

OFGEM DRAFT CONSUMER VULNERABILITY STRATEGY 2025

Response from Auriga Services Limited

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Introduction

We welcome Ofgem's drive to strengthen its ability to tackle consumer detriment and support industry-wide action to improve the lives of customers in vulnerable situations.

Auriga are keen to be part of the implementation of the Consumer Vulnerability Strategy 2025 and provide evidence and develop forms of assistance to make for a more inclusive and fairer energy market, in the context of transition to smarter and more flexible low carbon energy system.

Background to Auriga

"We are Auriga Services. We are pioneers of assistance for consumers in vulnerable situations and leaders in welfare, debt and money advice."

Carol Arnold, Commercial Director of Auriga Services Ltd

As a Midlands based service provider, quality and innovation are just two of the characteristics replicated throughout Auriga – visible in our operations (such as our management of charities and water industry assistance schemes), our people, our processes, and our research and impact.

Since 2004 Auriga have provided an extensive range of high quality, forward-thinking administration, management and advice services to UK organisations and specialised schemes that are tailored to support consumers in vulnerable situations.

We are leaders in our field because of the unique cross-sector services and ability to engage with organisations and enable their improvement. Quality customer services and meeting the specific needs of people in vulnerable circumstances is at the heart of our business.

We also supply a comprehensive range of other services including; energy and water efficiency advice, income maximisation, welfare and debt advice, emergency fuel credit payments, project management, consultancy, training and audit.

As a public benefit entity, the demand for our services stretches across the country, and we have successful services operating nationally, regionally and locally.

We have a long track record of supporting clients in the utility sector to meet their organisational goals. Working in the provision of services for other sectors, like health, government and charities we play an important role in helping people in vulnerable situations overcome financial, health and practical barriers.

In the interests of customers in vulnerable situations, our clients and to further our own continuous improvement, we regularly carry out social return on investment studies (SROI) of our activity:

- 2017 – An SROI of the water company assistance schemes we deliver, demonstrating that for every **£1** invested into the schemes we generate **£3.06 of benefits**; and
- 2018 – A full evaluation including SROI looking at the welfare advice services we offer patients at the University Hospital Birmingham, demonstrating that for every **£1** invested into the service we generate **£14.52 of benefits**

Auriga are leading the way with innovative services for the future, as how suppliers and organisations support people in vulnerable circumstances is justifiability getting more and more attention. We are ready to be part of the evolution towards more inclusive and fairer services - with Auriga as a powerful lever for action.

Question 1: Do you agree with the five priority themes and the outcomes we will aim for (as set out in chapter 3-7 and annex 2)?

We believe Ofgem's working definition of vulnerability is concise and appreciate the fact you have backed this up with a more comprehensive exploration of the risks factors involved. Your strategy rightly identifies that vulnerability is to do with risk factors, mentions interaction between different risk factors and recognises temporality as a dimension of vulnerability. We fully agree with the factors that influence vulnerability you have outlined.

We agree and fully support Ofgem's five priority themes and the associated outcomes.

1. Improving identification of vulnerability and smart use of data

Identification of vulnerability

Auriga Services provide training packages on the identification of vulnerable customers and tools to embed the appropriate knowledge and behaviours across all staff and at all levels within regulated businesses. We provide training that is bespoke and tailored for the specific roles within the company, to result in effective learning outcomes.

On the whole, we tend to work with the larger, experienced utility suppliers and distributors. In our experience we find that the identification of vulnerability and the recording systems available vary across the sector. In-house systems sometimes prevents informative data been recorded whereas others have extensive lists but unfortunately is not always 'kept up to date', resulting in inconsistencies across the services. There are good examples that we have come across with the identification, recording and cleansing of data such as Western Power and Electricity North West. Their approach should be congratulated and used as 'good practice' across the industry. Some ongoing work we are doing with the DNO Electricity North West (ENW) has highlighted the usefulness of their sophisticated vulnerability data mapping; maps showing the percentage of households in fuel poverty at small area level also overlaid with vulnerability indicators and PSR registrations. ENW are developing and working with local partners to deliver a range of projects to improve PSR identification and fuel poverty support in communities.

