

**Workplan
for Energy, Post
and Water**
2022-23







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1. Introduction

Consumer Scotland will be the statutory and independent voice of the consumer in Scotland. The Consumer Scotland Act 2020 defines a consumer as either an individual or a business that is no larger than a small business. The Act gave Consumer Scotland the general function of providing consumer advocacy and advice with a view to:

- Reducing harm to consumers
- Increasing confidence among consumers in Scotland in dealing with businesses that supply goods and services to consumers
- Increasing the extent to which consumer matters are taken into account by public authorities in Scotland
- Promoting:
 - o sustainable consumption of natural resources
 - o other environmentally sustainable practices in relation to the acquisition, use and disposal of goods by consumers in Scotland
- Otherwise advancing inclusion, fairness, prosperity and other aspects of wellbeing in Scotland

Consumer Scotland was vested in April 2022 and, as a Non-Ministerial Office, is accountable to the Scottish Parliament.

The Board designate of Consumer Scotland has set its interim vision, mission, values and areas of focus, which can be found on the next page. It has also developed an Interim Strategic Plan for its first year of operation.

A key part of Consumer Scotland's role will be to advocate for consumers in the regulated markets of energy, post and water sectors. This role was previously undertaken by Citizens Advice Scotland (CAS), and this document has been prepared jointly with staff currently in CAS who transferred into the new organisation in April.

Consumer Scotland is mindful that there are other organisations with expertise in consumer issues around the UK. We will work closely with these bodies, particularly those also responsible for consumer advocacy in regulated markets such as Citizens Advice, the Consumer Council for Northern Ireland and the Consumer Council for Water, to share insights and expertise and deliver real value for consumers.

In taking forward this work, Consumer Scotland will be supported by the Energy Consumers Commission (ECC), which has established a key role monitoring and advocating for consumers on energy issues.

2.

Vision, Mission, Values and Focus

Our vision

A fair and sustainable Scottish economy in which every consumer participates to their benefit, confident that their needs and aspirations will be fulfilled.

Our mission

As the statutory and independent voice of the consumer, Consumer Scotland will work with business, the public sector and consumer champions to put consumer rights and interests at the heart of markets, services and policy.

Our values

- We are fair and transparent
- We are independent and collaborative
- We are evidence-driven

Our focus

- We promote the interests of current and future consumers, amplifying their voice to bring change
- We identify and understand consumer vulnerabilities, using that insight to drive positive outcomes
- We put consumers at the heart of a “just transition” to Net Zero, enabling them to participate
- We promote good business practice and drive dialogue and collaboration with other UK and international consumer organisations, both public and private
- We challenge business practice that could lead to consumer detriment, focusing on areas where we can have the biggest impact for consumers and business in Scotland
- We ensure the Consumer Duty is observed in the public sector in Scotland, holding it to account

3.

The Consumer Context

Consumers in Scotland, in common with those across the UK, are in the midst of unprecedented change. They are facing a cost-of-living crisis. The prices of consumer goods are rising rapidly with real incomes predicted to fall by 2%.¹ The rate of inflation has increased significantly, reaching 9% in April 2022, the highest level for forty years.² The Bank of England predict this could reach as much as 10.25% by the end of 2022.³ This has largely been driven by an unprecedented surge in oil and gas prices which has fundamentally changed the GB energy market. As of March 2022, 29 retail energy companies have been put out of business since August 2021.

Consumers face substantial increases in fuel bills, which rose on average by around £700 as the price cap increased in April.⁴ Government support packages will reduce the size of price increases. However, this will not be sufficient for those most in need of help. This is set in a context of predictions of further price rises in October 2022 where we could see bills increase to more than double the rate they were in March 2022.⁵ This will place many more households into fuel poverty⁶ and force families to make stark choices between heating, eating and other essentials. Consumers are now also facing additional energy costs as a result of the Russian invasion of Ukraine.

This impact on people's incomes is unfolding in the wake of the coronavirus pandemic which has affected jobs, income and services, bringing uncertainty and sometimes detriment. Many have experienced the loss of loved ones, or prolonged ill-health. The pandemic has altered where consumers spend their time, often with more time at home and in local areas, increasing their household's reliance on essential services like energy, post and water. That shift in location has also influenced changes in leisure activities and spending patterns. These developments have implications for the geographic distribution of demand for energy, water and post services, and therefore for the infrastructure that meets those needs.

Even before the pandemic the UK's exit from the European Union was already expected to lead to major adjustments to the supply and demand for goods and services, with implications for prices and availability. The impact of this is still unfolding, with new customs rules having come into force on 1st January 2022.

