

**Consumer Scotland
Draft Work Programme
2023-2024**

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1. Introduction

- 1.1. Consumer Scotland is the statutory and independent body for consumers in Scotland.
- 1.2. The Consumer Scotland Act 2020 defines a consumer as either an individual or a business that is no larger than a small business. The Act provided Consumer Scotland with the general function of providing consumer advocacy and advice with a view to:
 - Reducing harm to consumers
 - Increasing confidence among consumers in Scotland in dealing with businesses that supply goods and services to consumers
 - Increasing the extent to which consumer matters are taken into account by public authorities in Scotland
 - Promoting sustainable consumption of natural resources and other environmentally sustainable practices in relation to the acquisition, use and disposal of goods by consumers in Scotland
 - Otherwise advancing inclusion, fairness, prosperity and other aspects of wellbeing in Scotland
- 1.3. The Act also provided Consumer Scotland with functions to act on behalf of consumers through representation, research and investigations, information and the recall of goods. Consumer Scotland may also issue guidance to relevant public bodies on the duty to have regard to consumer interests (“the Consumer Duty”).
- 1.4. Consumer Scotland was established in April 2022 as a Non-Ministerial Office and is accountable to the Scottish Parliament. For our first year of operation in 2022-2023 the Consumer Scotland Board published an Interim Strategic Plan and a Workplan for Energy, Post and Water.
- 1.5. Consumer Scotland is delivering that Workplan for Energy, Post and Water in 2022-2023, while simultaneously building the organisation, recruiting a full staff team across our Policy and Advocacy, Research and Analysis and Operations Directorates. During the course of the year we responded to the significant pressures that consumers have faced, launching a regular tracker survey to understand and assess the affordability of energy; contributed to the First Minister’s two energy summits and the Scottish Government food crisis summit; took early action to put a focus on consumers in vulnerable circumstances at the heart of Consumer Scotland’s work and initiated new research to examine the opportunities and challenges that the transition to net zero brings for consumers across different markets and services. In undertaking our work in 2022-2023, we have been grateful for the support and engagement of a wide range of stakeholders.

- 1.6. Consumer Scotland is now publishing its Draft Work Programme for 2023-2024 and working in collaboration with others will continue to be central to our approach. Through partnerships with other consumer bodies, charities and regulators we will seek to maximise the value and impact of our advocacy, research and analysis, taking a holistic perspective to help achieve positive outcomes for consumers in Scotland.
- 1.7. In setting out our Draft Work Programme we describe why the work we are proposing is important for consumers; the action that Consumer Scotland will take; and the outcomes for consumers that we seek to contribute towards in partnership with others.
- 1.8. Alongside our external-facing work, Consumer Scotland will continue in 2023-2024, in our second year of operation, to develop and build our organisation. This includes ensuring that we have the appropriate governance mechanisms in place; ensuring that we are undertaking our work effectively and compliantly; actively seeking out opportunities for efficiency such as collaborating with other public bodies on shared services; and building and developing a sustainable organisation for the future with a culture of flexibility, innovation and continuous learning. Our approach to developing our organisational design will also ensure that we have the skills, agility and capacity to allow us to respond to rapidly changing market conditions and evolving priorities.
- 1.9. We will publish an updated version of our Strategy alongside the final version of our Work Programme in March 2023. This will set out our revamped vision, mission, strategic outcomes and values and will cover a four-year period, from 2023 to 2027.

2. The Consumer Context

- 2.1. When Consumer Scotland launched in April 2022, we highlighted in our Interim Strategic Plan and in our Work Plan for Energy, Water and Post that consumers in Scotland were facing a period of unprecedented challenge and change.
- 2.2. In our analysis at that time we described the nature of this challenge and change for consumers. It included the cost of living crisis, with prices of consumer goods already rising rapidly while real incomes came under severe pressure. A key aspect of this was the high level of disruption taking place in the energy market, with many companies going out of business and consumers facing substantial increases in fuel bills. This was compounded by the lasting impact of the COVID-19 pandemic, which was continuing to impact on households, communities and businesses in many different ways. The UK's exit from the European Union also had emerging implications for consumers, while COP26 in Glasgow facilitated a growing recognition in Scotland of the urgency and centrality of climate change adaptation and mitigation. All of these developments were occurring within the different policy context in Scotland for many markets and services relevant to consumers.
- 2.3. In the period since this assessment these issues have intensified, in many cases becoming even more stark than anticipated less than 12 months ago. Inflation in the UK reached over 11% in October 2022, the highest level for more than 40 years¹. In response, the Bank of England raised interest rates on several occasions throughout 2022, with the base rate rising from 0.1% at the start of the year to 3% in November². Mortgage rates have risen accordingly, with the average rate now around 6%, bringing significant increases in borrowing costs for mortgage holders.
- 2.4. With severe pressures on taxation and public spending, the Office for Budget Responsibility (OBR) has estimated that real household disposable income – the cost of living – is set to decline by more than 7% across 2022-2023 to 2023-2024, only the third time in 60 years that it has dropped for two consecutive financial years³. The OBR's judgement is that the UK economy is already in a recession, during which economic activity (i.e. GDP) will decline by 2.1%. The Scottish Fiscal Commission similarly judges that the Scottish economy is already in a recession that will last six quarters, with a decline in economic activity of 1.8%⁴.
- 2.5. Energy costs continue to be a significant driver of the challenges for the economy and for consumers. The UK Government has introduced a temporary Energy Price Guarantee (EPG) to cap energy bills to an average of £2,500 until April 2023 and to an average of £3,000 for a further 12 months from that date. This protection will cost taxpayers at least £70 billion⁵. Without it, the average household energy bill would have risen to nearly £4,300 in November 2022⁶.
- 2.6. The difficult economic context has brought other challenges. Industrial action, often related to disputes between companies or providers and workers in relation to pay, is taking place across a number of markets and services, which has consequences for consumers who experience disruption in access to services.

- 2.7. The impact of the cost of living crisis is not felt evenly. Low-income households tend to spend a bigger proportion of their budgets on essential goods that have risen in price. As a result, the inflation rates they are experiencing have accelerated even faster than those faced by other households. The Institute for Fiscal Studies (IFS) predicted in August 2022 that the poorest fifth would face an 18% inflation rate by October, compared to 11% for the richest fifth.⁷
- 2.8. Analysis by the Financial Conduct Authority (FCA) showed that in May 2022, 26% of Scottish adults had low financial resilience and 8% were in financial difficulty.⁸ Low financial resilience is one of the key drivers of vulnerability, with other drivers being health, life events, resilience and capability. The FCA analysis highlights that in May 2022, 47% of UK adults showed one or more characteristics of vulnerability. These drivers of vulnerability may place consumers at greater risk of detriment or at risk of experiencing more severe detriment in their interactions with markets.
- 2.9. Scottish Government analysis indicates low-income households with particular characteristics are likely to fare worse in a cost of living crisis. Larger families; households in receipt of means-tested benefits (and those narrowly ineligible for means-tested benefits); households who rent their homes; households where a member has a disability; households with an unpaid carer; Gypsy/Traveller households; rural and island households; single person households and single parent households will face particular challenges as a result of reduced real term incomes and increased costs. Certain groups are over-represented in these households, most notably minority ethnic groups and women. Some individuals or households will have more than one of these characteristics.
- 2.10. Consumer Scotland's own work in 2022 has further highlighted the financial challenges facing many consumers. Our Energy Affordability Tracker showed that in autumn, more than a third of households in Scotland did not feel they were managing well financially; while a majority expected their financial position to worsen in the coming months⁹. Nearly three-quarters of consumers reported cutting back on spending in at least one area in order to manage their energy costs, with women and younger people disproportionately affected. Through our engagement with partner organisations, including advice agencies, we are aware many consumers are experiencing extremely challenging circumstances.
- 2.11. Alongside the worsening cost of living crisis, and the particularly significant impact it has for consumers in vulnerable circumstances, the question of how consumers in Scotland can be supported, protected and empowered in their adaptation to climate change has become ever more pressing. Scotland recorded its highest ever temperature during the summer of 2022, with the 35.1 degree temperature breaking the previous record by more than 2 degrees¹⁰. The year as a whole was Scotland's warmest on record. As we described in our Energy, Post and Water Work Plan for 2022-2023 and set out in our following Draft Work Programme for 2023-2024, consumers have a central role to play in helping to tackle climate change and they must be engaged, supported and enabled to do so.

3. How to read this Draft Work Programme

Overview

- 3.1. We have developed the Consumer Scotland Draft Work Programme for 2023-2024 in the context of the significant challenges facing consumers in Scotland; while also seeking to identify opportunities for new approaches and solutions which put consumers at the heart of markets and services in Scotland.
- 3.2. Our Draft Work Programme includes a number of new proposed activities for 2023-2024, as well as workstreams that would continue from 2022-2023.
- 3.3. The workstreams detailed in this Draft Work Programme are a long list of activities that Consumer Scotland has identified for potential engagement in 2023-2024. In finalising the Work Programme, we anticipate having to make choices in terms of the workstreams that we commit to and the number of activities that we can advance under each identified workstream. Stakeholder feedback on this Draft Programme will play an important role in helping us to make these choices for the final Programme. We particularly welcome views from stakeholders on the timing and relative priority of the proposals set out in the Draft Programme.
- 3.4. The final Work Programme will also need to retain sufficient capacity for ongoing organisational design work in our second year of operation; while providing an element of flexibility to allow Consumer Scotland to respond to significant opportunities and challenges that emerge for consumers in-year.

Cross-cutting priorities, themes and outcomes

- 3.5. Consumer Scotland has a vision for a fair and sustainable economy in which every consumer can participate, confident that their needs and aspirations will be met. We work to improve outcomes for both current and future consumers. We engage with business, public services and consumer groups to put the consumer perspective at the heart of markets, services and policy in Scotland. As the statutory, independent voice for consumers in Scotland, we seek solutions that maximise consumer benefit, mitigate risk and reduce harm.
- 3.6. To achieve these goals, the projects in our 2023-2024 Work Programme will:
 - encourage organisations to take the initiative to work in the consumer interest;
 - provide high quality evidence to shape the work of regulators, companies and public services;
 - enable consumers by ensuring they can access the information and support they need to participate in the economy.
- 3.7. Our Draft Work Programme is structured according to the specific market areas in which Consumer Scotland will operate. There are a number of cross-cutting themes

which run through our work across each of these different markets and services. These themes are:

- tackling the cost of living;
- climate change mitigation and adaptation; and
- a focus on consumers in vulnerable circumstances.

3.8. We will draw learning, experience and evidence on each of these themes from across the specific markets and services that we engage with, to further our understanding of the implications for consumers and amplify our impact.

3.9. Similarly, our work across different markets and services is rooted in the overarching themes that matter to consumers: cost, quality, access, trust and values. We will continue to build our understanding of how these themes play out in different settings, drawing together this learning from across the markets and services that we are engaged in, to improve outcomes for consumers.

Working with others

3.10. Consumer Scotland will work closely with regulators, government, businesses, enforcement bodies, consumer groups and the third sector to support the effective delivery of our 2023-2024 Work Programme. We will seek to identify the unique contribution that we can make, as Scotland's statutory and independent voice for consumers, in any given market or service and develop a clear understanding of how we can most effectively add value to the work of others. We will draw on the existing evidence base established by enforcement agencies, current and previous consumer groups and others to inform our work.

3.11. Across the Work Programme we will engage with consumers in a variety of different ways to identify priorities, issues and challenges and develop evidenced-based approaches and solutions with consumers at the centre.

3.12. In addition to working with others to pursue specific projects, we will also continue during 2023-2024 to invest in building relationships with key stakeholders and engaging with relevant networks, broadening our understanding of the consumer perspective and gathering intelligence in relation to emerging consumer issues.

