



**Consumer  
Focus**  
Campaigning for a fair deal

# Annual Report and Accounts

2011/12



# Consumer Focus

## Annual Report and Accounts 2011/12

Presented to Parliament pursuant to Section 7 and Paragraph 32 of Schedule 1 of the Consumers, Estate Agents and Redress Act 2007.

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# About Consumer Focus

Consumer Focus is the statutory consumer champion for England, Wales, Scotland and (for postal consumers) Northern Ireland.

We operate across the whole of the economy, persuading businesses, public services and policy-makers to put consumers at the heart of what they do.

Consumer Focus tackles the issues that matter to consumers, and aims to give people a stronger voice. We don't just draw attention to problems – we work with consumers and with a range of organisations to champion creative solutions that make a difference to consumers' lives.

Following the Government's consumer advocacy reforms, we will continue to act in the consumer interest across a wide range of sectors until our general advocacy role passes to the Citizens Advice service in April 2013.

As part of the reforms, Consumer Focus will establish a new unit to identify and represent consumers' interests in complex, regulated sectors, including energy and postal issues and, in Scotland, water.

Our Annual Plan for 2012/13 is available online, [www.consumerfocus.org.uk](http://www.consumerfocus.org.uk)

# A message from our Chair

Consumer Focus delivered a strong programme of consumer policy work in 2011/12 despite working in an environment of ongoing uncertainty about our future. We continued to safeguard the consumer interest in regulated markets and empower consumers across the economy.

We welcomed the conclusion of Government's consultation on the future of the consumer landscape in March and can now move forward with certainty. It is with pride and sadness that we will now plan to exit our general consumer advocacy work in England, Wales and Scotland in readiness for when the Citizens Advice service takes up the cudgels on consumers' behalf in April 2013.

Over the past four years, we have saved consumers hundreds of millions of pounds. Around 10 times the actual cost of running Consumer Focus. We have achieved this through the direct consequences of our work, our influence behind the scenes and our collaboration with others. Last year, we saved consumers millions of pounds when buying travel money, over £15 million on their cash ISAs and around £700,000 for consumers at risk of disconnection from energy supply.

The main challenge – and opportunity – for the future is the construction of a regulated industries unit (RIU) that can earn the trust and respect of all key stakeholders across regulated sectors. The complexity of markets and the host of cross cutting issues in these sectors means that consumers need a dedicated consumer body that can look broadly at the consumer interest and add value to public policy deliberations and regulatory decision making.

These markets are characterised by imperfect competition and powerful incumbents, and the modernisation of UK infrastructure means that investment costs will in future be passed through to consumers at levels never seen before: all compelling reasons to have a powerful, authoritative and independent consumer voice playing into the system.

We now have the opportunity to build an RIU as a valuable new component of the consumer landscape. We will do this in an open way and in partnership with the Citizens Advice service and The Department for Business, Innovation and Skills (BIS), whose Ministers will take the final decisions on RIU design.

I would like to pay tribute to the professionalism of Mike O'Connor, our chief executive, and all the Consumer Focus leadership team, as well as our staff who have continued to deliver great work for consumers in difficult circumstances.



**Christine Farnish**  
Chair

# A message from our Chief Executive

This past year has been a difficult one for consumers, but Consumer Focus has been working tirelessly to improve their position.

Some of the most essential markets such as energy, post and financial services are going through fundamental change and the need for a strong and constructive consumer voice has never been greater. We need more empowered consumers who can help the best businesses grow and compete.

By tackling these complex issues, usually ones which will affect consumers tomorrow as opposed to today, we can win huge benefits for consumers and the economy.

People are understandably worried about seemingly ever-increasing energy prices. However, painful as prices are, some of the biggest challenges are to come. We face the need to invest over £100 billion in our infrastructure to keep the lights on and decarbonise our economy. The volatility of wholesale energy markets also threatens to push bills higher.

The plan to install smart meters in every home will cost consumers £11 billion and the Government will be bringing forward a 'Green Deal' to help consumers invest in energy savings. It is in these areas of future policy which Consumer Focus has the greatest particular contribution to make in representing consumers' interests. We need to make sure that these policies have consumers' interests at their heart, that they are, and are seen to be, fair and that the costs are shared fairly between today's and tomorrow's consumers. This year we have been working hard to influence proposals to transform the Post Office network and the prices that consumers pay for postal services. There are also major changes in the water sector, where we now have responsibility for representing consumers' interests in Scotland, and in communications and transport.

Our job is to make the most of these opportunities for consumers and to avoid the pitfalls. If the transformation of these critical services is done well and with close regard to the interests of consumers, it is not only individuals who will benefit. More efficient and effective networks, focused on the needs of their users, benefit the whole economy and drive growth.

Therefore we welcomed the Government's decision that Consumer Focus should build a RIU, which will represent consumers' interests in industries subject to economic regulation and which will become part of the Citizens Advice service in 2014.

Next year, the Citizens Advice service will take over our work in non-regulated sectors. We have a proud record in many areas such as: financial services where, this year alone, our travel money super-complaint has led to action which will save consumers £15 million per year; in food hygiene where our work on safety is helping Wales lead the UK; in improving public services; in promoting consumer rights and access to civil justice; and in improving copyright law to ensure consumers are treated fairly and to promote economic growth. We will pass on our work in these sectors of the economy in good order next year.

Consumer Focus will cease to exist in 2014 but the RIU will live on and we are committed to continue to deliver for consumers and the wider economy.



**Mike O'Connor CBE**  
Chief Executive

# Our reports and consultation responses (GB)

## March 2012

### **Hands up, hands on –**

Understanding the new opportunities for localism and community empowerment

### **Consultations**

Transmission constraint licence condition guidance (Ofgem)

Call for evidence on EU Data Protection proposals (Ministry of Justice)

Promoting Smart Energy Markets (Ofgem)

Draft Enforcement Guidelines on Complaints and Investigations (Ofgem)

Call for evidence (Future Homes Commission)

Future of Building Regulations (DCLG)

The role of Government in Protecting and Promoting Intellectual Property (APPG-IP inquiry)

Proposals to change the UK's copyright system (IPO)

Meeting future workplace pension challenges (DWP)

Improving reporting transparency (Ofgem)

The draft statutory instrument – electricity and gas (DECC)

Changes to the Standard Assessment Procedure (DECC)

Proposals to change the UK's copyright system (IPO)

## February 2012

**Off-grid fuels** – An investigation of the off-grid energy market

### **Consultations**

Forward work programme 2012-13 (Ofgem)

Annual workplan 2012/13 (Ofcom)

Introducing a small claims track into the Patents County Court (IPO)

Retail Market Review (Ofgem)

Feasibility study (Phase 1) (Digital Copyright Exchange)

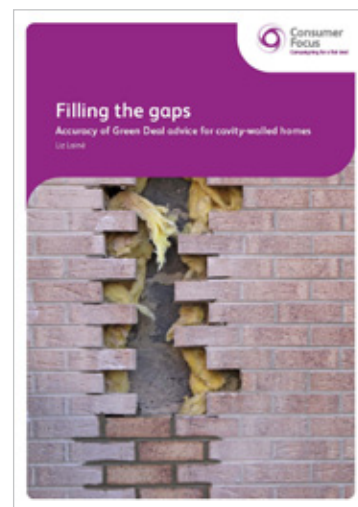
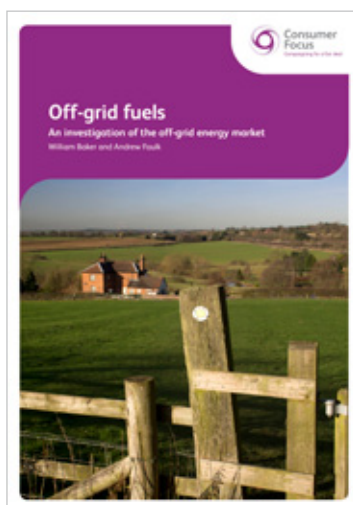
Project TransmiT – Electricity transmission charging (Ofgem)

Non-domestic Retail Market Review (Ofgem)

Continuous payment authorities draft guidance (OFT)

Review of Regulatory Conditions Postal Regulation (Ofcom)

Supporting effective switching for domestic customers with smart meters (Ofgem)



## January 2012

**Filling the gaps** – Accuracy of Green Deal advice for cavity-walled homes

**What do consumers need, want and expect from online public services**

### **Consultations**

Review of the needs of postal users (Ofcom)

Feed-in Tariffs for Solar PV (DECC)

Statement of Charging Principles (Ofcom)

Call for Evidence on EU Proposals on Alternative Dispute Resolution (BIS)

Green Deal Draft Framework Regulations (DECC)

Draft Revised Agreements and Licence Conditions for climate change agreements (DECC)

Draft SIs and ECO order (DECC)

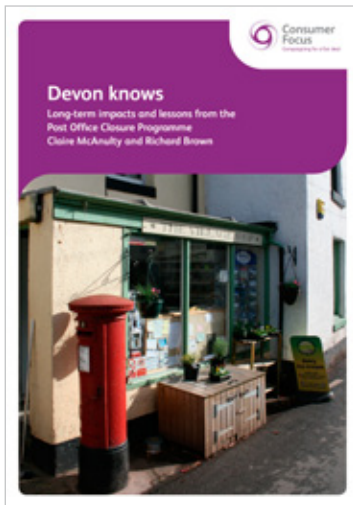
Green Deal ECO (DECC)

Green Deal Code of Practice (DECC)

Public use of EPC data (DCLG)

Potential impacts of stamp price increases upon consumers (Ofcom)





## December 2011

**Keeping FIT** – Consumers’ attitudes and experiences of microgeneration

**Devon knows** – Long-term impacts and lessons from the Post Office Closure Programme

**Guaranteed Standards of electricity distribution**

**Through consumers’ eyes** – Meeting tomorrow’s challenges

**Learning the copyright lessons** – copyright licensing schemes in the UK education sector

**Staying connected** – Important information for energy customers

### Consultations

Traffic management code (BSG)

Securing the Universal Postal Service (Ofcom)

Transparency and the Financial Ombudsman Service (FOS)

Mutualisation of the post office (BIS)

## November 2011

### Scaling the solid wall –

Investigating the issues and barriers to solid wall insulation

**The Hills fuel poverty review proposal for a new definition of fuel poverty** – An analysis

**Getting to grips with smart displays** – Research review

**Care leavers’ perspectives on public services**

### Public service satisfaction index

– How service users rate the services they use

### Consultations

Domestic classification (Ofgem)

Smart Meter Installation code of practice (Ofgem)

SMIP consultation on licence conditions for a code of practice for the installation of meters (DECC)

Fuel poverty review interim report (Hills Review)

Social monitoring obligations review (Ofgem)

Open Data (Cabinet Office)

Social care (Health Select Committee)



## October 2011

**Understanding fuel expenditure** – Fuel poverty and spending on fuel

### Making the connection –

Strengthening the advice, complaint handling and redress framework

**Regulated Industries Unit Prospectus**

**Off-gas consumers** – Information on households without mains gas heating

**On the record** – Energy suppliers and credit reference information

### Consultations

Call for evidence on data access and privacy (DECC)

Commercial interoperability (Ofgem)

Notification of Digital Economy Act cost sharing order – joint submission with Citizens Advice service (Ofcom)

Tackling theft of gas (Ofgem)

Empowering and Protecting Consumers (BIS)

Establishing minimum standards for collecting societies (European Commission)

Open public services White Paper (Cabinet Office)

## September 2011

**Making ends meet** – The costs and implications of money management for low income consumers

**Energy supplier performance against complaint handling standards 2008/09 – 2010/11**

**Affordable credit** – Lessons from overseas

**Super-complaint** – The hidden cost of holidays

### Consultations

Financial Services Regulatory bill (Joint Committee)

Postal regulation (Ofcom)

Direct access (Parliamentary Ombudsman)

Delivery to neighbour and compensation (Postcomm)

Financial Services bill (HMT)

Website blocking code of practice (DCMS)



## August 2011

**Counter measures** – Delivering access to current accounts for all at the post office

**Getting to grips with smart displays** – an expert appraisal of the usability of in-home energy displays

### Consultations

Debt management guidance (OFT)

Continuous payment authorities (Payments Council)

Changes to Condition 7 of Royal Mail's licence (Postcomm)

Smart Metering Consumer Protections Package (Ofgem)

## July 2011

**Consumer Focus Annual Report and Accounts 2010/11**

**The end of the road** – Energy consumers' experiences with doorstep sellers

**Is it advisable?** An investigation into switching and advice in the individual personal pensions market

### Consultations

International mail (Postcomm)

Providing an accurate and up-to-date account balance (Ofgem)

Smart Meter Installation code of practice (Ofgem)

Interim response to empowering and protecting consumers (BIS)

Consumer redress for misleading and aggressive practices (Law Commission)

SLC 23 guidance (Ofgem)

Communications review for the digital age (DCMS)

Reforms to UK banking (Independent Banking Commission)

## June 2011

**As easy as EPC?** Consumer views on the content and format of the energy performance certificate

**Hard times or our mutual friend?** An alternative future for Trading Standards

**Fuel price inflation and low income consumers**

**Missing the mark** – Consumers, energy bills, annual statements and behaviour change

### Consultations

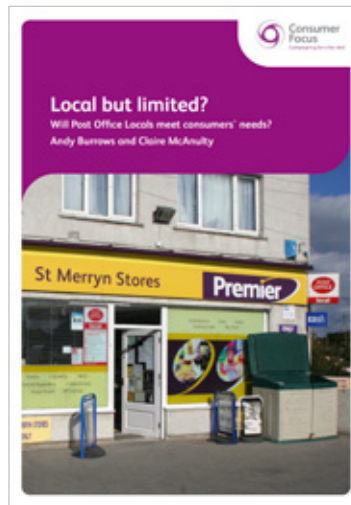
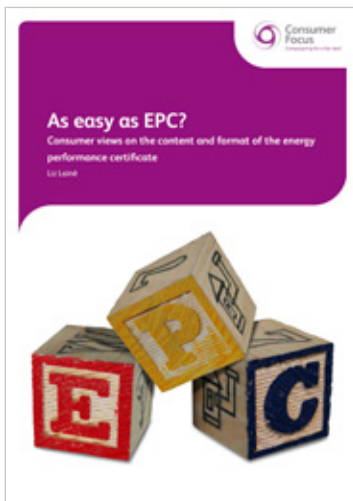
Passenger representation and complaint handling (CAA)

Fuel Poverty submission (Hills review)

A competition regime for growth (BIS)

Retail Market Review (Ofgem)

Debt collection guidance (OFT)



## May 2011

### Consumer Focus Annual Plan

**Local But Limited?** Consumer experience of PO Locals

**Small business, big price** – Micro-businesses' experience of suppliers' debt and disconnection policies

### Consultations

The universal service, analysis of markets and access review (Postcomm)

Regulatory safeguards (Postcomm)

Community right to buy (DCLG)

## April 2011

**Rural consumers in the UK** – Rural policies and research findings

### Consultations

Spring Package: Addressing consumer protection issues (Ofgem)

Web blocking technical feasibility assessment (Ofcom)

Collective redress (EC)

Product intervention (FSA)

Changes to General Conditions and Universal Service Conditions (Ofcom)

A new approach to financial regulation building a stronger system (HMT)

Draft Annual Plan 2011/12 (Ofcom)

# A fair deal on energy



For the sake of future consumers, we need the energy market across Great Britain (GB) to invest in and modernise its creaking infrastructure. Government needs to radically change the way people use energy to cut carbon emissions and respond to our dependence on imported energy. Actions to meet these national challenges need to dovetail with EU strategies on climate change and concerns over supply in order to manage, in particular, the costs for consumers.

The policies and programmes needed to achieve these objectives can carry a big price tag. Over the past year Consumer Focus has tried to help policy makers understand their impact and to ensure they are meeting the needs of tomorrow's consumers while being fair on consumers today. With fuel poverty soaring, the risks of getting this wrong are significant.

Influencing the design, development and implementation of key programmes and reforms so they bring clear benefits to consumers

## 1 Smart meters

**Smart meters** should bring clear advantages for consumers, with the potential to fundamentally change the energy retail market, the products and services consumers are offered, and how people use and are charged for energy. The roll-out of smart meters will be a major undertaking and Consumer Focus is working to make sure that all customers are protected and know they will get value for money from the £11 billion investment that ultimately all consumers will pay for.

We continue to be the key consumer body representing the interests of consumers throughout this complicated and demanding roll-out programme at both GB and European level. Our contribution to the numerous consultations and our advocacy throughout the programme has gained **concrete improvements** for consumers.

We have helped to secure a **code of practice** to make sure people can be confident that when their smart meter is installed they won't be pressured by unwanted sales and marketing activity. We have pushed for minimum standards for energy displays and are developing guidance to help make sure new technologies are easy to use. Following our work, new protections have been introduced to guard against vulnerable customers being disconnected and being switched to prepayment when it might not be the best payment method for them. Customers will now also receive compensation if they are disconnected in error.

We were also able to persuade Government to develop a **consumer engagement strategy**; report annually on the costs and benefits of roll-out to ensure accountability; and require smart meter suppliers to give customers energy efficiency advice during installation visits.

In Brussels, our advocacy on smart meters has been co-ordinated with our energy efficiency analysis. Our work has led to the inclusion of **consumer provisions** in the proposal for an European Union (EU) Energy Efficiency Directive tabled by the European Commission.

