

## Consumer Focus Board

Paper 4.1

**Title:** CEO Report

**Purpose:** For information

**Date of meeting:** 15 September 2009

**Responsible officer:** Ed Mayo

**Prepared by:** Ed Mayo, Mark Steinmeyer

**Attachments:** Annex A: Senior Management Team Priorities – Update  
Annex B: Balanced Scorecard – First Quarter  
Annex C: Forward Work Programme – Performance Report

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### 1 Overview

- 1.1 The end of this month marks the completion of our first full year of operation and is therefore a good time for the Board to take stock of our work and review progress.
- 1.2 This is my final CEO Report, setting out Key Performance Indicators (KPIs) for Consumer Focus, progress against milestones on the priorities for the Senior Management Team, the impact for consumers from our work and significant activities coming up.
- 1.3 The transition arrangements and appointment of a new Chief Executive and Senior Director for Consumer Focus Scotland, will take place alongside stakeholder consultation for work in 2010/11.
- 1.4 The coming period is therefore an opportunity to explain where the organisation has got to, what plans it has and how it will deliver on the ambitions set for the organisation at its start. I offer some comments at the close of the report for consideration to this end.

### 2 Action for the Board

- 2.1 The Board is asked to note the contents of this report.

### 3 The key issues

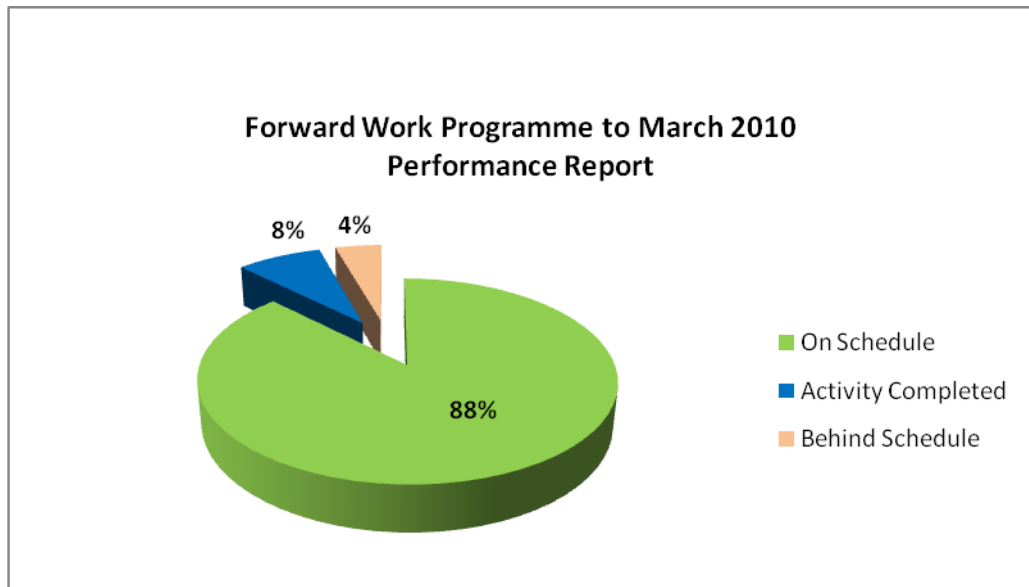
- 3.1 The key issues that I would like to draw the Board's attention to are:
  - Current Performance - KPIs
  - Senior Management Team Priorities

- Impact
- Significant activities since the last Board meeting (internal)
- Significant activities since the last Board meeting (external)
- Stakeholder engagement
- Significant activities coming up, and
- Consumer Focus – one year in.

### **Current Performance - KPIs**

3.2 The Key Performance Indicators for the Consumer Focus Balanced Scorecard for the first quarter, April – June 2009 (Annex B) demonstrate that:

- 96% of the Forward Work Programme is on track or now completed. The full report for Quarter 1 is set out in Annex C. In addition, a consistent service is being provided to energy and postal service consumers who need extra help.
- Taken together with the positive findings of the interim Stakeholder Survey, reported to the Board in July 2009, we have good evidence that the core work of Consumer Focus for consumers is performing very well for this stage of the organisation's development.
- There is less assurance on performance in relation to staff learning and development, reflecting the annual frequency of some data (with the timing of the Annual Staff Survey due in January 2010) and the fact that systems for reporting on training evaluation only kick in from Quarter 3.
- The KPIs reflect weaknesses around our business processes – in particular in relation to IT, where around 40% of staff report unsatisfactory experience. At the same time, we should see significant improvements on this, in particular in relation to IT, with work completed since the end of this quarter and in hand.
- On the efficient use of resources, the KPIs point to an under-spend not untypical of activity over a first quarter. This is an area to watch. More information on the financial position of the organisation is provided for the Board in a separate paper prepared by the Finance and Operations Director.