In the midst of this all, we are just starting to get to grips with the greatest challenge that current and future generations face, global warming. That the changing climate is already affecting people's lives is evident, with increasing extreme weather events and flooding. In December 2021 Storm Arwen caused the worst damage and loss of power in Scotland for 20 years.

1 [Resolution Foundation](#)

2 [Bank of England](#)

3 [BBC News](#)

4 [Ofgem](#)

5 [Cornwall Insight](#)

6 [Budget Stage 3 2022-2023: statement by the Finance Secretary - 10 February 2022.](#)

World leaders met in Glasgow at COP26 in November 2021 to discuss the global response. Consumers will need to be at the forefront of that change and the evidence is clear that people want to see concerted action to tackle climate change. But from their home heating systems to the way they travel and use water, more must be done to enable consumers to participate in the transition to Net Zero, and for the costs of that to be fairly shared across society.

The need for robust, effective consumer representation in this context is clear. Advice and advocacy must adapt to meet the needs of consumers in these unprecedented times. The consumer experience in Scotland is shaped by specific issues including the geography and climate, economic differences shaped by income and demographics, and physical assets such as the housing stock, access to infrastructure and prevalent technologies.

The policy context and levers also differ in Scotland. There are more ambitious climate targets, with associated opportunities to influence policy and delivery. In 2022 the Scottish Government is due to establish a new National Public Energy Agency, which is set to become an important player in the consumer landscape.

Over the next year we will focus on improving outcomes for consumers in Scotland. This workplan sets out how we will do so in the energy, water and postal markets.

The Consumer Scotland 2022/23 workplan went out for public consultation during February 2022. We received 25 responses and are grateful for the time people have taken to engage with our proposals. This final plan has been amended to reflect feedback received from individuals and organisations. Of particular note is that our work on smart meters will now form part of the wider projects on energy networks and electric vehicles. Some of the more detailed comments received will further inform the design of workstreams at project inception.

4. Consumer Issues Across Sectors



Increasing costs for essential services



What is the issue?

As the cost of living continues to mount essential household bills are expected to rise across the board in 2022. Energy bills are set to increase substantially as the year progresses and it is predicted that by October 2022, they will be more than double the rate they were in March 2022.⁷ The price of non-regulated fuels like oil and LPG (liquid petroleum gas), on which 147,000⁸ households in Scotland rely, is also increasing substantially.

National Insurance rose in April 2022,⁹ and whilst the 6.6% rise in the National Living Wage should go some way to protect the lowest earners, low income and vulnerable households will inevitably be the hardest hit. The overall increase in consumer costs is currently reflected in the highest rate of inflation for 40 years at 9%.¹⁰ The Bank of England predict this could reach as much as 10.25% by the end of 2022.¹¹ This combination of circumstances will cause significant detriment, negatively impacting people's quality of life and decreasing households' financial resilience.



Why are we looking at it?

The needs of consumers most at risk from increases in the cost of essential services in Scotland must be better understood in order to target support and mitigate negative consumer outcomes. We will therefore undertake work to better understand the real impact of price increases on low income and vulnerable households, including those that do not currently qualify for additional financial support. We will also investigate alternative approaches to the targeting of support to ensure that consumers most in need of assistance receive it. We will ensure that specific characteristics of consumers in Scotland, such as increased rurality, are captured in this work.



What is the outcome we're looking for?

An in-depth analysis of the impact of increasing charges on low-income and vulnerable households to inform targeted interventions across selected utilities and monitoring of the ongoing response by government to address these issues.

7 [Cornwall Insight](#)

8 [Key Findings Summary - Scottish house condition survey: 2019 key findings - gov.scot \(www.gov.scot\)](#)

9 www.gov.uk

10 [ONS](#)

11 [BBC News](#)

Understanding the needs and aspirations of consumers in vulnerable circumstances



What is the issue?

The ability to access essential services is a basic requirement of every household. In well-functioning markets, consumers in vulnerable circumstances must be able to confidently engage and see their needs and aspirations met. As we decarbonise our homes, transport and other aspects of our lives, there will be a need to redesign the way in which services are delivered. This presents a significant opportunity to place consumers in vulnerable circumstances at the heart of service design.



Why are we looking at it?

The Financial Conduct Authority has estimated that 50% of the UK adult population have characteristics that potentially indicate vulnerability. New vulnerabilities will emerge as markets evolve. Any accompanying support for consumers must reflect current and future needs. As the statutory consumer body in Scotland, we will engage consumers in vulnerable circumstances to ensure that their lived experience informs our work. Consumer Scotland has established a short-life expert forum to ensure this consumer engagement is effective at identifying and understanding consumer vulnerabilities and uses that insight to drive positive outcomes.