Without the consumer voice being heard clearly across the whole of the smart meter programme, the potential benefits could be missed and consumers could still be left with the certain costs.

## 2 The Green Deal

The goal of the **Green Deal** is to improve the energy efficiency of homes to make them warmer and cheaper to run, to support energy security and to cut carbon emissions. It aims to make energy efficiency affordable for consumers, with costs covered by savings on energy bills, rather than being paid for upfront. The Green Deal will be sold through a spread of companies from energy suppliers to DIY chains.

We have also supported the requirement for additional **energy efficiency improvements** to be carried out when other specified works (such as extensions) are planned, a policy that was put out to public consultation in spring 2011.

The Green Deal has to catch the imagination of consumers and it would be all too easy for it to be undermined by bad selling, poor service and low quality. To be a success, the Green Deal must work for all households, with the right customer protections and the right levers to **encourage real change** in consumers' behaviour.

Our consumer research led us to identify the critical issues that Government needs to address to make the Green Deal an attractive option. We have used evidence from our research to continue to focus the attention of Government and others on the **current weaknesses** in the programme. It clearly shows the need to think the Green Deal through, from start to finish, from the perspective of consumers.

Our evidence argued for more **robust consumer protections** in the Green Deal, including better complaint handling standards and redress measures, all of which would help to provide much needed consumer confidence in the scheme.

Helping people to think about energy efficiency when they buy a home is vital. Our report, *Room for Improvement*, showed that the Energy Performance Certificate (EPC) had little impact on the property market. Our follow-up work, *As Easy as EPC?*, demonstrated how the content and format of EPCs could work better for consumers when they are most likely to consider making improvements to the energy efficiency of their homes. Our recommendations were implemented by Government in April 2012 to provide consumers with clear, concise and comparable information at the time when they most need it.

### 3 More for less

We are wholly committed to finding ways to engage consumers to change their **energy consumption behaviour**. Over 150 delegates from business, Government, local and health authorities, and consumer groups came to our conference in April to hear how sustainable behaviour can be fostered in practice. Emphasis was put on really understanding the things that motivate people to change – from providing subtle, subconscious cues to up-front incentives and regulation when needed.

The Energy Bill will bring forward a package of measures for **Electricity Market Reform**, designed to stimulate the £110 billion of investment needed to decarbonise the power sector and keep the lights on. We will identify and communicate ways to help consumers get more for less, suggesting improvements to the package to help ensure it delivers the best possible value for money.

### 4 Fuel poverty

Energy price rises during the year meant that energy bills had doubled from five years ago. **Fuel poverty** levels soared. Our *fuel poverty monitoring* data highlighted the effect of the 2011 price rises on the fuel poor, with almost seven million UK households suffering cold homes and unaffordable fuel bills.

Consumer Focus has become one of the **most significant sources of research** on fuel poverty in Britain. Not just on the extent of fuel poverty but on how well the various programmes and schemes to tackle fuel poverty serve those who most need help.

The **Independent Review of Fuel Poverty** (the Hills Review) provided an important opportunity to assess the evidence on the characteristics and scale of fuel poverty. Our in-depth analysis of the nature and distribution of fuel poverty and our examination of the action people on low incomes take to cope with rising energy prices had a significant influence.

We continued to use our evidence to advocate for policies and resources to tackle fuel poverty. We played an important role in the private rented sector coalition, which successfully persuaded the Government to introduce **minimum energy efficiency standards** to the private rented sector. The Government also took heed of our call that Green Deal would not work for people in fuel poverty. In May 2011 it announced its intention to allocate nearly half of the new Energy Company Obligation (ECO) – a fuel supplier energy efficiency scheme – to consumers on low incomes.

At European level, we are working with the European Commission to develop its policy approach to fuel poverty by participating in the **EU Vulnerable Consumers Working Group**. We also used our expertise to help inform the International Energy Agency's work on evaluating energy efficiency and affordability.

As in previous years, we have joined with other organisations to bring help to consumers struggling to pay their bills. This year over 850,000 electricity and 700,000 gas customers in Britain fell into debt to their energy supplier. **Plug the debt** was a joint drive with the Citizens Advice service to help people understand what to do and what their rights are if they fall behind on their energy bills and fall into debt. As people struggled to afford higher energy prices, the awareness campaign offered practical help and advice, with support from the Department of Energy and Climate Change (DECC), Ofgem, Energy UK, Which? and Age UK.

With National Energy Action we alerted many of the poorest households in England that they were missing out on help to make their homes warmer and cut their energy bills. The **Warm Front scheme** – which offers heating and insulation improvements to households living on low incomes – was heading for a £30 million under-spend due to a lack of promotion. DECC reported that the publicity from our short campaign significantly contributed to an increase in weekly applications of 150 per cent.

Consumer Focus provided detailed evidence on the particular problems faced by low income consumers off the gas grid. The Office of Fair Trading (OFT) **off-grid inquiry** reflected our evidence and we supported the OFT conclusion that there was not a strong case for regulation of the sector. However, we urged heating oil and liquid petroleum gas suppliers to introduce a rigorous voluntary code for vulnerable consumers. We also called for more Government action to provide affordable heating, particularly from renewable sources, to off-gas consumers. We have subsequently received numerous inquiries from renewable heat companies about how they could potentially provide help.

Working with Ofgem and others, we will use our expertise and knowledge to ensure that fundamental change proposed in the Energy Market Review will lead to fundamental improvements for consumers

## 1 Consumer confidence

Perhaps the issue that does most harm to the reputation of the energy industry, pulling it toward the bottom of most league tables of consumer trust, is the **perception that prices are not fair**. Ofgem has said that the industry raises prices faster in relation to wholesale cost increases than it cuts them when wholesale costs falls.

This **lack of trust** is compounded by companies' poor records on customer service, confusing bills, complex tariffs that have confused and antagonised customers, slow complaint handling and doorstep selling that often leads to people signing up to a worse deal.

Consumer Focus is committed to working with Government, Ofgem, EU institutions and the suppliers to open up a dialogue about how to **rebuild consumer confidence** in the market. Meaningful change is needed to put the consumer interest at the heart of how markets are regulated and operate.

We have worked with the regulator and suppliers on ways to tackle the issues that alienate consumers. Several of the Big Six suppliers have launched high profile initiatives to try to **win back the trust** of customers. We continue to support and assist those who are serious about changing the way they treat their customers.

As well as supporting the actions of individual suppliers, we have continued to push for those **market reforms** at GB and EU level that our evidence suggests are crucial in delivering a market that treats consumers fairly.

In October 2011, in advance of the European Citizens' Energy Forum (CEF), we organised a stakeholder event to bring together key decision makers from the regulators, government ministries, industry and the third sector from Britain and other European countries. The aim was to **increase the focus on consumer interests** in European energy policy. Our Chief Executive has since presented consumer concerns at the launch of the Lech European Energy Forum, which considered the challenges for the European energy market in the run up to 2030. His was the only voice speaking on behalf of consumers.

People need **energy tariffs which are simple and straightforward** to understand so that switching to a better deal is easier. Some energy firms have made progress with SSE, British Gas and others pledging to simplify their tariffs.

Our evidence to Ofgem on tariff complexity provided an important focus on just how far the energy market had moved from one that consumers could easily understand and navigate. Our participation in the EU Energy Price Transparency Working Group brought attention to these same challenges and also ensures that solutions developed in EU policy are compatible with GB proposals and **serve the consumer interest**.

While there is a long way to go, Ofgem's **Retail Market Review** and the various initiatives from the suppliers signal a shift back to a market concerned to treat consumers fairly and to earn back their trust.

Cold call **doorstep selling** rarely presents consumers with an appropriate offer and can lead to them feeling pressured to sign up for a new energy contract, with hundreds of thousands of people being switched to a worse deal. Consumer Focus worked closely with Surrey Trading Standards officers as they pursued SSE concerning the action of their sales agents. In May 2012, SSE was fined £1.25 million for using a misleading door step sales script.

Throughout the year Consumer Focus has tried to persuade energy companies to voluntarily withdraw their doorstep sales teams. Consumer Focus advocacy has contributed to the decision by five of the Big Six energy companies to end the use of unsolicited doorstep sales of gas and electricity contracts.

We will continue to work on improving the **transparency and openness** of wholesale markets – so that consumers can have confidence that the prices that they pay are fair, and that energy companies are under competitive pressure to keep their costs down. We will continue to push for solutions to the illiquidity of the wholesale power market, which we think is harming consumers.

## 2 Business interests

Many **micro-businesses** – from high street hairdressers to small, high-tech IT companies – will have little more understanding of the energy market than most householders, but they have far fewer safeguards. We made the interests of small business consumers a major priority in our submissions to Ofgem's Retail Market review and believe that we helped bring about some welcome steps to improve this neglected segment of the energy market.



We want to make consumers more powerful when things go wrong, when they are treated unfairly and when they need a better deal. Our understanding of the market, and of consumers, means we can help, both directly and through our work with other advice bodies.

## 1 Helping consumers help themselves

We have provided consumers with simple and useful tools to help them get the best from the energy market. Our **Consumer Focus Confidence Code** is designed to help make the switching process easier, more reliable and provide reassurance for consumers using online price comparison services. Our range of **leaflets** for advice agencies covers queries from how to complain to what to do when you can't pay your bill. **Help finder** shows people what grants, discounts, free energy help and assistance they are entitled to, based on their personal circumstances.

Our quarterly energy company **complaints data** gives people information on how the Big Six treat their customers. Giving consistently good customer service and effectively tackling problems which do arise is key to rebuilding faith in the market. Our league table provides a clear incentive for companies to compete on service, as well as price.

## 2 Those who need extra help

Our **Extra Help Unit** (EHU) has statutory powers to help investigate the most urgent energy complaints from vulnerable consumers. And, as well as dealing directly with people in crisis to help them sort out their immediate problems, the EHU uses its frontline knowledge to pinpoint company failures which hit vulnerable people hardest.

The EHU's representations to regulators have led to improvements in individual supplier's policies and seen policies adopted industry wide, for example, a better code of practice for **back billing**. By maintaining strong working relationships with energy suppliers the EHU can help them improve how they support their vulnerable customers.

As energy prices have soared there has been an increase in the number of people struggling to pay their fuel bills. Even more worryingly, there has been an increase in those with prepayment meters self-disconnecting as they simply cannot afford to top up their meter. **Debt and billing problems** remain the biggest cause for concern.

The cases the EHU deals with are complex, with people often facing disconnection, trying to deal with debt or with serious problems with a prepayment meter. They are desperate for an independent voice to act on their behalf. As a caseworker explains, *'It's common for us to hear of a single parent in a house with three or four kids, one with a disability. The size of the bills cuts into their budget, especially if they are on benefits... They might have to survive in a house that's not adequately heated, which has massive health implications. You hear a lot of stories of great hardship.'*

In the last year, our Our Extra Help Unit has won almost **£700,000** of financial redress for vulnerable energy consumers.

# A fair deal on post



Throughout the year we have sought to be a constructive voice in the change programmes that are designed to make the UK's postal services more sustainable.

With mail volumes falling as businesses and residential customers make increasing use of online services and email, the major regulatory and business changes to establish Royal Mail as a commercial entity have to **strike the right balance** between a sustainable future for Royal Mail and ensuring value and service for consumers.

Many post offices are economically unsustainable and the network as a whole needs to be put on a firm footing for the future so it can continue to **serve the communities** who rely on it. In practice, this means one in six post offices and one in five sub-post offices will be converted into a totally new operating model – the Post Office Local. Millions of consumers' local post office services will undergo major changes. The scale of the task is considerable, and it is both an enormous opportunity and challenge for Post Office Limited (POL).

We will work to make sure the transformation of Royal Mail and the regulation of the postal market maintains a high level of consumer protection and sustains a universal postal service that meets consumer needs

## 1 New delivery options

In summer 2011, Royal Mail proposed changes to its then licence conditions. In particular, it proposed to significantly reduce customer compensation times for lost or damaged mail from a year to two months. We thought three months would give customers a more realistic time to claim. Following our engagement a positive compromise of 80 days was reached for consumers with Royal Mail.

Royal Mail also wanted to see moves towards **leaving undeliverable mail with a neighbour**. This idea has immediate appeal for both those delivering and receiving parcels. However, our research examining these plans showed that many people had reservations about how the idea would work in practice.

Before the trial started, we persuaded Royal Mail that they should **give people the choice** to opt out of having a neighbour receive their post, or accepting neighbours' post themselves. Four in five consumers had told us they thought they should be able to decide whether to take part in the scheme. We also secured agreement that the responsibility for the condition of post people accept on behalf of a neighbour would remain with Royal Mail.

Our evidence shows that, with those safeguards in place, consumers are happy with the scheme and a **more flexible delivery service** can be rolled-out to consumers across the country, bringing benefits to many consumers who cannot be at home to take delivery of parcels themselves.

## 2 Relaxing price controls

In autumn 2011, Ofcom proposed **deregulating the UK postal market**, including measures to relax price controls for First Class or heavier letters and other postal items, while retaining a cap on standard Second Class letters of between 45p and 55p. The arguments for providing greater freedom to Royal Mail are strong, but these changes still amount to the biggest reform to the regulatory regime of the mail market to date.

As mail volumes decline, Royal Mail's current situation is unsustainable. Our concerns were focused on ensuring that a proper balance was struck between safeguarding the principle of the **Universal Postal Service**, ensuring good value and reliable service, and providing Royal Mail with the conditions in which to establish a sustainable, commercial operation. Efficiencies were as much a part of the solution as the inevitable price rises.

Consumer Focus research showed how consumers, particularly online consumers and vulnerable low internet users, might **react to price increases**. Predictably, we found that as the price of a First Class stamp rose, more consumers were likely to switch to Second Class. Consumers who lack online alternatives are more captive than online consumers and less able to change their behaviour to adapt to higher postal prices.

We undertook **detailed market analysis** and held a high-level stakeholder working group involving Ofcom, BIS, large mail users and operators, business representatives and consumer bodies. The group explored the complex issues outlined in Ofcom's consultation on price controls and tested our consumer evidence and understanding of the market.

Our submission to Ofcom and evidence to the BIS Select Committee made the case that greater freedom for Royal Mail to raise prices needed to be balanced by incentives to drive **further efficiencies**.

We showed that a price cap on all Second Class letter and parcel products (not just letters as proposed) would help protect vulnerable consumers and small businesses.

Our evidence enabled the Committee to highlight the need for more **robust data** on the position of vulnerable consumers and small businesses when determining the future prices of stamps.

In March 2012, Ofcom announced that it would **lift price controls** on First Class and business mail, with a First Class stamp rising in price from 46p to 60p from 30 April. Second Class stamp prices rose but with a cap on Second Class letters, packets and parcels up to 2kg. While consumers will not welcome any price rise, Ofcom's decision means that consumers and small businesses will have an alternative pegged at a more affordable rate – something Consumer Focus has worked hard to achieve.

### 3 Service performance

Royal Mail must **modernise** its operations. The magnitude of this programme has resulted in a dip in Royal Mail's quality of service performance. Royal Mail had been reluctant to advise customers that it was making these changes, relying on e-mail updates and leaflets in delivery offices. This meant that vulnerable consumers for whom post is a vital communication – people who are disabled, older people and those without internet access – were often unaware of why the service they were receiving had changed.

Consumer Focus persuaded Royal Mail to make use of local media and Post Offices as well as leaflet drops to consumers in affected areas. They agreed to write to consumers affected by **delivery route revisions** advising them of why people may see changes to the time and way deliveries are going to be made in the future. Royal Mail also took the opportunity to provide them with various contact points should consumers require further information or want to discuss any aspect of the changes.

Research showed problems with the way that Royal Mail handled **consumer complaints**. We identified difficulties with the quality of information on its website, the efficiency of telephone customer service, poor sign-posting of its escalation process and a lack of formal complaint satisfaction monitoring.

Consumer Focus negotiated changes to Royal Mail's complaints handling process in 2011 and Royal Mail agreed to review its entire complaints handling procedures. This included: reducing the complexity of the call handling options; re-drafting the signposting for escalation in contact letters; 'trigger' training for staff to identify complaints that need to be escalated quickly; improving the language on the website; modernising the website and introducing a new after-call survey to monitor complaint satisfaction.

### 4 A pan-European market

As we continue to deregulate our national postal market, the UK is required to implement any market changes determined by EU legislation. In particular, the goal of the **EU postal Services Directive** is to open up competition and drive the integration of a pan-European market. Currently, the Commission is preparing a new communication focusing on the implications of the growth of e-commerce for the parcels market. In 2013, it is due to report on the status of the implementation of the postal services Directive in each country. In recognition of the role of the European Commission, we have maintained regular contact with the responsible officials, most notably with our participation of the launch of the annual Postal Users Forum in December 2011.

We will demonstrate whether or not business as usual provision and changes to the character and nature of post offices deliver a better outcome for consumers

## 1 Transforming the network

The Post Office network faces significant restructuring in the next few years as it introduces a **Network Transformation programme**. As part of the transformation, the services of many existing sub-post offices (one in five) will transfer to nearby shops, petrol stations or convenience stores as part of the Post Office Locals transformation.

The success of this programme is central to the **sustainability of the Post Office network**. It has the potential to maintain the current footprint of basic post office services and could provide longer and more convenient opening hours for consumers.

Following on from our report *Local but Limited?*, we have explored the **consumer experience** of, and service standards in, Post Office Local pilots. Our findings show a great deal of potential, but also the need for significant improvements if consumers are to really benefit from this new model of provision.

