



Consumer Scotland Work Programme 2023-2024

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1. Introduction: The Consumer Context

Consumers in Scotland have a collective annual economic power of more than one hundred billion pounds. All of us are consumers, every day, as we use a wide array of public and private goods and services. In our capacity as consumers we all play a vital role in Scotland's economy and society.

Consumer Scotland was established in April 2022, in a landscape where consumers in Scotland were facing a period of unprecedented challenge and change. In the twelve months since, many of these challenges for consumers have significantly intensified.

Cost of living

Inflation in the UK reached over 11% in October 2022, the highest level for more than 40 years¹. While this has now started to fall, it remains at historically high levels. In response to rising inflation, the Bank of England raised interest rates on several occasions throughout 2022 and early 2023, with the base rate rising from 0.1% at the start of 2022 to 4% in February 2023². Mortgage rates have risen accordingly, bringing significant increases in borrowing costs for mortgage holders.

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 5.7% across 2022-2023 to 2023-2024, the largest two-year drop since records began in the 1950s³. The UK narrowly avoided a recession in 2022, but it is the only G7 country whose economy remains smaller than it was before the start of the Covid-19 pandemic⁴.

Energy costs continue to be a significant driver of the challenges for the economy and for consumers. The UK Government introduced measures to cap typical consumer energy bills, without which the average household energy bill would have risen to nearly £4,300 in November 2022⁵. Forecasts predict a reduction in energy bills from current levels during 2023, but they look set to remain significantly above historical costs, while the long-term outlook remains uncertain.

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.

Consumers in vulnerable circumstances

The impact of the cost of living crisis is not felt evenly. Many consumers are experiencing extremely challenging circumstances. 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.⁶

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.⁷ 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.

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.

Consumer Scotland's work has further highlighted the financial challenges facing many consumers. Our Energy Affordability Tracker showed that in autumn 2022, 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 months⁸. 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.

Climate change mitigation and adaptation

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 continues to 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 degrees⁹. The year as a whole was Scotland's warmest on record.

2. Our Purpose and Ambition

In this context of very significant challenge and change for consumers, Consumer Scotland has been established as the new statutory, independent body for consumers in Scotland. We advocate on behalf of consumers and represent consumer interests. We are a Non-Ministerial Office, accountable to the Scottish Parliament.

The table below describes our statutory remit, as set out in the Consumer Scotland Act 2020.

Our Statutory Remit					
Functions					
Advocacy and advice	Representation	Research and investigation	Information	Recall of goods	The Consumer Duty
Areas of Focus					
Reducing harm to consumers	Increasing consumer confidence	Encouraging public bodies to address consumer matters	Promoting sustainable consumption	Advancing inclusion, prosperity and wellbeing	

Our Strategic Plan – Improving Outcomes for Consumers

To put the legislation to work in the interests of consumers, and to respond the context of challenge, change and opportunity for consumers in Scotland, Consumer Scotland has published its first four-year Strategic Plan, for 2023-2027, alongside this, our first full annual Work Programme.

Consumer Scotland seeks to build upon the established understanding of consumers being recipients of markets and services; and promote a move to the consumer interest playing an active, central role in the design and shaping of these markets and services.

The Strategic Plan sets out our organisational **purpose, ambition and strategic objectives, as shown in the table below.**

The Plan also sets out our **partnership approach**, which is central to how we will work as an organisation to deliver our strategy and improve outcomes for consumers. Through collaboration 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.

Our Purpose

To improve outcomes for current and future consumers

Our Ambition

That every consumer can participate in a fair and sustainable economy, confident their needs and aspirations will be met

Our Strategic Objectives

To enhance understanding and awareness of consumer issues by strengthening the evidence base

To serve the needs and aspirations of current and future consumers by inspiring and influencing the public, private and third sectors

To enable the active participation of consumers in a fairer economy by improving access to information and support

Our Partnership Approach

To collaborate with other organisations with interests and expertise in consumer issues

3. Our 2023-2024 Work Programme: Overview

This 2023-2024 Work Programme sets out how Consumer Scotland will start delivering against our new, four-year Strategic Plan, during the first year of that strategy.

The final Programme incorporates feedback from a wide range of organisations who contributed input and insight following the publication of our Draft Work Programme for consultation, in January 2023. We are grateful to all those who participated in the consultation process. A summary of responses to the consultation is published alongside the Work Programme.

Delivering outcomes for consumers

Improving outcomes for consumers will drive everything that we do in the delivery of our Work Programme. Each of the workstreams described in the Work Programme will focus on a clear set of outcomes to bring benefit to households and small businesses in Scotland. These workstream-level outcomes contribute to our Strategic Objectives, Ambition and Purpose.

Indicative outcomes for each workstream are set out in subsequent chapters. These outcomes represent significant changes to bring benefits for consumers, and some may take a number of years to achieve. The outcomes listed are not exhaustive, and we may identify additional or alternative outcomes for a workstream, as work progresses in-year, to maximise benefit for consumers. We will continually measure the progress that we are making against our outcomes, to determine the impact of our work for consumers. We will report on our progress against the outcomes in the Work Programme in our Annual Report.

The wellbeing of consumers impacts upon all aspects of Scotland's National Performance Framework (NPF). When we report against the progress we make in improving outcomes for consumers, we will also report on how this work contributes to the National Outcomes of the NPF.