We have found that front-line staff have varying degrees of knowledge in the area of effective identification, some:

- Often have a wealth of experience in the field of vulnerable customers
- Are already trained to some extent on aspects of vulnerability (e.g. dementia awareness)
- Take ownership of identification for PSR and other support & pride in caring for all customers

From our experience frontline workers require:

- The confidence to have difficult conversations; ask sensitive questions and offer support by signposting, referrals and joined up services with partner organisations.
- To be better equipped with valuable resource and knowledge on how their own businesses are supporting vulnerable consumers as a whole. Rarely is there consistent knowledge in all frontline workers of the benefits of PSR to vulnerable customers.
- Access to case studies of where vulnerable consumers have been supported to bring-to -life the many outcomes for staff and customers.

The main concern seems to be that once a consumer is identified as vulnerable what actions can be taken to help and if the employer is empowered to help.

Training and support for all staff

In-house systems developed to record accurate data

Consistency in approach

PSR

There is a lack of understanding with consumers with regards to PSR. We would call for greater visibility and understanding on how to register and the benefits of doing so.

In-house systems also cause a barrier to the accurate recording of PSR data. Inconsistencies across companies cause:

- Data not accurately recorded
- Consumers concerned on how their data will be used
- Consumers asked different questions

More general understanding and the benefits need to be available with 'cleansing' part of the process.

Auriga is developing in partnership with CA, a national UK portal registration for PSR. This will be linked into Electralink (gas and electricity) and also be available for water companies to share explicit consented data. The long-term aim is that the data will be cleansed at least every 2 years.

2. Supporting those struggling with their bills

We firmly believe this is the most important priority. Each year we receive around 100,000 calls from vulnerable consumers seeking help with bills – and on average we provide an uplift in income of over £5,000 per annum for each person we advise in-depth on welfare assistance.

Annually we assess over 70,000 applications for financial help, plus assessments for WHD schemes, HHCRO audits and social tariffs in the water sector.

We urge Ofgem to look more carefully at the future of energy pricing so that all consumers have access to affordable energy. Auriga works with local authorities and energy suppliers to assist vulnerable customers who are struggling financially to top up their gas and electricity. One of the services we offer is to administer emergency fuel payments; we get vouchers to individuals by text, email or post - they then get this redeemed at local PayPoint centres. The number of households we help with this service has tripled in the past 12 months. This work provides us with knowledge of how organisations are seeking to protect customers in financially vulnerable situations – and an insight into the growing number of customers in payment difficulty.

The definition of fuel poverty is confusing to most, making reporting inconsistent. Fuel poverty also, we believe, cannot be looked at in isolation. Consumers who are in or on the poverty line will be juggling their income to react to the most important bill at the time. To reduce fuel poverty, we believe has to be part of the wider picture with interventions that look at the consumers situation as a whole.

Consumers will often agree to a payment plan when questioned by a supplier which is unreasonable and not sustainable. A full understanding of a consumers situation should be undertaken and then a solution offered.

Auriga operates a switching service which is specifically aimed at the consumer in a vulnerable situation. All suppliers are checked and not only those that offer commission. Warm Home Discount is also taken into account when the calculation is carried out. Any commission received is used to support our destitution fund.

Switching sites need to be easy for all to understand and have options on how consumers can contact them. On-line only facilities do omit a proportion of the population and as you correctly say this does tend to be consumers who fall in the most vulnerable groups.

Appropriate switching service
Understand consumer's whole situation
Affordable payment plans and arrangements

3. Driving significant improvements in customer service

We are recognised as a trusted intermediary - we know the specific engagement needs of different vulnerabilities and we have delivered significant outcomes for consumers in vulnerable situations. Our essential understanding relates to the ways to help those on a low income.

The communication channels need to be multi-element to reach all consumers. Not everyone is confident or has the ability to access information and respond on-line and therefore options must be in place.

Understanding 'your customer' is essential to all companies but what is important that once identified appropriate action can be taken. Staff must be consistent in how they treat and respond to consumers and In-house systems must have the ability to record accurate data.

Training should be in place to ensure the staff's skills are in place and refreshed periodically. We are well aware that employees cannot be trained in the detailed specifics of each vulnerability section but a general awareness should be the minimum.

The quality of the customer engagement must be the number one concern. Employees should be trained in listening skills to understand consumer's circumstances; carefully assess the situation and deliver an appropriate outcome.

