

# Consultation Response

Ref 2116

## Ofgem statutory consultation on the Priority Services Register Review

July 2016

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## **About this consultation**

In June, Ofgem published a statutory consultation paper as part of its Priority Services Register Review.<sup>1</sup> It seeks views on proposals to energy companies' priority services register (PSR) licence conditions, under which they offer free practical support to groups of customers identified as being in vulnerable circumstances. The proposals relate to energy suppliers and network operators (NOs), referred to collectively as energy companies.

Age UK is the country's largest charity dedicated to helping everyone make the most of later life. We help more than 5 million people every year, providing support, companionship and advice for older people who need it most.

We welcome the opportunity to respond to this consultation and highlight the particular needs of older people. We responded to the December 2015 consultation,<sup>2</sup> and in February 2016 published a report 'Older people and power loss, floods and storms: reducing risk, building resilience',<sup>3</sup> which includes evidence of older people's views on PSR support. In this paper we respond to selected relevant questions, noting in brackets the corresponding paragraph numbers from the consultation paper.

## **Key points and recommendations**

1. We support improvements to PSR provision, especially given the likelihood of increased storms and flooding due to increased rainfall intensity.
2. Older age is not in itself a vulnerability; many older people are capable and self-reliant and do not wish to be seen as 'vulnerable'. Ofgem and energy companies need to be aware of the risk of stigmatising older customers by assuming they are incapable.
3. Having said that, some older people live in circumstances where they may require extra support. This includes living with dementia, having hearing, visual or mobility impairments, and living with long-term health conditions.
4. We seek assurance that call handlers and other customer-facing staff are trained in the requisite skills to be able to identify key vulnerabilities, such as dementia, which customers are unlikely to spontaneously mention, and ask prompting questions that might reveal other vulnerabilities. Ofgem should require companies to report on their activities to ensure staff have these skills.
5. Companies need to improve how they deal with customers who have given Power of Attorney, especially to prevent customers' details being lost, or the need for customers to repeatedly explain their circumstances to multiple companies (e.g. during a switch).
6. We strongly support the proposals for better recording and sharing of vulnerability data, but it is essential that data-sharing is carried out with the customer's knowledge and that the process maintains customer trust and acceptability, and is not perceived by the public as leading to a risk of cross-selling. In order to ensure proper data protection we would like to see data shared through an intermediary, rather than bilaterally.
7. We support the longer-term aim to improve vulnerability data-sharing between multiple utilities, with the hope that there will eventually be a single point for people to register for additional support in a range of essential services (e.g. energy, water, telecoms).
8. We support raising awareness of PSRs, and ask that the licence conditions (26.1b) go beyond saying companies should 'take all reasonable steps to promote the existence of the [PSR]' to explicitly require companies to use a range of non-internet channels.
9. We agree with the need for Ofgem and/or companies to test messages with the target audiences, including older people.

## Eligibility and customer identification (2)

10. We support the proposal to ensure suppliers account for a range of personal characteristics and situations, including temporary ones, when assessing customers' needs. Our previous response and consumer vulnerability policy position,<sup>4</sup> outline some of the circumstances that can make older people vulnerable, including cognitive decline, poor mental health, loneliness or isolation, physical disability and long-term illness. (2.10, 2.12)
11. We appreciate that network operators (NOs) may want to retain the core groups – including 'of pensionable age' – when considering if a customer is vulnerable. While age may be a trigger to consider vulnerability, we are clear that older age should not be equated with vulnerability. NOs (and suppliers) should understand that many older people are capable and self-reliant and do not wish to be seen as 'vulnerable', and avoid stigmatising them. (2.11)
12. The proposals focus on suppliers offering services to the Domestic Customer, without an obligation regarding other members of a household. We are concerned that, in some cases, other members of a household may be overlooked and miss out on extra support. This could include older people who have moved in with younger relatives, people who are cared for by a carer in the household and people who have donated Powers of Attorney (PoA) to someone else in the household. While we recognise that suppliers are not restricted from offering services to other members of the household, we think Ofgem should go further than encouraging suppliers to do so. For example, suppliers could be obliged to include a statement saying 'Does this apply to anyone else in your household?', or similar, or ask the account holder if has caring responsibilities for someone living with them. (2.16)
13. We support the proposal that licensees can identify other relevant customer characteristics, beyond the December 2015 list. These might include living in a park home and frailty. Frailty is especially relevant, described by the British Geriatrics Society (BGS) as a 'clinically recognised state of increased vulnerability. It results from ageing associated with a decline in the body's physical and psychological reserves'.<sup>5</sup> See the BGS resources explaining frailty,<sup>6</sup> and note that people 'should not be labelled as being frail or not frail but simply that they have frailty'. (2.17)
14. We strongly support the proposal to make it companies' responsibility to identify customers in vulnerable situations during interactions with them, and to offer services to address their needs. (2.18)
15. We welcome that suppliers should 'take all reasonable steps' to identify vulnerable customers during interactions with them. However, we are concerned at the lack of clarification as to what this entails. There is a problem with leaving this open-ended and 'depending on the individual circumstances of the case' – suppliers must have the capabilities to spot 'hidden' or less immediately obvious vulnerabilities, that are unlikely to be brought up spontaneously by the customer in conversation. (2.19-21)