3.13. Our Draft Work Programme includes a balance of activities which will be initiated by Consumer Scotland and those where we will contribute to legislative or regulatory processes initiated by others.

Prioritisation

3.14. Consumer Scotland has used a prioritisation process to identify potential areas of activity for inclusion in our Draft Work Programme. Potential projects were scoped to consider the significance of the issue for consumers; the outcomes Consumer Scotland would seek to achieve; alignment with our cross-cutting priorities; and alignment with the key consumer themes.

3.15. This information was then assessed against a structured set of questions, relating to:

- **Consumer impact:** The impact of the issue for current and future consumers in Scotland, including potential benefit and opportunities for consumers; building consumer confidence; or the detriment and harm that consumers are experiencing.
- **Working with others:** How Consumer Scotland will add value to, not duplicate the work of other advice, regulatory and enforcement bodies. How we will work collaboratively to fulfil our functions and achieve our objectives.
- **Resource and capacity:** Whether the issue justifies the continued commitment of Consumer Scotland's resources when weighed against competing issues.
- **Outcomes and risk:** The effect and influence that our action could have and how it could be perceived.
- **Strategic alignment:** How our activities fit with Consumer Scotland's mission, vision and objectives.

3.16. As a result of this process some potential projects and workstreams were merged; cross-cutting links and synergies between some projects were identified and strengthened; some potential projects were not included in this Draft Work Programme and remain in our long-list for future consideration; and some possible gaps in the portfolio were identified, generating new proposals for consideration.

3.17. As noted above, Consumer Scotland is continuing to develop a pipeline process for identifying potential workstream areas. Any activities listed in this Draft Work Programme which are not taken forward in the 2023-2024 final Work Programme will be retained as potential workstream items that could be developed in future years.

Dissemination and communication

3.18. We describe in the Draft Work Programme how we will engage with the key audiences for each of our workstreams. More broadly, Consumer Scotland will seek to ensure in 2023-2024 that our evidence and insight reaches a wide range of audiences who may find it relevant to their purpose and interests. This includes core stakeholders who are actively engaged in our work, such as regulators, government, business and consumer bodies. It includes the Scottish and UK parliaments, the media and third sector organisations, each of whom have interests in different aspects of Consumer Scotland's work. We will also play a role in helping consumers to access the advice they need, by highlighting consumer information provided by other bodies.

4. Our Research and Analysis

Our approach to research and analysis

- 4.1. High quality research and analysis is at the heart of what we do as an organisation. Our research and analysis provides evidence and insight into issues such as: how consumers are being affected by changes to policy or wider economic circumstances; how they change their behaviours in response to new information or circumstances; and their perceptions of and attitudes to a wide range of issues and trends.
- 4.2. This evidence and insight forms the foundation of our policy and advocacy activity. Ultimately, the evidence from our research and analysis is what enables Consumer Scotland to deliver, alongside our partners, better outcomes for consumers.
- 4.3. Our research and analysis involves a wide variety of methods and approaches. We work extensively with existing statistical, economic, administrative, and research data to understand consumers in Scotland and to model alternative policy options. We conduct and commission primary research with consumers, businesses and other stakeholders, ranging from large-scale surveys to focus groups, qualitative interviews and deliberative research.
- 4.4. Throughout all our research and analysis, we are committed to:
 - Ensuring that our approach to research and analysis meets the highest standards of research ethics.
 - Ensuring that our outputs are publicly available and widely disseminated. Consistent with Scotland's Open Data Strategy we will ensure that, where consistent with broader data protection and ethics considerations, our data and models are made available for re-use by others.
 - Working collaboratively with partner organisations and stakeholders through continual communication about research needs and priorities, joint commissioning where possible, and by establishing protocols for data sharing where relevant.
 - Ensuring our research and analysis is consistent with state-of-the-art methodological approaches and makes an impactful contribution to the societal knowledge base. We will achieve this by, amongst other things, building and developing new research knowledge exchange networks which further support the work of Consumer Scotland, including engaging systematically with academic, policy and research communities or setting up advisory groups in key areas that could be used to advise and guide us when setting up research projects, and peer reviewing our work.

Our research and analysis priorities for 2023-2024

- 4.5. Consumer Scotland has a broad set of priorities for its programme of research and analysis in 2023-2024. These priorities are part of a wider research and analysis agenda for the longer term which will be set out in our 4-year Strategic Plan later this year.
- 4.6. The majority of Consumer Scotland’s proposed workstreams for 2023-2024, outlined subsequently in this document, involve research and analysis to a greater or lesser extent. Key cross-cutting themes for our research and analysis work for example will include:
- Developing modelling approaches to understand the impacts on consumers of alternative pricing and charging strategies across a range of markets.
 - Developing evidence-informed insights about how consumers respond to policy changes, information and broader economic circumstances – which will inform our advocacy position in a range of areas.
 - Building understanding of consumer attitudes to key policy objectives such as net zero, and knowledge of the challenges that consumers face in contributing to the achievement of those objectives.
 - Ensuring that consumers are at the heart of our approach to research and analysis, by facilitating their involvement in research and thus ensuring that policy solutions are informed by consumer insights.
- 4.7. In addition to this core agenda, which cuts across many workstream areas, our plans for research and analysis also include a number of more discrete programmes of work that don’t necessarily fit within the broader thematic areas outlined subsequently. These include commitments to:
- **Take forward scoping work to inform the Consumer Welfare Report:** We have a statutory obligation to produce a Consumer Welfare report in 2026 which sets out the issues facing consumers in Scotland and how these have evolved over time. In 2023-24 we will undertake scoping and preparatory work to establish baseline conditions and monitoring arrangements for subsequent years that will inform that report.
 - **Understand and measure our impact:** It is critical to understand and evidence the influence that Consumer Scotland has on policy, and the impact of its work on consumers. In 2023-2024 we will establish robust processes for measuring and monitoring our impact as an organisation.
 - **Look to the future through horizon scanning:** We will support horizon scanning to help track, from a consumer perspective, the trajectory Scotland is on, where the nation wants to get to, and what needs to happen to ensure we will get there. This will involve working collaboratively and with a range of partners, learning from and sharing knowledge with others to gain and give access to data.

5. Cross-market consumer issues

Overview

- 5.1. Consumer Scotland works in specific market areas. Our cross-cutting themes of the cost of living crisis; climate change mitigation and adaptation; and working for consumers in vulnerable circumstances are prevalent in our work in each of these market areas.
- 5.2. We also undertake work which is not rooted in any single market or service, but which advances issues of importance to consumers on a strategic or cross-market basis.
- 5.3. In 2023-2024, we will carry out strategic or cross-cutting activity to deepen our understanding of the particular priorities and concerns of consumers in vulnerable circumstances; to consider effective models for making essential markets and services affordable for all consumers; and to examine the key consumer considerations in the transition to net zero across different markets.
- 5.4. We will build vital strategic partnerships through our coordination of the Consumer Network for Scotland and through participation in UK consumer partnerships. We will seek to strengthen the position of consumers at the heart of policy-making in Scotland by engaging in the review process for the National Performance Framework.

Consumers at the centre of net zero

Why this matters to consumers

- 5.5. The Scottish Parliament has set legally binding climate change targets for Scotland to achieve by 2045, with interim targets for 2030 and 2040. These targets, which are more ambitious than other targets set across the UK, will require homes, businesses and communities in every part of Scotland to make considerable changes to lifestyles, transportation, and business practices that are wide-ranging.
- 5.6. The changes required will also include taking action to reduce consumption or to make use of natural resources in more efficient ways, making changes to buildings and to how consumers purchase and obtain goods and services. If consumers do not feel willing or able to change unsustainable behaviours, Scotland's ability to meet statutory targets or to adapt to the negative impacts of climate change will be adversely affected.
- 5.7. The transition to net zero must be just, with a clear focus on the priorities and needs of consumers in vulnerable circumstances, including those on low-incomes.

What will Consumer Scotland do to address this issue?

- 5.8. A key component of Consumer Scotland's general function of providing consumer advocacy and advice is promoting sustainable consumption of natural resources and other sustainable practices by consumers. This applies to tackling climate change because all of Scotland's homes, businesses and communities will need to use less energy and water, use different sources of energy, and reduce consumer participation in other carbon intensive activities.
- 5.9. There is broad agreement that the transition to net zero will only be a success if it is a genuinely joint effort between government, industry, businesses and consumers. Consumers and businesses will need to be supported if they are to make the wide-ranging changes required to their homes, lifestyles, transportation and business practices.
- 5.10. The Scottish Government's response to the Just Transition Commission's final recommendations report stated that Consumer Scotland would be requested to: "consider tracking the impact of decarbonisation on households as part of their workplan for 2022-23...". This request also appeared in the [Programme for Government 2021-22](#). By the end of our current 2022-2023 Work Plan year, we will have designed and conducted the first year of an energy and water decarbonisation tracker survey. We will also have commissioned the development of a new survey questionnaire covering other consumer markets in the rest of the economy.
- 5.11. Our work in 2023-2024 will build on the knowledge and insight gathered from our 2022-2023 activity.

- 5.12. We will repeat the 2022-2023 quantitative consumer tracker surveys for energy and water and carry out a new quantitative consumer tracker survey for the rest of the economy and markets. These surveys will have representative samples of the Scottish population that can be repeatable at regular intervals and will be sufficiently robust to give statistically significant results across the full range of demographic categories and geographic locations.
- 5.13. We will use the findings from our quantitative research to scope out and develop a secondary qualitative research phase of research, potentially involving deliberative methods. We would seek to build on previous relevant work in this area, such as Scotland's Climate Change Assembly and other qualitative research undertaken by government and the third sector.
- 5.14. The research will build our evidence base on the range of issues driving consumer attitudes, values and social norms, which together shape consumer habits, routines and practices. We will use our research insights to carry out follow up advocacy to highlight findings and inform the design of policies and implementation strategies by government, businesses and other agencies.
- 5.15. We will monitor this issue over time as we develop our evidence base, providing critical insight into consumer attitudes and behaviours. We will engage in partnership working with others, while drawing upon our unique position as the statutory voice for consumers in Scotland to look across markets, sectors and practices, making connections and drawing on insights from our other work.

What is the outcome we want to contribute towards?

- 5.16. The approach to net zero at the Scotland centres the consumer perspective, putting consumer priorities at the heart of design, development and solutions.
- 5.17. Consumers across Scotland receive the ongoing, targeted support that they require in the transition to net zero, to help them make the wide-ranging and necessary changes required to their homes, daily routines and business practices.
- 5.18. Policy makers, regulators and business have a clear, evidence-based understanding of consumer sentiment and participation in the transition to net zero, enabling the ongoing monitoring, development and adaptation of effective, consumer-centred policy interventions that maximise participation and ensure no one is left behind.

The priorities and needs of consumers in vulnerable circumstances

Why this matters to consumers

- 5.19. Consumers in Scotland are subject to a complex range of pressures, as a result of the cost of living crisis and other drivers of potential vulnerability. There is a considerable evidence base, for example from the Financial Conduct Authority (FCA), showing that consumers who are exposed to drivers of vulnerability, such as poor health, financial pressures and life events such as bereavement or job loss are at greater risk of harm or at risk of experiencing greater levels of harm. The FCA has estimated that more than half the UK population are experiencing at least one driver of vulnerability.
- 5.20. A key area of focus for Consumer Scotland is to ensure we can have regard to the needs of consumers in vulnerable circumstances and effectively advocate for these needs to be met.

What will Consumer Scotland do to address this issue?