We have seen over time that a bit of extra effort on communication helps us and our clients to learn and achieve a lot more for customers.

Multi communication channels
Identifying customer needs
Quality of engagement

4. Encouraging positive and inclusive innovation

We are seeing many good examples of water and energy companies embedding vulnerability innovation. One model is the welfare and benefits support service they are providing at the bedside for patients suffering from renal failure. This service became operational three years ago at the University Hospitals Birmingham NHS Foundation Trust (UHB), where we deliver an integrated and effective welfare and benefits support service. This support, provided to patients suffering from renal failure, is funded by the NHS and Severn Trent Trust Fund - recognising the vital need to address their welfare and benefit issues for holistic patient care. Initially the governments Money Advice Service also provided a grant towards the service to test its effectiveness. These patients also have higher than average heating and water usage due to the consequences of their condition.

We measure, track and report on the support service; identifying patients referred, benefits checks completed, patients requiring further assistance (casework), telephone clinics, face-to-face meetings at the dialysis units, home visits, and all the monetised and non-monetised wellbeing outcomes achieved. We also undertake with targeted interviews and surveys and review the monitoring data in order to produce a measure of value through SROI and a series of case studies. The data gathered confirms that the service we provide is:

- **Providing extraordinary value** – a particularly strong social return on investment: for every £1 invested in Auriga’s specialist services, patients, their families and society at large receives an average social reward equivalent to £14.52
- Having an **exceptional impact on some of the most vulnerable in our society** – in terms of unclaimed benefits alone, the average actual gain in income is **£5,688 per person** changing the everyday lives for 1,000s of people.
- **A much needed service for patients.** Through interviews, we were also able to gather considerable evidence from patients on what the services meant to them and the joint impacts for wellbeing and financial stability.

The various effects of the service are understood in a clear and structured way and the exceptional impact has provided a basis for decision-making at a number of other hospitals who have developed partnerships with utility companies. E.ON now fund advice services at Royal Stoke University Hospital, Wolverhampton Renal Services and the Samuel Johnson Community Hospital County Hospital

Stafford. The service is tailored to each patient's needs covering aspects such as income maximisation, budgeting and money advice, benefit entitlement checks, energy efficiency advice, tariff checks and referrals to Trust Funds/ECO/WHD.

This is not a conventional approach to helping customers; implementing this scale of 1:1 advice provision involves resource, new partnerships to be formed operational change in the NHS and additional procedural and health considerations. Organisations like Eon and the Severn Trent Trust Fund are confident that this approach really helps people who are seriously ill get access to all the help they need.

Partnerships

Innovating project delivering positive outcomes

Cross-sector working

5. Working with partners to tackle issues that cut across multiple sectors

We strongly believe that 'partnerships' that provide holistic help is the way forward in reducing fuel poverty. As previously stated, consumers juggle their money depending on which bill is 'shouting the loudest'. By dealing with energy alone will not change the situation.

We also believe that a complete service for consumers which covers income checks/maximisation, grants etc is the way forward. The goal must be to provide a service to the consumer that addresses all of their needs.

We have an excellent example of collaboration between ourselves, the water industry and an energy charity working together to reduce fuel poverty, make household bills more affordable and raise awareness of Priority Service Register.

Maximising Income, Reducing Consumption: a collaboration with Auriga, British Gas Energy Trust and Severn Trent Water

As part of their day-to-day business Severn Trent Water make appointments with households for water efficiency advice and assessment. Although useful for water efficiency - it overlooks an

opportunity for longer term outcomes that could be achieved with other relevant support to households e.g. energy, billing and welfare advice.

To exploit this opportunity - and really make a difference in local communities served by Severn Trent Water we developed a partnership in 2018 to secure significant funding from the British Gas Energy Trust (BGET). The funding enabled delivery of an innovative project, bringing partners together to enable vulnerable customers in fuel poverty to receive comprehensive assistance and advice services.

The funding enables us to work alongside Severn Trent Water for 3.5 years, targeting and proactively contacting customers in deprived areas, to offer a helping hand with both reducing water and energy consumption and bills and maximising income.

We recognise the importance of partnership building and routing appropriate referrals. This project uses a Severn Trent Water embedded referral pathway, our experienced welfare & debt case workers and trained advisors in water & energy efficiency with the hope of collecting data that shows the impact a combined service and partnership to achieve.