How we will work to achieve change for consumers

The establishment of Consumer Scotland brings together a number of specific functions in a consumer advocacy body in Scotland for the first time. We will deploy these functions across the delivery of our 2023-2024 Work Programme to achieve positive outcomes for consumers.

Research and Analysis: High quality research and analysis underpins the delivery of the Work Programme. Our research will address:

- critical issues such as the impact for consumers of proposed policy changes in specified markets
- the experiences of consumers in key markets and in the wider economy and how these can be improved

- consumer attitudes towards major issues and the implications arising from these

This evidence base will provide the foundation for Consumer Scotland’s policy and advocacy activity in 2023-2024. We will also publish and promote our evidence streams, to enable proactive engagement by policymakers, regulators, businesses and enforcement bodies on the issues that matter for consumers.

Advocacy and representation: As the new, independent, statutory consumer advocacy body for Scotland, Consumer Scotland will take a clear, open and robust approach to promoting the consumer interest across the workstreams set out in the Work Programme. Our advocacy work will be rooted in a high quality evidence base and linked to internationally-recognised consumer principles about what positive outcomes for consumers should look like. We will use this principled, evidence-based approach to provide clear, tangible recommendations on the improvements we think should be delivered for households and small businesses across key markets. Our recommendations will

- identify changes that need to be made to tackle or prevent harm for consumers
- widen adoption of best practice
- highlight new opportunities for improvements that will benefit consumers

Our advocacy work will be driven by our partnership approach, and we will work closely with stakeholders to ensure that the consumer perspective is heard, understood and acted upon across the markets that we engage in. Advocacy activities that we will deliver across the Work Programme will include evidence submissions, consultation responses, convening and coordination of stakeholder networks, membership of working groups, direct engagement with policy makers, businesses, advice agencies and enforcement bodies, and the publication of high quality analysis and policy reports.

Access to information and advice: While Consumer Scotland has the statutory authority to provide information to consumers, there are a range of existing organisations with expertise in doing so. Collaboration and support will therefore be core to our work in this area in 2023-24. We will help to support, facilitate and coordinate the provision of advice and information to consumers, working with key partner organisations to promote their services, and identify gaps in provision across the consumer landscape. We will promote a joined up system for consumers, working closely with partners through the Consumer Network for Scotland and the Consumer Protection Partnership.

Consumer Duty: The Consumer Duty represents a significant new opportunity to improve outcomes for consumers in Scotland, by requiring public bodies to act preventatively and consider consumer interests when they take strategic decisions. Consumer Scotland will be responsible for issuing guidance to public authorities covered by the Duty. The secondary legislation identifying the public bodies to be covered by the Duty is being developed by the Scottish Government. In 2023-2024, we will start implementing the findings from a scoping review we have commissioned on how we should deliver our statutory role and continue to

build our overall approach and capacity to ensure we are ready to take action once the secondary legislation is in place and the Duty is in force.

Investigations: Consumer Scotland commissioned scoping work in 2022-2023 to consider how we should implement our duties in relation to our investigations function. In 2023-2024 we will develop the options identified through the scoping work and determine the structure and focus of our investigation approach. We will build our approach and capacity accordingly to support the delivery of this function.

Recall of Goods: The Consumer Scotland Act gives Consumer Scotland a duty to establish, or secure the establishment and operation of, a publicly available database of recalls of goods in Scotland, where either there is a significant risk to individuals or the scale of recall is significant. We have carried out early scoping and stakeholder engagement activity in 2022-2023 to identify options for the most effective delivery of this function for consumers. We will continue this work in 2023-2024.

Consumer Scotland will continue to build our internal systems and processes during 2023-2024, to enhance learning and impact from our work for consumers across our functions. We will continue to build a cross-function approach to our work to maximise the benefit that this new and exciting combination of functions will deliver for consumers.

Our partnership approach

Our partnership approach will be central to the delivery of our 2023-2024 Work Programme. We will work closely with organisations with expertise and interest in consumer issues, including regulators, government, businesses, enforcement bodies, consumer groups and the third sector.

As the new, statutory consumer body for Scotland, we seek to enhance collaboration and engagement across the consumer landscape. We will do this through our re-establishment and coordination of the Consumer Network; through convening key stakeholder groups to address specific issues of importance to consumers; and through regular, direct engagement with organisations across the landscape to identify the issues that matter to consumers and how these should be addressed.

As we deliver each of the workstreams described in this Work Programme, we will clearly identify the specific contribution that we can make and ensure that our contribution is designed to 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.

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.

Cross-cutting themes

Our 2023-24 Work Programme is structured according to the specific market areas in which Consumer Scotland will operate.

Across these markets there are a number of strategic, cross-cutting themes which are of importance to consumers and which will also be key areas of priority and focus for Consumer Scotland in 2023-2024. These are:

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

We will continually bring together the evidence, learning and impact from across the relevant activities in the Work Programme to develop our strategic approach to each of these priority themes, amplify understanding of these issues amongst stakeholders, and improve outcomes for consumers.

A high level summary of how the workstreams described in the Work Programme will address these key themes for consumers is set out below.

Tackling the cost of living

Taking action to help tackle cost of living issues for consumers will be a major area of focus for Consumer Scotland in 2023-2024.

