

Consumer Focus
Annual Report and
Accounts
2012/13

Consumer Focus Annual Report and Accounts 2012/13

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On 9 May 2013 Consumer Focus changed its name to Consumer Futures.

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About us

Consumer Futures, previously Consumer Focus, is the new operating name of the National Consumer Council (NCC). The 2012/13 Annual Report and Accounts cover the year ended 31 March 2013. As far as possible in this document, references to the year under review are as Consumer Focus and references to the period from May 2013, when the name changed, are as Consumer Futures.

In April 2012, the UK Government decided that the work carried out by Consumer Focus on behalf of consumers in the general economy would transfer to Citizens Advice and Citizens Advice Scotland on 1 April 2013; and that a new unit (Consumer Futures) would be established to represent consumers in essential markets subject to economic regulation.

Until April 2014, Consumer Futures will continue to be a Non-Departmental Public Body sponsored by the Department for Business, Innovation and Skills (BIS). Within the legal framework of the NCC, it will fulfil, from 1 April 2013, the responsibilities of the statutory consumer body in energy and postal services in Great Britain, water services in Scotland and postal services in Northern Ireland; it will also have a wider role in applying learning and insight across other regulated markets.

Subject to decisions in Parliament, in April 2014 Consumer Futures will transfer from the public sector to Citizens Advice and Citizens Advice Scotland, with the Extra Help Unit (EHU) also transferring to Citizens Advice Scotland and responsibility for consumer representation in postal services in Northern Ireland moving to the Consumer Council for Northern Ireland (CCNI).

Consumer Futures is focused on key issues in energy, post and, in Scotland, water that matter most to consumers, articulating the voice of consumers in complex arenas where it is often difficult for them to be heard. Consumer Futures' policy and technical expertise and high level representation with governments, regulators and companies is closely allied with the evidence gathered by Citizens Advice and Citizens Advice Scotland from consumers at ground level.

A message from our Chair



I feel a mixture of pride and sadness as I write these words, but also a sense of excitement about the future.

This is the last Consumer Focus Annual Report. We were established by Parliament in 2008 as the result of a merger between the National Consumer Council, energywatch and Postwatch. Consumer Focus operated across the UK and was strengthened by the existence of nation level committees in Wales, Scotland and Northern Ireland which advised the Consumer Focus Board and advocated within devolved administrations. Over our brief life we published over 300 reports, responded to over 500 consultations and commissioned over 200 pieces of consumer research. Examples of our advocacy include the payment of £63 million of rebates to energy consumers, a change in UK Government policy on copyright, and an end to rip off holiday money charges and poor performance on ISA transfers... among many other things.

This Annual Report sets out what we achieved during 2012/13. Despite being on the 'quango' abolition list since 2010, a quick scan of the contents shows that we have continued to advocate on behalf of consumers throughout the year on a broad, complex and fast moving agenda.

We have been the main consumer voice responding to important regulatory policy consultations such as OFGEM's Retail Market Review, OFCOM's review of Competition in the Postal Sector, DECC's work on smart metering, the Department for Business, Innovation and Skill's (BIS) work on 'midata' and the EC's consultation on integrated parcel delivery. We have also worked more broadly and published reports on consumer detriment in the UK, Basic Bank Accounts, Park Homes, collective switching, service in Post Office Locals, and the collection and sharing of credit referencing data.

During the year we worked closely with BIS, Citizens Advice and Citizens Advice Scotland to ensure that decisions taken on how our work would be carried out in future reflected the interests of consumers. We handed over our work on consumer issues across the wider economy to the Citizens Advice service in April 2013.

We are now working under our new name, Consumer Futures, on developing consumer work in the regulated utility markets of electricity, gas, water in Scotland, post, and more widely. The ambition, to which we hold dear, is to address key policy issues upstream in order to prevent potential downstream consumer detriment.

Many of the issues are technical and complex and over the next year we will build capability and focus, so we hand over a strong Consumer Futures unit to our successors, the Citizens Advice service and the Consumer Council for Northern Ireland, in 2014.

It is never easy to lead and manage change and the past few years have been exceptionally challenging. I would like to pay tribute to Mike O'Connor and his team for the leadership they have shown, and to all the staff who have served the organisation so ably and professionally during its short but productive life.

Christine Farnish CBE
Chair

A message from our Chief Executive



This year has seen significant changes in the way we work and in what we do for consumers.

We have set out three priorities: To sharpen the understanding and response of policy makers and markets to the causes and solutions regarding consumer vulnerability. To place affordability and fairness at the heart of decision making about huge infrastructure investments, for example in energy. To make all consumers the beneficiaries, not the victims, of retail markets in a digital age

These three, interlinked themes will remain vitally important during a period of major market change, which brings opportunities and challenges, at a time when incomes for most people will be flat, at best. They were chosen in consultation with governments, regulators, other consumer bodies and companies, who recognise how our work contributes to consumer welfare, economic growth and to making markets work well.

We have changed the way we work to reflect the UK Government's decision that, subject to Parliament, our functions will become the responsibility of the Citizens Advice service and the Consumer Council for Northern Ireland (CCNI) in April 2014. In April 2013 in the first phase of this process, we ceased working on areas outside of energy, post and water in Scotland when they came within the remit of the Citizens Advice service. This report records some of our achievements, of which we are rightly proud, in these areas where we have now stopped working, such as financial services, public services, access to justice, park homes, copyright, telecommunications and food.

Like many other public bodies we now have fewer resources. In ceasing to carry out our work outside energy, post and water, our staff complement reduced by about a third in 2012/13. Four projects funded by the Scottish Government transferred to new organisations:

- Scottish Accessible Information Forum (SAIF) – to the Scottish Council for Voluntary Organisations
- Community Food and Health (Scotland) (CFHS) – NHS Scotland
- healthyliving Award (HA) – NHS Scotland
- Health Rights Information Scotland (HRIS) – NHS Inform.

In July 2012, we ceased to deliver social marketing services funded by the Department of Health and others through our National Social Marketing Centre, and a Community Interest Company was created to carry on this work.

From April 2013 our focus has been on markets subject to economic regulation. Recognising the structures and the regulatory context of these markets, we moved to a more GB/UK based structure. The majority of our work is in markets which are governed by the UK Parliament, regulated at a GB/UK level and in which companies operate across GB/UK. Governments in Wales and Scotland take a close interest in reserved matters and we retain an important advocacy role in relation to these Governments. Instead of separate GB/UK, Wales and Scotland plans, we now have a single GB/UK plan, albeit with specific Welsh and Scottish projects. Consumer Focus policy staff also moved to single GB/UK teams. We now have a single Board taking advice from Nation Committees in Wales, Scotland and Northern Ireland (water in Scotland is delegated to the Scotland Committee).

In May 2013 Consumer Focus rebranded as Consumer Futures. The new name reflects the forward looking nature of our work, anticipating change and preventing problems for consumers, and to emphasise that 2013/14 is the first year of Consumer Futures, which will be a distinct part of the Citizens Advice service, rather than the last year of Consumer Focus.

Throughout the year we worked closely with BIS and the Citizens Advice service. We aim to build a strong organisation fit for its future as part of the Citizens Advice service. The maintenance of Consumer Focus' expertise and skills is a key aim of BIS policy in reforming the consumer landscape. Accordingly we have agreed with BIS and the Citizens Advice service that up to 50 policy posts plus 23 posts in our Extra Help Unit are expected to transfer on 1 April 2014 to the Citizens Advice service. Two policy posts in Northern Ireland are expected to transfer to CCNI. Transition has been managed through the senior management team, acting as the project board, in partnership with BIS and the Citizens Advice service through the Transition Project Group and a BIS Programme Board.

Moving functions between bodies always carries a risk of a loss of expertise and value. However, what matters for consumers is that the work which needs doing is done well, not where or by whom it is done. Therefore we will continue to do all we can to ensure a smooth transition with skills and expertise passed over and continuity in public service. I pay tribute to my all my colleagues who have continued to deliver for consumers in uncertain times and I thank all those who have now left.

Mike O'Connor CBE
Chief Executive

Our reports and consultation responses (GB)

March 2013

Consultations

- Smart Metering Installation Code of Practice (Ofgem)
- Work plan consultation (Citizens Advice Scotland)

February 2013



- **Comparing comparison sites** – Price comparison website mystery shopping report

Consultations

- Supplier Guaranteed and Overall Standards of Performance Review – Call for Evidence (Ofgem)
- Forward Work Programme 2013-14 (Ofgem)
- Electricity Demand Reduction (DECC)
- An integrated parcel delivery market for the growth of e-commerce in the EU (EC)
- Draft annual plan 2013-14 (Ofcom)

January 2013

- **Switched on?** Consumer experiences of energy switching

Consultations

- Smart metering implementation programme; Foundation Smart Market consultation (DECC)
- Smart metering implementation programme; Stage 1 of the Smart Energy Code – on draft legal text (DECC)
- Inland Letter Post Scheme changes (Royal Mail)
- End-to-End Competition in the UK Postal Sector (Ofcom)
- Draft work programme consultation (CCWater)

December 2012



- **Lost on the broadband super highway** – Consumer understanding of information on traffic management
- **Getting to know you** – Sharing information about energy consumer payments and company collections: the consumer implications
- **What's in it for us?** – Learning from our Marketing Energy Efficiency and Behaviour Change Workshops
- **Who pays?** – Consumer attitudes to the growth of levies to fund environmental and social energy policy objectives
- **Tackling consumer vulnerability** – An action plan for empowerment
- **Under the influence?** Consumer attitudes to buying appliances

Consultations

- Data publishing (OS)
- Retail Market Review consultation (for business) (Ofgem)
- Ensuring a better deal for energy consumers (DECC)
- Retail Market Review (Ofgem)
- Renewable Heat Incentive (DECC)
- Fuel poverty measurement (DECC)
- Vulnerability strategy consultation (Ofgem)
- User needs review (Ofcom)
- Civil Enforcement Remedies (BIS)

November 2012

- **Today I... told my story** – Sharing experiences of social care
- **The best of British banking**
- **Jobs, growth and warmer homes**
- **In my honest opinion** – Consumers and the power of online feedback
- **Making energy use visible** – Smart meter in-home display usability research with consumers
- **Smart for all** – Understanding consumer vulnerability during the experience of smart meter installation
- **Are you being served?** – Service, accessibility and queues at High Street post offices
- **Getting the most from the post?** – Consumer knowledge of Royal Mail's products

Consultations

- RIIO ED1 (Ofgem)

October 2012

- **Putting problems on the map** – Using mapping software to empower consumers
- **Under the microscope** – Reviewing the micro-business energy market
- **Guaranteed Standards of Performance for Electricity Distribution 2010/2011**
- **From devotees to the disengaged** – A summary of research into energy consumers' experiences of Time of Use tariffs and Consumer Focus's recommendations
- **Consumer Conditions in the UK 2011** – Analysis of EU Market Monitoring Survey results
- **Consumer Detriment 2012**
- **Living the dream?** – An investigation into life on park home sites in England
- **Going local** – A report for Consumer Focus on local authorities' work to tackle fuel poverty
- **Dealing with dissatisfaction** – Complaint handling in energy, water, telecoms, financial and legal services and Royal Mail



Consultations

- SMIP Consultation on the second version of the Smart Metering Equipment Technical Specifications (DECC)
- Net neutrality (EC)
- Enhancing Consumer Confidence by Clarifying Consumer Law (BIS)
- Review of Information, Connection and/or Signposting Services (PhonepayPlus)

September 2012

Consultations

- Seminar papers on the Communications Review (DCMS)
- Notice and action consultation on copyright infringement (EC)
- Legislating to give consumers access to data in electronic machine-readable form (BIS)

August 2012

Consultations

- Supporting effective switching for domestic customers with smart meters consultation (Ofgem)
- Postal scheme changes (Royal Mail)
- Rollout of Royal Mail's Delivery to Neighbour scheme (Ofcom)
- Licensing of caravan sites in Scotland (Scottish Government)

July 2012



- **Common cause, collective action:** The extent and nature of co-operation using new web technologies
- **Sense and sustainability** – A report on the Universal Postal Service
- **Online traceability: Who did that?** – Technical expert report on collecting robust evidence of copyright infringement through peer-to-peer file-sharing
- **Making progress** – An analysis of improvements made by energy companies for their prepayment customers

Consultations

- Smart Meters Programme information requirements for monitoring and evaluation (DECC)
- Notice on draft Initial Obligations Code, Digital Economy Act 2010 (Ofcom)
- Private Actions in Competition Law (BIS)
- Non-geographic numbers (Ofcom)

June 2012

- **Everybody needs good neighbours** – Royal Mail's delivery to neighbour trial
- **What's in it for me?** – Using the benefits of energy efficiency to overcome the barriers
- **All that's digital isn't gold:** The challenges and risks of the digital age

Consultations

- Redress powers (DECC)
- Triennial review of the Government's Fuel Poverty Advisory Group (DECC)
- Rail ticket sales in post offices (DfT)
- Safeguard Cap Consultation (Ofcom)
- Enhancing consumer confidence through effective enforcement (BIS)
- Movies on pay TV revised provisional findings (Competition Commission)

May 2012



- **Get it, together** – The case for collective switching in the age of connected consumers
- **Open all hours?** – Consumer experience of, and service standards in, Post Office Locals
- **Credit where credit's due** – The provision of credit union services through post offices

Consultations

- Smart Metering Implementation Programme Data access and privacy consultation (DECC)
- Draft DCC Licence and Licence Application Regulations (DECC)
- Second consultation on undue discrimination licence condition (Ofgem)
- Vulnerable strategy consultation (Ofgem)
- Heat Strategy 2012 (DECC)
- Switching (Ofcom)
- Park homes (CLG)
- Call for evidence on the EC proposal for a Regulation on a Common European Sales Law (MoJ)
- Legal Deposit of Non-print works (DCMS)

April 2012

- **Collecting and sharing credit reference information:** The impact on energy consumer behaviour
- **Annual Plan 2012/13**

Consultations

- Tackling theft of gas (Ofgem)
- Synergies and conflicts (DECC/Ofgem)
- Undue discrimination licence condition (Ofgem)
- Standardised standing charges (Ofgem)
- FIT Phase 2A (DECC)
- Comprehensive Review Phase 2B (DECC)
- Call for Evidence (EEDO)

All Consumer Focus reports and consultation responses are available to download from:

http://webarchive.nationalarchives.gov.uk/*/http://consumerfocus.org.uk/

A fair deal across the economy

Understanding consumer detriment

In October, we published new research into consumer problems in 51 key sectors of the economy.

Evidence from our Consumer Detriment survey helps to build the best picture of where particular types of detriment occur, who it affects and what the scale of the problem is. This insight is vital, so that regulators, enforcers, legislators and policy makers can better understand and intervene on behalf of consumers.

Although this type of survey is limited to those problems that consumers are aware of, and are able to report to a market researcher, the report still estimates a total of 15.7 million problems in the past year, resulting in an estimated £3.1 billion of financial detriment. On top of this, there's the detriment caused by illegal scams or market failures, such as Payment Protection Insurance.

During the same month, we published the Consumer Conditions Survey 2011 – our analysis of UK data from the European Market Monitoring Survey. This survey asked consumers across the 27 member states of the EU a standard set of questions about their experiences of 51 consumer markets. In the report, we collated UK data for 2010 and 2011. It provides a snapshot of UK consumers' views of markets, which together account for around two-thirds of consumer spending.

We have also worked with the Citizens Advice service, regulators, UK Government departments, the new Trading Standards Policy Board and partners on the new Strategic, Intelligence, Prevention and Enforcement Partnership to build an accurate picture of consumer detriment.

Digital detriments

Widespread access to the internet, and the new technologies built upon it, are making powerful new approaches to consumer empowerment possible. We're seeing extraordinary advances in our ability to communicate with each other that will have a more profound and transformative effect on society and the economy than any previous advances in communications technology. To a large extent, these new technologies have brought significant benefits to consumers. However, they can also present downsides.

A fair deal across the economy



Our report, *All that's digital isn't gold*, identified emerging detriments that all consumers could soon face. We proposed this as a work area at the Office of Fair Trading's (OFT's) ideas day. It then led to a call for information to explore one of the issues – the extent to which businesses are monitoring online shoppers and using the data to target them with 'personalised prices', and whether any action is necessary under the OFT's powers.

Broadband

The broadband market comes very low in consumer satisfaction surveys. We have looked into levels of competition, ease of comparison and switching. We held a joint switching debate with the Consumer Communications Panel who discussed Ofcom's switching consultation. The event was well attended by consumer groups (such as Which?, Citizens Advice, Consumer Communications Forum, Consumer Choices), the industry (including BT Retail, Talk/Talk, O2, Broadband Stakeholder Group), the Department for Culture Media and Sport (DCMS) and Ofcom.

Payday lending

We met with industry and Government to press for improvements to the revised Payday Lending Charter. While we believed good progress had been made in some areas, we questioned whether the moves would protect consumers in vulnerable positions. We called on Government to monitor the industry closely.

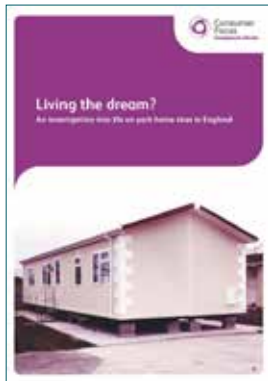
Our research showed that banks' customer service advisers were unclear of the rules around Continuous Payment Authorities (CPA) – a type of regular automatic payment arrangement set up using a debit or credit card. As a result, these advisers could be giving customers incorrect advice.

Our mystery shopping survey found that almost half of advisers (44 per cent) gave the wrong answer or couldn't give an answer, when asked how to cancel a CPA. This lack of clarity from the banks makes it difficult for consumers to know their rights, which could be leading to payments being taken without the customer's knowledge, or consent.

Park homes' residents

A report on our work on English park homes, *Living the dream?*, was launched at the Mobile Homes All Party Parliamentary Group (APPG) at the House of Commons in October, ahead of the second reading of MP Peter Aldous' Mobile Homes Private Members Bill.

A fair deal across the economy



We gathered residents' experiences of living on park home sites, looking at how they managed to resolve any issues which arose. We also conducted a detailed survey of all local authorities in England to find out their views on how best to protect the residents living on licensed sites.

We gave a presentation of the report's findings to the APPG, attended by stakeholders and MPs, and chaired by Annette Brooke MP. The event heard that although the removal of a site operator's right to approve a buyer won't take effect retrospectively, the grounds upon which a refusal to approve could be based upon, would be severely restricted. This is a good step forward, but our view remains that the approval process should be removed entirely.

With good cross-party and Government support, Peter Aldous' Bill passed through its second reading unopposed. Our report was referred to throughout the debate, and the Bill is progressing through the Houses of Parliament.

Consumer interest in significant infrastructure programmes

Who pays?

Our *Who pays?* Programme comprised of four in-depth research projects. These collectively detailed energy customers' historic and future financial contributions to energy policy goals and their views about having to make these contributions. The research made use of actual and proposed UK schemes on energy efficiency, low carbon generation and social tariffs.

Policy makers face some major challenges in the energy market today. These four reports develop information on the customers' perspective on these challenges. An accompanying report *Who pays?*, which combines the research findings, was published in December.

We also responded to Ofgem's consultation on £22 billion investment plans to upgrade Britain's gas and high voltage electricity networks, and the Government's Energy Efficiency Strategy.

How much?

Estimates of the cumulative cost of investment in Great Britain's essential network industries are significant but vary. The elements of this investment include decarbonising electricity generation, connecting new forms of plant to energy grids, rolling-out superfast broadband, renewing/updating rail infrastructure.

A fair deal across the economy

One estimate from the National Infrastructure Plan (2010) put this investment at £200 billion over a five-year period. In some areas, there has been an observed shift from the recovery of these costs from taxpayers to bill/ticket payers.

The combination of the level of investment expected in and across these markets, a real shift of the risk from taxpayers to consumers, and the policy responses that might seek to recover those costs in a more equitable and less regressive fashion, will be important to Consumer Futures.

We commissioned research to establish a reliable assessment of the costs that might be borne by consumers (as opposed to taxpayers), over specified time periods, to inform Consumer Futures in representing the consumer interest across these markets.

Advocacy

Addressing the needs of consumers in vulnerable positions



We produced *Tackling consumer vulnerability – an action plan for empowerment* with Citizens Advice and Citizens Advice Scotland. It outlines a number of ideas which would help to empower consumers in vulnerable positions, many of whom often face barriers and unfair treatment in markets.

This report, published in December, is intended to inform the Government's overall consumer empowerment strategy set out in Better Choices: Better Deals. It aims to put information and influence into the hands of consumers and help shift power to citizens and communities.

Our work was part of the evidence discussed at a series of seminars, held from September to November, called *Falling off the bandwagon: the risks of digital disengagement for older people*.

Consumer Focus commissioned work from Joseph Rowntree Foundation (JRF) to look at the issues and relationships between the poverty premium and the role of regulators, linked to the work JRF has done on the minimum income standard.

We raised the issues highlighted in the action plan with the Vulnerable Consumer Working Group (VCWG) established by the European Commission services (DG ENER in collaboration with DG SANCO) to support the implementation of the Third Energy Package.

A fair deal across the economy



We also presented some of the ideas to the first Economic and Social Research Council (ESRC) consumer vulnerability seminars.

We worked with the National Council for Voluntary Organisations (NCVO) to develop a deeper understanding of the roles of voluntary and community organisations and civil societies in the marketplace. In December, along with NCVO, we brought together a number of organisations, to give their views, engage in panel discussions and generate new ideas and thinking. Ofgem has picked up some of the ideas in the action plan, particularly the adoption of BS 18477 in its vulnerability strategy that it put out for consultation.

Raising the standards of redress and complaint handling

Consumers with cause to complain should be able to expect a company or service to deal with them quickly, fairly and effectively.

But, our evidence in the complaints survey we commissioned for a range of essential services, from energy to financial services, post, water, telecommunications and legal services, shows that many customers still have poor experiences when they pursue complaints. The same issues appear time and time again across all the sectors.

Our report, *Dealing with dissatisfaction*, showed that only a third of customers see their complaints resolved successfully by companies in the first instance. One in 10 has a 'deadlocked complaint', where companies cannot or will not, resolve the problem and it's referred by companies to the relevant ombudsman. People report that they're frequently disappointed by the level of understanding companies show towards their problems.

This under-performance is not only bad news for consumers – but bad for businesses too as it risks undermining their relationships with their customers, their reputations and competitiveness. Our research showed that four in five people will tell friends, family and complete strangers about which companies have delivered a fair deal, and which have let them down.

Alongside our report, we published information for businesses on good complaint handling, and tips for consumers on how to complain successfully.

A fair deal across the economy

Personal data

We continue to engage with the UK Government's midata initiative, both as a member of the Strategy Board, and through our participation in a number of the sub groups. UK Government is now using the Enterprise & Regulatory Reform Bill to give itself powers to compel companies (in a targeted, sector-by-sector way) to release data in an electronic, machine-readable format to consumers who request it. The 'Big Six' (British Gas, E.ON, EDF energy, npower, Scottish and Southern, and ScottishPower) energy suppliers have agreed to take these steps voluntarily.

Consumer Focus responded to UK Government's consultation on proposed legislative steps over the summer. We also sponsored a prize at the midata 'hackathon', where interested developers met and produced prototypes of the kind of tools and applications that would benefit consumers as a result of midata.

Also, this year, we wanted to develop a better appreciation of the extent to which consumers know their data is being collected and controlled, and understand the ways in which it's being exploited. We also wanted to find out what controls consumers put in place to protect themselves, and what value they put on the data that they impart, knowingly or unknowingly, about themselves. Our research showed consumers have surprisingly high levels of trust in providers and a low understanding of the value of their data. Although 84 per cent of respondents wanted more control of their data, 87.5 per cent don't use the existing controls. Through blog posts, we challenged those working in the consumer interest to find a way to transform the current scenario into a mutually beneficial one.

