



**Consumer
Focus**
Campaigning for a fair deal

Annual Report and Accounts

2008-09



Consumer Focus

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Annual report and accounts is presented to Parliament by the Secretary of State for Business, Innovation and Skills in pursuance of Chapter 17 Paragraph 7 and Schedule 1 of the Consumers, Estate Agents and Redress Act 2007.

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Chair's welcome



Consumer Focus, the new consumer champion, was created by bringing together the National Consumer Council (including the Welsh and Scottish Consumer Councils), Postwatch and energywatch. The new organisation strengthens and streamlines the role of consumer advocacy. We operate across the economy, persuading businesses and public services to put consumers at the heart of what they do.

The merger involved difficult decisions about employees and office closures. The timescale and legal constraints were especially difficult and I pay tribute to everyone, particularly the employees, for seeing it through.

The result is an organisation that can operate with more of a critical mass and that saves the tax payer over time by operating at lower cost.

From day one we were straight into action, particularly in the regulated sectors. This included work on energy prices and the Ofgem energy supply probe, the last stages of the Post Office closure programme and the Hooper report on the postal market. We responded quickly and effectively on the discrimination against consumers with prepayment meters and the alleged failure of energy companies to bring down retail prices in line with wholesale prices as fast as they had raised them. We campaigned (and welcomed the Government's decision) to keep the Post Office Card Account card in Post Offices but stressed the need for a longer-term strategy for the Post Office network and for Royal Mail.

The economic climate has affected our priorities substantially. Access to credit and banking services have been hit by the financial crisis. Credit problems transform the choices available to millions of people, with a lack of credit leading to problems with mortgages and rents, with energy bills and in the supermarket. Good companies and services adjust, but too many allow customer service and quality to deteriorate.

We have carried out a major recruitment exercise in our first six months and we are now almost fully operational. From our offices in London, Glasgow, Cardiff and Belfast we are strong and geared up to face the challenges ahead. Our work is set out in our Forward Work Programme¹.

The accounts outlined in this report are compiled and published fully in line with merger accounting requirements.

I wish to pay tribute to our dedicated employees and express my confidence that they will continue deliver for consumers.

Larry Whitty
Chair, Consumer Focus

¹ http://consumerfocus.org.uk/en/content/cms/About_Us/Work_planning/Work_planning.aspx

Chief Executive's welcome



Moving home and enjoying time with an eight-month-old baby would be enough to manage for any couple, but Alice and John were handed an unwelcome surprise when their gas was cut off in the run-up to Christmas. They were up to date with their payments but their energy company found that the previous occupants had damaged the meter. Despite having done nothing wrong, Alice and John got nothing from the company but grief and a demand for £640 to reconnect their supply.

For many vulnerable people Consumer Focus provides a lifeline to try and resolve problems, where possible working in partnership with companies, regulators and ombudsmen. Alice and John want to ensure that what happened to them won't happen to others, which is why our campaigning role is so vital.

There is work to do to win a fair deal for consumers across a range of markets, from postal services and energy through to housing, mobile phones and banking. We are passionate about the consumers whose interests we champion.

Consumer Focus campaigns for a fair deal for consumers across Great Britain and, for postal services, Northern Ireland too. We are a young organisation with statutory powers, a strong research base and a creative, campaigning culture. We have deep roots in the work of our three predecessors, the National Consumer Council, Postwatch and energywatch and the new organisation allows us to take expertise and experience from each. I am grateful to the employees involved for their pride and professionalism and for the support we received from regulators, companies and the Department for Business, Enterprise and Regulatory Reform (now Business, Innovation and Skills) during our initial phase.

We have successfully influenced consumer policy during our first six months thanks, in part, to those foundations. It is very welcome that the energy regulator, Ofgem, is now acting over some of the abuses and overcharging on which

we have campaigned. Following the agony of Post Office closures, Post Office Ltd has signed up to a stronger code we developed with them. This ensures that proposed changes are properly communicated to the communities concerned and their views are taken into account. We have seen positive change on issues for consumers we have campaigned on – as diverse as civil justice in Scotland, healthcare in Wales and policing in England. We also challenged BT's monopoly on phones in prisons in England and Wales, and gained a 12 per cent cut in the price of phone calls.

Our first major campaign was on fuel poverty. With energy prices high and 2008/09 seeing such a cold winter, we argued for urgent action for the 5.4 million people living in fuel poverty. We are proud to have helped bring together a powerful coalition to campaign for this, ranging from Friends of the Earth to the Child Poverty Action Group and from the Sustainable Energy Partnership to Age Concern.

We have now launched an investigation into the mobile phone industry, an area where consumer complaints are high. We are also undertaking urgent work on consumer services, from how companies treat vulnerable consumers through to the performance of Jobcentre Plus in the eyes of people who are out of work. If we can collaborate or share work with you, let us know... and please, wish us luck!

Ed Mayo
Chief Executive, Consumer Focus



About Consumer Focus

Consumer Focus champions the needs of consumers across England, Wales and Scotland and, for postal services, Northern Ireland.

We will take up the issues that matter to consumers, using research to identify problems while engaging with consumers and organisations to develop policies that help. We campaign to bring about change, lobbying Government, business and regulators hard on behalf of consumers who are vulnerable or put at a disadvantage. Consumer Focus will also lobby for the introduction of legislation that will improve consumers' lives.

We want to see consumers put at the heart of Government thinking and we have the power to ensure a fair deal for all. Consumer Focus will do more than simply draw attention to problems; we will champion creative solutions that improve consumers' lives.

Praise will be given where praise is due; but Consumer Focus will tackle unfair practices and expose companies, regulators and services that fail consumers. Consumer Focus also has robust legal powers. The organisation can demand information from providers, investigate areas of complaint and refer failing markets to regulators.

Consumer Focus's aim is to see businesses and public services organise their affairs to prevent problems arising for consumers, dealing with issues today to pave the way for a better future. We will campaign tirelessly to ensure that companies and public services are fair, open and honest in the way they operate. Where they go wrong we want consumers to be able to get their complaints taken seriously and where loss has occurred to receive proper redress.

Consumer Focus is funded by taxpayers, through the Department for Business, Innovation and Skills; and energy and postal consumers through the licence fees that the leading companies in these sectors pay. The organisation is also able to raise its own funds through externally funded projects.

Our goals

We have four strategic goals that inform our campaigning:

value: help people receive better value by raising the influence they have over the goods and services they receive

service: improve customer service and remove unnecessary problems that generate complaints from consumers

access: create an economy in which everyone can access the essential services they need and where the poor no longer pay more or get less for their money

sustainability: harness the appetite of consumers to move to more sustainable lifestyles

These goals are the touchstones for our work. We want and expect to be judged on our performance.

Our aims

high impact: make a real difference to consumers' lives

innovative: offer new solutions and work in new ways

in touch: represent real concerns, including those of vulnerable consumers

Our profile

Consumer Focus has achieved a high profile start, especially through its work campaigning for fair energy prices, protecting postal services and lobbying for better digital rights for consumers. It is also working hard in building its reputation in other areas. We've achieved influential press coverage across media channels from the FT and Economist to the Mail and Mirror, the Today programme to the sofa at GMTV. BBC Breakfast got their largest public response for the year after we highlighted the unfairness of pre-payment meter customers paying more for their energy.

We've given evidence to select committees on energy, the future of post services, regulation and consumer protection at EU level; run a Private Member's Bill to tackle fuel poverty by making homes more energy efficient; and submitted evidence to consultations as diverse as fair tips for waiting staff, the cost of civil litigation, competition in the energy market and intellectual property and copyright. We've worked with coalitions to strengthen our case and built good working relationships with Government, businesses, regulators and partners in the consumer movement.

Six impacts in our first six months...

- More convenience and better information for consumers in Scotland through the successful introduction of the Home Report
- A 12 per cent cut in the price of phone calls made by prisoners in England and Wales
- £1.2 million repaid to customers by Npower in relation to unfair billing charges
- An end to overcharging of up to £150 per year for motorists who use one of the 5,000 garages which have signed up to a tough new code
- Our contribution to lobbying Postcomm in the waiving of the 50p local redirection charges levied on consumers by Royal Mail
- Our contribution in lobbying Ofgem, which led to cuts in excess energy charges of an annual £332 million

‘It is so important that Consumer Focus carries on the good work in campaigning for a fair deal for members of the public’

An energy consumer who approached Consumer Focus to campaign to prevent her experiences from happening to others





Easton Leisure Centre

Bus Stop
First
traveline
0800 200222

Focus on... fair tips

We participated in the Unite and *Daily Mirror* 'Fair Tips' campaign to ensure that tips and service charges given to restaurant staff are not used to top up the National Minimum Wage, also responding to a Government consultation on the issue.

The Government subsequently announced that using tips to make up staff pay to minimum wage levels will be outlawed from October 2009.

The economic and social context

The economy has been in turmoil during Consumer Focus's first six months with an immense impact on consumers and our work. With the banking crisis at its height during our first week, we ran a round table of civil society organisations to discuss the consumer response to the dramatic events, in partnership with the Financial Inclusion Centre. This identified a need to focus the attention of the financial services sector on the needs of the consumers it is supposed to serve. We have responded by organising a series of high-level debates involving leading thinkers and practitioners, which will begin this summer.

Ending fuel poverty

Consumer Focus is working hard to attempt to bring fuel poverty to an end. A household is defined as being in fuel poverty if it needs to spend more than 10 per cent of its income on fuel to meet its heat and other energy requirements. Our aim is to see a national programme to fuel-poverty-proof homes by bringing them up to the energy efficiency levels of modern dwellings, as far as possible. This would benefit the environment – with less carbon dioxide leaked into the atmosphere – and provide a much-needed boost to the economy in the form of construction work required to meet the standards.

Reducing consumer debt

Our work programme highlights the need to 'identify and promote good practice by businesses across a number of sectors for dealing with vulnerable consumers, with an initial focus on the treatment by companies of customers in debt'.

Since our inception, our work has focused on trying to reduce consumers' bills – mainly energy bills – and looked at how increasing debt has affected consumers.

Prepayments

A consequence of the economic downturn is a rise in situations where consumers pay for goods and services in advance but do not receive them

because the business they dealt with has become insolvent. We pressed the Government for a commitment in the Consumer White Paper to carry out a review of consumer protection arrangements.

Consumer insights

We commissioned the Consumer Conditions Survey, which researches consumer views on 45 economic markets. This flagship survey for Consumer Focus will offer a unique insight into consumer attitudes and experience across the economy and help us develop our work.

Our importance to consumers

The work of groups like Consumer Focus is seen by the public as all the more important in the context of economic recession. Consumer watchdogs have long been cited as important and trustworthy sources of information on business activity. This has accelerated in recent years, from 37 per cent of the public citing consumer watchdogs as sources of assurance in 2006 rising significantly to 68 per cent in 2009. According to research conducted six months after our launch by AccountAbility, consumer watchdogs are seen as the most trustworthy source of assurance, followed by press articles (57 per cent), family, colleagues and friends (55 per cent) and internet sources (43 per cent).

Energy

Focus on... fuel poverty

Consumer Focus has co-ordinated a diverse coalition of environmental, poverty, consumer bodies and trade unions to press for more concerted action against fuel poverty. The coalition produced a 'fuel poverty charter' and initiated a Private Member's Bill on fuel poverty.

Widespread anger

Electricity and gas prices generated widespread anger after energy companies hiked prices by 40 per cent or more and seemed slow to reduce them when wholesale energy prices fell; especially as consumers faced a harsh winter period in both climatic and financial terms. Consumer Focus pressured the 'big six' energy suppliers to reduce their charges, by calling on one of them to 'break rank' and take the lead. Prices have now been reduced but we remain committed to ensuring that consumers pay fair, affordable prices for their energy.

With the Department of Energy and Climate Change, we have been investigating the link between gas and oil prices. We met the Directorate General for Competition at the European Commission to discuss a series of proposals to address concerns about the impact of high oil prices on consumers.

Our goal is to achieve an energy market that is more transparent, effective and responsive to the needs of consumers. We are working to improve the wider energy market at UK, EU and international levels and the representation of those consumers outside the mainstream regulated energy sector, eg, those who rely on Liquid Petroleum Gas or domestic heating fuel.

We have carried out a concerted media campaign to highlight the inequity of prepayment meter customers paying more for their electricity supplies.

the protection of vulnerable consumers. Between November 2008 and March 2009, we provided expert advice and analysis on proposed amendments and compromise texts to the European Parliament.

Other issues tackled by Consumer Focus include ScottishPower's prepayment meter debt recovery policy and customer service performance, Npower's tariff structures and potential contractual breaches and overcharging and British Gas' policy on energy theft cases.

Social tariffs

Consumer Focus campaigned for mandated minimum standards for social tariffs – tariffs that make energy more affordable for low income consumers. We think the Government should take responsibility for this important aspect of social policy, rather than rely on the voluntary efforts of fuel companies. We have put forward proposals on who should receive social tariffs and the level of discount on energy bills required to ministers, civil servants and other stakeholders.

Focus on... vulnerable people

We persuaded regulator Ofgem to conduct a rapid review of vulnerable consumer disconnections.

Data management and analysis

We provide statistical analysis on performance and are developing a way to monitor the complaints performance of energy suppliers. Our intention is to publish league tables on supplier performance to add clarity to consumer choice.

Energy policy

Consumer Focus campaigned successfully for new and stronger consumer rights to be included in the European Parliament's third revision of the legislative framework for gas and electricity. This generated improvements with respect to switching, consumption data, the power of regulators and

Focus on... energy consumers

Much of the work of Consumer Focus has centred on the energy market. The projects we have led or collaborated on are bearing fruit for the consumer.

Following an energywatch referral, Ofgem levied a £1.8 million fine on Npower in February for its sales and marketing practices.

In March, Ofgem ordered Npower to return £1.2 million to customers who were over-charged as a result of changes to its gas tariffs.

Three out of five consumers think that large companies would willingly mislead them to make money.



Focus on... delivery

The Postcode Address File is the list, maintained by Royal Mail, of the postal addresses of all 27 million households throughout the UK.

People living in the Highland town of Strathcarron now have a reliable postal service thanks to Consumer Focus.