Energy prices have been a significant driver of cost of living challenges for consumers over the past year. During 2022-2023 we:

- launched a regular tracker survey to understand and assess the affordability of energy
- convened the short-life Scottish Energy Insights Coordination Group, engaging with government and participating in the First Minister's energy summits
- engaged with Ofgem and energy companies on key aspects of energy affordability for consumers, including the issues around the significant increase in the number of people being switched to pre-payment meters

In 2023-2024 we will continue with our Energy Tracker and to engage with the industry and government to seek solutions to make energy more affordable for consumers, both immediately and in the longer-term design of the energy market.

We will also continue our work in 2023-2024 to tackle the cost of living crisis through our work in the regulated markets of postal services and water. Our 2022-2023 research has examined consumers' views of the cost and affordability of postal services in Scotland and, drawing on this evidence base, we will work with the regulator and industry to seek improved outcomes for consumers.

In the water market, we will continue to engage with stakeholders on changes that could be made to tackle issues of affordability for low-income water consumers in Scotland, following on from representations we made on this issue in 2022-2023. We will also engage with Scottish Water on the strategic review of charges process for 2027-2033, to seek a long-term, affordable charging system for consumers in Scotland.

We will respond in-year in 2023-2024, to particular affordability challenges for consumers in other markets, to help achieve improved consumer outcomes in Scotland. This will build on work we undertook in 2022-2023, where we responded accordingly to such issues, for example through participation in the Scottish Government food prices crisis summit.

As the statutory consumer organisation for Scotland, Consumer Scotland has a key role to play in taking a strategic, cross-market approach to issues that matter for consumers. This enables us to look at how a particular issue for consumers is being addressed in different sectors and identify learning, best practice and opportunities for improvement that can be applied more widely. In 2023-2024, we will apply this cross-market analysis in the first instance, to the critical issue of affordability. We will examine the different pricing, tariff and discount models that key markets use to try and deliver affordable services for consumers, including how these models take account of Scotland's particular demographic and geographic context. We will make recommendations for change to improve outcomes for consumers across markets, based on our analysis.

Across our work on the cost of living we will pay particular attention to how markets work for consumers in Scotland in different geographic contexts. In a number of workstreams we will examine the specific cost of living challenges for consumers in rural and remote areas. We will draw together this work to consider the wider implications of the cost of living crisis for rural consumers.

Climate change mitigation and adaptation

Placing the interests of consumers at the heart of Scotland's transition to net zero is a key strategic priority for Consumer Scotland in our 2023-2024 Work Programme and in our four-year Strategic Plan.

In 2023-2024 we will carry out the next phase of our quantitative tracker survey on consumer attitudes and experiences of decarbonisation, extending this survey to cover wider consumer markets in the rest of the economy. This work will build on our 2022-2023 decarbonisation consumer tracker survey in the energy and water markets. We will also carry out qualitative research to further build the evidence base of the consumer experience in the transition to net zero. We will use these findings to recommend the actions that are required in Scotland to achieve positive consumer outcomes, where consumers receive the information and support they need to play an active, engaged role in the net zero transition.

Alongside our cross-market research and advocacy, Consumer Scotland will undertake specific pieces of work on this theme in 2023-2024 in the markets that we operate in. Net zero will be a central theme of our work in the water market in 2023-2024. We will engage in the Scottish Government's major process to review and develop water policy in Scotland

to respond to climate challenges and ensure the landscape supports climate change ambitions. We plan to commission new deliberative research with consumers to inform this process. We will provide advice and recommendations to help achieve a new water policy framework in Scotland that has consumers at the heart of adaptation and resilience to climate change.

In our work on the energy market, we will focus on:

- strengthening the consumer perspective in the transition to net zero in our work to improve outcomes for consumers in the future design of the energy market
- the effective roll-out of smart meters, particularly in rural areas and for consumers who use DTS meters, and in the take-up of emerging, low carbon technologies, including EVs

In postal services, we will examine the environmental impact of common consumer activities that rely upon postal markets, using this evidence base to provide recommendations to industry and regulators on how consumers can be supported to play an active role in shaping the transition of this market to net zero.

As we engage in each of these activities in 2023-2024, we will continually draw together the learning, experience and evidence across markets on the consumer experience of the journey to net zero, to build further understanding of the implications for consumers, develop the strategic consumer response, and ultimately, improve consumer outcomes.

Consumers in vulnerable circumstances

Consumer Scotland has a statutory responsibility to give particular focus in our work to consumers in vulnerable circumstances. This is defined in legislation as consumers who may have fewer or lesser favourable options than a typical consumer due their circumstances or characteristics, or consumers whose interests are at a greater risk of harm or more substantial harm than a typical consumer.

The needs of consumers in vulnerable circumstances will be a core consideration in the work we undertake across all of the workstreams in our 2023-2024 Work Programme.

There are also particular workstreams where we will focus on specific aspects of consumer vulnerability. Our workstream on access to postal services will examine the action required to improve access to post for consumers with no fixed address. Our work on the future of voice calls will centre on the needs of older consumers and disabled consumers, who are likely to be disproportionately affected by the changes taking place. Our workstream on improving regulation of legal services in Scotland recognises the range and complexity of vulnerabilities that consumers may be experiencing when they need to use legal services. Our work on the affordability of energy and the future design of the energy market will be centred on the need to significantly improve outcomes for consumers in the most vulnerable circumstances.