What is the outcome we're looking for?

Comprehensive data on the needs and aspirations of people in vulnerable circumstances to inform essential service design, both now and as we move towards Net Zero. This work, looking at energy and water, is likely to form the basis of a similar approach covering other sectors.

4. Consumer issues across sectors

Consumer attitudes to and experiences of Net Zero



What is the issue?

Scotland's homes, businesses, and communities will need to become more energy and water efficient to make them fit for purpose in a Net Zero Scotland. Consumers will require support and leadership from their utilities providers to help them mitigate the impact of climate change and adapt their homes and lifestyles to increasing global temperatures.

Scotland has more ambitious climate targets than the rest of the UK. Within the regulated industries, Scottish Water has committed to Net Zero by 2040, and the energy networks in Scotland are in the process of committing to ambitious targets. To help achieve these commitments, this approach will include engaging with customers to improve their understanding of their individual roles.



Why are we looking at it?

It is vital that Consumer Scotland understands the issues that matter to consumers during this time of change and how best they can be supported to adapt. The COVID-19 pandemic and cost of living crisis continue to cause seismic shifts in the way people from Scotland live and work, as well as creating additional pressures on household budgets, underlining the importance of a "just transition" to Net Zero.

The Energy Consumers Commission undertook research in 2020-21 and 2021-22 to establish a baseline understanding of consumer experiences of energy markets in Scotland.

Consumer Scotland will identify changes in consumer experience and measure how they shift over time, providing evidence of the efficacy of policy and practice. This tracker survey will provide valuable insight into consumers' experiences as they navigate Scotland's transition to Net Zero.



What is the outcome we're looking for?

To track ongoing consumer engagement with, and progress towards, decarbonisation, building an evidence base that provides consumer insight to inform the rapidly developing Net Zero agenda and associated approaches to adaptation.

5. Energy

Fairness in the energy retail market



What is the issue?

Energy price increases in 2022 will impact on consumers' bills in two ways. Increasing wholesale costs saw bills increase by over 50% when the price cap rose in April. Additional bill rises expected in October could take average energy bills to more than double the rate they were in March 2022. Further, the estimated £2.6bn cost of multiple supplier failures is set to be recovered through consumers' bills at close to £100 per household. The existing regulatory framework failed to protect consumers by allowing unfit and unsustainable suppliers to enter the energy market with only limited checks and a lack of enforcement of the regulations in place.¹²



Why are we looking at it?

In recent years the prevailing theory has been that switching would provide consumers with the best deals in the energy market, and that retail competition would ensure most consumers' interests would be met. Specific measures were understood to be required for vulnerable consumers. In current circumstances the retail market is not meeting consumers' needs, with some suppliers reluctant to take on new customers and the Standard Variable Tariff (SVT) the most competitive tariff across

most of the market. There have been industry predictions that high prices could remain for at least two years.¹³ In the short term it is necessary to protect those most vulnerable as bills increase.

Regulation must be fit for purpose, and we will work with Ofgem to place consumer interests at the heart of the market as it recovers. The current situation and anticipated future changes in fuel source, technology, supply, demand and consumer behaviour that will drive the transition to Net Zero suggest that the structure of the energy market needs to be reviewed so it serves consumers effectively. The experience of consumers in Scotland will be an important consideration in any such review. Consumer Scotland will therefore investigate the needs and aspirations of energy consumers in Scotland in relation to the future energy retail market at an appropriate time.



What is the outcome we're looking for?

To ensure that fairness for consumers underpins all aspects of the energy retail market as it continues to evolve.

¹² [Citizens Advice: Market Meltdown](#)

¹³ [The Times](#)

5. Energy

Markets to power the transition to low carbon heating in Scotland



What is the issue?

Efforts to reduce the carbon intensity of the power system in Great Britain in recent years mean that the most environmentally friendly way to heat our homes and buildings today is with electricity. This progress has to date been largely funded by consumers through the addition of environmental levies to electricity bills. As we transition to low carbon heating, this creates a tension between governments' statutory Net Zero targets and fuel poverty targets which must be addressed if a "just transition" to Net Zero is to be secured.



Why are we looking at it?

By 2030, a much larger proportion of Scotland's heat demand will be met by electricity. By 2045, many models predict that the majority of Scotland's homes and buildings will be electrically heated. To meet Scotland's twin ambitions of eliminating fuel poverty by 2040 and reaching Net Zero by 2045, significant changes to Great Britain's energy market and the provision of energy services within it will be required.

