



# Consumer Scotland

Annual Report and Accounts  
2022-2023

Laid before the Scottish Parliament by Consumer Scotland in pursuance of the Public Finance and Accountability (Scotland) Act 2000 October 2023

(CS/2023/02)

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## Performance Report

### Overview

The purpose of this overview is to give a short summary of Consumer Scotland, its objectives, performance during 2022-2023, the principal risks it faces and a summary of future plans. It is supported by a more detailed performance analysis.

## Chair's Foreword

I am pleased to publish Consumer Scotland's first Annual Report and Accounts for 2022-2023, which detail our activities during our first year of operation. I do so with thanks to our staff and my fellow board members Nick Martin, Angela Morgan and James Walker.

Consumer Scotland is the statutory body for consumers in Scotland. Established by the Consumer Scotland Act 2020, it is independent from the Scottish Government and accountable to the Scottish Parliament. Consumer Scotland's purpose is to improve outcomes for current and future consumers and its strategic objectives are:

- to enhance understanding and awareness of consumer issues by strengthening the evidence base
- to serve the needs and aspirations of current and future consumers by inspiring and influencing the public, private and third sectors
- to enable the active participation of consumers in a fairer economy by improving access to information and support

The Board operated as a Shadow Board from their appointment in July 2021, working with the Programme Director and the Scottish Government's Implementation Team to put in place the foundations for Consumer Scotland legally coming into existence on 1st April 2022. This included the development of our work programme in the Grants in Aid from sponsoring bodies' funded areas of energy, post and water for 2022-2023, our Interim Strategic Plan and initial governance arrangements. The latter included the establishment of our Audit and Risk Committee, chaired by Nick Martin.

Following that, 2022-2023 has been a set-up year for Consumer Scotland, building our staff, processes and resources at a considered and sustained pace to allow us to take on our statutory functions. Consumer Scotland now has approximately 30 staff who work in one of three directorates: operations; policy and advocacy; and research, analysis and investigations. We are funded through a combination of grant funding from the Scottish Government and Grants in Aid from sponsoring bodies' funding from consumers in the regulated markets of energy, water and post.

The board has worked closely with the executive management team to create a culture of excellence, transparency and independence. Overall, in our first year we have had a strong initial impact and laid a firm foundation to deliver better outcomes for consumers in the years ahead.



David Wilson  
3 October 2023

## Chief Executive Statement

Consumer Scotland's first year has been one of considered and consistent growth as we have developed our strategy, recruited our staff, and built the service and governance structures that sustain us as an organisation. As we have grown, we have delivered our [Work Programme 2022-23<sup>i</sup>](#) on behalf of consumers in the Grants in Aid from sponsoring bodies sectors of electricity, gas, post and water. Alongside that activity, we have commenced work in our broader remit across the private, public and third sectors, focusing on our key themes of the cost of living, climate change adaptation and mitigation and consumers in vulnerable circumstances.

Central to our development is our commitment that all of our policy recommendations and advocacy will derive from a robust evidence base. Consumer Scotland's position in the consumer landscape – with a statutory remit across the private, public and third sectors – puts us in strong position to gather evidence, data and statistics from a wide range of sources. We've built our organisation so that we have the expertise – economists, consumer researchers, intelligence analysts and policy specialists – to turn that data into high quality consumer analysis and insights.

### Our strategy

Following consultation on our Interim Strategic Plan in June 2022<sup>ii</sup>, in March 2023 we published our Strategic Plan for 2023-2027<sup>iii</sup>. It sets out our purpose, ambition, strategic objectives and our partnership approach. To deliver that strategy we are building an effective and efficient, value-driven organisation that makes a positive difference for consumers while operating with value for money for Scottish taxpayers.

Our influence with stakeholders will be key to our success in achieving improved consumer outcomes. During 2022-2023 we have built the foundations for this, engaging with stakeholders on key issues including the cost of living and the energy crisis, and reinvigorating the Consumer Network for Scotland.

We have been particularly grateful to the Competition and Markets Authority and the Consumer Council for Northern Ireland for their support in key areas of our development, including the development of our investigations function and our strategy.

Several of our statutory functions are innovative for a consumer advocacy body, including investigations, our role in relation to the Consumer Duty on public bodies, and the Consumer Welfare report. We have carried out scoping work on all of these functions during 2022-2023 and look forward to further progressing these in 2023-2024. These functions, together with our general functions of advocacy and advice, are enabling the development of a unique model of consumer advocacy in Scotland.

### Our people

In our first year, our focus has been to build an effective and high performing team. Our people are our greatest asset and their dedication and diligence in developing our new organisation has been evident.

**Resourcing and capability:** During the year, 28 new colleagues joined us along with 2 moving across from the implementation team, and they have brought a wealth of new skills

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and experience to Consumer Scotland. In the year ahead, we will continue to embed effective workforce planning which will enable us to make maximum use of our people's skills, knowledge and experience. We aim to effectively retain, engage and invest in our people.

**Leadership stability:** The permanent leadership structure is now in place providing clarity on roles and responsibilities and senior level accountability.

**Board Governance:** The Board and Audit and Risk Committee (ARC) are now well established and have met regularly during the year. Their advice and guidance have been invaluable in helping the Executive team to successfully develop the organisation. We have recently started the selection process for a fifth Board member.

It has been a privilege to lead Consumer Scotland in its first year, bringing talented, dedicated staff into our team committed to improving outcomes for Scotland's consumers. We will continue to develop our activities consistent with our Strategic Plan and Work Programme.

I look forward to making further progress as we build Consumer Scotland into an organisation focused on improving outcomes for current and future consumers.



**Sam Ghibaldan**  
Chief Executive  
3 October 2023

## Statement of Purpose

### What we do

1. Consumer Scotland is the statutory body for consumers in Scotland. Established by the Consumer Scotland Act 2020<sup>iv</sup>, it is accountable to the Scottish Parliament. Consumer Scotland's purpose is to improve outcomes for current and future consumers and its strategic objectives are:
  - to enhance understanding and awareness of consumer issues by strengthening the evidence base
  - to serve the needs and aspirations of current and future consumers by inspiring and influencing the public, private and third sectors
  - to enable the active participation of consumers in a fairer economy by improving access to information and support
2. To achieve this we work collaboratively with a wide range of partners who have expertise in consumer issues.

### What we are

3. Consumer Scotland is a non-Ministerial Office (NMO). This means we are part of the Scottish Administration but not part of the Scottish Government, ensuring our operational independence.
4. Since Summer 2021 we have been following a detailed programme to establish Consumer Scotland.
5. We have followed a phased Implementation Plan to achieve initial operational status.
6. From July 2021 to March 2022 the Implementation Team, led by the Programme Director and working with the Board designate, built the foundations for the organisation, establishing the services required and initial governance arrangements. Concurrently we developed our workplan for Grants in Aid from sponsoring bodies funded activity in the electricity, gas, postal and water sectors for 2022-2023.
7. On 1<sup>st</sup> April 2022, Consumer Scotland legally came into existence, with the Board taking on its powers and responsibilities.
8. On 1<sup>st</sup> May 2022, Grant in Aid from sponsoring bodies funded staff transferred from Citizens Advice Scotland (CAS) following a TUPE process. We appreciate CAS's supportive and constructive approach throughout the transfer process.
9. In June 2022 we published our Interim Strategic Plan. Over the next few months we developed our Work Programme 2023-2024<sup>v</sup>, which was laid before Parliament, and our Strategic Plan 2023-2027. Both were published in March 2023.

