

**Annual Report on
Consumer Advocacy in
Energy and Postal
Markets**

2022-2023

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1. Introduction and Financial Statement

Overview

- 1.1. This document provides an overview of Consumer Scotland's activities during 2022-2023 for its consumer advocacy role for energy and postal services in Scotland.
- 1.2. As a statutory Non-Ministerial Organisation Consumer Scotland is accountable to the Scottish Parliament for the full range of its activity, including that funded by the electricity, gas, postal and water levies. Consumer Scotland provides an Annual Report to the Scottish Parliament by the end of December following the relevant financial year for that purpose. Consumer Scotland's first Annual Report, for 2022-2023, will be laid before the Scottish Parliament by the end of 2023.
- 1.3. This overview is provided to the Department of Business and Trade (DBT) to provide information about the use of electricity, gas and postal levy funding during 2022-2023. We are providing this overview before Consumer Scotland's Annual Report is completed, so information within it remains subject to change.

This overview provides:

- The financial statement for 2022-2023
- A summary of the key outputs and activities that comprised the Workplan for Energy and Post.

Financial statement

- 1.4. Consumer Scotland was allocated a budget of £884,100 by BEIS to undertake consumer advocacy in energy and postal services for consumers in 2022-2023.
- 1.5. Table 1 below sets out how the budget was used.

Staffing

- 1.6. FY 2022-2023 was a start-up year for Consumer Scotland. We started with the year with three members of energy policy staff who moved across from Citizens Advice Scotland (CAS) under TUPE. No post policy staff transferred to Consumer Scotland through the TUPE process. Consumer Scotland implemented a phased recruitment plan to build our capacity through the financial year.
- 1.7. The energy policy team grew from 3 to 5.5 core FTE. Consumer Scotland's Research and Analysis team also made a significant contribution to our energy advocacy work.
- 1.8. The post policy team was recruited during the year and by March 2023 stood at 1.75 core FTE. There was some support from CAS for the first few months. Consumer Scotland's Research and Analysis team also made a significant contribution to our postal advocacy work.

Table 1: Consumer Scotland Budget & Expenditure on Energy and Post Advocacy 2022-2023

Expenditure Area	Annual budget as per Work Plan	Q1- Q4 Actual	Q1- Q4 Variance
Staffing – Energy	£318,100	£247,000	£71,100
Programme – Energy	£77,000	£61,800	£15,200
Staffing – Post	£70,200	£48,700	£21,500
Programme – Post	£99,800	£76,800	£23,000
Big Energy Savings Campaign and Network	£319,000	£319,000	0
Total	£884,100	£753,300	£130,800

2. Work Plan Report for 2022-2023

Background

- 2.1. Consumer Scotland was established in April 2022. We delivered our Work Plan for Energy and Post advocacy in 2022-2023 alongside a significant programme of considered and consistent organisational growth, as we have developed our strategy, recruited our staff, and built the service and governance structures that sustain us as an organisation.
- 2.2. The work that we have undertaken to develop our strategy and recruit, embed and support our people has been fundamental to both the effective delivery of our consumer advocacy work on energy and post in 2022-2023, and in establishing Consumer Scotland to continue delivering positive outcomes for energy and post consumers in future years.
- 2.3. We describe some of the key foundations of this work below, to provide the context for the Work Plan Report.

Our Strategy

- 2.4. Central to Consumer Scotland’s development in our first year was our commitment that our policy recommendations and advocacy, including our advocacy on energy and post, will derive from a robust evidence base. Consumer Scotland’s position in the consumer landscape in Scotland – with a statutory remit across the private, public and third sectors – puts us in strong position to gather evidence, data and statistics from a wide range of sources. During our first year we have built our organisation so that we have the expertise – economists, consumer researchers,

intelligence analysts – to turn that data into high quality consumer analysis and insights.

- 2.5. Following consultation on our Interim Strategic Plan in June 2022, in March 2023 we published our Strategic Plan for 2023-2027. It sets out our purpose, ambition, strategic objectives and our partnership approach. To deliver that strategy we are building an effective and efficient, value-driven organisation that makes a positive difference for consumers while operating with value for money for taxpayers and consumers.
- 2.6. Our influence with stakeholders will be key to our success in achieving improved consumer outcomes across our work. During 2022-2023 we have built the foundations for this, establishing relationships and engaging with stakeholders across the energy and post markets.
- 2.7. During the year, we published our draft Work Programme for 2023-2024 and consulted widely on this, including engagement with Ofgem, Ofcom, the Competition and Markets Authority, the UK Government, the Scottish Government, the Consumer Council for Northern Ireland, Citizens Advice, Royal Mail, Post Office Limited, and energy companies. We have emphasised our intention to work collaboratively in the delivery of our work, to maximise value for money, and to deliver positive outcomes for consumers.
- 2.8. Alongside the consultation on our own Work Programme we also submitted Consumer Scotland responses to the 2023-2024 work plan consultations from Ofcom, Ofgem, the Communications Consumer Panel, the Consumer Council for Northern Ireland and Citizens Advice.