- 5.21. More work is required to consider the evidence base on consumer vulnerability in Scotland, to map the characteristics and consider where the gaps in the evidence base are.
- 5.22. Consumer Scotland's remit to look at consumer outcomes across a range of markets provides it with a unique position to identify opportunities to improve the consumer journey across public and private sector services. In 2022-2023 we are conducting a review of best practice in this area with a view to identifying gaps in knowledge, identifying areas of potential risk for consumers and looking at potential areas of future work. We have also established a Short Life Working Group (SLWG), through which we are drawing on cross-sector expertise and insight to help us develop our approach to hearing the consumer experience. The Group is reporting to the Board on how Consumer Scotland should approach its work in this area, including critical success factors in our organisational culture, methods and processes.
- 5.23. Building on this work in 2023-2024, we will engage with consumers to establish their needs and aspirations and benchmark characteristics of consumer vulnerability, both personal and market-driven. We will consider the extent of detriment in high-risk areas and assess gaps in the existing evidence base. Following on from the work of the SLWG, we will establish a formal advisory committee to guide our work in this area.

What is the outcome we want to contribute towards?

- 5.24. Consumer Scotland's work, across all of our functions, is continually underpinned by a deep understanding of the characteristics, needs, aspirations and experiences of consumers in vulnerable circumstances, resulting in more effective delivery and improved outcomes for all consumers.

Affordable essential goods and services

Why this matters to consumers

- 5.25. Consumers are currently struggling to pay for a wide range of essential goods and services. While this is a long-standing issue in some markets, it has been significantly exacerbated by recent rises in inflation and the cost of living crisis.
- 5.26. We see increasing evidence that policy interventions to tackle this challenge often approach the issue of affordability through the lens of a particular market, rather than through a consumer-centred approach. Consumers experience these issues as a holistic problem of insufficient income to meet a multitude of rising costs, rather than as specific market issues.
- 5.27. Different markets and providers have a wide range of varying approaches through which they seek to ensure or protect affordability of products and services. This can include income-based pricing, targeted discounts, social tariffs or offers for particular demographic groups. Often it is the same consumer groups which experience challenges of affordability in different markets, but the way in which markets and providers deal with this challenge varies significantly, providing limited consistency or certainty for consumers about how they might be supported.
- 5.28. There also appears to be limited cross-market or cross-provider sharing of best practice, learning and ideas about how best to design and promote access to affordable products and services for consumers who need these most. Often these consumers are the least well-placed to advocate for what they might be entitled to. Therefore there is an onus on providers and regulators to ensure that the packages which are designed to be affordable reach those who are entitled to them. The lack of cross-market understanding is long-standing, but the challenges it causes for consumers are becoming more acute the longer the cost of living crisis continues.
- 5.29. In the Scottish context, there are particular issues around affordability for remote and rural consumers – for example in relation to unregulated fuels, parcel delivery, broadband and food retail.

What will Consumer Scotland do to address this issue?

- 5.30. Consumer Scotland will undertake research to examine models of differentiated pricing across different markets affecting consumers in Scotland and international best practice examples. We will draw on this learning to provide insights and proposals to policy makers, regulators, service providers and businesses in a range of markets and services which are important for consumers in Scotland.
- 5.31. We will work in partnership with organisations with expertise in specific markets and services, to seek their perspectives on differentiated pricing in the relevant areas and their views on the advantages and disadvantages of the current approach.

What outcome do we want to contribute towards?

- 5.32. An increased understanding amongst businesses, regulators and policy makers of how different pricing models could be developed and applied to improve the affordability of essential goods and services for consumers in Scotland.
- 5.33. An increased adoption and uptake of pricing models that improve affordability for consumers in vulnerable circumstances.

The Consumer Network for Scotland and UK-wide strategic partnerships

Why this matters to consumers

- 5.34. The Consumer Network for Scotland brings together key partners in the Scottish consumer landscape and has potential to facilitate improved partnership working and to improve the consumer experience. The breadth and depth of issues impacting on consumers in Scotland, alongside the potential that exists to consider consumer issues in new and innovative ways, means that there is significant strategic value in the operation of a collaborative Consumer Network in Scotland.
- 5.35. The Consumer Network will serve as a vehicle to help identify and address current and potential causes of harm or detriment to consumers in Scotland, including consumers in vulnerable circumstances. It will also provide space to help create and maximise opportunities that will benefit consumers and align with sustainability and environmental goals. The Network provides significant opportunities to improve the sharing of information and to develop a partnership approach across the consumer sector in Scotland, through collaboration and action.
- 5.36. Other UK-wide strategic partnerships include the Consumer Protection Partnership (CPP) and the British Standards Institution (BSI) Consumer Forum. The CPP brings together organisations within the consumer landscape in the UK to better identify, prioritise and coordinate collective action to tackle the issues causing greatest detriment to consumers. The BSI Consumer Forum is an open network that brings together organisations from across the UK consumer protection landscape to share valuable insight about topical consumer issues.
- 5.37. Consumer Scotland's continued contribution to these UK-wide, cross-sector consumer protection networks will help to highlight the needs and interests of consumers in Scotland on a UK-wide level.

What will Consumer Scotland do to address this issue?

- 5.38. We will chair and facilitate the work of the Consumer Network, engaging with members to refresh the remit of the group, agree the future direction of its work and consider how it can be most effective in ensuring positive outcomes for consumers and small businesses.
- 5.39. At UK level, Consumer Scotland will continue to participate in a number of CPP working groups, to improve the consumer journey. We anticipate this will include deep dives into sectors such as used cars, home improvements and mobile and telecoms, using this work to inform our own approach to future work in these high priority sectors in Scotland.
- 5.40. Participating in the CPP and the BSI Consumer Forum allows us to benefit from shared evidence, but also from practical knowledge, best practice and experience gained by other consumer protection organisations as we evolve as an organisation and develop our place in the landscape.

5.41. As the independent voice of consumers in Scotland, we will make evidence-based representations to highlight issues affecting consumers in Scotland within a UK-wide context.

What is the outcome we want to contribute towards?

5.42. A collective approach to advancing consumer issues in Scotland, with the expertise and activities of a range of different partners amplified through a collaborative, partnership approach which enables members to achieve better outcomes for consumers by working together.

5.43. Issues affecting consumers in Scotland are appropriately understood, considered and acted upon within the UK-wide consumer protection architecture.

Consumers and the National Performance Framework

Why this matters for consumers

- 5.44. Scotland Performs, the National Performance Framework (NPF), drives the priorities and actions of the Scottish Government and public bodies in Scotland, providing a shared framework for measuring progress towards goals.
- 5.45. The Framework provides a series of 11 high-level National Outcomes for Scotland to achieve. For each Outcome there are a set of proxy indicators, which are used to measure progress. Performance is regularly monitored, with each indicator linked to a dataset. There are currently 81 indicators in the Framework. Each of the Outcomes and indicator sets is linked to the United Nations Sustainable Development Goals.
- 5.46. The NPF is enshrined in the 2015 Community Empowerment Act, which requires Scottish Ministers to determine outcomes for Scotland and for these to be reviewed every five years. The Scottish Government will shortly embark upon the next review process for the National Outcomes, with an updated set due to be published later in 2023.
- 5.47. Given its status in public policy making in Scotland, it is important that the NPF reflects the needs and aspirations of current and future consumers, to help ensure that consumer issues are considered proactively by government and public bodies, across all relevant policy domains.

What will Consumer Scotland do to address this issue?

- 5.48. We will actively contribute to the process of the NPF review, identifying areas where the Framework could better reflect the needs and aspirations of current and future consumers and proposing solutions for how this might be achieved.

What outcome do we want to contribute towards?

- 5.49. An increased profile for consumers in the National Performance Framework, embedding a stronger focus on consumer issues, priorities and concerns at the heart of public policy making in Scotland.

6. Energy

Overview

- 6.1. The overall aim of our energy policy work is that consumers have access, at affordable prices, to the heat and power required to meet their needs, from markets that provide a choice of high-quality products and services which serve the interests of all consumers and facilitate the nation's net zero ambitions.
- 6.2. In practice, data shows this is not currently the case in Scotland. The energy price crisis has magnified market failings, though many of the causes of these failings predate wholesale price increases. Affordability issues are the key driver of consumer detriment in the energy market and energy bills are forecast to remain high¹¹ in the coming years.
- 6.3. Our work is balanced over the short, medium and longer terms, and reflects the varying circumstances of energy consumers in Scotland depending on their needs, property type and tenure, and heating fuel, with a particular focus on vulnerable and fuel poor consumers.
- 6.4. In the short and medium terms our work will focus on the affordability challenge and on the quality of service provided by market actors across the energy landscape.
- 6.5. In the medium to longer terms, we recognise that energy efficiency and improved heating systems are required to ensure consumers in all circumstances have access to affordable warmth. As the statutory consumer body for Scotland we have a central role to play in identifying the appropriate evidence, support, and where necessary regulation, required to enable all consumers to meet their needs as we transition to a low carbon economy.
- 6.6. In the longer term we contribute to decisions on the scale and type of investment in energy infrastructure, to ensure the energy needs of future consumers can also be met in line with Scottish and UK net zero commitments.

Energy affordability

Why does this matter to consumers

- 6.7. The energy crisis has far-reaching impacts for all consumers. Within the energy retail market, bills have escalated substantially and consumers face ongoing uncertainty about the future of government support for the cost of energy bills from April 2023.
- 6.8. Certain groups of consumers are particularly exposed to the impacts of higher energy prices. This includes younger people, women, those with a disability, consumers on lower incomes, those who rely on pre-payment meters and those who use electric heating.
- 6.9. Ongoing, accurate intelligence on consumers' experience of affordability in the energy market is required in order to identify gaps in the support offered, and inform potential interventions which may improve consumer outcomes. Specific information is required about the experiences of consumers in Scotland, given the geographic and market variations, differences in consumer and fuel poverty profiles, and different policy context.

What will Consumer Scotland do to address this issue?

- 6.10. In 2022-2023 Consumer Scotland began a regular Energy Affordability Tracker survey to understand and track the experiences of consumers in Scotland during the energy crisis.
- 6.11. We will continue this survey throughout 2023-2024, utilising the evidence gathered to provide ongoing, up-to-date insight to key decision makers and frontline organisations.
- 6.12. We will combine the evidence gathered through the survey with other evidence streams, including data from advice agencies, insight from the Energy Consumers Committee and Scottish Energy Insights and Coordination Group (both of which we coordinate) and data from the Office of National Statistics, to provide an overall picture of consumers, energy affordability and perceptions of the energy market in Scotland.
- 6.13. Future waves of the survey will also include questions on mental and physical health which will aim to give additional insight into the impacts of the cost of living crisis for consumers in vulnerable circumstances.

What outcome do we want to contribute towards?

- 6.14. Governments, regulators and suppliers have an up-to-date, evidence-based picture of the ongoing impact of the energy crisis for consumers in Scotland, which supports the development and improvement of policies and interventions to mitigate the impact of the crisis for consumers, with a particular focus on consumers in vulnerable circumstances.

A fair and sustainable energy market

Why this matters to consumers

- 6.15. Consumers are facing high energy bills combined with uncertainty about the future of financial support. The evidence from our Energy Affordability Tracker survey is that many consumers are facing significant financial difficulties and are struggling to afford their energy bills and meet their essential needs. Our autumn 2022 Tracker survey found that 69% of consumers in Scotland were finding it more difficult to keep up with their energy bills, while 43% of consumers did not think they would be able to heat their home during the current energy crisis.
- 6.16. A variety of factors have led to the high price volatility in energy markets which has contributed to the significant uncertainty around affordability of bills. Significant reforms are in motion across energy markets over the coming years. It is important that the specific circumstances of consumers in Scotland are reflected in ongoing energy retail and wholesale market reform and in the approach to consumer protection post-2024.