We found that emphasis needs to be placed on improving the degree of privacy in Local branches, on driving up service standards and on the range of services and products available.

It is part of our **statutory duties to monitor** the roll-out and take an active role to provide support around local changes, helping to deliver the best result for consumers and dealing with any problems that arise during implementation. We have set out our criteria for success based on values of: effective consultation and communication on the changes; efficient customer service; convenience, and privacy.

The **Code of Practice** which sets out how Post Office Limited will communicate and consult with the public on changes to the network will play an important part of the Network Transformation. Post Office Limited has agreed to an expansion of their Code of Practice so local councillors and parish councils will formally be part of the consultation process for local network changes.

In 2011 Consumer Focus published *Devon Knows* a long-term study which explored the impact of the **2007 Post Office Closure Programme**. The report makes available those relevant lessons that could apply to the further restructuring of the Post Office network. We used the rural county of Devon as an exemplar of areas where the effects of changing post office provision could be most pronounced.

The most striking finding was the vital role that Devon County Council played in providing a support scheme which, in addition to direct financial support, gave **business advice and community development support** to the Partner Outreach services. The local community also worked together to develop and introduce community-led solutions to help offset the effect of local post office closures.

Consumer Focus convenes the **Post Offices Advisory Group** (POAG) and it made another important contribution to protecting and promoting the interests of post office consumers during the year. The group, chaired by former Consumer Focus Board member, Roger Darlington, brings together organisations such as Citizens Advice, the Federation of Small Businesses, the Local Government Association and Age UK who all have an interest in post office issues. POAG meetings occur every quarter and enable key stakeholders to engage in constructive and informative discussions around the salient issues facing the Post Office network, for example holding POL to account over the progress of the Network Transformation.

## 2 Increased products and services

To help secure a viable and sustainable Post Office network for the future, we are supporting plans to extend the range of products that the network offers to its customers, face-to-face, in their local communities.

We are promoting the Government's vision of the Post Office as a 'front office' for Government. This could see the Post Office delivering a wide range of services on behalf of Government agencies, departments and local authorities, such as identity verification and 'check and send' services, and on behalf of local authorities, such as processing parking permits and council tax payments.

Our research shows that increasing the financial products on offer via the Post Office would improve access for consumers and help to support the network. Consumers would welcome being able to do their everyday **banking through the Post Office network**.

There are now more post offices in the UK than bank and building society branches combined (the Post Office network offers 10 times as many branches as some leading banks). In *Counter Measures*, our research showed that there was the potential for up to 18 million people to make cash withdrawals, deposit cash and cheques and get information on their account at the Post Office. This could make banking easier and more convenient, particularly in areas where local bank branches have closed or are some distance away, and would give the Post Office network a valuable shot in the arm.

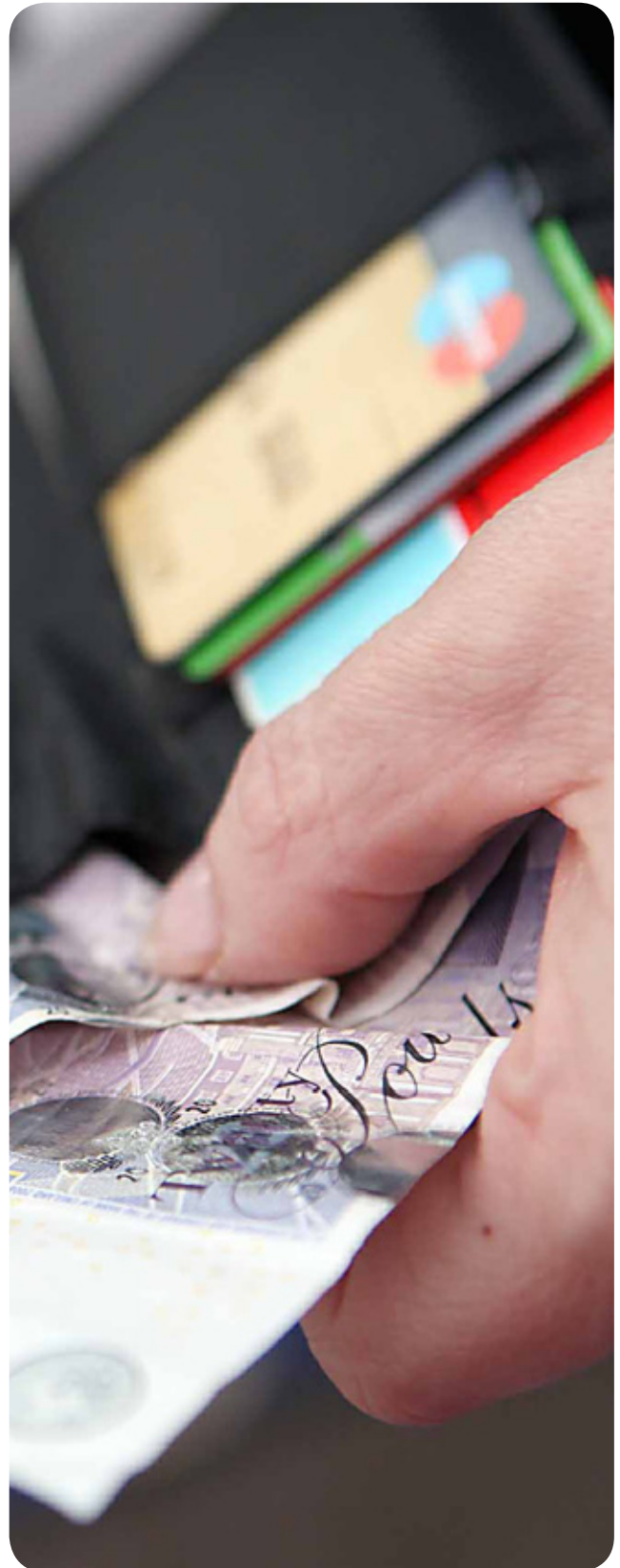
Following on from our 2010 report *Opportunity Knocks*, we have been working closely with Government and other stakeholders to consider how the Post Office can respond to the needs of **Post Office Card Account** holders and other low-income consumers and people without bank accounts.

In preparation for roll-out of **Universal Credit** in 2013, we are working to ensure a range of banking and budgeting solutions are in place to help benefit recipients adapt to the changes in the way their benefits are paid.

# A fair deal across the economy

Our work across the wider economy has been focused on those areas where changes will have significant effect on consumers. In financial services, there is major transformation of regulation, while developments in technology and, in particular, social networking give consumers new opportunities for engagement and empowerment. Improving copyright law so that consumers are treated fairly and creative industries have the right conditions for growth is another challenge.

Over the past year we have sought to achieve simpler and quicker redress when things go wrong; action against companies and markets that do not trade fairly; a clear framework for consumer law that is fit for purpose and empowers consumers; and better ways for consumers to engage with and influence markets and services.



# Financial services

Helping transform the structure, culture and operation of regulation in financial services so it works in the interest of consumers

## 1 Review and reform

The Independent Commission on Banking (ICB) and the Financial Services Bill both provided an important opportunity to reshape financial services markets to benefit consumers. As well as hosting the only consumer consultation event with the ICB, we provided evidence to the Joint Committee of MPs and Lords who undertook pre-legislative scrutiny. We gave evidence to the Treasury Select Committee in their detailed inquiry in to the powers and responsibilities of the proposed new **Financial Conduct Authority (FCA)**. As a result of our activity, working with other consumer bodies, positive changes were made to the proposed objectives and statutory remit of the new FCA in relation to consumer protection.

Among our recommendations was the need for proper systems to cut the error rate when people switch accounts. Our research has shown this is the largest cause of fear around switching, and a major deterrent to people changing banks. The ICB has recommended that a **redirection service** be operational by September 2013 – which should be significant step towards smoothing out the switching process and boosting consumer confidence.

We shone a light on three areas of financial services which were not working well for consumers and have been able to achieve significant improvements:

### a ISAs

This year, the Office of Fair Trading (OFT) evaluated how the **Cash ISA** market is working following our super-complaint of spring 2010 and its subsequent intervention.

It showed that providers have shortened transfer

times significantly, with 90 per cent of all cash ISA transfers in the last year completed in 15 working days. Providers are also back-dating interest if the transfer is delayed, and are publishing interest rates on cash ISA statements. Armed with better information on rates and more confidence in transfer times, people will now find it easier to switch their ISA.

### b Pensions

**Is it advisable?**, our investigation into switching and advice in the individual **personal pension market**, highlighted serious problems, including: consumers being advised to switch to different pension products, often with higher charges or higher risk; the increase in trail commission – annual payments taken from the value of investments and paid to the independent financial advisers – in advance of the ban in December 2012; and opaque costs and charges making it nearly impossible for consumers to shop around or know what represents good value for money.

We also reasoned that Government should review its policy of not allowing transfers from existing pensions into the low cost **National Employment Savings Trust (NEST)**. This will offer lower set-up and management fees when it is introduced in October 2012. Allowing people with small pension pots to transfer would help around two million modest savers to build up bigger retirement savings. In March 2012 the influential Work and Pensions Select Committee called for the removal of restrictions on NEST, in effect, to allow transfer-in of other small pension pots.

### c Travel money

People are feeling the pinch and, if they are going abroad for holidays or business travel, they need to know they get good value when they get **currency or use cards overseas**.

We estimated that charges to customers for exchanging money are around £1 billion per year.



A combination of complex charges and poor or misleading information meant it was unclear how many of these charges are warranted and how many are excessive. So, using our super-complaint powers, we called on the OFT to carry out its own investigation.

Following a review, the OFT worked with industry to tackle the **three major areas** we'd raised:

- the major banks ended cash withdrawal fees for buying travel money with debit cards in the UK
- the major banks agreed to provide clearer information about charges and exchange rates so customers can see how much they are paying for foreign currency and shop around to get a better deal
- industry reviewed misleading marketing claims so consumers will be less likely to be caught out by bogus 0% commission offers

Simply by ending the cash withdrawal fee to buy currency, consumers can save millions of pounds each year. The Government has followed up on the Consumer Focus and OFT work by reviewing and updating its guidance to foreign currency retailers to improve communication of exchange rates and charges.

## 2 Payday loans

We have continued to raise concerns about the **multi-billion pound payday loans** industry. This year we have looked at high-cost credit and financial inclusion in other countries, focusing on France, Germany and Australia. In particular, we examined their approaches to consumer credit regulations, levels and forms of interest rate restrictions, and to regulation of their credit markets.

We gave evidence to the BIS Select Committee on its inquiry into consumer credit and debt. We argued that regulation is not strong enough in the payday loan market and reform is needed to prevent consumers getting caught in **debt traps**.

The work that Consumer Focus and others have done on this issue has put the spotlight on affordable credit in the UK and in spring 2012 we welcomed the market being put under close scrutiny with the OFT's review of compliance in the sector.

We conducted mystery shopping into whether banks are giving their customers the right advice on continuous payment authorities (CPAs). This is a payment mechanism which allows payday loan suppliers, and other organisations, to take recurring payments. Real hardship has been experienced by consumers who have been wrongly told by suppliers and banks that they cannot cancel them. We found that bank staff knowledge was very poor and we shared the findings with the OFT and Financial Services Authority (FSA) ahead of the publication of the research.

The FSA is now examining banks' compliance with Payment Services Regulations' requirements on CPAs. The OFT is also considering introducing new guidelines on the usage of CPAs in the payday loan industry and in the wider economy.

## 3 Basic bank accounts

Today, some eight million people have **basic bank accounts** – designed to help those who may otherwise find it hard to open a mainstream current account. Over the past eight years, they have been widely judged as a success. But, questions are still being asked about whether basic accounts are working, so we organised a round table to examine whether they still fulfil their purpose and to look at how they might develop. Participants included representatives from major banks and Link – the UK's cash machine network; Department for Work and Pensions and Treasury; plus third sector and consumer organisations.

We presented new research, looking at the profile of basic bank account holders, satisfaction levels with the account and customers' impressions and concerns.

With a lively debate around minimum standards; access to cash; and the implications of the introduction of Universal Credit, there was a commitment to look at how to develop a fair, sustainable model of basic banking for the future.

## Digital challenges

Ensuring consumer power determines how goods and services are designed and provided

The ways in which the web reshapes society, the economy and consumer behaviour are immense. A major part of our work has been to understand, challenge and promote the opportunities for Government, regulators, firms and consumers.

### 1 Consumers working together

In markets such as energy, telecoms and financial services, competition depends on individual consumers switching to better deals. But, these markets are complex and time consuming and consumers often see more hassle than value in switching. We have led the way in exploring how **collective switching** could transform these markets and unlock the power of the 'demand side'. Working with DECC, BIS and the Cabinet Office, as well as organisations with significant consumer networks, we laid the foundations for initiatives such as the Which? Big Switch.

Our *Get it together* report provided the most challenging and in-depth examination of the potential for collective switching to transform staid markets where consumers do not feel motivated, or sufficiently rewarded, to switch as individuals. Collective switching represents a radical departure from the status quo and there are issues to be worked through to make sure that vulnerable consumers can participate; that the necessary consumer protections are in place; and that any regulatory barriers are taken into consideration.

Our *Digital Engagement Cookbook* was launched to help users explore the new opportunities that the digital world offers for engaging with and empowering citizens and consumers. It helps users work out which technology-based methods are best-suited to consumer empowerment activities such as campaigning, consulting and collective action. It contains one of the most comprehensive, categorized, collections of digital engagement methods on the web. The site has over 60 **digital engagement methods**, tips and guidance on engaging citizens and consumers, as well as the information on how to evaluate the impact.

Our Consumer Focus Labs team has continued to bring forward innovative projects and web tools that give consumers the power to make appropriate decisions when buying goods and using services. Existing tools such as the **Recalled Products** website now lists over 5,285 recalls in its database and had an average of 7,058 unique visitors a month; and over 48,000 people and businesses have signed up to **Stayprivate.org** protecting them from cold calls and unwanted mail.

New online projects this year included **Sub-standard Food Hygiene Ratings in Wales** which shows all premises in Wales which primarily serve vulnerable groups and which are performing badly in the Food Hygiene Rating Scheme.

### 2 Online consumers

We have continued to represent consumers on important issues such as **net neutrality and internet traffic management**, expanding our activity on broadband markets by taking up wider issues of transparency of information and switching which are the cause of consumer concerns. In particular, we have actively engaged with Ofcom on its proposals to improve the switching process for consumers. We co-hosted a joint **Switching debate** with the Consumer Communications Panel in April this year which was attended by industry, consumer and government stakeholders.

### 3 Improving copyright

Government acceptance of the recommendations of the Independent **Hargreaves Review** of Intellectual Property and Growth was a success for our work to promote competitive markets in copyright protected content which meet consumer demand. The Review made a number of recommendations to update copyright law for consumers, such as the introduction of a private copying exception without a levy on hardware; and to simplify copyright licensing so that it supports innovative markets in the digital age.

When implemented, the recommendations will help bring us closer to a digital marketplace which supports economic growth and balances the rights of consumers, copyright owners and creators.

As part of our work to support the implementation of the Hargreaves Review we organised **consumers' and creators' common ground on copyright events** together with the Creators' Rights Alliance and the Parliamentary Internet Communications and Technology Forum.

Over three-quarters of British consumers expect that a fair share of the money they pay for music, films and e-books goes to the artists who created the work. We brought together people who rarely have the opportunity to discuss how the copyright system can be reformed to work fairly for creators and consumers in the digital age.

When considering an application by 13 pornographic film copyright owners for a UK internet service provider to hand over the personal data of more than 9,000 subscribers whose internet connection may have been used for **copyright infringement**, the High Court called on Consumer Focus to consider the application on behalf of the consumers involved.

Companies have a legitimate right to seek redress for copyright infringement, but the way in which copyright owners, or their representatives, sometime pursue alleged infringement is disproportionate and lacks a reasonable standard of evidence.

Following our intervention, the High Court allowed the order for one company but declined 12 other film producers.

Following four years of firms sending out **speculative invoices** this case sets an important precedent for the rights of consumers and establishes the responsibilities of companies seeking redress on behalf of copyright owners. The High Court recognised the bill-payer should not be automatically assumed to be guilty when a copyright owner believes they have detected copyright infringement on that internet connection. So called 'letters before action' that may be sent by copyright owners therefore need to be appropriately framed. The case has significant implications in restricting the ability of companies to send out threatening 'pay now – or else' letters.

### 4 Public services

We explored what really matters to consumers when it comes to **public services**. We published a **Public Services Satisfaction Index** that highlighted what qualities the public value most in service delivery, and which should be placed at the heart of service reform. It also provided a timely benchmark against which the impact of reform can be measured.

In particular we looked closely at what people want from **online public services**. Increasingly we are able to do things like fill in our tax returns online, find out information about local government services, apply for a passport and, in some trial areas, access health records online. But with the Government moving towards 'digital by default' for public services, do these online services meet consumers' needs?

Working with a broad range of consumers we produced a manifesto which describes what people want from online public services. Our report and manifesto fed user priorities into the Government **Digital Services review** as it seeks to make online public services a reality which makes life easier for consumers rather than a tick box exercise.

## Investigations

Influencing consumer law reforms to strengthen consumer protections and encourage open and effective markets

### 1 Park homes

Our Consumer Focus Investigations team – with Consumer Focus Wales and Consumer Focus Scotland – has looked into some of the issues that face **residential park home** residents in GB. The research exposes and examines the difficulties and explores how the issues they face may be addressed. ‘Park homes’ are detached bungalow-style mobile homes found in residential parks and used by their owners as a permanent home.