### **SMT Priorities**

- 3.3 An update on the SMT Workplan and Priorities is set out in Annex A. The good news is that, overall, all internal and external priorities are on track. Significant achievements include:

#### **Internal Priorities**

- Stabilisation work for IT systems completed, infrastructure ready for launch once user training completed. Full implementation by end October 09
- Matrix of HR policies for adoption published, with all staff on same Terms and Conditions across the organisation
- 09/10 Financial forecasts in preparation. Preliminary forecasts have been discussed by SMT
- Production of Corporate Plan 2010-13 and Annual Plan 2010-11 on track, with significant work completed by staff teams across the Consumer Focus family
- Interim stakeholder survey completed and results circulated.

#### **External Priorities**

- Job Centre Plus report on course and due for publication mid-October 2009
- Prepayment report launched and attracted heavy media coverage. BIS will host a stakeholder meeting in October
- Draft report on vulnerable disconnections circulated, on schedule for September publication

- Focus on finance: second seminar to be held 15 September on the theme of competition
  - An expert advisory panel recruited for our digital rights campaign, with research on track to start this month. The backdrop is one of high media interest after new Government proposals on illegal file-sharing.
  - Green claims report published and engagement with DEFRA ongoing
  - Mobile phones: draft priorities paper compiled for feedback from Communications Consumer Panel, with plans on track for publication in the next month.
- 3.4 The period up to December 2009 remains a key time for delivery and the SMT has discussed and still considers valid the core priorities. In a context of senior staff change, however, the names and ownership of priorities will alter.
- 3.5 The action on IT, which, while including aspects that still need significant work (such as website development), is likely to make a positive contribution, after all the teething pains, to creating an effective work environment for staff.

### **Impact**

- 3.6 In terms of impact, I am pleased to report that we have had a positive influence on behalf of energy and postal service customers as well as many consumers more widely over the last quarter.
- 3.7 The Government has accepted Consumer Focus's argument that it should mandate 'social tariffs' for fuel poor consumers. It outlined proposals to legislate in its white paper *The Transition to a Low Carbon Economy*. The government's intention is to offer support in the form of a fixed sum off bills and limit the eligibility to older people. Consumer Focus will be lobbying and providing research data to indicate why a wider group should be included – we had argued that it should be those eligible for cold weather payments.
- 3.8 The Committee published its report *Post Offices — securing their future* in July. Consumer Focus made a written submission to the inquiry and I gave oral evidence to the committee. Our influence is evident throughout the report, particularly in its recommendations on the importance of customer service improvements, the need for POL to bid for services in a much more competitive manner, and for central and local government to think more intelligently and more coherently about which services should be offered through the network.
- 3.9 Consumer Focus Labs has developed and soft-launched a website that enables consumers to access product recall data in a completely new and far more user friendly format. The Consumer Focus Labs team, based in Cardiff, is now under the formal line management of the Senior Director, Consumer Focus Wales.

- 3.10 Consumer Focus has been working with Ofgem to develop many of the new licence conditions which are needed to implement the changes proposed by the Energy Retail Market Probe. As part of this we have successfully pushed for:
- 3.10.1 An annual statement of consumer's energy use to be provided to all customers. This is intended to be a prompt to switch and includes all data needed to switch supplier. This will include signposting to Consumer Direct and Consumer Focus' website.
  - 3.10.2 The extension to cover telesales of the enforceable licence conditions on miss-selling.
  - 3.10.3 The increase from ten to thirty days for 'debt blocked' consumers to be able to repay their debt and switch suppliers to avoid the application of retrospective price increases.
- 3.11 On billing, Consumer Focus has been a key contributor to the EU-wide statement on good billing practices that will be presented at the Citizens' Energy Forum in September. We have also had input to a new International Standard on utility billing. I would want to pay tribute to the work of my former colleague Allan Asher, CEO at energywatch, who helped to initiate this.
- 3.12 August saw the publication of our report on consumer prepayments, '*Pay now, pay late.*' The consumer research that we commissioned – the first of its kind for 25 years – identified that one in ten consumers over the last two years has not received goods they paid for in advance, with corporate insolvency one of the main causes. The report put forward a range of remedies and generated a large amount of media interest including both national and local broadcast coverage. In the Consumer White Paper, the Government committed to reviewing our recommendations to see what it would act on.