We discovered that the local postcode had been deleted from Royal Mail's database of all 27 million UK households, so residents no longer had a right to a daily delivery.

After our intervention, normal daily deliveries were restored.

Last Collection
Monday to Friday
6.30pm

A later collection is made at 7.30pm
from the PostBox at
Mount Pleasant Mail Centre
Rosaberry Avenue

Saturday
12 noon

Other Collections

Additional collections may be made
on some days.

08457 742745

www.royalmail.co.uk

0845 4882604

London, NW1 1AA

Postal services

Hooper Review and Postal Services Bill

The Hooper Review on the future of the postal market and the introduction of the controversial Postal Services Bill provided an opportunity to ensure that the universal postal service is protected. Our principal objective is to ensure consumers continue to receive a universal service at its current level, ie, the collection and delivery of mail six days-a-week to the premises at an affordable and uniform price.

Focus on... consumer protection

We agreed a new code of practice with Post Office Ltd, including strengthening the position on valuable outreach services.

We campaign for improvements in the postal service and investigate and address national postal issues. We also monitor Royal Mail's performance and advise the regulator on appropriate action should Royal Mail fail to meet targets or breach other licence conditions. Where standards were not achieved we have demanded justification from Royal Mail and will continue to monitor the situation. We also inform customers about postal issues and market developments.

Our work has been mainly concentrated on the Hooper Report and Postal Services Bill. We have raised consumer concerns, especially the retention of the universal service obligation, by holding meetings with the Hooper Review team.

We have also worked to ensure that the Postal Services Bill covers meaningfully the full range of customer concerns regarding collection, deliveries, mail integrity and pricing.

Our role includes scrutiny of the final closure proposals in the current Post Office closure programme and work is ongoing. We continue to monitor the promised improvements to Post Office branches. As a result of our efforts, Government has convened a cross-departmental committee to investigate services that can be offered through the Post Office network. Consumer Focus will work with the Post Office Advisory Group to influence this.

Postcomm consultations

We supported Royal Mail's request for a one-month waiver of the 50p charge for the redelivery local collect service; and were pleased that it was introduced over the Christmas period.

We have worked with other postal operators, the Direct Marketing Association and Department for Environment, Food and Rural Affairs on Royal Mail's application to ensure that consumers benefit from the introduction of a sustainable mail product to make direct marketing activities more environmentally-friendly.



One in four consumers stated that they have used the internet to leave feedback at least once in the last year.

The digital age

Digital technology is becoming increasingly important in consumers' lives. Broadband is turning into an essential tool for modern life but there is an enormous risk that the benefits of this new 'utility' will not be available to everyone who wants to use it. Mobile devices are an increasingly popular communication tool – but the concern is that complexity in market place is preventing consumers from making informed choices and accessing services equally and equitably.

Internet access and broadband

The Government recognises that broadband access is already a point of social divide and is exploring how to develop a new universal service commitment for broadband. Although this is welcome, much of its focus has been on delivery networks and speeds, which are just one part of the picture.

Our Digital Divide project and report was the product of work to identify and promote the needs of consumers who are disadvantaged by their lack of access to the internet. The report highlights the need for a universal service commitment for broadband with affordable access based on a minimum standard.

Limiting access

We have worked with the National Children's Bureau's Young People's Consumer Panel to investigate website advertising and marketing codes and where they fall short in protecting children.

Copyright

Copyright issues, particularly around illegal file-sharing of music, have been hotly debated both at home and abroad. Consumer Focus wants to see a copyright regime that encourages innovation by providing a fair return to creators and investors while imposing the minimum necessary constraints on competition and consumers. We have been fully engaged in the Government's Digital Britain initiative, successfully opposing calls by some sections of the music industry to cut consumers off the internet without court involvement.

Focus on... protecting the young

The Home Office has agreed to launch a review of the sexualisation of teenage girls, including looking at their profile as consumers.

Mobile – what's the problem?

We have started a project to identify key priority areas for Consumer Focus's campaigning and advocacy work in the mobile sector. In parallel, we will publish the results of online panel research which probes consumer priorities in this sector.

We have made submissions and given comment on a number of important consultations, including the first phase of Ofcom's Mobile Sector Assessment and review of quality of service in fixed line communications; Ofcom's draft Annual Plan 2009/10; its review of Access and Inclusion – *Digital communications for all* and *Digital Britain*. As well as backing BT's move to make calls to 0800 numbers from their mobiles 'free' – or inclusive in mobile tariffs – we lent our support to Ofcom's campaign to crack down on silent calls to fixed lines.

We have achieved notable successes on the European Union's Telecoms package in terms of reducing contract lengths, making number portability easier and tariffs clearer. Consumer Focus is also involved in topics such as data protection, e-commerce and the copyright term extension.



Focus on... better information

The Financial Ombudsman has agreed to open up complaints data to consumers from September 2009, so that it will be easier for consumers to make an informed choice when choosing a mortgage or pension provider.

We provide information for consumers to ensure they are aware of their rights and can make well informed purchasing decisions.

Consumer empowerment

The word on the street

We spoke directly to consumers to find out about people's experiences. Our *Streetwise* report, published in March, looks at the consumer landscape and whether consumers today are getting a fair deal. It also sets out how Consumer Focus will get to grips with these issues and how, armed with powers and influence, we can make a difference.

The Confidence Code

We run the Confidence Code, an accreditation scheme for online energy switching sites, which is designed to give consumers peace of mind when moving supplier. We are also quick to support external initiatives, such as working with *disputer.com* (a website which helps consumers complain about poor service more effectively) where we believe they can benefit consumers.

Focus on... confidence

Consumer Focus hosted a successful summit on future of the Confidence Code for online energy price comparison sites, attended by all suppliers, price comparison sites and Ofgem, with the aim of improving consumer confidence in the energy market.

We continue to consult with energy suppliers over proposals to publish company performance information. We have also conducted research on the design of energy company performance information and price comparison fact sheets to aid consumer choice.

Consumer Focus Knowledge Base

This resource provides detailed information to advice agencies. The database includes: the names of suppliers; company contact details and complaint procedures. It contributes towards streamlining and improving the quality, depth and relevance of information provided to consumers. We have negotiated an information sharing agreement with Citizens Advice in England and Wales, with a similar agreement being worked out with Citizens Advice Scotland. We strive to ensure that the information provided is constantly updated and meets the needs of the advice agencies.

Consumer law

In October 2008 the European Commission published a poor and contentious Consumer Rights Directive proposal and sought its quick adoption by the European Parliament. Working with consumer organisations in Europe, we successfully lobbied for the first reading to be postponed until after the European Parliament elections to allow time for improvements to be made. We have also lobbied strongly on the Government's work on the consumer law review – hopefully to be reflected in the Consumer White Paper due to be issued in the summer.

Research to support consumer representation

New arrangements for redress and representation for energy and post consumers include ongoing analysis of data from the Extra Help Unit (EHU) (see page 37), Energy Ombudsman and Consumer Direct and complaints that go direct to suppliers.

We have negotiated the receipt of more performance information from the Energy Ombudsman than originally agreed with Ofgem. We have established relationships with other key contacts, from the Energy Savings Trust to Citizens Advice, and have agreed a joint framework with Ofgem. We liaise with Ofgem over audits of energy licensees' implementation of complaint handling standards.

Consumer Community

Consumer Focus supports advice agencies and our partner organisations such as Consumer Direct, the Energy Ombudsman, Citizens Advice, which provide frontline advice to consumers. We run the *Consumer Community* email network to enable us to update advice-providers and other interested organisations about our work. This also provides an opportunity for two-way communication, encouraging advice-providers to contact us and, over time, for other organisations to use the network as a means to communicate and provide/gather information.

Sustainable consumption

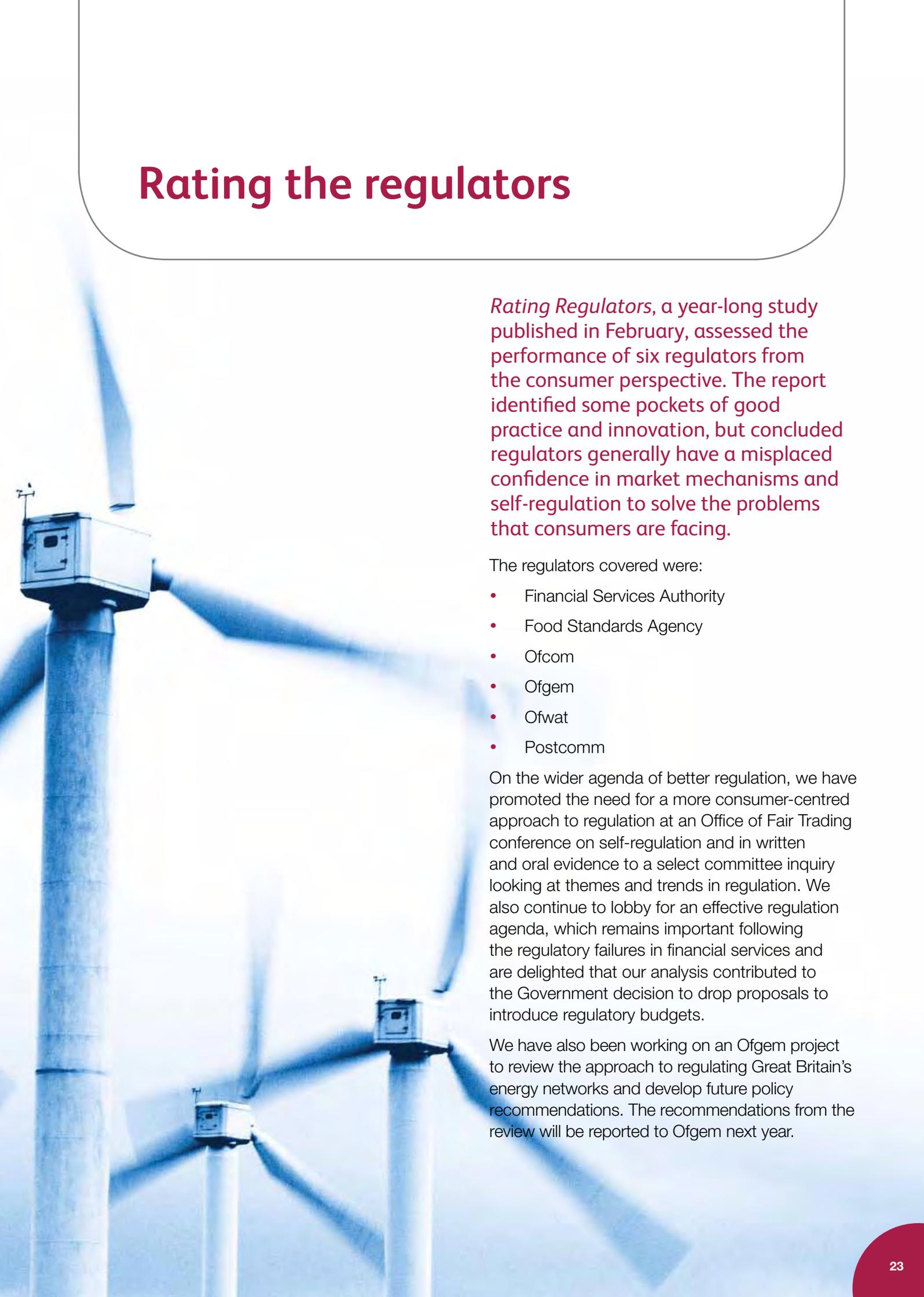
As well as campaigning for clear information at the point of sale we have also conducted innovative research on consumers' responses to green claims in advertising across a range of different markets, from cars to detergents.

This work will be used to inform the Department for Environment, Food and Rural Affairs' review of its green claims code.

We have been working on the EU energy labelling scheme, specifically lobbying alongside European consumer organisations to retain the A-G energy efficiency rating label format for electrical goods. This position has been supported in the European Parliament. The legislative debate will continue through 2009.

The future energy market

Consumer Focus works not only to deliver a fair deal for customers in today's energy market, but to ensure that the sustainable energy market of the future provides consumers with the best possible service. We take action to ensure that developments such as smart meters, green and renewable heat tariffs, energy efficiency, energy service companies and energy advice are delivered with consumer concerns at their heart. We are developing our policy to improve the clarity of environmental costs on consumer bills and green tariffs, and are pressing for smart meters to be adopted. We are involved in work looking at the impact of time-of-use tariffs.



