

Consumer Focus Board

Paper 5.1

Title: Chief Executive's report

Purpose: For information

Responsible officer: Mike O'Connor

Prepared by: Mike O'Connor and SMT

Attachments: Directorate Reports

1 ACCOMPLISHMENTS SINCE THE LAST BOARD MEETING

- 1.1 We were in Purdah for about half of the period since the last Board Meeting but, as the attached reports show, we have been nonetheless busy. We fought a long but ultimately unsuccessful fight on the Digital Economy Bill but there is much to be won for consumers on the drafting of codes and we will work closely with Ofcom on this over the rest of this year. I am grateful to Board Members for the congratulations they offered to the organisation on the launch of our Super Complaint which attracted a great deal of publicity – we await the OFT's judgement by the end of June .
- 1.2 I have implemented the restructuring of the GB policy teams. I spent a considerable amount of time talking with staff about my proposals. The final structure is at (Annex A) – some team names are under review.
- 1.3 SMT have spent time considering the results of the Employee Engagement Survey carried out in March and the action we will take. A report is at Annex B and an action plan is at Annex C.
- 1.4 We have radically improved the process of consultation on HR policies and this will lead to a speeding up of the process of agreeing final policies. We are working to ensure that our financial and work planning processes are improved. We are making progress on developing our Diversity policy.
- 1.5 NAO have just started their audit on our 2009/10 Accounts and we expect to out-turn less than £50,000 under budget.

2 CHALLENGES RUNNING UP TO THE NEXT BOARD MEETING

- 2.1 We have been told that we will suffer an in year budget cut. I expect that we are in danger of facing a cut in the CSR in the Autumn. Whilst we will manage our work within the budget made available to us, I have made the point to BIS that the need to cut public expenditure right across the public sector in general and consumer/competition/regulation bodies in particular means that there is an even stronger and more urgent imperative for Government to take the lead in consolidation and rationalisation of consumer/competition/regulation bodies – and in particular to will into being a broad based consumer body. Reducing the capacity of the current long list of bodies rather than grasping the nettle of strategic rationalisation/consolidation does not make medium to long term economic sense or deliver services which consumers

need in order to prosper in the private and public market. I hope that we see a willingness to address such an agenda. We expect to meet Ministers on this and other matters shortly.

2.2 However, we have to deal with the cut as it is and we are taking action(Annex D). Clearly there is a prospect of significant damage to staff morale.

2.3 I said when I joined Consumer Focus four months ago that half my work would be internal and half external. Whilst there remains much to be done internally we need to make an external impact at this critical time. We have a good range of products which if used well will do much to help us prosper. We have a major opportunity over the coming period in engaging with Board Members across the Nations in reviewing our strategy and direction.

3 External meetings

3.1 I visited Consumer Focus Scotland and Consumer Focus Wales twice in the period. I also travelled to Brussels to meet BEUC and key European Commission officials. I was struck by the high regard in which Consumer Focus is held in Brussels and I think it is one of our key strengths. In addition I have had a number of other external meetings:

Ed Miliband MP	John Fingleton – CEO OFT
Theresa May MP	Oliver Griffiths – Stakeholder Executive
Ann Robinson – uSwitch	Mary McAnally and Arnold Pindar - NCF
Baroness Willcox	Chris Kenny CEO - LSB
Anne Ferguson – BSI	Melanie Leech – CEO FDF
Gary Felgate – ERA	Clive Grace – Chair LBRO
Dame Deidre Hutton – Chair CAA	Alan King – Mastercard
Dan Waters - Director FSA	Bernadette Kelly – BIS
David Green – CEO UKBCSE	Teresa Perchard – CAB
David Smith – CEO ENA	Eric Leenders – Executive Director BBA
Martin Laurence - MD EDF	Phil Bentley – MD British Gas
Volker Beckers – CEO nPower	Rupert Steel – Scottish Power
Alistair Buchanan – CEO Ofgem	Lewis Shand Smith – Chief Ombudsman
Dame Lynne Brindley – Chair SABIP	
Anna Bradley – Chair Communications Consumer Panel	
David Saunders – CEO Competition Commission	

Sarah Brooks

I would like to record my thanks to Sarah Brooks for her excellent work as Interim Policy Director from October 2009 to March 2010. In line with the new structure, Sarah is now heading up the Financial Services team.