As part of the project the team provided evidence to the Communities and Local Government inquiry into park homes on: the resale and assignment of park homes; the protection of occupiers of park homes against harassment and illegal eviction; and the regulation and enforcement of site licence conditions.

### 2 Private car parks

The investigations team also found evidence of motorists’ serious concerns about **private car park operators**. These range from: the excessive nature of the charge when motorists overstay in a private car park; inaccurate information from automatic number plate recognition software; and aggressive debt recovery tactics when companies are chasing payment of parking charges.

As part of the investigation the team considered the impact of the proposed Protection of Freedoms Bill which will ban the use of clamping on private land. As well as extensive briefings with MPs, the team has also engaged with key players in this industry such as the RAC Foundation, the British Parking Association and the DVLA. The team has also played a part in laying the ground work for the independent appeals service which the British Parking Association has been tasked by the UK Government to set up.

### 3 Right to manage

At the beginning of the year an online tool aimed at leaseholders who want to exercise their right to manage under the Commonhold and Leasehold Reform Act went live. The tool was developed by the investigations team in conjunction with Consumer Focus Labs and has since been trialled by other consumer websites.

## National Social Marketing Centre

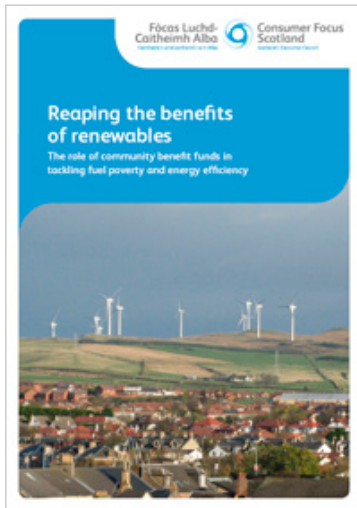
The National Social Marketing Centre (NSMC) – the centre of excellence for social marketing and behaviour change in the UK – successfully won a number of contracts in the UK and abroad. These included a major capacity building project in Jordan, working with non-government organisations on water efficiency and the launch of an accredited Level 4 Social Marketing Award course with the Chartered Institute of Marketing.

2012/13 will see the NSMC establish itself as a Community Interest Company to continue its work in improving the effectiveness of behaviour change programmes.

For more information visit:  
<http://thensmc.com/>

# Consumer Focus Scotland

## Our reports and consultation responses



### March 2012

**21st century heating in rural homes:** Social landlords' and tenants' experience of renewable heat

**Reaping the benefits of renewables:** the role of community benefit funds in tackling fuel poverty and energy efficiency

**Trust and Transparency:** the consumer perspective on the partnership between Scottish Water and HomeServe

**What's cooking in Scotland?** the challenges of setting up cookery classes in low income communities

**Not only... but also:** celebrating the contribution of community food initiatives towards developing local outcomes

### Consultations

Proposed 2012/13 workplan (Communications Consumer Panel)

Assessment of future mobile competition (Ofcom)

Review of Expenses and Funding of Civil Litigation in Scotland

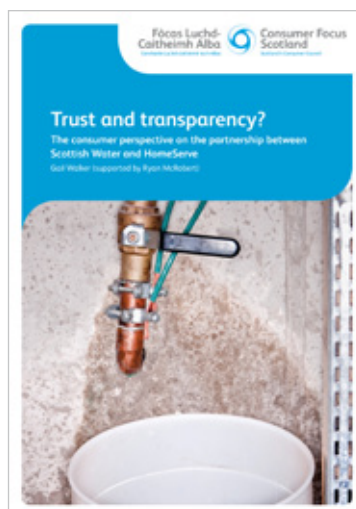
Administrative decisions (SCAJTC)

Review of Social Work Complaints Procedures (Scottish Government)

DirectScot portal prototype (Scottish Government)

Scotland – The Hydro Nation – Prospectus and Proposals for Legislation (Scottish Government)

Proposals for a Freedom of Information (Amendment) (Scotland) Bill (Scottish Government)



### February 2012

**Adding to the Mix:** community food initiatives and the private sector working in partnership

### Consultations

Draft 2012/13 annual plan (Ofcom)

### January 2012

### Consultations

Scottish Crime and Justice Survey: User Consultation and Information Paper

Building Standards (Scottish Government)

Green Deal and ECO (UK Government)

Draft guidance for estate agents consultation (OFT)

### December 2011

### Consultations

Social Care and Social Work Improvement Scotland Interim complaints Procedure 2011 (the Care Inspectorate)

Creation of a Scottish Civil Justice Council (Scottish Government)

Property Factors (Scotland) Act 2011: Code of Conduct for Property Factors (Scottish Government)

## November 2011

### Consultations

Regulation of Social Housing in Scotland (Scottish Housing Regulator)

Incentive mechanism relating to energy not supplied (SHETL)

Review of the Food Standards Agency Functions – Feasibility Study (Scottish Government)

## October 2011

### Consultations

Patient Rights (Scotland) Act 2011 – Secondary Legislation (Scottish Government)

Reforms proposed in the Public Bodies Bill (Ministry of Justice)

Draft National Strategy for Housing for Older People (Scottish Government)

## September 2011

### Legal Capability Seminar Report

#### Scotland's Digital Needs:

paving the way for wider access to digital communications

**Life after work:** what Scotland's baby boomers want as they grow older

**Flying off the shelves:** a guide for community retailers to help them sell more fruit and vegetables

#### Community food initiatives retailing in hospitals and health centres



## August 2011

### Making the difference for consumers in Scotland:

Annual Review 2010/11

### The Post Office network in Scotland – a front office for consumer access to local government services?

#### Consultations

Lay representation in the Court of Session and the Sheriff Court

Proposed programme of performance audits 2012/13 (Audit Scotland)

Review of Expenses and Funding of Litigation

### The Northern Periphery Programme on Rural Retailing (in partnership with the Community Retailing Network)



## June 2011

### Consumer Focus Scotland Annual Plan 2011/12

**A bite and a blether:** case studies from Scotland's lunch clubs

**Meals and messages:** a focus on food services for older people living in the community in Scotland

#### Consultations

Maintenance of Land on Private Housing Estates (Scottish Government)

Proposed Workplan (Communications Consumer Panel)

eHealth Strategy 2011-2017 (Scottish Government)

Developing a framework for the long term future of UHF spectrum bands IV and V (Ofcom)

## May 2011

### Complaints signposting in the public sector: Report of a Scoping Study

#### Consultations

Succession Law in Scotland: Review of Financial Limits of Prior Rights

800Mhz and 2.6GHz Spectrum Consultation (Ofcom)

Ownership and control of firms providing legal services under the Legal Services (Scotland) Act 2010 (Scottish Government)

## April 2011

#### Consultations

Reform of the fitness to practise procedures at the GMC

## A fair deal on energy

With huge rises in fuel bills and almost a million people in Scotland struggling to keep their homes warm, we have focused on standing up for the interests of hard-pressed energy consumers.

The Scottish Government's Scottish Energy Advisory Board meetings with the First Minister provided a **key platform** to highlight consumers' concerns to decision makers at the highest levels. We have also worked with UK and Scottish Government Ministers through national fuel summits, bringing the Big Six energy companies together to identify ways to get help to vulnerable consumers. We have secured the agreement of the Big Six to improve communication for customers – increasing simplicity, clarity and transparency and improving the way suppliers engage with vulnerable customers.

We also got agreement for, and hosted, the **first national fuel convention** to bring together power companies and local groups. An array of councils, health boards, advice agencies and community groups in Scotland discussed with the Big Six major energy suppliers how to use the local knowledge of front-line advisers to identify and help those who struggle the most to pay their heating bills. This will help to ensure that suppliers identify and help vulnerable households currently missing out on lower tariffs and free insulation.

## Renewable energy

*21st century heating in rural homes*, published in March 2012, explored the experience of social landlords and their tenants using renewable heating. It clearly showed that renewable heating can help reduce **fuel poverty** for households not connected to the main gas grid and, importantly, where tenants are fully supported to get the best from their new green heating systems.

We are working closely with the Scottish Federation of Housing Associations to encourage the roll-out of good practice among housing associations and are promoting the ideas to the private sector.

We also published *Reaping the benefits of renewables* where we explored how potential links could be made between the development of **large scale renewable energy** infrastructure and the use of Community Benefit Funds to make homes more energy efficient in local communities across Scotland.

## On the frontline

Since the start of our **Energy Best Deal Scotland** campaign in autumn 2010, our energy experts have trained over 800 front-line advisers on how to help vulnerable consumers get a better deal. Each adviser is now helping at least 10 vulnerable clients a year reduce their fuel bills. This year, we also worked with Citizens Advice Scotland to develop an online tool which has helped to widen front-line advisers' access to the training. Citizens Advice Scotland is now delivering the campaign.

## Sustainable homes

As members of the Scottish Government's Sustainable Housing Strategy group, we are contributing to the development of a new **sustainable housing strategy** for Scotland. We have set out the benefits and concerns for consumers of regulation on minimum standards for energy efficiency in housing and highlighted the need to ensure new regulations are developed and applied in ways which help reduce fuel poverty.

We are members of Scotland's independent Fuel Poverty Forum which advises Scottish Government Ministers. We have recommended a **much more joined-up approach** to tackling fuel poverty in Scotland.

This needs to take into account recent changes in energy markets and the massive changes to energy efficiency programmes as the new UK-wide Green Deal and Energy Company Obligation are introduced.

With the introduction of the major **Green Deal** programme, we highlighted our new research with consumers in Scotland who said that more needs to be done to make the scheme attractive to households in Scotland.

## A fair deal on water

In August, Consumer Focus Scotland became Scotland's **statutory advocate** for water customers. We have set out an ambitious programme of research to help us advocate strongly for Scotland's water customers.

We have already begun to make an impact by publishing *Trust and Transparency* – an investigation that **raised concerns** about Scottish Water's relationship with private insurance firm Homeserve.

We looked into the issue of sales letters from the private firm being sent to thousands of households in Scotland in Scottish Water branded envelopes. Our report urged the public sector utility to remove or minimise its branding from the private firm's sales literature. Scottish Water has now **implemented changes** that address our concerns and make the relationship less confusing.

In March 2012, the Scottish Government's consultation on *Scotland – The Hydro Nation* set out proposals to use Scotland's **water resources** more fully to boost the Scottish economy. We have made a range of recommendations on how to strengthen the proposals. We believe there is a need to help households make the link between saving water and saving energy and keeping water prices low. We also need to ensure that global ambitions for the use of Scotland's water is balanced with the need to address issues at home such as water debt.

We are also working closely with Scottish Water to support the development of more **robust consultation processes**. This will include the publication of a new Consultation Code that will provide consumers with a clear statement of what they can expect from Scottish Water.

Through our involvement in national working groups and planning processes in Scotland's water sector, we are ensuring that the consumer interest is at the heart of the water investment programme to improve services for consumers.

## The Customer Forum

This year we have helped to create a **ground-breaking initiative** which, for the first time, will give water customers in Scotland a say in the process of setting water prices and priorities for reinvesting water charges.

Scottish Water is the sole supplier of water in Scotland – as well as being a public utility – so it is absolutely critical that, particularly in tough economic times, there is a way to bring the **needs of the customer centre stage**.

The first of its kind in any UK water utility, the Forum will negotiate with Scottish Water on its priorities, based on research with customers about their **willingness and ability to pay**.

The Forum is a partnership between Consumer Focus Scotland, Scottish Water and the water industry regulator, the Water Industry Commission for Scotland. It has an independent chair and eight members and over the next year it will advance the customers' cause in this pioneering venture.



## A fair deal on post and in post offices

In August, we published our report into how Scotland's hundreds of post offices could be a **'front-office' for local government services**. We think this could help ensure that vulnerable people have better access to government services while helping to sustain the valued Post Office network. Our ideas and recommendations were pivotal in establishing a working group in Scotland which will look at the opportunities and benefits of delivering local government services this way. We will be a central part of this group, making sure that consumers' needs are at the heart of developing these ideas.

We have continued to ensure that consumers in Scotland receive a consistent and **high quality postal service** from the Royal Mail. This year, we monitored a number of developments which affect consumers, including the roll-out of its modernisation programme, the new trial to leave mail with neighbours when people are out and quality of service figures. We continue to take a stand when things need to change or improve.

A major piece of research on consumers' experience of **parcel deliveries** in Scotland has been carried out this year, building on our previous work. We want to find out what works well for consumers and how parcel delivery operators can improve their services. We expect to publish our findings in summer 2012.

We have also lobbied for the introduction of a **Cross Party Group** on postal services in the Scottish Parliament and work is now underway to establish this group.

## A fair deal across the economy

### Legal services

People often depend on the **civil justice system** at some of the most desperate times of their lives, when they can be most vulnerable. That is why, this year, we continued to advocate for consumers' best interests at a time when the civil justice system is being reformed in Scotland.

As a key part of our advocacy work, we are continuing to promote the recommendations of the Civil Justice Advisory Group report published in January 2011. Four of its six recommendations formed the remit of the **Scottish Civil Courts Review**. The Civil Justice Advisory Group gave further consideration to some of the Civil Courts Review's proposals and made a number of recommendations for ways the justice system could be improved for consumers.

The **Scottish Government has now committed** to building on several of these recommendations including: that a 'triage' approach should be used to ensure people are able to access the most appropriate help on how to deal with civil justice problems; an online system be developed to give advice and information about common problems and how to resolve them; and that appropriate alternatives to litigation should be available.

We are also part of a major review on the **expenses and funding of civil litigation** in Scotland, led by Sheriff Principal James Taylor. Our research with Scottish consumers on their views and experiences of ways of funding litigation – and the costs associated with this – has ensured that the voice of ordinary people is heard. We have also highlighted the consumer interest in response to the Scottish Government's consultation on establishing a Scottish Civil Justice Council.

### Know your rights

As part of our focus on improving consumers' knowledge of their rights, potential remedies and means of redress, we produced and distributed – with Consumer Focus Wales – a **wallet sized information card** giving details of shoppers' key rights and responsibilities when shopping in-store. Over 140,000 **Shoppers' Rights** cards were distributed in a variety of locations including shops, libraries, Citizens Advice bureaux and trading standards departments.

We held a stakeholder seminar on legal capability and established a **legal capability** working

group as part of a strategic approach to ensuring that consumers in Scotland have the necessary knowledge, skills and confidence to be able to avoid or resolve civil justice problems. To help with this, we are currently researching consumer behaviour when dealing with law-related issues. This work is being done in partnership with the Scottish Government and Scottish Legal Aid Board. This research will be used to develop recommendations which will inform the Scottish Government's *Making Justice Work* programme – which we are part of – particularly its plans to improve access to justice.

### Digital services

*Scotland's Digital Needs*, published in summer 2011, set out what Scottish consumers need in an increasingly digital world. It **examined the barriers** which prevent many consumers in Scotland from getting the maximum benefit from digital services. We called for a number of innovative approaches, including cheaper or social tariffs for broadband to ensure poorer households don't miss out and we continue to advocate in this important area.

We are part of Scotland's **Digital Participation Action Group** established by the Scottish Government in December 2011. We are using this to improve digital participation rates across Scotland and to ensure consumer interests are at the heart of a report due to Scottish Ministers later this year.

We have responded to the Ofcom consultation on the auction and release of frequency technology which could play a crucial role in connecting consumers in rural and remote rural area of Scotland to **next generation broadband services**. We will continue to represent consumers in these areas to make sure the 'digital divide' is bridged.

### Public services

In May 2011 we published *Complaints signposting in the public sector* to explore the feasibility of introducing a signposting service for people who have a **complaint about a public service**. Since then we have recommended that the Scottish Government develops this service, with the immediate priority being an online information tool for consumers and advice agencies.

Our joint report with national food project Community Food and Health (Scotland) called *Meals and messages: a focus on food services for older people living in the community in Scotland* showed a variation in the quality of food service **provision for older people** across Scotland. This is despite the vital importance of these services to the health and wellbeing of vulnerable older people. We highlighted these findings to key groups, including an Age Scotland Regional Assembly and Members of the Scottish Parliament at its Cross Party Groups on Food and on Older People, Age and Ageing.

*Life after work: what Scotland's baby boomers want as they grow older*, published in September 2011, did not find much evidence that this group of consumers had given enough thought to preparing for a time when they would **be less able to live independently**. However, the same people were worried about a loss of choice and control, financial security and ill health. We made a number of recommendations to UK and Scottish governments about help that should be in place to support people to plan better for retirement.

Throughout February and March we surveyed our Consumer Network members on their views of the Scottish Government's DirectScot **public information prototype** and on proposals to deliver more public services digitally. The evidence gathered will be used to help inform the development of the digital public services of the future, and will help ensure that people who are not online can access public services through other channels.

## Consumer Network

Our 'Consumer Network' is a group of people who act as our 'eyes and ears' across Scotland. They help to keep us informed about consumer concerns and assist with research projects. This has been the year of people power and we have seen a surge in the number of consumers joining our ranks, with 95 new volunteers in our consumer research programmes. We now have over 550 consumers across Scotland regularly telling us what they think of big consumer issues.

This year, hundreds of volunteers took part in a range of research projects including: how the Green Deal initiative can work best for consumers in Scotland; the reaction to Royal Mail's trial to leave mail with neighbours (in Edinburgh); and how clear Scottish Water's branding was on sales letters from a private insurance company. Our network has also been heavily involved in developing the Scottish Government's digital public services work including testing prototype online services.

