

Sustainability *first*

Project 'Inspire'

Innovation and consumer vulnerability: improving service for energy customers in vulnerable situations

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Overarching aims

Aims

To improve service delivery and quality of life for energy customers in vulnerable situations. **But learning for all essential services.**



How

- Identify, share and promote examples of effective innovative practice so as to raise standards
- Explore barriers and enablers to vulnerability innovation
- Horizon scanning – opportunities and challenges in the future to help customers with additional needs and on low incomes

Overview - approach

- Desk research
- 50+ interviews
- Energy for All Dragons Den event
- Project Group – oversight and challenge



Innovations were judged by an independent consumer panel

Our Project Group



Department for
Business, Energy
& Industrial Strategy



SCOTTISHPOWER

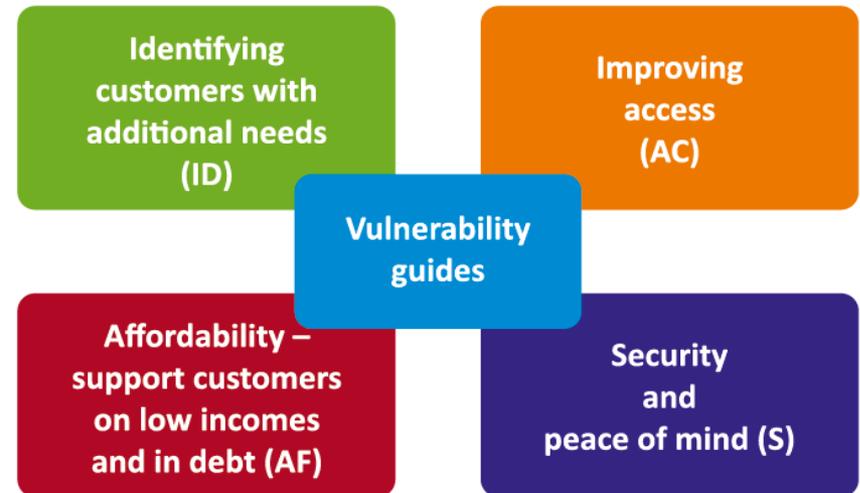


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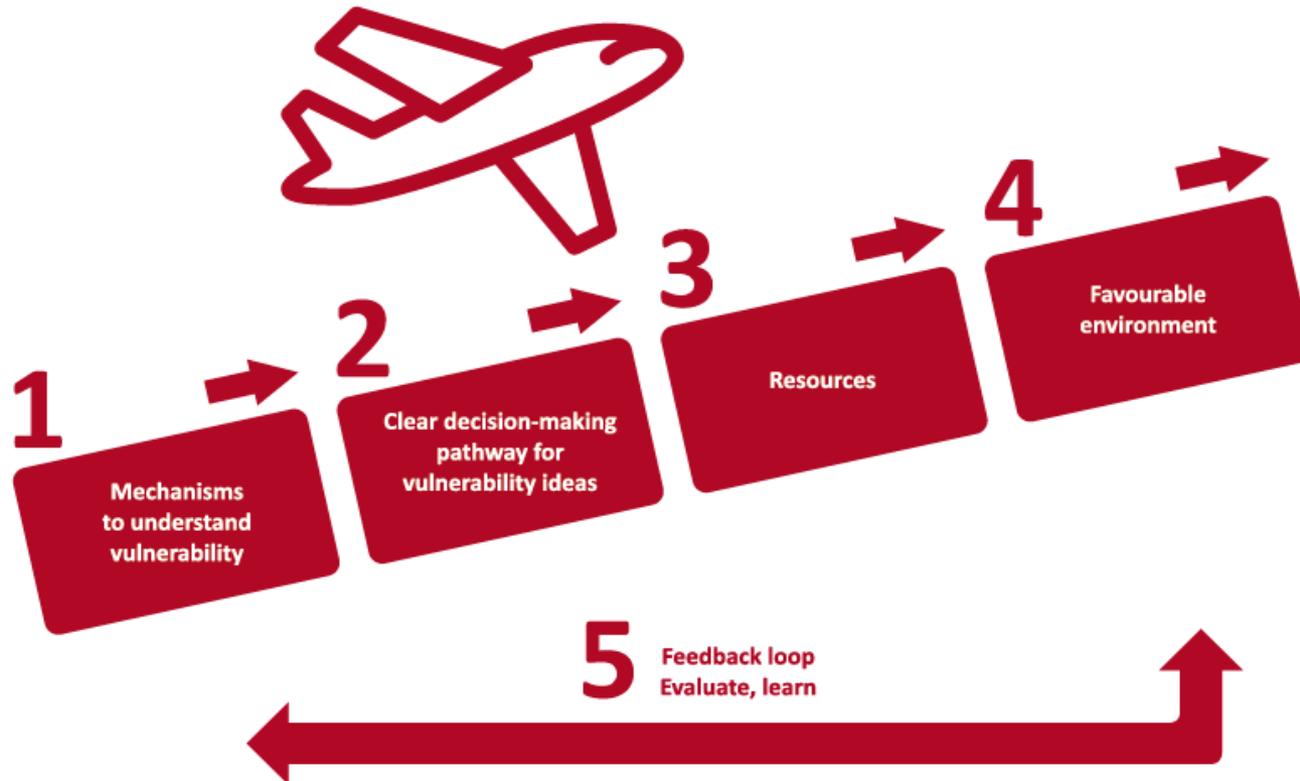