**Significant activities since the last Board meeting (internal)**

- 3.13 We are working on proposals for this year's pay remit. This includes full consideration of the benefits and restrictions of performance related pay; our long term pay strategy; equal pay issues; a special recognition bonus scheme and our general pay and evaluation principles.
- 3.14 We have set out principles for change to the organisational structure to ensure planned, consistent and fairness. I would draw the Board's attention to the fact that, having secured agreement with the Department of Health on funding for 2009/10 and 2010/11, we are in formal consultation with the staff working at the National Social Marketing Centre (NSMC) over changes proposed for future working. We have completed interviews, with the assistance of Dame Suzi Leather, for the post of NSMC Director and have made an offer on this.
- 3.15 Key developments on IT include: the completion of work on infrastructure stabilisation; putting the main bandwidth upgrade in place, with enhanced arrangements for Cardiff on order; the implementation of the new systems – with a staff pilot of changes in

September and full organisation-wide implementation by the end of October; senior IT analysts in post, two IT support analysts recruited and due to take up this month; and support due to be brought in house next month.

- 3.16 On finance, an ongoing training programme aimed at budget holders has begun. This training aims to improve the interpretation and interrogation of management information.
- 3.17 The accounts for Consumer Focus for the year 2008/9, including merger activity, were audited by the National Audit Office (NAO) and submitted to Parliament on schedule in July 2009. An accompanying Annual Report and Accounts for Consumer Focus has been published.
- 3.18 A Management Development training programme is under development and delivery is planned with effect from September 2009. A full organisation skills audit is also being conducted currently to capture existing skills within Consumer Focus. Training is a key area of work for the remainder of the year; this will include DDA training, once our DDA policies have been developed.
- 3.19 In relation to legacy properties, we have secured two additional tenants. A full review of our work on legacy properties will be presented to the Board in October.
- 3.20 Building on the Board decisions that emanated from the all Boards' Awayday in June, the drafting of the 2010/11 Annual Plan has formed a major part of our work. There has been strong and welcome staff engagement, with a rigour to the planning and a commitment to cross-team working.
- 3.21 Maria Battle has completed the planning for work on Complaints of General Interest, with input from a number of Board members. The recruitment for this team is now underway and close attention will be paid to making sure that we make the most of possible synergies with the work relating to the Consumer Advocate. The latter is the subject of a separate paper for the Board.

#### **Significant activities since the last Board meeting (external)**

- 3.22 We have now completed our investigation into the potential overcharging by Npower on its primary rate tariff in 2007/08. The economic analysis has shown that, in the period January to December 2007, Npower consistently portrayed its prices as being amongst the cheapest in the market. However, any customer signing up in January 2007 would have actually paid the highest price out of the big six suppliers.
- 3.23 We are now presenting the case to a legal firm who are considering taking collective action on a conditional fee basis. This is the subject of a separate paper for the Board.
- 3.24 Our report on consumer experience of the Consumer Protection Regulations was also published in August. The new law introduced in May last year requires businesses not to trade unfairly (and outlaws 31 specific practices of unfair trading, including misleading advertising, false claims about products and services, deceptive pricing and high pressure sales techniques). We asked consumers about 12 of the 31

practices and two-thirds said they had fallen victim in the last two years. In total we estimate that 28 million consumers have lost £3.3 billion.