Rating the regulators

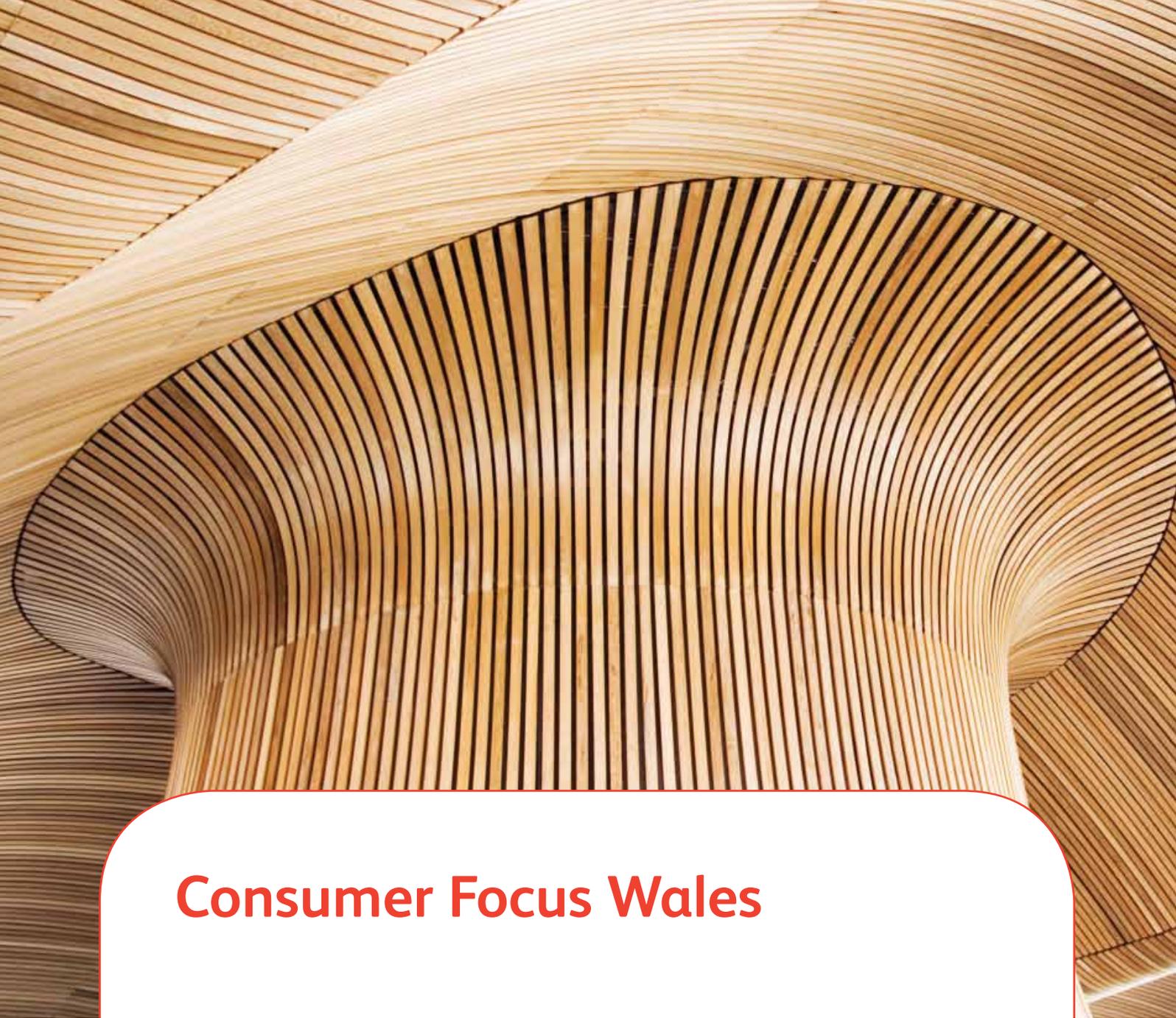
Rating Regulators, a year-long study published in February, assessed the performance of six regulators from the consumer perspective. The report identified some pockets of good practice and innovation, but concluded regulators generally have a misplaced confidence in market mechanisms and self-regulation to solve the problems that consumers are facing.

The regulators covered were:

- Financial Services Authority
- Food Standards Agency
- Ofcom
- Ofgem
- Ofwat
- Postcomm

On the wider agenda of better regulation, we have promoted the need for a more consumer-centred approach to regulation at an Office of Fair Trading conference on self-regulation and in written and oral evidence to a select committee inquiry looking at themes and trends in regulation. We also continue to lobby for an effective regulation agenda, which remains important following the regulatory failures in financial services and are delighted that our analysis contributed to the Government decision to drop proposals to introduce regulatory budgets.

We have also been working on an Ofgem project to review the approach to regulating Great Britain's energy networks and develop future policy recommendations. The recommendations from the review will be reported to Ofgem next year.



Consumer Focus Wales

First Minister for Wales, the Rt Hon Rhodri Morgan AM, welcomed Consumer Focus Wales on its public launch at the National Assembly for Wales. The event, in January 2009, was attended by Assembly Members (AMs) and party leaders from Wales' political parties.

Consumer Focus Wales' first publication – *Double Trouble, Debt and Disconnection in Wales* – was also launched then. The report analysed the first three months of calls to the Consumer Focus Extra Help Unit from Wales and the recent Ofgem probe into energy markets. It demonstrated that we are not only dealing with the problems of vulnerable consumers but looking strategically for solutions at the root cause of the issues.

Fuel Poverty in the National Assembly

From the outset, fuel poverty has been high on the policy agenda for Consumer Focus Wales. In October we were called to give evidence on the subject to the National Assembly for Wales' Sustainability Committee in relation to their devolved responsibilities

in this area. Our evidence was then used by the Committee to quiz the six major energy suppliers about their commitment to consumers in Wales.

As a result of this work we joined with National Energy Action Cymru to form a cross-party group of AMs focusing on the issue of fuel poverty.

Consumer Engagement in Regulation

On behalf of the Welsh Assembly Government's Care and Social Services Inspectorate Wales (CSSIW), we produced a guide on how they might involve consumers in their regulatory system, focusing particularly on the issue of best practice.

This work was delivered to the CSSIW before Christmas and will form the basis of meaningful consumer engagement.

Key partnership

Consumer Focus Wales has been named as a key partner to the Welsh Assembly Government in their Financial Inclusion Strategy, with a number of projects from our Forward Work Plan described as 'fundamental to its success'.

The overall aim of the strategy is to improve and raise awareness of financial capability; advice on income maximisation and money management; specialist debt counselling; accessible savings opportunities and access to mainstream banking and sources of affordable credit through third sector lenders.

Digital switchover

The digital switchover comes to Wales in 2009 and Consumer Focus Wales is concerned about the potential for rogue trading due to a lack of consumer information. We have joined with a number of stakeholders – Consumer Direct, Digital UK and Citizens Advice Bureaux – to run a communications campaign highlighting the danger of rogue trading including the sale of unnecessary replacement aerials and televisions.

Delivering public service

Consumer Focus Wales has been undertaking wide-ranging public affairs work, meeting and promoting the organisation to peers, AMs and political party leaders. In an important development, Consumer Focus Wales' Chair, Vivienne Sugar, was invited onto the selection panel to choose a new advisory panel for the Welsh Assembly Government's Minister for Public Service Delivery. The stated intention of the Welsh Assembly Government's public service reform programme is to put the citizen at the centre of public service delivery.

Giving a voice to consumers

We have commissioned research that will seek out the views of communities that have lost their local Post Office in the last round of closures. The work will find out what services have been put in

place to help consumers and how they are coping with the changes. It will also gauge their fears and concerns about the future. We intend to revisit these communities in 12 months to see if these fears have been realised and to see how effective the coping strategies proved to be.

Energy market information in Wales

We have made information about domestic energy tariffs in Wales available to consumers and key stakeholders through our website and e-newsletter. This provides consumers with easily accessible and understandable information on domestic tariffs in Wales to empower them in making decisions about switching.

GM Foods

The Welsh Assembly Government has adopted the most restrictive policy on GM crops compatible with UK and EU legislation, and they will shortly be consulting on measures that would lead to greater restrictions. To prepare for this consultation Consumer Focus Wales has refreshed previous Welsh Consumer Council research into consumer views on the issue of GM foods.

We believe that the formulation of any public policy in this area must start from where consumers are and not where Government or industry would like them to be, particularly if any consultation is going to be meaningful. This research will enable us to reflect consumers' views back to Welsh Assembly Government, giving consumers an equal voice alongside other interested parties.

Consumer Direct Wales

We chair the Consumer Direct Wales Advisory Group, and have worked closely with them on press campaigns, helping to maintain the profile of Consumer Direct during a period in which its marketing budgets have been cut dramatically. We have also used the information provided for and by the Board to inform Consumer Focus Wales' policy development.

We have also worked with the Extra Help Unit to improve the service that Consumer Direct offers Welsh language consumers. We are now using the Welsh language services provided by Consumer Direct Wales to offer a fully bilingual Extra Help Unit service. This has proved so successful that the OFT has now also opted to use this option to provide a service to those calling Consumer Direct for advice on energy and postal issues in the Welsh language.



Consumer Focus Scotland

House and home

Consumer Focus Scotland has contributed to the development of a voluntary accreditation scheme forcing property management companies to work to higher standards; supported the Scottish Government and homeowners as Scotland finally saw the introduction of Home Reports to accompany houses being sold. We also helped the consumer interest to shape the work of key Scottish Government groups on housing supply and repossessions.

Justice for consumers

We have worked on issues of access to justice for people in Scotland, which led to the creation of the Scottish Legal Complaints Commission and persuaded the Law Society of Scotland to put lay people on its Council.

Our work is helping consumers by increasing access to affordable legal services.

We have continued to push for reform of the civil justice system and published the first report of the Administrative Justice Steering Group on the future supervision and administration of tribunals in Scotland. We secured agreement that Scottish Ministers will take its findings forward and discuss them with the UK Government.

Public services

We have published guidelines for the public sector on commercial sponsorship which ensure that consumers must benefit from sponsorship arrangements. We successfully campaigned for 'User Focus' in the scrutiny of public services to make sure public services are inspected, audited and regulated in a way that is meaningful to consumers. We also contributed to the development of new consumer-focused complaints mechanisms in the public sector through the Fit-for-Purpose Complaints System Action Group, chaired by Douglas Sinclair, Chair of Consumer Focus Scotland. We carried out a study on customer satisfaction in local government which helped local councils understand how consumers experience their services and how to improve them.

Educating consumers

Education is another important area of our work and we provided schools with workable guidelines on commercial sponsorship to protect children

from inappropriate marketing. We also gave a voice to rural communities in decisions about school closures by informing Scotland's new Schools (Consultation) Bill.

Digital diarists

To prepare for the digital switch over, we have used the experiences of more than 100 'digital diarists' in the Scottish Borders to create a new model for future digital TV switchover.

Energy

As part of the Scottish Fuel Poverty Forum, we have led a change in policy on energy efficiency and vulnerable consumers and we have also been able to give the clearest picture yet of how very few poorer Scots and people in rural areas are benefiting from competition by switching energy suppliers.

Focusing health services

We introduced a new user focus into policy development on information sharing in the NHS; eHealth and Emergency Care and helped the creation of the National Health Information and Support Service.

Clarity on food and diet

Consumers have been confused over the use of the labels 'Scottish' and the quality-mark 'Scotch' on fresh and frozen meat in the retail sector in Scotland. We have highlighted poor practice on labelling to help consumers make informed choices. We have also been key players in bringing forward the Food Hygiene Information Scheme to tell customers about standards in the places where they're about to eat. We have uncovered failure rates for water tested for bacterial contamination from water coolers in public places, triggering a much wider study and moves towards much clearer hygiene information for water cooler providers and users.

Consumer Focus Scotland development projects

The healthyliving award

We work with the food service sector in Scotland to make it easier for people to eat healthily when away from home. To date, more than 1,200 businesses have registered to participate in the programme, while more than 600 have achieved full award status. Scotland's Public Health Minister recently praised the work of the team at an event where 200 new awards were handed out. All NHS establishments in Scotland providing employees and visitor catering have been instructed to achieve the award, while a new healthyliving award plus has been created for award holders who want to achieve even more for their customers and employees.

Health Rights Information Scotland

This team produces information for patients about their rights. During 2008/09, it revised and reissued leaflets on consent, confidentiality, patients' rights and access to health records. Factsheets were produced to help overseas visitors understand their entitlements to NHS care. Work is underway to provide new information about consent for carers and to explain the process of decision making about NHS medicines. A DVD in 18 languages about NHS services is in production.

Scottish Accessible Information Forum (SAIF)

SAIF seeks to improve the standards and accessibility of information and advice services for disabled people and their carers. In 2008/09 it has focused on being a resource for frontline agencies to get accessible information to disabled people, including researching policies and views on accessibility issues, training providers and producing guides to national standards for accessible advice and a new guide to *The Social Model of Disability*.

Community Food and Health (Scotland)

Community Food and Health (Scotland) provides a national, strategic focus on low income communities facing barriers of availability, affordability, culture and skills to having a healthy diet. The project also works to help individuals and organisations evaluate and business plan as well as developing best practice, most recently around learning disability and homelessness. It has fed into the development of the national food policy and is helping develop a maternal and infant nutrition strategy for Scotland as well as performance management systems for the NHS in Scotland around coronary heart disease inequalities and obesity.

Consumer Focus Post (Northern Ireland)

Consumer Focus Post is the postal champion for Northern Ireland. It had its official launch at Parliament Buildings (Stormont) in January, and in the same month relocated to share premises with the Consumer Council for Northern Ireland, with whom we will be working closely.

Royal Mail in Northern Ireland handles two million items daily. There are some 730,000 delivery points and around 65 per cent of addresses are in rural locations.

We commissioned research on the views of Northern Ireland consumers on postal and post office services. The findings have informed briefing papers, media discussions and forthcoming campaigns. The survey will be repeated annually to assess trends in postal performance, consumer satisfaction and the impact of policy campaigns.

A Consumer Focus Post position paper was produced on the Postal Services Bill and issued to all Northern Ireland MPs, peers and Members of the Legislative Assembly (MLAs). We held briefing sessions on the Bill for all Northern Ireland politicians and major stakeholders both to inform and to suggest possible amendments.

Work will continue to press for improvements in the performance of the mail service between Northern Ireland and the Republic of Ireland and with Great Britain. Outreach services will be monitored and supported.

Building relationships

We worked to establish relationships with key contacts, to outline the Forward Work Programme and discuss areas for future joint campaigning. A number of meetings were held with politicians and stakeholders including Robin Newtown MLA (Chair of Ad Hoc Committee for postal services in NI Assembly), Arlene Foster MLA (NI Minister for Department of Enterprise, Trade and Investment), the Rural Community Network and NI Executive officials from the Office of the First Minister and Deputy First Minister.

Post Office Card Account

Consumer Focus Post has campaigned tirelessly against the possible loss of the Post Office Card Account from the post office network. We engaged with the media, MPs and MLAs to highlight the unique circumstances of the Northern Ireland postal consumer. A number of responses were received from MPs and MLAs commending the organisation's position and offering support for the campaign.

Consumer Focus Post is looking forward to a busy future as we strive to ensure the best postal service possible and to champion the rights of postal consumers across Northern Ireland.



Our policy teams

Community & Public Services

Our Community & Public Services team works to improve services. We advocate the need for public services to be built on an understanding of what service users require, rather than the assumptions of providers. We also develop policies to ensure communities retain access to key services and amenities. This includes the fulfilment of Consumer Focus's statutory duties in relation to the Post Office network.

The team completed work on the scrutiny of Post Office closures proposed under the final stages of the National Closure Programme. This included 'on the ground' investigations of the suitability of proposals. As part of this role we also monitored promised improvements to Post Office branches which were set to receive additional custom as a result of nearby closures.