Mike O'Connor

Employee Engagement Survey

On 4th May we received the results of the staff survey held in March. The HR Committee considered the results on 11th May, and other Board members meeting that same day also discussed the findings.

The results were not good and, in many instances, make for uncomfortable reading. They are however consistent with the messages which staff have been giving me as I have met with them in small groups across the organisation over the four months I have been here. I have said to the Board that ensuring that dealing with staff concerns is a priority for me is a priority and this report sets a baseline against which I will strive to make improvements.

The most striking findings are the perceptions around the need for a more clear vision and organisational direction for Consumer Focus. It is important to state that these findings are not uniform across the organisation. London fares worse than Glasgow and Cardiff (again we cannot identify the position in Belfast where we have three staff because of the need to maintain confidentiality). However, we face some problems with interpreting some of the data in these critical areas. We face challenges across the organisation although there are differences across and within offices. All staff were given full access to the results on 17th May. In communicating these results I have stressed that, although we will need to recognise real differences, we must also recognise we face some organisation wide problems.

SMT are very concerned that 14% of staff reported experiencing bullying/harassment in the past year whilst working for Consumer Focus. Whilst the average figure across similar organisations for bullying is 15%, and I hope if we had asked about bullying alone as opposed to bullying/harassment we would have had a lower score, we must aim for zero tolerance.

Communications between the nations is seen to be working poorly right across the organisation.

There are some positive findings. People are very interested in their work and feel good use is made of their skills and abilities. Employees feel treated with respect and that Consumer Focus respects individual differences (e.g. cultures, working styles, backgrounds, ideas). People are more positive about their work life balance than the benchmark. In some of the areas where people are most critical there is an abnormally large proportion of people who are undecided, i.e. there are a lot of people in the middle who could be won over – or lost to the negative side. The fact that 86% of people took part in the survey, as opposed to 50% last October, is encouraging as we put a lot of effort into encouraging people to take part. It is also good to see that more people than the benchmark feel that action will be taken as a result of the problems identified in the survey.

This then is our challenge – to take action, and we will. The report identifies the greatest opportunity as taking action on the direction of Consumer Focus. The suite of meetings in each nation culminating in the all Boards' Away Day is a timely opportunity to look again at our direction and to communicate it clearly to staff and to get their "buy in". We must clearly also do more to improve our management. Another staff survey, not reported here, on

corporate services, shows good improvement in finance and IT and with some improvement in HR, but we need to do more.

In some areas we need to do some more work to find out what lies behind people's responses, e.g. why do so few people believe strongly in the purpose and objectives of Consumer Focus – is it simply reflective of the fact that they are not sure what our objectives are or is there a more fundamental issue? Why do only a quarter of staff believe the actions of senior managers are consistent with the values of Consumer Focus – perhaps the same issue as in the previous questions? Perhaps most significantly, how do we tackle the persistent problem with working between nations. Is it simply down to a lack of education and poor personal behaviour on the part of some individuals, or is there a fundamental tension between working in a devolved context and central control and accountability when it comes to resources? Although I hate the phrase, we need to know what success would look like in some of these areas.

Part of what we must do is internal but external success can do much to increase staff engagement with the organisation – the ISA Super Complaint seemed to do much to raise people's spirits. Conversely, external impacts can do much to damage engagement – e.g. if we suffer significant budget cuts. Maximising our external impact over the next few months will be very important. I have said to staff that the next six months could be very challenging but we will make the organisation work better. While managers must manage and the Board will lead, change will be the responsibility of every member of staff.

Mike O'Connor

7 May 2010

Action Plan from Employee Engagement Survey

The full results from the Employee Engagement Survey have been shared with colleagues across Consumer Focus. SMT have been able to discuss the full survey results and have identified the following areas as priorities for action. We are getting some more detail from individual colleagues and from teams about those practical responses which would be, and be seen to be, meaningful and effective.

1. **Direction** - A clear result from the survey is the lack of clarity about the direction of Consumer Focus. The UK, National and All Boards meetings take on an additional significance to produce a clear sense of purpose and direction for Consumer Focus .
2. **Cross Nation Working** – while this may be improving it was still an area of significant concern with perceived poor communication, working and understanding.

