

Consumer Focus Board

Paper 5

Title:	CEO Report
Purpose:	For information
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Prepared by:	Mike O'Connor and SMT
Attachments:	Directorate Reports

As the attached reports show, Consumer Focus continues to deliver for consumers. It is invidious to pick out achievements from so many of those attached and for which my colleagues across the UK deserve the credit, but at the time when our abolition is being discussed I would just point to the decision by the Scottish Government who have agreed the Order passing to us the duty to represent water consumers in Scotland. This surely is a vote of confidence in our organisation and how we deliver for consumers.

The circumstances in which we work are of course difficult and growing more so. Government announced nine months ago that they wished to abolish Consumer Focus and inevitably this has damaged morale and led people to worry about their future. We are not yet in a position to give people a positive picture of the future as I explain later. If we could "build that bridge" it would help enormously. We have also suffered significant cuts in our budget, especially for our work on non post and energy markets, and there are more cuts in prospect.

We are heartened that the Government wishes to maintain most of our functions and does not want to lose the expertise of Consumer Focus. Maintaining that expertise is not easy and we are losing expert staff. Bringing "new blood" into the organisation is difficult given Government restrictions on recruitment and the fact that even if we are given permission to recruit, we are not an attractive employment proposition. We are attempting to persuade Government to allow us to recruit externally as we hope there are young Graduates who would be very keen to work in an organisation like Consumer Focus even if it was for just two years. Such recruitment would also be less costly to the public purse.

It is vital that we maintain expertise for two reasons. Firstly, until Parliament decides otherwise, we have a duty to protect consumers and promote their interests. A duty which I know both the Board and staff take very seriously and are passionate about. Government's estimate of our abolition date is April 2013 and this appears realistic. Secondly if we are to transfer our expertise, we need to keep it and develop it until such time as it finds a new home.

On 21 June the Government published its consultation document which, inter alia, consults on our abolition and the transfer of our functions. Whilst the Government's preferred option remains to transfer some of our functions to the Citizens Advice service, the options seem more open than they were and there is mention of the Citizens Advice service working in partnership with other bodies such as Which?, Age UK, Shelter and the National Consumer

Federation. Which? is also referred to as a possible alternative destination to the Citizens Advice service. Government are consulting on whether our information gathering powers should pass to those bodies which take on our work or should be passed to other public bodies, such as regulators to whom our successors can apply for the use of the powers. We are arguing that the powers must go with the function. The consultation will last until 27th September. It remains to be seen what the views of the Welsh and Scottish Governments will be on future arrangements and it is possible that different solutions will be appropriate in different parts of the UK.

It seems likely therefore that uncertainty will continue for the rest of this year.

We are assuming that our functions will pass to the Citizens Advice service, as this remains the Government's preferred option. Since last October we have been providing them with extensive and comprehensive information about how we work so that they can design how they will take on our functions. We do not yet have a clear picture of how they will carry out the function, especially in relation to the more complex market and competition issues in the regulated industries. This is a problem for us in managing transition and for colleagues who cannot "picture themselves" in the new landscape because they do not know how the Citizens Advice service will deliver the functions that we do now. There is a slight exception to this in Wales where we are glad to see that Citizens Advice have said that they will match our advocacy capacity. We also hope that Citizens Advice Scotland may take on delivery of our Extra Help Unit ahead of the transfer of functions.

I am conscious that this may read as an appreciation of the risks we face rather than the opportunities but when you look at my colleagues' achievements in the attached papers, you will see how much consumers have to lose, now and in the future, if we cannot maintain and transfer expertise. We are arguing that a credible capacity must be maintained, for example in a Regulated Industries Unit, and we are encouraged that there is Government support for this objective. We are reorganising our efforts to focus on where we can do most good for least expenditure and we are seeking to support our staff who remain committed public servants. Within two years we will all be in different jobs and I want to help people equip themselves as best as possible in a challenging, uncertain world. Alongside the many achievements we are reporting on today, and I think we can take some credit for advocating for action such as that which Ofgem have just announced, we have many exciting projects in the pipeline.

We continue to deliver for consumers and we are determined to do so in the future.

Mike O'Connor