Underpinning all of this market-level work, will be the work that we undertake at Consumer Scotland to embed a deep understanding of consumers in vulnerable circumstances in our

organisational systems and structure. Most significantly, this will include the establishment of a new advisory committee of the Consumer Scotland Board, to provide ongoing advice and input to Consumer Scotland on these matters. This will build on the work of our recently completed Short Life Working Group on this same issue.

Prioritising our activity in 2023-2024

The Work Programme sets out a clear set of activities that we will undertake in 2023-2024.

Following feedback from the consultation on our Draft Work Programme and further internal scoping work, we have reduced the number of workstreams in this final Programme. This reflects key priorities for consumers and our capacity to deliver effectively against these. Some activities proposed in the Draft Work Programme have been incorporated into broader workstreams in the final Programme. Other proposed activities, that we will not take forward in 2023-2024, will remain in our pipeline process for consideration in future years.

Deploying our resources effectively

The workstreams set out in this Work Programme represent a range of interventions that require different types and intensity of engagement from Consumer Scotland. A number of workstreams build on work that we initiated in 2022-2023. As described above, the outcomes that we aim to contribute towards in many workstreams are likely to take several years to achieve and we anticipate that our engagement in these areas will continue beyond 2023-2024.

A number of workstreams in the Work Programme will be research and analysis-led. Others will be advocacy-focused. In some areas of activity, our engagement will consist of a high level monitoring role. Some workstreams will require a combination of these approaches. We will make decisions throughout the course of 2023-2024 about how we prioritise our resources across the workstreams in the Work Programme in order to achieve the greatest overall impact for consumers.

Responding to emerging issues

We are aware that events will occur during the course of year, particularly in the context of the ongoing context of living crisis, that will be of significant importance to consumers. We will wish to engage with a number of these challenges and opportunities in order to help secure positive consumer outcomes. We will adopt an agile and flexible approach to ensure that we can respond accordingly to these emerging issues for consumers. We will use our prioritisation principles, on consumer impact; working with others; resource and capacity; outcomes and risk; and strategic alignment, to determine the appropriate response we might make to any emerging issue. This will include determining the implications of undertaking any new work for our capacity to deliver the workstreams set out in this Work Programme. In these cases, we will carefully consider any re-prioritisation of our resources that may be required.

We will apply an outcome-focused approach to any new work that we engage in during the course of the year and include progress on this work in our Annual Report.

We will not be able to undertake substantial workstreams on all new issues that emerge throughout the year. We are continuing to develop our pipeline process for identifying potential workstream areas. Emerging areas of work that we cannot take forward during 2023-24 work will be retained through the pipeline as potential workstream items that could be developed in future years. Where we have capacity we may begin initial exploratory work on some of these issues during 2023-2024.

Dissemination and communication

The Work Programme sets out how we will engage with the key audiences for each workstream. More broadly, Consumer Scotland will 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, enforcement bodies and consumer groups. 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.

Developing Consumer Scotland

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 markets.

Consumer Scotland has benefited greatly from the advice of the Competition and Markets Authority and the Consumer Council for Northern Ireland as we have built our organisation. We are grateful for their support and will look to deepen those relationships during 2023-2024.

4. Our Research and Analysis

Our approach to research and analysis

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
- their perceptions of and attitudes to a wide range of issues and trends.

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.

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 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.

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

Consumer Scotland has a broad set of priorities for its programme of research and analysis in 2023-2024.

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 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 ambitions, 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

In addition to this core agenda, which cuts across many workstream areas, our plans for research and analysis 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

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. 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.

In 2023-2024, we will carry out strategic or cross-cutting activity to consider effective models for making essential markets and services affordable for all consumers, examine the key consumer considerations in the transition to net zero across different markets and deepen our understanding of the particular priorities and concerns of consumers in vulnerable circumstances.

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.

The Consumer Network for Scotland and UK-wide strategic partnerships

What is the outcome we want to contribute towards?

- A collective approach to advancing consumer issues in Scotland, with the expertise and activities of partners amplified through a collaborative approach which enables members to achieve better outcomes for consumers by working together.
- Issues affecting consumers in Scotland are appropriately understood, considered and acted upon within the UK-wide consumer protection architecture.

Why this matters to consumers

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.

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.

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.

What will Consumer Scotland do to address this issue?

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 households and small businesses.

We anticipate that the Consumer Network will offer an effective platform for organisations with an interest in consumer issues to consider together how to tackle key strategic issues of importance to consumers, including the cost of living, climate change mitigation and adaptation, and the needs of consumers in vulnerable circumstances.

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.

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. 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.

Consumers and the National Performance Framework

What outcome do we want to contribute towards?

- An increased focus on consumers in the National Performance Framework, with key consumer outcomes and priorities embedded at the heart of public policy making in Scotland.

Why this matters for consumers

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.

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.

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 has recently embarked upon the next review process for the National Outcomes.

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?

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.

We anticipate engaging the Consumer Network in this work, to develop a collective, strategic perspective from across the consumer landscape on how a clear focus on consumer outcomes can be embedded in the future NPF.