## Housing services

People who rely on, and pay for, property and **land management services** deserve a fair deal and good service. Sadly, this isn't always the case and has been an issue for many consumers in Scotland.

Following the significant representations we made during the passage of the Property Factors (Scotland) Act 2011, we have continued to represent the interests of consumers in this important area as the new **statutory framework**, including a new Code of Conduct for property factors is developed. We have also campaigned for improved choice for, and accountability to, consumers of land maintenance services.

We continued our work representing the interests of consumers in relation to housing issues, particularly those tenants in the **private rented sector**. We have participated in, and contributed to, a number of Scottish Government working groups, including its private Rented Sector Strategy Group, Private Rented Housing (Scotland) Act 2011 Implementation Group and Housing Policy Advisory Group.

## Externally funded projects

### 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.

This year 367 food outlets across Scotland achieved the award, including 62 at the higher **plus** level. A total of 654 food outlets across Scotland now hold **healthyliving awards**, serving over 215,000 customers every day. The number of businesses securing the awards is one of 16 short-term indicators of progress in delivering the Scottish Government's Obesity Route Map.

This year also saw the **Commonwealth Games Food Forum** established. The Food Forum requires all contracted caterers at venues and villages for Commonwealth Games Glasgow 2014 to achieve the healthyliving award.

We also achieved **national recognition** after reaching the finals of the UK-wide IGD Food Industry Awards 2011. Our award scheme was shortlisted for a Nestlé Wellness Award which is given to a company or organisation that has made a real impact in making healthier eating and drinking easier for consumers and improving public health in the UK.

## 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. We have continued to work closely with the Scottish Government to develop *The Charter of Patient Rights and Responsibilities* to be published by 1 October 2012.

We have also been developing information for patients and members of the public to explain what The Charter will mean for everyone who uses NHS services in Scotland.

In May 2011 we published *When someone has died – information for you*. This new resource for people who have recently been bereaved is being used by most NHS boards in Scotland. We have also reviewed the *Caring and Consent and Making a complaint about the NHS* leaflets as well as factsheets explaining what NHS services overseas visitors may access when they are in Scotland.

## Community Food and Health (Scotland)

Our work to support best practice in linking the **benefits of food and health** through Scotland's voluntary and community sectors continued this year. It involves distributing small grants to innovative food projects across Scotland, providing national training in a wide range of areas, including nutrition, and encouraging new approaches such as community retailing.

We have also produced a number of **practical guides and information** on areas including setting up cooking classes and the food needs of older people in the community.

Our annual conference was accompanied by local and national seminars and roundtable discussions involving practitioners, planners and policy makers involved in everything from work with minority ethnic communities to infant feeding.

Our work is promoted to community and voluntary sectors as well as national policy makers. Our new three-year plan will help to tackle obesity, improving nutrition and the health of our nation.

## The Scottish Accessible Information Forum

We have continued to promote and improve **accessible information for disabled people** across Scotland throughout the year. Our project includes a volunteer forum of 18 people, the majority of whom are disabled themselves.

We produced guidance in the areas on which we are most often asked for advice, including how to make services and websites more accessible.

We have continued to provide dedicated in-house training to a number of organisations on raising awareness of accessible information and creating accessible documents.

We also responded to over 150 requests for help and advice on accessible information.

In December, we ran an online survey to establish interest in an **e-learning module** to promote accessible information awareness and we are now piloting the initiative with organisations across Scotland.

For a more detailed look at the work of Consumer Focus Scotland see [www.consumerfocus.org.uk/scotland](http://www.consumerfocus.org.uk/scotland)

# Consumer Focus Wales

## Our reports and consultation responses

### March 2012

**Protecting consumers from E.coli O157 annual statement**

**Park home residents' rights leaflet** – the basic rights of park homes residents

#### Consultations

Proposals for a Food Hygiene Rating (Wales) Bill (Welsh Government)

### February 2012

**Staying Local** – The impact of changes to the Post Office network for Welsh consumers

**Have your say on Food Hygiene Bill** – campaign to encourage consumers to respond to the Welsh Government's bill consultation

#### Consultations

Retail Market Review: Domestic Proposals (Ofgem)

Meeting the Housing Challenge: Building a consensus for action (Welsh Government)

Green Deal and ECO (DECC)

### January 2012

**Switched off** – consumer views on energy switching in Wales

#### Consultations

Local Authority Audit Rating Scheme (FSA Wales)

Revising publication schemes (Information Commissioner)

### November 2011

**Stay warm this winter schools posters**

### September 2011

**Top tips for domestic oil users poster**

**Shoppers' Rights campaign puts red card in consumers' pockets**

**Almost 50 schools in Wales failing to make food hygiene safety grade** – Back to school food hygiene push

#### Consultations

The future of the consumer landscape – Wales Briefing (UK Government)

### July 2011

**The Fuel Poverty Coalition's countdown to affordable warmth** – Six-point action plan to tackle fuel poverty

#### Consultations

Response to the Walker Review Consultation

### June 2011

#### Consultations

Market Study into Off-grid Energy (OFT)

### May 2011

**Consumer Focus Work Plan 2011/12** – Our proposals for the year and beyond...



## A fair deal on energy

In January 2012 we published the most comprehensive ever report on **switching energy companies** in Wales. The report showed the low levels of engagement with the market in Wales, and highlighted some of the reasons why consumers are not taking a more active stance.

We have launched two information campaigns during the year. Our **Top Tips for Oil consumers** campaign launched in the autumn, encouraging consumers to avoid a repeat of the previous year's Christmas rush which saw many paying a higher price, as costs rose sharply. The campaign was supported by Age Cymru and Care & Repair Cymru, and the points were also adopted by DECC, the Federation of Petroleum suppliers and Citizens Advice across England and Wales as part of a joint campaign for off-gas consumers. The tips were also reproduced in a poster by Consumer Focus Scotland.

The second campaign built on our work from last year talking to young people about their perceptions and experience of fuel poverty. We produced posters for every school in Wales, highlighting **10 top tips for young people** – by young people – to keep warm in winter.

We continue 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. Our six point action plan to tackle fuel poverty was launched in the Senedd with the Energy Minister John Griffiths.

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

## A fair deal on post and in post offices

Post is a big part of our work, and the launch of our report on the **Post Office Local** model in Wales, held in the National Assembly for Wales, proved a big draw for Assembly Members. This report looked specifically at the suitability of the Local model for rural communities and identified key areas for POL to address in rolling-out the model in Wales.

Our quarterly Mail Reports – which package **delivery data** into a user-friendly online newsletter – kept pressure on Royal Mail to improve its First Class mail delivery times in Wales.

We have conducted research for two further pieces of work: a report on access to the post office network for people with **hearing and visual impairments**; and research on **local authority services** through the post office. These reports will be published in summer 2012.

The first report focused specifically on action that Post Office Limited and individual post offices can take to improve their level of service to people with sensory impairment, including older people who rely on the services the post office provides. A key element of this report considers how the needs of this group of consumers should be taken into account as the new Post Office Local and Mains models are rolled out. Ahead of this, we have worked with the Welsh Government to ensure that post offices that receive funding through the Post Office Diversification Fund take better account of the needs of people with sensory loss. The findings from both reports will be published this year.

## A fair deal across the economy

### Food hygiene

In March we published our third annual statement on food safety. This year has seen further progress made by key agencies; however, we have also identified where action is still needed. The Food Standards Agency (FSA), which many key recommendations were aimed at, has confirmed that it will seek to address these. We have also worked closely with the FSA to improve its Food Hygiene ratings website and with the Welsh Government on its proposed Food Hygiene Ratings (Wales) Bill. The Welsh Government took on board our recommendation that the display of food hygiene ratings on food premises in Wales should be mandatory. The Bill was introduced into the National Assembly in May and, when passed, will put Wales at the forefront of food safety in the UK.

### Shoppers' rights

Our Shoppers' Rights Cards – launched with Consumer Focus Scotland – have proved a huge hit with trading standards departments, which have been the primary distribution channel. The wallet-sized cards remind shoppers of their rights and responsibilities. They were also distributed through the Citizens Advice service, public libraries and other advice agencies.

### Park homes

We have carried out a major piece of research on the particular issues faced by park homes residents in Wales. Our report is due to be published in the autumn. As part of this work we have sought to gather the views of local authorities and industry on the current system and what needs to change.

We have also been working closely with Peter Black AM, assisting him as he prepares to pilot a private members bill through the National Assembly for Wales's new law making powers. If passed, the bill will be the first backbench legislation under the post-2011 referendum powers. As part of this work, in February, we produced a handy guide for park home owners to remind them of their rights.

### Private rented sector

We are undertaking work to look at the private rented sector, as the Welsh Government looks to strengthen the protections available to tenants within the sector as part of the forthcoming Housing Bill. We have spoken to tenants across Wales to better understand their experiences of living in the sector and their views on Welsh Government proposals, as well as identifying their own solutions for change. We've also sought the views of landlords and letting agents as part of this work. We'll be publishing our report on our findings in the summer.

### Welsh language

We have continued to champion a consumer perspective in the changing policy landscape concerning the Welsh Language. Our September 2010 report *Gwasaniaithau: Consumers and the Welsh Language* and the research we undertook for it remains an important reference point to influence the work of the newly appointed Welsh Language Commissioner, Meri Huws.

For a more detailed look at the work of Consumer Focus Wales see [www.consumerfocus.org.uk/wales](http://www.consumerfocus.org.uk/wales)

# Consumer Focus Post (Northern Ireland)

**A 'front office' for government services –**  
The Post Office in Northern Ireland

**Letter Lockout** – the mail delivery problems of Northern Ireland consumers in flats

**Consumer friendly post offices?** – Access, environment and service quality in Northern Ireland's Post Office network

## Consultation

Consumer Focus Post response to the Northern Ireland Executive's draft Programme for Government 2011-15

Consumer Focus Post has continued to provide an effective voice for the postal consumers of Northern Ireland, conducting insightful research to inform and base its campaigning activities on.

Findings from our regular **Northern Ireland Annual Post** and **Post Office Consumer Satisfaction** surveys show that a substantial number of Northern Ireland consumers continue to experience problems such as misdelivered (correctly addressed post delivered to the wrong address), lost, and delayed mail.

We wanted to know whether the **type of property** affects the level of mail delivery problems experienced by Northern Ireland consumers. The study showed that people living in flats with communal entrances experienced particular problems with the delivery of their mail, with 61 per cent receiving other people's mail that was correctly addressed, on at least one occasion.

As these types of properties are excluded from the official quality of service survey sample which is used to measure the performance of the Universal Postal Service we asked Ofcom, the regulator, to encourage Royal Mail to evaluate their **quality of service** and report on delivery performance to flats. Ideally, we would like to see a forum, led by Royal Mail, established where all the relevant stakeholders could develop creative and flexible long-term solutions to improve mail deliveries for flats.





In February 2012, we published research which examined how well the Post Office network is meeting the needs of consumers throughout Northern Ireland. The results showed **improvements in accessibility** for people with disabilities at many post office branches. However, it also found that people are often frustrated by: queuing times; confusion over opening hours; lack of disabled access signage; and the unwelcoming condition of some post offices, particularly those located in rural areas. After sharing the report with Post Office Ltd, it agreed with a number of our recommendations aimed at improving access for people with disabilities and outlined the measures it has introduced to reduce queuing times at Belfast's busiest Crown Office.

Further research which informed our report ***A front office for government services – The Post Office in Northern Ireland*** identified the opportunity for local government departments and local councils in Northern Ireland to improve the range of services they make available through post offices. Post Offices could act as a digital bridge for consumers to access the growing number of online government services; it would help improve the sustainability of post offices; and provide a channel through which both local councils and local government departments could engage with 'hard to reach' citizens. We also made a number of recommendations on how the Northern Ireland Executive, local councils and Post Office Ltd can pursue the matter. The report was well received by various stakeholders throughout Northern Ireland.

For a more detailed look at the work of Consumer Focus Post see [www.consumerfocus.org.uk/northern-ireland](http://www.consumerfocus.org.uk/northern-ireland)

# Consumer Focus Report and Accounts

For the year ended 31 March 2012



# Accounting Officer's report and management commentary

## Statutory background and principal activities

Consumer Focus is the operating name adopted by the New National Consumer Council, a statutory organisation created by the Consumers, Estate Agents and Redress (CEAR) Act 2007.

### The Act:

- established Consumer Focus 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

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

Our structure reflects the devolved nature of the UK, embracing Consumer Focus Scotland, Consumer Focus Wales and Consumer Focus Post (Northern Ireland). Staff are based at offices in Glasgow, Cardiff, Belfast and London. Consumer Focus activities in Northern Ireland extend only to the users of postal services.

## Governance

The Governance framework for Consumer Focus is detailed within the Governance Statement on page 46.

### 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 are held by non-executive members. The committee is Chaired by Sharon Darcy. Sukhvinder Kaur-Stubbs, Dame Suzi Leather and Alison White (appointed March 2012 as an independent member) are also members. Roger Darlington was a member until January 2012. The meetings were also attended by the Chief Executive and other officers of Consumer Focus, and observers from internal auditors Tribal, the National Audit Office (NAO) and the Department for Business, Innovation and Skills (BIS). The Committee met six times during the year.

### Internal audit

Tribal Business Assurance provided an internal audit service to Consumer Focus during 2011/12. 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 licenses under the provisions of the Utilities Act 2000 and Postal Services Act 2000.

Core funding of £11.582 million has been agreed for 2012/13. It is estimated that expenditure incurred in the exercise of functions in relation to energy, post and the rest of the economy (ROE) will be as follows:

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

The CEAR Act grants Consumer Focus the powers to 'provide for any person advice or assistance, including research or other services, as respects any matter in which the Council has skill, experience or expertise', and to 'make such charges as it thinks fit' in respect of any such work.

Consumer Focus had two main areas of externally funded work during 2011/12:

- **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 work carried out by the NSMC is expected to cease within Consumer Focus during 2012/13.
- **Consumer Focus Scotland:** funding was received from the Scottish Government to lead a number of mainly health related projects in the areas of healthy eating and access to information. These projects have been running for a number of years and are at various stages of completion and renewal. The proposed changes to Consumer Focus will affect our ability to continue to deliver these projects, and we are currently working with the Scottish Government to identify alternative providers. The transfer of these projects is expected to be completed during 2012/13.

## 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, Government announced that we will not be funded by BIS to work outside of energy, post and, in Scotland, water after April 2013. From that date the Government will look to Citizens Advice and Citizens Advice Scotland to provide general advocacy for consumers. We will work closely with the Citizens Advice service and BIS to ensure a smooth transition of those responsibilities by April 2013. The 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 they are introducing.

Working with the Citizens Advice service, we have been tasked with building a regulated industries unit (RIU) by April 2013. The RIU 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 Government's intention is that the RIU will become part of the Citizens Advice service in 2014.

In Scotland, the timing of the changes will depend on the outcome of the request by the Scottish Government for the UK Government to consider devolving responsibility for consumer issues to them, which, we understand, is being considered in the broader context of the devolution question.

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 our Extra Help Unit (EHU), based in Glasgow.

The unit is dedicated to helping customers from across the UK who are in crisis, 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

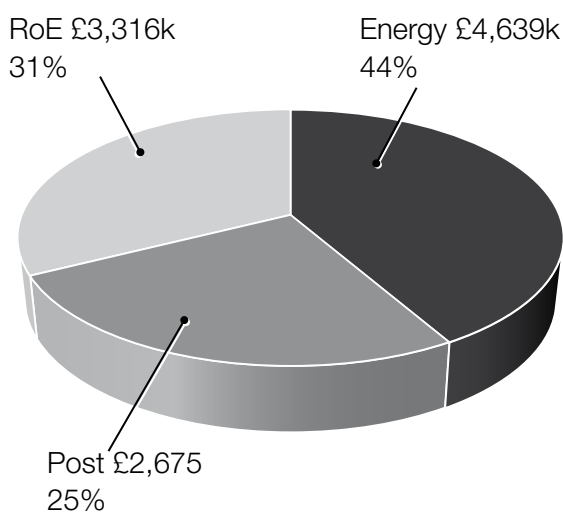
The following paragraphs summarise the funding and financial performance during the year of Consumer Focus.

Consumer Focus received grant-in-aid funding of some £11.2 million for 2011/12. 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).

The Statement of Comprehensive Net Expenditure shows net operating costs of £10.5 million to be funded from grant-in-aid of which £10.6 million is direct expenditure on energy, post and the rest of the economy workstreams.

The chart on page 43 shows how the Net Operating Expenditure for 2011/12 has been accounted for against each workstream.

In addition, Consumer Focus received funding of £1,857k in relation to projects undertaken by the National Social Marketing Centre in conjunction with the DH and £1,818k in respect of projects funded by the Scottish Government.



Total Other Income reduced by £1,660k predominantly due to a reduction in operations by the NSMC as funding from the DH ceased, and projects coming to completion within the year.

Staff costs reduced by £1.3 million primarily as a result of a Government imposed recruitment freeze. This reduction accounted for a significant proportion of the underspend against the total grant available. The staff costs over the previous four years are shown in the following table:

2008/09	2009/10	2010/11	2011/12
£16,259k	£11,676k	£9,431k	£8,082k

Other expenditure reduced by £2.2 million, the majority of which represents a reduction in operations by the NSMC as stated above, and a reduction in Consumer Focus property costs as a result of relocating to premises with significantly reduced costs. The increase in research and consultation costs is a reflection of the volume of work commissioned during the year in achieving output targets. A significant reduction in consultancy and professional fees has arisen due to reduced activity by NSMC, and a general reduction of expenditure in this area across the organisation.

