.

Question 11: Do you agree that a single cross-industry brand will raise awareness of priority services?

Citizens Advice strongly agrees with the proposal for a single brand for priority services to help to raise awareness and encourage more take up of the services and support that are available. Consumers must be made aware that services are in place to support them to engage with the market, and more importantly to ensure they remain on supply.

A common brand and joint publicity offers an unprecedented opportunity to raise awareness of the help that is available to consumers in vulnerable situations. It is important to make clear that companies have obligations to:

- respond appropriately to customer needs;
- make reasonable adjustments; and
- offer services and support.

Dependent on data protection arrangements a common brand should also make it easier for a single registration to cover several industries.

We strongly recommend that the regulator consider rewording and improving upon the existing licence conditions on the PSR. At present, the DNOs, GDNs and suppliers are all under obligations to make available and publish public statements about the PSR and make them available to consumers (for example on the company website). Citizens Advice recommends that the existing licence conditions should be retained and strengthened to require all companies (network and supply companies) to take reasonable steps to proactively identify and inform those specific customers who are eligible for the PSR and the wider register.

Whilst we understand that many DNOs will already be doing this proactive work so they can collect the new stakeholder engagement incentive that is available to them

under RIIO-ED1, the purpose of the incentive is to drive performance that is 'above and beyond'. There must be a minimum standard of proactive engagement to comply with licence conditions, and innovative practice above and beyond this can be rewarded as part of other programmes as appropriate,

Question 12: Do you agree that a guidance document would help advice providers and raise awareness? Who should produce this document?

A guidance document prepared and owned by Ofgem will be essential. The proposal is for an entirely different sort of PSR and wider register that is to be centrally administered and held. This change is important and comes at a critical time: clear guidance from the regulator will assist all companies to deliver effective support. The regulator should also consider whether there may be a need to provide specific support to new entrants into the market and smaller suppliers, who will have less experience in this area.

Citizens Advice recommends that any new guidance seeks input from the Equality and Human Rights Commission and incorporates any agreed guidance from Information Commissioner's Office regarding acceptable data collection and sharing procedures.

The regulator and industry should work with consumer groups and other voluntary and community sector organisations (for example disability and mental health charities) to ensure that the guidance is appropriate and can provide some practical suggestions.

If a single brand can be agreed between utilities the guidance should be jointly produced by the two regulators (Ofgem and Ofwat) in order to ensure consistency in both application and outcome.

Question 13: What more can be done to raise awareness of priority services?

Citizens Advice recommends that there is a clear expectation upon companies to actively promote the PSR and wider register whether using their own materials or jointly produced materials. This should be clearly set out in the licence conditions (please refer to our response to question 11)

Companies should consider how they can improve the existing communication opportunities they have with consumers, in order to identify and record vulnerable circumstances and situations. All staff who come into contact with consumers should be trained to identify possible vulnerability and what to do. Communications relating to supply interruptions (including letters accompanying Guaranteed Standards payments) also provide opportunities to promote the PSR and raise awareness of the support/services on offer.

Engaging local and national voluntary and community organisations to raise awareness and also assist with registration where necessary is important – both in terms of funding for specific outreach but also continued use of activities delivered as part of Energy Best Deal, and Big Energy Saving Week.

Question 14: Do you agree that supplier independent audits are the best way of monitoring companies' compliance with our proposed obligations? Do you have views on the approach the audit should take and what it should cover?

Citizens Advice agrees that independent audits are the best approach to compliance (as set out in previous consultation responses to both increasing severe weather payments and changes to guaranteed standards).

The audit should also DNOs and GDNs. It is important that the audit of networks companies should cover accuracy of register, policies and processes in place to assist those on the register, evaluation of support actually delivered and reason for support not being given (for example refused as not needed). The impact of failure is potentially severe so the audit should cover all incidences of loss of supply.

The supplier audit should cover accuracy of register (including method of collection and review) data sharing protocols including data protection, processes actively to identify specific need, staff training - identification of need, understanding of impact of vulnerability, data protection issues. The number of consumers impacted is likely to be much larger for suppliers so an audit based on review of process and sample of customer records for those identified as having support needs, and what has been offered. Ideally this will be compared against each supplier (weighted to take account of customer numbers/ demographic factors).

Ends

22 September 2014