Consumer Scotland will engage with stakeholders across the energy industry to investigate what changes are needed to relieve the cost pressures on current and future users of both traditional and 'low carbon' electric heating in Scotland, and address price signals which actively discourage the transition to low carbon heating.



What is the outcome we're looking for?

Consumers in Scotland benefit from equitable access to and prices within energy markets that encourage and support the decarbonisation of heat in all of Scotland's homes and buildings.

Implementation of the Fuel Poverty Strategy



What is the issue?

A quarter of Scottish households are unable to heat their homes to an adequate level at an affordable cost. This proportion will increase as the impacts of a steep increase in energy bills take effect in 2022. Fuel poverty forces households to adopt dangerous coping mechanisms such as rationing energy use and cutting back on other essential expenditures. Its impacts are proven to be detrimental to the physical and mental health of adults and contribute to developmental issues and poorer outcomes in children.



Why are we looking at it?

The Fuel Poverty (Targets, Definition and Strategy) (Scotland) Act 2019 set interim and overall targets towards the eradication of fuel poverty, across all four of its recognised drivers, and in every local authority area in Scotland. The final Fuel Poverty Strategy, as published in December 2021, outlines how local and national delivery programmes and support schemes will realise these ambitions. Consumer insight will be important to inform the implementation of the strategy and associated programmes and understand their impact.

Consumer Scotland will use evidence to inform ongoing advocacy work in this area, and we will engage with relevant bodies such as the newly established Fuel Poverty Advisory Panel.



What is the outcome we're looking for?

To ensure that there is a consumer-centred approach to tackling fuel poverty in Scotland by helping to positively inform and shape the delivery of the Fuel Poverty Strategy and associated programmes.

5. Energy

A whole building approach to energy regulations



What is the issue?

Almost a fifth of Scotland's CO₂e emissions come from heating our homes and buildings. Improving the energy efficiency of Scotland's building stock and installing zero-emissions heating systems is therefore essential to achieving Scotland's climate change targets. A whole building approach is necessary as zero-emissions heating systems are most effective in well insulated properties.



Why are we looking at it?

The 2021 Heat in Buildings Strategy (HiBS) set out a pathway to Net Zero in Scotland and a target of a million homes and the equivalent of 50,000 non-domestic buildings to have zero-emissions heating systems by 2030. It includes a commitment to regulation to set a minimum standard of energy efficiency and introduce measures to encourage the adoption of zero emissions heating systems. These regulations will directly affect consumers' homes and businesses and in most cases require investment and changes to behaviour to succeed.

Rules and requirements must be easy for people to understand and designed to meet the needs of Scotland's communities. We will work with stakeholders to ensure that regulation is easy to adapt to, balanced and realistic.



What is the outcome we're looking for?

Regulations governing the minimum standards of energy efficiency for homes and buildings in Scotland are clear, people-centred and sensitive to the needs and aspirations of local communities.

Understanding the barriers and opportunities for accelerating the uptake of EVs in Scotland



What is the issue?

The UK government has announced that the sale of new petrol and diesel cars and vans will end in 2030. Many consumers are therefore expected to adopt electric vehicles (EVs) in the coming years.

Cars and other vehicles are essential transport in many parts of Scotland, especially in remote and rural areas. Urban areas face their own set of infrastructure challenges. The anticipated transition to EVs requires a robust policy framework and clear, simple-to-understand processes, and guaranteed consumer rights, as part of a “just transition.” The project will consider the infrastructure required for consumers to be able to benefit from the smart and two-way charging of EVs, and the potential need for regulation of the public charging market.



Why are we looking at it?

The transition to EVs is in full swing in many other countries with comparable and varying challenges, such as in Norway, where 80% of all new car sales in 2021 were electric vehicles.¹⁴ Work has been undertaken at a GB level to look at barriers to EV uptake, including by the Office of Zero Emission Vehicles. Over the next two years, Consumer Scotland will seek to build an understanding of what has incentivised or disincentivised use of EVs in other countries, particularly in remote and rural areas where public transport is limited, using this insight to help inform an approach in Scotland that is designed around consumers.



What is the outcome we're looking for?

The provision of infrastructure and policies that make it simple for consumers to adopt EVs wherever they are in Scotland.

5. Energy

Networks for Net Zero



What is the issue?