Our People

- 2.9. In our first year, our focus has been to build an effective and high performing team. Our people are our greatest asset and their dedication and diligence in developing our new organisation has been evident.
- **Resourcing and capability:** During the year, 28 new colleagues joined us (across our full organisation, including our energy, post, research and analysis teams), and they have brought a wealth of new skills and experience to Consumer Scotland, including expertise in energy and postal markets. In the year ahead, we will continue to embed effective workforce planning which will enable us to make maximum use of our people's skills, knowledge and experience. We aim to effectively retain, engage and invest in our people.
 - **Leadership stability:** The permanent leadership structure is now in place providing clarity on roles and responsibilities and senior level accountability.
 - **Board Governance:** The Board and Audit and Risk Committee (ARC) are now well established and have met regularly during the year. Their advice and guidance has been invaluable in helping the Executive team to successfully develop the organisation.

Work Plan Overview

2.10. The key activities of Consumer Scotland’s advocacy activity in 2022-2023 are described in the tables below, which are organised according to the projects that comprised our Work Plan for Energy and Post.

2.11. Full details are provided in the tables, but key highlights from this work include:

- Launching our Energy Affordability Tracker and publishing a number of briefing papers alongside substantive reports on energy affordability and disabled consumers and the energy crisis
- Contributing to positive changes for prepayment meter consumers in the energy market, through significant engagement with Ofgem
- Establishing and delivering the Scottish Energy Insights Coordination group to pull together evidence on the impact of the energy crisis from key advice agencies in Scotland
- Joining and contributing to a significant number of external working groups and stakeholder fora across energy efficiency, low carbon heating, electric vehicles and energy networks
- Launching a major Net Zero Tracker, with a key focus on energy consumers
- Commissioning two major pieces of postal research to build our evidence base on key issues for consumers in Scotland in the letters and parcels markets
- Establishing new relationships with government, regulators, suppliers, businesses and consumer groups across the energy and postal services markets.

Table 2: Energy

Project	Work Plan Aim	Activities and outcomes
Increasing costs for essential services	To undertake an in-depth analysis of the impact of increasing charges on low-income and vulnerable households to inform targeted interventions across selected utilities and monitoring of the ongoing	Energy prices have been a significant driver of cost of living challenges for consumers in Scotland during the past year. We commissioned a Tracker survey of domestic energy consumers in Scotland, to understand and assess the impact of increasing energy prices for consumers. We published an initial consumer spotlight on affordability, a report on Disability, Health and the Energy Crisis, and a series of briefings from the Tracker. We participated in two Energy Summits, hosted by the First Minister. Each of these Summits focused on interventions that government might take to alleviate

Project	Work Plan Aim	Activities and outcomes
	<p>response by government to address these issues.</p>	<p>the effects of the energy crisis. We contributed a consumer perspective, based on our analysis, to these events.</p> <p>We convened a short-life, Scottish Energy Insights and Coordination Group, engaging a range of front-line advice organisations to examine the issues being experienced by consumers and identify potential actions. The Group’s final report was published in May 2023.</p> <p>We have monitored the impact of inflation on different groups of consumers and the effect of price rises across different markets, including the energy market.</p>
<p>Consumer attitudes to and experiences of Net Zero</p>	<p>To track ongoing consumer engagement with, and progress towards, decarbonisation, building an evidence base that provides consumer insight to inform the rapidly developing Net Zero agenda and associated approaches to adaptation.</p>	<p>We designed and conducted a Net Zero Tracker, involving a representative sample of consumers across Scotland.</p> <p>The survey examined consumer experiences of, and attitudes to, decarbonisation in two specific markets, one of which was the energy market. This included exploring consumers’ understanding of how to reduce energy use, how consumers access information about energy supply, home heating system age, interest in installation of different renewable technologies, and barriers to energy efficiency interventions.</p>
<p>Fairness in the energy retail market</p>	<p>To ensure that fairness for consumers underpins all aspects of the energy retail market as it continues to evolve</p>	<p>Alongside regular engagement with Ofgem on proposed modifications to the default tariff cap methodology, we undertook work throughout 2022-2023 to protect the interests of energy consumers in vulnerable circumstances.</p> <p>Our Energy Affordability Tracker (described above) evidenced particular impacts of the energy crisis on consumers who use prepayment meters and on consumers with a disability or health condition. We therefore carried out a programme of engagement with Ofgem on these issues. We undertook work to contribute to the development of Ofgem’s new Involuntary PPM Code of Practice, and promoted a number of enhanced consumer protections for inclusion within the Code. A separate programme of work resulted in the publication of our report on disabled consumers and the energy crisis in June 2023.</p>