This project will result in thousands of households saving energy, money and living in warmer, more efficient homes. Highlights of the service include:

- a. **Home energy and water assessments**: survey findings are presented to the customer with tips on how to improve efficiencies and save money. Discussion on 'behavioural changes' that could also be beneficial take place together with leaving leaflets on the subject for the customer.
- b. **Income maximisation (benefit checks realisation and budgeting)**: during a survey visit, customers are referred through to the welfare and debt advice service at Auriga where checks to ensure all eligible benefits are being received can be undertaken. If gaps are highlighted a full welfare and debt service is offered to realise any unclaimed income. Budgeting advice is given also at this stage with the aim of increasing financial stability.
- c. **Energy Tariff Checks**: customer's energy tariff is checked to ensure they are receiving the best deal possible. We operate an energy tariff comparison site which ensures impartial advice and all deals are checked but also take into consideration if the customer is entitled to Warm Home Discount. Any discrepancies in the customer's bill are taken up directly with the supplier by our advisers.
- d. **Warm Home Discount**: customers are checked against the criteria for WHD to ensure that they are registered to receive.

- e. **Identification and referral for boiler replacements and heating technologies**: customers are identified if they match criteria and receive advice on schemes for additional energy savings, e.g. WHF or ECO to support with new boilers, cavity/loft insulation.
- f. **Identification and applications to Trust Funds**: customers are identified if they match criteria for applications to be made to Trust Funds for additional support. For example, E.ON Trust Fund for help with arrears, Severn Trent Trust Fund with water arrears, essential household items.
- g. **Water Tariffs**: all customers are checked to see if they qualify for a social tariff which reduces the cost of their water. We administer the Severn Trent Big Difference scheme and currently process and register over 25,000 customers per annum.
- h. **Access to Grant Aid**: All options to find additional support are covered. For example, if the customer requires help with essential household items, then applications will be completed to relevant charities or if adaptations/aids in the home are required, supported referrals will be made.
- i. **Priority Services Register**: all customers are informed of the PSR and we are able to sign them up directly (we obtain explicit consent).

We have developed a checklist which is used by our advisers for each referral to ensure we maximise the support given to each individual. The checklist provides a user friendly approach to take each client through the support journey and helps to ensure a consistent service.

Partnerships

Full service support

Monitoring outcomes

Question 2: Do you agree with our approach on affordability? While we recognise this is a concern for many consumers in vulnerable situations, we think addressing wider affordability pressures is mainly a matter for government to address.

We believe that there are many interventions that need to be put in place, in a timely manner, when dealing with consumers in vulnerable situations. By trying to address one element, eg energy bill, at the wrong time in the consumers journey will cause disengagement and no positive result been reached.

We are aware that this whole process should not be 'forced' upon the energy sector alone and therefore partnerships should be formed to address the consumer's situation.

The correct tariff and affordable payment plans should be taken as read for all consumers when in need of help. There are many great initiatives that take place, such as the npower emergency fuel programme to help their customers who are in desperate need and cannot afford their energy. By utilising all available schemes and sharing best practice across the industry would result in more positive outcomes. A minimum standard should be enforced across the sector to include level of service and support available.

Proactive support would be seen as positive although we are well aware that consumers in vulnerable situations do not connect or respond when contacted by their supplier. Third party organisations (not the bill chaser) can very often connect to the consumer and offer additional services required.

Partnerships to deliver multi-element services

Best practice shared

Utilise third party interventions and services

Minimum level of service enforced

Question 3: What more could be done through energy regulation to assist consumers in vulnerable situations in the longer term? How should any such further measures be funded?

In terms of improving outcomes for consumers in vulnerable situations; there is no consistency between regulators in essential service markets about what is measured or how you measure it.

We are particularly interested in measuring, managing and accounting for social value or social impact. From our broad experience and understanding of vulnerable situations, we recognise that all regulators are doing more to assess their effectiveness. However, the extent to which collectively regulators truly understand and respond to consumer outcomes is very limited.

We would therefore like to see energy regulation, alongside other regulators (and water in particular as a basic human need) to look at outcomes for consumers in vulnerable situations as a collective - and take this strategy consultation as an opportunity to engage and align outcomes wherever possible.

Consistency

Measure outcomes

Align customers across industries