

CONSUMER SCOTLAND GOVERNANCE BOARD MEETING

Tuesday 03 October 2023

12:30 – 15:00

By MS Teams

Board Members present:

David Wilson, Chair

Nick Martin, Member (NM)

James Walker, Member (JW)

Also in attendance:

Sam Ghibaldan, Chief Executive

Sue Bomphray, Director of Operations

David Eiser, Director of Research and Analysis

Douglas White, Director of Policy and Advocacy

Kate Morrison, Head of Energy (for item 7 only)

Hilary Tennant, Finance, Governance and Corporate Services Manager (minutes)

Ian Forbes, Finance and Accountancy Advisor

Apologies:

Angela Morgan, Member (AM)

Welcome and Declaration of Interest

1. The Chair welcomed everyone to the meeting and invited members to declare any interests.
2. NM declared an interest relating to paragraph 32 of the Chief Executive's Report, which alerted members to Consumer Scotland's anticipated response to the Digital Markets, Competition and Consumer Bill. NM is a director of a company which will be impacted by the bill. The interest was noted, and it was agreed that no further action was required by NM or the Board.
3. Apologies were received from Angela Morgan. The Director of Operations advised the Board that feedback had been received from AM and would be shared with the Board at the relevant agenda items.

Minutes from the Previous Board and ARC Meetings

4. The Board approved the minutes of the previous Board meeting held on 15 August 2023. The Director of Operations noted that item 12 in the previous minutes in relation to the website would be discussed by the Technology Steering Group at its next meeting on 25 October 2023.
5. The Board noted the approved minutes of the Audit and Risk Committee held on 13 June 2023 and the Terms of Reference of the Committee.

Action Tracker

6. The Director of Operations updated members on the position in relation to the tax position of Board member expenses. Legal advice received had been inconclusive, and our position was to be prudent and make a small provision in the annual accounts for this possible cost. However, further advice would be sought to reach a definitive position. The Chair noted that it would be helpful to clarify and ensure an approach that was consistent with other public sector organisations. **Action:** Director of Operations to follow up across other public bodies.

Chief Executive's Report

7. The Chief Executive presented his quarterly report to the Board, highlighting the significant increase in activity across the organisation. Consumer Scotland staff are actively engaged in a range of advocacy activity including regulatory discussions and appearing before Parliamentary Committees.
8. Consumer Scotland's proposed relocation to share accommodation with Environmental Standards Scotland (and by doing so enable future cost efficiencies) has progressed with endorsement having been received from the Scottish Government's Property and Construction Division. Ministerial approval, in line with our statute, is now being sought. It was important that the relocation took place in this financial year.
9. Development of our Investigations function continued. Engagement with the relevant regulators had taken place, and a Head of Investigations has been appointed. An updated organogram was attached as an Information paper. **Action:** A paper with proposals on investigations governance would be presented at the November Board meeting.
10. Since the Consumer Scotland Act became law the Office of Product Safety and Standards (OPSS) have created a UK-wide recall register. Consumer Scotland has initiated a programme of work with OPSS to review whether this register appropriately addresses the needs of consumers in Scotland, or whether further development or promotion is required.

11. Guidance on the Consumer Duty continues to be developed. The new role of Head of Strategic Partnerships will have oversight of both the Recall Register and Consumer Duty, alongside our wider engagement across our the information and advice landscape. .
12. Significant preparatory work is underway to enable Consumer Scotland to become the consumer advocate in heat networks once the relevant legislation is passed by the UK Parliament. DESNEZ has agreed to provide funding to undertake aspects of this work for the remainder of the current financial year.
13. The Board noted the high level of activity and engagement. The Chief Executive advised that a review of organisational engagement would be undertaken to prioritise the work programme and our stakeholder engagement to ensure that our work achieved maximum impact.
14. The Director of Operations advised that the Work Programme RAG report would be developed to provide additional information for each project (aim, methodology, outputs). **Action:** A revised report would be circulated to the Board prior to the next Board meeting.
15. The Board enquired about plans for the future enhancement of the functionality of the Consumer Scotland website. The website contract will be re-tendered in early 2024 and consideration will be given to improving functionality in the re-tender documentation. The website contract is being discussed at the next Technology Steering Group meeting on 25th October.
16. The Chair updated members on the appointment of a 5th Board member. Interviews had been held and a preferred candidate and reserve identified. The appointment would now be recommended to the Minister for approval.

Finance Report and Risk Register

17. The Finance, Governance and Corporate Services Manager presented the financial report to the Board. The report provided the current cash position for the first five months of the current financial year. The Board asked that the report be updated to provide a half year position and circulated to the Board by email. The Finance and Accountancy Advisor advised that he would provide a half-year financial management report at the next Board meeting in November, including a six month reconciliation and comparison against the prior year. **Action:** a revised report to show 6 month position would be circulated to the Board
18. The Director of Operations presented the Strategic Risk Report and Register to the Board. It was confirmed that the risk register was reviewed monthly by the Executive Team who would make any recommendations to the ARC for elements to be added, amended or removed. The Executive Team

proposed to add a new risk in relation to the introduction of the investigations function to the Register.

19. The Board expressed their thanks to the Director of Operations and her team for the financial management reports and Risk Register as presented.