Affordable essential goods and services

What outcome do we want to contribute towards?

- 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, including consumers in rural and remote areas.
- An increased adoption and uptake of pricing models that improve affordability for consumers in vulnerable circumstances.

Why this matters to consumers

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.

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.

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.

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.

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?

Consumer Scotland will take a strategic, cross-market approach to examine models of differentiated pricing across different markets affecting consumers in Scotland and

international best practice examples. We will use this evidence base to identify best practice principles and provide insights and recommendations to government, regulators, service providers and businesses in a range of markets and services which are important for consumers in Scotland. This will include specific consideration of the circumstances of consumers in rural and remote areas.

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.

Consumers at the centre of net zero

What is the outcome we want to contribute towards?

- The approach to net zero in Scotland puts consumer priorities at the heart of design, development and solutions.
- 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.
- Policy makers, regulators and businesses 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.

Why this matters to consumers

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 are more ambitious than other targets set across the UK. 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.

The changes required will include taking action to reduce consumption or to make use of natural resources in more efficient ways. This will require homes, businesses and communities in every part of Scotland to make considerable changes to lifestyles, transportation, business practices, and the purchase and provision of 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.

Consumers and businesses will need to be supported if they are to make the wide-ranging changes required. 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?

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.

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. In 2022-

2023 we designed and conducted the first year of an energy and water decarbonisation tracker survey and commissioned the development of a new survey questionnaire covering other consumer markets in the rest of the economy.

Our work in 2023-2024 will build on the knowledge and insight gathered from our 2022-2023 activity. We will carry out a new quantitative consumer tracker survey for the rest of the economy and markets. The survey will have a representative sample 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.

We will use the findings from our quantitative research to scope out and develop a secondary qualitative research phase of research. 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.

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 provide recommendations to inform the design of policies and implementation strategies by government, businesses and other agencies.

The priorities and needs of consumers in vulnerable circumstances

What is the outcome we want to contribute towards?

- Consumer Scotland's work, across all of our functions, is 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.

Why this matters to consumers

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 severity of harm. The FCA has estimated that more than half the UK population are experiencing at least one driver of vulnerability.

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?

In 2022-2023 we have conducted 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 also established a Short Life Working Group (SLWG), through which we have drawn on cross-sector expertise and insight to help us develop our approach to hearing the consumer experience, identifying critical success factors in our organisational culture, methods and processes.

Building on this work in 2023-2024, we will bring together the existing evidence and data that we hold and consider how we can apply this to inform all of our work, across the Work Programme. We will consider if any gaps in evidence or data on consumer vulnerability exist in specific markets, and explore these with key stakeholders.

Following on from the work of the SLWG, we will establish an advisory Committee of Consumer Scotland to guide our work in this area.

6. Energy

Overview

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
- the energy market provides a choice of high-quality products and services which serve the interests of all consumers
- the energy market facilitates Scotland's net zero ambitions in a distributionally just way

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 high¹⁰ in the coming years.

As governments, regulators and wider industry work to remedy market failings in the short to medium term, efforts to address future market challenges are also ramping up. The breadth of issues being addressed and the immediate need for reform is driving a rapid pace of change within energy markets.

Throughout the coming year and beyond the role of consumer advocacy will be essential across multiple competing priorities, to ensure that reform and evolving policy and practice are designed in a way which results in improved outcomes for consumers, delivering the best value for the investments that are ultimately funded by consumers.

To deliver outcomes we will focus our efforts on areas where we believe we are best placed to reduce detriment to consumers. Our work will be 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.

In the Work Programme we set out workstreams covering a number of significant energy market issues, where we see the need for action to achieve improved outcomes in Scotland. Given the current fluidity of the market and the broad scope of the programme of reform under consideration, we anticipate that we will have to make choices during 2023-24 about which of the workstreams we apply the greatest resource, to enable us to focus on the areas which require the greatest input and scrutiny.

We will work closely with partners over the coming months, applying our prioritisation principles to establish how best to deploy our resource within these areas to achieve the greatest consumer outcomes.

The regulatory framework for the heat networks market in Scotland will continue to evolve in 2023-24. In addition to the workstreams set out in this work programme, we will engage in ongoing discussions with governments, Ofgem and partners across the consumer landscape to ensure the consumer is placed at the heart of future developments, and to maximise the benefit consumers gain from heat networks.

Energy affordability

What outcome do we want to contribute towards?

- Governments, regulators and suppliers have an up-to-date, evidence-based picture of the ongoing impact of the energy crisis for consumers in Scotland. This will support the development and improvement of policies and interventions to mitigate the impact of the energy crisis, with a particular focus on consumers in vulnerable circumstances and the implications for meeting national fuel poverty targets.

Why does this matter to consumers

The energy crisis has far-reaching impacts for all consumers. Within the energy retail market, bills have escalated substantially and consumers face ongoing affordability challenges. The current forecasts are that energy bills, though likely to fall from current levels, are anticipated in Q3 2023 to be roughly double their cost of two years ago.

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.

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?

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. 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.

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.

We will also commission a review of the current financial support landscape to identify gaps and opportunities for improved support provision for both domestic consumers and small businesses. We will work to identify any associated access issues through input from key frontline agencies and stakeholders.