Consumer Rights Bill

We responded to consultations on extending the powers of the Competition Appeal Tribunal as well as on the powers of enforcement agencies. We were in favour of the proposals to consolidate and simplify consumer law powers into a generic set of powers and believe that the proposed reform will have a positive impact on efficiency. We agreed with the UK Government's proposals to improve cross boundary co-operation and authorisation.

We received legal opinion on the Equalities Act and protecting consumers in vulnerable positions. We have used this to help develop protection for people in vulnerable positions in the forthcoming Consumer Rights Bill.

Digital Economy Act



Throughout the year, we continued to advise Ofcom and DCMS on the implementation of the Digital Economy Act (DEA). We submitted a legal opinion and an expert report to DCMS and Ofcom on the DEA standard of evidence requirements for the Initial Obligations Code (IOC). We subsequently published the expert report *Online traceability – who did that?* by Dr Richard Clayton, Cambridge University, on collecting robust evidence of copyright infringement through file-sharing.

Ofcom's second consultation on the draft IOC ended in July. The Code was the first stage in implementing the DEA which received Royal Assent at the end of the last Parliament. Under the DEA, internet subscribers (the bill payer) receive notifications that copyright owners have lodged a 'copyright infringement report' relating to their ISP connection. The subscriber can appeal notices by showing that they didn't commit the alleged infringement and took 'reasonable steps' to prevent others from infringing.

The second draft IOC Ofcom consulted on set a standard of evidence for 'copyright infringement reports' by copyright owners, and ensured evidential transparency – reflecting the findings of the legal opinion we had submitted. Our response to Ofcom's second draft IOC consultation, therefore, focused on subscriber appeals and the position of internet intermediaries, such as libraries and pubs. To date, Ofcom has not formally responded to the latest IOC consultation.

We made a submission to the Secondary Legislation Scrutiny Committee on a new draft cost order – which imposes a £20 appeals fee on subscribers – that had been put before Parliament by DCMS. On the basis of our submission, the Committee drew the draft cost order to the attention of parliamentarians in a critical report. The draft cost order was later withdrawn by DCMS.

Copyright infringement

We made a submission to the European Commission on their 'notice and action' consultation, which seeks to clarify takedown processes by website hosts, once a copyright owner has alleged copyright infringement.

We also met the Motion Picture Association of America vice president to discuss standards of evidence for accusations of copyright infringement for the DEA 2010, and alerted them to flaws in their evidence-gathering process.

A fair deal across the economy

Consumer Focus supported the launch of the small claims track for copyright infringement in England and Wales by the UK Intellectual Property Office. We have campaigned for such a small claims track since early 2010 because consumers, who were accused of copyright infringement, were unable to cost-effectively defend themselves.

Hargreaves Review

Consumer Focus spoke at the European Parliament on the Directive on collective management – collecting societies. We also met Department for Business, Innovation & Skills (BIS) advisers, to discuss the implementation of the Hargreaves Review – a range of recommendations to update copyright exceptions, licensing and enforcement. Throughout the year, we kept parliamentarians informed on the ongoing implementation of the Review.

We responded in detail to the consultation on implementing the Hargreaves Review recommendation to update copyright exceptions. At the end of 2012, the UK Government formally announced that it's to update UK copyright law to give consumers more freedom to use copyright protected works. Among other things, consumers will benefit from a private copying exception, allowing them to copy goods they have bought for their own use. We have campaigned for such a private copying exception since early 2009. Consumer Focus also briefed members of the House of Commons and the House of Lords in detail on the copyright licensing provisions of the Enterprise and Regulatory Reform Bill, which implements the Hargreaves Review's recommendations to update copyright licensing.

Golden Eye

At the end of March 2012, we intervened on behalf of consumers in an application for a Norwich Pharmacal order – a disclosure order – relating to alleged copyright infringement by consumers. The High Court ruled that Golden Eye, acting on behalf of pornographic film producer Ben Dover, could use the names and addresses of O2 customers to pursue claims of copyright infringement. Following our intervention, the High Court recognised that the bill payer for an internet connection may well not be the individual who has infringed, and the High Court imposed strict conditions on Golden Eye's letters of claim.

Over the past five years, letter writing campaigns, designed to extract 'compensation' from internet subscribers for alleged copyright infringement, have caused significant consumer detriment. Dubbed 'speculative invoicing', solicitors deliberately targeted innocent subscribers for 'compensation' which bore no relation to the alleged infringement.

A fair deal across the economy

Many consumers were vulnerable to these campaigns because legal advice on copyright is unaffordable for most and many eventually paid hundreds of pounds to make the threat of court action go away. Therefore, the High Court ordered Golden Eye to include information in its letter of claim on how consumers can get free and impartial advice from Citizens Advice. We worked with Citizens Advice and Citizens Advice Consumer Service to establish detailed advice scripts on alleged copyright infringement. Consumer Focus also helped raise awareness of the help available to those who received the letters of claim and who wanted to either challenge the allegations against them, or settle a claim with Golden Eye out of court.

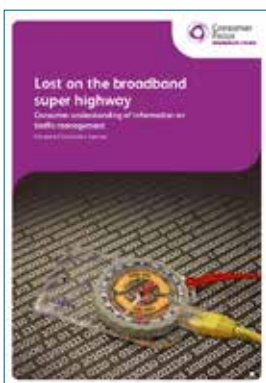
Basic bank accounts

Our research into basic bank accounts was shared with key stakeholders, including banks, the British Banking Association and Citizens Advice. The research, published in November as *The best of British banking*, showed that the basic bank account has been a great unsung success story, yet its achievements are under threat as more banks reduce what these accounts offer. We called on banks to work with Government and regulators to produce minimum standards for basic bank accounts. In their report in June 2013 the Parliamentary Banking Commission on Banking Standards adopted many of our recommendations on consistent minimum standards for basic bank accounts to protect and promote this product which is vital in terms of financial inclusion.

Digital communications review

In December, we published our *Lost on the broadband superhighway* report which looked into consumers' understanding of the information provided about traffic management. The research found that consumers have very limited awareness of the term. Consumers don't understand it, find it difficult to access relevant information and, when they do, struggle to understand it. The research indicated that without explaining traffic management and its impact on the user experience, any information provided isn't meaningful to consumers and therefore, isn't taken into consideration.

We took part in a number of DCMS seminars relating to the Communications Reviews on consumer perspective and competition in content. Due to our in-depth understanding of the issue, we also took part in the DCMS ministerial round table on the Open Internet. We also updated Ofcom on traffic management and net neutrality initiatives and research.



A fair deal across the economy

We presented the findings of our research into traffic management at a meeting with the Body of European Regulators in Electronic Communication (BEREC) and responded to a European Commission consultation on the topic.

Consumer Empowerment

There has been an ongoing intellectual revolution, in terms of our understanding of co-operation as an innate human quality, parallel to a technological revolution. By slashing communication and transaction costs, it has been argued that the internet is making it easier for our inherent co-operative, collective and collaborative behaviours to flourish.

Our report, *Common cause, collective action: The extent and nature of co-operation using new web technologies*, summarised two pieces of research. We commissioned these in order to provide an accessible way to understand the theories on co-operation and active examples on the web right now. The report considers what this might mean for consumer empowerment.

Collective switching

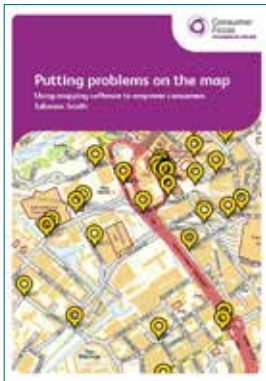


We have led thinking around the development of collective switching in the energy, telecoms and financial services sectors; and its potential to offer consumers an alternative route to market that can deliver better outcomes for less effort. Our influential report, *Get it, together*, made the case for collective switching, alongside analysis of the developments that have made this approach possible.

Our work was welcomed by the Secretary of State for Energy and Climate Change (DECC), Edward Davey, who said: "Schemes, which enable people to club together in this way, could help consumers get a better deal for their gas and electricity, cut out the hassle of shopping around and switching, and boost competition so that suppliers work harder for your business."

As part of our work in this area, we have hosted workshops that brought together trusted public-facing intermediaries with partners, who can offer a collective switching platform. We have also advised a number of intermediaries on the development of their initiatives. Following the work of Consumer Focus, collective switching has started to gain its own momentum in the energy sector. The past 12 months have seen our fellow consumer body, Which?, lead the first nationwide initiative, resulting in average savings of £223 to participating consumers. It has also seen more than a 100 local authorities and third sector bodies offering, or developing a range of regional initiatives – many with direct support from DECC.

Mapping issues



Our report, *Putting problems on the map*, highlights the opportunities that interactive crowd mapping technologies offer bodies working in the consumer interest. Interactive mapping can support effective collaboration with consumers and enable better engagement with the people on whose behalf consumer bodies work. It's evident how such tools enable consumers to alert bodies acting in their interest to what's happening, where, to what extent and who/what is the cause; all of which can be logged in near-real time. This can include specific forms of detriment, as well as wider experiences of products and services.

We have met representatives from DECC to discuss how this approach can be incorporated into its work. One possible application is the way the mapping technology could improve the consumer experience of the smart meter rollout.

Price comparison websites

We commissioned extensive research to examine the reliability and transparency of information on price comparison websites, in terms of:

- accuracy of prices
- comprehensiveness
- whether independence was misrepresented
- whether there was evidence of fictitious recommendations
- openness about suppliers paying for prominence.

Our research investigated the quality of information of price comparison websites across six markets: energy, mobile phones, broadband, rail fares, package holidays, home and care insurance. We were also interested to find out if sites with an accreditation scheme were more reliable than non-accredited ones. In total, the survey examined 99 price comparison websites with 596 mystery shopping exercises taking place.

The research indicates that not all comparison websites have the same standards when it comes to the reliability, transparency of information and ease of use. In our report, *Comparing comparison sites*, we called on price comparison websites to step up their game and ensure that consumer trust in information they provide is well founded.

A fair deal across the economy

We presented our evidence to an Office of Fair Trading (OFT) round table of sectoral regulators and key Government departments. We're working with regulators to help them understand how guidance for consumers and price comparison services can increase consumer satisfaction.

We also shared our cross sector and energy specific insight with DG Sanco's multi-stakeholder dialogue at the European Consumer Summit on comparison tools.

Mobile phone banking

Consumer Focus supported a successful funding bid for researchers to look at the potential benefits and pitfalls of mobile phone banking. We organised a round table in January to disseminate the findings and we continue to work with industry on this topic.

Consumer engagement

A digital engagement website was launched in April 2012 to help local authorities, charities, retailers, service providers and campaign groups, among others, to explore the new opportunities that the digital world offers for engaging and empowering citizens and consumers. Digital engagement is not only important for organisations in the public, private and not for profit sectors, it also has the potential to change how individuals and communities live and interact. Taking part in local decision-making, or discussing future policy, can make a real difference to how people think about themselves and their role in society.



The *Digital Engagement Cookbook* – www.digitalengagement.org – was created by Kind of Digital, in partnership with PartiTech, on our behalf. The website helps users decipher which technology-based methods are best suited to consumer empowerment activities, such as campaigning, consulting and collective action. It's one of the most comprehensive, categorised collections of digital engagement methods on the web and includes over 140 links to examples of them in action.

We also participated in the Financial Services Authority's (FSA) Consumer Engagement Group, attended by senior FSA staff and consumer representative groups.

A fair deal across the economy

User feedback



In November, we published two research reports, *In my honest opinion* and *Today I... told my story*, about consumer attitudes toward online review and feedback. One examines the way people use, trust and value peer review, and its empowering impact. The other looks at how online feedback can be used in social care services. These were important studies of how consumers are generating and using peer feedback to empower themselves.

We made the resulting template, *Today I told my story*, available to stakeholders and practitioners to use as the foundation for a full-blown online review service for the social care sector.

A fair deal on energy

Retail energy market

Introduction

The retail energy market is characterised by a high degree of mistrust and scepticism among consumers. Over the past 12 months, there has been a determined effort by the UK Government and the energy regulator, Ofgem, to reform it. We have tested and critiqued the range of proposals, as well as proposing improvements to competition, innovation and service for consumers.

The UK Government has a difficult and complicated challenge in getting the Energy Bill right. It must walk a fine line between balancing the need to make our energy supply more secure and meet our green targets, while ensuring energy remains affordable for customers today and in the future.

Reform the retail market

Retail market review

We have worked with Ofgem on its Retail Market Review (RMR) which aims to encourage and equip consumers to engage effectively, so they can get the best deal from the energy market. We attended a series of working groups, replied to consultations and published a follow up to our December 2010 open letter on energy tariffs to ensure the consumer perspective was heard.

In October, when Ofgem published its updated consultation on the RMR, it had addressed our main concerns around tariff structures, tariff proliferation, confusing discount structures and consumer communications. We welcomed the positive package of measures which should help to make the energy market clearer and simpler. Particularly welcome were proposals which could cut the number of available tariffs by half. Ofgem needed to act to make the energy maze less impenetrable and these are important and overdue measures.

In July, Ofgem confirmed that Standard Licence Condition (SLC) 25A on undue price discrimination had been discontinued. We had argued that the SLC had not delivered the expected consumer benefits and, in fact, had led to a levelling up of suppliers' out of area prices. Therefore, there was no reason to continue it.

We worked with Which?, Citizens Advice and Energy UK to urge Ofgem to establish a working group to review the current content requirements on energy bills and other supplier communications. The new Consumer Bill and Communications Working Group reported its recommendations to Ofgem and DECC in spring 2013.

A fair deal on energy

Following our lobbying (and that of one of our predecessors, energywatch), E.ON became the latest energy supplier to agree to end its surcharge for customers on independent gas transporter (IGT) networks (previously £42 a year). There are now only two suppliers still levying an IGT surcharge, and even those charges have been greatly reduced to approximately £10 a year. Prior to our intervention, the annual surcharges were between £30 to £40 a year.

Switching

In January 2013, we published the results of our research into switching in the energy market. We found a number of issues which are detrimentally impacting consumers' perceptions and experiences of the switching process. This, in turn, has implications for the engagement of some customers with the energy market.



Since November 2011, energy firms have been required to complete customer switches within five weeks. This includes a two-week cooling-off period plus three weeks to switch. Our research shows that during the first eight months after the switching time requirement was introduced, those surveyed reported that the time taken to switch exceeded five weeks for one in six customers (16 per cent), and more than six weeks for almost one in 10.

Ofgem has new duties, under the EU third package on energy, to monitor switching timescales. To ensure transparency on how suppliers are performing on switching times, we have called on the regulator to consider publishing additional data on a more regular basis. Ofgem will explore switching processes in its smarter markets strategy, which is welcome, but improvements are also needed now.

Empower consumers in the energy market

With the changes to the consumer landscape, our work in this area has been shifting, and other agencies have been taking on some of the tools we have provided. Citizens Advice has further developed its Adviceguide and in April 2013 the Confidence Code – which accredits price comparison sites – transferred to Ofgem. There were 13 accredited sites at transfer.

We have continued to work with the Ombudsman Services: Energy, in particular on the specification of its new complaint handling system and proposal around data publication. We're also helping the Combined Heat and Power Association develop its Code of Practice.

We established the universal credit working group with energy suppliers, Department for Work and Pensions, Ofgem, Consumer Council for Water and Citizens Advice to explore the impact of the Government's welfare changes on energy consumers.

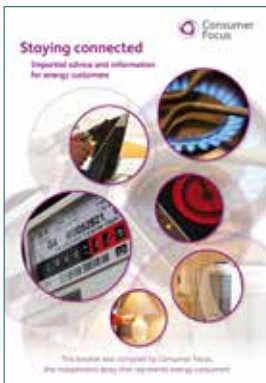
A fair deal on energy

Big Energy Saving Week

We worked closely with other agencies, particularly Citizens Advice, on initiatives such as Big Energy Saving Week, which took place in October. Six million households planned to cut back on their heating over the winter because of worries about energy costs – yet switching supplier could help them save money without cutting back. However, our evidence showed that only a third of consumers use a price comparison service when switching.

Staying connected

Our research showed that when asked about 10 key consumer energy rights less than one in four customers (38 per cent) were aware of the majority of them. Almost two-thirds of customers (62 per cent) were only aware of half or fewer of their entitlements.



To help put the information customers need at their fingertips, a new consumer resource, entitled *Staying Connected*, was developed and launched by Consumer Focus, Ofgem and the energy industry. Every household in Britain received an information booklet in the post along with their energy bills. It provided impartial advice on energy rights, how to get the best deal and where to find help when it's needed.

Energy and Climate Change (ECCC) inquiry

We provided evidence to various ECCC Committee inquiries, including consumer engagement in the energy market: energy prices, profits and poverty and the Energy Bill. We called for simplified bills, fewer barriers to switching, the creation of a one-stop shop for energy consumers, the need for a dedicated engagement strategy for the rollout of smart meters, improvements needed to encourage Green Deal take-up and the need for guidance to support the success of collective switching initiatives. The Committee referenced many of these as recommendations in its report. We also gave evidence to the Public Bill Committee related to the Energy Bill.

Prepayment meters

Our report, *Making progress*, highlighted a series of positive steps taken by energy suppliers towards providing a better service for prepayment meter (PPM) customers. We welcomed the industry's efforts but highlighted the work still to be done.

Our research in 2010 identified a number of problems experienced by users of PPMs and we outlined five key principles which suppliers must meet to provide a good level of service and support to PPM customers.

A fair deal on energy

Our latest research found that all suppliers had taken steps to provide better support for consumers using PPMs. For example, suppliers have extended the 'friendly non-disconnect' periods so that – wherever technologically possible – customers won't be cut off if they run out of credit at night, over the weekend, or over Christmas and New Year bank holidays.

There have also been improvements in taking customers' ability to pay into account in setting debt repayments. In 2010, almost a third of consumers in debt (30 per cent) said they weren't consulted about whether the repayment rate was affordable. The average debt repayment rates that PPM customers are asked to pay are now down by 25 per cent for electricity and 16 per cent for gas.

£17 million windfall

We conducted a joint research project with Accenture about making prepaid energy work in a smart world. This work highlighted that around £28 million of PPM payments had been unallocated to individual suppliers and were sitting in various holding accounts. We wrote to the big six to request that £17 million of this windfall be used by suppliers to assist low income and vulnerable customers. A number agreed in principle. We will continue to push this issue with the other companies. We launched the report in March. We hope to get suppliers signed up to a vision for smart prepayment going forward and will work to ensure PPM customers are not disadvantaged but receive benefits from rollout.



Green Deal

We have worked with DECC to promote consumer protection and engagement in the Green Deal, including through the DECC consumer protection forum. Consumer confidence in the Green Deal is a key issue as it's the UK Government's flagship energy efficiency programme and because of the low levels of existing trust in the sectors involved. Our input shaped DECC's consumer advice on the Green Deal and was reflected in the final Green Deal Code of Practice. It included provisions on cold calling, consent for cross-selling during a Green Deal visit, cooling off periods, a more streamlined complaint handling process and declaration for whether an adviser is tied to a particular provider. We have co-ordinated continued engagement by consumer bodies with DECC through the Consumer Protection Partnership.

A fair deal on energy

Microgeneration

We used our existing research on consumer experience of Feed-in Tariffs (FiTs), renewable heat and off-grid consumers to respond to the UK Government plans for a domestic renewable heat incentive, which will be implemented in 2013. In particular, we wanted to ensure the costs to consumers are controlled, that the fund is accessible to low income consumers and appropriate consumer protections are in place. We have monitored consumer experience of FiTs and used our evidence to make recommendations to the UK Government and industry to improve consumer experience of the scheme.

Heating controls

We published a literature review on heating controls which highlights consumer experiences, the potential for energy savings, and the market and policy barriers to the implementation of better controls and advice to consumers. The report has influenced further investigation by DECC into options for improving heating controls.

Access to data and data security

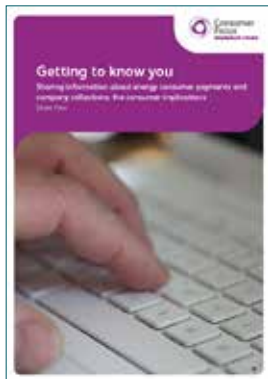
Data framework for smart metering

Largely influenced by our advocacy work, DECC has introduced a new privacy framework. This includes a series of sector specific licence conditions and a requirement for suppliers to develop a public-facing data charter for customers. The Charter is expected to clearly explain consumers' rights, choices, and other requirements. We're carrying out consumer testing of draft charters with Energy UK. Through work at a GB and EU level, we pressed for local storage of data in the meter, as opposed the development of a central database, and routes for customers to access their information more easily. Our work on privacy was commended by Oxford University in their privacy by design case study. The case study highlights how we were a key player in the development of the smart meter privacy framework, and filled a gap in consumer advocacy on privacy.

Credit reference data

We worked with industry and other stakeholders to develop a better understanding of the current impact of using credit reference data, and to encourage learning and sharing of best practice – for example, in the way companies communicate the changes to their customers.

A fair deal on energy



As part of this work, we sought a better understanding of the potential impact that the increased collection and sharing of credit data might have on energy consumers. This research, published in *Collecting and sharing credit reference information* in April 2012, was commissioned to inform our understanding of current consumer attitudes and feelings toward credit scoring. It also explored whether consumers think that they would behave differently if they knew that a company has moved to using more credit reference data. We followed this report up in December 2012 with *Getting to know you*, which looked at the way that energy suppliers have used credit reference information to inform their payments and collections work. It had a particular focus on how this credit reference information can or might be used for debt collections and the impact this could have on future consumers.

Utility Warehouse, the seventh largest supplier, stated that it had now transformed its debt recovery policy for the better, following evidence from Extra Help Unit (EHU) cases, communication and close ongoing interaction with Consumer Focus.

We also responded to numerous DECC consultations on data privacy and access, we undertook research and investigations of supplier practices; responded to various calls for evidence and set up an informal privacy coalition. This includes Privacy International, Big Brother Watch, No2ID, and academics from Oxford University to help strengthen our voice and expertise.

Small and micro-businesses

We have concerns about the way micro-businesses are treated, especially in comparison with domestic consumers. We work from the position that they should receive the same protections unless a reason can be shown for it to be otherwise. We see both groups suffering from time pressures and knowledge gaps, as well as a lack of information. In addition, domestic consumers of micro-business goods and services suffer if the latter are treated badly.

This year we updated research, last carried out in 2004, that explored how the business energy market functioned from small business consumers' perspectives. Published in our report, *Under the microscope* in October 2012, the research has provided us with up to date analysis of the business energy market to:

A fair deal on energy

- inform our advocacy work on behalf of micro-businesses
- provide an evidence base for our response to the non-domestic proposals in Ofgem's Retail Market Review consultations
- inform our work on future developments in the energy market that may affect micro-business consumers, including smart meters, Green Deal, low carbon transition and the consumer landscape changes.

We also conducted a joint review with Ofgem regarding best practice in debt and disconnection and provided individual feedback to energy suppliers about their policies. Finally, we contributed to Ofgem's open letter to industry on the issue.

Better protection

Ofgem introduced a new licence condition (SLC 7A) in January 2010 after its Supply Market Probe suggested that businesses were failing to engage with the market, largely due to confusion and inertia. SLC 7A dictates that suppliers must send customers a statement of renewal terms at least 30 calendar days before the end of the notification period. We're continuing to press Ofgem to extend the coverage of this condition to include small businesses.

In October, as part of the RMR, Ofgem proposed the extension of micro-business protections to many more small and medium businesses. This means they will have greater access to free help and redress when things go wrong, and have the same protection enjoyed by micro-businesses on issues, such as back-billing and contract roll-overs.

There were further welcome measures to crack down on bad practice in the energy business sector – including a code of practice for energy brokers and standards of conduct for suppliers. There are also positive moves to collect better information on this, often opaque, section of the energy market, and for suppliers to be required to provide better information on customers' bills, including the contract end date.

Improved protections for business customers are long overdue. Businesses have been suffering from unscrupulous behaviour from some energy brokers, as well as complexity and confusion in the market for far too long. While this proposed package of measures won't close some of the protection gaps for business customers, it's a very welcome step forward.