Scotland's gas and electricity networks will play a central role in facilitating the transition to Net Zero. The decarbonisation of heat, transport and industry will require significant investment in networks' operational capacity and resilience, and changes to the way in which consumers are charged for their access to and use of network infrastructure. To realise a "just transition" to Net Zero, these changes must deliver good outcomes for consumers in all areas of Scotland. The ongoing rollout of smart meters has the potential to enable networks to manage their capacity around the way consumers use energy. This could have benefits in the home and maximise the efficient use of Scotland's energy networks, accelerating progress towards Net Zero. A whole system view of network planning and operation is therefore essential if the energy transition is to deliver the greatest consumer benefits at the lowest possible cost.



Why are we looking at it?

In 2020 gas and electricity network costs contributed £300 (25%) to a typical GB dual fuel energy bill.¹⁵ As regulated monopolies have no direct billing relationship with consumers it is particularly important that the consumer voice is represented in discussions about network planning and investment. Scotland's electricity Distribution Network Operators have been developing their RII0-ED2 Business Plans for the 2023 – 2028 price control period and Ofgem are due to reach decisions on these at the end of 2022.

Consumer Scotland will champion a whole energy system approach to the development of the gas and electricity networks in Scotland which supports communities to achieve their Net Zero ambitions. We will advocate for greater levels of community participation in flexibility and other energy system services, where appropriate.



What is the outcome we're looking for?

Gas and electricity networks that power the Net Zero transition, maximising the benefits of the energy transition for consumers while keeping whole system costs affordable for all.

Big Energy Savings Winter Campaign

The Big Energy Savings Winter campaign provides consumers with advice to reduce their energy bills. It is a national campaign which in 2021 reached over 3 million people through media, digital and advertising. Locally 36 individual Citizens Advice Bureaux (CABs) ran campaigns alongside the national activity, engaging individual consumers. In 2022-23 Consumer Scotland will work with Citizens Advice Scotland to deliver the Big Energy Savings Winter Campaign.

Big Energy Savings Network

The Scottish Government estimates that increasing energy bills could result in a 43% increase in households in fuel poverty in Scotland.¹⁶ With the number of people struggling to afford their energy bills set to increase substantially as a consequence of the energy crisis, Consumer Scotland will seek to extend the reach of the Big Energy Savings Network campaign, bolstering support and offering greater protection for people as they face a squeeze on their household budgets.

This project will ensure advice reaches households most in need of support across Scotland. Consumer Scotland will commission Citizens Advice Scotland to codesign and deliver work with community organisations and target resources towards equalising outcomes for under-represented communities.

¹⁶ [Budget Stage 3 2022-2023: statement by the Finance Secretary - 10 February 2022](#)

6. Post



Tackling post exclusion



What's the issue?

Everyone should have access to post, no matter their living situation. Access to post is essential for vulnerable consumers to receive financial and government documents and parcel deliveries. Some people are unable to access post at home or may face barriers to doing so (known as post exclusion). This can have detrimental impacts on individuals and vulnerable consumers are particularly negatively affected.



Why are we looking at this?

We welcome Ofcom's proposal requiring parcel operators to create policies which better meet the needs of disabled customers. Evidence shows more work needs to be done to address the barriers faced by other vulnerable groups, which could include the elderly, rural and remote communities, survivors of domestic violence, those experiencing homelessness, refugee/asylum seekers and the Gypsy/ Traveller community. We will continue to work with consumer advocacy bodies to ensure joined-up thinking in this space.



What is the outcome we're looking for?

Collaborative solutions to remove the specific barriers that exclude vulnerable consumer groups from accessing post.

Promoting a fairer postal market in Scotland



What's the issue?

Our role requires us to monitor Royal Mail's quality of service and delivery on the Universal Service Obligation (USO), alongside barriers to access in the postal market in Scotland. As regulation of the postal market is reserved, we will work closely with postal and consumer bodies across the UK in order to monitor the market and represent the voice of Scottish consumers. We will also engage with local postal market issues, including access to Post Offices, through collaboration with stakeholders.



Why are we looking at this?

Some areas of Scotland, particularly our rural communities, do not always receive the same quality of service in the postal market as larger urban areas. We will work directly with stakeholders when issues arise to find solutions for Scottish consumers.



What is the outcome we're looking for?

People across Scotland receive the required quality of service from the postal market's designated universal service provider and are able to access the services they need.

6. Post

Enabling consumers to choose in the parcels market in Scotland



What's the issue?

The parcels market has changed significantly in recent years due to external market pressures including the pandemic and the UK's exit from the EU. The increasing reliance on parcel delivery operators to facilitate our shopping needs has widespread implications for the whole Scottish economy. Consumer Scotland will monitor the evolving parcel markets and seek to better understand the issues consumers, including Scotland's small and microbusinesses, face.