We will combine the evidence gathered through the survey with other evidence streams to provide an overall picture of consumers, energy affordability and perceptions of the energy market in Scotland. This will include providing this evidence to relevant policy processes in Scotland, such as ongoing work on fuel poverty, as well as to Ofgem and policy makers at UK level.

A fair and sustainable energy market

What is the outcome we want to contribute towards?

- A fair and sustainable energy market where current and future consumers, including those in vulnerable circumstances, have access to affordable energy in markets that prioritise positive consumer outcomes.
- 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.

Why this matters to consumers

A variety of factors have led to the high price volatility in energy markets which has contributed to 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?

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 energy market.

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.

In 2023-2024 we will engage with ongoing market reform proposals across the sector, such as the UK Government's ongoing Review of Electricity Market Arrangements, working in collaboration with other consumer bodies to ensure that the particular perspectives of consumers in Scotland are incorporated into final determinations.

Consumer protection in emerging low carbon technologies

What is the outcome we hope to contribute towards?

- The development of policy for emerging low carbon technology is built on a clear understanding of the opportunities, barriers and challenges for consumers taking up these technologies. Implementation of these policies will be informed by the different perspectives and priorities of different groups of consumers.
- 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.
- 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 development and implementation of Electric Vehicle (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.

Why this matters to consumers

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 older housing.

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 need to be fully understood so that their benefits are maximised and there is no unintended harm or consequences. 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.

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 their uptake are explored.

The Scottish Government has already funded the deployment of a significant public charge point network 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 charging landscape in Scotland.

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. 29% of households in Scotland are without access to a car so there remain questions of equity about how the transition to zero emissions vehicles is paid for. 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.

What will Consumer Scotland do to address this issue?

Consumer Scotland will build upon current research and understanding of the uptake of new low carbon technologies, undertaking further analysis and stakeholder engagement to look at the specific challenges facing consumers. This will include the potential impact of the heat and energy efficiency regulations.

We will use this evidence and insight to inform and advise on the development of Scottish Government policy, and engage with relevant stakeholders, promoting a consumer perspective at the heart of policy and implementation considerations.

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.

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 identify 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.

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

What is the outcome we want to contribute towards?

- 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.

Why this matters to consumers

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. Issues with unregulated fuels include:

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

These issues are being exacerbated by the current cost of living crisis, risking greater detriment. 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 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?

We will undertake scoping work and stakeholder engagement activity to understand how 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. We will consider what interventions might be required to support consumers, maximising the opportunities and mitigating harm.

We will work with stakeholders with an interest in this area, including government, industry and trading standards bodies. 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.

Powering the transition to net zero

What outcomes do we want to contribute towards?

- A fair and inclusive transition to a smarter, more flexible and more resilient energy system, where the priorities and interests of consumers in Scotland are at the heart of regulated energy networks' activities.
- Consumers have access to high quality, timely and up to date information to empower decision making around the uptake of low carbon technologies.

Why this matters to consumers

Scotland's gas and electricity networks form a critical part of our national infrastructure, safely and reliably transporting energy to homes and businesses across the country. The cost of paying for the ongoing maintenance and development of these networks is met through consumers' energy bills and collectively amounts to billions of pounds of investment over the course of a regulatory price control.

The design of the energy market in Great Britain means that consumers currently have limited direct engagement with the companies 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 delivery of these investment programmes. This is particularly important as the gas and electricity networks invest to support an economy-wide transition to net zero.

As the energy system becomes more decentralised and increasingly decarbonised, its operation will also become increasingly reliant on digitalisation. The widespread uptake of smart meters will have a vital role to play in this regard. Smart meters will also become increasingly important in supporting consumers to adopt low carbon technologies, and will serve as many consumers' gateway to realising value in future smart, flexible energy markets.

Some consumers face particular barriers to accessing the benefits of smart meters. Technical issues currently combine with a lack of publicly available information about the prevalence of these issues, or the timescales for resolution. This reduces consumer choice, and can disincentivise behaviour change and investment in low carbon technologies.

Many consumers in Scotland who use traditional forms of electric storage heating and dynamically teleswitched (DTS) electricity meters currently 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. This is a particular issue in many of our rural and island communities and includes the risk of loss of heating or hot water systems 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

remains voluntary there is currently no requirement on consumers to engage with this process, and limited data available on its progress.

There is a need for coordinated action across a range of stakeholders to ensure that all consumers in Scotland have the opportunity to benefit from an appropriate smart meter, and that consumers understand the implications of engaging or not engaging with such a programme.

What will Consumer Scotland do to address these issues?

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 include the water sector's Customer Forum and energy networks' Customer Engagement Groups.

Although there are significant differences between sectors, there are clear synergies between Consumer Scotland's work on the regulated energy networks and our work on Scotland's water infrastructure. We will capture learning and best practice across sectors to drive up standards and service delivery, wherever relevant.

The electricity networks are currently entering a delivery phase for the distribution price control, while transmission and gas networks will soon enter a new regulatory planning cycle. In 2023-2024 Consumer Scotland will work constructively with the regulated energy networks in Scotland to ensure that the consumer interest is represented in network planning and delivery.