Company Performance and Consumer Experience

Company Performance and Consumer Experience (CPACE) is our largest team and focuses on making a difference to consumers from energy issues to mobile phones, including for energy, small to medium-sized businesses.

In the energy sector, we effectively police the market by monitoring and analysing consumer experience and supplier practices ensuring compliance with industry codes and licence conditions. We also started to develop an investigation of consumer priorities in the mobile phone sector, seeking to identify the areas that Consumer Focus is best placed to tackle early in this complex and growing sector.

Consumer Focus responds quickly to emerging issues of consumer detriment. We do this through direct negotiation with licensees and the regulators, compliance and enforcement work, campaigning and targeted consumer education messages.



We led the response to the Ofgem retail energy market remedies and will work for improvements such as more accurate and transparent billing and improving switching decisions. We also lead on ensuring that future developments in energy, such as smart meters and time-of-use tariffs, will benefit consumers.

The team monitors and analyses suppliers' pricing practices and quality of service using statistical information from Consumer Direct, the Energy Ombudsman and the Extra Help Unit. To help consumers make more informed decisions about energy, Consumer Focus will be publishing league tables of company performance and seeking to improve transparency around green tariffs. As well as directly empowering consumers, we support advice-providers on the front-line with our online question and answer database – the Knowledge Base – and the information resource, Consumer Community.

Disadvantage Advocacy

The Disadvantage Advocacy team protects the needs of consumers disadvantaged by health, disability, income, age or geography – with a strong focus on fuel poverty and on financial and digital exclusion. Indeed, the first questions asked by Consumer Focus when prioritising projects are 'are consumers losing out?' and 'are those consumers already disadvantaged?'.

The team works to ensure that consumers have satisfactory and equal access to services, and that businesses put the needs of all of their customers first.

The team has led Consumer Focus's Digital Divide project to identify and promote the needs of consumers who are disadvantaged by their lack of access to the internet. The report looked at the consumer's perspective of the digital divide and highlights the need for a universal service obligation for broadband with affordable, equal access.

Fair Markets

The Fair Markets team combines policy on economic markets and sustainable consumption, reflecting the connection between these two themes.

Our work on economic markets covers a broad range of issues of concern to consumers. This includes advocacy to improve consumers' legal rights and how they can achieve redress, tackling failing markets, promoting consumer-focused regulation and achieving a well-functioning digital environment.

Through our work on sustainable consumption, we want all consumers to be able to make informed choices that support sustainable development. Our work on food and supermarkets helps identify best practice. We also challenge businesses and the Government to make products and services sustainable at the

point of sale, rather than placing the responsibility for sustainable consumption solely on consumers.

International Advocacy

Growing European Union and international influence on policy across Britain means that an international advocacy team is an increasingly important part of Consumer Focus strategy. The International Programme aims to influence international consumer policy and feedback best practice to inform UK-based activity.

The team drives and advises on policy from telecoms to energy.

Consumer Focus is a member of Consumers International and of BEUC – the European consumers' organisation. The key organisations we, and they, aim to influence are the European institutions and other international bodies such as



the Organisation for Economic Co-operation and Development, and the US administration (through the transatlantic consumer dialogue). Priorities include consumer law reviews, energy policy, digital issues, sustainable consumption and overall stakeholder engagement.

Regulated Industries – Energy & Postal Services

The Regulated Industries team represents the interests of consumers by monitoring and campaigning for changes to the way energy and postal services markets are operated.

The Ofgem Energy Supply Probe was a significant consultation that should lead to improvements for energy consumers. In addition to submitting a full response to the November 2008 consultation, the Regulated Industries team continues to engage with the regulator on policy initiatives. Other work

on energy includes electricity distribution price controls, transmission access and the review of the current governance arrangements. We have engaged with industry, the regulator and the media to campaign for fairer prices and more transparent information for consumers.

The Hooper Review on the future of the postal market and the introduction of the controversial Postal Services Bill has placed the protection of the universal postal service at the heart of future market developments. The team worked to ensure consumers are provided with the best possible quality of service, whether they are sending or receiving mail, by responding to consultations, monitoring postal operator performance and engaging with postal operators and the regulator.





Associate teams

Extra Help Unit

The Extra Help Unit (EHU) assists vulnerable consumers across Great Britain with their energy and postal complaints. Consumers are referred to the EHU through agreed channels which include Consumer Direct, Ofgem & redress schemes.

We have a statutory duty to investigate cases where a consumer has been disconnected, is threatened with disconnection, or has experienced a failure in a prepayment meter system. Consumers are defined as 'vulnerable' when they are unable to resolve a complaint for themselves because of their personal circumstances, the urgency of the situation or the complexity of the case.

In its first six months, the EHU investigated 2,746 complaints with the vast majority of these relating to vulnerable domestic consumers reporting difficulties with their energy or gas supplier. We have managed to secure compensation of £234,591 for these consumers.

As a result of our action on the cases coming in, Ofgem has agreed to conduct a review of vulnerable consumer disconnections.

National Social Marketing Centre

The National Social Marketing Centre was set up following the National Consumer Council's 2006 national review of health-related campaigns and social marketing in England. It highlighted the need for a social marketing approach to encouraging positive behavioural change. It also described how social marketing can be applied to improve the impact and effectiveness of health promotion at national and local levels.

Social marketing's primary aim is to achieve a particular 'social good' as opposed to commercial benefit, with clearly defined behavioural goals.

The central idea is that by studying behavioural trends, the communication of key messages can be better tailored to reach their target audience in a more efficient way, using channels that fit in with the lives and interests of consumers. The main strategic aim is to increase the impact of health-related programmes and campaigns at national and local levels, by ensuring that social marketing principles are applied.

Substantial work was done during the year to define the future scope and role of the National Social Marketing Centre.

Consumer Focus Labs

With the internet now a mainstream communications tool, Consumer Focus has harnessed the power of the web to help engage and interact with consumers by developing Consumer Focus Labs.

The project is designed to build a range of online tools to make people's dealings with companies fairer, save them money, or keep them informed about products or issues that are important to them.

The Consumer Focus Labs website (www.consumerfocuslabs.org/) also features a tool that lets people team up with other consumers to maximise the weight of numbers in effecting change.



Consumer Focus Report & Accounts

For the Year Ended 31 March 2009

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, through the merger of energywatch, Postwatch and the National Consumer Council (including the Scottish and Welsh Consumer Councils).

The Act:

- established Consumer Focus as a new body to provide a stronger, more coherent consumer advocacy, 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 will aim to understand the diverse aspirations, experiences and fears of consumers across the UK. We will learn from others in the consumer field, track data on complaints and customer experience and conduct new consumer research. We will also seek to create opportunities for consumers to talk directly to one another. 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. Consumer Focus activities in Northern Ireland extend only to the users of postal services.

Consumer Focus became operational on 1 October 2008. The CEAR Act gave the Secretary of State powers to direct the predecessor bodies to make a scheme for the transfer of their property, rights and liabilities to Consumer Focus. Under these powers, all of the employees of the three predecessor bodies transferred to Consumer Focus on 1 July 2008, enabling consultation over redundancy to take place, and all other property, right and obligations transferred on 1 October 2008. For operational purposes, employees continued to work for the predecessor bodies until vesting on 1 October 2008.

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

Governance

The Consumer Focus Board, also known as the Main Board, is the governing body of Consumer Focus. It is responsible for the development of all GB, UK, English and International related policy. The boards in Scotland, Wales and Northern Ireland are responsible for devolved policy and for contributing to the Main Board.

The chairs of the country boards — Vivienne Sugar in Consumer Focus Wales, Douglas Sinclair, Consumer Focus Scotland and Rick Hill, Consumer Focus Northern Ireland — are also members of the Main Board.

The Main Board met monthly during the start-up and transition phases of the organisation (January 2008 to March 2009) and will continue to meet up to eight times a year. All the Boards met jointly in December 2008 and June 2009 and joint meetings will continue to take place at least once a year.

The Main Board has oversight of the Senior Management Team, through the Chief Executive Officer. Standing orders delegate to the Chief Executive all matters which are not specifically reserved to the Board. The Senior Management Team has met every two weeks from 1 October 2008.

A register of interests of all Board members is maintained by Consumer Focus and is available on the organisation's website.

All Board members were appointed by the Secretary of State following open competition. Board members during the period were:

Main Board:

Lord Larry Whitty - Chair

Sharon Darcy

Roger Darlington

Christine Farnish

Ed Gallagher

Rick Hill

Sukhvinder Kaur-Stubbs

Dame Suzi Leather

Stephen Locke

Enid Rowlands

Douglas Sinclair

Vivienne Sugar

Anna Walker

The following members were co-opted to the Main Board during the start up period:

- Millie Banerjee, Chair, Postwatch, to provide oversight of the Post Office Network Closure Programme
- Maureen Edmondson, Postwatch, also sat on the Board pending the appointment of Rick Hill as Chair for Consumer Focus Post (Northern Ireland)

Consumer Focus Scotland

Douglas Sinclair – Chair
Liz Breckenridge
Alan Hutton
Coinneach Maclean
Angela McCormack
Nicola Munro
John Sawkins
Alan Sinclair

Consumer Focus Wales

Vivienne Sugar – Chair
Bob Chapman
Hywel Davies
Kevin Fitzpatrick
Marcus Longley
Eifion Pritchard
Malcolm Smith
John Williams

Consumer Focus Post (Northern Ireland)

Rick Hill - Chair
Fiona Boyle
Maureen Brennan
Maureen Kearney
Derrick Nixon
Bill Osborne

Senior Management Team

The Senior Management Team comprises:

- Ed Mayo, Chief Executive (appointed January 2008)
- Philip Cullum, Deputy Chief Executive (appointed October 2008)
- Martyn Evans, Director Consumer Focus Scotland (appointed October 2008)
- Maria Battle, Director Consumer Focus Wales (appointed March 2009)
- Graham Clark, Director of Finance and Operations (appointed May 2009)
- Katherine Hathaway, Finance Director (to January 2009)

The team is supported by other employees, including the heads of corporate services, as required.

Audit and Risk Committee

In accordance with best practice and HM Treasury requirements the Consumer Focus appointed an Audit and Risk Committee. Positions on the Committee are held by non-executive members. The committee is chaired by Christine Farnish. Sukhvinder Kaur-Stubbs and Dame Suzi Leather are also members. Sharon Darcy, former Chair of the energywatch audit committee, joined the committee in October 2008. The meetings were also attended by the Chair of the Main Board (during the start-up phase only), Chief Executive and other officers of Consumer Focus, the head of internal audit and observers from the Department for Business, Enterprise and Regulatory Reform (BERR) and the National Audit Office (NAO).

The Committee met in June, July, August, November 2008, January and March 2009. It will continue to meet at least three times a year. The Chair was consulted on key issues in the period before the first meeting.

HR Committee

Details of the HR Committee, its formation, members and remit are provided in the Remuneration report on page 49.

Internal Audit

Tribal Business Assurance provide an internal audit service to Consumer Focus. They were appointed in August 2008, following a competitive process. The appointment was confirmed by the Audit and Risk Committee.

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.

The Audit and Risk Committee approved an interim plan for the period to March 2009 and a three-year strategy and annual plan for the period from 1 April 2009.

Funding

Consumer Focus is financed by grant-in-aid from BERR. Core funding of £15m has been agreed for 2009-10, with an additional £2.2m for the continued costs of legacy property until such time as these can be disposed of.

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. We estimate that £6.5m will be recovered from the energy industry and £4.4m from postal services.

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 has two main areas of externally funded work. The National Social Marketing Centre (NSMC) works with the Department of Health (DH) to build capacity and skills in social marketing related to health. It is currently funded by DH to 31 March 2010 but discussions are ongoing about extending this funding beyond this point.

Consumer Focus Scotland receives funding from the Scottish Government to lead a number of 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 in varying stages of completion and renewal.

Although the externally funded projects of Consumer Focus Scotland and the NSMC are for set periods of time and employees are often engaged on fixed-term contracts of employment, there are no plans in place to terminate the work that is planned.

Operating Review

Consumer Focus is the voice of consumers, working to secure a fair deal on their behalf. Created through the merger of three consumer organisations – energywatch, Postwatch and the National Consumer Council (including the Welsh and Scottish Consumer Councils), the new approach allows for more joined-up consumer advocacy, with a single organisation speaking with a powerful voice and able to more readily bring cross-sector expertise to issues of concern.

Our advocacy tools include:

- Redress and enforcement powers, including formal complaints to goods and service providers, regulatory bodies, Government Departments, industry and local government associations; judicial action; and supercomplaints
- Campaigning and public relations, including sponsoring Private Member's Bills in Westminster, Member's Bills and Committee Bills in Scotland, and pursuing issues with National Assembly for Wales through appropriate channels; online petitions; partnership working; media campaigns; rating and publicising provider performance
- Lobbying and public affairs, including contact with officials, lobbying elected members and influencing committee work, promoting amendments to Government legislation in Westminster, Edinburgh and Cardiff, representations to Ministers: engaging in working parties and providing evidence to official enquiries and public consultations; working collaboratively on research and communications

Unlike our predecessors, Postwatch and energywatch, Consumer Focus is not a direct complaints and advice service. Consumer Direct – which acts as the first port of call for practical information and advice right across all goods and services – has extended its coverage to energy and post, while new and expanded Ombudsman and redress schemes now operate in the post and energy fields. Consumer Focus does, however, provide assistance to vulnerable consumers in the energy and postal markets through an Extra Help Unit, based in Glasgow, which is dedicated to helping customers from across the UK who cannot do so themselves, or who find themselves in vulnerable circumstances (eg electricity or gas disconnections).

Consumer Focus consulted widely on its draft Forward Work Plan over the summer of 2008. The final document was published in October 2008 and is available on the website (www.consumerfocus.org.uk). This 18-month start-up plan, for the period from October 2008 to March 2010, is designed to take us from the foundations of good work undertaken by our predecessor bodies to an organisation with the leverage to achieve a fair deal for consumers across an unprecedentedly wide remit – covering the whole economy, with deep expertise on key markets such as energy and post.