- 3.25 The UK Government, when implementing the EU directive, decided not to allow consumers to take businesses to court; instead consumers must rely on public enforcement. Our report, *Waiting to be Heard*, makes the case for a private right of redress, as already exists in Ireland.
- 3.26 During June and July, we contacted every MP with an outreach post office in their constituency to inform our ongoing monitoring on whether these services are meeting consumers' needs. This 'call for evidence exercise successfully raised CF's profile in relation to our monitoring activities, with responses from shadow' ministers and members of the Business Select Committee. The outputs of this, together with commissioned research, will allow us to identify and campaign for improvements to the outreach services for consumers.
- 3.27 Following the release of the NAO report into the handling of the PO closure programme, I gave evidence to the Public Accounts Committee (PAC) in respect of the scrutiny and consumer protection role discharged by Postwatch and Consumer Focus during the programme. The PAC's report is not expected until after the parliamentary recess.
- 3.28 Research which found that right-to-buy owners are at an increased risk of losing their homes, because of a higher level of mortgage repayment problems and secured loans was published by Consumer Focus on 26 July. The research was based on an omnibus survey and was published as a Consumer Focus briefing. It was launched in an exclusive feature in the Observer giving real-life examples of the mortgage problems faced by this group of consumers.
- 3.29 Consumer Focus Scotland published the final report on digital diaries, the project tracking digital switchover in the Borders. Consumer Focus Wales published the findings of a mystery shopper survey that was commissioned as part of the Switchover campaign, to find out whether aerial installations industries are giving consumers the right advice about digital switchover.
- 3.30 Consumer Focus Scotland completed a report on disadvantaged consumer attitudes to switching energy suppliers. We intend to campaign strongly on switching in 2010/11, given indications that Ofgem may address a number of the technical barriers to switching highlighted by consumers in the study.
- 3.31 Consumer Focus Scotland has completed a report on consumer attitudes to energy efficiency, which will inform ongoing work, particularly through the Fuel Poverty Forum.
- 3.32 Consumer Focus Wales Director Maria Battle joined other consumer champions in Swansea in July to launch our campaign to ensure consumers aren't ripped off by rogue traders in the lead up to the digital switchover in Wales.
- 3.33 We have been involved in the stakeholder discussion around the green supply guidelines and the green tariff accreditation scheme and steering group. We were

approached to provide the secretariat to the scheme but have declined this on the basis that we want to maintain a neutral stance in order to advice consumers – and to press for strengthening of the initiative.

- 3.34 Consumer Focus received significant media coverage on our findings that energy companies have failed to reflect drops in wholesale energy prices with drops in retail prices. We remain relative sceptics on the question of whether the market is yet delivering value for money for consumers.
- 3.35 We are completing the development of an in-house energy pricing database. This will support our research and advocacy by making it easier to analyse prices and will also be put to use on our website as a source of information for consumers. On the website, we have also published service standards for Royal Mail and, to improve the use of the Knowledge Base on the site, we have developed training materials in preparation for work with advice providers over the Autumn.

### **Stakeholder engagement**

- 3.36 I have met with Tim Brown, CEO of Postcomm, to discuss Postcomm's re-launch and a more proactive approach to regulating Royal Mail. Additionally, we discussed the relationship of our two organisations and opportunities for partnerships on matters of joint interest.
- 3.37 Consumer Focus Wales attended the launch of a report on digital inclusion published by Wales-based think tank - The Bevan Foundation. The report drew heavily on our previously published work in this area and we have now been invited to input to the Welsh Assembly Government's forthcoming Digital Inclusion strategy.
- 3.38 Consumer Focus Wales hosted fuel poverty roundtable on 10<sup>th</sup> August jointly with NEA Cymru to consult on a draft fuel poverty charter for Wales. As a result, in addition to agreeing to take forward the charter, we have agreed jointly to lead a fuel poverty coalition in Wales. At GB level, we have continued to build our relationships with key national and grass roots organisations on fuel poverty. Two partners – Macmillan Cancer Support and Contact a Family – are working directly with us on a 'real lives' report with interviews of fuel poor families.
- 3.39 On financial inclusion, we have looked to build relationships with key grass roots organisations in this area. These include Toynbee Hall, Family Action and Money Advice Trust / National Debtline, who have all expressed an interest in working with us.
- 3.40 We have completed the review of vulnerable energy disconnections and are in the process of finalising the confidential reports to the big six suppliers, and agreeing the final proposals with Ofgem. However, the inability of industry to come up with an acceptable definition for a child under the safety net has delayed publication of the report – which should now come out in September. Our broader review of debt and disconnection practices will be completed by the end of the year.
- 3.41 We have built strong relationships internationally to support our work. We have, for example, made presentations to the Swedish Post and Telecom Agency and Federal

Network Agency of Germany and met with a number of visiting groups, including the Spanish Regulator and the Australian Energy Trade Association.

- 3.42 We have also made submissions and given input to a number of mobile and communications-related consultations, in liaison with the Communications Consumer Panel. These include Digital Britain, Ofcom's review of Access and Inclusion, Premium Rate Services Scope Review and review of Wholesale mobile voice call termination.
- 3.43 We have good, regular contact with the Financial Services Consumer Panel, which has suggested that we add an event to the *Focus on Finance* series to look at work that they have underway.