In February, we supported Ofgem's calls for more powers to prevent mis-selling to businesses. We've worked with the regulator to achieve big improvements on back-billing for small businesses – our exposure of relative company policies on back-billing was instrumental in encouraging wider improvements.

A fair deal on energy

This will make a significant difference as firms have received backdated bills into the tens of thousands of pounds in the past. This positive step forward must be followed by Ofgem being given the ability to tackle another major cause of complaints – mis-selling from energy brokers or suppliers in the non-domestic market.

Wholesale and network markets

Introduction

The regulation and governance of the energy networks form a significant proportion of our bills and we're seeing enormous amounts of investment in network infrastructure. We have worked through the year to help ensure Great Britain has an efficient, resilient and transparent market. We have sat on a number of governance and code bodies that set out many of the rules and processes for participation in the energy market which affect affordability, security of supply, decarbonisation and quality of service.

Throughout the year, we have continued to stimulate public debate on issues around the level of transparency and competitive intensity in the energy market (such as the difference between the wholesale and retail energy price) and to provide policymakers with constructive ideas on how these can be improved.

Energy networks

It's essential that we have adequate investment in our energy infrastructure, so we responded to Ofgem plans for extra investment in our electricity and gas networks. Maintaining and updating cabling and gas mains may be behind the scenes, but it's key to keeping our lights on. Ofgem has to walk a difficult tightrope on balancing consumer cost and the right level of investment. With a multi-billion pound price tag, consumers need the costs to be kept under control – so that they're confident that they're not paying more than they need to.

Transparency

In accordance with our duties under section 42A of the Electricity Act 1989 and Section 20 of the Utilities Act 2000, we published details on the performance of the 14 Electricity Distribution Network Operators (DNOs) and the five licensed Independent Distribution Network Operators (IDNOs) in England, Scotland and Wales against a series of 'guaranteed standards'.

A fair deal on energy

DNOs are responsible for the local distribution of electricity to homes and businesses, transporting electricity through overhead power lines and underground cables. The DNOs have a responsibility to ensure that their customers have a reliable supply of electricity and must restore electricity supply promptly in the event of an interruption. Where these standards of supply aren't met, the Guaranteed Standards operate to ensure payment to affected customers.

Electricity customers in England, Wales and Scotland benefit from a secure distribution network, and the Guaranteed Standards protect both domestic and non-domestic customers where DNOs fail to provide a minimum level of service. The Guaranteed Standards are necessary because DNOs operate regional monopolies in electricity distribution, so they act as an important part of the regulatory regime.

We're generally pleased with the overall decrease in payment levels, which is commensurate with the improvement found by Ofgem's Electricity Distribution Report. There are, however, some concerns about whether this decrease is solely due to improved service, or whether there's inconsistency in data reporting. We have called for a more thorough audit of the Guaranteed Standards data to be carried out.

Wholesale v retail prices

We have continued to publish regular updates on the difference between wholesale energy prices and the price charged for retail. Although suppliers employ hedging strategies when buying wholesale gas and electricity and wholesale prices are not the only costs suppliers face, we believe making these figures publically available helps to increase transparency.

Energy future

We remain fully engaged with the Government's electricity market reform ('EMR') project, which intends to stimulate the estimated £110 billion in investment that's needed to decarbonise the power sector and keep the lights on. We gave evidence to both Select and Bill Committees on EMR, responded to a range of consultations and are active participants in the technical expert groups on the Capacity Mechanism and the Institutional Frameworks.

Our *Who pays?* Programme detailed energy customers' historic and future financial contributions to energy policy goals and their views about having to make these contributions.

We represent consumers on the governing panels of three industry codes, providing a consumer voice into the governance and development of the gas and electricity markets. We will take on a similar role on the new Smart (meter) Energy Code in the coming year.

Major policy programmes

Introduction

A number of schemes and programmes have reached key milestones this year. We have engaged constructively with UK Government and industry to maximise customer benefit, ensure appropriate consumer protection and minimise risks.

Fuel poverty

Our research showed that four in 10 people said their winter 2011/12 energy bill was even higher than the previous year, with almost a third saying their bill was higher than expected. This was despite one of the mildest winters in a decade which resulted in falls in energy consumption. The figures were particularly striking among those who pay by cash, cheque, or PPM – many of whom live on low incomes – with over half saying their winter energy bill was more expensive than the previous year.

As part of our Plug the Debt campaign with Citizens Advice, we urged customers struggling to afford their energy bill to get in touch with their energy firm and to contact Citizens Advice for help and information.

Hills Review

Consumer Focus engaged extensively with the Hills fuel poverty review in recognition of its implications for low income consumers, Government fuel poverty policy and wider energy and welfare policies. For example, we:

- commissioned research to help inform the review's work, as acknowledged by the Hills interim and final reports
- initiated extensive discussion of the review team's work with our partners in the End Fuel Poverty Coalition (EFPC), with the aim of developing a common view on the review from fuel poverty stakeholders
- organised a number of seminars to discuss the Hills review with EFPC supporters and academics with extensive experience of the measurement of fuel poverty and general poverty. Our final seminar also involved members of the Fuel Poverty Advisory Group (FPAG)

A fair deal on energy

- co-ordinated meetings with the Hills review team and DECC to discuss in detail our research findings and their implications for the review and future fuel poverty policy
- contributed to an in-depth discussion of the review's findings through our participation in the Government's Fuel Poverty Methodology Group
- provided advice and information to academics working on the Poverty and Social Exclusion survey, local authorities and registered social landlords, fuel companies and other energy organisations to inform their input to the Hills review and DECC consultation
- responded to the DECC consultation on fuel poverty measurement which proposed to adopt Hill's proposals for a new fuel poverty definition. We argued that the proposed definition didn't adequately reflect affordability in its definition of 'reasonable energy costs'. It also had little value as an indicator, since it changed very little over time, and was unresponsive to any concerted policy interventions.

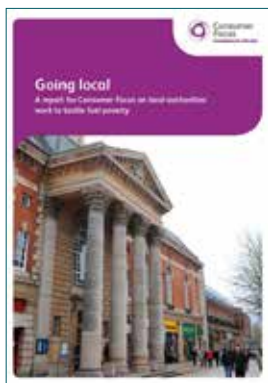
We're also engaging extensively with the Government's forthcoming fuel poverty strategy which will adopt the new approach to measuring fuel poverty.

Local authority action

Consumer Focus wanted to get a better understanding of local authority fuel poverty. We therefore commissioned a survey of local authority fuel poverty work to highlight exemplars of good practice, and identify the scope for greater local action and the barriers that prevent this.

The research, published as *Going local* in October 2012, found that some authorities have developed comprehensive strategies. These encompass all the key council responsibilities that impinge on fuel poverty and involve close working relationships with local partners. The report was launched at the Local action for warm homes event at Islington Council. The event, organised by Consumer Focus with our partners the EFPC, highlighted how councils can help the UK Government meet its statutory target to eliminate fuel poverty. Energy minister, Greg Barker MP, gave the keynote speech.

The research is part of a range of activities we supported to encourage local action, working with National Energy Action, the EFPC and local authority partners. We consider there are important new opportunities for local action due to the new UK Government guidance to local authorities on reducing carbon emissions, the transfer of public health to local government and the new fuel poverty public health outcome, as well as the opportunities presented by Green Deal and Energy Company Obligation.



Local authority fuel poverty commitment

Over 30 councils have now signed the commitment in which councils undertake to do everything within their powers to tackle fuel poverty – and the number continues to grow. Working with our partners in the EFPC, we established new groups to develop further local authority and public health action. We also commissioned research on the local health and social care costs of cold homes. We expect the research findings to help encourage the new Health and Wellbeing Boards and Directors of Public Health to take action on fuel poverty.

Warm Front

The Government's decision to end the Warm Front programme in 2013 means that, for the first time since 1978, there will be no Government-funded domestic energy efficiency programme for low income consumers. There was a considerable under-spend of the Warm Front budget in the final two years of the scheme.

Consumer Focus sits on the Warm Front Advisory Board. In partnership with Citizens Advice, Age UK and National Children's Bureau, we carried out an intensive publicity campaign to promote Warm Front. This included providing information on Warm Front on the screens in GP surgeries, an extensive media campaign in local and national media and work with MPs to back our take-up activities. Our promotional campaign coincided with the slight widening of eligibility criteria DECC implemented in September 2012. The rate of Warm Front inquiries increased tenfold, while the rate of successful installations increased two to three times after our push. It is, however, difficult to identify the extent to which increased activity was due to our promotional activity, or whether it was due to the widening of eligibility criteria.

Energy Company Obligation

In response to our call for greater share of Energy Company Obligation (ECO) to go to low income consumers, the UK Government introduced a new Communities Saving Carbon Obligation for low income communities. It also decided to set supplier ECO targets on the basis of total volume of energy sold rather than customer numbers – as with the Carbon Emissions Reduction Target (CERT) – following our research that showed 85 per cent of low income consumers would benefit from this reform. The research and resultant policy recommendations were overseen by a sub group of the FPAG chaired by Consumer Focus.

Off-grid consumers

We carried out a range of initiatives to secure a better deal for consumers off the gas grid. One of our reports (published in 2011/12) has become a key reference text for organisations working in this area, including the Office of Fair Trading's study of this market.

We gave evidence to the Energy and Climate Change Committee's inquiry into off-gas consumers and to the A PPG for Off-Gas Grid Inquiry in recognition of our expertise. We will continue to press for the UK Government to appoint officials with a specific responsibility for co-ordinating and shaping key UK Government responsibilities, such as energy efficiency, fuel poverty and heat, so that they better meet the needs of off-grid consumers.

Buy oil early

We joined DECC, Citizens Advice, FPS (trade association for the oil distribution industry in the UK and Republic of Ireland) and Action with Communities in Rural England (Acre) to launch a Buy Oil Early awareness campaign. Launched in September, the co-ordinated press activity encouraged heating oil consumers to cut long-term costs by purchasing oil before winter prices peaked and to install energy efficiency measures.

Energy efficient homes

Jobs, growth and warmer homes

In November, we launched the *Jobs, Growth and Warmer Homes* report, which makes the economic case for an enhanced energy efficiency programme focusing on the fuel poor. The report is a significant intervention into the debate about the scale and scope of energy efficiency measures. The research suggests that the energy efficiency programme advocated by the Energy Bill Revolution would generate greater macroeconomic benefits – more jobs and greater growth – than the same injection of spend through other government programmes or cuts in VAT or fuel duty. Even if only a third of the revenues expected from carbon taxes are spent on improving fuel poor homes, this would still remove 75 per cent of households from fuel poverty. The remaining homes require more expensive energy efficiency packages to completely remove occupants from fuel poverty.

A fair deal on energy



Engaging consumers in energy efficiency

We published the results of our research into innovative ways to engage people in energy efficiency, *What's in it for me?* in June. The research stemmed from feedback from a range of practitioners that interest in 'free' insulation was drying up. We set out to identify projects that used comfort messages to market energy efficiency, but the answer is more complex than that.

We shared evidence to help practitioners make the case to try new approaches, using our Delivery Checklist to shape the project for their target audience. Then, in September, we held a series of workshops to help put these lessons into practice with practitioners implementing energy efficiency projects. What we learnt from these workshops was published as a summary report: *What's in it for us?*

Time of use

We commissioned research about the experience of consumers on Time of Use (ToU) tariffs to understand whether such tariffs are meeting energy consumers' needs. We published the results in *From devotees to the disengaged* in August 2012

Our analysis of Consumer Direct helpline data had revealed that consumers experienced a series of different problems with these tariffs. The type of issues included difficulty understanding bills, lack of knowledge about off-peak rates and times, incorrect meter readings and problems with switching supplier.

Our other goal was to gain a better understanding of the experience of current users of ToU tariffs, in order to ensure that new types of ToU tariffs – enabled by smart metering and resultant changes to the energy market – are able to meet households' needs. The UK Government's business case for the smart meter rollout assumes that 20 per cent of consumers will take up static ToU tariffs, in addition to the consumers who are already on Economy 7 tariffs.

We issued a challenge to suppliers asking them to consider how to improve the service they offer customers on ToU tariffs. Several suppliers, including British Gas, E.ON and npower took up our challenge and reviewed their Economy 7 customer base to identify customers who would benefit from being billed as a standard tariff customer. We're urging the remaining suppliers to consider how they can better serve these customers and ensure they get the most benefit out of these tariffs.

A fair deal on energy



Under the influence

The Government anticipates that increased energy efficiency of products will reduce average household bills by £141 by 2020 and play a key role in meeting our national carbon reduction targets. However, increases in the number of appliances in homes and in the size of certain products, have the potential to undermine this reduction. Energy labelling is one tool used to increase awareness of energy efficiency among consumers and drive improvements in the energy efficiency of products.

Consumer Focus carried out a survey of consumers to investigate purchasing patterns and motivations for buying different household appliances and the use of the energy label in consumer decision-making.

The survey showed that product ownership, purchasing patterns and reasons for purchasing products differ between consumer electronics and white goods, suggesting different policy approaches may be required for these product categories.

Smart metering

Rollout during foundation stage

Following Consumer Focus's monitoring and advocacy work, a series of new licence conditions were introduced to help facilitate effective switching during smart meter early rollout. They include:

- obligations on suppliers to inform customers about any disadvantages they may face before full interoperability is in place
- obligations to help ensure customers can keep smart functionality on change of supplier
- a ban on suppliers charging for the replacement of a smart PPM.

We continue to push for further protections, particularly for small businesses, and will monitor the effectiveness of these very closely.

Code of practice

Rollout of smart meters will involve at least one visit to more than 30 million domestic households and business premises. Following our advocacy work, a new Code backed by a licence condition, will be in place later this year. This outlines minimum standards that suppliers have to meet, pre, during and post installation for small business and domestic customers. We're the sole consumer representative on the group designing the smart metering installation Code of Practice. In this role, we have influenced the scope, content and governance arrangements.

A fair deal on energy

This includes no sales during the installation visit; requiring suppliers to get customer consent to carry out face-to-face marketing for domestic customers; the provision of energy efficiency advice and signposting to independent advice and specific requirements to meet the needs of vulnerable and PPM customers. We continue to push for further safeguards, especially for micro-business customers.

Costs and value for money

It's essential that customers get value for money for smart meter rollout and that those on low incomes and in vulnerable situations, in particular, don't miss out. We:

- successfully pushed for the publication of an annual report on the costs and benefits to consumers of smart meter rollout. The first report has now been published
- worked with DECC on the development of a monitoring framework to help improve transparency and efficiency of rollout
- negotiated that there would be no postcode allocation of costs for the Data Communications Company (DCC), to ensure fairness of charging
- continue to advocate that costs arising from non-standard installations (potentially 3 to 10 per cent of all home visits) are socialised and don't fall on individual customers, where it's not their fault
- will continue to push for greater supplier co-ordination, particularly for dwellings of multiple occupation, to improve customer experience and reduce costs
- worked with DECC on the development of a consumer engagement strategy for smart metering
- pushed for the setting up of the Central Delivery Body (CDB) to help deliver the consumer benefits, especially the energy savings from smart technology. The CDB is expected to be in operation by summer 2013.

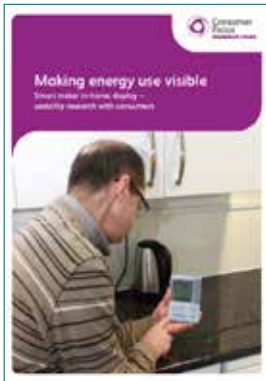
Consumers in vulnerable positions

In association with National Energy Action (NEA) and DECC, we conducted research on the experiences of consumers in vulnerable positions during smart meter installation, published as *Smart for all*. The report was launched at the All Party Fuel Poverty and Energy Efficiency Group's Annual General Meeting in November. We pushed for the CDB to have a particular objective to help low income, vulnerable and PPM customers access the benefits of smart metering. This includes outreach work and co-ordination with community groups and grass roots services.

We also produce regular reports summarising consumer calls to the Citizens Advice consumer service and the EHU. These are shared with DECC and Ofgem and have been useful when pushing for consumer protections.



A fair deal on energy



In-home displays

In November, we published our usability research with consumers and their in-home displays (IHDs), *Making energy use visible*. To go alongside this research, we produced industry guidance on how to increase the accessibility and usability of IHD design. The guide also helps energy companies, landlords and others who buy IHDs. Following our work on usability of energy displays, DECC has mandated that IHDs and the information on them must be clear and easy to use, including for those customers with impaired sight, memory or learning ability, perception or attention and dexterity. This is outlined in the minimum specifications for smart meters (SMETS 1) which were finalised this year and will be underpinned by a licence condition.

Minimum specifications

Smart Metering Equipment Technical Specifications, known as SMETS 1, take account of a number of functions we have pushed for. For instance:

- the meter has to be able to operate in both prepayment and post-paid mode to reduce the overheads involved with PPM customers and facilitate switching, as a separate meter won't have to be installed when the customer switches between prepayment
- no disconnect periods for gas PPMs. This new functionality will make it possible to offer this feature for gas prepay customers as well
- at least 13 months data storage in the meter to enable the customer, or a third party of their choosing, access to information about their energy use locally, without having to go via the supplier.

SMETS 2 outlines the new minimum standards for smart metering equipment. DECC's proposals in its consultation reflected a number of our requests. These include outage management functionality – which should help with quicker identification and resolution of problems when customers lose supply; new protections to help ensure customers get accurate bills; a commitment from Ofgem to take further action if this fails; and new licence conditions to ensure free access to data and functions on the in-home energy display.

Health issues

Following the joint workshop we held with DECC, and our research highlighting customer concerns, the Health Protection Agency issued advice on smart metering to help reassure consumers. It has also committed to carry out independent testing of the impact of smart metering communications on health.

A fair deal on energy

DECC agreed to include health issues as part of the evaluation of tenders process for the DCC and for providers of regional communications. This is a very small percentage of the weighting of the final decision but is valuable to help focus on this issue. Importantly, customers will have a choice as to whether or not they accept a smart meter.

Consumers' questions

We also published an Advice Guide on our website to help answer consumers' queries about smart metering. We launched the guide because our research showed that nearly half of consumers (48 per cent) have not heard of smart meters – despite the fact that around half a million new meters have already been installed and a nationwide rollout is starting in under two years. The guide is also used by front line advisers to respond to customer questions.

A fair deal on post

Introduction

As of 1 April 2012, Royal Mail Group Ltd and Post Office Limited (POL) became separate companies linked by an 'inter-business agreement'. This means that two companies with separate profit motives are now responsible for providing universal service postal products. This year, we have been working on the implications for consumers because we suspect that consumer awareness of the split is very low.

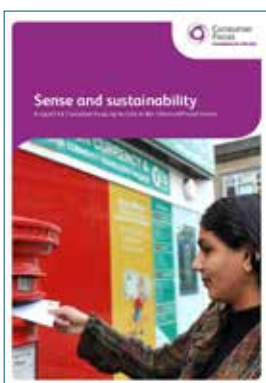
The Post Office's Network Transformation, which started in October 2012, will see the largest set of planned changes in the Post Office's history, with nearly half of the Post Office network converting to a new operating model. Some 2,000 branches are converting to a Post Office Local and 4,000 branches to a Post Office Main.

As the postal watchdog, we have worked closely with Ofcom over the past year as it has settled into its role as the postal regulator. We have contributed research and policy responses to its work on price controls, delivery to neighbour and end-to-end competition.

In particular, we were pleased that Ofcom was able to make use of our research, into consumers' future needs from the universal postal service, as part of its own user needs review.

Mail, letters, parcels

Consumer needs



We published the findings of our research into the needs of postal users in our *Sense and Sustainability* report. This looked at whether the sources of competition (mobile telephony, email, the internet and social media – plus any that have not yet arisen) mean that the content and nature of the postal universal service need to be reconsidered. Unlike other research in this area, which has focused on existing postal services, we took the unique approach of developing evidence about what motivates consumers when choosing a communication method, and how they believe these choices will change over the medium-term.

We later presented findings from our research to the Ofcom Communications Consumer Panel and to the Post Office Advisory Group (POAG). We also met with the Communications Union to exchange views on the future of the universal postal service.

In a separate study, we assessed how well Royal Mail's products and features are linked in consumers' minds. We conducted two omnibus surveys to:

A fair deal on post

- test consumer awareness of which product consumers should choose to fulfill a particular posting need
- investigate consumer knowledge about product features.

Our work on simplification of product names was referred to by Royal Mail as part of evidence for changes to certain product names. This is a welcome move towards greater clarity.

Our response to Royal Mail's consultation on changes to compensation and parcel format ensured that small parcels with greater depth can now be sent as cheaper 'small' parcels rather than 'medium' ones.

We're expecting Royal Mail to carry out work in 2013/14 on the wider availability of certificates of posting and consumer awareness of them. This is something we have called for, and Royal Mail has indicated it will work with us on it.



We commissioned mystery shopping at Post Offices to investigate whether consumers were being advised of the right products to meet their posting needs. We published the results in *Getting the most from post*. It found that consumers had a low awareness of the features of Royal Mail products and that Post Office staff failed to consistently ask the questions that would have allowed them to identify the correct product to meet customer needs.

Delivery to neighbours

We published the findings of our research on the Royal Mail Delivery to Neighbour trial in our *Everybody Needs Good Neighbours* report and submitted a formal response to Ofcom's consultation. Our research looked into how well informed consumers living in trial areas were, how they felt about the trial and whether they felt they benefitted from participating. We also tested the safeguards, intended to keep postal items secure and easily located, that we had worked with Royal Mail and Ofcom on to ensure were included in the trial.

We took a two-pronged approach to gathering evidence and commissioned mystery shopping to test the end-to-end journey of undeliverable items from collection to delivery, and a survey to assess the experience of consumers as senders, recipients and neighbours. This provided a complement to Royal Mail's research into overall customer satisfaction.

A fair deal on post

Our report gave some positive findings for Royal Mail, especially in those circumstances when undeliverable post was left with a neighbour and the trial guidelines were correctly followed, delivery convenience for these recipients was improved. We, therefore, supported a national rollout subject to incorporation of our suggestions for continued improvements. Our evidence was cited extensively in Ofcom's consultation document on the national rollout of the scheme, and Ofcom subsequently approved the scheme with the opt-out option we had called for.

We also responded to Royal Mail's consultation on changes to its postal scheme to clarify the treatment of postal packets when no one is available to accept them. The majority of our recommendations detailed in our consultation response were taken into account in the decision document issued by Royal Mail in August 2012, prior to national rollout of the delivery to neighbour scheme.

Packets and parcels

We provided extensive comments to Royal Mail in September on revisions of the domestic letters and packets postal schemes for consumers (the equivalent to the contractual terms). The revised postal scheme reflects all of our key general points around drafting in Plain English, balancing customer expectations and business needs fairly, and consulting on the entirety of the schemes for ease of reference.

E-retail is a huge market and one that continues to grow – research by Ofcom found that UK consumers spend over £1,000 per person a year shopping online. We commissioned research on the parcels market which provided a summary of relevant research to date. It also provided an overview of the competition available for fulfilment mail and the delivery options offered by major online retailers. Our evidence helped inform our response to the European Commission's Green Paper consultation on an integrated parcel delivery market for the growth of e-commerce in the EU. We set out the principles that we believe would allow consumers to access online cross-border trade with confidence, encouraging e-retailers, delivery companies and regulatory bodies to put 'delivery initiators' – that is those who initiate and directly or indirectly pays for deliveries – at the heart of the approach to e-retail.

We also commissioned desk research on small and medium enterprises (SMEs), summarising existing work on needs and products, and held exploratory meetings with e-Bay and the Federation of Small Businesses.

Redirection

As part of its universal postal service obligation, Royal Mail is required to provide a service redirecting postal items from one address to another, for a reasonable period of time. However, this service, which is used by a large number of people when they move home or business, generates a significant level of customer complaints.