In the first few months of the new organisation's life, priorities were to get the right employees in place, to lay the groundwork for achieving the aims set out in the Forward Work Plan and to strengthen relationships with key partner organisations and individuals.

This report reviews our work since we began in October 2008. To find out more about our plans in the future see our Forward Work Plan:

http://consumerfocus.org.uk/en/content/cms/aboutus/work_planning/work_planning.aspx

Financial Review

In accordance with the Government's Financial Reporting Manual (FRoM) merger principles have been applied to the Consumer Focus accounts. As a consequence the accounts are presented as though the new arrangements had been in place from the start of the year, that is 1 April 2008, as explained in note 1.3 (page 66). They incorporate the costs of the predecessor bodies in the period prior to 1 October 2008 in respect of those functions taken on by Consumer Focus at vesting, as well as the pre-vesting activity within Consumer Focus during the start up phase (April to September 2008). The comparative figures have also been prepared on the same basis.

The following paragraphs summarise the funding and financial performance during the year of Consumer Focus and its predecessor bodies to the extent that they are reflected in the accounting statements. Note 25 to the accounts gives a breakdown of the Income and Expenditure account between Consumer Focus and its predecessor bodies.

Consumer Focus

Consumer Focus received grant-in-aid funding of £23,017k for 2008-09. In addition to normal operating activity, funding was provided to cover the costs associated with starting up Consumer Focus, transferring employees and functions, and closing down the predecessor bodies. This included costs for employee severance costs and onerous leases.

In accordance with HM Treasury's Financial Reporting Manual (FRoM), grant-in-aid is not shown as income in the Income and Expenditure account, rather it is reflected in the General Reserve on the balance sheet (see note 17). The Income and Expenditure account shows net total costs of £41,659k to be funded from grant-in-aid, which includes the activities of the predecessor bodies in the first half year. Note 25 gives a breakdown of the figures in the Income and Expenditure account between Consumer Focus and its predecessor bodies. Consumer Focus net total costs were £25,102k. Going into 2009-10, Consumer Focus is now largely up to strength and the operational plans in place match the £15m core funding agreed for 2009-10.

Exceptional costs include the costs of redundancy or early retirement for those employees who did not transfer on a permanent basis to Consumer Focus, in particular those employees engaged in handling general consumer enquiries and complaints. It also includes onerous lease costs for those properties inherited from the predecessor bodies which are excess to operational requirements.

Fixed asset expenditure incurred in the year amounted to £1,073k. This included leasehold improvements of £430k and expenditure on information technology of £346k. The expenditure on information technology brought together the infrastructure operating in the three predecessor bodies to serve Consumer Focus as one organisation. Wherever possible the organisation has sought to re-use the assets and equipment of the predecessor bodies, however, much of this is recorded at a nil value in the accounts.

The negative balance on the reserves is largely as a result of the additional costs that have been incurred for provisions for future costs, the funding will be received in future years. Consumer Focus draws down grant-in-aid on a quarterly basis to meet its cash requirements.

Postwatch

Postwatch's net result for the six months to 30 September 2008 was an expenditure of £4,473k before exceptional items (2007-08: £8,532k), compared to a budget of £5,462k (2007-08: £9,830k), an underspend of £989k. This included expenditure of £666k on the Post Office Network Closure Programme. The period's underspend was achieved across all areas and represented continued savings from prior years' restructuring that provided greater longer term savings than anticipated, together with a continued focus on driving costs down in the final six month period.

All of Postwatch's assets and liabilities at 30 September were transferred to Consumer Focus. This including a closing cash balance of £2,149k which was offset against Consumer Focus's funding requirement for 2008-09.

The figures included in the Consumer Focus income and expenditure account for 2008-09 exclude £333k representing activity on general postal consumer complaints which did not transfer to Consumer Focus. This activity now falls within the scope of the extended redress schemes of postal services providers and Consumer Direct's telephone and online service which provides advice direct to consumers.

energywatch

energywatch was allocated grant-in-aid by BERR of £6,826k for the six months to 30 September 2008, this included £150k grant-in-aid for closure costs. In the previous financial year to 31 March 2008 grant-in-aid allocation was £11,283k. The net result for the six month period to 30 September 2008 was an expenditure of £6,177k before exceptional items.

All of energywatch's assets and liabilities at 30 September were transferred to Consumer Focus this included a cash balance of £194k. With the agreement of BERR, Consumer Focus provided funding of £439k to meet payments to two creditors still outstanding at 30 September 2008.

The figures included in the Consumer Focus income and expenditure account for 2008-09 exclude £671k representing activity on general complaints which did not transfer to Consumer Focus. This activity now falls within the scope of the extended redress schemes of licensed energy providers and Consumer Direct's telephone and online service which provides advice direct to consumers.

National Consumer Council

The National Consumer Council received grant-in-aid from BERR of £1,933k for the six months to 30 September 2008 (2007-08: £3,528k). Other income of £4,627k (2007-08: £6,666k), included significant contributions from the Department of Health towards the work of the National Social Marketing Centre and from the Scottish Government towards

largely health-related projects undertaken by the Scottish Consumer Council. Expenditure for the six months to 30 September 2008 was £6,617k (2007-08: £10,294k), and included expenditure incurred by the Scottish and Welsh Consumer Councils, as well as the externally funded projects referred to above.

All of the National Consumer Council's assets and liabilities at 30 September were transferred to Consumer Focus. This included a closing cash balance of £7,567k, which included funding from the Department of Health, the Scottish Government and other funders for discrete projects.

The Consumer Focus accounts for 2008-09 reflect the National Consumer Council's activity for the period to 30 September 2008 in full.

Risks and uncertainties

The Statement on Internal Control (SIC) on pages 57 to 59 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, which in turn makes our work all the more urgent, but also raises the risk that with limited resources we will not be able to take on every major instance of markets or providers that are failing consumers if consumer detriment is on the rise.

As with most public bodies, future funding is a key area of risk. HM Treasury has signalled the need for further 'efficiency savings' during 2010-11 and the prospects for the public finances going into 2011-12 are uncertain. Consumer Focus will need to examine the impact of future funding scenarios on its organisational design and ability to fulfil its statutory objectives.

Research and consumer intelligence

Consumer Focus is a knowledge-based organisation, which depends on high quality, cost-effective acquisition and use of 'consumer intelligence' reflecting consumers' real needs to properly inform policy and advocacy. It is, therefore, reliant on a wide ranging, timely and detailed evidence base. Data is provided by industry, Consumer Direct, relationships with stakeholders, Government and by commissioned research, and includes:

- a knowledge base on consumer detriment
- complaints data from Consumer Direct and other sources
- industry relationships
- consumer-oriented non-government organisations
- trading standards services
- user generated content from consumers online
- academic research
- horizon scanning of policy initiatives likely to impact consumers (including international trends)

Consumer Focus supplements these sources with new primary research, working towards models of consumer segmentation that allow the organisation to build a differentiated picture of the full diversity of consumer experience.

In this early period of Consumer Focus's development the research programme itself was developing as key appointments were made and policy teams took shape. Nevertheless, important progress was made in the commissioning of research. Notably Consumer Focus took over of responsibility for the Consumer Conditions Index, a survey of 5,000 consumers rating 45 sectors across the economy, from BERR.

Other projects included a piece of work designed to develop policies around green claims in advertising, research into the effect of Post Office closures, pre-payments, unfair commercial practices and mobile telephones. Many of these projects are running into the next financial year.

Good progress has been made in developing a clear and transparent set of research procurement policies, building a supplier database and developing best practice guidelines for getting the best research in Consumer Focus.

Sustainability policy

Sustainability is central to Consumer Focus policy work and features as 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. An employees action group works to raise employees' awareness of the Sustainable Office Policy and identify opportunities to improve performance.

Payment of creditors

Consumer Focus follows the principles of the Better Payment Practice Code in its treatment of suppliers. The key principles were 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.

90 per cent of suppliers' invoices were paid within 30 days of the invoice date. This is an average figure based on the six month statistic for the three predecessor bodies to 30 September 2008 and six month period to 31 March 2009 of Consumer Focus's existence. The prior year comparative for the predecessor bodies combined was 97 per cent. The reason for the statistic being markedly lower this year is due to the clearing of the backlog of invoices that required payment for Consumer Focus's predecessor bodies.

HM Treasury issued guidance in December 2008 which required all supplier invoices to be paid within 10 working days on receipt of invoice. Consumer Focus paid 88 per cent of its invoices within 10 working days on receipt of invoice.

Employment issues

Setting up Consumer Focus required a significant change in staffing requirements from its three predecessor bodies. The numbers of employees, the levels at which the main body of work is undertaken and the management levels all needed significant realignment to meet the needs of

the new organisation. To oversee this, the Consumer Focus Board appointed an HR Committee. This committee is chaired by Enid Rowlands, a non-executive member of the Board.

To achieve this major change, all aspects of TUPE, with exercises in job matching, redeployment and redundancy were implemented. There have been no industrial tribunals. The trade unions involved with a joint consultative process were instrumental in enabling us to deliver these major changes on time and without dispute. The joint consultative committee has continued, pending the conclusion of new agreements on trade union recognition.

All transferred employees (with one exception) have accepted Consumer Focus terms and conditions. A key element of the new terms and conditions is a newly designed pay banding structure, built with equality proofing and future resourcing requirements in mind.

A follow-up recruitment campaign was undertaken to enable the new organisation to be fully resourced within its early months. The resourcing and establishment of the new organisation was in accordance with the requirements of the Disability Discrimination Act and Equal Opportunities legislation, with particular emphasis placed upon attracting new employees from Welsh communities to posts in Cardiff.

Equal opportunity and diversity

Consumer Focus is committed to supporting the principle of equal opportunities and opposes all forms of unlawful or unfair discrimination on the grounds of gender, marital status, sexual orientation, race, ethnic or national origin, trade union membership, political or religious belief, disability or age.

The aim is to recruit and develop the best person for the job and to create a working environment free from unlawful discrimination, victimisation and harassment and in which employees are treated with dignity and respect.

Sickness absence data

There is no data available for sickness absence. This is due to key employees who held this information for one of the predecessor bodies having left the organisation before it could be collated. Procedures are being put in place which will capture this data for reporting in future periods.

Personal data related incidents

There were no significant personal data related incidents in the period.

Charitable donations

No charitable donations were made during the period.

Post balance sheet event

On 5 June 2009, the Government announced the creation of a new Department for Business, Innovation and Skills (BIS) whose key role will be to build Britain's capabilities to compete in the global economy. The Department was created by merging the Department for Business, Enterprise and Regulatory Reform (BERR) and Department for Innovation, Universities and Skills (DIUS). The sponsorship responsibility for Consumer Focus passed to BIS on that date.

There is no reason to believe that the expected Government funding underlying Consumer Focus's going concern assertion will be affected by this change.

These financial statements were authorised for issue by Ed Mayo, the Accounting Officer, on the date of certification.

The Chief Executive, Ed Mayo, has resigned his post and will be taking up a new appointment in 2009/10.

Pensions

Consumer Focus employees are eligible to be members of the Principal Civil Service Pension Scheme.

See note 4 and the remuneration report.

Accounts direction

These accounts have been prepared in a form directed by the Secretary of State for Business, Enterprise and Regulatory Reform with the approval of HM Treasury in accordance with the Consumers, Estate Agents and Redress 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 Comptroller and Auditor General (C&AG) was appointed under statute to audit the financial statements of Consumer Focus and two of its predecessor bodies (Postwatch and energywatch) and to report to Parliament. The audit fee for Postwatch and energywatch six month accounts was £28,400 and £46,000 respectively. National Consumer Council, another predecessor body, was audited by Kingston Smith, a firm of external auditors; their audit fee for the six month accounts was £20,726. The fee for providing external audit services for the full year Financial Statements to 31 March 2009 is £50,000. The audit services provided by the C&AG's employees in the National Audit Office related only to statutory audit work.

The NAO has also published a report entitled 'Oversight of the Post Office Network Change Programme' (HC 558, Session 2008-09, published 5 June 2009).

- 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.

Ed Mayo

Accounting Officer

13 July 2009

Remuneration Report

Appointments

Directors are appointed on merit on the basis of fair and open competition. The Chief Executive has a three-year contract from 13 January 2008 and Executive Directors are employed under permanent contracts.

Remuneration Policy and HR Committee membership

The members of the HR Committee were appointed by the Board in February 2008. Its role is 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 2009, the members were non-executive Board members, Enid Rowlands (Chair), Stephen Locke, Anna Walker, Douglas Sinclair, Vivienne Sugar and Rick Hill. The first meeting of the committee was in March 2008, and it met a further 11 times in the period April 2008 to March 2009. The Chief Executive, Ed Mayo was invited to attend committee meetings except those related to discussions involving his personal remuneration.

Service Contracts

	Contract start date	Unexpired term years	Notice period months	Performance bonus %
Chief Executive Ed Mayo	14 January 2008	2 years	6 months	10%
Deputy Chief Executive Philip Cullum	01 October 2008	23 ½ years	3 months	-
Senior Director Scotland Martyn Evans	01 October 2008	8 ¼ years	3 months	-
Senior Director Wales Maria Battle	23 March 2009	13 years	**	10%

** one month notice until employed continuously for four complete years and then one additional week's notice for each completed year of continuous employment up to a maximum of 12 weeks notice

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

All of the officers in the table above were in post at 31 March 2009.

Ed Mayo, Chief Executive, is entitled under contract to receive a non-consolidated performance salary element of up to 10 per cent subject to the achievement of specific targets. The targets for Ed Mayo are set by the Chair of the HR Committee. The award of the bonus has not yet been agreed at the time of the accounts production and is not included in the remuneration figures published for 2008/09 below. Should the award be agreed, Ed Mayo will receive up to 10 per cent bonus for 2007/08 and 2008/09. Ed Mayo, as Chief Executive, sets the objectives for the Senior Management Team.