What will Consumer Scotland do to address this issue?

- 6.17. Consumer Scotland will build on our 2022-2023 work in this area to highlight and promote the needs of consumers in Scotland within policy and operational decision-making about the future of the retail energy market.
- 6.18. We will draw upon our position as Scotland's statutory, cross-market consumer body to draw learning, insight and analysis from other sectors that can inform future market design and the development of an outcomes-focused approach to consumer protection in the energy retail market, which accounts for the different needs of consumers and ensures that future costs, risks and benefits are balanced between consumers and industry.
- 6.19. In 2023-2024 we will engage with ongoing market reform proposals across the sector, working in collaboration with other consumer bodies to ensure that the particular perspectives of consumers in Scotland are incorporated into final determinations.

What is the outcome we want to contribute towards?

- 6.20. A fair and sustainable energy market where all consumers, including those in vulnerable circumstances, have access to affordable energy and where suppliers are enabled to adopt a proactive, consumer-focused approach.
- 6.21. A sustainable long-term approach to the funding of social and environmental schemes post-2024 which is affordable, fair, incentivises low carbon technologies, and protects all consumers, including consumers in vulnerable circumstances.

6.22. Reforms to the wholesale electricity market that take account of the priorities and needs of consumers in Scotland, supporting a just transition to net zero and protecting the interests of consumers in vulnerable circumstances.

Tackling fuel poverty

Why this matters to consumers

- 6.23. Over a third of households in Scotland are estimated to be living in fuel poverty. A range of market, geographic and socio-economic factors mean that consumers in Scotland face unique challenges linked to fuel poverty, while those living in vulnerable circumstances are at heightened risk to the worst associated effects.
- 6.24. Scotland has statutory targets towards eradicating fuel poverty and the Scottish Government has an action plan to achieve these – the Fuel Poverty Strategy.
- 6.25. Scotland’s fuel poverty legislation requires that targets are met in every local authority area, and that progress is demonstrated against all four recognised drivers of fuel poverty. It is also vital that resources to tackle fuel poverty are effectively targeted. Achieving this within the context of wider economic pressures, and ensuring that actions taken align with Scotland’s net zero ambitions, is a challenge for government at both a local and national level.

What Consumer Scotland will do to address this issue

- 6.26. In 2022-2023, Consumer Scotland has been identifying areas for improvement in the Fuel Poverty Strategy, building consensus with key stakeholders, and working with Scottish Government and the statutory Fuel Poverty Advisory Panel to advance the effective implementation of the Strategy. As the statutory voice for energy consumers in Scotland, we will continue this work in 2023-2024 with an emphasis on the monitoring and evaluation that we believe is key to ensuring that the actions of the Fuel Poverty Strategy deliver on their ambition. Getting this right will ensure stakeholder and supply chain buy-in as the first interim targets in 2030 approach.
- 6.27. The prevalence of fuel poverty in Scotland is measured and reported through the Scottish House Condition Survey (SHCS). To ensure our work is evidence-led, Consumer Scotland will expand our analysis in this area, including working with data from the SHCS. This will strengthen our ability to identify trends relating to fuel poverty, which through collaborative working, will enable us to inform solutions which ensure that the needs and aspirations of Scottish consumers are met.

What outcome do we want to contribute towards?

- 6.28. The actions outlined in the Fuel Poverty Strategy and corresponding support schemes are informed by robust evidence, and effectively monitored and evaluated to deliver improved health and economic outcomes for Scottish consumers.
- 6.29. The reduction of fuel poverty in Scotland complements a just transition to a low-carbon energy system, and contributes to the overall wellbeing of society.

Energy efficiency regulation and consumer take-up of low carbon technologies

Why this matters to consumers

- 6.30. Improving the energy efficiency of Scotland's buildings is essential to energy affordability, tackling fuel poverty, addressing climate change and supporting the achievement of Scotland's net zero targets.
- 6.31. Previous research has found low consumer awareness of the steps that they will need to take in order to improve the energy efficiency of their homes. There are concerns that consumers do not have sufficient information to make informed decisions about which technologies to adopt. Historically, improving energy efficiency has been particularly challenging for consumers in: blocks of flats; the private rented sector; rural and/or older housing.
- 6.32. The Scottish Government's Heat in Buildings Strategy set out plans to introduce energy efficiency regulations for the social rented sector, the private rented sector and owner occupied properties across Scotland. The impact of regulations for consumers must also be fully understood, to ensure that the benefits of these are maximised and there is no unintended harm or consequences.

What will Consumer Scotland do to address this issue?

- 6.33. It is important that energy efficiency policy in Scotland is informed by an understanding of consumer awareness of low carbon technologies, such as ground heat pumps, air source heat pumps and biomass heating, and the barriers that consumers can experience in adopting these.
- 6.34. Consumer Scotland will build upon current research and understanding, undertaking further analysis and stakeholder engagement to look at the specific issues for consumers in Scotland, including the potential impact of the heat and energy efficiency regulations.
- 6.35. We will use this evidence and insight to inform and advise on the development of Scottish Government policy, engage with relevant stakeholders and provide submissions, briefings and consultation responses, promoting a consumer perspective at the heart of policy and implementation considerations.

What is the outcome we hope to contribute towards?

- 6.36. Energy efficiency policy in Scotland is built on a clear understanding of the opportunities, barriers and challenges for consumers in taking up low carbon technologies, including the different perspectives and priorities of different groups of consumers, particularly those in vulnerable circumstances.
- 6.37. Consumers have access to the information that they need to make decisions about the adoption of low carbon technologies and the key considerations, challenges

and opportunities involved in taking these decisions; including awareness and understanding of the implications of new energy efficiency regulations.

- 6.38. The implementation of Scotland's energy efficiency regulations is based on a strong understanding of the consumer perspective, reflecting the interconnectedness of a net zero energy system and incentivising property owners and tenants to invest in measures that will support the efficient rollout of low and zero emissions heating.

The experience of off-grid consumers in the cost of living crisis and the transition to net zero

Why this matters to consumers

6.39. Just under one-fifth of households in Scotland are not connected to the mains gas grid. This figure is significantly higher in rural and remote areas. Off-grid consumers can experience a range of problems when heating their homes. These include:

- high and volatile price of fuel;
- lack of price controls on unregulated fuels;
- limited consumer protection and recourse when problems occur with unregulated fuels;
- heating systems that can be too expensive to repair or replace;
- landlords replacing the heating systems of their tenants with alternatives that are not affordable; and
- large upfront costs associated with the ‘first fill’ of an oil tank.

6.40. These issues are considerable problems by themselves. The current cost of living crisis is exacerbating and intensifying these issues, risking greater detriment to consumers. Concurrently, the drive to meet Scotland’s ambitious net zero targets means that many off-grid consumers will be encouraged to move away from fuels such as LPG and heating oil in favour of cleaner, more sustainable forms of heating. The impact of these changes for consumers in Scotland is not yet fully understood.

What will Consumer Scotland do to address this issue?

6.41. Consumer Scotland will undertake scoping work and stakeholder engagement activity to understand how the context of the cost of living crisis and the drive to net zero are affecting off-grid consumers. We will consider how this picture varies depending on different fuel types and whether particular groups of consumers experience a higher degree of vulnerability in this market. We will consider what interventions might be required to support consumers in this changing landscape, maximising the opportunities and mitigating harm.

6.42. We will work with stakeholders with an interest in this area, including government, industry and Trading Standards. We will use our emerging evidence and insight to contribute to policy development and implementation through the provision of briefings, submissions, consultation responses and stakeholder engagement.

What is the outcome we want to contribute towards?

- 6.43. Policy development and implementation in Scotland relating to both the current energy cost crisis and the journey to net zero are informed by a clear understanding of the perspectives, priorities and concerns of off-grid consumers.

Heat networks

Why this matters to consumers

- 6.44. Heat networks have the potential to bring many benefits to consumers as a cost-effective, low carbon method of heating. However, there is a strong evidence base on the harm that can be experienced by consumers of heat networks. Research has shown that the key issues affecting consumers on heat networks include: the reliability of the network; fairness of price; the level of information provided about their system; experience of under or over-heating; and issues with the handling of complaints.
- 6.45. As heat networks are unregulated, heat network customers don't currently have the same protections as customers of gas and electricity in the regulated energy sector.
- 6.46. Consumers in Scotland are potentially at a higher risk of detriment as heat networks are expected to grow faster here than in other parts of the UK. Given their potential environmental benefits and scope to address fuel poverty, the Scottish Government are seeking to expand the number of heat networks significantly over the next decade. It is important that consumer priorities and concerns in the heat market are addressed, for the benefit of current and future consumers.

What will Consumer Scotland do to address this issue?

- 6.47. During this year, we will build an evidence base in order to better advocate for heat network consumers in Scotland. Our work will build on the work done by other consumer bodies and complement the work done by other organisations in the consumer and regulatory landscape.
- 6.48. We will work closely with Ofgem as they continue to develop work on heat network regulation, and with the Scottish Government as they continue to take forward work on heat network licencing. We will continue our membership of the Heat Trust Committee, and as a member of the Committee, contribute to the wider discourse and policy discussion on protecting heat network customers. We will continue to engage with stakeholders and provide briefings and consultation responses. We will also work to highlight the Scottish context in the wider UK discussion on regulation of heat networks, to ensure that the specific perspectives of consumers in Scotland are represented.

What is the outcome that we want to contribute towards?

- 6.49. A heat networks market in Scotland that addresses the issues being experienced by consumers, which puts the interests of consumers at the heart of its future developments, and which maximises the opportunities for consumers to adapt to low cost, low carbon heating systems while experiencing a fairly priced, reliable, effective service, with good quality information and access to redress.

Uptake of Electric Vehicles

Why this matters to consumers

- 6.50. Transport is responsible for over 30% of the greenhouse gas emissions in Scotland. The largest contributor to transport emissions is the road sector. Road transport is also a significant contributor to poor air quality, which has a negative effect on health. Decarbonising road transport is vital to reducing the impact of climate change and improving the health and wellbeing of all consumers in Scotland
- 6.51. With the sale of new petrol and diesel cars and vans coming to an end by 2030, the demand for electric vehicles (EVs) will rise steadily over the coming years. As this is still a market in the early stages of its development, there is an opportunity to ensure that the consumer perspective is at the heart of its growth over the next decade.
- 6.52. A range of potential harms for consumers in this market have already been identified. There are concerns about the accessibility of EV charging infrastructure for consumers in vulnerable circumstances, and with 29% of households in Scotland without access to a car and no current UK Government plans to address a looming reduction in income from Vehicle Excise Duty, there remain questions of equity about how the transition to zero emissions vehicles is paid for.
- 6.53. The Scottish Government has already funded the deployment of one of the most comprehensive public charge point networks in Europe, but there are concerns about the effect of this provision, and the high level of subsidy that is offered through Chargeplace Scotland's tariffs, on the wider public chargepoint landscape in Scotland.
- 6.54. Given the pace of change required to meet Scotland's net zero targets and the 2030 deadline for the end of petrol and diesel car sales, it is essential that existing barriers for consumers in switching to EVs are understood, and possible opportunities to accelerate the uptake are explored.

What will Consumer Scotland do to address this issue?

- 6.55. Consumer Scotland is currently contributing to the Electric Vehicle Energy Taskforce to promote the delivery of positive consumer outcomes, and we chair the electric vehicles complaint handling working group.
- 6.56. We will continue and build on this work in 2023-2024, exploring the existing evidence base in relation to consumer perspectives on the EV market and seeking to address gaps in the evidence. We will engage with key industry stakeholders and with other consumer bodies active in this area. We will engage directly with government to promote a policy approach that considers the opportunities and implications for consumers at all stages.