In December 2012, we commissioned research to better understand the consumer experience of the redirection service, particularly those who have been dissatisfied with the service and had made a formal complaint to Royal Mail. Given the persistently high level of redirections complaints, there was a need to independently evaluate what the overall satisfaction levels are among those who take out a Redirection Service contract, and to identify the key underlying issues contributing to the high level of complaints. The evidence acquired will be used and published by Consumer Futures.

Mail markets

In June, we met Ofcom to discuss key issues and possible scope for future work on affordability of postal services, especially for consumers in vulnerable positions. We also submitted our response to Ofcom's consultation on the Price Cap Safeguard Cap Extension. The decision, published in July, extended the cap to large letters, packets, and parcels under 2 kg just as we had called for.

Consumer Focus considers safeguarding the universal postal service to be the most important priority for postal consumers. We set out our views on how consumers' rights for a universal postal service are affected by competition for postal services in our response to Ofcom's consultation on end-to-end competition in the postal sector in January 2013. We suggested that Ofcom provides greater legal certainty by publishing any legal advice which it has been given, in relation to the scope of its powers under European treaty rules, as well as assessing whether providing the universal postal service is actually a net cost to Royal Mail.

We also commissioned a market review study to gather evidence on the state of competition in the postal market and the effect on consumers, and the provision and sustainability of the universal service. This will be used as an evidence base by Consumer Futures to allow us to best represent the interests of consumers.

Service performance

Throughout the year, we have continued to monitor and publish our analysis of Royal Mail's quarterly and annual quality of service results. This includes figures for First and Second Class and Special Delivery. We raise any concerns in our regular meetings with Royal Mail and our quarterly reports are available on our website. We reviewed and updated our modernisation tracker to reflect quarterly quality of service results and analysed the effect of modernisation on Royal Mail's published results.

We met with the Postal Ombudsman (POSTRS), which changed ownership in September, and agreed a way forward for more effective partnerships and information-sharing.

European advocacy

We spoke at a European Commission conference on e-commerce and cross-border delivery and met with a European Commission representative to discuss the forthcoming Green Paper on EU Cross-Border Trade.

Post Office network

Changes to the Post Office network

With the Network Transformation Programme (NTP) underway, we have worked closely with Post Office Limited (POL) to agree a Code of Practice that's fit for purpose and which ensures that POL is consulting and communicating appropriately with consumers about the changes that are taking place to post office provision.

A Memorandum of Understanding (MoU), covering Consumer Focus and POL roles during the NTP, was agreed, with operational processes going live from the start of the Programme. The MoU set out how the two organisations liaise and share information during the Programme, enabling us to undertake our critical role of monitoring and reviewing proposals and work with POL to ensure that the changes represent the best outcomes for consumers and local stakeholders.

Since the start of the Programme, we have scrutinised over 500 proposals and have successfully sought amendments to the original proposals in over 50 cases. This ensures that accessibility issues into and within the branch are addressed and that the product range on offer is meeting local needs. POL has decided not to proceed with three relocations following the feedback received during the public consultation and our direct intervention.

A fair deal on post



In May, we launched our Post Office Locals report on service standards and consumer experience, *Open All Hours*. The report highlighted that consumers welcomed some aspects of Post Office Locals, notably the longer opening hours, but found some areas for improvement, such as the quality of advice provided by staff and the privacy, branch layout, and product range on offer.

We gave oral evidence to the Business Select Committee inquiry on the NTP, setting out what improvements we would like to see to the Post Office Locals model, prior to a national rollout. Following our report and the Inquiry, POL has made some welcome improvements to the Post Office Local model, such as improving privacy in these branches, improving the product range and increasing the availability of the POL helpline for staff.

We subsequently commissioned further mystery shopping research on Post Office Locals to assess a range of branch attributes, and the product and pricing advice provided by staff on a range of product scenarios. The research will help us to assess the impact of some of the improvements to the model, particularly the increased training provided to staff and operators. It will also help us seek any further improvements which may be needed to ensure that consumers receive accurate and consistent product and pricing advice.

We have continued to investigate ongoing 'Business as Usual' changes, including a proposal to move a main post office to an out-of-town supermarket in Bridgwater, Somerset. There were 4,500 signatories to a local petition and local stakeholder opposition, and with our intervention, POL consulted on proposals to introduce a branch in the town, which should prove a better outcome for consumers in this area.

In November, we published *Are you being served?* – the findings of our mystery shopping research into service, accessibility and queues at High Street Post Offices. Post Office branches in the UK's high streets are the cornerstone of the Post Office network. They generate a significant proportion of the Network's revenue. However, previous mystery shopping research carried out by us and our predecessors, had shown that High Street post offices (the Crown branches and the largest privately managed branches) have been found to often deliver a poor quality consumer experience, with long queue times which do nothing to enhance the perception of the Post Office network more widely.

A fair deal on post

Action taken by POL has helped to alleviate some of these issues and drive welcome improvements in the consumer experience. Since 2008, most Crown branches have been refurbished to some degree, receiving investment to make them bigger, better and brighter. This has started to produce some encouraging results. However, the problems experienced in the High Street network are far from resolved. The recommendations in this report should, therefore, be used as a benchmark against which future investment should be directed.

Front office and new services

Consumer Focus has continued to work with POL on its ambition for the Post Office to become a 'front office' for government services. Our work in this area suggests that this move would bring substantial benefits for consumers, the Post Office and the UK Government. Consumer Futures will publish a report detailing the findings of our work in this area and make recommendations in the summer.

We joined a number of working groups to actively influence the design and implementation of Universal Credit, including submitting written evidence to the Work and Pensions Select Committee. We will continue to work with POL and UK Government to help ensure that consumer needs are met at every stage in development and during the implementation of these changes to the way benefits are paid.

HSBC announced that it will offer current account customers access over the Post Office network from spring 2013. This follows our research, engagement and concerted advocacy over the past 12 months. Santander is now the only major bank whose brands don't all offer banking services through the network.

Consumer outcomes and service standards

Following our active involvement, POL asked us to chair its task force sub group on mutualisation. We have since led the project to explore what the public benefit of the Post Office mutualisation is from a consumer perspective.

Credit union access

We argued that credit union services should be expanded by offering them through the UK's Post Office network. Our research showed a third of consumers (34 per cent overall and 40 per cent of those on lower incomes) would be interested in joining a credit union, but two-thirds say they cannot because they don't think there's one nearby.

Our report *Credit where credit's due*, published in May, argues that offering credit union services through the Post Office would significantly increase their potential to provide a long-term alternative to High Street banks, especially for people on low incomes. This could help plug a credit gap for low income consumers, who turn to high interest, short-term loans, such as payday loans, as they can't access affordable credit through banks. It could also provide low income consumers who don't always trust High Street banks, with transactional accounts offered through a trusted provider. This would allow many to benefit from cheaper goods and services only available online or by Direct Debit.

Consumer Focus Scotland

Reports and consultation responses

March 2013

Consultations

- Shaping the future of your water and wastewater services – Draft strategic projections (Scottish Water)

February 2013

- **Keeping the heat in Scotland's homes**

Consultations

- Call for views on second report on Low Carbon Scotland RPP (Scottish Government)

December 2012

- **Changed Lives:** The real cost of fuel bills
- **Facing up to legal problems** – Towards a preventative approach to addressing disputes and their impact on individuals and society

Consultations

- Shaping Scotland's court services: a public consultation on proposals for a court structure for the future (Scottish Court Service)

November 2012

Consultations

- Viable rural communities (Scottish Rural Commission)

October 2012

- **Helping vulnerable people in Scotland to switch and save on fuel bills** – An evaluation of energy training for front line advisers

Consultations

- Better Regulation: Consultation on Proposals for a Better Regulation Bill (Scottish Government)

September 2012

Consultations

- Homes that don't cost the earth (Scottish Government)
- Developing an energy efficiency standard for social housing (Scottish Government)
- Safeguarding Scotland's Resources – A Programme for the Efficient Use of Our Materials (Scottish Government)

- Proposed Community Empowerment and Renewal Bill (Scottish Government)
- Investing in and Paying for Your Water Services from 2015 (Scottish Government)

August 2012

- **Effective parcel delivery in the online era** – What consumers in Scotland need
- **Scottish Legal Aid Board Website Survey**
- **Expenses and funding of civil litigation in Scotland** - Report of the Consumer Network survey and focus groups: July

Consultations

- Review of court fees (Scottish Government)
- A strategy for the Private Rented Sector (Scottish Government)

June 2012

- **Helping Scotland's consumers through tough times**
- **Guaranteed water rights** – Consumer awareness of Scottish Water's minimum service standards

Consultations

- Shifting the Culture: a proposal for a bill to bring forward measures to help change culture in relation to alcohol in Scotland (Scottish Parliament)
- Proposal for a new tribunal system for Scotland (Scottish Government)
- Draft Electricity Generation Policy Statement (Scottish Government)

May 2012

- **Consumer Focus Scotland Annual Plan 2012-13**
- Reaping the benefits of renewables

Consultations

- The Introduction of a Tenant Information Pack in the Private Rented Sector (Scottish Government)

A fair deal on energy

We believe no-one should have to live in a cold home. With huge rises in fuel bills and more than one million people in Scotland struggling to keep their homes warm, our key focus is on standing up for the interests of hard-pressed energy consumers.



We carried out a major survey of over 1,000 households' experiences of the energy market, looking at a range of factors, including people's experiences of Scottish Government schemes to make homes more energy efficient, energy companies and paying for fuel.

Following the survey, we published *Changed Lives: the Real Cost of Fuel Bills*, a report highlighting the growing impact of rising energy prices on consumers. It also showed that much better and clearer information is required on the free help which is needed to make homes cheaper to run. To help improve the delivery of energy efficiency schemes, we hosted a seminar for local authority representatives, where we presented – from a consumer perspective – how to maximise interest and take up of programmes developed by the private or public sector.

We also published *Keeping the heat in Scotland's homes* which revealed that not enough households are applying for help from government schemes designed to cut fuel bills and energy use. We welcomed the progress that's being made on making homes greener and cheaper to run but highlighted the need to pick up the pace and put much more focus on making these schemes attractive to many more households. We called for councils and government to address people's concerns as a priority and this evidence is now being used to help influence the delivery of new energy efficiency schemes in Scotland.

Through getting heavily involved in national fuel summits, we worked with governments and energy companies to bring consumers concerns to the top table and identify ways to get help to vulnerable people. We challenged energy companies to proactively direct customers to the cheapest tariff, work with local organisations to identify and help vulnerable customers to access home energy efficiency advice and make communication for all customers simpler, clearer and more transparent.

As part of this work, we chaired meetings with each of the big six gaining agreement that they should do more to build the capacity of trusted intermediary agencies in Scotland to put fuel poor consumers in touch with suppliers. As a result, the energy companies funded an 'on the ground' pilot project through Citizens Advice Scotland called Energy Best Deal Plus and discussions are underway about how the project can be rolled-out.

To ensure that the consumer interest is embedded in the development of national policies, we continued to play an active role and have many of our recommendations for consumers implemented in national strategies via a number of groups including the Scottish Government's Sustainable Housing Strategy Group, the Scottish Fuel Poverty Forum and as Co-chair of the Scottish Government's Microgeneration Task Group.

A fair deal on post

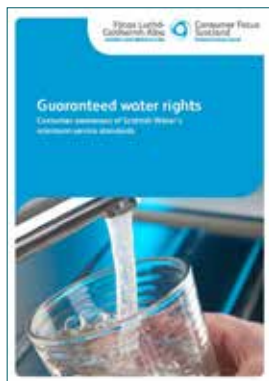
We published a major study of Scottish consumers' experience of receiving parcels. This uncovered new evidence of problems including lack of choice, high surcharges and even companies refusing to deliver online goods and services. This particularly affected households and businesses in remote and rural areas who don't have access to the same breadth of opportunities on the high street as those in urban areas.

In partnership with Citizens Advice Scotland, the Office of Fair Trading, Highland Council Trading Standards and the Scottish Government, we hosted two Parcel Delivery Summits with a wide range of retailers and parcel delivery operators. Chaired by the Minister for Enterprise, Energy and Tourism, the summits challenged the industry to improve parcel delivery services for consumers, particularly those living in rural areas. We proposed, with the Minister, that a new Code of Practice be developed. This was agreed and will be taken forward by us in partnership with the Scottish Government.

Our report on Post Offices and Local Government Services continues to be influential, playing a vital part in the establishment of the UK Government's Scottish Post Office Engagement Group, which is looking at ways in which central and local government can make better use of the post office.

We also led the establishment of the Scottish Parliament's first ever Cross-Party Group on Postal Issues. This is the first forum in Scotland to bring together MSPs, the regulator, consumer organisations and the industry, to discuss and find solutions to postal issues affecting consumers in vulnerable positions.

A fair deal on water



Water is an essential service and when problems occur, such as with frozen pipes in winter, it can be a stark reminder how critical it is to life.

Our report, *Guaranteed water rights*, showed that households in Scotland are in the dark about guarantees that Scottish Water has put in place on a range of services for customers. In fact, the majority of water customers don't know what they're entitled to when it comes to problems, such as being left with no water or engineers missing appointments. We urged Scottish Water to make information on what people are entitled to much clearer. We're delighted that Scottish Water agreed to implement all of our recommendations and that it's currently drafting a new Customer Charter to improve access to and clarity of consumers' rights.

We have carried out research with consumers through our network of volunteers across Scotland, to provide knowledge about what water customers and communities need from a consultation process on water capital investment projects. As a direct result, a new Consultation Code has been drafted by Scottish Water into an accessible leaflet called *How we will keep you informed*. This provides consumers with essential information on how their voices can be heard.

Our work on proposed legislation helped to safeguard the interests of water customers for the future. Along with other organisations, we made clear that any new Scottish Government legislation to make Scotland a 'Hydro Nation' – using water policy to create jobs and boost the low carbon economy – needed to define the value of any benefits to Scotland as being social and environmental and not just economic. We urged Parliament and the Government to ensure that ambitious proposals to extend the scope of the work done by Scottish Water mustn't mean higher prices for consumers. A number of our recommendations were taken on board by MSPs and the Water Resources (Scotland) Bill, which was passed this year.

We also ensured that the interests of consumers were represented in a major Scottish Government consultation on investing and paying for water. We secured agreement from the Scottish Government to establish a working group on a review of the charging system for water to ensure that it's fit for purpose and has the interests of consumers at its heart.

Major pieces of research on water debt, businesses' experience of retail competition in Scotland and water customers' views of a wide range of water issues, have been carried out over the last year. We want to find out what works well for consumers and how Scottish Water can improve its services. We expect to publish our findings during 2013.

The Customer Forum, established by Consumer Focus Scotland, Scottish Water and the Water Industry Commission for Scotland, continued its work to ensure that customers have a say in setting water prices, and what the big priorities should be when reinvesting water charges. The Forum is independently representing customers and has an official role in the statutory process to negotiate with Scottish Water, on behalf of thousands of households in Scotland.

A fair deal on digital communications

Increasingly, digital technologies underpin all aspects of being a consumer and access to an effective communications market is essential for consumers in Scotland, particularly for those living and working in rural and remote communities.

However, in Scotland, fewer people are connected than across the UK which is why our 2011 report, *Scotland's Digital Needs*, examined some of the real barriers which exist to breaking this digital divide. The report made a series of recommendations for government, the telecoms industry and the regulator including the introduction of a social broadband tariff for low income and vulnerable consumers. In 2012, the Scottish Government announced its intention to explore the potential of introducing a social tariff with the telecoms industry and the regulator.

We also have lower rates of digital participation in some areas of Scotland and face challenges in reaching these consumers as more and more services go online. We, therefore, continued to advocate on behalf of consumers for improved digital participation rates in Scotland by taking a seat on the Scottish Government's Digital Participation Action Group, which is considering how to do just that.

Mobile spectrum has the potential to significantly improve broadband speeds for consumers living and working in rural communities of Scotland. We have argued that the primary aim of the sale of these valuable spectrum resources should be to improve broadband coverage in rural and remote areas. Ofcom has now said that one of the new licences for using this spectrum will include an obligation on the provider to deliver a mobile telecommunications service to at least 95 per cent of the population by 2017. This is the first time that any broadband coverage obligation of this nature has been placed upon a provider in the UK.

A fair deal on public services

With pressure on public sector budgets and public spending austerity, Scotland's public services are experiencing much change. In 2011, we welcomed the Christie Commission's recommendations that public services in Scotland should be designed and delivered with the needs and expectations of individuals and communities at their heart.

In 2012, the Scottish Government consulted on a draft Bill, aiming to bring these Christie aspirations to life. On behalf of consumers, we expressed concern that the proposed Community Empowerment and Renewal Bill, while setting out a very welcome approach to community engagement, was a missed opportunity to design and deliver public services around individuals as well as communities. We then set out how the needs of individual consumers as service users are different from those of collective interests.

It's important that public services are truly accessible to everyone and we continuously campaigned to highlight that online service delivery has the potential to significantly improve the experience of many users of public services, provided it's not implemented at the expense of alternative options for access. We gathered evidence on what consumers want in order to inform the Scottish Government's development of a web-based portal for public service information and on their wider digital services plan. This is helping to ensure that the Scottish Government's work to provide better digital public services is developed with consumer needs, wants and expectations centre stage.

A fair deal on legal services

Over the past year, our work continued to ensure that consumers in Scotland have the necessary knowledge, skills and confidence to be able to avoid and resolve civil justice problems.

As part of this drive, we published new research, *Facing up to legal problems*, about consumers' behaviour when dealing with situations that have legal implications. The research, undertaken in partnership with the Scottish Government and the Scottish Legal Aid Board, showed that better help and wider support is needed to help people face up to legal problems, including disputes with neighbours, employers and retailers. We called for the civil justice system to work with other sectors including, community planning partnerships, mental health services, education providers and financial inclusion projects. In this way, they can deliver support or signpost advice, and address underlying causes, such as private and public sector organisations getting complaints handling processes right first time.

The findings and recommendations were discussed at an event for organisations throughout Scotland, hosted by the Cabinet Secretary for Justice, who welcomed the recommendations. This work will now be used to inform the Scottish Government's Making Justice Work programme, which is looking at ways to improve access to justice.

The civil justice system also provides an important public service that people depend on at some of the most desperate times of their lives. Following many years of campaigning on the need for civil justice reform in Scotland to ensure it functioned in the best way for consumers, the Scottish Government has begun to implement a legislative programme. As part of this, we provided evidence on the Bill establishing a new Scottish Civil Justice Council, which will be an important means of ensuring the effective operation of the civil justice system. After we campaigned tirelessly and helped to make the case for reforms to the civil courts, the Scottish Government has also now outlined proposals for a Courts Reform (Scotland) Bill. In addition, the Scottish Government plans to introduce a Tribunals Bill, influenced by the reports of the Administrative Justice Steering Group which Consumer Focus Scotland published.

A fair deal on housing services

We continued to advocate for the need to improve tenants' knowledge of their rights and responsibilities. Following the Scottish Government's decision to introduce a tenant information pack from May 2013, which we had helped make the case for, we set out what information should be included in the pack.

To address the difficulties some homeowners regularly experience with property managers, we continued to make the case for improved standards in the property management market. After helping to secure a new register of property factors and routes of redress for consumers enshrined in legislation, we set out what consumers need from the new industry-wide code of practice.

Consumer Network

Our 'Consumer Network' was a group of people who have acted as our 'eyes and ears' across Scotland. They have helped to keep us informed about consumer concerns and assisted with research projects. The work of our Consumer Network has now come to a close due to the changing nature of our work and transition. We are very grateful for the valuable contribution of hundreds of volunteers who contributed to many important consumer investigations.

Volunteers have taken part in a range of research projects, including what the future delivery of digital public services should look like, who should fund civil litigation cases and what information councils should provide about how local services are performing.

Our network was also heavily involved in reviewing Scottish Water's consultation code with its customers and helped to ensure a new and robust consultation code is in place.

Extra Help Unit

The Extra Help Unit (EHU), based in Glasgow, provides a valuable service to thousands of consumers across Great Britain, using statutory powers to help people struggling with energy and postal complaints, and investigating the actions of suppliers. The unit not only helps households and businesses to resolve their complaints, but also identifies problems with suppliers' policies, which are leaving consumers in a vulnerable position. Experts then regularly negotiate improvements in services with suppliers and encourage best practice across the board.

Over the past year, with many household budgets increasingly under pressure, most complaints, sadly, remain about debt and disconnection. More than a quarter of complaints are about billing problems with suppliers, and over one in four cases dealt with by the EHU were from people who had already been disconnected, or were facing disconnection. There has also been an increasing number of micro-businesses needing our help, with a quarter of the complaints coming from small businesses.

During the course of the year, the EHU investigated over 5,400 cases, achieving more than £1 million in financial redress for vulnerable consumers. Our Ask the Adviser service, dedicated to providing support to advice agencies, dealt with more than 1,300 queries to help advisers assist clients. Our Knowledge Base also provided online support and advice to consumers and advice agencies. More than 250 questions were asked and the answers were viewed over 180,000 times.

"The lady recognised there was a problem when everyone else wouldn't and (that) I was getting brushed off. (They) let me know that I was right and not just complaining about nothing."

“More than satisfied; would willingly advise someone else to do the same thing. It was nice to deal with one person rather than being passed around. Kept me up to date all the way through, took only seven days to resolve after me originally trying for three months. It’s the only thing this year which has been straightforward. I was in dire straits – they took me under their wing and got it sorted. They dealt with it all – worked it all out and got the weight lifted off my shoulders.”

Scottish Government funded projects

All four of the following projects are now being hosted by other organisations due to the changing nature of our work and the transition. We are pleased that they are continuing their valuable work in Scotland. Community Food and Health (Scotland) and the healthyliving award are now being hosted by NHS Health Scotland; Health Rights Information Scotland is now being hosted by NHS 24 and the Scottish Accessible Information Forum is now being hosted by the Scottish Council for Voluntary Organisations.

Community Food and Health (Scotland)

The project continued its important work to support low-income communities in addressing health inequalities and barriers from areas such as availability, affordability, skills and culture, to healthy and affordable food.



Supporting Scotland’s voluntary and community sectors has been a key priority, particularly during this time of public spending austerity.

The project team produced a number of practical guides and information on areas including cooking classes. Training sessions, delivered across Scotland, have ranged from customer care to nutrition. An annual conference was accompanied by a regional event held in the Scottish Borders, where practitioners shared their experience on subjects such as mental health and work with minority ethnic communities.

Studies covered a wide range of food and health topics covering locally sourced food and the Healthy Start programme. These helped to shape Scottish Government policy on how to improve third sector engagement with the NHS in Scotland, and implementation of the national strategy on maternal and infant nutrition.

healthyliving award

This innovative scheme continues to make it easier for people in Scotland to make healthier choices when eating out by giving healthyliving awards to food providers that meet high standards.



More than 700 businesses across Scotland now hold healthyliving awards. Some 200 recent award holders were presented with the accolades at a ceremony backed by top chef, Nick Nairn, Michael Matheson MSP and broadcaster and journalist, Stephen Jardine.

Much work, this year, has gone into ensuring businesses right across Scotland understand the benefits of the award, and future plans involve recruiting even more public sector, community and voluntary organisations.

Health Rights Information Scotland



Health Rights Information Scotland produces nationally relevant information about patients' health rights and about services provided by the NHS in Scotland.

The project worked with the Scottish Government to produce the first ever Charter of Patients Rights and Responsibilities and a range of supporting information for patients. This was launched in 2012 by Scotland's Health Secretary. The project also played a key role in the development of information on how the rights described in the Charter of Patients Rights and Responsibilities will apply to children and young people. A range of information resources for the public were produced or updated, including how to give feedback or make a complaint about the NHS, and how to have a say on healthcare and treatment.

Scottish Accessible Information Forum

The Scottish Accessible Information Forum continued to promote and improve accessible information for people with disabilities across Scotland. New guides were published, including a brief guide to maximising the accessibility of PDFs, and examples of best practice in making information accessible from a selection of organisations across Scotland. The project also held training sessions for NHS staff on how to make information easier to understand and, in preparation for the launch of new e-learning modules, it ran a number of pilots with organisations across Scotland.