Why are we looking at this?

Consumers could benefit from a better understanding of available choices in the parcels market in Scotland. Research shows that consumers are often dissatisfied with the quality of service delivered by parcel operators, with one consumer in three experiencing a problem with delivery. We will gather evidence to understand the systemic issues consumers face and identify trends in consumer detriment.



What is the outcome we're looking for?

We want to see Scotland's consumers and small businesses thriving in a post-Brexit and post-COVID economy. This work will provide a clearer understanding of the common issues experienced by these consumers. In 2022/23 we will begin developing a consumer tool that enables them to compare the performance of parcel operators, taking specific account of Scottish circumstances. We will work with consumer advocacy bodies across the UK to consider how best to achieve this.

Engaging with regulators to protect consumers' interests in the postal market



What's the issue?

The postal market has rapidly evolved in recent years due to the pandemic accelerating existing online shopping trends. Consumers have become increasingly reliant on private parcel operators to deliver goods. Some Scottish consumers in rural and remote communities are often asked to pay more for parcel deliveries due to their location. These market changes and the experiences of Scottish consumers must be reflected in the rules and regulation that shape the practices of Royal Mail and private parcel operators.



Why are we looking at this?

In early 2022 Ofcom sought views on proposals for the regulation of postal services from 2022 to 2027. As the postal market and the regulation shaping it evolves, we must ensure that consumers continue to have access to services at a fair price, opportunities to make complaints when things go wrong and transparency of costs. We will work to ensure the specific issues Scottish consumers face are heard by UK regulators. This could include issues around rural and remote delivery surcharges and barriers to accessing postal services for vulnerable consumers. We will also work with stakeholders and regulators advocating for further sustainability measures to ensure the postal market is part of a "just transition" to Net Zero in Scotland.



What is the outcome we're looking for?

This work will ensure that the interests of Scottish consumers and businesses are represented in any potential change to regulation of the postal market. We will share the experiences of Scottish consumers as we engage with Ofcom on a variety of matters including the regulation of postal services from 2022-27.

7. Water

Adapting to cope with increased surface water caused by climate change



What is the issue?

The flooding of homes, businesses and communities has been happening more often in Scotland because of climate change. The impact of extreme weather events can be devastating for communities. A challenge for Scotland's water sector is how to remove surface water from sewerage systems and bring it safely above ground.

Blue-green designs offer nature-based solutions, where outdoor areas are re-designed to naturally accommodate water safely, reconnect communities with nature and enhance spaces where people live and work. If delivered well, blue-green infrastructure can prevent flooding and offer multi-functional benefits that include improving community well-being.



Why are we looking at it?

It is predicted that there will be a 25% increase in the intensity of rainfall during this century, alongside longer dry spells in the summer. We know that people in Scotland support action to tackle climate change, but that many consumers do not understand what this will mean for them or their community. The water industry needs to step up engagement with people across Scotland as it shapes the approach to increased rainfall and the need for alternative solutions, and work in partnership with those that live and work in flood risk communities.

Consumer Scotland will gather evidence on consumer attitudes and tolerance levels to climate change action to increase knowledge and to test how willing communities are to support and accommodate different types of changes. Alongside this we will seek insight from other nations that are developing community approaches to mitigate against the effects of climate change.



What is the outcome we're looking for?

A clearer understanding of how consumers need to adapt to prevent the worst impacts of flooding and to further understand how to engage consumers on specific climate change issues, as well societal improvements.

Adapting how consumers use water and wastewater in homes to tackle climate change



What is the issue?

Households in Scotland use more water than in any other part of the UK. The carbon emissions from the water sector are similar to the aviation industry.¹⁷ Most people are unaware of how much water they use and when asked, around 80% significantly underestimate their usage. The summer of 2021 was the driest in 160 years and reservoirs across Scotland reached some of their lowest levels, causing water scarcity in many areas. The frequency of dry spells that are severe enough to put public water supplies at risk is expected to double this century.

Additionally, Scottish Water spends an average of £6M each year unblocking sewers as a result of households disposing of wet wipes, sanitary products, etc. down the toilet, which can often end up on beaches or in our rivers. During periods of heavy rain, the presence of debris in the sewers increases the risk of sewer flooding to homes and businesses. Money spent unblocking sewers could be spent on improving other essential customer services.



Why are we looking at it?

Household water usage will need to adapt in response to Scotland's changing climate and carbon emission targets. Identifying effective ways of engaging consumers more consciously to engage with water reduction measures in the home and at work is essential. The water sector must meet the challenge of encouraging consumers to value water more and waste less.