What outcome do we want to contribute towards?

6.57. The development and implementation of EV policy in Scotland which centres the interests of current and future consumers and is based on a fair and consumer-centric approach to EV uptake.

Smart meter rollout

Why this matters to consumers

- 6.58. Smart meters have a vital role to play in supporting consumers to make the transition to decarbonisation.
- 6.59. Smart meter rollout in Scotland has lagged behind the progress made in England and Wales and some consumers in Scotland currently face barriers to accessing smart meters, or to making use of their full potential. A lack of access to the full benefits of smart meters reduces consumer choice in the retail energy market, prevents access to the Smart Export Guarantee for consumers with microgeneration technologies, and can disincentivise behaviour change.
- 6.60. Barriers to maximising smart meter benefits for consumers include technical issues such as poor or no access to the Wide Area Network signal that enables the two-way communication between smart meters and the energy system (“no-WAN areas”); and/or restrictions to smart meter operability caused by thermal constraints on the electricity distribution networks (“Load Managed Areas”). Currently, there is limited publicly available information about the prevalence of these issues in local areas, or the timescales for resolution. As reforms to both wholesale and retail energy markets progress over the coming years, resolving these issues is likely to become more pressing from the perspective of delivering a Just Transition to net zero.
- 6.61. Consumers in Scotland who use traditional forms of electric storage heating and electricity metering infrastructure known as a dynamically teleswitched (DTS) meter face particularly acute barriers to smart meter access. A key technical aspect of how these meters function is due to be retired in 2024, risking severe consumer detriment, including risk of loss of heating or hot water systems or significant limitations to the ability to vary the settings of these, unless alternative infrastructure is provided. A significant meter replacement programme for consumers with DTS meters is in its early stages but as the uptake of smart meters is voluntary there is currently no requirement on consumers to engage with this process, and limited published data on progress.
- 6.62. There is a need for coordinated action across a range of stakeholders to ensure that all consumers in Scotland with DTS meters have the opportunity to benefit from an appropriate smart meter within the relevant timescales, and that consumers understand the implications of engaging or not engaging with such a programme.

What will Consumer Scotland do to address this issue?

- 6.63. It is important that any barriers to the uptake of smart meters in Scotland are widely understood and addressed if a just transition to net zero is to be realised.
- 6.64. Consumer Scotland will work with stakeholders to encourage action to tackle information barriers facing consumers in Scotland. We will provide evidence and

insight to key energy retail industry stakeholders, and the providers of relevant smart metering network infrastructure and services, to promote a clear consumer perspective in decision making on the next stages of smart meter roll out.

What outcome do we want to contribute towards?

6.65. A fair and inclusive transition to a smarter and more flexible energy system for consumers in Scotland.

6.66. High quality, timely and up to date information is made publicly available on the key issues for consumers to consider in the uptake of smart meters, including relevant information on progress, timescales and risks for consumers with DTS meters.

Networks

Why does this matter to consumers?

- 6.67. The electricity and gas transmission and distribution networks form a critical part of the national infrastructure, safely and reliably transporting energy to homes and business across Scotland. The cost of paying for the ongoing maintenance and development of these networks is met through consumers' energy bills, normally accounting for around 10% of a household's typical monthly energy bill.
- 6.68. The price control mechanisms for both electricity (RIIO-ED2) and gas (RIIO-GD3) are entering into significant periods of delivery and planning. Consumers have limited direct paths of engagement with the Distribution Network Operators (DNOs) responsible for these networks. Given the importance of this infrastructure, and the costs which consumers pay to support investment in it, the consumer perspective must be at the heart of the design and implementation of these substantial investment programmes.

What will Consumer Scotland do to address this issue?

- 6.69. In recent years there have been a number of methods trialled to increase consumer engagement in the regulatory process for energy networks and the water sector in Scotland. These have included the water industry's Customer Forum and Customer Engagement Groups in the energy industry's RIIO process.
- 6.70. The electricity networks are currently entering a delivery phase for the distribution price control period, while transmission and gas networks will soon enter a new regulatory process. Consumer Scotland will work with the energy networks in Scotland to develop ways of consistently involving consumers interests in planning and delivery.
- 6.71. Although there are significant differences between the regulatory frameworks, there are clear synergies between Consumer Scotland's work on the regulated energy networks in Scotland and our work on the water infrastructure of Scotland. We will capture learning and best practice across all sectors, with a view to driving up standards and service delivery.

What outcome do we want to contribute towards?

- 6.72. The priorities and interests of consumers in Scotland are at the heart of the development and delivery of the regulated energy networks' business plans in Scotland, resulting in safe, reliable and value for money, national infrastructure to heat and power households and businesses.

Big Energy Savings Winter Campaign and Big Energy Savings Network

Why this matters to consumers

- 6.73. There is a considerable body of evidence which indicates that consumers in vulnerable circumstances are often among those most disengaged from the energy market in Scotland. Many consumers, including consumers in vulnerable circumstances, also lack the confidence and means necessary to take action to reduce the cost of their household's reasonable energy needs.
- 6.74. With the energy consumption of most households showing a seasonal bias towards the winter months, raising awareness among consumers of the help and support that is available to address these costs becomes particularly important as temperatures drop.

What will Consumer Scotland do to address this issue?

- 6.75. We will continue our work with Citizens Advice Scotland (CAS) in 2023-2024 to deliver the Big Energy Saving Winter Campaign. The campaign is a national programme which is co-designed with consumers each year to reflect prevailing consumer priorities in relation to energy. It promotes ways to reduce costs and highlights the sources of help available. The national digital, media and advertised campaign is supported by local campaigns run by Citizens Advice Bureaux (CABs) which engage individual consumers across Scotland.
- 6.76. We will also continue our partnership with CAS to support the Big Energy Saving Network. The network delivers a year-round programme of training, support, and grant funding accessible by a broad range of trusted local voluntary and community organisations across Scotland. The programme is administered by CAS and delivers an extensive programme of outreach to consumers in vulnerable circumstances, providing advice and support to reduce households' energy costs through assisted action on tariffs and switching, energy debt management, behaviour change, and energy efficiency. In so doing it helps to address three of the four recognised drivers of fuel poverty in Scotland, improves the health and wellbeing of consumers, and promotes a more sustainable consumption of natural resources.

What outcome do we want to contribute towards?

- 6.77. Successful delivery of the Big Energy Savings Campaign and Big Energy Savings Network, helping consumers to manage their energy bills, tackling fuel poverty and improving energy efficiency.
- 6.78. Helping empower consumers to become more active in the energy market through consumer engagement and participation through co-design.
- 6.79. Development of skills, knowledge and confidence in relation to energy issues across the local voluntary and community organisations who participate in

programme delivery, better equipping these organisations to support consumers in the future.

7. Post

- 7.1. Our work on postal services recognises the vital role that postal markets play in ensuring that consumers can effectively engage with a wide range of essential services and markets. This can include public services, social security, financial services and retail.
- 7.2. Consumer Scotland's work in 2023-2024 on postal services will be rooted in our cross-cutting organisational themes of the cost of living crisis, consumers in vulnerable circumstances and climate change adaptation and mitigation. We will explore how postal services are responding to these significant issues for consumers. We will build on the evidence base we are developing in 2022-2023 and undertake further analysis and advocacy in these key areas.
- 7.3. We will also continue to monitor key data and intelligence on how the postal service is functioning for consumers in Scotland.
- 7.4. There is an important relationship between postal services and telecommunications, with those who are digitally excluded more likely to be dependent on postal services. There is a strong interaction between these markets too, with postal services often playing a vital role in the fulfilment of digital engagements or transactions. We will give appropriate consideration to these issues as we deliver our work programme.

Affordability of postal services

Why this matters to consumers

- 7.5. An affordable postal service is vital for consumers needing to access a wide range of essential services. This can include access to the social security system, to financial services and to healthcare appointments and information. It is particularly important for those who are digitally excluded, disproportionately those who are older or who have lower incomes, to have an affordable postal service.
- 7.6. There has not been a full review of the affordability of the Universal Postal Service operated by Royal Mail for some time, although Ofcom has continued to monitor the issue. Evidence has been gathered by consumer bodies in different parts of the UK on the affordability of postal services and the challenges consumers experience accessing basic services.
- 7.7. The question of affordability of postal services is particularly relevant in the context of the current cost of living crisis.

What will Consumer Scotland do to address this issue?

- 7.8. Consumer Scotland research in 2022-2023 is exploring the views of consumers in Scotland on the costs of universal postal services and perceptions of affordability. We are also undertaking an in-depth review of previous research studies on the postal market, examining a wide range of consumer issues, including issues of cost.
- 7.9. In 2023-24 we will conduct detailed analysis of the results of this research and provide evidence and insight to key stakeholders, including Royal Mail and Ofcom. We will work in partnership with other consumer bodies from across the UK in advancing this issue.
- 7.10. We will use our evidence base to inform our input to Ofcom's forthcoming consultation on the 2nd class stamp price safeguard, which will set out the limit of how much the cost of this product can rise.

What outcome do we want to contribute towards?

- 7.11. A strengthened understanding amongst key stakeholders of the factors determining the affordability of postal services for consumers in Scotland, and commitments to ensuring that the future pricing structure for mail products reflects these consumer needs.

Access to postal services

Why this matters to consumers

- 7.12. When consumers are unable to access postal services this can cause significant detriment. Access to healthcare, financial services and benefits are impacted by lack of a postal address to collect forms, receive documents and generally communicate with others.
- 7.13. There are several groups of consumers in vulnerable circumstances who are impacted by lack of access to post, including those experiencing homelessness, victims of domestic violence, refugees and asylum seekers and Gypsy, Roma and Travelling communities.
- 7.14. There is currently a service called 'Post Restante' which allows consumers to use a Post Office as their mail delivery location, but this is only available for three months in the same UK town. After that the consumer must use a Post Office in a different town.

What will Consumer Scotland do to address this issue?

- 7.15. Consumer Scotland began work on this issue in 2022-2023, building relationships and networks with organisations working directly with those who have lived experience of being unable to access postal services.
- 7.16. We will continue this work in 2023-2024, engaging consumer groups and organisations, to understand how the issue affects consumers' priorities, challenges and concerns. We will develop the evidence base and insights to inform discussions with key stakeholders, including Royal Mail, Ofcom, other consumer bodies, and organisations working with those excluded from the postal market, to identify potential solutions.

What outcome do we want to contribute towards?

- 7.17. Development of new solutions that support consumers in Scotland with no fixed address to gain improved access to the postal market.

Access to postal services: parcels

What this matters to consumers

- 7.18. Consumers have changed their purchasing habits drastically over the last decade, particularly in how they buy and receive goods. Online shopping has become essential to consumers, particularly if they have low mobility or additional needs. An effective parcel service can be particularly important for consumers in rural and remote parts of Scotland, where access to physical retail opportunities may be more restricted. Small businesses rely on good quality delivery services to their customers.
- 7.19. Currently consumers face issues with loss, theft or damage to their goods or face significant delays in receiving their goods. Consumers in rural, remote or island communities often experience greater limitations in the parcel options available to them, or may have to pay more for some parcel deliveries.

What will Consumer Scotland do to address this issue?

- 7.20. We welcome Ofcom introducing new targeted consumer protections for disabled consumers and the issuing of new guidance for parcel companies' complaints policies and processes to improve customer service and complaints handling. We will work with stakeholders to improve monitoring and reporting on the parcel market, such as numbers of complaints and general quality of service that people experience. We will work to gather evidence on how the market could be working better for all consumers, particularly those in vulnerable circumstances, such as approaches taken by other countries on how to ensure these essential services are available to all.