Consumer Focus Wales

Reports and consultation responses

November 2012

Consultations

- Written evidence to the Communities, Equality and Local Government Committee on the draft Regulated Mobile Home Sites (Wales) Bill

October 2012

- **Park Life:** Residential mobile home living in Wales

August 2012

- **Their house, your home** – The Private Rented Sector in Wales

Consultations

- A response to the Welsh Government consultation – Homes for Wales: A White Paper for Better Lives and Communities
- A response to the Welsh Government consultation Proposals for a Better Private Rented Sector in Wales

July 2012

Consultations

- Written evidence to the Health and Social Care Committee on proposals for a Food Hygiene Rating (Wales) Bill
- Consumer Focus Wales Response to the Mobile Homes (Wales) Bill consultation

June 2012

- **Talking sense** – Summary report

May 2012

Consultations

- Park home residents' rights

April 2012

- **Consumer Focus Park Homes project:** a consultation document for industry

A fair deal on energy

Our Fuel Debt data was released on 22 August and attracted excellent media coverage.

We continued to work with a wide variety of agencies to address fuel poverty in Wales. As well as working directly with Welsh Government, we also lead the Fuel Poverty Coalition Cymru and provide secretariat for the National Assembly's Cross Party Group on fuel, in partnership with NEA Cymru.

Every quarter, we published our Domestic Energy Report that provides an up to date insight into the current consumer issues in the energy market in Wales. We also remained a regular voice in the Welsh media on energy issues.

We're currently working on our collective switching report which will be published soon.

A fair deal on post and in the Post Office



Consumer Focus Wales, RNIB Cymru and Action on Hearing Loss Cymru launched our *Talking Sense* report on 19 June. It focused on access issues to post offices for people with sensory loss. The event was popular, attended by around 60 people.

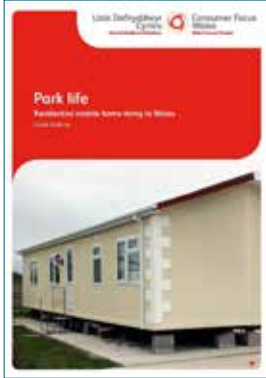
As a result of the work, Post Office Ltd is currently strengthening its accessibility strategy. It's also looking specifically at the problems we found with Articles for the Blind.

We're currently undertaking a project looking at Post Office Locals in Wales. This work follows on from the *Staying Local* report published January 2012. It will help us to uncover any particular consumer concerns or problems with the model. The report is due to be published this summer.

A fair deal across the economy

Park homes

Our report *Park Life* was launched on 16 October at the Senedd – the National Assembly for Wales – in Cardiff Bay with external speakers, including park home residents and the Minister for Housing. This was followed by a Westminster briefing event for Welsh MPs and a mid-Wales launch the week afterwards.



Consumer Focus Wales worked with Peter Black AM and the National Assembly for Wales team to help put together ideas for the Park Homes (Wales) Bill. On October 25, the Regulated Mobile Home Sites (Wales) Bill was published. In December, we wrote to 300 residents to update them on our work on the Mobile Homes Bill.

The Communities, Equality and Local Government Committee published its Stage 1 Report on the Regulated Mobile Home Sites (Wales) Bill in February 2013.

Private rented sector

In June, we published our findings on the private rented sector, *Their house, your home – The Private Rented Sector in Wales*. The report showed that poor quality housing, unclear letting agent fees and scant information about landlords are some of the problems facing people who live in privately rented homes in Wales.

Food hygiene

After almost three years of campaigning, the Food Hygiene Rating (Wales) Act 2013 became law in March.

On 18 April, the BBC's One Show broadcast a story about Welsh Government proposals for the introduction of a mandatory Food Hygiene Ratings Scheme in Wales. Consumer Focus Wales provided background briefings and information to help support the development of the report and we were interviewed about the importance of a mandatory scheme.

As a result, the Food Standards Agency said its Food Hygiene Ratings site – where you can find the ratings of food businesses across the UK – received around 22,000 search requests in just one hour, equal to about 10 per cent of its average weekly traffic.

Consumer Focus Post (Northern Ireland)

Consumer Focus Post has continued to represent consumers throughout Northern Ireland by engaging positively with a range of relevant stakeholders including Royal Mail, Post Office Limited and Ofcom. We have ensured there has been thorough understanding of consumers' needs and that there is adequate consideration of these in decisions shaping the future of the universal postal service and the Post Office network.



In April 2012, we launched our report, *A front office for government services – The Post Office in Northern Ireland* at a well attended event in Parliament Buildings, Stormont. It provided an excellent platform and initiated engagement between stakeholders at a local level to look at the opportunities for improving the range of local government services available at post offices so that they can become a digital bridge.

We also successfully lobbied for the introduction of an All-Party Group on Postal Issues in the Northern Ireland Assembly. The first meeting will take place in June 2013. This group will allow local politicians to become more engaged with the challenges facing these vital services. We will play a pivotal role and make sure that consumers' needs are at the heart of discussions.

We published a report providing an overview of consumers' experiences and perceptions of, and attitudes to, the Post Office network and the universal postal service provided by Royal Mail across Northern Ireland. This focused on the findings from successive annual surveys commissioned by Consumer Focus Post from 2008 until 2012. We established the positive aspects of both services and identified a number of areas where improvements can be made so that they better meet consumer needs. The findings from this research have helped to us to respond to all local and UK-wide consultations which have an effect on postal consumers in Northern Ireland.

Throughout the year, we have ensured that consumers received a consistent and high quality postal service from Royal Mail by monitoring its quality of service figures for Northern Ireland. This year we also carried out research on the rollout of Royal Mail's delivery to neighbour scheme to ensure Northern Ireland consumers no specific detriment was being experienced.

With parcel delivery becoming increasingly important, we looked at the nature and extent of delivery related issues consumers face when purchasing goods online or via mail order. For instance, additional postage charges to deliver items and free delivery or next day delivery not being available. This has helped establish the scale of the problems for those living in Northern Ireland and will inform Consumer Futures work in this area.

Consumer Futures

If you have any questions or would like further information about our work, please email contact@consumerfutures.org.uk or telephone 020 7799 7900

For regular updates from Consumer Futures, sign up to our monthly e-newsletter by emailing enews@consumerfutures.org.uk or follow us on Twitter http://twitter.com/Futures_tweet

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Consumer Focus Report and Accounts

For the year ended 31 March 2013



Accounting Officer's report and management commentary

Statutory background and principal activities

Consumer Focus was the name under which the National Consumer Council, a statutory organisation created by the Consumers, Estate Agents and Redress (CEAR) Act 2007, operated in 2012/13.

The Act:

- established the new National Consumer Council to provide a strong, coherent consumer advocacy organisation/body, able to address consumer issues across different sectors, undertake cross-sectoral research, and provide a voice for consumers in dialogue with companies, regulators, Government and Europe
- extended redress schemes to all licensed energy suppliers and postal services providers to resolve complaints where suppliers and service providers have not been able to do so, and provide compensation for consumers where it is appropriate
- enabled Consumer Direct to become the single point of contact for all consumers to obtain information and impartial advice as well as signpost consumers and provide them with help when making a complaint (Citizens Advice took over responsibility for providing consumer advice and information from Consumer Direct on 1 April 2012).

Through its policy work, Consumer Focus aimed to understand the diverse aspirations, experiences and fears of consumers across the UK. We learnt from others in the consumer field, tracked data on complaints and customer experience, and conducted new consumer research. In addition to our policy advocacy role, Consumer Focus handled complaints on behalf of vulnerable energy and post consumers referred by Consumer Direct, including those at risk of disconnection.

Staff were based at offices in Glasgow, Cardiff, Belfast and London. Consumer Focus activities in Northern Ireland extended only to the users of postal services. Consumer Focus activities in relation to water were restricted to Scotland.

On 11 April 2012, Government announced that from April 2013 the work of Consumer Focus would be restricted to sectors of the market subject to economic regulation.

Governance

The Governance framework for Consumer Focus is detailed within the Governance Statement on page 75.

Audit and Risk Committee

In accordance with best practice and HM Treasury requirements, Consumer Focus appointed an Audit and Risk Committee. Positions on the Committee were held by non-executive members. It was chaired by Sharon Darcy. Stephen Locke and Rick Hill became members of the committee in January 2013 following the departure of Sukhvinder Kaur-Stubbs and Dame Suzi Leather. Alison White was appointed in March 2012 as an independent member of the committee.

The meetings were also attended by the Chief Executive and other officers of Consumer Focus, observers from the Department for Business, Innovation and Skills (BIS), and both internal and external auditors. The Committee met four times during the year.

Internal audit

Consumer Focus appointed new internal auditors for 2012/13 and this service was provided by the BIS Internal Audit Directorate. The primary role of Internal Audit is to provide the Accounting Officer, and the Audit and Risk Committee with an objective evaluation of, and opinions on, the effectiveness of the Consumer Focus arrangements for risk management, control and governance.

Funding

Consumer Focus is financed by grant-in-aid from BIS. The CEAR Act provides for the Department to recover an appropriate proportion of the organisation's expenses from the holders of gas, electricity and postal licences under the provisions of the Utilities Act 2000 and Postal Services Act 2000.

Total available funding to Consumer Focus in 2012/13 was £11.582 million, upon which our budget for the year was set. The proportion of this funding recoverable from licence holders was 77 per cent.

Area of expenditure	Amount £'m	% of total spend
Energy	5.771	50%
Post	3.111	27%
ROE	2.700	23%
Total	11.582	100%

Consumer Focus carried out research and advocacy within sectors, in accordance with funding received, that is ensuring that funding recovered from the energy sector was only used for programmes of work in relation to energy etc. The proportion of funding not recoverable from licence holders within the gas, electricity and postal sectors, was applied to general advocacy work in sectors other than those in economically regulated markets. Responsibility for carrying our general advocacy work in other sectors of the economy transferred to the Citizens Advice Service in April 2013.

In addition to funding provided by BIS, during the year Consumer Focus received external funding in relation to the following activities:

- **The National Social Marketing Centre (NSMC)** – Worked primarily with the Department of Health (DH) to build capacity and skills in social marketing related to health. Direct funding by DH ended on 31 March 2011 and the NSMC was funded by deferred income until it ceased to be part of Consumer Focus in July 2012.
- **Scotland project teams** – Funding was received from the Scottish Government to host a number of projects for Scottish consumers in relation to healthy eating and access to information. The planned abolition of Consumer Focus in April 2014 required all project teams to be transferred to new hosts within the year.
- **Water** – The Public Services Reform (Scotland) Act 2010 provides for Consumer Focus to be the statutory advocate for water customers in Scotland. Funded by the Scottish Government via a levy on Scottish Water, a programme of research and policy development is undertaken to enable strong advocacy on the most important issues for Scotland's water customers.
- **Customer Forum** – Funded by the Water Industry Commission for Scotland, the Customer Forum works to establish customers' priorities and expectations in the strategic review of charges with regard to the water industry in Scotland, and represents those views to the Commission and Scottish Water to secure appropriate outcomes.

Core funding of £9.1 million has been confirmed for 2013/14 consisting of £8.9 million from energy and post sector levies (unchanged from 2012/13), and £0.25 million funded by BIS to carry out programmes of work which cut across various sectors. In addition to core funding provided by BIS, a further £0.3 million has been granted by the Scottish Government with regard to water in Scotland.

Operating review

Consumer Focus is the voice of consumers, working to secure a fair deal on their behalf. We are able to work across the economy but have a specific remit for consumers of postal services, in the gas and electricity markets and for water consumers in Scotland. Our advocacy tools include:

- empowering consumers through the provision of information either directly to consumers, through partner organisations and through the media
- representing the interests of consumers, and especially consumers who are disadvantaged, to industry, regulators, agencies, UK and devolved governments and the European Commission
- information gathering powers, formal complaints to goods and service providers, regulatory bodies, Government departments, industry and local government associations; judicial action; and super-complaints

On 11 April 2012, the UK Government announced that from April 2013 the work of Consumer Focus would be restricted to sectors of the market subject to economic regulation. From that date the UK Government looks to Citizens Advice and Citizens Advice Scotland to provide general advocacy for consumers in unregulated markets.

The UK Government has made clear its intention that there will be no reduction of consumer representation in Wales or Scotland as a result of the changes introduced.

The UK Government asked Consumer Focus to build a regulated industries unit (RIU) by April 2013. The RIU (Consumer Futures) will work on energy, post and, in Scotland, water. In building the RIU we will ensure that appropriate skills, knowledge and expertise are retained. The RIU will need to forge partnerships with all other sectoral regulators and consumer advocates to share best practice and identify common issues. The UK Government's intention is that the RIU will become part of the Citizens Advice service and the Consumer Council for Northern Ireland in April 2014. In May 2013 Consumer Focus was renamed as Consumer Futures.

Consumer Focus is not a direct complaints and advice service. Until April 2012 Consumer Direct – now the Citizens Advice consumer service – acted as the first port of call for practical information and advice right across all goods and services. Consumer Focus does, however, provide assistance to vulnerable consumers in the energy and postal markets through an Extra Help Unit (EHU), based in Glasgow. The unit is dedicated to helping customers from across the UK who cannot do so themselves, or who find themselves in vulnerable circumstances (eg electricity or gas disconnections). The EHU will be transferred to Citizens Advice Scotland in 2014.

We have achieved a number of high profile successes for consumers. These are reviewed in the report part of this document.

Financial review

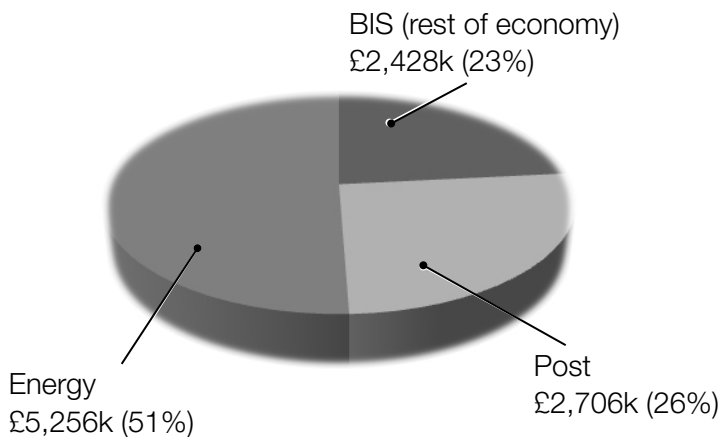
The following paragraphs summarise the financial performance of Consumer Focus during the year.

Consumer Focus received grant-in-aid funding of some £10.7 million for 2012/13. In accordance with the Treasury's Financial Reporting Manual (FRM), grant-in-aid is not shown as income on the Statement of Comprehensive Net Expenditure, rather it is reflected in the Income and Expenditure reserve on the Statement of Financial Position (see the Statement of Changes in Taxpayers' Equity). Other than grant-in-aid, any other funding is shown under income and is netted-off against total expenditure.

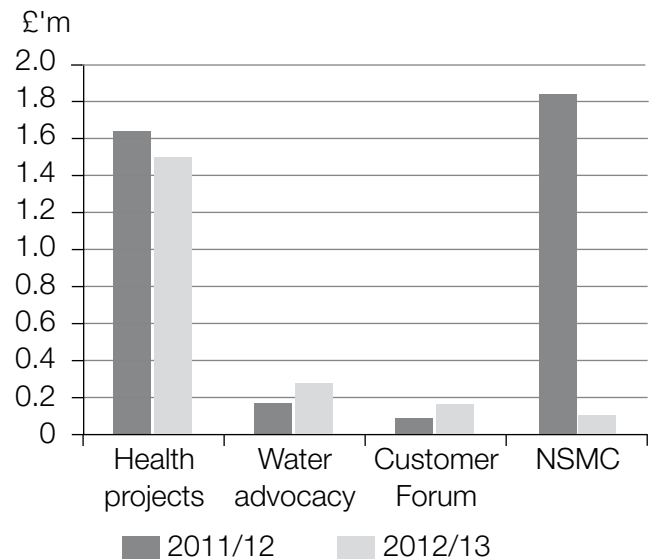
The Statement of Comprehensive Net Expenditure shows net operating costs of £10.4 million. This includes expenditure on:

- **core activities** – expenditure on energy, post and the rest of the economy (RoE) programmes, funded by grant-in-aid received from BIS
- **externally funded activities** – other activities hosted by Consumer Focus, for which funding is received from other organisations and is reported under income on the expenditure statement.

Expenditure on core activities during the year totalled £10.4 million and has been accounted for against funding streams as follows:



Consumer Focus spent an additional £1.9 million with regard to externally funded activities, the majority of which were hosted by Consumer Focus Scotland.



The Health project teams based in Scotland transferred to new hosts within the year, and will continue to be funded by the Scottish Government in the continuation of their work. The National Social Marketing Centre ceased to be part of Consumer Focus in July 2012 and will continue its work within a newly created Community Interest Company. Water advocacy and the Customer Forum, funded by the Scottish Government (via a levy on Scottish Water) and the Water Industry Commission respectively, increased activity in what was their second year under Consumer Focus. With regard to all externally funded activities, the funding received during the year equalled the total expenditure incurred.

During the year, a Voluntary Redundancy scheme was undertaken in response to the UK Government decision that general advocacy work would transfer to the Citizens Advice service from April 2013. In total, 30 staff were made redundant with the majority leaving on 31 December. Overall staff costs reduced by £0.4 million compared to 2011/12, however the underlying reduction in staff costs, that is excluding the costs of redundancy, was £1.2 million.

A significant part of this movement reflects the reduction in the NSMC team towards the end of 2011/12, and a reduction in the provision for untaken annual leave at 31 March 2013. Uncertainty surrounding the future of individuals within the organisation also contributed to an increase in the number of leavers within the year, other than those made redundant.

Other expenditure reduced by £1.4 million, the majority of which represents the cessation of operations by the NSMC as detailed above.

Provisions of £1.7 million continue to be held in respect of both property and employee related costs arising from the merger of the National Consumer Council, Postwatch and energywatch.

Going concern

In October 2010 the UK Government announced its intention to abolish Consumer Focus following a general review of public bodies. Following a public consultation on its policy, the UK Government announced in April 2012 that as of April 2013 the work of Consumer Focus would be restricted to sectors of the economy subject to economic regulation and that a Regulated Industries Unit (RIU) should be established, initially with responsibility for energy and postal services across England, Scotland and Wales with additional responsibility for water in Scotland.

The RIU would not be a new public body but would consist of the elements of Consumer Focus which carried out these functions. The aim is to ensure that existing skills, knowledge and expertise are retained. The RIU will operate within the governance and legal framework of Consumer Focus. An Order under the Public Bodies Act will be laid before Parliament in autumn 2013 which, if approved, will abolish Consumer Focus on 31 March 2014 and transfer its statutory powers and responsibilities, along with the RIU, to the Citizens Advice service and to the Consumer Council for Northern Ireland.

On 9 May 2013, Consumer Focus, including the RIU, was rebranded as 'Consumer Futures'. In law our name is the 'National Consumer Council' and this remains unchanged.

The coming year will be both challenging and exciting as we aim to build momentum as Consumer Futures, establish a track record and continue to deliver for consumers. We will ensure that the Citizens Advice service and the Consumer Council for Northern Ireland inherit a strong and established unit to take forward and develop.

Although the expectation is that Consumer Futures will cease to exist as a separate legal entity on 31 March 2014, this is subject to approval in Parliament following affirmative procedures. On this basis, Consumer Futures considers it appropriate to continue to adopt the going concern basis in preparing the annual report and financial statements.

An alternative scenario, where it would not have been considered appropriate to prepare the annual report and accounts on a going concern basis, would have required additional disclosures within the accounts. It is anticipated that any required changes to the accounting treatment of fixed assets, leases etc. as a result of preparing the accounts on a basis other than a going concern, would not have a material effect on the figures currently being reported.

The Statement of Financial Position at 31 March 2013 shows net liabilities of £0.5 million. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from other sources of Consumer Focus income, may only be met by future grants-in-aid from the sponsoring department, BIS. The BIS estimate provides for grant-in-aid funding to Consumer Futures of £9.1 million in 2013/14.

Risks and uncertainties

The Governance Statement on pages 75 to 85 contains a full discussion of the risk and control framework for Consumer Focus.

Consumers face significant added risk in the context of an economic downturn. This, in turn, makes our work all the more urgent, but also raises the risk that, with limited resources, we will not be able to advocate on behalf of consumers in important markets that are failing consumers.

The work and funding of Consumer Focus means that we have very little risk in terms of price risk, credit risk, liquidity or cash flow risk.

As with most public bodies, future funding is a key area of risk. Consumer Focus has been under increasing pressure to deliver for consumers with reduced funding. It is expected that Consumer Focus will be abolished on 31 March 2014 (subject to a decision by Parliament) and its powers and responsibilities transferred to the Citizens Advice service and Consumer Council for Northern Ireland. As HM Treasury continues to develop its debt reduction strategy, it is likely that pressure on funding will continue in the future and will be a challenge for any successor body.

Research and consumer intelligence

Consumer Focus is an evidenced-based organisation, which depends on high quality, cost effective acquisition and use of 'consumer intelligence' reflecting consumers' needs to properly inform policy and advocacy. We create and utilise a wide ranging, timely and detailed evidence base. Data is provided through numerous channels and includes:

- a knowledge base on consumer detriment
- data from Citizens Advice consumer service and other sources
- industry relationships
- consumer-oriented non-government organisations

- trading standards services
- user generated content from consumers
- academic research
- horizon scanning of policy initiatives likely to impact consumers (including international trends).

This year we have supplemented these sources with new primary research that allows us to build a picture of the full diversity of consumer experience and apply that knowledge to the development of policy, advocacy and empowerment.

Sustainability policy

Sustainability has been central to Consumer Focus policy work since its creation under the CEAR Act 2007. It is one of our four strategic campaign goals: to harness the appetite of consumers to adopt more sustainable lifestyles. We aim to 'practise what we preach' by managing our own sustainability footprint by monitoring our travel and energy usage, publishing and recycling efforts across the UK.

This is part of our wider Sustainable Development Action Plan which shows how Consumer Focus embeds sustainability principles into the day to day operation of the organisation and to the development of policy, advocacy and consumer representation.

Single equality scheme

Consumer Focus's single equality scheme and associated action plan took effect from 6 April 2011. It is an important document for the remaining period of the organisation's life, influencing our day-to-day work and guiding us as we help shape the future for consumer support and advocacy after our proposed abolition. Our workplan reflects our statutory objective to have regard to the interests of particular groups of disadvantaged consumers.

Payment of creditors

Consumer Focus follows the principles of the Better Payment Practice Code in its treatment of suppliers. The key principles are to settle the terms of payment with suppliers when agreeing the transaction, to settle disputes on invoices without delay and to ensure that suppliers are made aware of the terms of payment and to abide by the terms of payment.

Paid within	2012/13	2011/12
30 days	95%	94%
5 working days	52%	40%

Please note:

- the percentage does not include payments made by Government Procurement Card, Foreign Payments, Grants or expenses to staff
- the figures have been adjusted for disputed invoices.

Sickness and absence data

During the period 1 April 2012 to 31 March 2013 the average absence was 5.8 days (4.2 days for period 1 April 2011 to 31 March 2012).

Pensions

Consumer Focus staff are eligible to be members of the Principal Civil Service Pension Scheme. Further information on the scheme can be found in the Remuneration report and in note 1.16 within the financial statements.

Accounts direction

These accounts have been prepared in a form directed by the Secretary of State for BIS with the approval of HM Treasury in accordance with the CEAR Act 2007. These accounts and report are to be laid before each of the Houses of Parliament in accordance with Treasury guidance.

External auditors

The fee for providing external audit services for the full year Financial Statements to 31 March 2013 is £43,500.

As far as I am aware there is no relevant audit information of which the entity's auditors are unaware, and I have taken all the steps that I should have taken to make myself aware of any relevant audit information and to establish that the entity's auditors were aware of this information.