Provisions of £2.1 million continue to be held in respect of both property and employee related costs arising from the merger of the National Consumer Council, energywatch and Postwatch.

### Going concern

In October 2010, the Government announced its intention to close Consumer Focus. The closure was dependent on the passage of legislation and therefore whether Consumer Focus would close, and the resulting timetable for closure, has been uncertain.

In April 2012, following a review of the 'consumer landscape', the decision from Government was that a RIU should be created, initially with responsibility for energy and postal services across England, Scotland and Wales with additional responsibility for water in Scotland. Funding for advocacy services across other sectors in the economy will cease from 2013/14.

The RIU will not be a new public body but will consist of the parts of Consumer Focus that currently carry out these functions and will ensure that the existing skills, knowledge and expertise are retained. The RIU will operate within the governance and legal framework of Consumer Focus until such time as it is transferred to the Citizens Advice service. BIS has indicated that the transfer of the RIU is likely to take place in October 2014, however the precise timing will be for Parliament in considering the necessary Order.

The coming year will be a period of change for Consumer Focus as it prepares to restructure and transform into the RIU from 1 April 2013. Consumer Focus will continue to operate as an organisation for at least the next 12 months. Therefore it is considered appropriate by the management of Consumer Focus and the external auditors to continue to adopt the going concern basis in preparing the annual report and financial statements.

The Statement of Financial Position at 31 March 2012 shows net liabilities of £0.8m. 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 Focus of £11.3m in 2012/13.

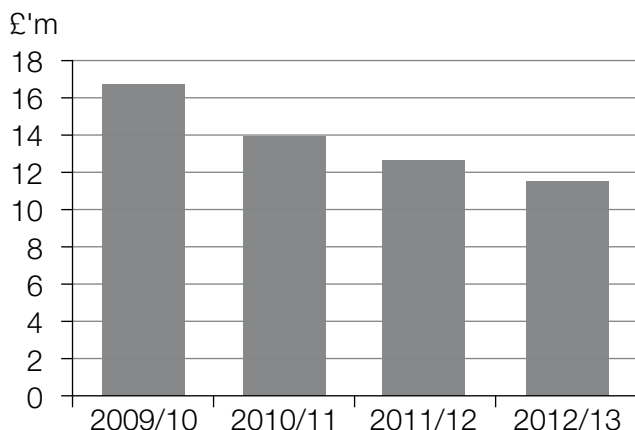
### Risks and uncertainties

The Governance Statement on pages 46 to 53 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. BIS required Consumer Focus to cut 11.9 per cent from its 2011/12 budgets in-year and our 2012/13 budget was reduced by a further 9.4 per cent. The table below shows how funding has reduced since 2009/10:



The 2011/12 budget was 25 per cent lower than our 2009/10 budget. HM Treasury continues to develop its debt reduction strategy and it is likely that pressure on funding will continue in the future. Consumer Focus will examine the impact of future funding scenarios.

### 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 Consumer Direct 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 ‘practice what we preach’ by managing our own sustainability footprint by monitoring our travel and energy usage, publishing and recycling efforts across the UK.

In April 2010, we signed up to the 10:10 campaign to reduce our carbon emissions by 10 per cent. In 2011/12 we have continued to reduce our use of space and intend to pursue this trend as well as inviting co-locations with other arms-length-bodies (ALBs). We anticipate a further significant reduction in travel and we are on target to exceed our previous targets.

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 were made aware of the terms of payment and to abide by the terms of payment.

Paid within	2011/12	2010/11
30 days	94%	86%
5 working days	40%	19%

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 2011 to 31 March 2012 the average absence was 4.2 days (6.7 days for period 1 April 2010 to 31 March 2011). The Civil Service average was eight days in 2011.

### Pensions

Consumer Focus staff are eligible to be members of the Principal Civil Service Pension Scheme. See note 1.16 and the remuneration report.

### 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 2012 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  
2 July 2012



# Governance statement

## 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 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.

The year 2011/12 was a difficult one for the organisation as we awaited the Government's decision as to the future of Consumer Focus, following a review of the 'consumer landscape'. The review considered agencies, Non-departmental public bodies (NDPBs) and other arms length bodies. An announcement in October 2010 proposed that Consumer Focus would be abolished, and its functions passed to Citizens Advice in England and Wales, Citizens Advice Scotland and the General Consumer Council for Northern Ireland.

The Government's conclusions were announced in April 2012 following public consultation. Our duty is now to implement those decisions effectively and efficiently, especially the creation of a RIU, ahead of the abolition of the organisation in 2014.

## The organisation's governance framework/structure

The governance framework for the organisation consists of the Consumer Focus Board, also known as the Main Board, and three Boards in Wales, Scotland and Northern Ireland. The Main Board is the governing body of Consumer Focus and is responsible for the development of all GB, UK, English and EU related policy. The Main Board is supported by two sub committees; Audit and Risk committee and a Human Resources and Remuneration committee (now the Transition Committee).

The Main Board members during the year were:



**Christine Farnish (Chair)**

Christine became Chair of Consumer Focus in late 2010, having served on the Board and chaired the Audit and Risk Committee since 2007. Her career has spanned both public and

private sectors. She recently stepped down as Managing Director Public Policy for Barclays Group. Prior to that she was Chief Executive, National Association of Pension Funds; Consumer Director, FSA; Consumer Director, OFTEL; and also held senior roles in local government. Currently she also Chairs the Family and Parenting Institute and serves as a Civil Service Commissioner. She is on the Boards of ABTA and Aggregate Industries. She formerly served on the Boards of the Office of Fair Trading, ING Direct, the Advertising Standards Authority and Papworth NHS Trust.



**Stephen Locke (Vice Chair)**

Stephen is a consultant specialising in consumer policy and regulation. He is also an Independent Board Member of the Payments Council and a Member of Board of the

Money Advice Service: for each of these organisations he chairs a consumer panel bringing together representatives of a wide range of consumer and citizen bodies. In addition he chairs the Advertising Advisory Committee, which advises the British Code of Advertising Practice on TV and radio advertising rules. Past non-executive roles have included the Professional Standards Board of the Chartered Insurance Institute; Board Member of the National Consumer Council; Board Member of Phonepay Plus (formerly ICSTIS); and Vice Chair of the Internet Watch Foundation. In his full-time professional career Stephen was Director of Advertising and Sponsorship at the Independent Television Commission; previously he had been an Associate Partner at Accenture and Director of Research and Policy at Which?.



**Rick Hill**

Rick 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 Chair 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 was appointed the Chair of the Scottish Consumer Council in May 2006 and Chair of Consumer Focus Scotland in January 2008. He held the post of Chief Executive of:

Ross and Cromarty District Council; Central Regional Council; the Convention of Scottish Local Authorities (COSLA); and Fife Council. He is also Depute Chair of the Accounts Commission of Scotland and was awarded the CBE in 2000.



**Vivienne Sugar**

Vivienne 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 Board Member of the National Employment Savings Trust (NEST) and housing association The Hyde Group. She is a member of Ofgem’s Low Carbon Network Fund

Expert Panel and Consumer Challenge Group for monopoly price controls. She is a member of the Ofwat Customer Advisory Panel and Future Regulation Advisory Panel. Previous roles include Member of the Council of energywatch, Chair of Sutton Borough Citizens Advice Bureaux and member of the London and Southern Committee for the Consumer Council for Water.



**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 is Chair of the Charity Commission, the Ethics Committee of the Royal College of Obstetricians and Gynaecologists and 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 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. From 1999 to 2007 she was a Board Member of the S4C Broadcasting Authority.



**Anna Walker (left March 2012)**

Anna is Chair of the Office of Rail Regulation and is a Board member of Welsh Water. Anna was Chief Executive of the Healthcare Commission, the regulation body for

the NHS and independent sector healthcare until March 2009. She was previously Director General, Land Use and Rural Affairs at DEFRA from 2001 to 2003, and Director General, Energy Group at DTI from 1998 to 2001. She was Deputy Director General at OFTEL from 1993 to 1997.

**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.

The Boards in Scotland and Wales provide advice to the Main 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 Board has the same responsibilities in respect of postal services within Northern Ireland.

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

## Consumer Focus Scotland

**Douglas Sinclair** – Chair

Liz Breckenridge	Nicola Munro
Alan Hutton	John Sawkins
Coinneach MacLean	Alan Sinclair
Angela McCormack	

## Consumer Focus Wales

**Vivienne Sugar** – Chair

Bob Chapman	Eifion Pritchard
Hywel Davies	Malcolm Smith
Kevin Fitzpatrick	John Williams
Marcus Longley	

## Consumer Focus Post (NI)

**Rick Hill** – Chair

Fiona Boyle	Derrick Nixon
Maureen Brennan	Bill Osborne
Maureen Kearney	

All Board 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 Board Chair in each nation – Vivienne Sugar, Consumer Focus Wales; Douglas Sinclair, Consumer Focus Scotland; Rick Hill, Consumer Focus Northern Ireland is also a member of the Main Board and the Human Resources and Remuneration Committee. The Main Board Chair and the Accounting Officer receive papers from, and periodically attend, Board meetings in the nations. Joint Board meetings take place when needed.

The Main Board has oversight of the Senior Management Team (SMT), comprising the Chief Executive, and other directors. Standing orders delegate to the Chief Executive all matters which are not specifically reserved to the Board. The SMT meets every two to four weeks. Members of the SMT during the year were:

- Mike O'Connor, Chief Executive Officer
- Philip Cullum, Deputy Chief Executive Officer (left September 2011)
- Marieke Dwarshuis, Senior Director, Consumer Focus Scotland
- Maria Battle, Senior Director, Consumer Focus Wales (left March 2012)
- Graham Clark, Director of Finance and Operations
- Adam Scorer, Director of Policy and External Affairs

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

At the end of the year, we revised our governance structures by replacing our Human Resources and Remuneration Committee with a Transition Committee. Following the Government's announcement in October 2010, and the likely impact on Consumer Focus, discussions on transition started across the organisation along with external stakeholders, Citizens Advice in England and Wales, Citizens Advice Scotland and the General Consumer Council for Northern Ireland.

These continued throughout 2011/12 and, as a final decision on the Consumer Landscape Review approached, the Board agreed that a Transition Committee, chaired by the main Board Chair, be constituted to work as a Board sub-committee. The Transition Committee will cover all aspects of transition including building the RIU and human resource planning. We also recruited an external, independent member to our Audit and Risk Committee.

Government has decided that the Citizens Advice service will take responsibility for consumer advocacy in sectors not subject to economic regulation from April 2013. Consumer Focus will cease working on issues outside of sectors of the economy subject to economic regulation, the remit of the RIU, by 31 March 2013. We will continue to work on energy, post and, in Scotland, water. The RIU will be responsible for forging partnerships with all other sectoral regulators and consumer advocates to share best practice, identify common issues and identify opportunities to simplify the landscape of bodies for consumers.

We have established regular planning meetings with the Citizens Advice service and BIS to plan the transition. It is not yet known precisely which areas of work the Citizens Advice service will take on from April 2013. The task for Consumer Focus is to exit from non economically-regulated areas and to establish the RIU, which will transfer as a unit to the Citizens Advice service in 2014, when Consumer Focus will close. BIS has told us to work on the assumption that this will happen in October 2014, although the final date will be for Parliament to decide. We are liaising closely with our sponsor department, BIS, on the arrangements for managing the transfer and/or close down of our operating activities.

### **The risk and internal control framework**

Risk management responsibilities:

- 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 executive team supports, advises and implements policies approved by the Board and is committed to adopting good risk management practice

The directors assess and prioritise the key corporate risks, with individual directors taking on the role of risk champions. 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, which consolidates this into a joint risk register, covering all the planned changes to the consumer and competition landscape.

### **The risk and control framework**

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 – meets every two to 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 by Tribal Business Assurance during 2011/12. From April 2012, through transition to closure, internal audit will be provided by the BIS Internal Audit team. This change should improve the joint working with BIS and strengthen the co-ordination between the organisations involved
- 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
- active review of the high level risk register by the Audit and Risk Committee
- oversight of HR issues, policies and procedures by the HR and Remuneration Committee (now the Transition Committee)
- 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 have been approved, and are 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

One of the main risks we have identified during the year is the potential loss of staff capacity, 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 implemented a retention strategy, and we sought BIS agreement to further measures for which we do not have delegated authority.

A further significant risk is concerning ‘business as usual’. While it is crucial that the RIU is developed on time and is fit for purpose, the challenges of continuing to work effectively and deliver objectives over the winding down period poses a significant risk. In addition, the ability to maintain standards of accuracy, quality and timeliness is imperative in terms of Consumer protection, Consumer Focus reputation and credibility. In addressing these risks, effective communication with staff, the allocation of adequate time at Senior Management meetings to discuss ‘business as usual’, and a clear plan of action throughout the transition period have been implemented.

### **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.

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 and the statement of internal control. 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 nation Chairs follow a similar, formal process for their Boards. The Board sub-committees review their performance regularly. In 2011, the terms of reference for both committees were revised, following these reviews, to reflect the challenges facing the organisation. In 2012, the Transition Committee was established. Also in 2012, the Audit and Risk Committee sought, and obtained, the appointment of an independent member, and a change of internal auditor. Both of these actions were taken in order to meet the current needs of the organisation.

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

<b>Consumer Focus Main Board</b>	<b>Main Board (6 meetings)</b>	<b>Audit &amp; Risk Committee (5 meetings)</b>	<b>HR &amp; Remuneration Committee (4 meetings)</b>
Christine Farnish (Chair)	6	*	*
Sharon Darcy	6	5	*
Roger Darlington**	4	4	*
Rick Hill	6	*	3
Sukhvinder Kaur-Stubbs	6	4	*
Dame Suzi Leather	5	4	*
Stephen Locke	5	*	3
Enid Rowlands	6	*	4
Douglas Sinclair	4	*	4
Viv Sugar	5	*	4
Anna Walker	5	*	*
Alison White***	n/a	1	*

\* Not a member of that committee    \*\* Left January 2012    \*\*\*Joined March 2012

<b>Consumer Focus Scotland Board</b>	<b>Board (6 meetings)</b>
Douglas Sinclair (Chair)	6
Liz Breckenridge	6
Alan Hutton	6
Coinneach MacLean	5
Angela McCormack	6
Nicola Munro	6
John Sawkins	5
Alan Sinclair	4

<b>Consumer Focus Wales Board</b>	<b>Board (6 meetings)</b>
Viv Sugar (Chair)	6
Bob Chapman	6
Hywel Davies	4
Kevin Fitzpatrick	5
Marcus Longley	6
Eifion Pritchard	5
Malcolm Smith	5
John Williams	5

<b>Consumer Focus Post (Northern Ireland) Board</b>	<b>Board (5 meetings)</b>
Rick Hill	5
Fiona Boyle	4
Maureen Brennan	4
Maureen Kearney	5
Derrick Nixon	5
Bill Osborne	4

This year has been particularly challenging, both strategically and operationally, because of external uncertainty and restraints. In common with organisations across the public sector, over the last two years our resources have fallen by a third and we have had to manage with pay freezes for staff, expenditure controls and recruitment restrictions.

The 18 month period of uncertainty about our future has been challenging for the executive and the Boards. Inevitably we have lost staff and reduced our activity. Despite this, the service we deliver for consumers has been maintained in terms of publishing reports and studies, money saved for consumers, and changes in public and private policies. Our public profile, as demonstrated by media coverage, has risen by two thirds in 2011 as compared to 2010. More details are included in the report section of these accounts.

The Audit and Risk Committee met five times during the year and received regular reports from the National Audit Office, our external auditors, and Tribal, our internal auditors for the year. 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. Of the 14 key recommendations made, 11 had been implemented by the end of the year, with the remaining three on hold, pending decisions on our future.

Where appropriate, the audit reports varied between substantial and reasonable assurance with nothing lower. There were no systematic weaknesses, or examples of fraud or loss identified.

### **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 in the next two years. During 2011/12 there were no personal data related incidents at Consumer Focus that required reporting to the Information Commissioners Office (ICO). Consumer Focus has implemented the relevant sections of the Security Policy Framework. No significant internal control failures occurred in year.

There was only one significant internal control issue identified, which was in the area of procurement where an error was made in the assessment of awarding a contract. While this was regrettable the issue was one of individual error rather than any systematic weakness in our policies or procedures. Actions to increase awareness and implement a formal change control process have been put into practice to minimise the risk of any similar occurrence.

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  
2 July 2012



# Remuneration report

This report covers Consumer Focus for the period 1 April 2011 to 31 March 2012.

## Appointments

Chair and Board members are appointed on merit by the Secretary of State on the basis of fair and open competition. The Chief Executive and Executive Directors are employed under permanent contracts.

## Consumer Focus

### Human Resources and Remuneration Committee\* (formerly the HR Committee) membership

The members of the HR Committee were appointed by the Board in February 2008. Their role has been to support the Board in its responsibilities for issues of remuneration and recruitment by reviewing the comprehensiveness of policies and procedures in meeting the Board and Accounting Officer's governance needs and reviewing the reliability and integrity of relevant management systems for both the transition process and the steady state organisation.