### Our structure

10. Consumer Scotland was set up under the Consumer (Scotland) Act 2020, with business activities commencing in 2022. In June 2022, after a successful recruitment exercise, Sam Ghibaldan joined Consumer Scotland as Chief Executive. On the Chief Executive's appointment, a process to establish a permanent Executive Team began and a number of key appointments have now been made.



**Table 1: Our structure**



**Board members**

- **Chair:** David Wilson
- Nick Martin
- Angela Morgan
- James Walker

11. Board member attendance at meetings was 92%.

**Executive and Senior Leadership Teams**

- **Chief Executive:** Sam Ghibaldan
- **Interim Director of Operations:** Sue Bomphray (appointed permanently on 1<sup>st</sup> April 2023)
- **Director of Analysis, Research and Investigation:** David Eiser
- **Director of Policy and Advocacy:** Douglas White
- **Head of Communications:** Andy Denholm
- **Head of Energy:** Kate Morrison
- **Head of Analysis:** Eleanor Mullan
- **Head of Policy and Markets:** Tracey Reilly
- **Head of Water and Post:** Gail Walker
- **Head of Research:** Jane Williams

### Statutory remit

12. Consumer Scotland is the statutory, independent body for consumers in Scotland. We were established by the Scottish Parliament to advocate on behalf of consumers and represent consumer interests.
13. Our remit is set by the Consumer Scotland Act 2020. The Act established Consumer Scotland as a Non-Ministerial Office, accountable to the Scottish Parliament, and with a scope to cover the public, private and third sectors.
14. On 1<sup>st</sup> April 2022 Consumer Scotland formally came into existence as the independent statutory body working for consumers.
15. Under the Act, Consumer Scotland has the power to require information from a wide range of organisations, and the ability to provide guidance to public authorities in relation to their duty to have regard to consumer interests.

**Table 2: Our Statutory Remit**

Our Statutory Remit					
Functions					
Advocacy and advice	Representation	Research and investigation	Information	Recall of goods	The Consumer Duty
Areas of Focus					
Reducing harm to consumers	Increasing consumer confidence	Encouraging public bodies to address consumer matters	Promoting sustainable consumption	Advancing inclusion, prosperity and wellbeing	

16. Consumer Scotland is committed to building a strong, effective, and sustainable organisation capable of delivering on its objectives over the long term. We will strive to be a high-performing, forward-looking organisation that is able to respond to changing circumstances and evolving consumer needs and expectations.

### National Performance Framework

17. The work of Consumer Scotland contributes to the delivery of the National Outcomes (The Community Empowerment (Scotland) Act 2015 section 1<sup>vi</sup>), set out in the National Performance Framework<sup>vii</sup>. The wellbeing of consumers is relevant across all aspects of the National Performance Framework. Through our work, Consumer Scotland advances the interests and priorities of consumers, strengthening their position in society and the economy and putting the consumer interest at the heart of the achievement of the National Outcomes for Scotland. In the development of our performance and measurement framework we will evidence our specific contribution to the National Outcomes. We are also engaging in the current Scottish Government process to review these Outcomes.

## Performance summary

18. This report is produced in accordance with HM Treasury's published 'Government Financial Reporting Manual 2022-2023<sup>viii</sup>'.

### 2022-23 Key Performance Indicators (KPIs)

19. Consumer Scotland published an Interim Strategic Plan in June 2022. This Plan included a set of First Year Priorities and Medium Term Priorities, and we report on our progress against these in this Report.
20. Following a consultation process on the Interim Strategic Plan, we published our first four-year Strategic Plan for 2023-2027 in March 2023. In this Plan we provided details of the approach we are developing to monitor our performance.
21. We are developing a performance measurement framework, based on a logic model approach, to enable us to assess the effectiveness of our work in achieving our purpose and strategic objectives. During 2022-2023 Consumer Scotland commissioned external advice to support us with the development of our impact framework. We will publish this framework, alongside a set of key performance indicators, in autumn 2023.
22. During 2022-2023 regular management reporting of spend relative to budgets has been implemented and further work is ongoing to develop this regular reporting into broader business performance reporting.
23. Consumer Scotland incorporated a 3% efficiency saving in its budget submission for FY2023-2024 to Scottish Government in line with the guidance issued by Ministers to promote efficiency under section 32 of the Public Services Reform (Scotland) Act 2018<sup>ix</sup>.

### How we performed

24. Development of relevant and meaningful KPIs and performance analysis is an ongoing priority for Consumer Scotland. New indicators will be added in 2023-24 based on the aims and objectives set out in the Strategic Plan. As this is the first year of Consumer Scotland's operation, no previous data or trend analysis was available.

**Table 3: Consumer Scotland’s First Year**

<b>4 Board members</b>	<b>£2.5M core budget</b>	<b>Corporate services procured</b>
<b>2 Board advisory groups</b>	<b>£1.2M Grant in Aid from sponsoring bodies</b>	<b>Strategic plan published</b>
<b>28 permanent staff recruited</b>	<b>£0.4M grants issued</b>	<b>Interim Strategic Plan published</b>
<b>6 temporary staff</b>	<b>Learning and development strategy implemented</b>	<b>44 tweets/social media posts</b>
<b>Work programmes</b>	<b>Interim accommodation sourced</b>	<b>21 publications</b>

**Principal Risks**

25. Our risks are identified, monitored and assessed regularly by the Executive Team, the Audit and Risk Committee and the Board, in line with our risk management framework. In 2022-2023, our key strategic risks related to:

- **Finance** – the risk that changes in core and Grants in Aid from sponsoring bodies funding result in a lack of resources to maintain rigorous and robust impact. This risk remains high due to the prevailing fiscal conditions. Controls in place include:
  - the development of strong relationships with our Grants in Aid from sponsoring bodies funders through regular meetings and sharing of information to build trust in Consumer Scotland's ability to deliver the outcomes agreed
  - robust budget planning and monitoring to provide evidence of impact and prudent use of public money
  - development of a five-year financial forecast
  - ongoing liaison with other public bodies to share learning and assess shared service opportunities.
- **Finance** – the risk that the current Consumer Scotland finance set-up with Scottish Government does not provide Consumer Scotland with the visibility, control and ownership of the end-to-end financial process. This risk increased over the year as we approached the year end period and remains high. We now have Accountancy support in place through a professional services agency contract (provision of a qualified accountant 1-2 days per week) and have built

strong and effective relationships with our Scottish Government sponsor team to escalate issues. Our internal controls are working effectively and the programme to set up the organisation as a separate entity in 2024-2025 when the new Scottish Government finance system is launched which will provide the controls and ownership needed.

- **Governance** – the risk that Consumer Scotland does not have a robust Governance framework in place to ensure compliance on finance, corporate governance, statutory reporting, control environment and systems of internal control requirements e.g. value for money, effective risk management/mitigation. This risk has decreased during the year as we have built our Governance Framework and utilised the support and advice provided by our Internal Auditors to ensure proper process is followed and awareness of the risk of non-compliance as well as strong governance and quality assurance mechanisms in place within procedures. We recently completed an external review of our Governance framework and all advice and recommendations from this review are being implemented.
- **Reputational** – the risk that Consumer Scotland does not progress its work programmes, or outputs are not seen as evidence-led and impactful, leading to questions about our relevance and influence thus impacting our reputation. As a new organisation, this risk is high as we establish our position and reputation in the consumer landscape. We are building a clear programme of communications to explain Consumer Scotland's role and work programme, strategic plan and outputs as well as actively contributing to (or membership of) relevant networks.
- **People** – the risk that a failure to recruit, develop, support and retain the right number of staff with the right capabilities which then undermines the ability of Consumer Scotland to deliver its work programme. This risk is low as we have been able to recruit high calibre staff members across all of our functions. As we move into 2023-2024 it will be key to ensure that we continue to develop Consumer Scotland's reputation, offer learning and development opportunities to enable us to both retain staff and attract interest in our recruitment opportunities.
- **Strategic** – the risk that Consumer Scotland is not able to deliver its statutory functions that require significant development work - due to reasons including a lack of clarity in the underpinning legislation or insufficient funding to resource the requirements. As a new organisation, this risk remains high as we complete scoping work in several areas to gather information and requirements to proceed with the continued roll out of our statutory functions.
- **Project/Programme** – the risk that Consumer Scotland's structure and operating model is not agile enough to respond to the changing consumer and legislative landscape at pace. This risk is rated as medium; we regularly review of consumer landscape and have an agreed set of prioritisation principles in place.