Project	Work Plan Aim	Activities and outcomes
		<p>Data from our Energy Affordability Tracker was also used to inform our engagement with Ofgem on the development of an overarching consumer standards framework, to put consumer outcomes at the heart of future regulation.</p> <p>We have also joined and continue to be engaged in a number of regular external groups and meetings, including the Ofgem Consumer Group, the Ofgem Senior Stakeholder Group and the Domestic and Non-Domestic Supplier Liaison Groups.</p>
Markets to power the transition to low carbon heating in Scotland	Consumers in Scotland benefit from equitable access to and prices within energy markets that encourage and support the decarbonisation of heat in all of Scotland’s homes and buildings	As the first part of a longer term programme of work, in 2022-2023 we have engaged with Ofgem, the UK and Scottish Governments, Energy UK, and other key stakeholders on a range of relevant issues, including the Review of Electricity Market Arrangements (REMA), the future of the Radio Teleswitch Service signal and the replacement programme for dynamically radio-teswitched electricity meters, the smart meter rollout in Scotland, and the treatment of Time of Use tariffs in the default tariff cap. We joined the End User Forum in early 2023.
Implementation of the Fuel Poverty Strategy	To ensure that there is a consumer-centred approach to tackling fuel poverty in Scotland, by helping to positively inform and shape the delivery of the Fuel Poverty Strategy and associated programmes	<p>In our first year, Consumer Scotland prioritised building relationships with key stakeholders engaged in tackling fuel poverty in Scotland. We provided evidence to the statutory Fuel Poverty Advisory Panel on two occasions, stressing the need for the Strategy to be repurposed for the delivery phase, and encouraging the development of an evaluation framework for the Strategy’s actions - which was taken forward in the Panel’s initial recommendation to Scottish Ministers.</p> <p>We have also built a strong working relationship with the Fuel Poverty Unit at Scottish Government, meeting regularly to: outline our priorities on the extension of the Fuel Insecurity Fund, inform their refresh of the Fuel Poverty Strategy, and to present the findings from our Energy Affordability Tracker. Also, by utilising contacts in the energy retail sector, we were able to support Home Energy Scotland in ensuring access for their Energycarers to energy supplier agency lines.</p> <p>Through our involvement with the Heat and Energy Efficiency Scotland Delivery Sector Group, we also advocated for a change to the Scottish Government’s fuel poverty and energy efficiency schemes, to remove a low cost/high impact barrier to the adoption of low carbon technologies by households in fuel poverty.</p>

Project	Work Plan Aim	Activities and outcomes
		<p>This work has built the foundations for fuel poverty becoming a cross-cutting theme across all the energy workstreams in our 2023-2024 work programme.</p>
<p>Understanding the barriers and opportunities for accelerating the uptake of EVs in Scotland</p>	<p>The provision of infrastructure and policies that make it simple for consumers to adopt EVs wherever they are in Scotland</p>	<p>We have used our inaugural year to build relationships across the EV landscape, including with UK and Scottish Government agencies, regulators, and consumer partners.</p> <p>We contributed to the Electric Vehicle Taskforce (EVET), which brings stakeholders from the energy and automotive sectors together to make suggestions to government and industry to ensure that the GB energy system is ready for and able to facilitate and exploit the mass take up of electric vehicles.</p> <p>We chaired the EVET working group on complaints handling. This has worked to develop a Code of Practice for how the sector will handle complaints so that consumers have clear and transparent routes to redress. We also fed into the development of an information pack that will be used to support and promote the complaints handling Code of Practice as the group looks to secure buy-in from the industry.</p>
<p>A whole building approach to energy efficiency</p>	<p>Regulations governing the minimum standards of energy efficiency for homes and buildings in Scotland are clear, people-centred and sensitive to the needs and aspirations of local communities</p>	<p>We joined the Heat and Energy Efficiency Scotland Delivery Sector Group to advance our goals in this area. Our contributions have included a focus on the consumer protection issues faced by the 'able to pay' market for energy efficiency and zero direct emissions heating systems retrofit.</p> <p>We had regular engagement with the Heat in Buildings teams in Scottish Government, and also met with government teams dealing with Energy Performance Certificate and private rented sector reforms. We have also recently joined a Consumer Protection Partnership working group on home improvements and energy efficiency.</p> <p>We contributed to roundtable event held by the Scottish Government on Developing a Regulatory Framework for Energy Efficiency & Zero Direct Emissions Heating in Domestic Buildings. This was an important opportunity to feed into the Scottish Government's draft thinking led to invitations to engage with other teams working in this area. We also engaged with the Scottish Government around</p>

