

Consumer Focus/ National Consumer Council

Consumer Focus (also known as the national consumer council) was formed on the 1st of October 2008 by order of the Consumers, Estate Agents and Redress (CEAR) Act 2007. It resides under the remit of the Department for Business, Innovation and Skills (BIS) and was formed as a result of the merger of Postwatch, Energywatch and the Welsh, Scottish and National Consumer Councils. The organisation is tasked with championing consumer rights in England, Wales, Scotland and (for postal consumers) Northern Ireland. Accordingly the body has a territorial structure with a central body and then subsidiary branches in Wales, Scotland and Northern Ireland. Their remit is broad, tasked with 'persuading businesses, public services and policy makers to put consumers at the heart of what they do.' The body has significant legislative powers to investigate any consumer complaint of wider interest, open up information from providers, conduct research, and make official super-complaints about failing services. Consumer Focus receives funding from BIS and from licenses paid by energy suppliers and the postal industry, roughly 1/3 comes from government and 2/3 from business creating dual lines of accountability. They also raise funds through externally funded projects.

Consumer Focus was included in the Public Bodies Bill in Schedule 1 (abolition) as part of a plan which would see its functions transferred to Citizens Advice. This reform was part of a wider attempt to reform the competition landscape alongside the Office of Fair Trading and the Competition Commission. The minister with responsibility, Norman Lamb, argued that such reform was necessary because '[f]or too long people have been faced with an array of different bodies for advice and support, but it's not always clear who to turn to first' (Lamb, 11th April 2012). Accordingly the abolition of Consumer Focus was presented as an attempt to simplify the field of consumer advocacy. In justifying this decision to abolish Consumer Focus BIS officials emphasised the duplication of function between the two organisations – a characterisation which Consumer Focus itself was 'nonplussed by' (Interview Data) given the different focus of the bodies and the distinctiveness of their non-advocacy function; differences which one interviewee reported BIS should have been aware of given their presence on the Consumer Focus board.

From the perspective of Consumer Focus the proposed abolition came out of the blue (Interview Data). There had been no consultation with the organisation through the review process and little formal prior warning ahead of Ed Davey's announcement in October 2010. The changes were particularly unanticipated as following the election the coalition government had decided to pursue Labour's plans to give Consumer Focus new powers in the form of the Consumer Advocate – a change which they felt secured their future (Jamieson, 19th June 2010). However, over the summer recess this plan was dropped apparently, according to one interviewee, at the behest of the Cabinet Office who ignored BIS' proposals for a merger of Consumer Focus with other water and transport bodies and 'went straight for abolition' (Interview Data). This meant that the organisation made no preparations for the abolition and did not have a pre-formed strategy.

In responding to this decision Consumer Focus, under the chairmanship of Christine Farnish, decided not to oppose the Government's changes but rather to attempt to influence the direction of change. There were grave concerns within the organisation and the Lords that the functions of Consumer Focus were not compatible with the focus of Citizens Advice. This is

because Consumer Focus conduct ‘upstream work’ – working to ensure that European Law and commercial decisions do not adversely affect consumers by intervening early to counteract potential threats (Interview Data). In contrast Citizens Advice works to react to problems already within the system, hence they were seen to serve different roles (one pre-emptive, one re-active). There were concerns at the lack of requirement for Citizens Advice to continue the pre-emptive work, posing a threat to its continuation (Interview Data). This problem was recognised and critiqued in the media where the closure was publicised (BBC, 9th October 2010; Guardian, 10th October 2010). Hence in *The Times* Andrew Ellson argued that the decision was a ‘false economy’ (Times, 16th October 2010), continuing his theme by asserting that ‘[o]nly last week in an act of politically-motivated folly, Francis Maude announced the closure of the watchdog Consumer Focus. In order to save a paltry £5.2 million, the Cabinet Office minister wants to abolish the only official institution that has stood up to the energy industry’ (Times, 23rd October 2010). Similarly Martin Hickman in the *Independent* termed the decision ‘misguided’ (Independent, 25th October), and Rosie Murray-West in the Daily Telegraph argued that the move was unlikely to save money given that the amount it had saved customers was fifteen times the amount it cost to run (Daily Telegraph, 23rd October 2010).¹