### **Significant events on the horizon**

- 3.44 The second *Focus on Finance* debates will occur on 15 September. The topic for the second debate, chaired by Anna Walker, will be on competition in financial services. We are delighted that Professor John Kay has agreed to author a paper and he will be joined by panellists from Virgin Money and the Office of Fair Trading. Further seminars are scheduled for October and November.
- 3.45 Consumer Focus Post has commissioned research on improving mail services between the Republic of Ireland and Northern Ireland. Following completion of this research, which includes in depth surveys and interviews, we will be publishing a report and positioning for a media campaign to follow.
- 3.46 National Consumer Week is 14-18 September. Consumer Focus is a co-sponsor of the *Know Your Consumer Rights* campaign, which will be a main focus of the week. The campaign is seeking to engage media and business partners in an effort to increase consumers' knowledge of their core rights under the Sale of Goods Act, i.e. goods should fit the description given, be fit for purpose, and be of satisfactory quality. I will be speaking at the launch event at Bluewater Shopping Centre.
- 3.47 Findings from a number of consumer research exercises will be published over the next period, including a phased media launch of the *Consumer Conditions Survey* and qualitative research with foreign nationals giving their early impressions of living as a consumer in Britain. As part of a policy paper on climate change adaptation in response to a DEFRA consultation, we will also publish survey findings on consumers' understanding of the impacts of climate change on their lives and what they can do to respond to the risks.
- 3.48 We have approval from BIS for our presence at the major party conferences. We are organising breakfast events on consumer policy and have speakers, including Lord Whitty, at a number of events organised by others.
- 3.49 Our work on digital rights will also continue ahead of the forthcoming Digital Economy Bill. Planned activity includes the commissioning of consumer research and economic analysis to help build our case for a fair use exception, and engagement with policy solutions on illegal file-sharing.

- 3.50 We are ready to launch a consultation to review the Confidence Code – the accreditation scheme for online energy price comparators. As well as part of the ongoing programme to ensure the Code remains responsive to market dynamics, a number of specific issues have arisen around seasonally adjusted calculations and comparisons for consumers coming to the end of a fixed price tariff that need to be addressed with changes to the Code.
- 3.51 A ‘priorities paper’ on mobile phones, based on the outcomes of the consultation and the online panel research, will be published in the coming month.
- 3.52 Consumer Focus will be monitoring the industrial action by the Communication Workers Union and attend any meetings held by Postcomm and BIS regarding contingency plans during the industrial action. We will be looking at ways to provide up to date information for consumers about what is happening, how it may affect them while continuing to update the tips that we currently show on our website.
- 3.53 Consumer Focus Post is currently completing research into the issue of international mail. Also, after an information request submitted to Royal Mail, we have been provided with valuable information detailing volumes and procedures for cross border mailing. A report will be drafted after the research is completed followed by a media campaign in November.
- 3.54 The Consumer Council for Northern Ireland has approached us on the issue of free-to-use ATMs versus the pay-to-use ATMs found in the Post Office Network in Northern Ireland. The Consumer Focus Post Board will be providing direction on how to make progress in this area, working closely with the Consumer Council.
- 3.55 On 29 and 30 September, the second meeting of the (European) Citizens Energy Forum will take place in London. The overall aim of the Forum is to facilitate the implementation of competitive, energy efficient and fair retail markets. This Forum brings together EU decision makers, national regulators and representatives of consumer organisations, industry and other relevant stakeholders. Audrey Gallacher will speak on behalf of BEUC, the European Consumer Organisation and Consumer Focus on key features of an independent ombudsman.
- 3.56 Consumer Focus Scotland will be delivering an omnibus survey in September/October into consumers’ views of the postal service in Scotland. A final report on the outcomes of the survey will be available by the end of 2009.
- 3.57 Consumer Focus Scotland is preparing for the Consumer Conference, Fairness and the Consumer, which will take place on 29 October in Edinburgh. Key speakers for the event have been confirmed and the programme content is in the process of being finalised.
- 3.58 Last, but not least, in terms of staffing:
- 3.58.1 Martyn Evans, senior director of Consumer Focus Scotland, will be leaving us over the next period. Martyn has accepted the role of director of the Carnegie UK Trust. He has worked for Consumer Focus Scotland and previously the

Scottish Consumer Council for some 11 years and in that time has proved an outstanding and tireless advocate for the consumer interest, in Scotland and beyond. We will miss him greatly, but arrangements are already in hand to recruit his successor, with interviews planned for 7 - 8 October.