5 key outputs from the report

1. **Four Guides** to show-case standard, good and innovative practice.
2. **A set of 18 recommendations**, which taken together form a basis for a new framework to catalyse effective innovation for energy customers in vulnerable situations.
3. A high-level overview of the current **regulatory framework** as it applies to innovation for vulnerable customers.
4. A **practical look at how smart innovation** can better serve vulnerable customers, both today and tomorrow.



5. Vulnerability Innovation Flight Path



<http://www.sustainabilityfirst.org.uk/index.php/inspire>

Recommendation 1

We welcome recent initiatives by Ofgem, Energy UK, the UK Regulators Network (UKRN) and Citizens Advice in identifying and sharing good practice. All parties, including companies, consumer and disability groups and regulators, **should build on this work and consider what more they can do to identify and share vulnerability innovation and learning, including what doesn't work**, between:

- Electricity and gas suppliers
- Energy companies and disability/consumer groups
- Across sectors and internationally.

And of course implement effective practice!



Rationale

Sharing of innovation is improving but still limited - in part due to competition

There is a need:

- Many companies still focused on getting the basics right
- Particular challenges for small suppliers
- Companies often don't know what they are doing is innovative
- Step change in sharing innovation since started the Project
- Significant variation between how proactive companies are in identifying innovation - ad hoc v. proactive & systematic
- Existing services still not well promoted to customers
- Existing channels are valued but industry events and working groups are limited in what they can achieve
- Gas networks are better at sharing – in part culture, in part incentives
- Tension between 'collaboration' and 'competition' despite the benefits to vulnerable customers – especially for suppliers

Significant variation between how proactive companies are in identifying innovation - ad hoc v. proactive & systematic

Standard practice – ‘ad hoc’ approach	Good practice – more systematic and proactive
<ul style="list-style-type: none"> • Read good practice and performance reports • Attend ad hoc energy sector events and conferences • Use feedback from benchmarking exercises • Participate in ENA or EUK-led industry working groups • Identify ideas as and when from general reading. • Use online resources 	<ul style="list-style-type: none"> • Map and seek to strategically understand the vulnerabilities of their customer base. • Participate in regional forums that bring together utilities and wider organisations, • Actively seek learning from other sectors, • Are proactive in identifying new opportunities to identify innovative practice, • Undertake external auditing • Scottish Power has a Vulnerability Forum whose role includes identifying and sharing best practice internally, reviewing new initiatives, sharing lessons learned from internal and external organisations.