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26. Mitigation strategies and key controls have been considered for our major risks taking account of our risk appetite. These measures are being embedded in our processes and inform our Strategic Plan.
  
27. In February 2023, we carried out a review of our key risks with our Audit and Risk Committee to understand the landscape as a new public body and to help ensure we were focused on the key challenges facing us. As a result a number of areas were identified which will influence business planning and decision making going forward. Further detail of this is provided in the Governance statement on page 30 of this report.

## Performance Analysis

28. This section provides a detailed review of Consumer Scotland's performance. It reports performance against the First Year and Medium Term Priorities set out in our Interim Strategic Plan, our partnership approach, staffing, risk profile, financial performance, non-financial information, and our wider context and future plans.

### Measuring our performance

29. A core part of Consumer Scotland's remit is to undertake research, advocacy and policy work on consumer matters. The nature of this activity means that the achievement of the outcomes we have identified to benefit consumers will often be dependent on how others use our evidence, advice and recommendations to deliver change. These stakeholders include governments, regulators, service providers and businesses. In some cases, the outcomes we are working towards are likely to take a number of years to achieve.
30. As described above, during our first year of operation, Consumer Scotland began work to develop our impact framework, to enable us to monitor the progress we are making towards the achievement of the outcomes we have identified. We commissioned Matter of Focus to support us in this work and we will publish our final framework later in 2023.
31. As set out in this Annual Report, 2022-2023 was a set-up year for Consumer Scotland. Nevertheless as the year progressed the range of research, advocacy and policy activity in which we were engaged grew as the number of staff increased, with corresponding growth in our expertise and capacity. The table below sets out our monitoring of that activity.

## First Year Priorities

### Priority: Articulating the impact on consumers of the cost of living crisis, using our analysis to inform our advocacy

32. **Aim:** To better understand the real impact of price increases on households, ensuring that specific characteristics of consumers in Scotland, such as increased rurality, are captured in this work. This analysis will be used to inform advocacy with government, public and private sector bodies.
33. **Analysis of Performance:** Energy prices have been a significant driver of cost of living challenges for consumers in Scotland during the past year. We commissioned a regular tracker survey to understand and assess the impact of increasing energy prices for consumers. We published two main reports and briefings from the tracker, along with a deep dive report examining the specific effects of the energy crisis for consumers using pre-payment meters.
34. We participated in two Energy Summits hosted by the First Minister and a Food Retail Summit hosted by the Cabinet Secretary for Rural Affairs and Islands and the Cabinet Secretary for Social Justice, Housing, and Local Government. Each of these Summits focused on interventions that government might take to alleviate the effects of the

cost of living crisis. We contributed a consumer perspective, based on our analysis, to these events.

35. Following the first Energy Summit we convened a short-life, Scottish Energy Insights and Coordination Group, engaging a range of front-line advice organisations to examine the issues being experienced by consumers and identify potential actions. The Group's final report was published in May 2023.
36. We responded to the Scottish Government Water and Sewerage Services to Dwellings Order 2023, to highlight risks to some consumers who are eligible for Council Tax relief of falling into debt on water charges. Our proposals included recommended actions in relation to affordability assessments and improved information for consumers. Separately, we began a programme of modelling work on the affordability of water charging.
37. We have established our approach to monitoring the impact of inflation on different groups of consumers and the effect of price rises across different markets.
38. We published our four-year Strategic Plan and 2023-2024 Work Programme, both of which identified tackling the cost of living as key strategic themes. Our 2023-2024 Work Programme set out a number of workstreams, across a range of consumer markets, that we will undertake to assess the impact of the cost of living for consumers and provide recommendations for action.

### **Priority: Understanding the needs and aspirations of consumers in vulnerable circumstances**

39. **Aim:** To build an understanding of the experience, needs and priorities of consumers in vulnerable circumstances, ensuring our advocacy is grounded in listening to, valuing and respecting lived experience. This will inform our understanding of the factors that lead to some consumers being in vulnerable circumstances. Drawing upon existing evidence and commissioning research where necessary, we will identify the key strategic issues facing consumers in vulnerable circumstances.
40. **Analysis of Performance:** We established a Short Life Working Group on Consumers in Vulnerable Circumstances. The Group provided us with expert advice and input to help establish a focus on consumers in vulnerable circumstances in the organisation during our first year of operation.
41. The Board will now establish a Consumers in Vulnerable Circumstances Committee as a permanent advisory committee of Consumer Scotland.
42. We employed a researcher on a temporary basis to undertake research and a review of literature on the policy landscape related to consumers in vulnerable circumstances. The findings from the review will support a suite of future research and analysis outputs.

### **Priority: Improving the experience of consumers in the energy, post and water sector**

43. **Aim:** We published a Workplan for Energy, Post and Water, alongside our Interim Strategic Plan. The Workplan set out details of a number of research, policy and advocacy projects which we subsequently advanced.



44. **Analysis of Performance:** The table below provides an analysis of our performance in relation to each of the projects in the Workplan.

**Table 4: Energy**

Project	Work Plan Aim	Analysis of Performance
Increasing costs for essential services	To undertake an in-depth analysis of the impact of increasing charges on low-income and vulnerable households to inform targeted interventions across selected utilities and monitoring of the ongoing response by government to address these issues.	<p>Energy prices have been a significant driver of cost of living challenges for consumers in Scotland during the past year. We commissioned a Tracker survey of domestic energy consumers in Scotland, to understand and assess the impact of increasing energy prices for consumers. We published an initial consumer spotlight on affordability, a report on Disability, Health and the Energy Crisis, and a series of briefings from the Tracker.</p> <p>We participated in two Energy Summits, hosted by the First Minister. Each of these Summits focused on interventions that government might take to alleviate the effects of the energy crisis. We contributed a consumer perspective, based on our analysis, to these events.</p> <p>We convened a short-life, Scottish Energy Insights and Coordination Group, engaging a range of front-line advice organisations to examine the issues being experienced by consumers and identify potential actions. The Group’s final report was published in May 2023.</p> <p>We have established our approach to monitoring the impact of inflation on different groups of consumers and the effect of price rises across different markets, including the energy market.</p>
Consumer attitudes to and experiences of Net Zero	To track ongoing consumer engagement with, and progress towards, decarbonisation, building an evidence base that provides consumer insight to inform the rapidly developing Net Zero agenda and associated approaches to adaptation.	<p>We designed and conducted a Net Zero Tracker, involving a representative sample of consumers across Scotland.</p> <p>The survey examined consumer experiences of, and attitudes to, decarbonisation in two specific markets, one of which was the energy market. This included exploring consumers’ understanding of how to reduce energy use, how consumers access information about energy supply, home heating system age, interest in installation of different renewable technologies, and barriers to energy efficiency interventions.</p>
Fairness in the energy retail market	To ensure that fairness for consumers	Alongside regular engagement with Ofgem on proposed modifications to the default tariff cap methodology, we