What is the outcome we want to contribute towards?

- 7.21. All consumers in Scotland have an accessible parcel services market that meets their needs and from which they receive a good quality of service. When things go wrong consumers have a way of contacting the necessary people and can attain a positive outcome.
- 7.22. Consumers and businesses enjoy improved transparency in the parcel market, with information on quality of service, pricing and consumer experience widely and readily available, improving the competitiveness of the market and driving improved outcomes for consumers.

Ensuring access to Post Office services in Scotland

What's the issue?

- 7.23. The Post Office network provides access to essential services for consumers across Scotland. Consumers can access letters and parcel services and also pay bills, access cash and other financial services as well as top up prepayment meters.
- 7.24. For rural and remote consumers, the role of the local Post Office can be particularly significant; and interacts with the access that consumers have with other markets, including bank branches and telecommunications services.

What will Consumer Scotland do to address this?

- 7.25. Consumer Scotland will work with Post Office Limited and BEIS to ensure that the delivery of the network to consumers is working for them, with suitable quality of service, particularly for those who need it most.
- 7.26. We will look to gather evidence on consumer views on their needs from the Post Office network and seek to understand how the essential services that are delivered through Post Office branches can be most effectively provided for current and future consumers.

What is the outcome we're looking for?

- 7.27. For all consumers to have access to Post Office services, with the network continuing to provide a high quality, effective service for rural and remote communities, for those who are digitally excluded, older people, disabled people, carers and small businesses.

The decarbonisation of postal services

Why this matters for consumers

- 7.28. The growing parcels market in the UK brings potential harm for current and future consumers in the form of increased emissions from vehicles involved in parcel delivery. There is currently very limited independent evidence and analysis on the extent and nature of this potential detriment, with most relevant work primarily undertaken by providers as part of their internal environmental monitoring processes.
- 7.29. As a result, consumers have poor information on the environmental sustainability options available to them when making decisions around using postal services, including parcel delivery providers.

What will Consumer Scotland do to address this issue?

- 7.30. We will explore the environmental impacts from common consumer activities that rely upon postal markets (such as online shopping which may have multiple deliveries and returns with significant road vehicle use), as well as examining how companies could provide better information to consumers to inform their choices. We will use this evidence base to provide insight and proposals on actions to support the transition of the postal market to net zero, and the role that consumers can play in shaping this journey.
- 7.31. We will engage with other consumer bodies from across the UK as we develop and deliver this work.

What outcome do we want to contribute towards?

- 7.32. Increased positive action by regulators and providers to support the journey of the postal market to net zero.
- 7.33. An improved information system for consumers on the emissions generated from their use of the postal market, enabling consumers to make active choices in this area.

8. Water

8.1. Consumer Scotland's water policy work in 2023-2024 will focus on key themes of climate change adaptation, equitable investment, fair markets and affordable services. We will work openly and collaboratively with the Scottish Government, sector regulators and Scottish Water to ensure that the needs and interests of consumers are represented at a strategic and operational level in the design and delivery of Scottish Water's capital investment strategy. This will include participation in the Scottish Government's ongoing review of policy relating to the water sector.

8.2. This work will include:

- fulfilling our statutory role to monitor the delivery of Scottish Water's capital investment programme, offering consumer focused insights and research based evidence to promote positive outcomes for service users
- engaging in significant policy development processes within the water sector around climate change adaptation and net zero emissions
- advocating for water and wastewater services that remain affordable and meet the needs of current and future consumers
- developing evidence and insight to promote a non-household market that is fair and operates in a way that protects the interests of its customers and the wider good of the market
- representing the needs and interests of water and wastewater service users, both as recipients of water and wastewater services, and as citizens and members of communities who have a responsibility to engage with services in a way that protects natural resources and the environment.
- engaging with policy makers to support the development of policy and strategy around challenging issues within the water sector such as improving access to safe drinking water for those that are dependent on a private water supply or private wastewater system, or the removal of lead piping from homes and businesses.

Consumer perceptions and behaviours around water use, pollution and climate change

Why this matters to consumers

- 8.3. Scotland has the highest per capita consumption of water in the UK: 165 litres per person per day compared to 142 litres in England and Wales, and 145 litres per day in Northern Ireland. In recent years, Scotland has experienced summers with low rainfall that has led to reservoirs either running dry or levels becoming so low that the quality of the water is affected. Scottish Water ensures that public supplies are maintained either through tankering water or increased chemical and other treatment processes, however this comes at a financial, carbon and environmental cost.
- 8.4. Climate change will also create periods of more intense rainfall in Scotland, with patterns often unpredictable and changeable. These rainfall events can overwhelm communities and cause disruption, flooding and damage for consumers. Existing rain water management processes are designed to address weather patterns that have become outdated and communities and consumers will need to adapt in order to ensure resilience to climate change impacts. There is a need to explore ways of achieving this that are affordable for all consumers and which do not leave people behind.
- 8.5. Alongside these issues, consumer behaviour in relation to how they engage with water and wastewater services can often contribute to and at times exacerbate issues such as sewer overflows, urban water run-off and blockages in the wastewater network. There is a need to explore consumer expectations and understanding in relation to wastewater, in order to inform the development of policy and practice that empowers consumers to be part of the transition.

What will Consumer Scotland do to address this issue?

- 8.6. As the statutory consumer body for water in Scotland we will support collaborative and inclusive policy development, with consumers at the centre, by providing a deeper understanding of consumer perceptions and behaviours around water use and climate change.
- 8.7. Consumer Scotland's tracker research study in 2022-2023 will provide a high-level overview of consumer attitudes and behaviours towards water use, climate change, pollution, wastewater management and adaptation. This data will provide a critical evidence baseline, which we will use to feed into key policy development processes in 2023-2024. It can be rerun in future years to allow monitoring of significant changes, following engagement with key sector stakeholders.
- 8.8. We will also use the tracker evidence in 2023-2024 to inform the development of new deliberative research with consumers, in collaboration with key water sector stakeholders. The research will explore in more detail the issues facing and concerning consumers in relation to water within a climate change context. We will provide these insights on consumer behaviours, motivation and perceptions to

inform policy and industry action that supports consumers in the choices they make, to develop resilience and adapt to climate change.

What is the outcome we want to contribute towards?

- 8.9. A policy development process on water use, pollution and climate change in Scotland which is informed by high quality evidence on consumer perceptions and behaviours, which centres the interests of all consumers, and which empowers consumers to be part of a just transition.

Consumers in the transition of surface water management towards climate adaptive approaches

Why this matters to consumers

- 8.10. Scotland is having to adapt its surface water (rain water) management and infrastructure to respond to the impacts of increased and more intense rainfall caused by climate change. Rainfall events are often unpredictable and can cause significant consumer detriment in the form of disruption, flooding and damage. Existing rain water management processes require to be updated to reflect a changing climate. Communities and consumers will need to adapt in order to ensure they are resilient to climate change impacts, now and in the future.
- 8.11. The use of blue-green infrastructure (BGI) has been found to be one of the most effective ways to address the risk of flooding in urban communities. BGI can offer many added consumer benefits beyond water resilience, including improved travel networks, access to green and blue spaces, physical activity, biodiversity and reduction in pollution (air and water) amongst many more. However, whilst BGI can offer many benefits to a community it represents a complete transformation of rain water management. It is a visible change that transitions how rain water is managed, moving from 'grey' (underground pipes and culverted waterways) to blue-green (where water is part of the space), above ground infrastructure.
- 8.12. As part of a 'just transition' communities and consumers must be involved in the process of adapting to climate change in order to ensure the water infrastructure transition is not imposed without consumer understanding, trust and involvement in the process and the outcome.

What will Consumer Scotland do to address this issue?

- 8.13. We will build on internal analysis we have undertaken in 2022-2023 which has looked at the consumer barriers and challenges to BGI being retrofitted into communities, and on the previous consumer research work undertaken in this policy area.
- 8.14. In 2023-2024 Consumer Scotland will use our evidence base to inform the Scottish Government's water policy development process, which encompasses Scottish Water's responsibilities for surface water management. We will advocate for consumer engagement and participation to be embedded within the process of adapting rain water management and resilience to flooding.

What is the outcome we want to contribute towards?

- 8.15. Consumers are empowered and enabled to be part of a 'just transition' to adapting to climate change impacts of increased rainfall and the flooding of communities, homes and businesses across Scotland.

Consumers and the Scottish Government's water sector policy development

Why this matters to consumers

- 8.16. Climate change is having a significant and growing impact for water consumers in Scotland. This includes the financial and environmental impacts of low rainfall and the mitigations that are put in place to deal with this; and the consequences of increased, unpredictable rainfall resulting in flooding, causing damage and disruption.
- 8.17. Scottish Government water policy is being reviewed and developed to take account of the impacts and challenges of climate change and to ensure the current legislative landscape in Scotland supports climate change ambitions. Consumers experience both the impact of climate change and the process of transition and it is important that consumers are represented, included and empowered as this substantial policy work to address climate change and adaptation is progressed.

What will Consumer Scotland do to address this issue?

- 8.18. Consumer Scotland will provide our insight and evidence into consumer expectations, level of awareness and understanding as part of the policy development process. We anticipate engaging with Scottish Government and water industry stakeholders to co-design and develop policy across issues including surface water drainage, water efficiency, domestic distribution systems (lead pipe replacement), private water supplies, pollution and charging.

What is the outcome we want to contribute towards?

- 8.19. A water policy framework in Scotland that has consumers at the heart of adaptation and resilience to climate change, maximising the benefits for consumers while mitigating the risk of consumer detriment, particularly for consumers in vulnerable circumstances.

Resilient and safe private water supplies

Why this matters to consumers

8.20. Consumers of private water supplies (PWS) in Scotland are facing increasing risks to water scarcity as a result of climate change, which is causing supplies to run dry and is exacerbating water quality issues. Approximately 200,000 people in Scotland, mostly in rural or remote rural areas, use private water every day in their homes or at work. At certain times of the year, this number can swell considerably through tourism. The quality of drinking water from PWS is also significantly poorer overall, than mains drinking water from Scottish Water, which poses health risks to users of PWS.

What will Consumer Scotland do to address this issue?

8.21. There is an existing consumer evidence base in relation to private water supplies, and the barriers that consumers of PWS face in ensuring access to safe and affordable drinking water. This evidence has previously helped inform policy development, including how Scotland will meet its commitment to the alignment into Scottish legislation of the EU recast Drinking Water Directive.

8.22. In our first year of operation, Consumer Scotland built on this legacy through our participation in a number of key industry groups, including PWS steering group, regulation working group, and advice and support working group. We also undertook qualitative research to test and inform the solutions being delivered for PWS users.

8.23. In 2023-2024 we will publish the findings of our qualitative research and provide this evidence to stakeholders to ensure that Scottish Government policy development on PWS is informed by a robust and considered consumer perspective.

What is the outcome we want to contribute towards?

8.24. Consumers in Scotland with a private water supply are able to access safe and affordable drinking water.

Affordability of water and sewerage charges

Why this matters to consumers

- 8.25. Recent Consumer Scotland research has demonstrated that a growing number of consumers in the lowest and second lowest income deciles are paying more than 3% of their weekly income, after housing costs, on water and sewerage payments.
- 8.26. In 2021 the Scottish Government increased the level of the Water Charges Reduction Scheme from 25% to 35% for low-income households on passport benefits. This decision, informed by previous consumer research into the affordability of water and sewerage charges, has benefitted low-income consumers. However, for those consumers struggling to pay but who are not in receipt of benefits, there is no financial support currently available. Further, the cost of living crisis means that the 10% increase in water charges reduction may no longer be sufficient to provide the desired level of protection for low-income consumers.