Recommendation 2

In order to improve the collection and availability of data about customers in vulnerable situations:

- a) Industry should commission research into the commercial and market opportunities to retailers of different vulnerable energy customer segments, including potential impact on reducing overall cost-to-serve.
- b) Energy networks and suppliers should:
 - Proactively monitor and research the experience of their vulnerable customers e.g. capture complaints data and satisfaction data broken down by key vulnerability demographics
 - Develop effective and strategic working relationships with organisations working with vulnerable customers. This includes 'co-designing solutions to problems with those that experience them.
 - Draw upon the experience of staff so that staff become principle agents of change.
 - Review how they evaluate the impact of vulnerability initiatives to see where improvements can be made including capturing in terms of benefits to customer, business and wider societal benefit.
 - **Welcome EUK's Vulnerability Commission** – can contribute to the evidence base.

Rationale

Lack of vulnerability understanding is limiting innovation

- Companies don't always understand vulnerable customer needs
- Companies not monitoring vulnerable customer experiences
- Commercial value and market size poorly understood
- While less of an issue for networks - much vulnerability innovation not properly evaluated
- Value to wider society not known
- Support market case for innovation

**Research gap:
What customers
want!**

Findings shared by the NAO and Scope
Extra Cost Commission reports

Competition alone is unlikely to deliver the supply-side vulnerability innovation needed (at least not in a timely way for many groups)



But there were some exceptions noted:



Smart prepay



Assisted living

Though the prepay cap thought by some to be stifling innovation



Existing customers in debt

Though strong focus on minimising bad debt

Recommendation 12

To be most effective energy suppliers must **embed vulnerability into their organisational structures.**

For example

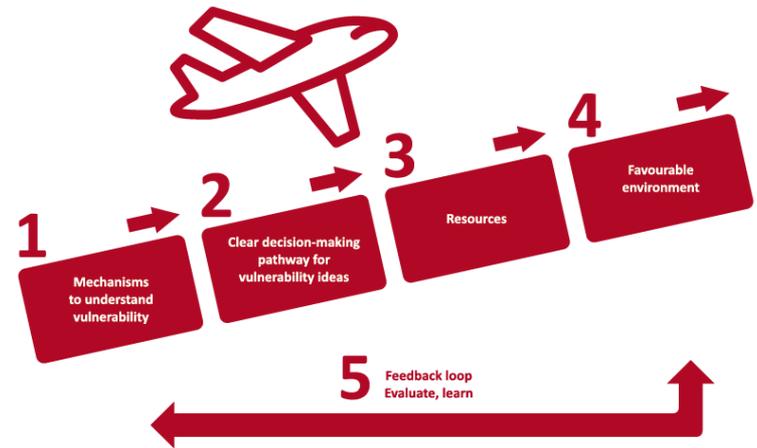
- Develop and regularly update their vulnerability strategy
- Ensure they think about the implications of key decisions on different customer segments
- Design services inclusively
- Train and empower staff so that they have the flexibility, autonomy, skills and 'confidence to care' and to innovate
- Recognise staff for their successful vulnerability innovations – big and small



Recommendation 13

All energy companies should ensure they have a clear 'pathway' or 'flight path' for ideas to flow from all levels of the company and from outside of their organisation to a decision and, if successful, to delivery. For example they should have a:

- A known person/s with responsibility for vulnerability decision-making
- Mechanisms to capture ideas from front-line staff and partner organisations
- Where appropriate, cross-departmental mechanisms to share insight, ideas and facilitate decision-making.



Rationale

Vulnerability/inclusive approaches are not yet properly embedded in energy company cultures

- Most vulnerability staff passionate and committed – but can face barriers when trying to innovate
- Teams operating in silos separate from each other and the wider organisation
- No clear ownership and pathway for vulnerability decision-making
- Staff lack skills, knowledge and ‘confidence to care’
- Vulnerability seen as ‘nice to have’ by leadership

In judging suppliers’ conduct, including in relation to the vulnerability principle we would expect Ofgem to look at the internal arrangements that companies have for identifying better ways of delivering good customer service to vulnerable customers

Recommendation 15

Energy companies should develop and publish **comprehensive indicators** to demonstrate how they are using smart meters and new technologies to deliver improved service and quality of life to customers with additional needs. These could be:

- **Outcomes-based** e.g. satisfaction levels, complaints, energy reduction broken down by key demographics.
- **Outputs orientated.** E.g. the number of customers with additional needs receiving extra help/accessible IHDs/alternative equipment when appliances condemned.