In addition to concerns over focus there were also issues arising from Consumer Focus’ statutory powers to require information – powers which a charity would not have the governance structures to wield and be held accountable for. These concerns and the loss of upstream work such as consultation responses to European legislation were used as key arguments by Consumer Focus to try and persuade BIS of the need to ensure the continuation of certain functions once Consumer Focus was abolished. This argument led Consumer Focus to advance the idea of a Regulatory Industry Unit (RIU) which could be established to conduct this work and then imported, wholesale, into Citizens Advice to ensure that it continued. This proposal was supported in private by the minister and also received a favourable reaction when floated at policy events amongst other practitioners and experts in this area. Consumer Focus also voiced their proposal to the Treasury, DCMS, DfT and Defra – other departments for whom such a regulatory model may have pertinence in the future. This work was so well received that it ended up being included in the consultation proposals (Interview Data).

It should be noted that there were differences in opinion within Consumer Focus over how to respond to the proposed abolition. Many members of Consumer Focus’ staff wanted to vocally oppose the changes, and the devolved wings of the organisation did voice opposition. For example, the Welsh branch opposed change and mobilised politicians in support of their position. However, in meetings with Government the central branch of Consumer Focus distanced themselves from such lobbying in order to make their own proposals credible.

It was felt by individuals within Consumer Focus that BIS and the CO did not have sufficient justification for the abolition and were ‘working backwards’ to justify their position – a move which led them to hold a Consumer Landscape Review entitled ‘Empowering and Protecting Consumers: Consultation on Institutional Changes for Provision of Consumer Information Advice, Education, Advocacy and Enforcement’. This consultation was led by Consumer Focus who steered its direction – members of BIS sent representatives to meetings – accordingly Consumer Focus drew up the scope of the consultation document, though this was ultimately

¹ It should be noted that the Daily Telegraph did support some aspects of the Governments competition laws (Daily Telegraph, 15th October 2010, A Burning Question).

watered down due to the need for consensus on contents amongst all parties (i.e. BIS and Citizens Advice). The Consultation ran between 22nd June 2011 and 27th September 2011 and received 184 formal written responses including from Local Authority Trading Standards Services (LATSS), trade bodies, consumer organisations, businesses and individuals (Table 1 taken from: BiS, April 2012 p.16).

Table 1. Responses to the consultation by type of organisation Type of organisation	Information, advice & education	Code approval	Advocacy	Enforcement	All
LATSS	53	43	48	56	56
Trade Body	8	14	11	14	28
Business	6	12	20	9	27
Individual	6	7	10	8	17
Consumer	12	9	13	11	16
Regulatory Body	6	4	9	8	12
Academic	6	3	6	3	7
Other	4	3	4	4	6
Legal	3	3	6	3	6
Ombudsman	3	3	5	2	6
Government	1	1	1	2	3
Total	108	102	133	120	184

The majority of these responses were ‘strongly in favour of the objectives behind the change. There was also support for the majority for the Government’s proposals’ (2012, p.5).

Stakeholder involvement with this consultation was apparent but there was no concerted effort on the part of Consumer Focus to get stakeholders to lobby on their behalf. Indeed, beyond the consultation process there was no wider attempt to lobby through a letter writing campaign. Rather Consumer Focus endeavoured to keep stakeholders informed and where appropriate to educate them about the possibility of the RIU in order to gauge and inspire support for the idea (Interview Data). Accordingly there was no sustained opposition to the government’s proposals, allowing them to press ahead with their plans after the consultation process was completed.