What will Consumer Scotland do to address this issue?

- 8.27. Consumer Scotland is conducting internal research into cost of living with a specific focus on the cost of water across Scottish households. We will share this evidence with Scottish Water to inform the strategic review of charges process for 2027-2033.
- 8.28. Previous consumer research into how projected future household income and price change scenarios were likely to affect affordability of water and sewerage charges highlighted issues for low income households. We will re-run this research to better understand changes in consumer circumstances, and the implications for consumers of any price increases for water and sewerage charges in the context of the current cost of living crisis. Drawing on the consumer research evidence base, we will engage with key water sector stakeholders and continue to advocate for affordable charges to be levied to low-income consumers.

What is the outcome we want to contribute towards?

- 8.29. A fair and sustainable system for water and sewerage charges in Scotland, which protects low income consumers, taking account of the significant financial strain consumers are experiencing during the cost of living crisis.

Ethical frameworks and consumer outcomes in the non-domestic water market

Why this matters to consumers

- 8.30. There are 150,000 non-household customers in Scotland's competitive water sector. It is important that services in this market are provided in a way that informs customer choice and delivers fair prices and service standards.
- 8.31. The market is undergoing significant cultural change, moving towards ethical frameworks and practice. It is vital that the perspectives of consumers play a central role in shaping this transition and the market that emerges from it.

What will Consumer Scotland do to address this issue?

- 8.32. Consumer Scotland will engage with 21 retailers, Scottish Water, the Water Industry Commission for Scotland, the Central Markets Agency and the Scottish Government to influence policy and practice around establishing a market in Scotland that delivers services in a way that meets the needs and interests of non-household customers.
- 8.33. We will continue in 2023-2024 to chair the Senior Stakeholder Group for the sector, putting the consumer interest at the heart of key policy considerations and encouraging stakeholders to think proactively about how consumer needs can best be met, including opportunities to improve culture, behaviour and practice across the sector.
- 8.34. We will draw on the substantial body of consumer research which identifies areas of the non-household water market in Scotland that require improvement to reduce detriment for consumers. We will engage with ongoing market developments related to the establishment of the Market Health Checker to ensure these deliver effectively for consumers. We will encourage sector action to follow through on the findings from the Scottish Public Services Ombudsman into complaints in the sector, to improve how these systems operate for consumers.

What is the outcome we want to contribute towards?

- 8.35. A non-household market that clearly demonstrates where and how it operates in the best interests of the consumers it serves.

Equitable and intergenerational investment in water

Why this matters to consumers

- 8.36. Consumer Scotland has a statutory role in a number of key strategy and policy processes that shape the water industry in Scotland.
- 8.37. These processes are important for consumers, as they affect critical issues including charging, service delivery, value for money and consumer engagement. If the consumer perspective is not embedded in the development of this work then the opportunities and benefits for consumers may not be maximised and there is greater risk that consumer detriment could occur.

What will Consumer Scotland do to address this issue?

- 8.38. Consumer Scotland will engage directly in a number of key processes in 2023-2024, as part of our statutory role as the consumer body for water in Scotland.
- 8.39. We will engage with the Strategic Review of Charging process, which determines the nature and volume of customer services that Scottish Water will deliver during 2027-2034, to ensure that the consumer perspective is properly embedded in this process, including our evidence on the appropriate levels for customer charges during the period.
- 8.40. The Water Industry Commission for Scotland will issue a draft determination that will set out how Scottish Water's capital investment programme for 2027-2034 will be financed, and how water and wastewater services will be delivered to consumers. Consumer Scotland will engage with and respond to this consultation process to provide a clear, evidence-based consumer perspective on the proposals. This will include our evidence on affordability and advocacy on appropriate tariff structures to protect Scotland's most financially vulnerable households.
- 8.41. We will continue our work to contribute consumer insight and evidence to the work of the Delivery Assurance Group (DAG) and Investment Planning and Prioritisation Group (IPPG). This is a statutory process that monitors Scottish Water's delivery against its commitments to ensure value for money for paying customers and address any significant issues that arise during the 2021-2027 capital investment period.
- 8.42. As a member of the Stakeholder Advisory Group we will engage with key water sector stakeholders to consider how the sector works together to achieve its vision. This will include supporting the continued development of Scottish Water's transformation programme to ensure the needs and interests of customers and communities are embedded within this process and its outcomes. Through our engagement in this Group we will seek to shape the culture, planning and decision-making across the water sector in Scotland to deliver improved outcomes for consumers.

What is the outcome we want to contribute towards?

- 8.43. The water industry in Scotland is shaped by a strong understanding and recognition of consumer interests, resulting in positive outcomes for all consumers across key issues including charging, service delivery, value for money and customer and community empowerment.

9. Consumer Markets

Overview

- 9.1. Working across the broad range of consumer markets, we will seek to influence policy and markets to: reduce harm and increase consumer confidence; promote the consideration of consumer issues by public bodies; support sustainable consumption and practices; and advance fairness, inclusion, prosperity and consumer wellbeing.
- 9.2. We will develop and draw on our evidence-base as we work across reserved, devolved and local public policy matters affecting consumers in Scotland. This is a very broad remit and one that will require effective prioritisation to maximise our impact. We also believe it is necessary to maintain some capacity to respond to emerging issues and opportunities for influence as they occur throughout the year.
- 9.3. Our proposed plan of work contains a mix of activity which maintains a balance between different types of work and issues. It includes work around our cross-cutting themes of climate change mitigation and adaptation, consumers in vulnerable circumstances and tackling the cost of living. We also propose work that cuts across all consumer markets, such as examining consumer experiences around the quality of goods and services purchased. Finally, we have suggested some planned work on specific issues or sectors. In this regard, we have prioritised areas where there are significant consumer risks or where there are opportunities such as major consultations or suggested legislation which provide an opportunity for us to influence markets at a strategic level.
- 9.4. While we do not go into detail in this plan, there are a number of further areas where we are considering future work, including looking at access to public services and how providers can avoid harms caused by digital exclusion. There are further issues of importance to consumers in Scotland - and especially rural consumers - around the delivery of transport services and of digital and communications services. In addition, we maintain an interest in other cross-cutting markets issues such as examining how consumers can resolve contractual disputes regarding products or services. Where we have capacity we may begin exploratory work on these issues.

Changing regulatory and legislative frameworks

Why this matters to consumers

- 9.5. Consumers in Scotland face a diverse range of challenges. These include cost of living pressures, the transition to net zero, recovery from the Covid-19 pandemic and adapting to rapid changes in the way goods and services are marketed, purchased and consumed.

What will Consumer Scotland do to address this issue?

- 9.6. Consumer Scotland's general functions include representing consumers to improve markets and services and influencing public policy. Our remit to look at consumer outcomes across a range of markets provides a unique opportunity to identify ways of improving the consumer journey across public and private sector services.
- 9.7. In 2023-2024 we will continue to build our evidence base across markets and services on consumer issues and their relative impacts. As part of our core advocacy function we will engage with key stakeholders, contribute to working groups and provide evidence and insights to consultation and engagement processes. We will use our evidence base to highlight the needs and aspirations of consumers and to raise awareness of the challenges and barriers that consumers in Scotland experience. The audiences for this work will include private businesses, public bodies, governments and regulators.
- 9.8. In 2023-2024 we anticipate that this work will cover a wide range of issues, including the Digital Markets, Competition and Consumers Bill, the EU Law (Retention and Revocation) Bill and legislative measures to promote a circular economy in Scotland. Across this work, we will provide insight on our cross-cutting areas of focus, including consumer vulnerability, climate change mitigation and adaptation and the cost of living, each of which will have relevance and importance for consumers in a range of sectors. Our inputs will include advice, proposals and representations for how public policy can achieve better consumer outcomes, drawing on our evidence-base and our independent insights as the statutory voice of consumers in Scotland.

What outcome do we want to contribute towards?

- 9.9. Regulators, governments and other stakeholders are aware of the needs and aspirations of consumers and small businesses in Scotland. Opportunities, challenges and issues are identified so that mitigations are put in place to reduce the risk of consumer harm and more positive outcomes for consumers are achieved, including increased consumer confidence and the advancement of fairness, inclusion, prosperity and consumer wellbeing.

Barriers to resolving consumer disputes

Why this matters to consumers

- 9.10. When consumers experience contractual issues they often try and resolve matters directly with the trader. Where this is not possible, they can struggle to identify or pursue other options.
- 9.11. The UK Consumer Protection survey suggests 70% of consumers experienced detriment when purchasing goods and services between April 2020 and April 2021. This was most likely to affect younger consumers, non-British consumers, households with children and those in difficult financial circumstances. Many consumers experienced multiple detriment episodes.
- 9.12. In the first instance, consumers approach traders for informal resolution but this is not always successful. The survey suggests 25% of consumers were unhappy with this first-line resolution, and an additional 20% were neither happy nor unhappy.
- 9.13. Fair trading issues represent 21% of issues recorded by Trading Standards Scotland (TSS) in its intelligence logs. Over half of TSS intelligence logs relating to fair trading issues are about breaches of civil legislation and / or contractual disputes meaning that there has been some issue with a contract entered into by the consumer. Misrepresentation is also a commonly reported issue within the intelligence. Consumer complaints also feature highly in contacts with Advice Direct Scotland, with this category including contacts regarding defective or substandard goods or breach of contract.
- 9.14. The need for effective dispute resolution is an important part of an effective consumer protection framework, allowing consumers to spend confidently, as they know issues can be resolved, boosting consumer trust in markets. Increasing the number of consumers who can resolve disputes effectively reduces detriment by decreasing the amount of time spent resolving disputes and reducing levels of stress, anxiety and frustration associated with disputes.

What will Consumer Scotland do to address this issue?

- 9.15. We will commission research examining the consumer experience in Scotland, identifying common barriers to dispute resolution in relation to consumer issues. We will engage with trading standards and advice bodies to identify the sectors that it would be most useful to include in the scope of the work.
- 9.16. Existing consumer detriment surveys provide an evidence base in relation to the scale of potential detriment. However, our understanding of the precise causes of detriment, the barriers to resolution and the opportunities for improving outcomes is less well developed. We know that consumers often struggle to find advice and access support on legal issues; there are issues around consumer choice, access to affordable legal services and enabling consumers to make judgements regarding the quality of advice. We will examine these issues in a Scottish context and engage in advocacy activity with key stakeholders.

9.17. This work is cross-cutting and will contribute our evidence and insight across a range of sectors, goods and services. The work is relevant to various existing partnerships that Consumer Scotland is engaged with, including the Consumer Network for Scotland, the Consumer Protection Partnership and the BSI consumer forum.

9.18. We will use the findings from our work to inform the development of the UK Government's Digital Markets, Competition and Consumers Bill. In addition the work will be relevant to projected Scottish bills on legal services regulatory reform and the reform of legal aid.

What outcome do we want to contribute towards?

9.19. A deeper and wider understanding of the barriers to resolving consumer disputes in Scotland and the advancement of proposals to address these issues, resulting in improved outcomes for consumers.

Poor quality goods and services

Why this matters to consumers

- 9.20. Consumers in Scotland regularly experience problems with the quality of goods and services. Between April 2020 and April 2021, 69% of consumers in the UK experienced consumer detriment. 36 million consumers experienced at least one problem with a product (either a service or an item) they bought or used in that period, that caused them stress, cost them money, or took up their time. There was a median number of four incidents per consumer over a 12 month period.
- 9.21. More than one in three experiences of detriment were a consequence of poor-quality products (36%), followed by having received unusable products (21%), problems with deliveries (18%) and having never received a purchased item or service (18%).
- 9.22. Experiences relating to poor quality were less likely to have ended up with a positive resolution, compared to detriment experiences where this problem was not reported (51% versus 58% of experiences with other detriment types). Issues around product quality appear to be widespread and perhaps more difficult to resolve in a positive way.
- 9.23. Analysis of Advice Direct Scotland data shows that in various high volume complaints sectors such as roofing, used cars, furnishings, kitchen installation and vehicle repairs, defective goods or substandard services were the top complaint categories. Trading Standards Scotland data also shows regular complaints regarding product safety, including notably higher levels of complaints in relation to electrical goods, e-cigarettes and cosmetics.