Mike O'Connor

Accounting Officer
27 June 2013

Governance statement

Scope of responsibility

The purpose of the Governance Statement

This Governance Statement, for which I take personal responsibility, is intended to give a clear understanding of the dynamics of the business and its control structure. It records the stewardship of the organisation to supplement the accounts, providing a sense of its performance and of how successfully it has coped with and managed the challenges faced during the period.

The Statement explains how Consumer Focus has complied in all material respects with the principles of the UK Central Government Corporate Governance Code, in so far as those principles are applicable to the organisation. It also explains the governance framework that supports the efficient use of resources in order to deliver Consumer Focus's aims and objectives.

Scope of responsibility

As Accounting Officer I have responsibility for ensuring there is a sound system of governance and internal control structures, and that the organisation's business is conducted in accordance with Managing Public Money to ensure public money is safeguarded, properly accounted for, and used economically, efficiently and effectively.

The organisation's governance framework/structure

The governance framework consists of the Consumer Focus Board and Committees in Wales, Scotland and Northern Ireland. The Board is the governing body of Consumer Focus and is responsible for the development of policy and ensuring that there is a sound system of internal control that supports achievement of Consumer Focus aims and objectives.

Under the Board's supervision, I am responsible for establishing strategy and determining that Consumer Focus has effective systems of internal control and risk management, and overseeing the Senior Management Team (SMT). Standing orders delegate all matters which are not specifically reserved to the Board to me as Chief Executive.

The Board has appointed an Audit and Risk Committee which operates within terms of reference that are reviewed each year. The Chair of the Audit and Risk Committee reports formally to the Board after each meeting and submits an annual report to the Board on the Committee's work during the year. The Committee advises me on the adequacy of audit arrangements and systems of risk management and control. The work of the Committee gives assurance to the Board and me, as Accounting Officer, on the effectiveness of internal and external audit, the control environment and standards of governance.

For part of the year, the Board was also supported by a Transition Committee, which replaced the Human Resources and Remuneration Committee, but as the challenges of transition became more central to the work of the organisation, this committee was subsumed into the Board. Given the centrality of human resources issues to the transition process, these are now also considered directly by the Board.

In 2012/13 the organisation went through significant change following the UK Government's response in April 2012 to the consultation on institutional reform of the consumer landscape. In announcing their conclusions, UK Government asked Consumer Focus to establish a Regulated Industries Unit (RIU).

To ensure the right governance structures for the new RIU, the Board reviewed its relationship with its Committees in Scotland, Wales and Northern Ireland.

Previously, decision-making on a range of issues had been delegated to those Boards. The arrangements described by the Government for the RIU stated that the RIU would be a single UK-wide unit, with advisory committees in the nations. Accordingly, in the new code of governance agreed by the Board, the relationship between the Board and the Nation Committees has been redefined, clarifying their advisory roles. The Committees in Scotland and Wales provide advice to the Board on consumer matters and on the exercise of the organisation's functions within their territories, and may exercise some functions set out in the CEAR Act 2007. The Northern Ireland Committee has the same responsibilities in respect of postal services in Northern Ireland. There is, additionally, the exception of water in Scotland, where the Scotland Committee has delegated responsibilities, given that our work on water is confined to Scotland.

The Board members during the year were:



Christine Farnish (Chair)

Christine Farnish became Chair of Consumer Focus in late 2010, having served on the Board and chaired the Audit and Risk Committee since 2007.

Christine is a public policy professional with considerable experience of consumer affairs, competition and regulation. She has experience of working in both public and private sectors.

Christine worked at senior level in local government before joining OFTEL as Consumer Director in 1994. She became Consumer Director at the Financial Services Authority in 1998 and then took up post as Chief Executive of the National Association of Pension Funds in 2002. She was managing director for Group Public Policy at Barclays from 2006 to 2011.

Christine is currently also Chair of the Peer to Peer Finance Association, a Civil Service Commissioner, and a non-executive director on the Boards of ABTA and Aggregate Industries. She is a Trustee of the Family and Childcare Trust, having served as Family and Parenting Institute Chair and secured its merger with the Daycare Trust last year. She has formerly served on the Boards of the Office of Fair Trading, ING Direct, the Advertising Standards Authority and Papworth NHS Trust.

Christine was awarded a CBE in 2013.



Stephen Locke (Vice Chair)

Stephen Locke is a consultant specialising in consumer policy and regulation. He is Chair of London Travelwatch and a Board Member of Passenger Focus. He is also an independent Board Member of, and chairs Consumer Forums at, the Payments Council and Money Advice Service. Stephen is also Chair of the Advertising Advisory Committee, which advises on TV and Radio advertising rules. He has held a wide range of other non-executive roles. Former executive roles include Director of Advertising and Sponsorship at the Independent Television Commission and Director of Research and Policy at Which?



Rick Hill

Rick Hill was appointed as Chair of Consumer Focus Post (Northern Ireland) and member of the Consumer Focus Board in October 2008. In January 2009 he was appointed as Chairman of the Consumer Council (Northern Ireland). In December 2008 he was appointed Chair of the Northern Ireland Screen Commission, having been interim Chair since January 2008. He is a former Minister of Garnerville Presbyterian Church, Belfast. He was previously a member of the BBC Audience Council for Northern Ireland and BBC Broadcasting Council for Northern Ireland.



Douglas Sinclair

Douglas Sinclair was appointed the Chair of Consumer Focus Scotland in January 2008 and was previously Chair of the Scottish Consumer Council. Douglas has held posts as Chief Executive of a District Council, Regional Council and Unitary Council and also as Chief Executive of the Convention of Scottish Local Authorities (COSLA). Douglas is also Depute Chair of the Accounts Commission of Scotland. He was awarded a CBE in 2000.



Vivienne Sugar

Vivienne Sugar was appointed as the Chair of Consumer Focus Wales in January 2008. She is a Fellow of the Chartered Institute of Housing, having previously been Director of Housing at both Cardiff and Newport. In 2005 she was appointed as Wales Advisor to the Joseph Rowntree Foundation and also became a Vice President of Swansea University. Vivienne was Chief Executive of the City and County of Swansea between 1995 and 2003 and Chair of the Welsh Consumer Council between 2003 and 2008. Vivienne is also a Consultant to Government and Local Government, and a member of the Council of the Property Ombudsman.



Sharon Darcy

Sharon is a Lay Member of the Parliamentary Committee on Standards and a Board member of the National Employment Savings Trust (NEST) and housing association The Hyde Group. She is a member of the Low Carbon Network Fund Expert Panel and Ofgem's Consumer Challenge Group and Ofwat's Customer Advisory Panel. An Associate with environmental think tank Sustainability First, her previous roles include Member of the Council of energywatch, Chair of Sutton Borough Citizens Advice Bureau and member of the London and Southern Committee for the Consumer Council for Water. Sharon is Chair of the Audit and Risk Committee.



Jonathan May

Jonathan attends the Board as an advisor in a non-voting capacity. Jonathan is a member of the Financial Services Consumer Panel and of the Competition Appeal Tribunal. He is also a special advisor on consumer competition and regulatory issues to Finsbury International Policy and Regulatory Advisors.

Jonathan had a wide-ranging career in Government, primarily at the Treasury and the Office of Fair Trading (OFT), where he was an executive member of the board from 2006-2010, responsible for policy and delivery across most of OFT's competition and consumer interests.

Since the mid 1990s he has been closely involved in energy, utility regulation and competition and consumer policy at both the Treasury and the OFT.

Independent member of the Audit & Risk Committee



Alison J White

Alison worked for many years at the most senior level of business specialising in commercial strategy and change leadership. Much of her experience was with the Royal Mail Group, where she qualified as an accountant and MBA, and led international operations, and mergers and acquisitions.

More recently, as a qualified Chartered Director, Alison's focus has been on pursuing a Non-Executive career, blending strong strategic, financial and commercial skills, with professional expertise in corporate governance, risk management and Board accountability

Board members who left in January 2013



Sukhvinder Kaur-Stubbs

Sukhvinder is the Chair of Volunteering England. Previously, she was Chief Executive of the Barrow Cadbury Trust and before that Chief Executive and Company Secretary of the Runnymede Trust. She served

on the Government's Better Regulation Commission and held Board positions with energywatch and Severn Trent Water. Sukhvinder currently manages a portfolio of projects with organisations including the Administrative Justice Council, Office for Public Management, Social Care Institute of Excellence and the European Commission.



Dame Suzi Leather

Dame Suzi Leather was Chair of the Charity Commission to October 2012, is Chair of the Ethics Committee of the Royal College of Obstetricians and Gynaecologists

and a member of the General Medical Council. Dame Suzi sits on the Board of the United Kingdom Accreditation Service and the Council of Exeter University. She has also chaired the Human Fertilisation and Embryology Authority, Exeter and District Community NHS Trust and the School Food Trust. She is also a past Deputy Chair of the Food Standards Agency.



Enid Rowlands

Enid is a member of the General Medical Council and has a non-executive advisory role with the Information Commissioner's Office. Enid is a trustee of the National

Employment Savings Trust (NEST). She is Chair of Victim Support, the largest charity in Europe providing support for victims of crime and witnesses through a 6,000 strong volunteer network. She chairs a number of remuneration and human resources committees. Enid is a former Chair of the National Council of Education and Training for Wales; former member of the Ministerial Committee on Work-Life Balance and member of the Equal Opportunities Advisory Board in Wales; and Chair of the North Wales Health Authority.

Members of the Scotland, Wales and Northern Ireland Boards during the year:

Consumer Focus Scotland

Douglas Sinclair (Chair)

Liz Breckenridge

Alan Hutton

Coinneach MacLean

Angela McCormack

Nicola Munro

John Sawkins

Alan Sinclair

Consumer Focus Wales

Viv Sugar (Chair)

Bob Chapman

Kevin Fitzpatrick

Marcus Longley

Eifion Pritchard

Malcolm Smith

John Williams

Consumer Focus Post (Northern Ireland)

Rick Hill

Fiona Boyle

Maureen Brennan

Maureen Kearney

Derrick Nixon

Bill Osborne

All members were appointed by the Secretary of State following open competition. Declarations of Interest are updated regularly and are available on the Consumer Focus website.

The Nation Board Chairs – Vivienne Sugar, Wales; Douglas Sinclair, Scotland; Rick Hill, Northern Ireland are also members of the Board. The Board Chair and the Accounting Officer receive papers from, and periodically attend, committee meetings in Scotland, Wales and Northern Ireland.

There is a free flow of information between the Board and the Nation Boards, and at all levels across the whole organisation.

The SMT was augmented in January 2013 to support the building of the RIU during the transition period. SMT meets every four weeks with weekly catch ups. SMT members during the year were:

- Mike O'Connor, Chief Executive Officer
- Patricia McAuley, Director for Scotland, from January 2013 (replacing Marieke Dwarshuis, Senior Director, Consumer Focus Scotland, who left in December 2012)
- Rhys Evans, Director for Wales
- Matthew Gosling, Finance Director, from January 2013 (replacing Graham Clark, Director of Finance and Operations who left December 2012)
- Adam Scorer, Director of Policy and External Affairs
- Stephen Dunmore, Director of Transition
- Annette Clinnick, Director Human Resources (from January 2013)
- Audrey Gallacher, Director of Energy (from January 2013)
- Robert Hammond, Director of Post (from January 2013)
- Richard Bates, Director of Cross Sector (from January 2013)

Institutional reform of the consumer landscape

In 2012/13 the organisation went through major change following the UK Government's response in April 2012 to the consultation on institutional reform of the consumer landscape. This followed its announcement in October 2010 that Consumer Focus would be abolished and its functions passed to: Citizens Advice in England and Wales; Citizens Advice Scotland (two separate organisations described later as 'the Citizens Advice service') and the General Consumer Council for Northern Ireland. Some minor functions were also to be passed to Ofgem. Ensuring these changes are successful has been a major challenge for the organisation.

The Government decided that the functions of Consumer Focus would be passed to these organisations in two phases. The first phase in April 2013 involved the Citizens Advice service taking on responsibility for consumer advocacy in areas other than those in economically regulated markets. During 2012/13 Consumer Focus therefore withdrew from a wide range of markets and activities. While the Citizens Advice service will be funded by UK Government to take on responsibility in these areas, none of Consumer Focus's duties or powers were passed to them in April 2013. This will await the passage of relevant legislation, that is when Consumer Focus is abolished. After the 2013 Summer Recess UK Government will lay an Order under the Public Bodies Act before Parliament which, if passed, will abolish Consumer Focus and transfer some or all of its responsibilities, legal duties and powers to the Citizens Advice service and the General Consumer Council for Northern Ireland. BIS has announced that the expected date for transfer is 31 March 2014. The UK Government has said that it will review the status of the Consumer Council for Water in 2014.

In April 2013 the Trustees of Citizens Advice and the Directors of Citizens Advice Scotland gave their agreement in principle to the transfer as proposed by the UK Government.

When it announced its conclusions in April 2012, the UK Government also asked Consumer Focus to establish a Regulated Industries Unit (RIU). This was not to be a new body but based on Consumer Focus's existing functions covering economically regulated sectors of the economy and within its existing statutory base. The RIU would become part of the Citizens Advice service in 2014 when Consumer Focus is abolished. The rationale was to ensure that Consumer Focus' skills, knowledge and expertise were developed and retained in the new arrangements. In May 2013 Consumer Focus, including the RIU, was renamed as Consumer Futures.

The risk and internal control framework

The responsibilities for risk management are:

- the Board has responsibility for overseeing risk management within Consumer Focus.
- the Audit and Risk Committee has responsibility for reviewing the systems of internal control and the risk management process.
- the Chief Executive, as Accounting Officer, has responsibility for ensuring that effective systems of control are maintained and operated.
- the Senior Management Team reporting to the Chief Executive supports, advises and implements policies approved by the Board and is committed to adopting good risk management practice.

I have appointed a Senior Information Risk Officer (SIRO) who is a member of the SMT and has overall responsibility for the management of risk in relation to data and information.

The expanded SMT assesses and prioritises the key corporate risks, with individuals taking on the role of risk champions. A Senior Policy Management Team has also been established to ensure that the management of the organisation's consumer policy is not overlooked as the focus on the closure of the body grows. The Audit and Risk Committee and the Board receive reports on how key corporate risks are being managed.

Risk management is incorporated into the Consumer Focus project management framework and all employees have access to guidance on the application of risk assessment. Our risk register is shared with BIS, Citizens Advice and Citizens Advice Scotland. BIS consolidates this into a joint risk register, covering all the planned changes to the consumer landscape.

The key elements of the risk and control framework include the following:

- implementation of a corporate plan.
- Financial Memorandum of Understanding and Management Statement with BIS.
- SMT – meeting every four weeks, with weekly teleconference catch ups, to consider the plans and strategic direction of the organisation, including high level risks. In view of the challenges with regard to transition, a Transition team has been created which manages an organisation-wide transition project plan.
- risk management process within Consumer Focus, where priority is given to mitigating the highest risks.
- rolling programme of audit and assurance work – internal audit was provided through a contract with the BIS Internal Audit team.
- reports to the Audit and Risk Committee on systems of internal control.

- the Audit and Risk Committee approves the audit plan and reviews progress on implementing both Internal and External Audit recommendations.
- a risk-based internal audit annual work programme – reports provided to the Audit and Risk Committee in order to monitor progress and approve amendments to the work programme.
- the work and funding of Consumer Focus mean that we have very little risk in terms of price risk, credit risk, liquidity or cash flow risk.
- active review of the high level risk register by the Audit and Risk Committee.
- oversight of HR issues, policies and procedures by the Board.
- consideration by the Board of critical risks faced by each part of the organisation, and the mitigating actions.
- policies and procedures include Codes of Conduct for employees and members which has been approved, and is designed to mitigate fraud and impropriety.
- sharing the Consumer Focus risk register with BIS and the Citizens Advice service to ensure risks are communicated, and risk registers co-ordinated.

The Board and its committees provide scrutiny and oversight of the work and effectiveness of the organisation. The Audit and Risk Committee advises the Board and the Accounting Officer on the strategic processes for risk, control and governance. The Governance Statement represents a review with regard to the effectiveness of the governance framework, risk management and internal control.

The performance of the Board is reviewed annually. The Board Chair conducts formal appraisals with all Board members individually, provides two way feedback on both individual and Board performance, and identifies development needs going forward. The Board Chair reports to BIS and advises on current Board matters. The Committee Chairs follow a similar formal process for their Committees.

Review of effectiveness

As Accounting Officer, I have responsibility for conducting an annual review of the effectiveness of the system of the organisation's governance, risk management and internal control. This review is informed by the work of executive managers and internal auditors within the organisation who have responsibility for the development and maintenance of the governance structures, internal control framework, and comments made by the external auditors in their management letter and other reports.

A summary of attendance at Board meetings and committees is given below:

Consumer Focus Board	Board (7 meetings)	Audit & Risk Committee (4 meetings)	Transition Committee (2 meetings)	HR Committee (1 meeting)
Christine Farnish (Chair)	7	*	2	*
Stephen Locke	6	1	2	1
Rick Hill	7	1	2	1
Douglas Sinclair	7	*	2	*
Viv Sugar	7	*	2	1
Sharon Darcy (Chair Audit and Risk Committee)	7	4	*	*
Jonathan May**	3	*	*	*
Alison White	1*	4	*	*
Sukhvinder Kaur-Stubbs***	2	3	*	*
Dame Suzi Leather***	4	3	*	*
Enid Rowlands***	2	*	*	1

* Not a member of that committee ** Joined March 2013 *** Left January 2013

Consumer Focus Scotland Board	(7 meetings)
Douglas Sinclair (Chair)	7
Liz Breckenridge	7
Alan Hutton	7
Coinneach MacLean	3
Angela McCormack	7
Nicola Munro	7
John Sawkins	5
Alan Sinclair	5

Consumer Focus Wales Board	(6 meetings)
Viv Sugar (Chair)	6
Bob Chapman	4
Kevin Fitzpatrick	5
Marcus Longley	5
Eifion Pritchard	6
Malcolm Smith	6
John Williams	3

Consumer Focus Post (Northern Ireland) Board	(4 meetings)
Rick Hill	4
Fiona Boyle	3
Maureen Brennan	3
Maureen Kearney	4
Derrick Nixon	4
Bill Osborne	3

The Board met formally on seven occasions with a further three telephone 'catch ups'. The number of members reduced as three members were not replaced at the end of their terms of office. With the agreement of BIS, Jonathan May attends as a non-voting member. In addition to full Board meetings, the Human Resources and Remuneration committee (HRC) met once, Transition committee (TC) met twice and the Audit and Risk committee met four times. In view of the growing centrality of transition and HR issues, the Board reviewed the Committee structure and agreed to stand down the HRC and TC so that all Board members could fully discuss all transition issues. As a result, additional full Board meetings were scheduled, with telephone catch-ups held between meetings as needed, and the Board agendas were revised accordingly. The Board plans to meet monthly in 2013/14.

Board agendas for the year were inevitably driven heavily by consumer landscape changes. Transition items were discussed at every meeting and covered RIU design principles and stakeholder feedback; RIU organisational design, branding and the work plan; RIU governance; RIU leadership; dealings with Government, restructuring and HR matters; Scottish Government projects; the Extra Help Unit; the risk register and project plan, and the budget. The Board met with the BIS Permanent Secretary and officials, with the Chief Executive of Citizens Advice, and the Chief Executive of key regulators including Ofgem, Ofcom and the OFT.

The Board has provided oversight, rigour, challenge and strategic direction to the organisation in a demanding year.

The Audit and Risk Committee met four times during the year and received regular reports from the National Audit Office, our external auditors, and internal audit. The internal audit reports during the year varied in scale between scheduled reports and specific investigations. The work also varied between day-to-day management of our accounts and processes, and work on our readiness to manage transition. Consumer Focus received an overall assurance level of Satisfactory, the highest level attainable. The internal audit team made five key recommendations as a result of their audit, all of which had been implemented by the end of the year.

The period of uncertainty about our future has been challenging for the Executive and the Board. The year was particularly challenging, both strategically and operationally, because of external uncertainty and restraints. The organisation was established in 2008 following the merger of three organisations and faced challenges in bringing three disparate cultures together. Two years after it was established the UK Government announced its wish to abolish the organisation as part of a wider reduction in public bodies. The period between this announcement and the expected abolition date (2014) will be three and a half years. Maintaining a service to consumers in this period and seeking to deliver UK Government's wish that existing skills, knowledge and expertise is retained is inevitably challenging. At the end of 2012/13 our staff numbers had reduced by 29 per cent of what they had been a year previously and our budget had fallen by 10 per cent reflecting our exit from work outside of energy, post and water. Over the period from 2010 to 2013 our funding to work outside of energy post and water fell by more than 50 per cent. Despite this, the service we delivered for consumers in 2012/13 was largely maintained. We continued to publish reports and studies, save money for consumers, and champion changes in public and private policies.

Consumer Focus ceased working on issues outside of sectors of the economy subject to economic regulation, the remit of the RIU, on 31 March 2013. Although the UK Government now looks to the Citizens Advice service to represent consumers in areas in which Consumer Focus ceased to operate, no staff transferred as there was no transfer of economic activity within the meaning of employment protection legislation. A voluntary redundancy scheme was therefore implemented and 25 posts were made redundant.

Consumers face significant added risk in the context of an economic downturn. This in turn makes our work all the more urgent, but also raises the risk that, with limited resources, we will not be able to advocate on behalf of consumers in important markets that are failing consumers.

A particular challenge in 2012/13 has been to meet the UK Government's requirements to build an RIU. Consumer Focus will not be the longer term home for the RIU and we expect it to be sited in the Citizens Advice service in 2014. In May 2013 we rebranded the organisation as Consumer Futures. This reflects the changing nature of our work, as we focus more on future challenges and opportunities, and to communicate that 2013/14 should not be seen as the last year of Consumer Focus, but more as the first year of Consumer Futures. BIS intend to introduce a Statutory Order to provide for a Statutory Transfer Scheme for a number of Consumer Futures staff to the Citizens Advice service. The aim of this is to help ensure the achievement of the UK Government's policy of retaining skills and expertise and that public value is not lost on transfer.

We face a risk in not being able to fulfill our statutory duties or our wider responsibilities if we lose staff capacity, for example key individuals and leadership, during transition. To mitigate this risk, key posts have been identified and prior approval for replacements has been agreed with BIS to minimise downtime.

We have sought BIS agreement to retention measures for which we do not have delegated authority. Such agreement, for example for extra payments for staff who remain with the organisation until abolition, is not currently available.

After April 2014 Consumer Futures will be a clearly identifiable unit within the Citizens Advice service. There will be a co-operation agreement between Citizens Advice and Citizens Advice Scotland to ensure that its GB-wide work is appropriately managed. It will have a Director reporting to the Chief Executive of Citizens Advice. The Director will be recruited by Citizens Advice, but in order to facilitate transition, Consumer Futures proposed that they should be recruited in advance of transfer and seconded to Consumer Futures. They will report to the Chief Executive and will work closely with Citizens Advice and Citizens Advice Scotland. It is expected that they will be recruited in autumn 2013.

In building the RIU in line with Government policy, Consumer Futures has sought to work closely with the Citizens Advice service to ensure that the organisation they will inherit is one which they will embrace and continue to support. Transition planning has been central to this work. Given the UK Government policy for the RIU there has been a need to build a new unit which will transfer with a new way of working. All within a within a body which is closing down. Consumer Futures has sought to ensure this is done in a way which meets the requirements of the Citizens Advice service. Therefore we have collaborated closely with them including, jointly agreeing with them and BIS a set of design principles on which we jointly consulted in summer 2012, working closely with them on a draft work plan which was also subject to public consultation in winter 2012/13.

Consumer Futures will work on energy, post and, in Scotland, water, and will be responsible for forging partnerships with all other sectoral regulators and consumer advocates to share best practice, identify common issues and identify strategies to protect and empower consumers. Consumer Futures is a member of the Consumer Protection Partnership, formerly known as the Strategic Intelligence, Prevention and Enforcement Partnership, created by the UK Government, which seeks to bring together the work of a number of organisations to eliminate gaps and overlaps for consumers.