Consumer Scotland will also work with stakeholders to tackle information barriers facing consumers in Scotland as the energy system becomes increasingly digitised, supporting all consumers to contribute to and benefit from the smart and flexible energy system of the future. Where relevant, we will provide evidence and insight to key industry stakeholders to promote a clear consumer perspective and ensure that all consumers are empowered by the energy transition that is already underway. We will assess the need for new, direct engagement with consumers to inform this input.

Big Energy Savings Winter Campaign and Big Energy Savings Network

What outcome do we want to contribute towards?

- 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.
- Helping empower consumers to become more active in the energy market through consumer engagement and participation through co-design.
- 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.

Why this matters to consumers

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.

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?

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.

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.

7. Post

Overview

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.

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, with specific workstreams focused in each of these areas. We will build on the evidence base we are developing in 2022-2023 and undertake further analysis and advocacy in these key areas. These will be our priority areas of focus in 2023-2024. Our workstreams on parcels and post offices will augment these primary areas of work.

We will also continue to monitor key data and intelligence on how the postal service is functioning for consumers in Scotland.

We will engage closely with the Consumer Council for Northern Ireland and Citizens Advice, the regulator and the industry as we develop our work, to ensure that it adds value and avoids duplication, while delivering, independent, evidence-led insight and recommendations on the key issues for postal consumers in Scotland.

Our work across postal services will pay particular consideration to the priorities and needs of consumers in rural and remote communities in Scotland, given the particularly significant role that post can play, in different ways, for households and small businesses in these communities.

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

What is the outcome we want to contribute towards?

- Increased 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.

Why this matters to consumers

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.

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.

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?

Consumer Scotland research in 2022-2023 has explored the views of consumers in Scotland on the costs of universal postal services and perceptions of affordability. We have also undertaken an in-depth review of previous research studies on the postal market, examining a wide range of consumer issues, including issues of cost.

In 2023-2024 we will complete detailed analysis of the results of this research and provide evidence, insight and recommendations 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.

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.

Tackling post exclusion

What is the outcome we want to contribute towards?

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

Why this matters to consumers

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.

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.

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?

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.

We will continue this work in 2023-2024, engaging consumer groups and organisations, to understand how the issue affects the priorities, challenges and concerns of consumers in Scotland. 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 to support consumers in Scotland.

The decarbonisation of postal services

What is the outcome we want to contribute towards?

- Increased positive action by regulators and providers to support the journey of the postal market to net zero.
- 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.

Why this matters for consumers

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.

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?

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 recommendations on actions to support the transition of the postal market to net zero, and the role that consumers can play in shaping this journey.

We will engage with other consumer bodies from across the UK as we develop and deliver this work.

Access to an effective parcels market

What is the outcome we want to contribute towards?

- 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 consumers have a negative experience they have a clear route to redress and can attain a positive outcome.
- 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.

Why this matters for consumers

Consumers have significantly changed their purchasing habits 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.

Currently consumers face issues with loss, theft or damage to their goods or face significant delays in receiving their goods. There can also be concerns for consumers in terms of choice and transparency in their engagement with the parcel market. Consumers in rural, remote or island communities in Scotland 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?

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.

In 2022-2023 we undertook research to examine carried an in-depth review of previous research studies on the parcel market, examining a wide range of consumer issues. We will use this evidence base to inform insights and recommendations and engage with other consumer advocacy bodies, the regulator and industry to advance these issues. We will work to gather any further evidence required 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.

Ensuring access to Post Office services in Scotland

What is the outcome we want to contribute towards?

- 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.

Why this matters for consumers

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.

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 issue?

Consumer Scotland will work with other consumer bodies and Post Office Limited with a view to improving the way the network provides services to consumers.

We will identify any gaps in the existing evidence base and, if required, gather new evidence on consumer views on their needs from the Post Office network to understand how the essential services that are delivered through Post Office branches can be most effectively provided for current and future consumers in Scotland.

8. Water

Overview

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.

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

Climate change adaptation in the water sector

What is the outcome we want to contribute towards?

- 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.
- 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 in Scotland who have a private water supply are able to access safe and affordable drinking water.

Why this matters to consumers

The Scottish Government is currently undertaking a major review of water policy in Scotland, to take account of the impacts and challenges of climate change and to ensure the current legislative landscape in Scotland supports climate change ambitions.

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.

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. There are also affordability concerns for consumers, particularly in the context of rising energy prices. The Energy Savings Trust calculates that 12% of an average household energy bill is accounted for by the heating of water.

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.

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.

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, and to ensure that the needs and priorities of consumers in vulnerable circumstances are properly recognised and protected.

What will Consumer Scotland do to address this issue?

As the statutory consumer body for water in Scotland Consumer Scotland will provide our insight and evidence into consumer expectations, level of awareness and understanding as part of the Scottish Government water 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, water quality, water scarcity, domestic distribution systems (lead pipe replacement), private water supplies, pollution and charging.

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. We will use this evidence to provide insights and recommendations in key policy development processes in 2023-2024. 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 development and industry action that supports consumers in the choices they make, to develop resilience and adapt to climate change.

We will also 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 previous consumer research work undertaken in this policy area.

In 2022-2023, Consumer Scotland participated in a number of key industry groups, on private water supply, 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. 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.

Affordability of water and sewerage charges

What is the outcome we want to contribute towards?

- 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.

Why this matters to consumers

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.

