

Professor Cosmo Graham, University of Leicester, Consumer and Essential Services Unit response to Ofgem's consultation on its Consumer Vulnerability Strategy 2025

Introduction

I am an academic who has studied regulation for with a particular interest in the representation of consumer interests. I have been Director of the Consumer and Essential Services Unit (<https://www2.le.ac.uk/departments/law/research/cces>) at the University of Leicester since 1998 and am the current chair of the Essential Services Access Network. This reply is written in a personal capacity.

General

I strongly support the aims of this work and regard regular updating of the Consumer Vulnerability Strategy as essential. Given that the pace of change in the energy markets is accelerating, it would be sensible to leave open the possibility of a subsequent review starting before 2025.

Question 1 – Priority Themes

The themes identified are appropriate for the policy. There are, however, a number of points.

First, the themes are implicitly given equal priority. Although the themes are inter-related, this seems unlikely to be the case in practice and more explicit recognition of priorities would be helpful.

Secondly, although the consultation document recognises that the energy market is changing, this does not explicitly feed into later discussions of the strategy.

Thirdly, it will be important to establish clear baselines in terms of performance in order to have clear measurements of progress.

Theme 1 – Improving identification of vulnerability and smart use of data

Outcome 1B talks about improving in supporting customers to self-identify. It is important in measuring progress to establish an initial baseline of customers who have self-identified in order to be able to understand what effect, if any, new approaches may have had.

Outcome 1C talks about better use of data across regulated sectors, which is a desirable outcome. It would also be helpful to try and encourage data sharing with other organisations who may have direct access to customers in vulnerable circumstances, notably health and social services. This is unlikely to be easy to accomplish but should be worthwhile.

Theme 2 – Supporting those struggling with their bills

See comments on affordability below.

Theme 3 – Driving significant improvements

Outcome 3C should be a high priority.

Theme 4 – Encouraging positive and inclusive innovation

Regulators are not well equipped to undertake this task, although they need to be careful not to obstruct positive developments. Ofgem may wish to facilitate discussion about innovative developments but should not go beyond this and this theme is not a priority.

Theme 5 – working with others

Much of this theme is, rightly, focused on working with the third sector. Ofgem needs to recognise that the third sector works under tight resource constraints and bear this in mind in engaging with it. It is also important that Ofgem expands its contacts in the third sector and reaches out to smaller and more local organisations which also play a role.

There should be explicit recognition of the need to work with local, regional and country governments. Ofgem is a UK wide body and there is no mention of working with, for example, the Scottish Government nor with the London Mayor, both bodies which have explicit policies in relation to fuel poverty. As well as their own policies, these organisations may have good understanding of local issues and where there may be consumers in vulnerable circumstances.

Outcome 5D: I strongly support this outcome.

Question 2 - Affordability

Ofgem's approach to affordability is consistent with the current statutory arrangements and, outdated, guidance that it has received from the government.

I support the view of Energy UK's Commission on Customers in Vulnerable Circumstances that the issue of social tariffs ought to be revisited, although this is a matter for government. If this were done, it would be sensible to re-visit the other forms of support that exist for energy bills, such as the Warm Homes Discount and Winter Fuel Payments.

Question 3 – What more could be done?

As regards funding, a source of funding would be redress payments made by the suppliers.

Question 4 – Proposals for first year of strategy

I agree that these are a sensible set of priorities for the first year of the strategy.