During the period to 31 March 2012, the members were Enid Rowlands (Chair), Stephen Locke, Douglas Sinclair, Vivienne Sugar and Rick Hill. The committee met four times in the period April 2011 to March 2012. The Chief Executive (Mike O'Connor) was invited to attend committee meetings except those related to discussions involving his personal remuneration.

\* The Committee agreed revised Terms of Reference in January 2011 and these were agreed by the Board in February 2011, from when the Committee was called the Human Resource and Remuneration Committee

## Service contracts

	Contract Start Date	Unexpired term years	Notice period months	Performance bonus %
<b>Chief Executive</b> Mike O'Connor	22 January 2010	-	3 months	Nil
<b>Senior Director Scotland</b> Marieke Dwarshuis	2 February 2010	-	3 months	Nil
<b>Senior Director Wales</b> Maria Battle	23 March 2009	-	3 months	Nil
<b>Finance &amp; Operations Director</b> Graham Clark	1 May 2009	-	3 months	Nil
<b>Director of Policy and External Affairs</b> Adam Scorer	16 September 2009	-	3 months	Nil

Unless otherwise stated, early termination, other than for misconduct, would result in compensation as set out in the Civil Service Compensation Scheme.

# Remuneration report

All of the officers in the table were in post at 31 March 2012 (unless otherwise stated). Maria Battle's last day of service with Consumer Focus was 31 March 2012; she has been replaced by Rhys Evans who took up his post on 1 April 2012.

All members of the SMT, with the exception of the Chief Executive, have the same terms & conditions as all other Consumer Focus staff, therefore no special instructions exist with regards to their remuneration. Terms and conditions for the Chief Executive are also the same. However the remuneration for this post is the responsibility of BIS. All staff remuneration, including the Chief Executive's, is subject to a pay freeze.

## Remuneration

The following information is subject to audit.

	2011/12		2010/11	
	Salary £'000	Benefits-in-kind (to nearest £100)	Salary £'000	Benefits-in-kind (to nearest £100)
<b>Chief Executive</b> Mike O'Connor	110-115	Nil	110-115	Nil
<b>Deputy Chief Executive</b> Philip Cullum (to 4 September 2011)	30-35 (full year equivalent 80-85)	Nil	80-85	Nil
<b>Senior Director Scotland</b> Marieke Dwarshuis	70-75	Nil	70-75	Nil
<b>Senior Director Wales</b> Maria Battle	70-75	Nil	70-75	Nil
<b>Finance &amp; Operations Director</b> Graham Clark	75-80	Nil	75-80	Nil
<b>Director of Policy and External Affairs</b> Adam Scorer	70-75	Nil	65-70	Nil
<b>Band of Highest Paid Director's Total Remuneration (£'000)</b>	110-115		110-115	
<b>Median Total Remuneration</b>	33,000		29,635	
<b>Ratio</b>	3.3		3.7	

## Pension benefits

Officer	Real increase in pension (£)	Real increase in lump sum (£)	Pension at ED (£)	Lump sum at ED	CETV at SD * <sup>1</sup> (nearest £K)	CETV at ED (nearest £K)	Employee contributions and transfers in (£)	Real increase in CETV as funded by employer (nearest £K)
Mike O'Connor	2,335	0	24,648	0	351	420	3,850	36
Philip Cullum to 4/09/11	431	0	10,558	0	120	128	1,199	4
Marieke Dwarshuis	579	0	13,193	0	151	171	2,517	5
Maria Battle *	NA	NA	NA	NA	NA	NA	NA	NA
Graham Clark	1,699	0	5,269	0	34	54	2,749	15
Adam Scorer *	NA	NA	NA	NA	NA	NA	NA	NA

\* Maria Battle and Adam Scorer are not currently contributing to the pension scheme; therefore there are no figures to be disclosed

## 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.

### Short term staff benefits

Short term employee benefits comprise holiday entitlement accrued but not taken at the year end in line with IAS 19. As at 31 March 2012 this was £22k for senior management.

## Pension

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 changes in the Consumer Prices Index (CPI). Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account).

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for Classic and 3.5 per cent for Premium and Classic Plus and Nuvos. 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.

<sup>1</sup> Please note that the actuarial factors that are used in the CETV calculations were changed during 2011. This means that the CETV in this year's report for 31/03/11 will not be the same as the corresponding figure shown in last year's report

# Remuneration report

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 in respects of 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 their pensionable earnings during their 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 CPI. In all cases members may opt to give up (commute) pension for lump sum up to the limits set by the Finance Act 2004.

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](http://www.civilservice-pensions.gov.uk)

## The Cash Equivalent Transfer Values

A Cash Equivalent Transfer Values (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 calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

## Real increase in CETV

This reflects the increase in CETV effectively 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.

## Remuneration of Consumer Focus Board Members

Main Board	2011/12		2010/11	
	£'000	Benefits-in-kind nearest £100*	£'000	Benefits-in-kind nearest £100*
<b>Lord Larry Whitty</b> – Chair to December 2010	N/A	N/A	35-40	£400
<b>Christine Farnish</b> – Chair Appointed to closure of Consumer Focus or September 2014 (whichever sooner)	45-50	Nil	20-25	£100
<b>Rick Hill</b> – see Northern Ireland Board	20-25	£200	20-25	Nil
<b>Douglas Sinclair</b> – see Scotland Board	25-30	£1,400	25-30	£,1700
<b>Vivienne Sugar</b> – see Wales Board	25-30	£4,200	25-30	£5,500
<b>Sharon Darcy</b> Appointed to 30.04.14 or closure (but not longer than January 2017)	10-15	Nil	10-15	Nil
<b>Roger Darlington</b> Term ended January 2012	5-10 (full year equivalent 10-15)	Nil	10-15	Nil
<b>Ed Gallagher</b> Term ended January 2011	N/A	N/A	5-10	£1,200
<b>Sukhvinder Kaur-Stubbs</b> Appointed to January 2013	10-15	£500	10-15	£300
<b>Dame Suzi Leather</b> Appointed to January 2013	10-15	Nil	10-15	Nil
<b>Stephen Locke</b> Appointed to April 2014 or closure (but not longer than January 2017)	10-15	£100	10-15	£400
<b>Enid Rowlands</b> Appointed to January 2013	10-15	£2,000	10-15	£2,700
<b>Anna Walker</b> Resigned March 2012	10-15	Nil	10-15	Nil

# Remuneration report

Consumer Focus Scotland Board	2011/12		2010/11	
	£'000	Benefits-in-kind nearest £100*	£'000	Benefits-in-kind nearest £100*
<b>Douglas Sinclair</b> – Chair Appointed to January 2014	See Main Board Disclosure	See Main Board Disclosure	See Main Board Disclosure	See Main Board Disclosure
<b>Liz Breckenridge</b> Appointed to April 2014 or closure (whichever sooner)	5-10	Nil	5-10	£400
<b>Alan Hutton</b> Appointed to April 2014 or closure (whichever sooner)	5-10	Nil	5-10	Nil
<b>Coinneach Maclean</b> Appointed April 2013	5-10	£100	5-10	Nil
<b>Angela McCormack</b> Appointed to April 2014 or closure (whichever sooner)	5-10	Nil	5-10	£100
<b>Nicola Munro</b> Appointed to April 2013	5-10	£200	5-10	£300
<b>John Sawkins</b> Appointed to April 2013	5-10	£200	5-10	£400
<b>Alan Sinclair</b> Appointed to April 2013	5-10	£100	5-10	Nil

Consumer Focus Wales Board	2011/12		2010/11	
	£'000	Benefits-in-kind nearest £100*	£'000	Benefits-in-kind nearest £100*
<b>Vivienne Sugar</b> – Chair Appointed to January 2014	See Main Board Disclosure	See Main Board Disclosure	See Main Board Disclosure	See Main Board Disclosure
<b>Bob Chapman</b> Appointed to May 2013	5-10	£600	5-10	£1,100
<b>Hywel Davies</b> Resigned December 2011	0-5 (full year equivalent 5-10)	£700	5-10	£800
<b>Kevin Fitzpatrick</b> Appointed to May 2013	5-10	£400	5-10	£900
<b>Marcus Longley</b> Appointed to May 2013	5-10	Nil	5-10	£100
<b>Eifion Pritchard</b> Appointed to May 2012	5-10	£900	5-10	£1,200
<b>Malcolm Smith</b> Appointed to May 2012	5-10	£2,800	5-10	£2,000
<b>John Williams</b> Appointed to May 2012	5-10	£1,400	5-10	£1,400

# Remuneration report

Consumer Focus Post (Northern Ireland) Board	2011/12		2010/11	
	£'000	Benefits-in-kind nearest £100*	£'000	Benefits-in-kind nearest £100*
<b>Rick Hill</b> – Chair Appointed to January 2014	See Main Board Disclosure	See Main Board Disclosure	See Main Board Disclosure	See Main Board Disclosure
<b>Fiona Boyle</b> Appointed to October 2013	0-5	£100	0-5	£200
<b>Maureen Brennan</b> Appointed to October 2013	0-5	£100	0-5	£300
<b>Maureen Kearney</b> Appointed to October 2013	0-5	£300	0-5	£600
<b>Derrick Nixon</b> Appointed to October 2013	0-5	£600	0-5	£1,200
<b>Bill Osborne</b> Appointed to October 2013	0-5	£100	0-5	£200

\*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 non-executive members.

**Mike O'Connor**  
Accounting Officer  
2 July 2012



# 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 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 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 2012 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 Consumer Focus, the Accounting Officer and auditor**

As explained more fully in the Statement of Accounting Officer's Responsibilities, Consumer Focus 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 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.

In addition, 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 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 affairs of Consumer Focus as at 31 March 2012 and of its 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 issued under the Consumers, Estate Agents and Redress Act 2007; and
- the information given in the Governance Statement, 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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or 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  
3 July 2012

# Statement of comprehensive net expenditure

for the year ended 31 March 2012

	Note	2011/12 £'000	2010/11 £'000
<b>Expenditure</b>			
Staff cost	3a	8,082	9,431
Depreciation		227	268
Other expenditure	4a	6,034	8,304
<b>Total operating expenditure</b>		<b>14,343</b>	<b>18,003</b>
<b>Income</b>			
Rental income	5	(29)	(17)
Other income	6	(3,777)	(5,437)
<b>Total income</b>		<b>(3,806)</b>	<b>(5,454)</b>
<b>Net expenditure</b>		<b>10,537</b>	<b>12,549</b>
Release from onerous lease provision	4b	(10)	(159)
<b>Net expenditure after material transactions</b>		<b>10,527</b>	<b>12,390</b>
Interest receivable	7	(20)	(8)
Finance charges payable on leases		0	0
Interest received and surrendered to BIS		0	6
		<b>(20)</b>	<b>(2)</b>
<b>Net expenditure after interest</b>		<b>10,507</b>	<b>12,388</b>
Taxation	8	4	2
<b>Net expenditure after tax</b>		<b>10,511</b>	<b>12,390</b>
<b>Other comprehensive expenditure</b>			
	Note	2011/12	2010/11
Net gain/(loss) on revaluation of property, plant & equipment	10	0	0
Net gain/(loss) on revaluation of intangibles	9	0	0
Net gain/(loss) on revaluation of available for sales financial assets		0	0
		<b>0</b>	<b>0</b>

# Statement of financial position

As at 31 March 2012

	Note	As at 31 March 2012 £'000	As at 31 March 2011 £'000
<b>Non-current assets:</b>			
Intangible assets	9	35	54
Property, plant and equipment	10	378	579
<b>Total non current assets</b>		413	633
<b>Current assets</b>			
Trade and other receivables	11	429	411
Cash and cash equivalents	12	3,966	4,786
<b>Total current assets</b>		4,395	5,197
<b>Total assets</b>		4,808	5,830
<b>Current liabilities</b>			
Trade and other payables	13	(1,802)	(1,387)
Current tax liabilities	13	(37)	(67)
Other liabilities	13	(1,688)	(3,375)
<b>Total current liabilities</b>		(3,527)	(4,829)
<b>Non current assets plus net current assets</b>		1,281	1,001
<b>Non current liabilities</b>			
Other payables	13	-	-
Provisions	14	(2,069)	(2,502)
<b>Total non current liabilities</b>		(2,069)	(2,502)
<b>ASSETS LESS TOTAL LIABILITIES</b>		<b>(788)</b>	<b>(1,501)</b>
<b>Taxpayers' equity</b>			
I&E reserve		(788)	(1,501)
Revaluation reserve		-	-
		<b>(788)</b>	<b>(1,501)</b>

The financial statements on pages 65 to 89 were approved by the Board on 28 June 2012 and were signed on its behalf by:

**Mike O'Connor**  
Accounting Officer  
2 July 2012

The notes on pages 69 to 89 form part of these accounts

# Statement of cash flows

for year ending 31 March 2012

	Note	2011/12 £'000	2010/11 £'000
<b>Cash flows from operating activities</b>			
Net deficit	18a	(10,285)	(11,926)
(Increase) Decrease in trade and other receivables	11	(18)	713
Increase (Decrease) in trade payables	13	(1,301)	(2,668)
Movement in provisions	14	(433)	(903)
Taxation	8	(4)	(3)
<b>Net cash outflow from operating activities</b>		<b>(12,041)</b>	<b>(14,787)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	10	(8)	(111)
Purchase of intangible assets		0	0
Proceeds of disposal of property, plant and equipment		0	7
<b>Net cash outflow from investing activities</b>		<b>(8)</b>	<b>(104)</b>
<b>Cash flows from financing activities</b>			
Grant-in-aid received to fund current year activities	18b	11,229	14,085
Capital element of payments in respect of finance leases		0	0
<b>Net financing</b>		<b>11,229</b>	<b>14,085</b>
<b>Net decrease in cash and cash equivalents in the period</b>		<b>(820)</b>	<b>(806)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	12	4,786	5,592
<b>Cash and cash equivalents at the end of the period</b>	12	<b>3,966</b>	<b>4,786</b>

# Statement of changes in taxpayers' equity

for year ending 31 March 2012

	Note	Revaluation Reserve £'000	I&E Reserve £'000	Total Reserve £'000
Opening taxpayers' equity at 1 April 2010		0	(3,241)	(3,241)
<b>Changes in taxpayers' equity 2010-11</b>				
Actuarial (gain) losses	14d	0	45	45
Retained deficit		0	(12,390)	(12,390)
		<b>0</b>	<b>(15,586)</b>	<b>(15,586)</b>
Grant-in-aid Revenue		0	13,885	13,885
Capital		0	200	200
<b>Balance at 31 March 2011</b>		<b>0</b>	<b>(1,501)</b>	<b>(1,501)</b>
Opening taxpayers' equity as at 1 April 2011		0	(1,501)	(1,501)
<b>Changes in taxpayers' equity 2011-12</b>				
Actuarial (gain) losses	14d	0	(5)	(5)
Retained deficit for the year		0	(10,511)	(10,511)
		<b>0</b>	<b>(12,017)</b>	<b>(12,017)</b>
Grant-in-aid Revenue		0	11,229	11,229
Capital		0	0	0
<b>Balance at 31 March 2012</b>		<b>0</b>	<b>(788)</b>	<b>(788)</b>

# Notes to the financial statements

## 1.1 Statement of accounting policies

These financial statements have been prepared in accordance with the 2011/12 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 which are above the capitalisation threshold, are in use in delivering Consumer Focus's aims and objectives, and have an economic useful life of more than one year. Operating software is capitalised with the hardware that supports it if 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 the current valuation of 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:

<b>Asset type</b>	<b>Useful economic life</b>
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 the income 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 2.8 per cent for Early Retirement Provisions and 2.2 per cent for all other provisions).

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's control, unless their likelihood is considered remote.

## 1.13 Taxpayers' equity

This is made up of the following:

- a income and expenditure reserve
- b revaluation reserve reflecting the unrealised balance of the cumulative indexation and revaluation adjustments to assets other than donated assets and those funded by grants
- c 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 2012.

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 in 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 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 VAT**

Consumer Focus is not VAT registered, therefore as a consequence Value Added Tax 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.

# Notes to the financial statements

## 1.17 Going concern

The accounts have been prepared on a going concern basis.

In October 2010, the Government announced its intention to close Consumer Focus. The closure was dependent on the passage of legislation and therefore whether Consumer Focus would close, and the resulting timetable for closure, has been uncertain.

In April 2012, following a review of the 'consumer landscape', the decision from Government was that a RIU should be created, initially with responsibility for energy and postal services across England, Scotland and Wales with additional responsibility for water in Scotland. Funding for advocacy services across other sectors in the economy will cease from 2013/14.

The RIU will not be a new public body but will consist of the parts of Consumer Focus that currently carry out these functions and will ensure that the existing skills, knowledge and expertise are retained. The RIU will operate within the governance and legal framework of Consumer Focus until such time as it is transferred to the Citizens Advice service. BIS has indicated that the transfer of the RIU is likely to take place in October 2014, however the precise timing will be for Parliament in considering the necessary Order.

The coming year will be a period of change for Consumer Focus as it prepares to restructure and transform into the RIU from 1 April 2013. Consumer Focus will continue to operate as an organisation for at least the next 12 months, therefore it is considered appropriate by the Management of Consumer Focus and the external auditors to continue to adopt the going concern basis in preparing the annual report and financial statements.

The Statement of Financial Position at 31 March 2012 shows net liabilities of £0.8m. 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 Focus of £11.3m in 2012-13.