16. Customers may not identify themselves as vulnerable, may not be aware that the supplier could help them, or may be unsure whether to trust the supplier with their personal information. Customers may make partial disclosure e.g. 'I can't read my bill', 'your letters don't make any sense', 'I can't hold on all day' and staff should be actively on the look out for other signs of potential vulnerability e.g. shortness of breath or signs of agitation, signs that a consumer has not understood, mention of medication. The financial services sector is also working on similar issues and the Financial Conduct Authority's Occasional Paper on Consumer Vulnerability<sup>7</sup> includes some tips for recognising consumer vulnerability, as well as handling disclosure which may be a helpful starting point. (2.19-21)
17. Further, as services move online, suppliers will need to think of new ways to identify potential vulnerabilities and not rely solely on the customer disclosing by telephone. (2.19-21)
18. While we also do not expect companies to design telephone call scripts leading to every customer call beginning with a lengthy list of questions to identify vulnerabilities, we seek assurances that call handlers have a minimum level of knowledge and training to be able to identify key vulnerabilities, e.g. dementia symptoms, and ask broad prompting questions that may uncover vulnerabilities. (2.19-21)
19. There may also be ways for companies to use customer data to identify vulnerability. This might include energy usage patterns/changes via smart meters, or Warm Home Discount, Energy Company Obligation and Winter Fuel Payments data. (See p.110 in the FCA vulnerability paper<sup>8</sup> for a list of triggers to alert staff to potential customer vulnerability.) (2.19-21)
20. There is also a need for companies to be aware that people's circumstances change, for example they may live with declining health conditions. Ofgem should consider how companies can review customers' situation on a regular basis. (2.19-21)
21. Therefore, Ofgem should pull together and publish examples of best practice among suppliers and NOs in identifying customer vulnerability through a range of channels and customer interactions. Energy companies should be encouraged to read and adopt this best practice. (2.19-21)

### **Priority services (3)**

22. We support the proposal that where need is identified suppliers should offer additional services. For example, people impacted by flooding typically need 12-24 months to fully recover. This process often brings its own vulnerabilities, including mental health problems. Ofgem should consider whether PSR services can link customers to other agencies who can provide different kinds of support in this recovery process. (3.13)

### **Data recording and sharing (4)**

23. We welcome the proposals that suppliers record and share vulnerability data consistently in a two-way process, including with NOs. This robust data-sharing is

needed to ensure that people who switch suppliers or move house do not fall through the cracks. (4.16)

24. We ask for clarification as to whether two-way data switching will also be between suppliers and NOs. (4.16)
25. We share Ofgem's concerns about the delivery timetable. The last year alone has seen disruption to energy supply resulting from major floods and storms. Our report<sup>9</sup> describes how this disruption affects older people, including interruption to health and social care services. We are likely to keep seeing this happen; in 2014 the Intergovernmental Panel on Climate Change warned about increased storms and flooding due to increased rainfall intensity.' (4.19-21)
26. We very strongly support the proposal that suppliers should develop appropriate approaches to enable the transfer of vulnerability data from an old to a new supplier where a customer switches. The Government places a lot of emphasis on switching supplier as the best way for consumers to pay less for energy,<sup>10</sup> and the remedies from the recent Competition & Markets Authority energy market investigation place a lot of emphasis on improving consumer switching.<sup>11</sup> It is therefore essential that there are adequate and robust methods of reliably transferring vulnerability data in a switch. (4.27)
27. However, we do have concerns regarding privacy and the misuse of data for commercial purposes. It is essential that data-sharing is carried out with the customer's knowledge and that the process maintains customer trust and acceptability, and is not perceived by the public as leading to a risk of cross-selling. In order to ensure proper data protection we would like to see data shared through an intermediary, rather than bilaterally. Further, it is vital that the process must be completely divorced from marketing/cross-selling functions. (4.27)
28. This data transfer should include information on customers who have donated Power of Attorney (PoA). We are aware of cases where someone has switched supplier on behalf of their donor and then had difficulties repeatedly explaining these circumstances to the new supplier. Ofgem should consider how companies can improve their practice in this area, including making sure staff are adequately trained, especially to prevent vulnerable customers' PoA details being lost, or the need for customers to repeatedly explain their circumstances to multiple suppliers (and/or NOs). One idea could be to build this into the switch process, for example adding a question like 'Are you operating this account as an attorney/deputy?' (4.27)
29. We welcome Ofgem's support for the principle of sharing vulnerability data across multiple utilities and, indeed, current work on this by Citizens Advice and the UK Regulators Network. Given low consumer awareness of PSRs and low interest and willingness to spend time arranging utilities,<sup>12</sup> making it easier for people to sign up to PSRs across multiple utilities is a key way of ensuring vulnerable people are protected in a crisis. However, we wonder if a better alternative would be to have a single service covering multiple utilities, rather than trying to share data between multiple companies across several sectors. We suggest that broadband and phone be considered

alongside energy and water as essential services for which PSR support should be better joined up. (4.28-29)