Remuneration (audited information)

	2008/09		2007/08	
	Salary £'000	Benefits in kind (to nearest £100)	Salary £'000	Benefits in kind (to nearest £100)
Chief Executive				
Ed Mayo	100-105	Nil	95-100	Nil
Deputy Chief Executive				
Philip Cullum	80-85	Nil	65-70	Nil
Senior Director Scotland				
Martyn Evans	70-75	Nil	65-70	Nil
Senior Director Wales				
Maria Battle	0-5	Nil	N/A	Nil

Pension Benefits (audited information)

Officer	Real increase in pension (£)	Real increase in lump sum (£)	Pension at End Date (£)	Lump sum at End Date (£)	CETV at Start Date (nearest £K)	CETV at End Date (nearest £K)	Employee contributions and transfers in. (£)	Real increase in CETV as funded by employer (nearest £K)
Ed Mayo	1,975	0	9,717	0	89,406	122,057	3,500	21,309
Philip Cullum	1,782	0	6,122	0	45,456	69,751	2,756	17,546
Martyn Evans	600	0	11,538	0	183,484	210,621	2,345	8,606
Maria Battle	39	0	39	0	0	474	59	415

Ed Mayo was Chief Executive of the National Consumer Council until his appointment to Consumer Focus in January 2008. The remuneration details for Philip Cullum and Martyn Evans, who were at the National Consumer Council in a senior management capacity, are disclosed in the table above as they also took up posts in the merged body in a senior management capacity.

Katherine Hathaway was seconded to Consumer Focus from the Department of Business, Enterprise and Regulatory Reform (BERR) in the capacity of Finance Director for the period 3 March 2008 – 31 January 2009. The total amount reimbursed to BERR for her services was £75,483.

Janice Willis held the position of Finance Director for the period 7 January – 15 March 2009; agency payments incurred for her services amounted to £52,774.

James Turner held the position of Managing Director of the National Social Marketing Centre from 13 January 2009. Agency payments for this financial year totalled £46,368.

Graham Clark took up the position of Director of Finance and Operations on 1 May 2009.

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. No benefits in kind were received or receivable by Consumer Focus or predecessor body employees.

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 Retail Prices Index (RPI). 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. 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 respect 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 updated in line with RPI. 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 pensionable age, or immediately on ceasing to be an active member of the scheme if they are already at or past pensionable age. Pensionable 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



The Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (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 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	2008/09 £'000	2007/08 £'000
Lord Larry Whitty – Chair	45-50	40-45
Douglas Sinclair	30-35	25-30
Vivienne Sugar	35-40	15-20
Rick Hill	10-15	0
Roger Darlington	25-30	25-30
Sharon Darcy	15-20	5-10
Christine Farnish	10-15	0
Ed Gallagher	40-45	40-45
Dame Suzi Leather	10-15	0
Sukhvinder Kaur-Stubbs	10-15	0
Stephen Locke	10-15	10-15
Enid Rowlands	5-10	0
Anna Walker	10-15	0
Millie Banerjee	40-45	45-50

Consumer Focus Board Scotland

	2008/09 £'000	2007/08 £'000
Douglas Sinclair – Chair	See Main Board disclosure	See Main Board disclosure
Alan Sinclair	0-5	0
John Sawkins	0-5	0
Nicola Munro	0-5	0
Angela McCormack	0-5	0
Coinneach Maclean	0-5	0
Alan Hutton	5-10	0
Liz Brekenridge	0-5	0

Consumer Focus Board Wales

Vivienne Sugar – Chair	See Main Board disclosure	See Main Board disclosure
Bob Chapman	0-5	0
John Williams	0-5	0
Hywel Davies	0-5	0
Kevin Fitzpatrick	0-5	0
Malcolm Smith	0-5	0
Marcus Longley	0-5	0
Eifion Pritchard	20-25	25-30

Consumer Focus Board Northern Ireland

Rick Hill – Chair	See Main Board disclosure	0
Bill Osborne	0-5	0
Derrick Nixon	0-5	0
Fiona Boyle	0-5	0
Maureen Brennan	0-5	0
Maureen Kearney	0-5	0
Maureen Edmondson	20-25	25-30

Information on senior management and council members for energywatch and Postwatch can be found in the published accounts for the period ending 30 September 2008.

Information on senior management and Directors for National Consumer Council will be made available in their published accounts later in the year. Remuneration for Dawn Muspratt and Rhys Evans was £59k (2007/08:£99k).

Compensation for loss of office

In addition to remuneration, compensation for Compulsory Early Retirement and Compulsory Early Severance was payable to senior staff on loss of office.

Allan Asher, Chief Executive, energywatch, left under Compulsory Early Retirement terms on 30 September 2008. The total compensation paid to him was as follows:

- A lump sum compensation of £57,022 at date of leaving, and
- An annual compensation of £11,275 payable to him until the age of 60.

Keith Tolladay, Director of Resources, energywatch, also left under Compulsory Early Retirement terms on 30 September 2008 and compensation paid to him amounted to £909.

Adam Scorer, Director of Campaigns, energywatch, left under Compulsory Early Severance terms on 30 September 2008 and received a lump sum of £53,379.

Neil Avery, Director of Consumer Services, energywatch, left under Compulsory Early Severance terms on 31 March 2009 with compensation payable to him of £48,810.

Howard Webber, Chief Executive, Postwatch, continued with Consumer Focus in a temporary capacity until January 2009 to oversee the Post Office Network Closure Programme. The figures in the Postwatch accounts for the period to 30 September 2008 relate only to his senior management position with Postwatch from 1 April to 30 September 2008. He left under Compulsory Early Retirement terms in January 2009 with compensation payable as follows:

- A lump sum compensation of £84,212 at departure date, and
- An annual compensation of £4,622 payable until the age of 60

Dr Ian Leigh, Managing Director, Postwatch, left under the same terms on 30 September 2008 and was due to receive:

- A lump sum compensation of £87,659 and
- An annual compensation of £3,459 until the age of 60

Ian Fisher, Senior Director, Postwatch, left under Compulsory Early Retirement terms during October 2008 and with compensation payable to him amounting to:

- A lump sum compensation of £60,415 upon departure and
- An annual compensation amount of £3,721 payable to the age of 60

Andy Frewin, Senior Director, Postwatch, left under Compulsory Early Retirement terms on 30 September 2008 with his compensation breakdown as follows:

- A lump sum compensation of £62,468 and
- An annual compensation figure of £3,274

Dawn Muspratt, Acting Deputy Chief Executive, National Consumer Council, left under Compulsory Early Severance terms on 30 September 2008 and was due to receive a lump sum of £71,241.

Ed Mayo

Accounting Officer

13 July 2009

Statement of Consumer Focus and Accounting Officer's responsibilities

Under the Consumers, Estate Agents and Redress Act 2007 the Secretary of State, with the approval of the Treasury has directed National Consumer Council (operating name: 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 flow 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 BERR 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 the Treasury.

Statement on Internal Control

Introduction

The National Consumer Council (operating name Consumer Focus) was created by the Consumers, Estate Agents and Redress (CEAR) Act 2007, through the merger of energywatch, Postwatch and the National Consumer Council (including the Scottish and Welsh Consumer Councils). The effective date for this transition was 1 October 2008. In accordance with the requirements of the Government Financial Reporting Manual, Consumer Focus's first accounts cover the complete financial year 2008/2009 and apply the conventions of Merger Accounting in relation to the disclosure of transactions relating to the founding bodies' activities in the period to 30 September 2008.

This Statement describes the systems established by Consumer Focus and places reliance on representations made by the Accounting Officers of the predecessor bodies on the systems in place therein between 1 April and 30 September 2008.

Scope of responsibility

As Accounting Officer I have responsibility for maintaining a sound system of internal control that supports the achievement of Consumer Focus's policies, aims and objectives while safeguarding the public funds and assets for which I am personally responsible in accordance with the responsibilities assigned to me under Government Accounting. In addition I am accountable to the Principal Accounting Officer of BERR to enable him to discharge his overall responsibility for ensuring that Consumer Focus has adequate financial systems and procedures in place. The relationship between Consumer Focus and its sponsoring department, BERR, is set out in a formal Management Statement.

Assurance from Predecessor Bodies

Postwatch, energywatch and the National Consumer Council audited accounts for 2007/08 contained Statements on Internal Control which were compliant with Treasury requirements. The systems underpinning those Statements were maintained by the predecessor bodies in the period to 30 September 2008.

The CEAR Act places a responsibility upon Consumer Focus to produce the final annual report and accounts for energywatch and Postwatch. On 10 December 2008, the BERR Accounting Officer confirmed that, as the Chief Executive of Consumer Focus, I would be the designated Accounting Officer for the purposes of signing the energywatch and Postwatch Annual Report and Accounts for the six month period to 30 September 2008. In doing so, I have obtained appropriate assurances from the Accounting Officers of energywatch and Postwatch, who retained responsibilities for the activities relating to the period. Both sets of accounts have been produced and laid before Parliament and copies are available on request.

The National Consumer Council is a company limited by guarantee and as such continued to exist beyond the date of transfer of its assets and liabilities to Consumer Focus. Audited accounts were produced for the period up to 30 September 2009 and signed by the Accounting Officer of the National Consumer Council, who retained responsibilities for the activities relating to that period. I have placed reliance on the Statement of Internal Control contained in those accounts and have obtained appropriate assurances from the Accounting Officer of the National Consumer Council.

The purpose of the system of internal control

The system of internal control is designed to manage to a reasonable level rather than eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Consumer Focus policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. As a new organisation the system of internal control has been developed throughout the year ended 31 March 2009 and up to the date of approval of the Report and Accounts, and accords with Treasury guidance.

Capacity to handle risk

During 2008/09 Consumer Focus introduced its risk management arrangements and this process is ongoing. The responsibilities for risk management are:

- 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
- the Chief Executive, as Accounting Officer, has responsibility for ensuring that effective systems of control are maintained and operated
- the executive supports, advises and implements policies approved by the Board and is committed to adopting good risk management practice.

Consumer Focus has a statement setting out its strategic approach to risk management that has been agreed with its Board and Directors. The Directors assess and prioritise the key corporate risks every year with individual Directors taking on the role of risk champions. The Audit and Risk Committee and Board receive reports on how key corporate risks are being managed.

Risk Management is incorporated into Consumer Focus project management framework and all employees have access to guidance on the application of risk assessment. Consumer Focus has post-project appraisal and lessons learned processes in place. This is designed to improve knowledge sharing across the organisation.

The risk and control framework

The key elements of the risk and control framework include the following:

- the implementation of a corporate plan
- the standard Financial Memorandum of Understanding and Management Statement with BERR
- a senior management team, which meets every two to four weeks to consider the plans and strategic direction of the organisation, including high level risks
- the risk management process within Consumer Focus, within which priority is given to mitigating the highest risks
- a rolling programme of audit and assurance work carried out by our internal audit provider
- reports to the Audit and Risk Committee systems of internal control

- active review of the high level risk register by the Audit and Risk Committee, and the Board during the start up and transition phase
- a range of policies and procedures, including Codes of Conduct for employees and Members has been approved that are designed to mitigate against fraud and impropriety

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 appointed a Senior Information Risk Owner (SIRO) to oversee our data risk management processes. 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, and that our classified information assets are handled securely in line with the UK Protective Marking System. There were no significant personal data related incidents during the year.

Review of effectiveness

As Accounting Officer, I also have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the internal auditors and the executive managers within Consumer Focus who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Board, the Audit and Risk Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

The Audit and Risk Committee, comprising between three and four non-executive directors, met six times during the year ended 31 March 2009. As Accounting Officer, I regularly attend meetings of the Committee. The Chairman of the Audit and Risk Committee will give an annual report to the Board concerning internal control and in addition regular reports are provided by managers on action being taken to manage risks in their areas of responsibility including progress reports on key projects.

Consumer Focus's internal auditors operate in accordance with Government Internal Audit Standards. They submit regular reports which include the Head of Internal Audit's independent opinion on the adequacy and effectiveness of Consumer Focus's system of internal control together with recommendations for improvement.

During the transition phase management asked internal audit to look at the internal controls within NSMC. This work discovered no areas of inappropriate behaviour but concluded that the internal control arrangements within the NSMC were not sufficiently robust. In particular, it was found that NSMC could not demonstrate it was compliant with Consumer Focus policies on procurement or accounting for project income and expenditure.

Consumer Focus moved quickly to resolve these control and compliance issues. A follow-up review, carried out by Internal Audit in March 2009 showed a significant improvement and resulted in a reasonable level of assurance being given.

Ed Mayo

Accounting Officer

13 July 2009

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 the National Consumer Council (operating name: Consumer Focus) for the year ended 31 March 2009 under the Consumers, Estate Agents and Redress Act 2007. These comprise the Income and Expenditure Account, the Balance Sheet, the Cashflow Statement, the Statement of Recognised Gains and Losses 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, Accounting Officer and auditor

Consumer Focus and the Chief Executive as Accounting Officer are responsible for preparing the Annual Report, which includes the Remuneration Report, and the financial statements in accordance with the Consumers, Estate Agents and Redress Act 2007 and the Secretary of State directions made there under and for ensuring the regularity of financial transactions. These responsibilities are set out in the Statement of Consumer Focus's and Accounting Officer's responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Consumers, Estate Agents and Redress Act 2007 and the Secretary of State directions made there under. I report to you whether, in my opinion, the information, which comprises the Accounting Officer's Report and Management Commentary, included in the Annual Report is consistent with the financial statements. I also report whether in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if Consumer Focus has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by HM Treasury regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects Consumer Focus's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Consumer Focus's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises the remaining sections of the Annual Report and the unaudited part of the Remuneration Report. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgements made by Consumer Focus and the Accounting Officer in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Consumer Focus's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure and income have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Consumers, Estate Agents and Redress Act 2007 and directions made there under by the Secretary of State, of the state of Consumer Focus's affairs as at 31 March 2009 and of its deficit, recognised gains and losses and cash flows for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Consumers, Estate Agents and Redress Act 2007 and the Secretary of State directions made there under; and
- information, which comprises the Accounting Officer's Report and Management Commentary, included in the Annual Report is consistent with the financial statements.