Project	Work Plan Aim	Analysis of Performance
	<p>underpins all aspects of the energy retail market as it continues to evolve</p>	<p>undertook work throughout 2022-2023 to protect the interests of energy consumers in vulnerable circumstances.</p> <p>Our Energy Affordability Tracker (described above) evidenced particular impacts of the energy crisis on consumers who use prepayment meters and on consumers with a disability or health condition. We engaged with Ofgem on these issues. We undertook work to contribute to the development of Ofgem’s new Involuntary PPM Code of Practice and promoted a number of enhanced consumer protections for inclusion within the Code. A separate programme of work resulted in the publication of our report on disabled consumers and the energy crisis in June 2023.</p> <p>Data from our Energy Affordability Tracker was also used to inform our engagement with Ofgem on the development of an overarching consumer standards framework, to put consumer outcomes at the heart of future regulation.</p> <p>We have also joined and continue to be engaged in a number of regular external groups and meetings, including the Ofgem Consumer Group, the Ofgem Senior Stakeholder Group and the Domestic and Non-Domestic Supplier Liaison Groups.</p>
<p>Markets to power the transition to low carbon heating in Scotland</p>	<p>Consumers in Scotland benefit from equitable access to and prices within energy markets that encourage and support the decarbonisation of heat in all of Scotland’s homes and buildings</p>	<p>As the first part of a longer term programme of work, in 2022-2023 we have engaged with Ofgem, the UK and Scottish Governments, Energy UK, and other key stakeholders on a range of relevant issues, including the Review of Electricity Market Arrangements (REMA), the future of the Radio Teleswitch Service signal and the replacement programme for dynamically radio-teswitched electricity meters, the smart meter rollout in Scotland, and the treatment of Time of Use tariffs in the default tariff cap. We joined the End User Forum in early 2023.</p>
<p>Implementation of the Fuel Poverty Strategy</p>	<p>To ensure that there is a consumer-centred approach to tackling fuel poverty in Scotland, by helping to positively inform and shape the delivery of the Fuel Poverty Strategy and associated programmes</p>	<p>In our first year, Consumer Scotland prioritised building relationships with key stakeholders engaged in tackling fuel poverty in Scotland. We provided evidence to the statutory Fuel Poverty Advisory Panel on two occasions, highlighting the need for the Strategy to be repurposed for the delivery phase, and encouraging the development of an evaluation framework for the Strategy’s actions – which was taken forward in the Panel’s initial recommendation to Scottish Ministers.</p> <p>We have also built a strong working relationship with the Fuel Poverty Unit at Scottish Government, meeting regularly to outline our priorities on the extension of the Fuel Insecurity Fund, inform their refresh of the Fuel Poverty</p>

Project	Work Plan Aim	Analysis of Performance
		<p>Strategy, and to present the findings from our Energy Affordability Tracker. Also, by utilising contacts in the energy retail sector, we were able to support Home Energy Scotland in ensuring access for their Energy carers to energy supplier agency lines.</p> <p>Through our involvement with the Heat and Energy Efficiency Scotland Delivery Sector Group, we also advocated for a change to the Scottish Government’s fuel poverty and energy efficiency schemes, to remove a low cost/high impact barrier to the adoption of low carbon technologies by households in fuel poverty.</p>
<p>Understanding the barriers and opportunities for accelerating the uptake of Electric Vehicles (EVs) in Scotland</p>	<p>The provision of infrastructure and policies that make it simple for consumers to adopt EVs wherever they are in Scotland</p>	<p>We have used our inaugural year to build relationships across the EV landscape, including with UK and Scottish Government agencies, regulators, and consumer partners.</p> <p>We contributed to the Electric Vehicle Taskforce (EVET), which brings stakeholders from the energy and automotive sectors together to make suggestions to government and industry to ensure that the GB energy system is ready for and able to facilitate and exploit the mass take up of electric vehicles.</p> <p>We chaired the EVET working group on complaints handling. This group has worked to develop a Code of Practice for how the sector will handle complaints so that consumers have clear and transparent routes to redress. We also fed into the development of an information pack that will be used to support and promote the complaints handling Code of Practice as the group looks to secure buy-in from the industry.</p>
<p>A whole building approach to energy efficiency</p>	<p>Regulations governing the minimum standards of energy efficiency for homes and buildings in Scotland are clear, people-centred and sensitive to the needs and aspirations of local communities</p>	<p>We joined the Heat and Energy Efficiency Scotland Delivery Sector Group to advance our goals in this area. Our contributions have included a focus on the consumer protection issues faced by the ‘able to pay’ market for energy efficiency and zero direct emissions heating systems retrofit.</p> <p>We had regular engagement with the the Heat in Buildings the teams in Scottish Government, and also met with government teams dealing with Energy Performance Certificate and private rented sector reforms. We have also recently joined a Consumer Protection Partnership working group on home improvements and energy efficiency.</p> <p>We contributed to roundtable event held by the Scottish Government on Developing a Regulatory Framework for Energy Efficiency &amp; Zero Direct</p>

Project	Work Plan Aim	Analysis of Performance
		<p>Emissions Heating in Domestic Buildings. This was an important opportunity to feed into the Scottish Government’s draft thinking led to invitations to engage with other teams working in this area. We also engaged with the Scottish Government around a new public engagement strategy which looks to raise awareness of energy efficiency.</p> <p>We contributed to a Competition and Markets Authority workshop on green heating and insulation.</p>
Networks for Net Zero	Gas and electricity networks that power the Net Zero transition, maximising the benefits of the energy transition for consumers while keeping whole system costs affordable for all.	As a the first part of a long-term programme of work, we have used our inaugural year to build relationships with key stakeholders. This has included discussions with SSEN, SP Energy Networks and SGN to scope our ongoing strategic engagement; discussions with SSEN, SP Energy Networks, and wider stakeholders on the RIIO-2 price control, and the implementation of Ofgem’s Network Access and Forward Looking Charges Significant Code Review; and engagement with market participants, government, and Ofgem through our participation in a series of working groups.
Big Energy Savings Winter Campaign and Network	Work with Citizens Advice Scotland to deliver campaign to provides consumers with advice to reduce their energy bills; and to ensure that energy advice reaches households most in need of support across Scotland.	<p>In July 2022, Consumer Scotland issued a grant letter to Citizens Advice Scotland for delivery of the Big Energy Saving Network advice project and the Big Energy Saving Winter campaign. Both the advice and campaign strands were completed by 31 March 2023, with all delivery, budget and reporting requirements fulfilled.</p> <p>Through the Big Energy Saving Network, 2,436 one-to-one advice sessions and 930 group sessions were delivered by 32 Citizens Advice Bureaux and 5 partner organisations across Scotland, with 45 advisers receiving training. Big Energy Saving Winter provided energy saving advice to consumers at participating Citizens Advice Bureaux throughout the season.</p>

**Table 5: Post**

Project	Work Plan Aim	Analysis of Performance
Tackling post exclusion	Collaborative solutions to remove the specific barriers that exclude vulnerable consumer groups from accessing post	We undertook initial scoping work and stakeholder engagement to consider our contribution to this agenda. Our stakeholder engagement including joining the Ofcom Advisory Committee for Older and Disabled People, where we have advocated on behalf of postal consumers in vulnerable circumstances; and providing feedback to Royal Mail on relevant proposed initiatives.