BIS has established a Consumer Advocacy and RIU Project Board which reports to a wider Consumer and Competition Landscape Reform Programme Board within the department. The first meeting of the Project Board was in May 2012. It is chaired by BIS and includes the Chief Executives of Consumer Focus, Citizens Advice and Citizens Advice Scotland.

A Transition Project Group, comprising the same organisations, was established in May 2013 and meets regularly to discuss the detail of transition. These meetings allow the parties to jointly plan the transition and agree key documents such as the draft RIU design guidelines which were subject to a joint Consumer Focus/BIS/Citizens Advice service consultation in late summer 2012. This led to the production of the final RIU design.

Looking forward, we will continue to work closely with the Citizens Advice service and we understand that BIS will arrange for a Trustee from both Citizens Advice and Citizens Advice Scotland to join our Board after a positive decision was made by the two charities to take on the functions of Consumer Focus.

Information, security and personal data

Consumer Focus recognises the importance of managing its information effectively. All areas of Consumer Focus involve the use of information, knowledge and data – from the consultation process and running of investigations, to project work and the management of resources. We have arrangements in place to ensure that personal data is processed and handled in line with the principles of the Data Protection Act 1998.

These arrangements will be strengthened as we need to share data during the transition period. During 2012/13 there were no personal data related incidents at Consumer Focus that required reporting to the Information Commissioner's Office. Consumer Focus has implemented the relevant sections of the Security Policy Framework. No significant internal control failures occurred in year.

I have been advised on the implications of the result of the review of the effectiveness of the system of the Governance including internal control and risk management by the Audit Committee and Risk committee. I have considered the evidence provided with regards to the production of the Annual Governance Statement. The conclusion of my review is that the organisation's overall governance and internal control structures are fit for purpose and that there have been no issues which could have a material impact on the accounts or any instances of fraud, misuse of resources or any significant governance issues.

Mike O'Connor

Accounting Officer

27 June 2013

Remuneration report

This report covers Consumer Focus for the period 1 April 2012 to 31 March 2013

Appointments

Board members are appointed on merit by the Secretary of State on the basis of fair and open competition. The Chief Executive and the Senior Management Team (SMT) are employed under permanent or fixed terms contracts. The term of appointment of Board members is stated in the Remuneration table for the Main Board. Terms of office will be the earlier of the contract end date and the closure date of Consumer Focus.

Service contracts

The Constitutional Reform and Governance Act 2010 requires Civil Service appointments to be made on merit on the basis of fair and open competition. The Recruitment Principles published by the Civil Service Commission specify the circumstances when appointments may be made otherwise.

Unless otherwise stated in the table below, the officials covered by this report hold appointments which are open ended. Early termination, other than for misconduct, would result in compensation as set out in the Civil Service Compensation Scheme.

Further information about the work of the Civil Service Commission can be found at www.civilservicecommission.org.uk

Remuneration and pension entitlements

The following sections provide details of the remuneration and pension interests of Consumer Focus Board members and SMT. This section is subject to audit.

All members of the SMT have the same Terms & Conditions as all other Consumer Focus Staff. The terms and conditions for the Chief Executive are agreed by BIS.

The SMT was augmented in January 2013 to support the building of the RIU during the transition period. Disclosure of remuneration and pension interests is required for additional, as well as existing, members of the SMT. The number of director posts within the organisation has not increased during the year.

Remuneration report

	2012/13	2011/12
	Salary £'000	Salary £'000
Chief Executive Mike O'Connor	110-115	110-115
Senior Director Scotland Marieke Dwarshuis	50-55 (70-75 full year equivalent)	70-75
Patricia McAuley	15-20 (60-65 full year equivalent)	N/A
Senior Director Wales Rhys Evans	60-65	N/A
Finance and Operations Director Graham Clark (to 31 Dec 2012)	60-65 (75-80 full year equivalent)	75-80
Director of Policy and External Affairs Adam Scorer	75-80	70-75
Finance Director Matthew Gosling (from 1 Jan 2013, contract ends 31 Mar 2014)	10-15 (55-60 full year equivalent)	N/A
Transition Director Stephen Dunmore (contract ends 30 Jun 2013)	70-75	N/A
HR Director Annette Clinnick (from 1 Jan 2013, contract ends 31 Mar 2014)	15-20 (65-70 full year equivalent)	N/A
Director of Cross Sector Richard Bates (from 1 Jan 2013, contract ends 30 Sep 2013)	10-15 (55-60 full year equivalent)	N/A
Director of Energy Audrey Gallacher (from 1 Jan 2013)	15-20 (65-70 full year equivalent)	N/A
Director of Postal Policy & Regulation Robert Hammond (from 1 Jan 2013)	15-20 (65-70 full year equivalent)	N/A
Band of Highest Paid Director's Total Remuneration (£'000)	110-115	110-115
Median Total Remuneration	33,367	33,000
Ratio	3.3	3.3

Salary

'Salary' includes gross salary; performance pay or bonuses; overtime; reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowance to the extent that it is subject to UK taxation.

Benefits-in-kind

The monetary value of benefits-in-kind covers any benefits treated by HM Revenue and Customs as a taxable emolument. There were no benefits-in-kind received by members of the SMT during the year.

Salary ratio

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce. The banded remuneration of the highest-paid director in Consumer Focus in the financial year 2012/13 was £110k-115k (2011/12, £110k-115k). This was 3.3 times (2011/12, 3.3) the median remuneration of the workforce, which was £33,367 (2011/12, £33,000).

In 2012/13, no employees received remuneration in excess of the highest-paid director. Remuneration ranged from £5k to £78k (2011/12, £5k-£78k)

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

Short term staff benefits

We are required under International Accounting Standard 19 to provide within the accounts for holiday entitlement not taken at the year end. As at 31 March 2013 the value of accrued holiday entitlement for senior management was £25k. This is not reflected within the above table.

Pension benefits

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (Classic, Premium and Classic Plus); or a 'whole career' scheme (Nuvos). These statutory arrangements are unfunded with the cost benefits met by monies voted by Parliament each year. Pensions payable under Classic, Premium, Classic Plus and Nuvos are increased annually in line with Pensions Increase Legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (Partnership pension account).

Employee contributions are salary-related and range between 1.5 per cent and 3.9 per cent of pensionable earnings for Classic, and 3.5 per cent and 5.9 per cent for Premium, Classic Plus and Nuvos. Increases to employee contributions apply from 1 April 2013. Benefits in Classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum.

Classic Plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per Classic and benefits for service from October 2002 calculated as in Premium. In Nuvos, a member builds up a pension based on pensionable earnings during the period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year, and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for lump sum, up to the limits set by the Finance Act 2004.

Remuneration report

Name	Accrued pension at pension age as at 31/3/13 and related lump sum £'000	Real increase in pension and related lump sum at pension age £'000	CETV at 31 Mar 2013 £'000	CETV at 31 Mar 2012 £'000 ⁱ	Real increase in CETV £'000
Mike O'Connor	35-40	2.5-5	614	517	60
Marieke Dwarshuis (to 31 Dec 2012)	10-15	0-2.5	158	183	15
Patricia McAuley (from 1 Jan 2013)	15-20 plus lump sum of 45-50	0-2.5	276	301	10
Rhys Evans	5-10	0-2.5	102	83	11
Graham Clark (to 31 Dec 2012)	5-10	0-2.5	197	225	22
Adam Scorer	0-5	0-2.5	20	0	16
Annette Clinnick (from 1 Jan 2013)	0-5	0-2.5	14	0	13
Richard Bates (from 1 Jan 2013)	5-10	0-2.5	86	73	8
Audrey Gallacher (from 1 Jan 2013)	20-25 plus lump sum of 60-65	0-2.5 plus lump sum of 0-2.5	280	259	7
Robert Hammond (from 1 Jan 2013)	5-10 plus lump sum of 25-30	0-2.5 plus lump sum of 0-2.5	196	173	13

*Matthew Gosling and Stephen Dunmore are not currently contributing to the pension scheme; therefore no figures are disclosed.

The Partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3 per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three providers. The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of Classic, Premium and Classic Plus and 65 for members of Nuvos.

Further details about the Civil Service Pension arrangements can be found at the website www.civilservice-pensions.gov.uk

The Cash Equivalent Transfer Value

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service Pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Compensation for loss of office

Marieke Dwarshuis left under Voluntary Redundancy terms on 31 December 2012 and received a compensation payment of £66,035.

Graham Clark left under Voluntary Redundancy terms on 31 December 2013 and elected to take early retirement. The cost to Consumer Focus of buying out the actuarial reduction was £43,831.

Remuneration report

Remuneration of Consumer Focus Board Members

Main Board	2012/13		2011/12	
	£'000	Benefits-in-kind nearest £100*	£'000	Benefits-in-kind nearest £100*
Christine Farnish – Chair Appointed to September 2014	45-50	Nil	45-50	Nil
Rick Hill – see Northern Ireland Board	20-25	£500	20-25	£200
Douglas Sinclair – see Scotland Board	25-30	£300	25-30	£1,400
Vivienne Sugar – see Wales Board	25-30	£1,000	25-30	£4,200
Sharon Darcy Appointed to 30.04.14 or closure (but not longer than January 2017)	10-15	Nil	10-15	Nil
Sukhvinder Kaur-Stubbs Term ended January 2013	10-15	£400	10-15	£500
Dame Suzi Leather Term ended January 2013	5-10	£1,000	10-15	Nil
Stephen Locke Appointed to April 2014	10-15	£100	10-15	£100
Jonathan May Board attendee from January 2013 (non-voting member)	0-5	0	n/a	n/a
Enid Rowlands Term ended January 2013	5-10	£200	10-15	£2,000

Terms of appointment for Roger Darlington and Anna Walker came to an end in January 2012 and March 2012 respectively.

Consumer Focus Scotland Board	2012/13		2011/12	
	£'000	Benefits-in-kind nearest £100*	£'000	Benefits-in-kind nearest £100*
Douglas Sinclair – Chair Appointed to January 2014	See Main Board Disclosure	See Main Board Disclosure	See Main Board Disclosure	See Main Board Disclosure
Liz Breckenridge Appointed to April 2014	5-10	£100	5-10	Nil
Alan Hutton Appointed to April 2014	5-10	Nil	5-10	Nil
Coinneach Maclean Appointed April 2014	5-10	Nil	5-10	£100
Angela McCormack Appointed to April 2014	5-10	£200	5-10	Nil
Nicola Munro Appointed to April 2014	5-10	£200	5-10	£200
John Sawkins Appointed to April 2014	5-10	£100	5-10	£200
Alan Sinclair Appointed to April 2014	5-10	£100	5-10	£100
Consumer Focus Wales Board	2012/13		2011/12	
	£'000	Benefits-in-kind nearest £100*	£'000	Benefits-in-kind nearest £100*
Vivienne Sugar – Chair Appointed to January 2014	See Main Board Disclosure	See Main Board Disclosure	See Main Board Disclosure	See Main Board Disclosure
Bob Chapman Appointed to May 2013	5-10	£300	5-10	£600
Kevin Fitzpatrick Appointed to May 2013	5-10	£600	5-10	£400
Marcus Longley Appointed to May 2013	5-10	£100	5-10	Nil
Eifion Pritchard Appointed to May 2012	5-10	£1,000	5-10	£900
Malcolm Smith Appointed to May 2012	5-10	£3,000	5-10	£2,800
John Williams Appointed to May 2012	5-10	£1,100	5-10	£1,400

The term of appointment of Hywel Davies came to an end in December 2011

Remuneration report

Consumer Focus Post (Northern Ireland) Board	2012/13		2011/12	
	£'000	Benefits-in-kind nearest £100*	£'000	Benefits-in-kind nearest £100*
Rick Hill – Chair Appointed to January 2014	See Main Board Disclosure	See Main Board Disclosure	See Main Board Disclosure	See Main Board Disclosure
Fiona Boyle Appointed to October 2013	0-5	£100	0-5	£100
Maureen Brennan Appointed to October 2014	0-5	£100	0-5	£100
Maureen Kearney Appointed to October 2013	0-5	£400	0-5	£300
Derrick Nixon Appointed to October 2014	0-5	£1,000	0-5	£600
Bill Osborne Appointed to October 2013	0-5	£200	0-5	£100

*The benefits-in-kind for non-executive members relates to travel for Board and other Committee meetings, and includes the associated tax liability which was met by Consumer Focus. Consumer Focus has an agreement in place with HM Revenue and Customs to meet income tax and national insurance on these benefits on behalf of the non-executive members.

Mike O'Connor
Accounting Officer
27 June 2013

Statement of Accounting Officer's responsibilities

Under the CEAR Act 2007, the Secretary of State for BIS, with the approval of HM Treasury, has directed Consumer Focus to prepare for each financial period a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Consumer Focus and of its income and expenditure, recognised gains and losses and cash flows for the financial period.

In preparing the accounts, Consumer Focus and the Accounting Officer are required to comply with the requirements of the UK Government Financial Reporting manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- make judgements and estimates on a reasonable basis
- state whether applicable accounting standards as set out in the UK Government Financial Reporting Manual have been followed, and disclose and explain any material departure in the financial statements
- prepare the financial statements on a going concern basis, unless it is inappropriate to presume Consumer Focus will continue in operation.

The Accounting Officer for BIS has designated the Chief Executive as Accounting Officer of Consumer Focus. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Consumer Focus's assets are set out in Managing Public Money published by HM Treasury.

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of Consumer Focus for the year ended 31 March 2013 under the Consumers, Estate Agents and Redress Act 2007. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board, Accounting Officer and auditor

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Consumers, Estate Agents and Redress Act 2007. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Consumer Focus's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Consumer Focus; and the

overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of Consumer Focus's affairs as at 31 March 2013 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Consumers, Estate Agents and Redress Act 2007 and Secretary of State directions issued thereunder.

Emphasis of Matter

Without qualifying my opinion, I draw attention to the disclosures in note 1.17 of the financial statements, which are prepared on a going concern basis. In October 2010 the Government announced its intention to close Consumer Focus. Although the Government has announced a proposed closure timetable, this remains dependent on the passage of legislation. There is, therefore, uncertainty as to how long Consumer Focus will continue to operate in its current form.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Consumers, Estate Agents and Redress Act 2007; and
- the information given in the Accounting Officer's Report and Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP
27 June 2013

Financial statements

Statement of comprehensive net expenditure

for the year ended 31 March 2013

	Note	2012/13 £'000	2011/12 £'000
Expenditure			
Staff cost	3a	7,672	8,082
Depreciation		263	227
Other expenditure	4a	4,581	6,024
Total operating expenditure		12,516	14,333
Income			
Rental income	5	(36)	(29)
Other income	6	(2,090)	(3,777)
Total income		(2,126)	(3,806)
Net expenditure		10,390	10,527
Interest receivable	7	(7)	(20)
			(20)
Net expenditure after interest		10,383	10,507
Taxation	8	2	4
Net expenditure after tax		10,385	10,511

Statement of financial position

As at 31 March 2013

	Note	As at 31 March 2013 £'000	As at 31 March 2012 £'000
Non-current assets:			
Intangible assets	9	15	35
Property, plant and equipment	10	202	378
Total non current assets		217	413
Current assets			
Trade and other receivables	11	281	429
Cash and cash equivalents	12	2,932	3,966
Total current assets		3,213	4,395
Total assets		3,430	4,808
Current liabilities			
Trade and other payables	13	(1,385)	(1,802)
Current tax liabilities	13	(2)	(37)
Provisions	14	(528)	(442)
Other liabilities	13	(750)	(1,688)
Total current liabilities		(2,665)	(3,969)
Non current assets plus net current assets		765	839
Non current liabilities			
Provisions	14	(1,265)	(1,627)
Total non current liabilities		(1,265)	(1,627)
ASSETS LESS TOTAL LIABILITIES		(500)	(788)
Taxpayers' equity			
Income & Expenditure reserve		(500)	(788)
		(500)	(788)

The financial statements on pages 97 to 122 were approved by the Board on 27 June 2013 and were signed on its behalf by:

Mike O'Connor
Accounting Officer
27 June 2013

The notes on pages 101 to 122 form part of these accounts

Statement of cash flows

for year ending 31 March 2013

	Note	2012/13 £'000	2011/12 £'000
Cash flows from operating activities			
Net expenditure before tax		(10,383)	(10,507)
Loss on disposal of fixed assets		7	0
Depreciation charge		263	227
(Increase) Decrease in trade and other receivables	11	148	(18)
Increase (Decrease) in trade payables	13	(1,390)	(1,301)
Movement in provisions	14	(276)	(433)
Actuarial gain (loss) on pension provision	14e	19	(5)
Taxation	8	(2)	(4)
Net cash outflow from operating activities		(11,614)	(12,041)
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(74)	(8)
Net cash outflow from investing activities		(74)	(8)
Cash flows from financing activities			
Grant-in-aid received to fund current year activities		10,654	11,229
Net financing		10,654	11,229
Net decrease in cash and cash equivalents in the period		(1,034)	(820)
Cash and cash equivalents at the beginning of the period	12	3,966	4,786
Cash and cash equivalents at the end of the period	12	2,932	3,966

Statement of changes in taxpayers' equity

for year ending 31 March 2013

	Note	Revaluation Reserve £'000	I&E Reserve £'000	Total Reserve £'000
Opening taxpayers' equity at 1 April 2011		0	(1,501)	(1,501)
Actuarial (gain) losses	14e	0	(5)	(5)
Retained deficit		0	(10,511)	(10,511)
		0	(12,017)	(12,017)
Grant-in-aid		0	11,229	11,229
Balance at 31 March 2012		0	(788)	(788)
Opening taxpayers' equity as at 1 April 2012		0	(788)	(788)
Actuarial (gain) losses	14e	0	19	19
Retained deficit for the year		0	(10,385)	(10,385)
		0	(11,154)	(11,154)
Grant-in-aid		0	10,654	10,654
Balance at 31 March 2013		0	(500)	(500)

Notes to the financial statements

1.1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2012/13 UK Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Consumer Focus for the purpose of giving a true and fair view has been selected. The particular policies adopted by Consumer Focus are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

1.2 Accounting convention

These financial statements have been prepared under the historical cost convention.

1.3 Intangible assets

Intangible assets do not have physical substance but are identifiable and are controlled through custody or legal rights, for example licences, quotas, patents, copyrights, franchises and trademarks. The only intangible assets that are capitalised in Consumer Focus's accounts are purchased software licences and applications software (not integrated into hardware) with a life of more than one year. Intangibles are accounted for in accordance with IAS 38 Intangible Assets.

1.4 Property, plant and equipment

These are assets of a physical nature that are above the capitalisation threshold, and are in use in delivering Consumer Focus' aims and objectives and that have an economic useful life of more than one year. Operating software is capitalised with the hardware that supports it if it is deemed an integral part of the hardware. Property, plant and equipment are accounted for in accordance with IAS 16.

1.5 Measurement

Consumer Focus has elected to adopt a depreciated historical cost basis as a proxy for current valuations for assets that have short useful economic lives and low values. This applies to all categories of assets held by Consumer Focus.

1.6 Recognition and capitalisation threshold

The threshold for capitalisation of non-current assets (either as a single or as a composite asset) is £5,000, or above, inclusive of irrecoverable VAT. Furniture and fittings (eg workstations, chairs, filing cabinets) and low value IT assets or equipment (eg scanners, printers) are capitalised on a pooled basis where batches of assets bought together exceed the capitalisation threshold. Disposals from asset pools are assumed to be on a first in/first out basis.

1.7 Depreciation and amortisation

Depreciation is provided on all non-current assets at rates calculated to write off the cost or valuation of each asset, less any estimated residual value, evenly over its expected useful life. Amortisation is the same concept when applied to intangible fixed assets.

The useful economic life of an asset is the period over which it is expected to be used in the business and over which it is depreciated or amortised. The Consumer Focus accounting policy is to depreciate fixed assets over the following useful economic lives:

Asset type	Useful economic life
Computers	2-10 years
Software	3-5 years
Furniture and fixtures	5 years
Other office based equipment	3-5 years
Leased assets	Over the lease term

1.8 Net expenditure

All income and expenditure is recognised on an accruals basis.

Income received for the delivery of various projects is recognised at the same rate as work is carried out on the project. Where cash has been received but the work has not been completed at the year end, deferred income is recognised.

1.9 Operating and finance leases

Where substantially all risks and rewards of ownership are borne by Consumer Focus, the asset is recorded as a non-current asset and a debt is recorded to the lessor of the minimum lease payments discounted by the interest rate implicit in the lease, and included under current and non current liabilities. The interest element of the finance lease payment is charged to the income and expenditure account over the period of the lease at a constant rate in relation to the balance outstanding. Other leases are regarded as operating leases and the rentals are charged to the income and expenditure account on a straight line basis over the term of the lease.

1.10 Financial assets and liabilities

Financial assets and liabilities are measured at fair value plus transaction costs.

Financial assets are derecognised when the rights to receive future cash flows has expired or been transferred and Consumer Focus has transferred substantially all the risks and rewards of ownership.

Notes to the financial statements

1.10.1 Financial assets

Consumer Focus classifies and holds financial assets in the following categories:

- Trade Receivables
- Other Receivables
- Prepayments

The categorisation depends on the purpose for which the financial asset is held or acquired. Management determines the categorisation of financial assets at initial recognition and re-evaluates this designation at each reporting date.

1.10.2 Financial liabilities

Consumer Focus classifies and holds financial liabilities in the following categories:

- Trade and other payables
- Other liabilities

The categorisation depends on the purpose for which the financial liability is held or acquired. Management determines the categorisation of financial liabilities at initial recognition and re-evaluates this designation at each reporting date.

1.11 Provisions

In accordance with IAS 37 Consumer Focus provides for legal and constructive liabilities which are of uncertain timing or amount at the Statement of Financial Position date on the basis of best estimate of the expenditure required to settle the obligation. Where the effect of the time value for money is significant the estimated cash flows are discounted using the real rate set by HM Treasury (currently 2.35 per cent for Early Retirement Provisions and for other provisions -1.59 per cent, -0.88 per cent and 2.2 per cent for a period of 0-5 years, 6-10 years and >10 years, respectively). In accordance with IAS 19 all actuarial gains/losses are recognised in the Statement of Changes in Taxpayers' Equity in the year in which they are incurred.

1.12 Contingent liabilities

In accordance with IAS 37, Consumer Focus discloses as contingent liabilities potential future obligations arising from past obligating events, where the existence of such obligations remains uncertain pending the outcome of future events outside of Consumer Focus' control, unless their likelihood is considered remote.

1.13 Taxpayers' equity

This is made up of the following:

- a) income and expenditure (I&E) reserve
- b) grant-in-aid is treated as financing and taken directly to the I&E reserve.

1.14 Significant estimation techniques

In accounting for employee benefits, determining the value of the outstanding leave accrual was based on actual outstanding annual leave data collected by management as at 31 March 2013.

In accounting for post termination benefits, judgements are made as to the longevity of recipients and on their entitlements to post retirement benefits. The values of scheme liabilities are determined by actuarial estimates regarding the longevity of current and deferred pensioners and long term rates of inflation.

Where income is received for long term projects it is recognised to the Statement of Comprehensive Net Expenditure Account when the work is carried out. At least once annually a review is undertaken of the work left to be carried out on the long term projects and an assessment is made as to whether any long term projects require deferred income to be held on the Statement of Financial Position or released to the Statement of Comprehensive Net Expenditure.

1.15 Value Added Tax

Consumer Focus is not VAT registered, therefore as a consequence VAT is included with the expenditure to which it relates including expenditure on assets.

1.16 Pensions

Past and present employees are covered by the provisions of the Principal Civil Service Pension Schemes (PCSPS). These defined benefit schemes are unfunded and are non-contributory except in respect of dependants' benefits. Consumer Focus recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

In respect of the defined contribution elements of the schemes, Consumer Focus recognises the contributions payable for the year.