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 conform to the authorities which govern them.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London SW1W 9SS
16 July 2009

INCOME AND EXPENDITURE ACCOUNT

Year ended 31 March 2009

	Note	2008/09 £'000	2007/08 £'000
Income			
Rental income	2	(272)	(237)
Other income	3	<u>(9,686)</u>	<u>(7,403)</u>
Total income		(9,958)	(7,640)
Operating costs			
Employee costs	4	16,336	14,642
Other operating costs	5	<u>19,394</u>	<u>14,022</u>
Total operating expenditure		35,730	28,664
Net operating costs		25,772	21,024
Exceptional costs			
Onerous lease costs arising on closure	5b	4,627	0
Redundancy, severance and early retirement costs	5c	<u>11,653</u>	<u>59</u>
		16,280	59
Net operating cost after exceptional items		42,052	21,083
Interest receivable	6	(526)	(314)
Notional (credit)/cost of capital	7	(141)	(41)
Finance charges payables on leases		<u>27</u>	<u>33</u>
		(640)	(322)
Net operating cost before tax		41,412	20,761
Taxation		106	38
Net operating cost after tax		41,518	20,799
Add/(deduct) notional (credit)/cost of capital		141	41
Charge to Income and expenditure reserve		<u>41,659</u>	<u>20,840</u>

All income and expenditure was derived from continuing operations. As noted at 1.3, this involved a Machinery of Government change. The above figures include the activity of predecessor bodies for the period 1 April to 30 September 2008, to the extent that those functions subsequently transferred to Consumer Focus.

STATEMENT OF RECOGNISED GAINS AND LOSSES

	2008/09 £'000	2007/08 £'000 Restated
Net Gain on revaluation of tangible fixed assets	<u>0</u>	<u>40</u>

The Accounting Policies and Notes on pages 66 to 86 form part of these Financial Statements

BALANCE SHEET

As at 31 March 2009

	Note	As at 31 March £'000 2009	As at 31 March £'000 2008
Fixed assets			
Intangible assets	8	160	88
Tangible assets	9	916	390
Total		<u>1,076</u>	<u>478</u>
Current assets			
Debtors	10	8,036	6,099
Cash at bank and in hand	11	3,059	5,727
Total		<u>11,095</u>	<u>11,826</u>
Creditors: amount payable within 1 year	12	<u>(10,922)</u>	<u>(11,185)</u>
Net current assets/(liabilities)		<u>173</u>	<u>641</u>
Total assets less current liabilities		<u>1,249</u>	<u>1,119</u>
Creditors: amount payable after more than 1 year	12	(284)	(347)
Provisions for liabilities and charges	13	<u>(8,121)</u>	<u>(1,656)</u>
		<u>(8,405)</u>	<u>(2,003)</u>
TOTAL ASSETS LESS TOTAL LIABILITIES		<u>(7,156)</u>	<u>(884)</u>
Represented by:			
General reserve	17	(7,157)	(934)
Revaluation reserve	18	1	50
		<u>(7,156)</u>	<u>(884)</u>

Approved

Ed Mayo Accounting Officer

13 July 2009

The Accounting Policies and Notes on pages 66 to 86 form part of these Financial Statements

CASH FLOW STATEMENT

31 March 2009

	Note	2008/09 £'000	2007/08 £'000
Net cash (outflow) from operating activities	19a	(32,463)	(18,352)
Financing	19b	30,337	18,006
Net cost of financing	19c	499	281
Financing – capital element of finance lease payment		(74)	(66)
Capital expenditure	19d	(929)	(130)
Taxation	19e	(38)	(19)
Decrease in cash in period	11	(2,668)	(280)

The Accounting Policies and Notes on pages 66 to 86 form part of these Financial Statements

Accounting policies and notes to the financial statements

1.1 Overview

Accounting policies for Consumer Focus have been developed in accordance with Managing Public Money and the Financial Reporting Manual (FReM) issued by HM Treasury.

The FReM accounting policies follow generally accepted accounting practice (GAAP) in the UK to the extent that they are meaningful and appropriate to the public sector. Adaptations to individual accounting standards and to the requirements of the Companies Act are as detailed in the FReM. 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.

1.2 Accounting Conventions

Consumer Focus's accounts have been prepared under the historical cost convention.

1.3 Machinery of Government Changes and restatement of comparatives

As part of the Machinery of Government changes enacted by the Consumers, Estate Agents and Redress Act 2007, Consumer Focus assumed the consumer advocacy and research responsibilities of energywatch, Postwatch and the National Consumer Council (including the Scottish and Welsh Consumer Councils), as well as redress in respect of vulnerable consumers as at 1 October 2008. Consumer Focus did not take on the more general consumer advice and redress activities of energywatch and Postwatch, which were assumed by Consumer Direct.

Machinery of Government changes, which involve the transfer of functions or responsibilities between two or more public bodies, are accounted for using merger accounting in accordance with FReM and *Financial Reporting Standard (FRS) 6*. The current year figures include the appropriate proportion of income and expenditure in respect of the predecessor bodies. The prior year comparatives are also restated as appropriate, so that it appears that the entity has always existed in its present form. Note 25 shows the Income and Expenditure Account disaggregated between Consumer Focus and its predecessor bodies.

1.4 Fixed assets

1.4.1 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 accounts are purchased software licences with a life of more than one year. Intangible fixed assets are accounted for in accordance with FRS 10 Intangible Fixed Assets and Goodwill.

1.4.2 Tangible assets

These are assets of a physical nature that are above the capitalisation threshold, and are in use in delivering Consumer Focus's aims and objectives. Internally generated software is classified as a tangible fixed asset on the basis that software development costs are directly attributable to bringing a computer system or other computer-operated machinery into working condition for its intended use in the business and are therefore treated as part of the cost of related hardware. Tangible assets are accounted for in accordance with FRS 15 Tangible Fixed Assets, as adapted for the public sector in the FReM.

1.4.3 Measurement

Consumer Focus has elected to adopt a depreciated historical cost basis as a proxy for current valuations for assets that have short useful economic lives and low values. This represents a departure from the estimating technique adopted by two of its predecessor bodies. The following categories of assets are considered to have short useful economic lives: plant and machinery, computers, software and vehicles.

1.4.4 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. This is a change from the predecessor bodies' capitalisation threshold which was set at £1,000. Disposals from asset pools are assumed to be on a first in/first out basis.

1.4.5 Depreciation and amortisation

1.4.5.1 Depreciation is provided on all tangible and intangible fixed 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.

1.4.5.2 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:

Asset Type	Useful Economic Life
Computers	2-10 years
Software	3-5 years
Other office based equipment	5 years
Leased assets	Over the lease term

1.5 Provisions and contingent liabilities

Consumer Focus provides for legal and constructive liabilities which are of uncertain timing or amount at the balance sheet 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 2.2 per cent). Contingent assets and liabilities are disclosed in accordance with FRS 12.

1.6 Taxpayers' equity/general reserve

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 is taken directly to the general reserve

1.7 Income and Expenditure

All income and expenditure is treated 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 a deferred income creditor is recognised.

1.8 Operating and Finance Leases

Where substantially all risks and rewards of ownership are borne by Consumer Focus, the asset is recorded as a tangible fixed 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 creditors. 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.

1.9 VAT

Consumer Focus is not VAT registered as a consequence Value Added Tax is included with the expenditure to which it relates including expenditure on assets.

1.10 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's accounts as this is a multi-employer scheme and liability for payment of future benefits does not lie with Consumer Focus.

1.11 Cost of Capital Charge

The charge, reflecting the cost of capital utilised by Consumer Focus is included in the operating costs. The charge is calculated at the real rate set by HM Treasury (currently 3.5 per cent per annum) on the average carrying amount of all assets less liabilities. It can be a credit if there are net liabilities.

	2008/09 £'000	2007/08 £'000
2. Rental income		
Rental income from sub-let of property	272	237
	<u>272</u>	<u>237</u>
	2008/09 £'000	2007/08 £'000
3. Other income		
Other income	9,686	7,403
	<u>9,686</u>	<u>7,403</u>

Other income consists principally of income in relation to projects undertaken by the National Social Marketing Centre in conjunction with the Department of Health and Scottish Consumer Council projects funded by the Scottish Government.

	2008/09 £'000	2007/08 £'000
4. Employees costs		
Wages and salaries	10,467	11,179
Social security costs	1,196	878
Pension contributions	1,667	1,909
Temporary employees	3,006	626
Redundancy	0	50
	<u>16,336</u>	<u>14,642</u>

	2008/09	2007/08
Average number of employees		
Employees permanently employed by Consumer Focus	322	381
Temporary and casual staff	18	13
	<u>340</u>	<u>394</u>

Although the average number of temporary and casual staff is 18, the number of temporary and casual staff increased significantly towards the end of the year.

The staff figures for 2008/09 are further split below to show the numbers in the predecessor bodies for the first six months and numbers in the merged organisation for the latter six months of the financial year.

Average number of employees	2008/09 Consumer Focus	2008/09 Predecessor bodies
	6 months	6 months
Employees permanently employed	259	385
Temporary and casual staff	25	11
	284	396

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-pensions.gov.uk).

Superannuation benefits are provided under the Principal Civil Service Pension Scheme (PCSPS). The organisation's employees are members of the PCSPS. The scheme is non-contributory for employees; apart from widows and widower's benefits and additional contributions to the Classic Plus and Premium schemes. Employer contributions of £1,667k (2007/08: £1,909k) were payable to the PCSPS. Individual contribution rates vary depending on the level of superannuable pay, as stated below:

Earnings	Contribution
up to £19,500	17.10%
£19,501 - £40,500	19.50%
£40,501 to £69,000	23.20%
£69,001 +	25.50%

The contribution rates reflect benefits, as they accrue, not the costs as they are incurred and reflect past experiences of the scheme.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employer's contributions of £16,729 (2007/08: £22,001) were paid to one or more stakeholder pension providers. Employer's contributions are age related and range between three and 12.5 per cent of pensionable pay. Employers also match contributions up to three per cent of pensionable pay. In addition employee contributions of £1,968 (0.8 per cent of pensionable pay (2007/08: £2,936 0.8 per cent) 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. Employer's contributions due to the partnership pension providers at the balance sheet date were £2,135 (2007/08: £2,086).

5. Other operating costs

	2008/09 £'000	2007/08 £'000
NSMC project delivery costs	5,044	3,799
Travel and subsistence	930	664
Office costs (including postage, copying and telephones)	760	802
ICT	1,254	969
Research and consultation	1,757	1,368
Employees learning and development	622	345
Other employees related costs (including recruitment and advertising)	613	168
Promotions, campaigns and marketing	535	468
Consultancy and professional fees	1,714	787
Rent, rates and associated services*	4,193	3,180
Depreciation	363	631
Depreciation of finance assets	87	169
Loss/(profit) on disposal of fixed assets	22	(1)
Auditor's remuneration	145	100
Subscriptions and conferences	937	492
Grants and donations	94	92
Equipment hire	107	126
Loss on revaluation of fixed assets	0	13
Change in existing provisions	118	(189)
Unwinding of discount factor	3	25
Other costs	96	14
	19,394	14,022

*Operating lease payments included are £2,250k (2007/08: £1,945k)

5b Onerous lease cost arising on closure of bodies forming Consumer Focus	2008/09 £'000	2007/08 £'000
Onerous lease costs on leasehold properties – Postwatch	3,392	0
Onerous lease costs on leasehold properties – energywatch	1,235	0
	4,627	0

Consumer Focus has 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. 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 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).

5c. Re-organisations costs

	2008/09 £'000	2007/08 £'000
Redundancy, severance and early retirement costs on merger	11,653	59
The cost shown in the note above is further broken down by predecessor body as follows:		
Postwatch	4,563	0
energywatch	6,399	59
NCC	691	0
	<u>11,653</u>	<u>59</u>

The amounts for energywatch and Postwatch include amounts provided for early retirement costs which are detailed under Note 13.

6. Interest receivable and payable

	2008/09 £'000	2007/08 £'000
Receivable from the bank for funds on short term deposit	526	314
	<u>526</u>	<u>314</u>

7. Notional (credit)/cost of capital

	2008/09 £'000	2007/08 £'000
At 3.5 per cent (2007- 08: 3.5 per cent) on the average of total assets	(141)	(41)
less total liabilities for the year	<u>(141)</u>	<u>(41)</u>

8. Intangible fixed assets

Licences £'000

At 1 April 2008	1,039
Additions	160
Disposals	(742)
At 31 March 2009	<u>457</u>

Amortisation

At 1 April 2008	(951)
Provided during the year	(66)
Disposals	720
At 31 March 2009	<u>(297)</u>

Net book value

At 31 March 2008	<u>88</u>
At 31 March 2009	<u>160</u>

9. Tangible fixed assets

	Leasehold improvements	Information technology	Furniture and fixtures	Other office equipment	Totals
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2008	905	1,363	1,272	826	4,366
Additions	430	346	87	50	913
Disposals	0	(136)	0	0	(136)
At 31 March 2009	<u>1,335</u>	<u>1,573</u>	<u>1,359</u>	<u>876</u>	<u>5,143</u>
Depreciation					
At 1 April 2008	(696)	(1,243)	(1,212)	(825)	(3,976)
Provided in the year	(230)	(104)	(47)	(3)	(384)
Disposals	0	133	0	0	133
At 31 March 2009	<u>(926)</u>	<u>(1,214)</u>	<u>(1,259)</u>	<u>(828)</u>	<u>(4,227)</u>
Net book value					
At 31 March 2009	<u>409</u>	<u>359</u>	<u>100</u>	<u>48</u>	<u>916</u>
At 31 March 2008	<u>209</u>	<u>120</u>	<u>60</u>	<u>1</u>	<u>390</u>
Asset financing					
Owned	409	359	100	48	916
Finance leased	0	0	0	0	0
Net book value at 31 March 2009	<u>409</u>	<u>359</u>	<u>100</u>	<u>48</u>	<u>916</u>

10. Debtors

	As at 31 March 2009	As at 31 March 2008
	£'000	£'000
Amounts falling due within one year		
Trade debtors	1,998	5,403
Other debtors	5,073	117
Prepayments	965	550
	<u>8,036</u>	<u>6,070</u>
Debtors due after more than one year	0	29
Total debtors	<u>8,036</u>	<u>6,099</u>

10.1 Intra-Government Balances

	As at 31 March 2009	As at 31 March 2009	As at 31 March 2008	As at 31 March 2008
	£'000	£'000	£'000	£'000
Balances with central Government bodies	6,760	0	1,651	0
Balances with local authorities	517	0	3,807	0
Balances with bodies external to Government	759	0	612	29
Total	<u>8,036</u>	<u>0</u>	<u>6,070</u>	<u>29</u>

11. Bank

	As at 31 March 2009 £'000	As at 31 March 2008 £'000
As at April 2008	5,727	6,007
Cash outflow	(2,668)	(280)
As at 31 March 2009	<u>3,059</u>	<u>5,727</u>

12. Creditors

	As at 31 March 09 £'000	As at 31 March 08 £'000
Amounts falling due within 1 year:		
Trade Creditors	114	111
Accruals	3,719	2,753
Other taxation and social security	465	624
Deferred income	5,363	7,577
Lease payments due	56	74
Other creditors	1,099	10
Corporation tax	106	36
	<u>10,922</u>	<u>11,185</u>
Amounts falling due after more than 1 year:		
Deferred income	57	64
Lease payments due	227	283
	<u>284</u>	<u>347</u>

Deferred income arises from rent free periods at the beginning of the property leases. The benefit is spread over the term of the lease.