Changes that consumers will need to make to their behaviour and their homes are not limited to just water use, but extend to the appropriate usage of the wastewater system. As the consumer representative body, we will gather evidence on consumer attitudes, levels of consumer knowledge, and test how willing communities are to support changes that improve how water and wastewater services are used.



What is the outcome we're looking for?

This work will provide a clearer understanding of how best to engage consumers on Net Zero and resilience to change how they view and use water and wastewater services. This will support the design of services that help reduce overall household usage and carbon emissions, protect supplies from the impacts of climate change, and protect infrastructure and the environment from sewerage debris.

¹⁷ [Saving Water in Scotland - Scottish Water](#) The first Hydro Nation strategy was created in February 2012 to fulfil the statutory duty outlined in the [Water Resources \(Scotland\) Act 2013](#) for Scottish Ministers to "take such reasonable steps as they consider appropriate for the purpose of ensuring the development of the value of Scotland's water resources"

7. Water

Fair and ethical regulation and practice within the non-household sector



What is the issue?

Scotland's non-household water market now operates to a values-led culture which pushes for behaviours and practices that support ethical principles. This will support a market that encourages openness and transparency through collaborative working across service providers and regulators, and proactively operates in the customer's best interests to drive out harmful practices.

The consumer representative body is viewed as an 'honest broker' by market players. In this role Consumer Scotland will chair the new strategic Senior Stakeholder Group (SSG) for the water retail market in Scotland. The purpose of the group is to promote improvements to the market.



Why are we looking at it?

The application of ethical business regulation and practice (EBR/P) is still relatively new within the non-household market, and we are keen to use lessons learned from the Strategic Review process (2021-27) to support its implementation. EBR/P provides a robust framework to promote and strengthen consumer advocacy and adoption of the consumer principles.

A review of the Measures Working Group found that knowledge of EBR/P within the market, and confidence to put it into practice, remains limited. More is required to support a collective understanding among all market stakeholders, and commitment to champion ethical practices and improved outcomes for service users.



What is the outcome we're looking for?

We want to support embedding a fair and ethical framework of regulation and practice, which delivers better outcomes for non-household customers. Additionally, there is an opportunity for other sectors to learn from the EBR/P journey and the potential it has to deliver benefits for consumers and operators.

Improving access to safe drinking water for private water communities



What is the issue?

There are 21,584 private water supplies in Scotland. These are supplies which are not connected to the mains water network. It is estimated that around 180,000 people rely on private water supplies. Climate change is impacting these private supplies and an increasing number of properties are running out of water during prolonged dry periods. The Scottish Government and stakeholders are working together to develop a strategic framework that will seek to deliver universal access to safe and affordable drinking water, to meet the United Nations Sustainable Development Goal 6 and the recast Drinking Water Directive requirements.



Why are we looking at it?

Previous consumer research has informed recommendations for improving access to safe drinking water for those on a private water supply. Further insight is needed on consumer willingness to engage with a variety of potential methods for making supplies more wholesome and resilient by addressing barriers e.g. affordability. This will support ongoing work with the Scottish Government and stakeholders to explore the recommendations from previous research.



What is the outcome we're looking for?

A better understanding of consumer attitudes and knowledge amongst those on a private supply will usefully inform further recommendations to the Scottish Government. By testing a variety of services, which will be developed as part of a potential package of support for private supplies, we will gain a better understanding of what is more likely to be successful.

Additionally, research can usefully identify information and education requirements amongst those who remain on a private supply, which will improve how supplies are treated and maintained, and how users engage with recognised authorities.

7. Water

Applying behavioural insights to consumers' use of water services



What is the issue?

Changing how consumers perceive and use water and wastewater services is essential to support net zero targets.

Scottish Water has recognised the importance of changing how its customers think about and use its services, particularly to support a planned reduction in the amount of investment required and its associated carbon cost.

However, behavioural change is not a quick fix. It often takes time and requires consumers to be engaged in the right way, at the right time, to alter how they use services.



Why are we looking at it?

In 2021, a multi-sector workshop was run to provide in-depth insight into consumer behaviour. Water stakeholders supported a follow-up workshop that focused on sector specific issues around use of water and wastewater services.



What is the outcome we're looking for?

A deeper understanding of what is required by water stakeholders to motivate change in consumer behaviour, which will inform any agreed approach to engage and influence how consumers use water and wastewater services.

Representing the needs and interests of consumers on Scotland's Hydro Nation Forum



What is the issue?

The Hydro Nation Forum advises Scottish Ministers on the overall direction and focus of Scotland's Hydro Nation agenda.