## 1.18 Interest received and surrendered to BIS

In accordance with Managing Public Money Annex 5.7B, interest earned from commercial bank accounts is paid over to BIS for onward transmission to the Consolidated Fund.

## 2 Analysis of net expenditure by segment

<b>2011/12</b>	<b>Core</b>	<b>NSMC</b>	<b>Scottish Externally Funded Projects</b>	<b>TOTAL</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Staff expenditure	6,591	645	846	8,082
Other expenditure	3,922	1,140	972	6,034
Depreciation	227	0	0	227
Income	(131)	(1,857)	(1,818)	(3,806)
<b>Net expenditure</b>	<b>10,609</b>	<b>(72)</b>	<b>0</b>	<b>10,537</b>

<b>2010/11</b>	<b>Core</b>	<b>NSMC</b>	<b>Scottish Externally Funded Projects</b>	<b>TOTAL</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Staff expenditure	7,489	1,169	773	9,431
Other expenditure	5,526	1,870	908	8,304
Depreciation	268	0	0	268
Income	(128)	(3,579)	(1,747)	(5,454)
<b>Net expenditure</b>	<b>13,155</b>	<b>(540)</b>	<b>(66)</b>	<b>12,549</b>

**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 works primarily with DH to build capacity and skills in social marketing related to health. Funding by DH ended on 31 March 2011.

**Scottish Externally Funded Projects:** Consumer Focus Scotland receives funding from the Scottish Government to lead a number of mainly health related projects in the areas of healthy eating and access to information. These projects have been running for a number of years and are at various stages of completion and renewal.

# Notes to the financial statements

## 3a Staff costs

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	6,085	6,872
Social security costs	468	498
Pension contributions	1,050	1,221
Temporary staff and secondees	374	341
Redundancy, early retirement and severance costs	105	499
	<b>8,082</b>	<b>9,431</b>
<b>Average number of staff</b>	<b>2011/12</b>	<b>2010/11</b>
Staff permanently employed	147	179
Temporary and casual staff	7	15
	<b>154</b>	<b>194</b>

## 3b Exit packages

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2011/12	2010/11	2011/12	2010/11	2011/12	2010/11
<£10,000	0	2	0	3	0	5
£10,000 - £25,000	2	4	0	2	2	6
£25,000 - £50,000	2	0	0	1	2	1
£50,000 - £100,000	0	0	0	0	0	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	4	6	0	6	4	12
<b>Total resource cost</b>	<b>£92,639</b>	<b>£67,650</b>	<b>£0</b>	<b>£73,635</b>	<b>£92,639</b>	<b>£141,285</b>

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.

### **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](http://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 £1,009k (2010/11: £1,221k) were payable to the PCSPS for the year to 31 March 2012, 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 contributions of £13,830 (£2010/11: £20,174) 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 £3,447 (2010/11: £2,700) (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.

# Notes to the financial statements

## 4a Other expenditure

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Travel and subsistence	266	345
Office costs (including postage, IT, web development, copying and telecommunications)	268	414
ICT	276	603
Research and consultation	2,487	1,681
Staff learning and development (including Board development)	221	109
Other staff related costs (including recruitment and advertising)	79	19
Promotions, campaigns and marketing	316	259
Consultancy and professional fees	999	1,820
Rent, rates and associated services	689	1,780
Impairment	0	0
Loss/(profit) on disposal of fixed assets	(1)	148
Auditors remuneration	44	47
Subscriptions and publications	204	208
Conference costs	117	60
Grants and donations	105	366
Change in existing provisions	(165)	(229)
Unwinding of discount factor	77	73
Other costs	52	393
Dilapidations	0	208
	<b>6,034</b>	<b>8,304</b>



#### 4b Onerous lease cost arising on closure of bodies forming Consumer Focus

	2011/12 £'000	2010/11 £'000
Onerous lease costs on leasehold properties – Postwatch	0	0
Onerous lease costs on leasehold properties – energywatch	(10)	(159)

Consumer Focus found it necessary to create a provision for onerous leases on the closure of the predecessor bodies, energywatch and Postwatch. These property leases transferred to Consumer Focus on 1 October 2008. Under Government Accounting convention, Consumer Focus has made provisions for the future costs of the leases that have not been reassigned and that are surplus to Consumer Focus's requirements, less any receipts for sub-letting. These future costs relate to the minimum term of the leases discounted at the Government real discount rate advised by HM Treasury (currently 2.2 per cent).

#### 4c Expenditure on the main work streams

	Total £'000s	Energy £'000s	Post £'000s	BIS £'000s	Other £'000s
Total operating expenditure as per Statement of Comprehensive Net Expenditure	14,343	4,702	2,696	3,342	3,603
Less Scottish Government funded projects	(1,818)	0	0	0	(1,818)
Less National Social Marketing Centre	(1,857)	0	0	0	(1,857)
Less rental for legacy buildings	(29)	(29)	0	0	0
Less other income	(102)	(34)	(21)	(26)	(21)
Net expenditure as per Statement of Comprehensive Net Expenditure	10,537	4,639	2,675	3,316	(93)
Add back related provision movement	411	185	196	30	0
Add back deferred income movement	93	0	0	0	93
Cash equivalent per work stream	11,041	4,824	2,871	3,346	0

# Notes to the financial statements

## 5 Rental income

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Rental income from sub-let of property	(29)	(17)
	<u>(29)</u>	<u>(17)</u>

## 6 Other income

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Other Income	(3,777)	(5,437)
	<u>(3,777)</u>	<u>(5,437)</u>

Other income consists principally of income in relation to projects undertaken by the National Social Marketing Centre in conjunction with the DH and Consumer Focus Scotland projects funded by the Scottish Government. This may be analysed as follows:

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
National Social Marketing Centre	(1,857)	(3,579)
Consumer Focus Scotland	(1,818)	(1,747)
Other	(102)	(111)
	<u>(3,777)</u>	<u>(5,437)</u>

Consumer Focus Scotland figure for 2011/12 includes £151k of funding from Scottish Water.

## 7 Interest receivable and payable

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
Receivable from the bank for funds on short term deposit	(20)	(8)
	<u>(20)</u>	<u>(8)</u>

## 8 Corporation tax

	<b>2011/12</b>	<b>2010/11</b>
	<b>£'000</b>	<b>£'000</b>
<i>Current tax</i>		
Charge for the year	4	2
	<u>4</u>	<u>2</u>

Corporation tax is paid on the interest received from our commercial bank account. The figure has been calculated using 26 per cent of interest received.

## 9 Intangible assets

	<b>Software £'000</b>	<b>Licences £'000</b>	<b>Totals £'000</b>
<b>Cost or valuation</b>			
At 1 April 2010	242	127	369
Additions	0	0	0
Disposals	(168)	(42)	(210)
Revaluations	0	0	0
At 31 March 2011	74	85	159
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
<b>Amortisation</b>			
At 1 April 2010	(173)	(54)	(227)
Provided during the year	(34)	(21)	(55)
Disposals	156	21	177
Revaluations	0	0	0
At 31 March 2011	(51)	(54)	(105)
At 1 April 2011	(51)	(54)	(105)
Provided during the year	(7)	(12)	(19)
Disposal	0	0	0
Revaluations	0	0	0
At 31 March 2012	(58)	(66)	(124)
<b>Net Book Value</b>			
At 31 March 2012	16	19	35
At 31 March 2011	23	31	54
At 1 April 2010	69	73	142

# Notes to the financial statements

## 10 Property, plant and equipment

	Leasehold improvements £'000	Information technology £'000	Furniture and fixtures £'000	Other office equipment £'000	Totals £'000
<b>Cost or valuation</b>					
At 1 April 2010	839	577	204	123	1,743
Additions	80	14	8	8	110
Disposals	(631)	(128)	(6)	(25)	(790)
Revaluations	0	0	0	0	0
At 31 March 2011	288	463	206	106	1,063
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
<b>Depreciation</b>					
At 1 April 2010	(590)	(215)	(106)	(25)	(936)
Provided during the year	(65)	(98)	(25)	(24)	(212)
Disposal	571	76	6	11	664
Revaluations	0	0	0	0	0
At 31 March 2011	(84)	(237)	(125)	(38)	(484)
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)
<b>Net book value</b>					
At 31 March 2012	126	144	63	46	379
At 31 March 2011	204	226	81	68	579
At 1 April 2010	249	362	98	98	807
<b>Asset financing</b>					
Owned	126	144	63	46	379
Finance Leased	0	0	0	0	0
Net Book value as at 31 March 2012	126	144	63	46	379

## 11 Trade receivables and other current assets

	<b>As at 31 March 2012 £'000</b>	<b>As at 31 March 2011 £'000</b>
Amounts falling due within one year:		
Trade receivables	42	29
Other receivables	25	20
Prepayments	356	328
	423	377
Receivables due after more than one year:	6	34
<b>Total Receivables</b>	<b>429</b>	<b>411</b>

### 11a Intra-government balances

	<b>As at 31 March 2012</b>		<b>As at 31 March 2011</b>	
	<b>Receivables Amounts falling due within one year £'000</b>	<b>Receivables Amounts falling due after one year £'000</b>	<b>Receivables Amounts falling due within one year £'000</b>	<b>Receivables Amounts falling due after one year £'000</b>
Balances with central government bodies	5	0	85	0
Balances with local authorities	35	0	0	0
Balances with bodies external to government	383	6	292	34
<b>Total</b>	<b>423</b>	<b>6</b>	<b>377</b>	<b>34</b>

## 12 Cash and cash equivalents

	<b>As at 31 March 2012 £'000</b>	<b>As at 31 March 2011 £'000</b>
As at 1 April	4,786	5,592
Cash inflow (outflow)	(820)	(806)
<b>As at 31 March</b>	<b>3,966</b>	<b>4,786</b>

# Notes to the financial statements

## 13 Trade payables and other current liabilities

	As at 31 March 2012 £'000	As at 31 March 2011 £'000
<b>Amounts falling due within 1 year:</b>		
Trade payables	(101)	(89)
Accruals	(1,701)	(1,298)
Trade and other payables	(1,802)	(1,387)
Other Taxation and Social security and pension contributions	(168)	(186)
Deferred Income	(1,430)	(3,046)
Lease payments due	0	0
Other payables	(90)	(143)
Other liabilities	(1,688)	(3,375)
Corporation tax	(37)	(67)
<b>Amounts falling due after more than 1 Year</b>		
Other payables	0	0
Finance Leases	0	0
	0	0

## 13a Intra-government balances

	As at 31 March 2012		As at 31 March 2011	
	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	1,764	0	3,573	0
Balances with local authorities	1	0	1	0
Balances with NHS bodies	0	0	0	0
Balances with public corporations and trading funds	0	0	5	0
Balances with bodies external to government	1,762	0	1,250	0
Total	3,527	0	4,829	0

## 14 Provisions for liabilities and charges

	Onerous leases provision £'000	Early retirement provision		Early retirement provision on merger £'000	Pension provision £'000	Legal fees £'000	Others £'000	Total £'000
		GCC £'000	EW £'000					
As at 1 April 2010	(925)	(21)	(243)	(1,759)	(407)	(50)	0	<b>(3,405)</b>
New provision recognised		0	0	(363)	0	0	(42)	<b>(405)</b>
Amounts used in the period	532	21	40	367	35	40	0	<b>1,035</b>
Changes to existing provisions	159	0	4	111	45	10	0	<b>329</b>
Unwinding of the discount factor	(5)	0	(2)	(49)	0	0	0	<b>(56)</b>
Balance at 31 March 2011	(239)	0	(201)	(1,693)	(327)	0	(42)	<b>(2,502)</b>
As at 1 April 2011	(239)	0	(201)	(1,693)	(327)	0	(42)	<b>(2,502)</b>
New provision recognised	0	0	0	0	0	0	0	<b>0</b>
Amounts used in the period	57	0	64	340	25	0	0	<b>486</b>
Changes to existing provisions	10	0	(24)	(11)	(5)	0	42	<b>12</b>
Unwinding of the discount factor	(4)	0	6	(49)	(18)	0	0	<b>(65)</b>
Balance at 31 March 2012	(176)	0	(155)	(1,413)	(325)	0	0	<b>(2,069)</b>

	Onerous leases provision £'000	Early retirement - EW £'000	Early retirement provision on merger £'000	Pension provision £'000	Total £'000
Not later than one year	(52)	(28)	(336)	(26)	<b>(442)</b>
Later than one year and not later than five years	(124)	(127)	(970)	(104)	<b>(1,325)</b>
Later than five years	0	0	(107)	(195)	<b>(302)</b>
<b>Balance as 31 March 2012</b>	<b>(176)</b>	<b>(155)</b>	<b>(1,413)</b>	<b>(325)</b>	<b>(2,069)</b>

# Notes to the financial statements

## **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's needs when they were transferred to Consumer Focus on 1 October. The provision includes properties with leases which terminate between 2008 and 2014. The actual costs involved are not certain at the balance sheet date, being subject to revision through rent reviews, etc. Future income streams have been recognised in calculating the provision for any properties that have been sublet.

The leasehold obligations provision relates to obligations under the terms of the lease agreement for a legacy body's premises that was transferred to Consumer Focus on 1 October 2008.

## **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's 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 Pension provision liabilities

	2011/12 £'000	2010/11 £'000
Balance at 1 April 2011	327	407
<b>Analysis of amount charged to the Statement of Comprehensive Net Expenditure</b>		
Past service costs	0	(26)
Interest costs	18	17
<b>Benefits paid</b>		
Benefits paid	(25)	(26)
<b>Total amount charged to Statement of Comprehensive Net Expenditure</b>	<b>(7)</b>	<b>(35)</b>
<b>Analysis of the amount recognised in the Statement of Changes in Taxpayers' Equity</b>		
Experience (gain)/loss	0	(29)
Actuarial (gain)/loss	5	(16)
<b>Total amount recognised in the Statement of Changes in Taxpayers' Equity</b>	<b>5</b>	<b>(45)</b>
<b>Balance at 31 March 2012</b>	<b>325</b>	<b>327</b>

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

**Total since 1 April 2009      Actuarial gain of £6,000**

The pension provision relates to EW's ongoing payments in respect of the pension liabilities for the former Chairs 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 2012 and has been estimated to be £325k.

# Notes to the financial statements

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

	<b>Year ending 31/03/2012</b>	<b>Year ending 31/03/2011</b>
Discount rate	4.85% pa	5.60% pa
Rate of increase in salaries	4.25% pa	4.90% pa
Rate of increase in pensions in payment	2.00% pa	2.65% pa
CPI Inflation assumption	2.00% pa	2.65% pa
RPI Inflation assumption		

## Analysis of actuarial loss

	<b>2011/12 £'000</b>	<b>2010/11 £'000</b>
Experience (gain)/losses arising on the scheme liabilities	0	(29)
Changes in assumptions underlying the present value of scheme liabilities	5	(16)
<b>Per Statement of Changes in Taxpayers' Equity</b>	<b>5</b>	<b>(45)</b>

## History of experience losses

	<b>Year ending 31/03/2012</b>	<b>Year ending 31/03/2011</b>	<b>Year ending 31/03/2010</b>
<b>Experience loss/(gain) arising on the scheme liabilities</b>			
Amount (£'000s)	0	(29)	(26)
Percentage of scheme liabilities at the end of the year	0.0%	-9.0%	-6.3%

## Life expectancy at retirement

<b>Current pensioners</b>	<b>As at 31 March 2011</b>		<b>As at 31 March 2012</b>	
	Men (yrs)	Women (yrs)	Men (yrs)	Women (yrs)
Exact age				
60	29.2	32.5	29.0	32.4
65	24.1	27.3	24.0	27.3

## 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 £11,229k (2010/11: £14,085k).

Consumer Focus also received income from the Scottish Government and the Department of Health. (See Note 6 for details).

In addition Consumer Focus has had dealings throughout the year with other 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 material transactions with Consumer Focus.

## 16 Obligations under operating leases

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

	As at 31 March 2012		As at 31 March 2011	
	Property £'000	Other £'000	Property £'000	Other £'000
Not later than one year	698	20	480	24
Later than one year and no later than five years	435	0	750	2
Later than five years	0	0	0	0
	1,133	20	1,230	26

	Property £'000	Other £'000
Payments made during 2011/12	639	33

## 17 Obligations under finance lease

	As at 31 March 2012 £'000	As at 31 March 2011 £'000
Less than one year	0	0
Between one and five years	0	0
Due thereafter	0	0
	0	0
Less interest element	0	0
Capital due	0	0

# Notes to the financial statements

## 18 Cash flow notes

	2011/12 £'000	2010/11 £'000
<b>18a Cash flows from operating activities</b>		
Net expenditure before tax	(10,507)	(12,388)
<b>Adjustments for non cash charges</b>		
Loss on disposal of fixed assets	0	148
Impairment provision	0	0
Depreciation charge	227	268
Actuarial gain (loss) on pension provision	(5)	45
Release of revaluation reserve no longer required	0	1
	(10,285)	(11,926)
<b>18b Cash flows from financing activities</b>		
Grant-in-aid received as per Statement in Changes of Taxpayers' Equity	11,229	14,085
Total cash flow from financing activities	11,229	14,085

## 19 Capital commitments

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

## 20 Losses and special payments

No losses or special payments were made in the year which exceed £250k.

## 21 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 2012.

## 22 Contingent liabilities

There were no contingent liabilities at 31 March 2012.

## 23 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.

[www.consumerfocus.org.uk](http://www.consumerfocus.org.uk)

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