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?

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.

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.

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

What is the outcome we want to contribute towards?

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

Why this matters to consumers

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.

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?

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.

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.

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.

Equitable and intergenerational investment in water

What is the outcome we want to contribute towards?

- 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.

Why this matters to consumers

Consumer Scotland has a statutory role in a number of key strategy and policy processes that shape the water industry in Scotland. 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?

Consumer Scotland will engage in a number of key processes in 2023-2024, as part of our statutory role as the consumer body for water in Scotland. 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.

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 this consultation process to provide an 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.

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.

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.

9. Consumer Markets

Overview

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.

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.

Our 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 will undertake work that cuts across all consumer markets, such as work to improve consumer experiences around the quality of goods and services purchased. Finally, we will undertake 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. We will maintain some capacity to respond to emerging issues and opportunities on issues of importance for consumers as they occur throughout the year.

Changing regulatory and legislative frameworks

What outcome do we want to contribute towards?

- Regulators, governments and other stakeholders are aware of the needs and aspirations of consumers and small businesses in Scotland.
- 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.

Why this matters to consumers

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?

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.

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.

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, recommendations 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.

Poor quality goods and services

What outcome do we want to contribute towards?

- 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.

Why this matters to consumers

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.

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%). 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.

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. Data from trading standards bodies 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 to address this issue?

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.

We will use our evidence-base to develop recommendations for improvements that can be made to achieve positive consumer outcomes. We will engage with stakeholders and contribute to regulatory and legislative processes to ensure that such work is informed by a clear understanding of the specific issues affecting consumers in Scotland.

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.

Legal regulation

What outcome do we want to contribute towards?

- 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 service quality issues.

Why this matters to consumers

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.

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 1,000 complaints about solicitors and advocates in Scotland.

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.

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 to address this issue?

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.

Consumer Scotland will work in partnership with key stakeholders in this area and will provide advice and advocacy 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.

The future of voice calls

What outcome we want to contribute towards?

- 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.
- Organisations providing advice and support to consumers are able to access the advice and information that they need to help them effectively support consumers.
- Consumers are aware of the coming changes to voice calls and are supported to take appropriate action to ensure their continued safety.

Why does this matter to consumers

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.

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.

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?

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.

10. Funding 2023-2024

With consumers continuing to face extraordinary challenges from the cost of living crisis and the net zero transition it is vital that the consumer interest is represented effectively across the regulatory and corporate landscape. This 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.

Our funding comes from two sources. Our general funding comes from the Scottish Government's annual budget as approved by the Scottish Parliament. In 2023-2024 that general funding is £2.4m. We also receive funding for specific advocacy activities in the electricity, gas, post and water sectors from the levies that ultimately derive from consumers' bills. We set out our levy funding requirements for 2023-2024 in the table below.

For our first levy workplan in 2022-2023 we kept levels of levy funding static while we embedded the functions in our new independent public body. In 2023-2024 our funding requirement has increased across the levy areas of electricity, gas, post and water. This reflects a number of factors. The high inflation being experienced across the economy is increasing our staff and programme costs. Following the TUPE transfer of levy funded staff into Consumer Scotland our staff costs absorbed a higher proportion of the overall levy budgets, reducing the funding available 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. We have included partial cost recovery of these costs incurred in delivery of levy-funded functions in 2023-2024. Our levy funding for 2023-2024 also includes the Big Energy Savings activity, which will be delivered this year through CAS.

We recognise the significant fiscal pressures facing public finances and we will work efficiently and effectively to maximise value for money from our work. Through our partnership approach, we will collaborate with others to avoid duplication of effort and resource. We will be flexible and agile in response to challenges and opportunities that emerge for consumers during the course of the year, and will reprioritise our resources as required during the year to respond to these issues and achieve positive outcomes for consumers.

We will diligently follow the best practice guidance as set out in the Scottish Public Finance Manual to ensure that the Parliament and consumers achieve value for their money. As a public body, we operate in line with the Public Finance and Accountability (Scotland) Act 2000 and have a duty to produce audited annual accounts, in line with the Scottish Public Finance Manual, which are audited by Audit Scotland. Consumer Scotland must meet the expectations set out for it by the Consumer Scotland Act 2020 and do so while conducting itself in accordance with the highest standards of public sector governance and financial management.

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 Work Programme. Budgets are subject to final confirmation with the relevant funding organisations.

11. Endnotes

¹ [Consumer price inflation, UK - Office for National Statistics](#)

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

³ [Economic and fiscal outlook - March 2023 \(obr.uk\)](#)

⁴ [What is a recession and how could it affect me? - BBC News](#)

⁵ [Energy Price Guarantee - GOV.UK \(www.gov.uk\)](#)

⁶ [The long squeeze: rising inflation and the current government support package | Institute for Fiscal Studies \(ifs.org.uk\)](#)

⁷ Financial Lives 2022 survey: insights on vulnerability and financial resilience relevant to the rising cost of living

⁸ [Consumer Spotlight | Consumer Scotland](#)

⁹ [Hottest day in Scotland officially recorded as temperatures reach 35.1C at Floors Castle | STV News](#)

¹⁰ In autumn 2022, the Scottish Government estimated that 35% of households in Scotland were in fuel poverty, up from just under 25% in 2019.