Project	Work Plan Aim	Analysis of Performance
Promoting a fairer postal market in Scotland	People across Scotland receive the required quality of service from the postal market's designated universal service provider and are able to access the services they need	<p>We commissioned a substantial, representative survey of postal consumers across Scotland. The survey covered a broad range of issues, including frequency and use of postal services, use and experience of parcel companies, consumer attitudes to the Universal Service Obligation, and price and affordability considerations.</p> <p>We also commissioned a separate detailed literature review, examining the large body of existing evidence on key consumer issues in the letters and parcels markets. The work reviewed the identification, adoption, implementation and effectiveness of a range of policy measures to support consumers.</p> <p>Extensive engagement has taken place between Consumer Scotland, Royal Mail and partner consumer advocacy bodies in England, Wales and Northern Ireland to address concerns associated with protection of the Universal Service Obligation (USO).</p>
Enabling consumers to choose in the parcel markets in Scotland	We want to see Scotland's consumers and small businesses thriving in a post-Brexit and post-COVID economy. This work will provide a clearer understanding of the common issues experienced by these consumers.	<p>The two substantial research projects described above – the survey of postal consumers across Scotland and the literature review of existing evidence – both included a significant focus on the key issues for consumers in the parcel market in Scotland, including the development of SafePlace options for consumer.</p> <p>The development of these evidence resources informed an in-depth stakeholder workshop, involving government, the regulator, consumer groups and a number of parcel companies, in early 2023-2024.</p>
Engaging with regulators to protect consumers interests in the postal market	This work will ensure that the interests of Scottish consumers and businesses are represented in any potential change to regulation of the postal market.	<p>We established a regular programme of engagement with key sector stakeholders, including Royal Mail, Post Office Ltd, Ofcom and other consumer bodies. As noted above, we provided responses to the work plan consultations from Ofcom, Citizens Advice, Consumer Council for Northern Ireland and the Communications Consumer Panel.</p> <p>Following engagement between Post Office Limited and the consumer advocacy bodies, Consumer Scotland drafted Collaboration Principles, within an MOU, which will underpin future engagement and collaboration with Post Office Limited.</p> <p>We delivered a presentation to the Ofcom Advisory Committee for Scotland. We also became members of the Consumer Communications Panel, Scotland Hub.</p>

**Table 6: Water**

Project	Work Plan Aim	Analysis of Performance
Adapting to cope with increased surface water caused by climate change	A clearer understanding of how consumers need to adapt to prevent the worst impacts of flooding and to further understand how to engage consumers on specific climate change issues, as well societal improvements.	We commissioned and facilitated a stakeholder workshop on the transition to more resilient surface water infrastructure and how this should be undertaken in partnership with consumers impacted by the transition. We shared our findings with key stakeholders including Scottish Government and Scottish Water. Identified solutions focus on the need for shared vision, joined up approach, inclusive language that supports consumer engagement, consistent approach to measuring progress, mechanisms for consumers to develop their own initiatives and a network of community champions.
Adapting how consumers use water and wastewater in homes to tackle climate change	Provide a clearer understanding of how best to engage consumers on Net Zero and resilience to change how they view and use water and wastewater services.	We undertook a literature review to assess the existing evidence base in relation to water use and disposal at household level. The work provided an analysis of the current level of consumer knowledge and understanding on these issues, including the extent to which this relates to climate change and adaptation. The work included an exploration of international examples of consumer behaviour change in relation to household water use and disposal. We will deploy the new evidence in 2023-2024 to engage with stakeholders and inform stakeholders on the most effective approaches for supporting consumer behaviour change in relation to the use of water and wastewater.
Fair and ethical regulation and practice within the non-household sector	To support embedding a fair and ethical framework of regulation and practice, which delivers better outcomes for non-household customers.	<p>We chaired the Senior Stakeholder Group for the non-household water market in Scotland. There are 150,000 non-household water customers in Scotland, many of whom are small businesses, served by more than 20 retailers. Previous work had identified the need for a number of improvements in this market to deliver better outcomes for consumers.</p> <p>Working with the Water Industry Commission for Scotland and the Central Market Agency we undertook significant engagement in the development of a Market Health Check (MHC) process. Once established, the purpose of the MHC process will be to promote better consumer awareness and understanding of the quality of service provision that they should expect from licensed providers operating in the non-household market.</p>
Improving access to safe drinking water for private	A better understanding of consumer attitudes and knowledge amongst those on a private supply will	Consumer Scotland commissioned a qualitative research study, comprised of online focus groups and telephone interviews to explore the views of private water supply users in Scotland on their needs in relation to advice and support about managing their water supply. The report

## Performance Report

Project	Work Plan Aim	Analysis of Performance
water communities	usefully inform further recommendations to the Scottish Government.	and policy briefing that we produced will be provided to Scottish Government to inform policy development on this issue.
Applying behavioural insights to consumers' use of water services	A deeper understanding of what is required by water stakeholders to motivate change in consumer behaviour, which will inform any agreed approach to engage and influence how consumers use water and wastewater services.	We hosted a behavioural insights workshop for water sector stakeholders, in partnership with Ipsos MORI, to explore consumer behaviour in relation to the use of water services. The workshop provided an opportunity to identify key issues around how consumers engage with water and wastewater services, and what is needed to help them think differently about the services they use, to protect infrastructure and support net zero targets.
Representing the needs and interests of consumers on Scotland's Hydro Nation Forum	Making consumers central to Hydro Nation concepts during planning, research and delivery.	This external forum is currently in abeyance to accommodate a number of significant changes within the water sector, including Policy Development work by the Scottish Government. We have continued to liaise with the Scottish Government as part of the Policy Development process, and regularly check progress on the re-initiation of the Hydro Nation Forum.
The adoption of the new EU Drinking Water Directive to improve the quality of drinking water and access to it for all	To ensure the Directive brings about positive and longer term outcomes for consumers. This includes improving the quality and availability of information to consumers and ensuring that adequate measures of consumer protection and affordability are addressed in the drive to remove lead water pipes from homes.	We supported various Scottish Government led workstreams addressing water efficiency, private water supplies and transparency of household bills as part of this work. This has helped to shape and test the Scottish Government's approach to embedding the EU Directive within both the public part of the water sector and also legislation changes around private water supplies and regular testing of water quality.
Engagement in key industry forums	Evidence that Scottish Water is embedding a strong customer and community-centric culture that proactively and insightfully seeks to identify where and how planning and	We carried out our statutory role as the consumer advocacy body for water through a series of strategic commitments. This included representing the consumer interest in a number of key processes across the sector, including the Delivery Assurance Group and Investment Planning and Prioritisation Group, to monitor Scottish Water's delivery against its commitment. We also contributed to the Stakeholder Advisory Group, through



Project	Work Plan Aim	Analysis of Performance
	decision making can empower customers and communities.	which we engaged with the ongoing development of Scottish Water’s transformation programme. We encouraged early and open consumer engagement as part of the investment process.

## Medium Term Priorities

### Priority: A consumer-oriented Net Zero transition

45. **Aim:** To understand and track consumers’ priorities for, and experience of, the transition to Net Zero. Of particular importance will be understanding how the transition can be made easier for consumers to undertake. These insights will help inform the design of policy and practice across the public and private sectors towards the goal of a successful and just transition to Net Zero.
46. **Analysis of Performance:** The Scottish Government Programme for Government in 2021-2022 requested that Consumer Scotland consider tracking the impact of decarbonisation of households as part of our first workplan. We took up this request and designed and conducted our first decarbonisation tracker survey, examining consumer experiences of, and attitudes to, decarbonisation in water and energy markets. We also designed and commissioned initial testing of a decarbonisation survey covering other consumer markets in the rest of the economy, with a view to extending this in 2023-2024.
47. Consumer engagement and behaviour change will play a central role in Scotland’s journey to net zero. We commissioned and facilitated a stakeholder workshop on the transition to more resilient surface water infrastructure and the role of consumers and communities in that process. We provided the findings from this work to key stakeholders, including Scottish Government and Scottish Water.
48. The development of new markets will also be an important part of the transition to net zero and it will be important that consumer interests are recognised and protected in these markets. In 2022-2023 we contributed to the Electric Vehicle Taskforce and chaired the Complaints Handling Working Group, which is developing a code of practice for suppliers.
49. We began to engage with a range of relevant policy processes in relation to the net zero transition. Our work in this space included contributing written evidence to the consultation on the Skidmore Review on net zero.