Project	Work Plan Aim	Activities and outcomes
		<p>a new public engagement strategy which looks to raise awareness of energy efficiency.</p> <p>We contributed to a Competition and Markets Authority workshop on green heating and insulation.</p>
Networks for Net Zero	Gas and electricity networks that power the Net Zero transition, maximising the benefits of the energy transition for consumers while keeping whole system costs affordable for all.	As a the first part of a long-term programme of work, we have used our inaugural year to build relationships with key stakeholders. This has included discussions with SSEN, SP Energy Networks and SGN to scope our ongoing strategic engagement; discussions with SSEN, SP Energy Networks, and wider stakeholders on the RIIO-2 price control, and the implementation of Ofgem's Network Access and Forward Looking Charges Significant Code Review; and engagement with market participants, government, and Ofgem through our participation in a series of working groups.
Big Energy Savings Winter Campaign and Network	Work with Citizens Advice Scotland to deliver campaign to provides consumers with advice to reduce their energy bills; and to ensure that energy advice reaches households most in need of support across Scotland.	<p>In July 2022, Consumer Scotland issued a grant letter to Citizens Advice Scotland for delivery of the Big Energy Saving Network advice project and the Big Energy Saving Winter campaign. Both the advice and campaign strands were completed by 31 March 2023, with all delivery, budget and reporting requirements fulfilled.</p> <p>Through the Big Energy Saving Network, 2,436 one-to-one advice sessions and 930 group sessions were delivered by 32 Citizens Advice Bureaux and 5 partner organisations across Scotland, with 45 advisers receiving training. Big Energy Saving Winter provided energy saving advice to consumers at participating Citizens Advice Bureaux throughout the season.</p>

Table 3: Post

Project	Work Plan Aim	Activities and outcomes
Tackling post exclusion	Collaborative solutions to remove the specific barriers that exclude vulnerable consumer groups from accessing post	We undertook initial scoping work and stakeholder engagement to consider our contribution to this agenda. Our stakeholder engagement including joining the Ofcom Advisory Committee for Older and Disabled People, where we have advocated on behalf of postal consumers in vulnerable circumstances.
Promoting a fairer postal market in Scotland	People across Scotland receive the required quality of service from the postal market's	We commissioned a substantial, representative survey of postal consumers across Scotland. The survey covered a broad range of issues, including frequency and use of postal services, use and experience of parcel companies,

Project	Work Plan Aim	Activities and outcomes
	<p>designated universal service provider and are able to access the services they need</p>	<p>consumer attitudes to the Universal Service Obligation, and price and affordability considerations.</p> <p>We also commissioned a separate detailed literature review, examining the large body of existing evidence on key consumer issues in the letters and parcels markets. The work reviewed the identification, adoption, implementation and effectiveness of a range of policy measures to support consumers.</p> <p>Extensive engagement has taken place between Consumer Scotland, Royal Mail and partner consumer advocacy bodies in England, Wales and Northern Ireland to address concerns associated with protection of the Universal Service Obligation (USO).</p>
<p>Enabling consumers to choose in the parcel markets in Scotland</p>	<p>We want to see Scotland’s consumers and small businesses thriving in a post-Brexit and post-COVID economy. This work will provide a clearer understanding of the common issues experienced by these consumers.</p>	<p>The two substantial research projects described above – the survey of postal consumers across Scotland and the literature review of existing evidence – both included a significant focus on the key issues for consumers in the parcel market in Scotland, including the development of SafePlace options for consumer.</p> <p>The development of these evidence resources will inform an in-depth stakeholder workshop, involving government, the regulator, consumer groups and a number of parcel companies, in early 2023-2024.</p>
<p>Engaging with regulators to protect consumers interests in the postal market</p>	<p>This work will ensure that the interests of Scottish consumers and businesses are represented in any potential change to regulation of the postal market.</p>	<p>We established a regular programme of engagement with key sector stakeholders, including Royal Mail, Post Office Ltd, Ofcom and other consumer bodies. As noted above, we provided responses to the work plan consultations from Ofcom, Citizens Advice, Consumer Council for Northern Ireland and the Communications Consumer Panel.</p> <p>Following engagement between Post Office Limited and the consumer advocacy bodies, Consumer Scotland drafted Collaboration Principles, within an MOU, that we hope will reset and underpin future engagement and collaboration with Post Office Limited.</p> <p>We delivered a presentation to the Ofcom Advisory Committee for Scotland. We also became members of the Consumer Communications Panel, Scotland Hub.</p>