3.58.2 Steve Brooker (Programme Leader, Fair Markets) is leaving after a very successful period of advocacy for consumers to lead the new consumer panel for legal services and will be replaced by Sarah Brooks, who returns from maternity leave.

3.58.3 As the Board have been informed by the Chair, my own leaving date is 9 October 2009.

### **Strategic Risk**

3.59 In line with the paper discussed by the Board, our primary strategic risks relate to:

3.59.1 (High) Policy risk, dominated by the implications for our work for consumers of a potential change in government in Westminster. Internally, our policy effectiveness and productivity relies on good staff morale, with the risk of instability over the transition period of replacing key senior staff.

3.59.2 (High) Finance risk, including confirmation from our sponsor department BIS that our non-energy and postal funding will be cut by around 10 per cent, the need to attract resources to fulfil ambitions for additional work, such as the Consumer Advocate, and the wider context of likely public expenditure pressures and close media scrutiny of the activities of 'quangoes'.

3.59.3 (Low) Geographic risk, as the Audit Committee has termed it, is not high risk at present.

3.59.4 (Medium / High) Reputation risk, which includes criticism of our campaigns, any failure on quality in our work or any high visibility failures in our compliance as a statutory body. The loss of three senior staff carries a risk, given the positive comments about individuals carried in the interim stakeholder survey.

### **Consumer Focus – one year in**

3.60 This has been a full CEO Report – no doubt too full if you are to scrutinise the Annexes in the detail in which they have been prepared. But, given that this is my last CEO Report and some institutional knowledge of the merger departs with me, I thought it might be useful to offer a brief contribution to its assessment of the journey Consumer Focus has made in the transition from predecessor arrangements.

3.61 It is worth recalling that four years ago, the statutory 'consumer councils' were dealing with 285,000 contacts and complaints on energy from the public and 53,000 on post

that were unresolved by the companies and had to come through to. These were 338,000 occasions with the public when things appeared to have gone wrong.

3.62 The majority of these cases were a pure nuisance to citizens and ‘avoidable contacts’ – after all, few people like spending time sorting out problems with their utility provider:

- Some cases involved very significant amounts of money, including inaccurate bills that could tip a household into sudden and expensive debt.
- Others, such as lost mail, were of low financial value but the cause of some real distress.
- By and large, these were errors on the part of a company that needed to be put right.

3.63 Even these numbers were only part of the story, as they were only the citizens that found their way through to the consumer councils. The councils were relatively small watchdogs and their role was not well known to the wider public. Eighty per cent of the enquiries made to Postwatch, for example, were actually made in error. Those that did make contact correctly only did so after a horrendous customer journey. On average, energy consumers had had to wait six months and make seven failed attempts to resolve things with their supplier before contacting energywatch.

3.64 The consumer councils did a professional job when complaints came through and they helped many citizens as a result. But there were further weaknesses:

- Companies set up escalated complaints procedures for cases coming through the consumer councils but not for vulnerable consumers more widely, meaning you had to go via the consumer councils to be sure of getting the attention of companies at a more senior level.
- Consumer councils were not equipped to do more with complaints than play back to the companies themselves the problems that people reported. Some cases were open disputes where this would not work. As a result, 24% of energy consumers for example were dissatisfied with the outcome of the complaint they brought to energywatch – around 33,000 cases a year.
- There were high financial costs in the way that the consumer councils operated. The initial service design presumed that people needed the option of accessing a local office in person and complaints handling was therefore initially parceled out over a wide range of small offices. In fact, the access channel of the telephone proved to be the most popular, but the legacy (coupled with a system of regional committees) was an extensive and expensive property estate of 21 offices across the UK.

3.65 In short, the overall system added up to: endemic avoidable contact for consumers; long-drawn out, uncertain and deeply inadequate customer journeys; complex routes to get advice; failure, after all of that, to meet the needs of citizens that needed redress and were in dispute with companies - their needs went unheeded; and high costs.