### Priority: Establishing a robust investigation function

50. **Aim:** To begin the development of robust processes for identifying areas for investigations and conducting them.
51. **Analysis of Performance:** We undertook, via a secondment from the Competition and Markets Authority, a substantial scoping project to determine the potential breadth, focus, structure and systems of our investigations function.



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52. We will continue this development work in 2023-2024 when we will also appoint our first Head of Investigations.

### Priority: The Consumer Network for Scotland

53. **Aim:** Consumer Scotland will take over the chairing of the network and we will engage with its members to consider how it can be most effective in helping achieve positive outcomes for consumers.
54. **Analysis of Performance:** We took on responsibility for the Consumer Network for Scotland, which had previously been organised by the Scottish Government. The Network provides a forum for consumer organisations in the regulatory, advice and enforcement sectors to work together to address key issues of importance for consumers in Scotland.
55. We reconvened the Network and undertook stakeholder engagement with Network members to determine the structure and focus of the re-established group.
56. We extended the Network membership, inviting additional representatives from consumer organisations in the water, transport, legal and small business sectors to join the group.

### Priority: The implementation of the Consumer Duty

57. **Aim:** To be ready to work with the Scottish Government and relevant public bodies on the implementation of the duty
58. **Analysis of Performance:** The Consumer Scotland Act introduced a new duty on relevant public authorities on Scotland to have regard for consumers when taking strategic decisions. The duty has not yet commenced. Consumer Scotland will have the power to issue guidance on the Consumer Duty with the approval of Scottish Ministers and public authorities will be required to have regard to that guidance.
59. We carried out detailed scoping work to provide a robust evidence base on which to develop and implement our role in relation to the duty. This scoping work included engagement with key stakeholders involved in the implementation of other relevant duties, such as the Fairer Scotland Duty. The findings from the scoping study will underpin our approach to supporting the implementation of the Consumer Duty.

### Priority: Consumer signposting and referral

60. **Aim:** To build our website to include signposting for consumers to relevant organisations and investigate the potential for an active referral tool. As part of our work into improving support for consumers in vulnerable circumstances we will consider appropriate signposting and referral mechanisms.
61. **Analysis of Performance:** We established a dedicated signposting section on our website, providing a signposting service for consumers to a wide range of key advice agencies.

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62. To inform any future development of a new referral tool, we commissioned a literature review of the advice and information landscape in Scotland. The review examined existing evidence across a range of relevant consumer issues, including demand for advice, drivers of demand, types of advice sought, advice channels, referral pathways, collaboration, funding and impact.

### Priority: The Recall of Goods function

63. **Aim:** To engage with stakeholders to understand the current availability of information relating to recalled goods, any gaps in that information and the potential to enhance its breadth, quality or accessibility. We will then proceed to ensure a database is publicly available, and its existence promoted to consumers.
64. **Analysis of Performance:** We undertook initial scoping work in 2022-2023 to identify a range of options to support the delivery of our role in relation to a call of goods register. This included engagement with key stakeholders, including the Office for Product Safety Standards, and an initial review of the potential of technological solutions for a recall register.

### Priority: Consumer Performance Report

65. **Aim:** To commence preparatory work to develop a baseline and framework for reporting, potentially building on the approach taken in Scotland's National Performance Framework.
66. **Analysis of Performance:** Consumer Scotland has a statutory obligation to produce a Consumer Welfare Report every three years, with the first in 2026. The report will set out how well the interests of consumers are being served and the nature and extent of any harm caused by consumers.
67. We have begun development work on the scope, style and focus of the Report, including consideration of how we will engage with consumers and consumer bodies in its production.

### Priority: Consumer Scotland's performance measures

68. **Aim:** we will develop a full set of performance measures for Consumer Scotland
69. **Analysis of Performance:** We began our work to develop an impact framework and performance measures for Consumer Scotland and commissioned expert advice from Matter of Focus to support us in this process.

### Our Partnership Approach

70. Partnership working and collaboration underpinned our approach to each of the programmes of activity described above.
71. In addition to the specific partnership engagements described above, Consumer Scotland participated in a large number of external stakeholder advisory and working groups to inform policy development across a range of markets.

## Performance Report

72. We published both an Interim Strategic Plan and a Draft Work Programme for consultation. We invited feedback on both documents and undertook a programme of stakeholder engagement to discuss our proposed plans. We published a summary of responses to the Draft Work Programme alongside the final document.
73. We undertook a number of specific partnership engagements on different matters. This included developing memorandums of understanding and data sharing agreements with key partners and providing funding for the Trading Standards Scotland and COSLA 'Shut Out Scammers' campaign.

## Staffing

74. Consumer Scotland's staff are critical to our ability to achieve the objectives set out in our work programme and strategic plan and in establishing our reputation across the consumer landscape.
75. During our first year of operation we have maintained an open dialogue with staff about our progress and actively sought their views on a number of things including our work programme, strategic plan, hybrid working arrangements, recruitment, development opportunities and the TUPE transfer which took place on 1<sup>st</sup> May 2022 where six members of staff transferred from Citizens Advice Scotland.
76. We use our independent HR Business Partner (part of our shared service agreement with French Duncan) to conduct regular employee focus groups and one to one sessions with staff to understand how they are feeling, explore specific issues such as learning and development, engagement, wellbeing and support required. The key themes from these sessions are fed back to the Executive Team for discussion and relevant actions are progressed.
77. These sessions have provided valuable information; our staff feel supported by both peers and management, engaged and excited about working for a new organisation. We are working closely with staff to develop a holistic learning and development framework and to evolve our hybrid working approach. Six of our staff members have recently completed a Mental Health First Aid course and are actively promoting mental health awareness and support resources across the organisation.
78. 2022-2023 has been our first year of operation so recruitment has been a major focus, growing the organisation from zero to 28 permanent staff over 12 months. We have also been supported by a number of short term loan and secondee staff from other public sector organisations. All permanent vacancies have been advertised via the Civil Service Jobs website across other government departments as well as externally and we have been able to secure high quality staff from a diverse range of backgrounds and sectors. 95% of advertised roles were filled at the first release.

**Table 7: Backgrounds of successful candidates, 1 April 2022 to 31 March 2023**

Scottish Administration	Other Government Departments	External	TUPE	Total vacancies filled
5	2	23	6	36

Note: This table refers to posts rather than people joining Consumer Scotland, so does not tally with the staff report. This table includes permanent and temporary posts and inward loans.

79. We have had one leaver and one fixed term appointment expire since Consumer Scotland was established.
80. In addition to our regular pattern of Strategic and Governance Board meetings, we also hold quarterly seminar sessions which are an opportunity for Board members to meet with staff and hear in more detail, the work of each of the teams.
81. The staff report contains further information relating to staff numbers and costs.

