

The impact and reach of the Priority Services Register in Scotland

Findings from the Energy Consumers Commission



Who we are

In May 2019, The Scottish Government committed to establishing an independent Energy Consumers Commission (ECC) to enhance the voice of consumers who reside in Scotland within the energy market.

The commission was formed in July 2020 consisting of representatives with a wealth of experience in national consumer advocacy and advice bodies, academia and local groups serving energy consumers in their communities.

Background

The Priority Services Register (PSR) is a record held by energy suppliers and network operators which enables them to provide additional support services to consumers in vulnerable situations.

Ofgem practices principles-based regulation in relation to vulnerability, and although suppliers and network operators broadly determine who can benefit from their PSRs, a level of consistency is ensured across the industry by a common framework of needs codes and vulnerability flags.

Previous research has found that the strength and depth of priority services, and those they seek to support, varies both between different PSR holders, and across different parts of Great Britain.

The ECC commissioned research in 2020 to better understand how experiences of the PSR vary in Scotland in the context of the COVID-19 pandemic and the early stages of the transition to low carbon heating and electric vehicles. This work, and the experiences of our member organisations who offer frontline advice to consumers, has helped us to identify areas which we believe should be prioritised by policy makers, energy suppliers, and network operators when seeking to improve on the services offered and/or the range of vulnerabilities provided for under PSRs and other energy industry vulnerability initiatives.

Key issues

Eligibility for the PSR

When applied to the Scottish Household Survey, Ofgem's definition of vulnerability suggests that 43% of households in Scotland should be eligible for the PSR. Applying our sample's widest definition of vulnerability used by energy suppliers and network operators, this figure increases to as many as 63% of households. Despite this, only 20% and 15% of households in Scotland are registered on an electricity or gas PSR, respectively.



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A gap analysis conducted on a sample of energy industry PSRs found that those most commonly excluded from vulnerability considerations included:

- consumers with mental health conditions;
- low income households;
- first time occupants;
- households who are digitally excluded;
- consumers with reduced capacity, such as full-time carers and lone parents; and
- households with limited ability to interpret, such as people for whom English is not their first language or consumers with low levels of numeracy/literacy.

Awareness of the PSR

The findings of our research suggest that registrations to the PSR are significantly constrained by a lack of awareness, and this was particularly evident in Scotland. Various barriers to engagement with the PSR were identified, ranging from trust issues with energy suppliers resulting in a hesitancy to share personal information, to a lack of clearly defined benefits of being registered on a PSR. However, there were some examples of good practice; these include initiatives by a supplier to promote their priority services in community hubs, and a network operator which conducts a regular gap analysis on its PSR to identify groups who were less likely to be registered for priority services.

Barriers and challenges

Our research also identified other barriers and challenges to maximising the reach and impact of PSRs. For example, data-sharing appears to be being under-utilised as there was little evidence to suggest that consumers are seeing the many possible benefits of a more joined-up approach to the provision of priority services. The transient nature of some vulnerabilities, and the associated challenges of keeping records up to date, were also commonly reported concerns.

It is also often difficult to measure the impact of priority services, with PSR monitoring tending to focus instead on the number of consumers registered for priority services. Our research revealed that organisations who support consumers in vulnerable situations often had experience of assisting consumers to register with a PSR, but most did not feel well-placed to comment on how well the PSR performs. Despite this, support during supply disruptions; meter reading; and third-party billing, were all referenced as essential services delivered as part of PSR obligation.

A need for innovation and adaptability

Our research found that the COVID-19 pandemic has exacerbated risks to consumers in vulnerable situations, highlighting a need for greater adaptability in the industry's approach to priority services. For example, consumers in vulnerable situations were particularly impacted by the suspension of meter reading appointments by suppliers during the pandemic, raising concerns that vulnerable households will end up in fuel debt as a result of estimated readings and catch-up bills.

Consumers in vulnerable situations may also face greater challenges during the energy transition. Our understanding of vulnerability is likely to change as people begin adopting low-carbon heating technologies and electric vehicles, so there will be a need for the energy industry to innovate, both within and outwith the PSR, in order to meet these challenges and protect consumers.



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Financial vulnerability

The PSR has traditionally focussed on non-financial vulnerabilities, but a mechanism which identifies financial vulnerability on a consumer's account would allow priority services to be extended to provide help to households who are struggling with their energy costs. Organisations such as National Energy Action (NEA) have called for a specific financial vulnerability flag or needs code which can capture those in, or at extreme risk of, poverty. This could allow energy suppliers and network operators to put more of their vulnerable customers in touch with free, independent and impartial support to maximise their incomes and obtain money advice.

Recommendations

- Improve awareness of the PSR, through campaigning and consumer engagement, to ensure that those who may be eligible, and could benefit from priority services, are aware of the PSR and what it offers.
- Promote the use of PSR Scotland to consumers and support services to promote PSR registration across different utilities.
- Better utilise data-sharing to always notify the gaining supplier in a switch that a consumer is on the PSR.
- Suppliers and network operators should review their PSR eligibility / vulnerability strategies in light of findings that show households with recognised vulnerability characteristics being missed.
- Ofgem should lead on the introduction of a financial vulnerability flag or needs code, through the Retail Energy Code and other relevant channels, to help identify and assist households facing an energy affordability crisis this winter and beyond.
- Supplier and network operators should use learnings from the COVID-19 pandemic to inform improvements in the adaptability of priority services.
- The energy industry must innovate to meet emerging vulnerabilities as households begin to adopt low-carbon heating technologies and electric vehicles.

For more information please contact:

Michael O'Brien
Policy Officer (Energy Consumers Commission)
Email: michael.obrien@cas.org.uk