- 3.66 The stimulus for change came from the consumer councils themselves who experimented with a number of innovations:
- Giving telephone advice to enable people to put their own case across to companies rather than have it done for them
  - Campaigning on issues that generated the complaints (such as mis-selling in energy)
  - Making companies pay for the costs of complaints to give them an incentive to sort problems out earlier, and
  - Promoting the case for an Ombudsman system, free to consumers, to arbitrate on disputes.
- 3.67 The redesign of the system was set out in the Consumers, Estate Agents and Redress Act 2007, which: allowed the existing, successful advice line Consumer Direct to provide advice to people to put their own case to companies; brought the consumer councils together with the National Consumer Council (a relatively underfunded general consumer body) to reduce the number of complaints through campaigning; placed responsibilities on companies to monitor and improve their complaints handling; and set up wider dispute resolution systems in energy and post.
- 3.68 Prevention was the system design principle – to get it right in the first place rather than put it right after. The system change also generated significant savings, with a reduction in the property portfolio from 21 to four and, though unfortunate for those involved, a significant reduction in staffing.
- 3.69 The change was implemented in a high risk context, with the new arrangements coming on stream in October 2008. Energy prices had risen dramatically – gas prices rose 49% over 2008, electricity by 29%. At the start of 2008, dual fuel customers were paying £912 and by January 2009, they were paying £1,290, an increase of £378.
- 3.70 There are reviews underway of the overall complaints and advice system, including the planned work by Consumer Focus to fulfil our duties in relation to the publication of data on consumer complaints in energy and postal services. Initial views suggest that, despite the evident risks in transition, services for consumers were planned for, trialed and managed effectively from the launch date and the new arrangements, with the work of the Extra Help Unit, appear to have bedded down well.
- 3.71 There was undoubtedly some loss of continuity in policy work and campaigning, with the loss, costly in financial and human terms, of some staff expertise. However, Consumer Focus was able to build its campaigning work rapidly, with more resources available than before and a far more effective approach to the opportunities of devolution.
- 3.72 The campaigning work started with the creation of a unique and effective coalition on fuel poverty. To pick one of a number of examples of work that has followed this, I am proud of our campaigning work on the disconnection of vulnerable consumers. This

promises to make a very significant difference for people in a situation of extreme vulnerability. It is also a campaign that promises to be successful because we were able to win the constructive co-operation rather than opposition of the regulator and the energy companies.

- 3.73 In terms of the logistics of internal systems, the complete closure of corporate services units from all three predecessor bodies (with the Government-led decision to move these out of London), coupled with delays by running the selection of the senior management team in parallel with rather than before other staff, has meant that Consumer Focus has taken time to develop good practice systems. There remains more to do to create a good practice working environment. At the same time, Consumer Focus has received a clean bill of health on its merger accounts from the NAO and appropriate action and assurance has been received from a rigorous programme of internal audit.
- 3.74 From external research, we know that the work of groups like Consumer Focus is seen by the public as of increasing importance. Consumer watchdogs have long been cited as important and trustworthy sources of information on business activity. This has accelerated in recent years, from 37% of the public citing consumer watchdogs as sources of assurance in 2006 rising significantly after our launch and in the context of economic recession to 68% in 2009. According to new research six months after our launch by AccountAbility, consumer watchdogs are seen as the most trustworthy source of assurance, followed by press articles (57%), family, colleagues and friends (55%) and internet sources (43%).
- 3.75 The Consumer White Paper includes a number of references to Consumer Focus, including the assessment that *“in its first year of operation, Consumer Focus has proved to be a vocal and effective champion for the interests of consumers.”*
- 3.76 As I have catalogued in successive CEO Reports, we have a growing database of impacts that we have achieved, where policy changes we have championed are likely to improve the day to day experience of many consumers. From servicing your car to picking up parcels and from heating your home to selling it, our work is already starting to touch the lives of people up and down the country.
- 3.77 As our stakeholders told us in the interim review reported to the Board in July, this is a strong platform on which to build in an ambitious way to win a fair deal for consumers.

## **4 Proposal**

- 4.1 The Board is asked to note the contents of this report.

## **5 Resources**

- 5.1 A separate paper has been prepared for the Board on our initial views on the implications of budget cuts in the BIS funding stream for 2010/11.

## **6 Next steps**

- 6.1 The Board is overseeing work for the recruitment of a new CEO, with transition arrangements for the period before a new CEO starts already underway.
- 6.2 Wider next steps for the organisation are set out in the SMT Priorities for July – December 2009 and the forthcoming initiatives outlined above.