

Consumer Focus Board

9.1

Title: CEO Report

Purpose: For information

Date of meeting: 3 November 2010

Responsible officer: Mike O'Connor

Prepared by: Mike O'Connor and SMT

Attachments: Directorate Reports

1 Overview

- 1.1 Government announced on 14th October that it would include Consumer Focus in the list of bodies for abolition under the Public Bodies Bill. The Bill will be introduced in the Lords next week and I attach a useful note provided by BIS. We are listed in Schedule 1.
- 1.2 Until shortly before the announcement we had expected that the Government would choose to build on Consumer Focus by consolidating a plethora of bodies into one and thereby saving money and creating a stronger organisation which could empower consumers right across the economy as opposed to the current fragmented approach.
- 1.3 Government have said that they wish Citizens Advice and Citizens Advice Scotland to take on our functions. Ministers have made it clear that their decision is not in any sense a reflection on the ability and effectiveness of Consumer Focus. They have paid tribute to the "hugely valuable contribution to the welfare of consumers" made by Consumer Focus. It is not yet clear which functions they wish to see transferred, the timescale or what will happen to the strong legal powers which Parliament gave us in order to protect consumers. The Consumer Council for Water remains under review and it is possible that their functions will also be transferred to Citizens Advice.
- 1.4 Our task now is to work with Government, both at the UK level and in Scotland, Wales and Northern Ireland, and with Citizens Advice and with Citizens Advice Scotland to plan the transfer of our functions. The situation is of course different across the nations, e.g. the Scottish Government are going ahead with the transfer of the advocacy functions of Waterwatch to Consumer Focus. I have met with Citizens Advice and their current view is that they would be willing to take on all the work done by Consumer Focus, including NSMC. We are producing a comprehensive description of our work and powers to aid Government in their decision making on which functions they wish to see transferred. A version of this paper is included in this month's Board papers but it has been produced at speed and may well need some refining.
- 1.5 Ministers have told us that it is likely to be at least 1 April 2012 before Consumer Focus will cease to exist. I am working on the premise that Government wants us ensure that there is no "gap in service" to consumers and that we should ensure that as little public value as possible is lost in the transfer of our functions to other bodies. If we are to achieve this we need to continue working and to minimise the loss of people and skills from the organisation. Ministers have expressed the hope that they can "count on your

(all staff's) skills and expertise during the period ahead as we build the capacity of Citizens Advice”.

- 1.6 This poses management challenges. We have highly talented and skilled staff. There is a danger that we lose staff. We are not in a position to tell people whether there will be TUPE opportunities, although I hope there will be some, because we do not know what functions will be transferred and, crucially, what the terms of that transfer will be. We are seeking preliminary legal advice on TUPE .
- 1.7 In order to meet this challenge I have made it clear to Government that we need, as soon as possible:
 - a decision on which functions are to be transferred;
 - a decision on our budget for 2011/12.
- 1.8 The budget decision is critical in two respects. Firstly, assuming Parliamentary approval to the Bill, we are in run down mode. I think it is best to assume a date for closure if we are to plan properly. My current assumption is 1 April 2012. It may be later than that but I would rather plan on the basis of an earlier date and have to extend it rather than plan on a later date and then have to bring it forward. Closure has significant costs, not least the compensation costs arising from the PCSPC, and we need to know the budget within which we have to plan the remainder of our life.
- 1.9 Secondly, if we are to maintain functions until other bodies take them over, we need a budget which enables us to do so.
- 1.10 Government have said that they hope to give us an indication of our 2011/12 budget in November. It was always our assumption that it would have been lower as a result of the CSR settlement and we were anticipating a reduction though consideration of a redundancy programme reported elsewhere. However it may be lower still as a result of the decisions made about our future. Whatever our budget is to be, a further critical point is how it is broken down between support from the tax payer, £5.2m this year, and by support from the energy and post companies. If we have differential changes it will have implications for the shape of our work programme and our organisation in so far as our operations in Belfast, Cardiff, Glasgow and London depend more on one source than the other.

Staff Morale

- 2 Inevitably staff morale has taken a serious blow as a result of the Government's decision. In two weeks we went from the high of winning a £70m refund for energy consumers to Government's decision to abolish the organisation. We are doing what we can to give people hope, but the future is far from clear and we cannot give people real comfort. The prospects in the wider public sector, to which many, but not all staff, see as the most employment opportunity.

We need to lift people's spirits if we are to maintain the service we offer to consumers and hand it over in good condition. We have a significant opportunity in publishing our draft 2011/12 Work Plans at the end of November. We need a plan we can all be proud of and excited by. It should hold out the promise of next year being the year we do best for and with consumers. We will need support from all Board members and, of course, from Government

Mike O'Connor
28 October 2010

Information for Departments: for use when briefing public bodies named in the Bill

To help you with getting messages to your public bodies about the Bill, and particularly what it means for bodies to be named in schedule 7, we have included the following lines which should provide reassurance where necessary.

In particular it will be important to make contact with the chairs or chief executives of those bodies listed in Schedule 7 who may not be fully aware of the policy intention behind this schedule.

- **The Public Bodies Bill is an enabling bill to provide the legislative framework for the reforms announced on 14 October that require legislation and that are not covered in other departmental bills.**
- **The Bill is scheduled to be introduced in the week commencing 25 October, and will be published on the www.parliament.uk website in the same week.**
- **The Public Bodies Bill itself will not enact any changes to public bodies. For change to happen, the Secretary of State in question must bring forward an order (in the form of an affirmative procedure, a type of secondary legislation) to use the powers set out in the Bill.**
- **Public bodies that are due to be reformed are listed in one or more of the Bill's schedules, according to the reform that is planned. Each clause of the Bill providing a particular power to a Minister will correspond to a schedule.**
- **The final schedule – Schedule 7 – lists the bodies that were subject to the public bodies review, but for which there is no planned reform at this time, or bodies that will still need to be named in the Bill after reforms have been carried out.**
- **The reason for listing bodies on Schedule 7 is to give certainty during passage as to which bodies could be subject to the Bill's powers. The alternative – trying to define 'public body' – was considered too broad and therefore too risky and unlikely to secure the agreement of the Parliamentary Business and Legislation Committee.**
- **Whilst the bodies listed in Schedule 7 could be subject to future use of the Bill's powers – which is right given that all bodies will be subject to regular review – inclusion in this schedule does not mean that these bodies will be reformed.**
- **To use the powers in the Bill on a body listed in Schedule 7, a Secretary of State would have to bring forward two separate orders, one to move the body to a different schedule and one to use the powers associated with that schedule. Each time, for an order to be passed it must be voted on in both the Lords and the Commons meaning that any change would be**

subject to proper Parliamentary scrutiny but use significantly less Parliamentary time than bringing forward separate pieces of primary legislation for any future change.

- **Where the Government has proposed to reform a particular body rather than to abolish or merge, it will be named in one of more of Schedules 3 to 6 and Schedule 7. This is to ensure that after a body is reformed it does not disappear out of scope of the powers of the Bill thereby preventing Secretaries of State using the powers to reform further following subsequent reviews of public bodies.**