What will Consumer Scotland do about this issue?

- 9.24. The existing data provides clear evidence on the scope and extent of consumer detriment but not the underlying patterns or causes, or whether these issues affect consumers in Scotland differently to consumers across the rest of the UK. Consumer Scotland will examine these issues in more depth to understand the causes of detriment, especially where this is unresolved. We will also examine other international regimes to consider whether there is learning and best practice which could be adopted here.
- 9.25. We will use our evidence-base to engage with stakeholders and contribute to regulatory and legislative processes to ensure that this work is informed by a clear understanding of the specific issues affecting consumers in Scotland.
- 9.26. Other organisations, including enforcement and regulatory bodies, are active in this area, often working in specific sectors or concentrating on safety aspects. We will engage with these stakeholders and networks as we develop and advance our work.

What outcome do we want to contribute towards?

- 9.27. Improved understanding amongst key stakeholders of the nature of consumer detriment in Scotland in relation to poor quality goods and services; and the identification and development of solutions to tackle these issues, resulting in improved outcomes for consumers.

Legal regulation

Why this matters to consumers

- 9.28. The Scottish Crime and Justice Survey 2019-2020 estimates that around three-in-ten adults experienced civil law problems in the three years prior to interview. Legal Services are often a “distress” purchase, made during stressful circumstances such as house moves or bereavement, raising important issues around consumer vulnerability. The risk of detriment, especially to consumers in vulnerable circumstances, is high, as is the cost of services.
- 9.29. Previous research by the CMA has shown that consumers find it difficult to judge decisions around both price and quality of legal services. Every year, the Scottish Legal Complaints Commission receives more than 1000 complaints about solicitors and advocates in Scotland.
- 9.30. The Scottish Government has committed to developing a Bill on the regulation of legal services. The most recent major legislative reforms took place in 2007, leading to a co-regulation model with an emphasis on complaints handling. There is widespread agreement that the current model is too complex but there is no current consensus on what the future model should look like.
- 9.31. The new legislation will address important public interest issues around transparency, accountability and redress for consumers and will impact on the overall consumer journey for legal services. It is important that consumers can access legal services to help them resolve disputes, make effective decisions about what services they need, and have faith that complaints are resolved fairly and transparently.

What will Consumer Scotland do about this issue?

- 9.32. It is important that the reformed regulatory framework for legal services in Scotland meets the needs of consumers and that there is a clear, evidence-based consumer voice at the heart of the design process.
- 9.33. Consumer Scotland will work in partnership with key stakeholders in this area and will provide input to the parliamentary process. We will also participate in the work of the Scottish Legal Complaints Commission's Consumer Panel. We will consider whether further research is required to support our work in this area.

What outcome do we want to contribute towards?

- 9.34. A regulatory regime for legal services in Scotland that is fit for purpose and meets the needs of consumers, with robust measures in place to address complaints and quality issues.

Safeguarding consumer data

Why does this matter to consumers

- 9.35. Data is increasingly valuable both to consumers and businesses, however it can also be subject to misuse when used inappropriately, causing detriment to consumers and contributing to a lack of trust in markets. New innovations and technologies must safeguard consumer rights. For example, while the application of artificial intelligence has significant potential, there is also a risk of serious consumer harm if not used responsibly and ethically.
- 9.36. The acquisition of goods and services often requires consumers to provide their personal data. Such data can be sold on as 'leads' to other companies or used to target advertising or marketing towards consumers who may be susceptible or in vulnerable circumstances. Misuse or theft of data increases consumers' chances of receiving nuisance calls, getting scammed, spammed, phished or defrauded.
- 9.37. *Which?* has published research indicating a substantial increase in fraud during the COVID-19 pandemic, enabled by changes in consumer behaviour such as increased online shopping. There is an inherent risk of personal data being exposed online that is much smaller when paying in stores, even by card.

What will Consumer Scotland do about this issue?

- 9.38. We will examine the views of consumers in Scotland on data, and establish levels of consumer awareness of risk and rights, building an evidence base regarding their concerns and priorities in this area. We will look for opportunities to engage with parliamentary, regulatory and policy processes, seeking to ensure that frameworks regarding the use of data are informed by consumer views.
- 9.39. We will engage with others in the consumer landscape to further explore and determine the specific contribution that Consumer Scotland can make in this policy area.

What outcome do we want to contribute towards?

- 9.40. Legislative, policy and regulatory frameworks on data are informed by the priorities and concerns of consumers in Scotland and are designed to meet the needs of both present and future consumers.

The future of voice calls

Why does this matter to consumers

- 9.41. The current UK landline telephone network is reaching the end of its life and network operators are experiencing issues with reliability and with finding replacement parts. By the end of 2025 consumers currently using a traditional landline will be switched over to landline telephones which use digital technology known as Voice over Internet Protocol (VoIP) to make calls. In advance of this, providers will stop selling the current analogue phone lines to new customers by September 2023.
- 9.42. The change will require the migration of 14 million lines and channels across the UK. It may require consumers to receive or buy additional or new equipment. If other devices or services such as care alarms, smoke or security alarms are connected to an existing line, consumers will need to check with device suppliers or manufacturers that these devices are compatible with the new digital lines.
- 9.43. The new system will rely on the internet, and as a result there may also be issues for consumers who need to access back-up arrangements in the event of a power cut. Previous research by Ofcom's Communications Consumer Panel showed that the switchover to digital services is likely to disproportionately affect older people and those who self-identify as disabled due to their higher usage of traditional landline services. People who rely on 2G or 3G mobile connections or those who live in rural areas and who may experience more frequent or longer power outages may also be more at risk of experiencing harm or inconvenience.

What will Consumer Scotland do to address this issue?

- 9.44. We will conduct analysis of the available data to examine which consumers in Scotland are most at risk of experiencing harm during and after the switchover. We will work with other stakeholders, including regulators, advice agencies, providers and organisations working directly with consumers to highlight the issues and to identify where further action may be needed to keep consumers safe.

What outcome we want to contribute towards?

- 9.45. Regulators, providers and decision makers in Scotland fully understand the impact of the changes on consumers in Scotland and take steps to manage risk appropriately.
- 9.46. Organisations providing advice and support to consumers are able to access the advice and information that they need to help them effectively support consumers.
- 9.47. Consumers are aware of the coming changes to voice calls and are supported to take appropriate action to ensure their continued safety.

10. Consumer duty, investigations and consumer access to information

10.1. Consumer Scotland will continue in 2023-2024 to build our approach to the following statutory roles and functions.

Consumer Duty

10.2. We are carrying out scoping work in 2022-2023 to consider how Consumer Scotland might implement its statutory functions in relation to the provision of guidance to relevant public bodies to help them meet the requirement to have regard to consumer interests when making strategic decisions.

10.3. In 2023-2024, we will consider the findings from this review and continue to build our approach and capacity to support the development of this function. This will include participation in a Scottish Government working group on the implementation of the Consumer Duty and consideration of whether a tech-based tool could support policy makers to take account of consumer interests and how to reduce harm for consumers.

Investigations

10.4. We commissioned scoping work in 2022-2023 to consider how Consumer Scotland can implement its duties in relation to the investigations function.

10.5. In 2023-2024 we will consider the findings from this research and we will continue to build our approach and capacity to support the delivery of this function.

Consumer Signposting and Referral Tool

10.6. Using information gathered from a mapping of the advice landscape to consolidate available research in this area we will continue to carry out a programme of stakeholder engagement to understand priorities, interests and related activities. Using the findings from the research and ongoing stakeholder engagement will help to build a picture of the provision of advice and systemic challenges facing advice providers and the implications for consumers. From this work we will offer evidence, insights and proposals, and the learning will inform a wider consideration involving of other parts of the advice landscape.

Recall of Goods

10.7. We will continue stakeholder engagement and investigation in 2023-2024 to explore how Consumer Scotland may take this statutory function forward.

Market Checker Tools

10.8. In 2022-2023 we are undertaking exploratory work to consider the potential development of a range of 'market checkers' or comparison tools, which would assist consumers by providing transparency of markets within our levy funded areas of energy, water and post. Specific areas of potential focus are unregulated

fuels, private water supplies and parcel deliveries. We will continue this exploratory and development work in 2023-2024.

11. Funding 2023-2024

- 11.1. This Draft Work Programme for 2023-2024 sets out our plans for Consumer Scotland’s continued development, with economic, research and data expertise underpinning our consumer advocacy.
- 11.2. For our first workplan in 2022-2023 we kept the levels of levy funding static while we embedded the functions in our new independent public body. As staff costs increased significantly following the TUPE transfer of levy funded staff into Consumer Scotland this meant there was a lower proportion of money for programme spend. In our first year we did not charge any staff-related costs for relevant staff and activity to the levy, unlike the usual practice for levy-funded organisations.
- 11.3. Our non-levy general advocacy work will be funded through our core budget from the Scottish Government.
- 11.4. With consumers continuing to face extraordinary challenges arising from the cost of living crisis and the net zero transition we need to engage effectively across the regulatory and corporate landscape. To enable us to achieve this our funding requirement will increase in 2023-2024, across the levy areas of electricity, gas, post and water. This year we will also include a partial cost recovery of some of our staff-related costs incurred in delivery of levy-funded functions.
- 11.5. Our funding for 2023-2024 also includes the Big Energy Savings activity, delivered through CAS. Funding for elements of advocacy on behalf of consumers in Scotland in relation to UK-wide energy and post issues, delivered in partnership with Citizens Advice, is under discussion and may be included in our final work programme.

Levy-funded work programme provisional* budget 2023-24

Sector	Energy Levy	Post Levy	Water Levy
Programme	157,100	78,600	140,300
Big Energy Savings Campaign and Network	319,000	0	0
Staffing	332,100	109,400	187,700
Staff-related Costs Contribution	48,700	16,000	30,000
Total	856,900	204,000	358,000

**Note all costs are those anticipated at the time of publication of this draft Work Programme and may vary. Budgets are subject to final confirmation with the relevant funding organisations.*

12. Endnotes

¹ [What is the UK inflation rate and why is the cost of living rising? - BBC News](#)

² [Bank Rate history and data | Bank of England Database](#)

³ [Economic and Fiscal Outlook - November 2022 \(obr.uk\)](#)

⁴ [Scotland's Economic and Fiscal Forecasts – December 2022 | Scottish Fiscal Commission](#)

⁵ [Energy Price Guarantee could cost the Government between £72bn - £140bn - Cornwall Insight \(cornwall-insight.com\)](#)

⁶ [Energy Price Guarantee - GOV.UK \(www.gov.uk\)](#)

⁷ [The long squeeze: rising inflation and the current government support package | Institute for Fiscal Studies \(ifs.org.uk\)](#)

⁸ Financial Lives 2022 survey: insights on vulnerability and financial resilience relevant to the rising cost of living

⁹ [Consumer Spotlight | Consumer Scotland](#)

¹⁰ [Hottest day in Scotland officially recorded as temperatures reach 35.1C at Floors Castle | STV News](#)

¹¹ In autumn 2022, the Scottish Government estimated that 35% of households in Scotland were in fuel poverty, up from just under 25% in 2019.