### Risk Profile

82. This section discusses the risks we face, how they have affected Consumer Scotland’s achievement of its objectives, how they have been mitigated and how this may affect future plans and performance.
83. As reported in paragraph 25, we have identified the following seven risks:

**Table 8: Strategic Risks**

Risk	Description	Mitigation
Finance	<b>HIGH RISK</b> Risk that changes in core and Grants in Aid from sponsoring bodies funding result in a lack of resources to maintain rigorous and robust impact which could impact future funding and ability to build our reputation.	Development of strong relationships with our Grants in Aid from sponsoring bodies funders through regular meetings and sharing of information to build trust in Consumer Scotland's ability to deliver the outcomes agreed. Robust budget planning and monitoring to provide evidence of impact and prudent use of public money. Ongoing liaison with other public bodies to share learning and assess shared service opportunities. <i>Development of a five year financial forecast.</i>
Finance	<b>VERY HIGH RISK</b> Risk that the current Consumer Scotland finance set-up with Scottish Government does not provide Consumer Scotland with the visibility, control and ownership of the end to end financial process which could lead to accounting errors and inability to produce our annual report and accounts.	Accountancy support is in place via a professional services agency contract which provides us with a qualified accountant 1-2 days per week. Strong and effective relationships with our SG sponsor team to escalate issues (they help us get the right people involved at the right level and the right time to swiftly resolve issues). Internal controls such as budget monitoring, financial transaction management procedures and internal audit are working effectively. <i>Public bodies would normally be set up in the Scottish Government finance system (SEAS) as a separate entity with their own entity codes and end to end visibility of transactions. The SEAS system is due to be transitioned to Oracle Fusion in 2024 and</i>

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		<i>so it was agreed that rather than setting us up as a separate entity in the SEAS system, we would exist as a cost centre as part of our sponsor department as a temporary solution. When the new system is live, Consumer Scotland will exist as a standalone entity which will provide the controls and ownership we need. The transformation programme is well underway, and we are heavily involved in set-up, training and implementation to ensure a smooth transition.</i>
Governance	<b>HIGH RISK</b> Risk that Consumer Scotland does not have a robust Governance framework in place to ensure compliance on finance, corporate governance, statutory reporting, control environment and systems of internal control requirements e.g. value for money, effective risk management/mitigation. This could negatively impact organisational stability, reputation and compliance.	Support and advice provided by our Internal Auditors to ensure proper process is followed and awareness of the risk of non-compliance. Strong governance and quality assurance mechanisms in place within procedures. Governance tracker holds details of reporting requirements and deadlines to assist planning and production of required reports. Advice and recommendations from the governance review are implemented. Board quarterly review of Governance framework elements. Audit & Risk Committee quarterly review of finance, risk and audit matters.
Reputational	<b>HIGH RISK</b> Risk that Consumer Scotland does not progress its work programme and/or outputs are not seen as evidence-led and impactful leading to questions about our relevance and influence thus impacting our reputation.	Clear programme of communications to explain CS role and work programme, strategic plan and outputs. Reactive media lines prepared and regularly updated. Regular engagement with Parliamentary committees. Actively contributing to (or membership of) relevant networks. Actively seeking and embracing good practice.
People	<b>LOW RISK</b> Risk that a failure to recruit, develop, support and retain the right number of staff with the right capabilities which then undermines the ability of Consumer Scotland to deliver its work programme.	Continued work to develop Consumer Scotland's reputation to enable us to attract interest in our recruitment opportunities. Continue to offer learning and development opportunities to encourage staff to build their skills and understanding of their role within the organisation. Provide opportunities to work across teams to develop knowledge which can facilitate progression. Regular meetings with Trade Union reps.
Strategic	<b>HIGH RISK</b> Risk that Consumer Scotland is not able to deliver its statutory functions that require significant development work - due to reasons including a lack of clarity in the underpinning legislation or insufficient funding to resource the requirements. This could lead to reduced funding and reputational damage.	Scoping work completed in several areas to gather information and requirements to proceed with the continued roll out of our statutory functions. Stakeholder engagement to clarify CS's role within the landscape to ensure a successful launch into these areas. Regular dialogue with SG to collaborate over challenges as they arise.
Project/ Programme	<b>MEDIUM RISK</b> Risk that Consumer Scotland's structure and operating model is not agile enough to respond to the changing consumer and legislative landscape at pace leading to an inability to respond to the landscape and reputational damage.	Regular review of consumer landscape. Membership of relevant industry bodies and working groups. Regular dialogue with Scottish Government sponsor team. Agreed prioritisation criteria in place.

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84. Of these, our finance set-up for 2022-2023 was the highest scoring. This has caused additional manual workaround and escalation to ensure we have the information needed for our first annual report and accounts. We have managed this risk through regular engagement with the Scottish Government finance team and escalating as required to prioritise provision of data required.
85. Looking forward, we are working with the Scottish Government project team around implementation of the new Oracle Fusion finance system which is due in April 2024. As part of this programme, work is underway to ensure that Consumer Scotland is set up as a separate entity and therefore has access to, and control of, its own data.
86. We would expect a number of our risks to decrease this year as we become established and move into a business as usual cycle of activity.

### Financial position at the end of the year

87. Consumer Scotland's core funding budget is allocated from the Scottish Government as approved by the Scottish Parliament. This budget is available as grant in aid to fund expenditure as incurred. Additional grant funding is budgeted to be received from the UK Government Department of Business and Trade (DBT) and Scottish Water. This funding represents a share of levies raised in their respective economic sectors and is claimed against as expenses are incurred against agreed work plans.
88. A summary of actual funding claimed compared to budget is detailed below:

**Table 9: Performance against budget**

<b>Grants available</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Scottish Government</b>	2,500	1,665	835
<b>DBT</b>	884	753	131
<b>Scottish Water</b>	320	237	83
<b>Total:</b>	<b>3,704</b>	<b>2,655</b>	<b>1,049</b>

**Table 10: Summary of expenditure for the year ended 31 March 2023**

<b>Expenditure category</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance<sup>1</sup></b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Staff costs (salaries, NIC, pensions and agency staff)	2,012	1,689	323
Staff related costs (recruitment, training, travel)	100	87	13
Non staff related (excluding Research and Grant)	801	433	368
Research	432	277	155
Grant to third parties	359	399	(40)
Provisions	-	1	(1)
Notional Costs - External Audit fee	-	52	(52)
<b>Net Operating Expenditure</b>	<b>3,704</b>	<b><sup>2</sup>2,938</b>	<b>766</b>

Consumer Scotland operated within its total budget allocation for 2022-2023 of £3.704m.

89. Spending was below budget due to the phasing of recruitment and the impact of this on the associated overheads as operations were gradually scaled up in our first year.
90. Grant to third parties includes grants awarded to Citizens Advice Scotland and Trading Standards Scotland (via COSLA) in relation to targeted consumer advocacy work.

**Table 11: Financial Summary**

	<b>2022 - 23</b>		<b>2022 - 23</b>
	<b>£000</b>		<b>£000</b>
<b>Expenditure</b>	2,938	Total assets	167
<b>Grant funding</b>	2,655	Total liabilities	(398)
		Net assets/(liabilities)	(231) <sup>3</sup>

Further information on Consumer Scotland's income, expenditure, assets, and liabilities can be found in the financial statements on pages 67-81.

<sup>1</sup> Favourable variance is shown as a positive, adverse as a negative.

<sup>2</sup> Although the grants received from DBT and Scottish Water are reported on a fully accrued basis, the Scottish Government grant in aid is drawn to fund net expenditure as it is incurred on a cash basis. Therefore, reported Total Operating Cost is a higher figure than the total grant funding claimed as it includes the impact of non-cash accounting adjustments on expenditure, e.g. the inclusion of year end creditor balances that are required for reporting on an accruals basis.

<sup>3</sup> The movement in Net Assets is explained in the Statement of Changes in Taxpayers' equity in the financial statements.

## Non-Financial information

### Complaints

91. Consumer Scotland has a complaints handling policy and procedure in place and received no complaints in 2022-2023.

### Information Security

92. There were no known data breaches in 2022-2023.

### Freedom of Information

93. Consumer Scotland aims to be fully compliant with Freedom of Information legislation. We received one Freedom of Information request which was completed within the statutory deadline for responses.