No recognition of the employees PCSPS scheme is or will be made in Consumer Focus accounts as this is a multi-employer scheme and liability for payment of future benefits does not lie with Consumer Focus. Details of the PCSPS scheme can be found in the Remuneration Report.

Notes to the financial statements

1.17 Going concern

In October 2010, the UK Government announced its intention to abolish Consumer Focus following a general review of public bodies. Following a public consultation on its policy, the UK Government announced in April 2012 that as of April 2013 the work of Consumer Focus would be restricted to sectors of the economy subject to economic regulation and that a regulated industries unit (RIU) should be established, initially with responsibility for energy and postal services across England, Scotland and Wales with additional responsibility for water in Scotland.

The RIU would not be a new public body but would consist of the elements of Consumer Focus which carried out these functions. The aim was to ensure that existing skills, knowledge and expertise were retained. The RIU will operate within the governance and legal framework of Consumer Focus. An Order under the Public Bodies Act will be laid before Parliament in the autumn of 2013 which, if approved, will abolish Consumer Focus on 31 March 2014 and transfer its statutory powers and responsibilities, along with the RIU, to the Citizens Advice service and to the Consumer Council for Northern Ireland.

On 9 May 2013, Consumer Focus, including the RIU, was rebranded as 'Consumer Futures'. In law our name is the 'National Consumer Council' and this remains unchanged.

The coming year will be both challenging and exciting as we aim to build momentum as Consumer Futures, establish a track record and continue to deliver for consumers. We will ensure that the Citizens Advice service and the Consumer Council for Northern Ireland inherit a strong and established unit to take forward and develop.

Although the expectation is that Consumer Futures will cease to exist as a separate legal entity on 31 March 2014, this is subject to approval in Parliament following affirmative procedures. On this basis, Consumer Futures considers it appropriate to continue to adopt the going concern basis in preparing the annual report and financial statements.

The alternative scenario, where it would not have been considered appropriate to prepare the annual report and accounts on a going concern basis, would have required additional disclosures within the accounts. It is anticipated that any required changes to the accounting treatment of fixed assets, leases etc. as a result of preparing the accounts on a basis other than a going concern, would not have a material effect on the figures currently being reported

The Statement of Financial Position at 31 March 2013 shows net liabilities of £0.5 million. This reflects the inclusion of liabilities falling due in future years which, to the extent that they are not to be met from other sources of Consumer Focus income, may only be met by future grants-in-aid from the sponsoring department, BIS. The BIS estimate provides for grant-in-aid funding to Consumer Futures of £9.1 million in 2013/14.

1.18 Accounting standards issued but not yet effective Consumer Focus accounts

Certain new standards, amendments and interpretations to existing standards have been published but are not effective on Consumer Focus's accounting period.

The following new standards, amendments and interpretations to existing standards are not yet effective and have not been early adopted by Consumer Focus:

- IFRS 7 Financial Instruments (Amendment): Disclosures effective 1 January 2013
- IFRS 9 Financial Instrument (New) effective 1 January 2015
- IFRS 10 Consolidated Financial Statements (New) effective 1 January 2013
- IFRS 12 Disclosure of Interest in other entities (New) effective 1 January 2013
- IFRS 13 Fair Value Measurement (New) effective 1 January 2013
- IAS 1 Presentation of Financial Statements (Amendment) effective 1 July 2012
- IAS 19 Employee Benefits (Amendment) effective 1 January 2013
- IAS 27 Consolidated and Separate Financial Statements (Amendment) effective 1 January 2013
- IAS 32 Financial Instruments: Presentation (Amendment) effective 1 January 2014

The Board anticipates that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements of Consumer Focus.

Notes to the financial statements

2 Analysis of net expenditure by segment

2012/13	Core	NSMC	Water advocacy (Scotland)	Externally funded activities	TOTAL
	£'000	£'000	£'000	£'000	£'000
Staff expenditure	6,799	0	134	739	7,672
Other expenditure	3,469	75	132	905	4,581
Depreciation	263	0	0	0	263
Income	(141)	(75)	(266)	(1,644)	(2,126)
Net expenditure	10,390	0	0	0	10,390

2011/12	Core	NSMC	Water advocacy (Scotland)	Externally funded activities	TOTAL
	£'000	£'000	£'000	£'000	£'000
Staff expenditure	6,591	645	105	741	8,082
Other expenditure	3,912	1,140	46	926	6,024
Depreciation	227	0	0	0	227
Income	(131)	(1,857)	(151)	(1,667)	(3,806)
Net expenditure	10,599	(72)	0	0	10,527

Core – Consumer Focus is financed by grant-in-aid from BIS. The CEAR Act provides for the Department to recover an appropriate proportion of the organisation's expenses from the holders of gas, electricity and postal licences under the provisions of the Utilities Act 2000 and Postal Services Act 2000.

NSMC – The National Social Marketing Centre (NSMC) worked primarily with the Department of Health (DH) to build capacity and skills in social marketing related to health. Funding by DH ended on 31 March 2011, and NSMC ceased to be part of Consumer Focus on 1 July 2012, however, the majority of staff had either been made redundant or had left Consumer Focus by 31 March 2012. Prior to the financial year 2012/13, NSMC expenditure (and the associated income) were significant balances in relation to total Consumer Focus income and expenditure.

Externally funded activities – Consumer Focus Scotland received funding from the Scottish Government to lead a number of mainly health related projects in Scotland. It also received funding from the Water Industry Commission to establish the Customer Forum, which aims to ensure that water customers in Scotland have a voice within the regulatory process. All four of the Scottish Government funded health projects transferred to new hosts within the year therefore will no longer be part of Consumer Focus activities. The Customer Forum will transfer to a new host within 2013/14 prior to the abolition of Consumer Focus in March 2014.

Water – Consumer Focus Scotland is the statutory advocate for water customers in Scotland. Funded by the Scottish Government via a levy on Scottish Water, a programme of research and policy development is undertaken to enable strong advocacy on the most important issues for Scotland's water customers. Water has been part of Consumer Focus since 2011.

3a Staff costs

	2012/13	2011/12
	£'000	£'000
Wages and salaries	5,280	6,085
Social security costs	437	468
Pension contributions	932	1,050
Temporary staff and secondees	114	374
Redundancy and severance costs	861	93
Early retirement costs	48	12
	7,672	8,082
Average number of staff	2012/13	2011/12
Staff permanently employed	142	147
Temporary and casual staff	5	7
	147	154

3b Exit packages

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2012/13	2011/12	2012/13	2011/12	2012/13	2011/12
<£10,000	0	0	6	0	6	0
£10,000 - £25,000	0	2	8	0	8	2
£25,000 - £50,000	0	2	13	0	13	2
£50,000 - £100,000	0	0	3	0	3	0
£100,000 - £150,000	0	0	0	0	0	0
£150,000 - £200,000	0	0	0	0	0	0
Total number of exit packages by type	0	4	30	0	30	4
Total resource cost	0	92,639	860,632	0	860,632	92,639

Redundancy and other departure costs have been paid in accordance with the provision of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in the full year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not the Civil Service pension scheme. Ill-health retirement costs are met by the pension scheme and are not included in the table.

Notes to the financial statements

Pension schemes

The PCSPS is an unfunded multi employer defined benefit scheme but Consumer Focus is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007 and details can be found in the resource accounts of the Cabinet Office: Civil Service superannuation (www.civilservice-pension.gov.uk).

Superannuation benefits are provided under the Principal Civil Service Pension Schemes (PCSPS). Consumer Focus Employees are members of this scheme. The scheme is non contributory for employees, apart from widows' and widowers' benefits and additional contributions to the Classic Plus and Premium schemes. Employer contributions of £907k (2011/12: £1,009k) were payable to the PCSPS for the year to 31 March 2013, at one of four rates in the range 16.7 per cent to 24.3 per cent of pensionable pay, based on salary bands.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £19,894 (2011/12: £13,830) were paid to one or more stakeholder pension providers. Employer's contributions are age related and range between 3 and 12.5 per cent of pensionable pay. Employers also match contributions up to 3 per cent of pensionable pay. In addition employee contributions of £3,889 (2011/12: £3,447) (0.8 per cent of pensionable pay) were due to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

4a Other expenditure

	2012/13 £'000	2011/10 £'000
Travel and subsistence	194	266
Office costs (including postage, IT, web development, copying and telecommunications)	264	268
ICT	326	276
Research and consultation	1,870	2,487
Staff learning and development (including Board development)	99	221
Other staff related costs (including recruitment and advertising)	46	79
Promotions, campaigns and marketing	168	316
Consultancy and professional fees	233	999
Rent, rates and associated services	927	689
Loss/(profit) on disposal of fixed assets	6	(1)
Auditors remuneration	44	44
Subscriptions and publications	222	204
Conference costs	56	117
Grants and donations	88	105
Change in existing provisions	56	(165)
Release from onerous lease provision (see Note 14)	(75)	(10)
Unwinding of discount factor	0	77
Other costs*	(15)	52
Dilapidations	72	0
	4,581	6,024

* Includes the reversal of a potential tax liability which existed at 31 March 2012.

Notes to the financial statements

4b Expenditure on the main work streams

	£'000 Total	£'000 Energy	£'000 Post	£'000 BIS	£'000 Other
Total operating expenditure as per Statement of Comprehensive Net Expenditure	12,516	5,338	2,720	2,473	1,985
Less externally funded projects (Scotland)	(1,910)	0	0	0	(1,910)
Less National Social Marketing Centre	(75)	0	0	0	(75)
Less rental for legacy buildings	(36)	(34)	(1)	(1)	0
Less other income	(105)	(48)	(13)	(44)	0
Net expenditure as per Statement of Comprehensive Net Expenditure	10,390	5,256	2,706	2,428	0
Add back related provision movement	538	292	211	35	0
Cash equivalent per work stream	10,928	5,548	2,917	2,463	0

5 Rental income

	2012/13 £'000	2011/12 £'000
Rental income from sub-let of property	(36)	(29)
	(36)	(29)

6 Other income

	2012/13 £'000	2011/12 £'000
Other income	(2,090)	(3,777)
	(2,090)	(3,777)

Other income consists principally of funding received by Consumer Focus Scotland from the Scottish Government to deliver health related projects within Scotland, and to provide an advocacy service for Water consumers in Scotland. Consumer Focus Scotland also receives funding from the Water Industry Commission to establish and maintain a Customer Forum with the aim of ensuring that water customers have a voice within the regulatory process in Scotland.

This may be analysed as follows:

	2012/13	2011/12
	£'000	£'000
Scottish Government	(1,760)	(1,667)
Water Industry Commission	(150)	(151)
National Social Marketing Centre	(75)	(1,857)
Other	(105)	(102)
	(2,090)	(3,777)

7 Interest receivable and payable

	2012/13	2011/12
	£'000	£'000
Receivable from the bank for funds on short term deposit	(7)	(20)
	(7)	(20)

8 Corporation tax

	2012/13	2011/12
	£'000	£'000
Current tax		
Charge for the year	2	4
	2	4

Corporation tax is paid on the interest received from our commercial bank account. The figure has been calculated using 24 per cent of interest received.

Notes to the financial statements

9 Intangible assets

	Software £'000	Licences £'000	Totals £'000
At 1 April 2011	74	85	159
Additions	0	0	0
Disposals	0	0	0
Revaluations	0	0	0
At 31 March 2012	74	85	159
At 1 April 2012	74	85	159
Additions	0	0	0
Disposals	0	0	0
Revaluations	0	0	0
At 31 March 2013	74	85	159
Amortisation			
At 1 April 2011	(51)	(54)	(105)
Provided during the year	(7)	(12)	(19)
Disposals	0	0	0
Revaluations	0	0	0
At 31 March 2012	(58)	(66)	(124)
At 1 April 2012	(58)	(66)	(124)
Provided during the year	(8)	(12)	(20)
Disposal	0	0	0
Revaluations	0	0	0
At 31 March 2013	(66)	(78)	(144)
Net Book Value			
At 31 March 2013	8	7	15
At 31 March 2012	16	19	35
At 1 April 2011	23	31	54

10 Property, plant and equipment

	Leasehold improvements £'000	Information technology £'000	Furniture and fixtures £'000	Other office equipment £'000	Totals £'000
Cost or valuation					
At 1 April 2011	288	463	206	106	1,063
Additions	0	0	8	0	8
Disposals	0	(9)	0	0	(9)
Revaluations	0	0	0	0	0
At 31 March 2012	288	454	214	106	1,062
At 1 April 2012	288	454	214	106	1,062
Additions	74	0	0	0	74
Disposals	0	0	(9)	0	(9)
Revaluations	0	0	0	0	0
At 31 March 2013	362	454	205	106	1,127
Depreciation					
At 1 April 2011	(84)	(237)	(125)	(38)	(484)
Provided during the year	(78)	(82)	(26)	(22)	(208)
Disposal	0	9	0	0	9
Revaluations	0	0	0	0	0
At 31 March 2012	(162)	(310)	(151)	(60)	(683)
At 1 April 2012	(162)	(310)	(151)	(60)	(683)
Provided during the year	(109)	(78)	(31)	(25)	(243)
Disposal	0	0	1	0	1
Revaluations	0	0	0	0	0
At 31 March 2013	(271)	(388)	(181)	(85)	(925)
Net book value					
At 31 March 2013	91	66	24	21	202
At 31 March 2012	126	144	63	46	379
At 1 April 2011	204	226	81	68	579
Asset financing					
Owned	91	66	24	21	202
Net Book value as at 31 March 2013	91	66	24	21	202

Notes to the financial statements

11 Trade receivables and other current assets

	As at 31 March 2013 £'000	As at 31 March 2012 £'000
Amounts falling due within one year:		
Trade receivables	7	42
Other receivables	26	25
Prepayments	248	356
	281	423
Receivables due after more than one year:	0	6
Total receivables	281	429

11a Intra-government balances

	As at 31 March 2013		As at 31 March 2012	
	Receivables: Amounts falling due within one year £'000	Receivables: Amounts falling due after one year £'000	Receivables: Amounts falling due within one year £'000	Receivables: Amounts falling due after one year £'000
Balances with central government bodies	3	0	5	0
Balances with local authorities	0	0	35	0
Balances with bodies external to government	278	0	383	6
Total	281	0	423	6

12 Cash and cash equivalents

	As at 31 March 2013 £'000	As at 31 March 2012 £'000
As at 1 April	3,966	4,786
Cash inflow (outflow)	(1,034)	(820)
As at 31 March	2,932	3,966

All cash balances represent funds held in commercial bank accounts

13 Trade payables and other current liabilities

	As at 31 March 2013 £'000	As at 31 March 2012 £'000
Amounts falling due within 1 year:		
Trade payables	(335)	(101)
Accruals	(1,050)	(1,701)
Trade and other payables	(1,385)	(1,802)
Other Taxation and Social security and pension contributions	(115)	(168)
Deferred income	(490)	(1,430)
Other payables	(145)	(90)
Other liabilities	(750)	(1,688)
Corporation tax	(2)	(37)

There are no amounts falling due after more than 1 year.

13a Intra-government balances

	As at 31 March 2013		As at 31 March 2012	
	Payables: Amounts falling due within one year £'000	Payables: Amounts falling due after one year £'000	Payables: Amounts falling due within one year £'000	Payables: Amounts falling due after one year £'000
Balances with central government bodies	920	0	1,764	0
Balances with local authorities	0	0	1	0
Balances with NHS bodies	13	0	0	0
Balances with bodies external to government	1,204	0	1,762	0
Total	2,137	0	3,527	0

Notes to the financial statements

14 Provisions for liabilities and charges

	Onerous leases provision	Early retirement provision		Pension provision	Others	Total
		EW	on merger			
	£'000	£'000	£'000	£'000	£'000	£'000
As at 1 April 2011	(239)	(201)	(1,693)	(327)	(42)	(2,502)
New provision recognised	0	0	0	0	0	0
Amounts used in the period	57	64	340	25	0	486
Changes to existing provisions	10	(24)	(11)	(5)	42	12
Unwinding of the discount factor	(4)	6	(49)	(18)	0	(65)
Balance at 31 March 2012	(176)	(155)	(1,413)	(325)	0	(2,069)
As at 1 April 2012	(176)	(155)	(1,413)	(325)	0	(2,069)
New provision recognised	(50)	0	0	0	(116)	(166)
Amounts used in the period	48	31	350	24	0	453
Changes to existing provisions	75	(4)	(44)	19	0	46
Unwinding of the discount factor	3	(5)	(40)	(15)	0	(57)
Balance at 31 March 2013	(100)	(133)	(1,147)	(297)	(116)	(1,793)
Not later than one year	(50)	(41)	(297)	(24)	(116)	(528)
Later than one year and not later than five years	(50)	(92)	(810)	(96)	0	(1,048)
Later than five years	0	0	(40)	(177)	0	(217)
Balance as 31 March 2013	(100)	(133)	(1,147)	(297)	(116)	(1,793)

a Onerous leases and leasehold obligations provisions

The provision for onerous leases is in respect of the ongoing payments for properties previously occupied by legacy organisations but which were surplus to requirements for Consumer Focus' needs when they were transferred to Consumer Focus on 1 October 2008.

At the balance sheet date, one legacy property remained and the lease was subsequently terminated in May 2013 following the sale of the premises by the landlord. The amount provided for at the 31 March 2013 represents the surrender value of the lease.

Following the decision by the UK Government to abolish Consumer Focus on 31 March 2014 (subject to Parliamentary decision), a new onerous lease was recognised during the year for a property currently occupied by Consumer Focus. The lease for this building has an expiry date which exceeds the anticipated closure date of Consumer Focus. The amount recognised in the year represents the lease payment obligations from April 2014 to the expiry of the lease in August 2014.

b. Provisions for early retirement pensions: energywatch (EW)

The provisions for early retirement reflect Consumer Focus's ongoing obligation to make payments into the pension schemes of former employees of EW who were made redundant prior to the period covered by these financial statements. The amount reflected above is a reasonable estimate based on the most recently available information, although the actual amount to be paid will be affected by factors beyond Consumer Focus' control. The payments are funded through grant-in-aid from BIS.

The obligations will terminate in 2015.

c. Provision for early retirement on closure of merged bodies

The provisions for early retirement reflect Consumer Focus's obligations to make payments into the pension scheme of former employees of the merged bodies who were made redundant. The amount reflected above is a reasonable estimate based on the most recent available information. The payments are funded through grant-in-aid from BIS. The obligations will terminate in 2018.

d. Other provisions

Other provisions consist of outstanding obligations with regard to the voluntary redundancy scheme and the estimated delapidations cost relating to a building lease which expires in August 2014.

Notes to the financial statements

e Pension provision liabilities

	2012/11 £'000	2011/12 £'000
Balance at 1 April 2012	325	327
Analysis of amount charged to the Statement of Comprehensive Net Expenditure		
Past service costs	0	0
Interest costs	15	18
Benefits paid		
Benefits paid	(24)	(25)
Total amount charged to Statement of Comprehensive Net Expenditure	(9)	(7)
Analysis of the amount recognised in the Statement of Changes in Taxpayers' Equity		
Experience (gain)/loss	0	0
Actuarial (gain)/loss	(19)	5
Total amount recognised in the Statement of Changes in Taxpayers' Equity	(19)	5
Balance at 31 March 2013	297	325

IAS 19 clause 120A requires that the cumulative amount of actuarial gains and losses is disclosed. For periods since 1 April 2009 our records indicate that the actuarial gains and losses have been as follows:

Year to 31 March 2010	Actuarial loss of £34,000
Year to 31 March 2011	Actuarial gain of £45,000
Year to 31 March 2012	Actuarial loss of £5,000
Year to 31 March 2013	Actuarial gain of £19,000

Total since 1 April 2009 Actuarial gain of £25,000

The pension provision relates to EW's ongoing payments in respect of the pension liabilities for the former Chairmen of the Electricity Consumer Committees (ECC). The pension scheme for these former chairmen was analogous with the PCSPS pension scheme. The provision was taken on from Ofgem in 2002/03. There are uncertainties surrounding the actual payments to be made, which are currently based on actuarial estimates. The pension liability was revalued by the Government Actuary's Department on 31 March 2013 and has been estimated to be £297k.

Liabilities are valued on an actuarial basis using the Projected Unit Method.
The main actuarial assumptions are as follows:

	Year ending 31/03/2013	Year ending 31/03/2012
Discount rate	4.10% pa	4.85% pa
Rate of increase in salaries	3.95% pa	4.25% pa
Rate of increase in pensions in payment	1.70% pa	2.00% pa
CPI inflation assumption	1.70% pa	2.00% pa
RPI inflation assumption		

Analysis of actuarial loss

	2012/13 £'000	2011/12 £'000
Experience (gain)/losses arising on the scheme liabilities	(19)	0
Changes in assumptions underlying the present value of scheme liabilities	0	5
Per Statement of Changes in Taxpayers' Equity	(19)	5

History of experience losses

	Year ending 31/03/2013	Year ending 31/03/2012	Year ending 31/03/2011
Experience loss/(gain) arising on the scheme liabilities			
Amount (£'000s)	(19)	0	(29)
Percentage of scheme liabilities at the end of the year	-6.4%	0.0%	-9.0%

Life expectancy at retirement

Current pensioners	As at 31 March 2012		As at 31 March 2013	
	Men (yrs)	Women (yrs)	Men (yrs)	Women (yrs)
Exact age				
60	29.0	32.4	28.6	30.7
65	24.0	27.3	23.9	25.8
Future pensioners*	As at 31 March 2012		As at 31 March 2013	
Exact age	Men (yrs)	Women (yrs)	Men (yrs)	Women (yrs)
60	31.5	35	31.1	33.0
65	26.9	30.4	26.7	28.5

* Illustrative life expectancies for future pensioners as at 31 March 2012 and 2013 are based upon members aged 40 at these dates.

Notes to the financial statements

15 Related party transactions

Consumer Focus is a non departmental public body sponsored by the Department for Business, Innovation and Skills (BIS). BIS is regarded as a related party, as are other entities it sponsored. Grant-in-aid received in the year amounted to £10,654k (2011/12: £11,229k).

Consumer Focus also received income from the Scottish Government and Scottish Water Commission. (See Note 6 for details).

In addition Consumer Focus has had dealings throughout the year with other UK Government departments and other central government bodies, the amounts of which are not material.

None of the Board members or members of key management employees have undertaken any transactions with Consumer Focus, material or otherwise.

16 Obligations under operating leases

The total minimum lease payment commitments under operating leases for the coming year are:

	As at 31 March 2013		As at 31 March 2012	
	Property £'000	Other £'000	Property £'000	Other £'000
Not later than one year	553	11	698	20
Later than one year and no later than five years	90	18	435	0
Later than five years	0	0	0	0
	643	29	1,133	20

	Property £'000	Other £'000
Payments made during 2012/13	615	25

17 Obligations under finance lease

There are no finance lease obligations.

18 Capital commitments

There were no commitments for the purchase of non-current assets at the year end.

19 Losses and special payments

No losses or special payments were made in the year which exceed £250k, on an individual or cumulative basis.

20 Financial instruments

Consumer Focus had no borrowings and relied on grant-in-aid from BIS for its cash requirements and was, therefore, not exposed to liquidity risk. It also had no investments and was, therefore, not exposed to interest rate risk.

All assets and liabilities are denominated in sterling and at fair value, therefore, there is no exposure to currency risk.

There were no material differences between the book value and fair value of assets and liabilities at 31 March 2013.

21 Contingent liabilities

Citizens Advice (CitA) and Citizens Advice Scotland (CAS) have agreed to take on the functions of Consumer Futures in April 2014. It is anticipated that some staff will transfer to CitA or CAS, and some will not. Those staff that do not transfer will be made redundant. We do not know at this point who will transfer and we will not have certainty on this until the Order is considered by Parliament.

22 Events after the reporting period

The Accounting Officer authorised these financial statements for issue on the date of certification, there were no events after the reporting period as defined by IAS 10.

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Consumer Futures

If you have any questions or would like further information about our work, please email contact@consumerfutures.org.uk or telephone 020 7799 7900

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