Why are we looking at it?

Each Forum meeting includes a standard item on consumer issues, ensuring their interests are represented within each of the four key and interlinking themes of National, Innovation, International, and Knowledge. This provides an opportunity to share findings from consumer-focused research and discuss areas of interest and emerging themes with Forum members.



What is the outcome we're looking for?

Making consumers central to Hydro Nation concepts during planning, research and delivery. Additionally, that initiatives enable consumers to improve the impact of their behaviours on water and sewerage services and the environment.

7. Water

The adoption of the new EU Drinking Water Directive to improve the quality of drinking water and access to it for all



What is the issue?

The Scottish Government has chosen to align with EU law, which includes the new EU Water Directive. The directive takes a more holistic approach to managing water quality, recognising the need to monitor emerging pollutants and adopt a risk-based approach to protecting our drinking water sources. The Directive also aims to improve access to safe drinking water for all and enhance the availability of clear and transparent information to consumers.



Why are we looking at it?

The Directive will impact consumers both on the public water supply and those on private supply. It will have a direct effect on all households with lead water pipes as it is likely lead pipes will need to be replaced, affecting an estimated 270,000 households. While there are clear health benefits to doing this, there are also significant cost and disruption implications.

A core principle of the Directive is to ensure safe drinking water is available to all. This will require addressing the problems facing private water supplies, many of which have run out of water in recent years due to low rainfall as a result of climate change. The Directive provides an opportunity to improve support for private water supplies, and address some of the underlying issues they face.



What is the outcome we're looking for?

We will work with the Scottish Government and other stakeholders to ensure the Directive brings about positive and longer-term outcomes for consumers. This includes improving the quality and availability of information to consumers and ensuring that adequate measures of consumer protection and affordability are addressed in the drive to remove lead water pipes from homes.

We will also work with the Scottish Government and other organisations to re-assess current private water supply regulations and seek ways to deliver greater access to safe drinking water, financial support and accessible advice for those on a private supply.

Engagement in key industry forums



What is the issue?

Consumer Scotland will be a statutory consultee within the Scottish water sector's price setting process. It has a statutory duty, as part of a multi-stakeholder group, to monitor Scottish Water's capital investment delivery. Currently, the sector operates to ethical principles to secure better outcomes for customers, communities, the environment and sector stakeholders through a more open, transparent, proactive and collaborative approach to planning and delivery of Scottish Water's investment priorities.



Why are we looking at it?

Scottish Water is undergoing a transformation process to meet its 25-year strategic plan, which includes a commitment to 'empower customers and communities'. The consumer representative body will continue to support this process, as well as monitor the delivery of its current investment programme, through membership of the Delivery Assurance Group and the Investment Planning and Prioritisation Group.



What is the outcome we're looking for?

Evidence that Scottish Water is embedding a strong customer and community-centric culture that proactively and insightfully seeks to identify where and how planning and decision making can empower customers and communities.

8. Levy Funding 2022-23

Consumer Scotland will be responsible for levy-funded consumer advocacy and advice in Scotland from April 2022. In preparation for that we have engaged with Citizens Advice Scotland, Citizens Advice, the Consumer Council for Northern Ireland and the Consumer Council for Water on the development of this work plan. We consider that best value for consumers will be achieved by cooperation and collaboration between consumer advocates across the UK and beyond.

Consumer Scotland is committed to an evidence-driven approach to advocacy, necessitating a programme of activity to develop insight into consumers' needs and aspirations. Our budget has therefore divided into two categories: staff costs and work programme. Staff costs are the direct salary, pension and benefits costs of employing those working on levy activity. All staff employed by Consumer Scotland will be civil servants. Programme costs are those associated with the programme, such as research.

At the time of writing the rate of inflation is 5.5%. However, we have decided in this work plan for our first year of operation to maintain our overall provisional levy budget at the level proposed by our predecessor organisations for 2021-22 and will review that in the light of experience. The only exception to this is the funding for the Big Energy Savings Network, which we plan to increase to meet the significant increase in the numbers of consumers experiencing problems with affordability in the context of rapidly escalating energy prices.

It may be that we need to vary this budget during the course of the year. In that context we particularly note the significant uncertainty in the energy market, and the potential need to investigate the needs and aspirations of energy consumers in relation to the future energy market.

Levy-funded work programme provisional budget 2022-23

Sector	Energy	Post	Water
Staffing	318,100.00	70,200.00	174,534.00
Programme	77,000.00	99,800.00	145,466.00
Big Energy Savings Campaign and Network	319,000.00		
Total	714,100.00	170,000.00	320,000.00