Annual Report and Accounts

20. The Director of Operations presented the Annual Report and Accounts for 2022/23. Consumer Scotland had received a clean audit report from Deloitte, which had been presented to the ARC earlier in the day. A draft Letter of Representation was also presented which, once approved by the Board, would be signed by the Accountable Officer (a role held by the CEO) and submitted alongside the Annual Report and Accounts to Deloitte. Once signed by both parties the documents would be forwarded to Audit Scotland by Deloitte.
21. The ARC had recommended to the Board that the Annual Reports and Accounts be approved. Written approval has also been received from Board member Angela Morgan in her absence.
22. A query was raised in relation to the signature designation in the Letter of Representation. The Board asked that this be amended to ensure that the CEO signed on behalf of Consumer Scotland and as Accountable Officer. **Action:** The Director of Operations would request this change to be made prior to signing.
23. The Director of Operations advised that she will be working with the Head of Communications on laying the report in Parliament and publishing on our website.
24. The Chair of the Audit and Risk Committee noted that the ARC Annual Report would be shared with the Board which confirmed that sound governance and control procedures were in place.
25. The Board discussed the previous communication with Audit Scotland in relation to the level of the External Audit fee, and agreed that the Chair of the ARC would write again to Audit Scotland to highlight our concern at the high level of the fee charged.
26. The Board expressed their thanks to all Consumer Scotland staff involved in achieving the successful delivery of our first Annual Report and Accounts, and to the Chair and ARC members for their oversight of the process.
27. The Annual Report and Accounts were formally approved by the Board.

Post meeting addendum: The Annual Report and Accounts were signed and submitted to Audit Scotland. Approval was received from the Auditor General to lay the Accounts before Parliament.

Budget Planning 2023-2024

28. The Director of Operations presented the draft budget for 2024-2025. The report provided three operational delivery scenarios which would be possible under the three budgetary outcomes for 2024-2025 along with a five year funding plan. A meeting with the Scottish Government was scheduled for 4 October to discuss the draft budget. The Board discussed the likelihood of receiving additional funding to undertake specific additional duties on Consumer Duty monitoring, Heat Networks, Legal Regulation and Scams, and the funding of levy functions. **Action:** the draft budget would be updated to reflect discussions and to include prior year comparison.
29. It was agreed that the Board would hold an informal meeting if necessary following the budget discussions with Scottish Government to provide a further update on the likely scenarios. **Action:** informal meeting to be arranged if substantive information is received.
30. The Finance and Accountancy Advisor left the meeting following this item.

Energy Affordability

31. The Head of Energy joined the meeting.
32. The Director of Research and Analysis and Head of energy presented the initial findings of work on energy affordability. The paper focused on both targeted policy options and other broader energy affordability schemes. It was highlighted that the current system of Warm Home Discount and Winter Fuel Payment was complex and difficult to navigate for consumers, different schemes/suppliers had varying application windows, and no data matching across qualifying criteria was in place. Different affordability schemes operated in Scotland and England.
33. It was noted that Consumer Scotland's contribution to the wider debate on future tariff design should reflect the need for affordable energy and sustainable energy use. The Board thanked the Director of Research and Analysis and the Head of Energy for their briefing.
34. The Head of Energy left the meeting following this item.

Organisational Indicators

35. The Director of Operations presented a paper on the development of a set of proposed organisational indicators. Consideration was still being undertaken as to exact measurements which would provide informative data and allow comparison across each year, which may not solely be numerical but also encompass impact and outcomes.

36. Some of the indicators would be reported as part of the Annual Report and others would be used internally to measure performance. The Board discussed indicators to demonstrate policy outcomes and research outcomes, management outcomes, and how the indicators can be linked to how the organisation operates and the outcomes as set out in the Strategic Plan. The Executive Team undertook to reflect on discussion and review the Indicators to further develop their value and present an updated paper at the next Board meeting. **Action:** updated report to be presented at the next Board meeting.

Outcomes from NMO Governance Session

37. The Chair presented the paper on the outcomes from the recent governance session, which included the recommended actions.

38. A review of the Framework Agreement was among the recommendations in the paper, and it was agreed that the CEO and Director of Operations would review the existing Framework Agreement against the new Model Agreement and bring a report to the Board on any updates required to the existing agreement. Eleanor Ryan would be asked to provide a review of any recommended changes. **Action:** Framework review to be undertaken

39. Eleanor Ryan will provide a session for staff on governance in an NMO.

AOB

40. A member asked for clarification on the difference between the previous Energy Consumers Committee (ECC) and the new Energy Consumers Network (ECN) as set out in the Information paper. The Chief Executive noted that the ECC had been established before Consumer Scotland was in place and at that time had had a role in decisions around the energy levy work programme. Consumer Scotland was convening the ECN with a different remit, bringing together key organisations in the energy consumer landscape in Scotland. Its focus was on understanding and improving consumers' experience and providing a forum with which key decision-makers like Ofgem, companies and the Scottish Government could engage. The ECN sits out-with the organisational governance structure, unlike the Consumers in Vulnerable Circumstances Committee (CVCC) which had been established as an advisory committee to Consumer Scotland. **Action:** outputs of the first ECN meeting to be shared with the Board.

41. When Ministerial approval of the organisational move to Thistle House was received the Board asked that an informal visit be arranged for them to see the accommodation.

42. As the new Board member is expected to be appointed at the end of November, it was agreed that consideration should be given to holding the December meeting face to face.

43. There being no other business, the meeting closed.