Recommendation 16

Ensuring usability or user's ability to use smart products and service is an important factor in minimising the digital divide and ensuring the benefits of innovation are delivered for all.

- a. Companies should ensure that, wherever possible their products and services are inclusively designed and are tested with customers with additional needs early in development.

Rationale:

- Not happening as much as it should do
- Overly prescriptive procurement requirements limiting innovation
- Too much technology led innovation



Rationale

- Real opportunities from smart meter rollout to benefit customers with additional needs but concerns opportunities will be missed, slow to develop or benefits not felt equally. Recognition that technological solutions will not work for all – alternatives have to remain – *“For some it will be all too much”*
- Some customers risk “being left behind”
- This will help companies to demonstrate fair treatment of vulnerable customers as smart meters become the norm, and will support Ofgem and government in ensuring access to the benefits of smart innovations for all consumers.



Ten potential benefits (in no particular order)

1. **Greater financial control**
2. An accessible in-home energy display
3. New interfaces - empowering customers
4. Smart pay as you go energy
5. **More affordable energy**
6. **Tailored advice and support**
7. Blockchain – more targeted energy support?
8. Timely support during outages and less time off-supply
9. Health monitoring and assistive living
10. Automation – of energy management and switching



**Work underway
to address many
of the challenges**

Access e.g.
affordability

Interoperability

Data privacy v
access

Pace of rollout

Lack of
inclusivity

Lack of co-
ordination

Rationale

- Widespread recognition of the **potential benefits of data** e.g. to empower customers to more easily manage energy use, budget, switch energy provider, be and feel safe.
- For the future, the extent to which companies (not just energy suppliers and networks) access information could prove an important benchmark.
- *While progress - Innovative* use of data to proactively support and empower customers in vulnerable situations has been slow to develop

Activity to date

- **Dragon's Den – *Energy for All Innovate for All* event 2017**
 - 33% said it was useful and 67% said it was very useful
 - 100% said we should run an event like this again
- **Report launch January 2017**
 - 65% said the Project Inspire reports are very useful, 32% useful and the rest hadn't yet read it. (Base 33)
 - 75% said the event was very useful and 25% useful (Base 32)
- **Promotion of findings:** National Energy Action – Annual Conference & regional forum; CCWater's company Vulnerability event (1 Feb); Smart Energy GB's 'Lunch and Learn' (13 Feb); Lord Whitty re EUK's Vulnerability Commission (23 Feb) Sustainability First's New-Pin event (28 Feb) Ofgem meetings (March); Ofwat's Innovation YouTube Channel –'The Spark' - Episodes 1 & 4; ESAN conference on customer engagement (12 March); Independent small suppliers forum (May)
- **Innovations adopted...**

'Inspired' so far...

Scottish Power evaluating **SignVideo**, nPower exploring

Scottish Power implemented a **Fuel Bank** initiative & new partnership with **Clic Sargent** to help families with children with cancer

WPD - Sensus Access (Robobraille), InterpreterNow and NGTLite, Recite me, BSL Sign Language videos. Partnership with Action on Hearing Loss (AOHL) strengthened - *"I think there will be more to come but at this stage we are still reviewing the case studies in the report. "*



SGN and WWU piloting **B-Warm** & working with SSEN extend their energy efficiency gap funding

New partnerships e.g. South East Water – **SSEN/UKPN** vulnerability data

Energy Systems Catapult – hackathon on 'Fairer Futures'

Sharing of innovation via Ofwat, UKRN and Ofgem

Potential next steps – welcome views

- Develop a forum for **sharing new/innovative practice/lessons learned** e.g. Dragons Den type event, annual vulnerability innovation conference, Ofgem based forum?
- **One year on summit** – Jan 2019 – progress made - innovations adopted and progress on recommendations
- **Lobby on wider recommendations** e.g. vulnerability innovation funding (government and redress funding); higher threshold for new supplier entrants; accessibility standards
- **Support for smaller suppliers/new entrants** to support them in compliance/best practice as required
- **Series of very targeted events to take forward ideas:**
 - Data hackathon – Energy Systems Catapult – Fairer Futures
 - Enable more coherent and coordinated approach to vulnerability innovation
 - Embedding vulnerability