30. Until such times as this cross-utility system exists, Ofgem should consider requiring energy companies to signpost customers to PSR-related services offered by water and telecoms providers, for example through providing web links and 'warm transfers' by telephone. (4.28)

## **Awareness of priority services (5)**

31. We support the proposal to include PSR promotion in the supply licence conditions, via an obligation to take all reasonable steps to so. It is vital that suppliers promote the PSR through a range of accessible materials and channels, given that the target audience by definition will include people with various impairments. Further, the majority of people aged 75+ (61%) do not use the internet. Therefore, we ask that the licence conditions (26.1b) go beyond saying companies should 'take all reasonable steps to promote the existence of the [PSR]' to explicitly require companies to use a range of non-internet channels. While some of this may entail extra costs, it is essential that promotion is not limited to online material. (5.10-12)
32. We support the idea that companies should partner with third parties, including charities, to promote PSRs. In 2015-16, fifteen local Age UKs raised awareness among older people through advice sessions and events.<sup>13</sup> This can be an effective way of reaching people who can benefit, although charities face challenges, especially around project sustainability. Effective and sustainable promotion should be the core business of suppliers and NOs, not a 'nice to have'. Also, Ofgem should ask advice agencies if there is a need for a technical advice line to explain in detail to advisors how PSRs actually work and who is eligible. (5.9-11)
33. While we as a consumer group already develop and deliver customer advice and information, Ofgem should not put this responsibility solely onto third sector organisations, given the resource constraints many face. Indeed, given the aim of having a shared 'priority services' brand, Ofgem should consider establishing a centrally funded promotion campaign. (5.13)
34. Ofgem should consider a range of third parties that may be well-placed to raise awareness among particular groups of customers, including domiciliary care agencies and sheltered accommodation providers, the Environment Agency (alongside flood/weather warnings), Fire & Rescue Services, and the Office of the Public Guardian. (5.9-11)
35. We strongly support the proposal that companies test promotion materials to measure their acceptability and effectiveness. This testing should include older people, as well as people in other circumstances. (5.13)
36. We support the proposal that NOs continue to prepare statements setting out their PSR obligations and inform their customers about these statements at least once each year. This communication should not be solely online. (5.14)

## Compliance and performance monitoring (6)

37. It is vital that performance monitoring goes beyond the number of customers receiving PSR services, to give some assessment of quality. A challenge panel on vulnerability issues, whose membership includes customers in a range of vulnerable circumstances, could be an effective way of achieving this. Regarding older people, such a challenge group could help ensure that PSR services account for a range of needs, including around hearing and sight impairment, dexterity, mobility and cognitive skills. (6.1, 6.3)
38. However, we believe stronger action is required to assess quality and whether PSRs are functioning well. Ofgem should explore the potential role for complaints data, mystery shopping and requiring firms to collect evaluation data from customers who have received priority support. (6.1, 6.3)
39. We agree there is a need to monitor how NOs identify, record and share vulnerability data, and ask for assurances that the proposed mechanism – the Stakeholder Engagement and Consumer Vulnerability Incentive – is sufficiently robust. (6.11)

## Contact

To discuss any of these points, please contact Phil Mawhinney, Policy Manager, Public Policy Team, Age UK at [phil.mawhinney@ageuk.org.uk](mailto:phil.mawhinney@ageuk.org.uk) or 0207 020 303 31391

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[https://www.ofgem.gov.uk/system/files/docs/2016/06/priority\\_services\\_register\\_statutory\\_consultation\\_and\\_proposals.pdf](https://www.ofgem.gov.uk/system/files/docs/2016/06/priority_services_register_statutory_consultation_and_proposals.pdf)

2 [http://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Policy/communities-and-inclusion/Ref\\_0416\\_Ofgem\\_priority\\_services\\_register\\_consultation\\_Age\\_UK.pdf?dtrk=true](http://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Policy/communities-and-inclusion/Ref_0416_Ofgem_priority_services_register_consultation_Age_UK.pdf?dtrk=true)

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10 <https://www.gov.uk/government/publications/what-the-government-is-doing-to-keep-your-energy-bill-down>

11 <https://www.gov.uk/cma-cases/energy-market-investigation>

12

<https://www.citizensadvice.org.uk/Global/Public/Policy%20research/Documents/Policy%20publications/Consumer%20Publications/Consumers%20Hierarchies%20of%20Priorities%20report.pdf>

13 See our report for details: <http://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Communities-and-inclusion/LR%20Age%20UK%20ID203110%20Are%20We%20Ready%20For%20The%20Next%20Crisis.pdf?dtrk=true>