Devolution training needs to be carried out. However the focus will need to be as much about interaction between colleagues, appreciation of the working environment stakeholders and culture as about the nuts and bolts of decision making across the UK.

3. **Management** – the results varied across locations, teams, and levels of seniority. But we have a particular task to integrate the different management teams and levels more effectively if we are to have a better managed organisation.

Particular consideration will be given to how the management teams across the GB programmes and functions work together

4. **Impact** – It was clear that respondents want us to increase our impact, but we suspect we undervalue the impact we do have.

We need to take steps to ensure that policy teams, communications, senior managers understand and take steps to celebrate impact and success where it is achieved and to put the consumer welfare gains we make more centre stage

5. **Bullying and Harassment** – 14% reporting personal experience of bullying and harassment and although this is below benchmark averages, it is something we take very seriously. While the survey banded these two issues together, and so we have some difficulty in disaggregating the data in a meaningful way, we need to take clear action to make a zero tolerance policy meaningful and acted upon

We have rolled out diversity training, with a strong bias toward combating bullying and harassment, across the organisation. We will do more qualitative work to understand whether there are particular behaviours or functions which need to be addressed.

Our teams have started discussing the results of the survey and are coming up with proposed actions themselves, these will need to be captured and SMT will then need to decide on the final action plan. We do not have a timeline at present, but SMT will want to review options at our meeting on 17 June and publish an action plan soon after.

Achieving savings

We need to find in year savings on work for which we receive funding from BIS for our work on energy, post and the “rest of the economy”. We are not sure of the amount yet, but I hope we will know shortly.

This is going to be painful and I understand the impact but we must strive to retain unity and comradeship at this difficult time. I will keep staff informed of our strategy and seek their involvement.

It is possible that we will see further cuts to our budget next year. We need to make savings which will not just deal with this year’s cuts but also, as far as possible, allow us to operate in a stable manner and deliver our mission in 2011/12.

We need to take action on a number of fronts, although the only areas where we can achieve significant savings in year are staffing costs and external programme spending. There is a real urgency in that we are about to enter month three of a year in which we need to make in year cuts. This will be a very painful process for everyone but we need to bring all colleagues along with us. I cannot yet answer the question as to how much we will need to cut the budget by but I hope to be able to do so shortly.

1/ General expenses

We need to go through all our budgets to reduce our expenses as much as possible. ***I will ask Graham Clark to lead a process with SMT to review our budgets with a view to achieving savings.***

2/ Programme expenditure

We have a budget of £3.3m for external programme spend. The budget cut will apply to energy, post and the rest of the economy. Hence we need to reflect this in dropping projects. Given that we do not yet know the scale of cut we need to make, I am not able to say how much we need to save on this budget but I think it will be significant. Even when we know, there will be strategic issues which may need to be resolved, possibly at Board level, about where the cuts will fall. I think the best way to handle this uncertainty is to ask SMT to rank all the projects for which they are responsible, with number one being that which we would be least unhappy about losing. If there are projects which we are least willing to lose and which we think can be delivered for less, this would clearly enhance their chances of survival.

I will leave it to SMT to work with other colleagues to take a view on priorities but clearly maximising impact for minimum expenditure is important, but please also bear in mind the emerging Board messages of doing fewer things better but also taking advantages of opportunities which are likely to emerge and the priorities of the new coalition Government and the agendas of the Scottish Government and the Welsh Assembly. The Annual Plan remains our plan and we must continue to deliver the main themes. Whilst I hope I am not straining to see a silver lining in a storm cloud, the world has changed since we put our list of

projects together and reviewing what we are doing may have been a sensible thing to do even if we did not have to cut costs. In this vein, whilst I am not encouraging people to devise new projects it may be wise to tweak or refocus some of our existing projects.

I am therefore asking SMT to work with colleagues to review our list of projects and recommend projects which can be dropped or reduced their costs.

3/ Staffing

Depending on this size of the cut we may need to cut staff costs. We may need to make some posts redundant. It goes without saying that we will be fair to staff and as generous as possible in the circumstances. I will set out more about this when I know more about the size of the cut.

Mike O'Connor 28th May 2010