In the Lords there was concern over the Government’s plans to abolish Consumer Focus. This was manifest in two amendments tabled by Baroness Hayter of Kentish Town which sought the removal of the National Consumer Council (“Consumer Focus) from schedule 1. In the committee stage this proposal received considerable support from Lord Whitty (previous chair of Consumer Focus), Lord Borrie, Lord Maclennan of Rogart, Lord Liddle and Lord Young of Norwood Green but was ultimately withdrawn. The amendment re-emerged at report stage but was defeated 170-182. There was no formal contact between Consumer Focus and the Lords during this period however some informal contact and information sharing did occur, particularly around the arguments deployed in the body’s defence. Interestingly there was little stakeholder lobbying of the Lords on the issue, a lack which was deemed to be unusual by the Lords concerned. The absence of pressure from these quarters was seen to be significant in the failure to change the government’s scheduling of this body. There was no foresight that the vote on the amendment would be so close or that cross-bench MPs would support the body (Interview Data). It was felt both by the Lords and by Consumer Focus that if the body had

possessed greater stakeholder links and more contacts in the Lords than it would have been possible to remove the body from Schedule 1 in the Lords. This lack was seen to be decisive in the abolition of the body and their inability to mount a more aggressive defence (Interview Data).

It should be noted, however, that some attempt was made to defend Consumer Focus. A twitter feed (admittedly infrequently used) and Facebook group was established under the heading 'saveconsumerfocus' and organisations such as Which? and the Consumer Action Group voiced criticism. Indeed Which? argued that the Government were set to 'vandalise a system of consumer protection that is admired worldwide at a time when people most need protection' (11th April 2012). One interviewee commented that 'My sense from talking to people is that people thought it was a bad idea. But relatively few people cared about it so much that they were willing to bust a gut to say that'. Accordingly it appears that there was some vocal opposition to these changes but there was not a clear campaign to prevent abolition – rather attention was directed to trying to preserve the body's regulatory function.

Following the consultation the Government have pressed ahead with reforms, establishing a National Trading Standards Board in April 2012 and making Citizens Advice a champion for consumer information across a range of sectors. In April 2013, the Citizens Advice service took responsibility for, and was funded to deliver, general consumer advocacy and education, including a new advice line succeeding Consumer Direct.

In addition to this work Consumer Focus oversaw the creation of the Regulated Industries Unit (RIU) which became operational in April 2013. This body has responsibility for postal services and energy in England, Scotland and Wales, for post in Northern Ireland and for water in Scotland. It was established to 'work closely with relevant regulators, companies and consumer bodies, with the Citizens Advice service (pre-transfer) and with consumer bodies in other regulated industries, identifying key consumer issues that cut across sectors subject to economic regulation' (Consumer focus, website text). In creating this body Consumer Focus conducted a public consultation on the bodies' work plan for 2013/14, published on the 11th of January 2013, which received 44 responses. It recommended a focus on 'understanding and tackling consumer vulnerability and disadvantage in essential markets, how to meet the costs of infrastructure and renewal, and the challenge and opportunity of complex markets in a digital age' and was positively received. In 2014, the RIU will transfer to the Citizens Advice service and, in Northern Ireland, responsibility for consumer issues in relation to post will transfer to GCCNI. Legislation will be required to make this happen, including a transfer of Consumer Focus's statutory powers and duties' (Consumer focus, website text)'.

Alongside the transition of the RIU the Extra Help Unit is also preparing for transition. This unit is a GB-wide service which was based in Consumer Focus Scotland and has statutory powers and responsibilities to help investigate the most urgent energy and post complaints from vulnerable consumers. Subject to legislation, this will become the responsibility of Citizens Advice Scotland in 2014 when the RIU will also transfer.

In May 2013 Consumer Focus was closed and Consumer Futures was created. Until April 2014 Consumer Futures will be a Non-Departmental Public Body sponsored by the Department for Business, Innovation and Skills. In April 2014, Consumer Futures will, subject to Parliamentary approval, become part of the Citizens Advice service, with the Extra Help Unit also transferring

to Citizens Advice Scotland and responsibility for consumer representation in postal services in Northern Ireland moving to the Consumer Council for Northern Ireland (Consumer Futures).

Key Documents:

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