Intra-Government balances	As at 31 March 2009	As at 31 March 2009	As at 31 March 2008	As at 31 March 2008
	Creditors: Amounts falling due within 1 year	Creditors: Amounts falling due after more than 1 year	Creditors: Amounts falling due within 1 year	Creditors: Amounts falling due after more than 1 year
	£'000	£'000	£'000	£'000
Balances with central Government bodies	8,261	0	9,683	0
Balances with local authorities	335	0	8	0
Balances with bodies external to Government	2,326	284	1,494	347
Total	10,922	284	11,185	347

13. Provisions for liabilities and charges

	Onerous leases provision & leasehold obligations	Early retirement provisions	Early retirement provisions	Early retirement provision on closure of merged bodies	Pension provision	Total
	Provision	GCC	EW			
	£'000	£'000	£'000	£'000	£'000	£'000
As 1 April 2008	(718)	(221)	(321)	0	(396)	(1,656)
New provisions recognised	(4,627)	0	0	(2,062)	0	(6,689)
Amounts used in the period	98	182	45	0	20	345
Changes to existing provisions	(20)	(54)	(15)	0	(29)	(118)
Unwinding of the discount factor	(17)	(5)	(8)	0	27	(3)
As at 31 March 2009	<u>(5,284)</u>	<u>(98)</u>	<u>(299)</u>	<u>(2,062)</u>	<u>(378)</u>	<u>(8,121)</u>

Onerous leases provision and leasehold obligations provision

Onerous leases provision 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 2023. Future income streams have been recognised in calculating the provision for any properties that have been sub let.

Leasehold obligation provision relate to obligations under the terms of the lease agreement for a legacy body's premises that was transferred to Consumer Focus on 1 October.

The overall provision at the year end of £5,284 is further split into legacy bodies provisions as follows: Postwatch £3,427k and energywatch £1,857k.

Provisions for early retirement pensions GCC

The provisions for early retirement reflect Consumer Focus's ongoing obligation to make payments into the pension schemes of former employees of the Gas Consumer Council (GCC), a legacy body of energywatch, for those individuals 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 recent available information. The payments are funded through grant-in-aid from BERR. The obligation will terminate in 2011.

Provisions for early retirement pension energywatch

The provisions for early retirement reflect Consumer Focus's ongoing obligation to make payments into the pension schemes of the former employees of energywatch 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. The payments are funded through grant-in-aid from BERR.

Provision for early retirement on closure of merged bodies

The provisions for early retirement reflected Consumer Focus's obligation to make payments into the pension schemes of former employees of the merged bodies who were made redundant. The amount reflected above was a reasonable estimate based on the most recent available information. The payments are funded through grant-in-aid from BERR. The obligation will terminate in 2018. The provision at the year end of £2,062k is further split into legacy bodies provisions as follows: Postwatch £1,383k and energywatch £679k.

Pension provision

The pension provision relates to energywatch's ongoing payments in respect of the pension liabilities for the former Chairmen of the Electricity Consumer Committees (ECC). The pension scheme for these former chairmen is 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 2009 and has been estimated to be £378k.

14. Related party transactions

Consumer Focus is a non department public body sponsored by the Department for Business, Enterprise and Regulatory Reform (BERR). BERR is regarded as a related party, as are other entities sponsored by BERR. Grant-in-aid received in the year amounted to £35,387K (2007/08: £21,190K).

Consumer Focus also received income from the following bodies regarded as related parties:

Scottish Executive: £1,466k (2007/08: £1,456k)

Department of Health: £5,811k (2007/08: £1,389k)

NHS London: £1,760k (2007/08: £3,053k)

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 significant except for payments made to COI which amounted to £377,621.

None of the board members or key management employees have undertaken any material transactions with Consumer Focus.

15. Obligations under operating leases

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

	As at 31 March 2009 £'000		As at 31 March 2008 £'000	
	Property	Other	Property	Other
Within one year	0	0	140	65
Between one and five years	1,400	28	986	11
After five years	761	0	971	0
	2,161	28	2,097	76

16. Obligations under finance lease

	As at 31 March 2009 £'000	As at 31 March 2008 £'000
Less than one year	78	101
Between one and five years	260	312
Due thereafter	0	26
	<u>338</u>	<u>439</u>
Less interest element	55	82
Capital due	<u>283</u>	<u>357</u>

17. General reserves

	As at 31 March 2009 £'000	As at 31 March 2008 £'000
Balance brought forward	934	1,391
Grant-in-aid	(35,387)	(21,190)
Current year net cost	41,659	20,840
Transferred from revaluation reserve	(49)	(104)
Reserve adjustments	0	(3)
	<u>7,157</u>	<u>934</u>
Balance carried forward	<u>7,157</u>	<u>934</u>

Grant-in-aid received by Consumer Focus amounted to £23,017k (this includes grant-in-aid for transition costs, severance payments and legacy properties), grant-in-aid received by predecessor bodies amounted to £12,370k.

Grant-in-aid provided to finance both revenue and capital expenditure. The amount included for capital purposes was £1,073k (2007/08: £166k).

The grant-in-aid figure has been adjusted for the funding received for the function that was transferred to Consumer Voice. For 2008/09 the amount adjusted is £1,004k and is split as follows: Postwatch £333k and energywatch £671k, for 2007/08 the amount adjusted is £1,772k and is split as follows: Postwatch £680k and energywatch £1,092k.

18. Revaluation reserve

	As at 31 March 2009 £'000	As at 31 March 2008 £'000
Balance brought forward	(50)	(114)
In year revaluation	(0)	(40)
Transfer to general reserve	49	104
	<u>(1)</u>	<u>(50)</u>
	<u>(1)</u>	<u>(50)</u>

19 Cash flow notes

	2008/09 £'000	2007/08 £'000
a) Reconciliation of operating costs to operating cash flows		
Net operating costs before exceptional items and tax	(25,772)	(21,024)
Exceptional items	(16,280)	(59)
Add back non cash		
Loss on disposal of fixed assets	25	(1)
Revaluation loss	0	13
Depreciation charge	450	800
Working capital movements		
Increase in debtors	(1,937)	(3,413)
Decrease in creditors	(464)	2586
Other movements affecting cash flow		
Movement in provisions	6,465	(438)
BERR grant-in-aid debtor/creditor	5,050	3,184
Net cash outflow from operating activities	<u>(32,463)</u>	<u>(18,352)</u>
b) Financing		
Grant-in-aid to fund current year activities (Note 17)	35,387	21,190
BERR grant-in-aid debtor/creditor*	(5,050)	(3,184)
Grant-in-aid received in 2008/09	<u>30,337</u>	<u>18,006</u>
*£5,050k grant-in-aid was received in 2009/10 *£3,184k grant-in-aid was received in 2006/07		
c) Net Cost of Financing		
Interest received	526	314
Finance Lease payment interest	(27)	(33)
	<u>499</u>	<u>281</u>
d) Capital Expenditure		
Payments for tangible assets	(772)	(71)
Payments for intangible fixed assets	(160)	(65)
Proceeds from the sale of fixed assets	3	6
	<u>(929)</u>	<u>(130)</u>
e) Taxation		
Corporation tax paid	<u>(38)</u>	<u>(19)</u>

20. Capital commitments

There were no commitments for the purchase of capital items at the year end (2007/08: £0).

21. Losses and special payments

All payments made for compensation on early retirement of senior employees in the predecessor bodies are disclosed in the remuneration report.

22. Financial instruments

Consumer Focus had no borrowing and relied on grant-in-aid from BERR 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. A notional cost of capital credit at HM Treasury rate of 3.5 per cent and applied to average net assets (including cash at commercial banks) is reflected in the accounts. However, the accounts also include a notional credit equivalent to this interest charge so there is no impact on the financial results of the year. All assets and liabilities are denominated in sterling and, therefore, there is no exposure to currency risk and are stated at fair value.

There were no material differences between the book value and fair value of assets and liabilities at 31 March 2009.

23. Contingent liabilities

There were no contingent liabilities as at 31 March 2009.

24. Post Balance Sheet events

On 5 June 2009, the Government announced the creation of a new Department for Business, Innovation and Skills (BIS) whose key role will be to build Britain's capabilities to compete in the global economy. The Department was created by merging the Department for Business Enterprise and Regulatory Reform (BERR) and Department for Innovation, Universities and Skills (DIUS). The sponsorship responsibility for Consumer Focus passed from BERR to BIS on that date.

There is no reason to believe that the expected Government funding underlying Consumer Focus's going concern assertion will be affected by this change.

These financial statements were authorised for issue by Ed Mayo, the Accounting Officer, on the date of certification.

The Chief Executive, Ed Mayo, has resigned his post and will be taking up a new appointment in 2009/10.

25a. Disaggregated results

	2008/09	Consumer Focus	EW	PW	NCC
	£'000	£'000	£'000	£'000	£'000
Income					
Rental income	(272)	(207)	(25)	(40)	(0)
Other income	(9,686)	(4,959)	(100)	0	(4,627)
Total income	(9,958)	(5,166)	(125)	(40)	(4,627)
Operating costs					
Employees costs	16,336	8,062	3,611	2,135	2,528
Other operating costs	19,394	10,938	2,312	2,055	4,089
Total operating expenditure	35,730	19,000	5,923	4,190	6,617
Net operating costs	25,772	13,834	5,798	4,150	1,990
Exceptional Costs					
Onerous lease costs arising on closure	4,627	(190)	1,387	3,430	0
Re-organisation costs	11,653	11,653	0	0	0
	16,280	11,463	1,387	3,430	0
Net operating cost after exceptional items	42,052	25,297	7,185	7,580	1,990
Interest receivable	(526)	(269)	(30)	(31)	(196)
Notional (credit)/cost of capital	(141)	(31)	(88)	(22)	0
Finance charges payable on leases	27	13	0	14	0
	(640)	(287)	(118)	(39)	(196)
Net operating costs before tax	41,412	25,010	7,067	7,541	1,794
Taxation	106	61	0	0	45
Net operating costs after tax	41,518	25,071	7,067	7,541	1,839
Add/(deduct) notional (credit)/cost of capital	141	31	88	22	0
Charge to income and expenditure reserve	41,659	25,102	7,155	7,563	1,839

25b Disaggregated results for prior year income and expenditure account

	2007/08	Adjustment	EW	PW	NCC
	£'000	£'000	£'000	£'000	£'000
Income					
Rental income	(237)	0	(127)	(110)	0
Other income	(7,403)	55 ¹	(792)	0	(6,666)
Total income	(7,640)	55	(919)	(110)	(6,666)
Administration costs					
Employees costs	14,642	(512) ²	6,983	4,426	3,745
Other administration costs	14,022	(1,315) ³	4,568	4,220	6,549
Total operating expenditure	28,664	(1,827)	11,551	8,646	10,294
Net operating costs	21,024	(1,772)	10,632	8,536	3,628
Exceptional Costs					
Onerous lease costs arising on closure	0	0	0	0	0
Re-organisation costs	59	0	59	0	0
	59	0	59	0	0
Net operating cost after exceptional items	21,083	(1,772)	10,691	8,536	3,628
Interest receivable	(314)	0	(45)	(79)	(190)
Notional cost of capital	(41)	0	(83)	42	0
Finance charges payable on leases	33	0	0	33	0
	(322)	0	(128)	(4)	(190)
Net operating costs before tax	20,761	(1,772)	10,563	8,532	3,438
Taxation	38	0	0	0	38
Net operating costs after tax	20,799	(1,772)	10,563	8,532	3,476
Add/deduct notional (credit) cost of capital	41	0	83	(42)	0
Charge to income and expenditure reserve	20,840	(1,772)	10,646	8,490	3,476

¹ This represents income energywatch earned from Postwatch

² This represents the salary cost of the complaints function that was transferred to Consumer Direct

³ This represents other costs of the complaints handling function that was transferred to Consumer Direct and adjustment for the IT costs charged to Postwatch by energywatch

25c Disaggregated balance sheet for prior year

	As at 31 March 2008 £'000	Adjustment £'000	EW £'000	PW £'000	NCC £'000
Fixed assets					
Intangible assets	88	0	2	86	0
Tangible assets	390	0	52	328	10
Total	478	0	54	414	10
Current assets	6,099	0	310	263	5,526
Cash at bank and in hand	5,727	0	9	1,398	4,320
Total	11,826	0	319	1,661	9,846
Creditors: amount payable within 1 year	(11,185)	0	(830)	(637)	(9,718)
Net current assets	641	0	(511)	1,024	128
Total assets less current liabilities	1,119	0	(457)	1,438	138
Creditors: amounts payable after more than one year	(347)	0	0	(347)	0
Provisions for liabilities and charges	(1,656)	0	(1,608)	(48)	0
	(2,003)	0	(1,608)	(395)	0
Total assets less liabilities	(884)	0	(2,065)	1,043	138
Represented by					
General reserve	(934)	0	(2,065)	993	138
Revaluation reserve	50	0	0	50	0
	(884)	0	(2,065)	1,043	138

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