### Community and social

94. Consumer Scotland is committed to being an open and transparent organisation. We work with other public bodies and government departments and are committed to engaging productively with those communities who are interested in our work.

### Fraud, corruption and bribery

95. Consumer Scotland is committed to preventing fraud, corruption and bribery in relation to its funds and activities. There is a counter-fraud policy in place and staff are bound by the Civil Service Code<sup>x</sup> which governs the behaviour of staff and deals with the receipt of gifts and hospitality. Relevant gifts and hospitality received by staff are recorded.
96. Consumer Scotland has a shared service agreement in place with the Scottish Government Procurement and Property Directorate and adheres to the Public Sector Procurement guidance including those requirements under the Modern Slavery Act 2015 A UK Act.
97. The Consumer Scotland Code of Conduct for Members Board sets out the behaviours expected of our Board Members<sup>xi</sup>. It is based on the Scottish Government's Model Code of Conduct for Members of Devolved Public Bodies. Declarations of interest are made at each Governance Board and Audit and Risk Committee meeting. The register of interests for members, which includes gifts and hospitality received, is updated by members as and when required and formally reviewed at least annually.<sup>xii</sup>

### Environmental and Sustainability

98. Consumer Scotland was set up as we came out of the Covid-19 pandemic restrictions, and we have implemented a hybrid working approach across our Glasgow and Edinburgh office bases. All staff are equipped to work fully remotely if required. The majority of meetings continue to be held online, which has allowed Consumer Scotland to maintain a low carbon footprint
99. We continue to review our hybrid working policy aiming to get a balance of valuable face to face collaboration time with home-working and virtual integration. Our experience of working remotely demonstrates that it is possible to undertake more



activities virtually than might have previously imagined. We hope that this will help us to keep longer distance travel at a relatively low level.

100. Our first annual Climate Change Report will be submitted in November 2023 in line with climate change duties established under S44 of the Climate Change (Scotland) Act 2009 and in accordance with Schedule 2 of the 2015 Order.

### Island Communities Duty

101. Consumer Scotland is covered by the Islands Scotland Act 2018 (Part 3). Our work plan includes a number of projects, across a range of markets, which are of particular relevance to the interests of consumers in rural and remote communities in Scotland. This includes consumers who live in Scottish islands.
102. Consumer Scotland undertook consultation on its Draft Work Programme for 2023-2024, which provided opportunity for stakeholders to submit views on the relevance and importance of proposed projects for different groups of consumers.

### Wider Context and Future Plans

103. The impact of consumers of the cost of living crisis was profound during 2022-2023, and Consumer Scotland responded accordingly. It was also a year in which the understanding of importance of the transition to Net Zero continued to grow, not least as a result of high energy prices, and Consumer Scotland began work to track and facilitate progress towards sustainable consumption. Another key theme for Consumer Scotland was understanding the needs and aspirations of consumers in vulnerable circumstances, and we carried out research to build our evidence base in this regard.
104. As set out in this Annual Report, our ability to engage in issues grew during the year as the number of staff increased, with corresponding growth in our expertise and capacity. Consumer Scotland will make further progress in a number of areas during 2023-2024:

**Table 12: Wider context and future plans**

Wider Context and Future Plans	Detail
Implementing its Work Programme for 2023-24 and, building on lessons learnt from that, developing its Work Programme for 2024-25	<ul style="list-style-type: none"> <li>• Delivery of 2023/24 Work Programme throughout the 23/24 financial year</li> <li>• Initial scoping and drafting of Work Programme 2024/25 during autumn 2023</li> <li>• Draft Work Programme 2024/25 in place and approved by Board by Dec 2023</li> <li>• Work Programme 2024/25 out for consultation in January 2024</li> <li>• Final draft of Work Programme published and laid before parliament March 2024</li> </ul>
Continuing work to develop the evidence base for the publication of the Consumer Welfare Report in 2026	<ul style="list-style-type: none"> <li>• Internal scoping of data, indicators and topics for inclusion in a baseline Consumer Welfare Report for 2024</li> <li>• Draft structure and division of reporting responsibilities for 2024 report agreed by October 2023</li> </ul>

## Performance Report

	<ul style="list-style-type: none"> <li>• Draft Consumer Welfare Report for 2024 in place by end Jan 2024</li> <li>• Consumer Welfare Report 2024 developed and launched by end March 2024</li> </ul>
Developing our investigations function in line with the scoping work carried out in 2022-23	<ul style="list-style-type: none"> <li>• Head of Investigations appointed in summer 2023 and in-post by Dec 2023</li> <li>• Formal governance process for identification and launch of investigations agreed by Oct 2023</li> <li>• Initial long list of potential investigation topics developed by Oct 2023</li> <li>• Shortlisting and scoping of investigation topics during winter 23/24</li> <li>• First Consumer Scotland pre-investigation underway by March 2024</li> </ul>
Producing draft guidance for public bodies on their obligations in relation to the Consumer Duty	<ul style="list-style-type: none"> <li>• Advisory group to be established in Autumn 2023</li> <li>• Draft guidance to be published for consultation in 2023-24 programme year</li> <li>• Final guidance to be published by 31<sup>st</sup> December 2024</li> </ul>
Engaging key stakeholders on how to proceed in relation to a recall of goods register	<ul style="list-style-type: none"> <li>• Working collaboratively with OPSS to understand scope of existing recall database and any enhancements required for Scottish consumers</li> </ul>
Building on work undertaken in 2022-23 to establish performance indicators for Consumer Scotland	<ul style="list-style-type: none"> <li>• KPIs due to be published later in 2023</li> </ul>
Continuing to build a versatile and expert staff team and engaging them in evolving our culture so Consumer Scotland is a rewarding place to work	<ul style="list-style-type: none"> <li>• Learning and Development working group established</li> <li>• Regular employee engagement focus groups to continue</li> <li>• As Consumer Scotland staff numbers increase, we should be eligible to take part in the civil service annual engagement survey</li> </ul>
Working with the Scottish Government to progress a transition to a new financial management system	<ul style="list-style-type: none"> <li>• Scoping and set-up activity underway</li> <li>• Move to new Oracle Fusion finance system planned for April 2024</li> </ul>
As part of our drive for best value and efficient use of resources, advancing cooperation with similar public sector bodies in areas including accommodation	<ul style="list-style-type: none"> <li>• Awaiting approval for shared accommodation with Environmental Standards Scotland – proposed move-in date Q4</li> <li>• Working collaboratively with other NMOs to share and learn from each other’s experience, helping streamline workstreams and reduce need for external expertise</li> <li>• Explore formal resource sharing with other NMOs</li> </ul>

**Sam Ghibaldan**  
**Chief Executive of Consumer Scotland**  
 03 October 2023

## Accountability Report

### Corporate Governance Report

#### Directors' Report

105. The Chief Executive is the Accountable Officer of Consumer Scotland and is supported by the Executive Team.
106. The Board operates under agreed Standing Orders.<sup>xiii</sup>
107. The Board supports Consumer Scotland to deliver its functions by offering strategic advice and constructive challenge to the Chief Executive and Executive Team. Full details of the governance structure and risk management arrangements in operation at Consumer Scotland are provided as part of the Governance Statement on page 30.
108. Consumer Scotland has a Framework Agreement with the Scottish Government.<sup>xiv</sup>

#### Funding and Structure

109. Consumer Scotland is a Non Ministerial Office (NMO) with its remit set by the Consumer Scotland Act (2020).
110. Consumer Scotland has core funding from the Scottish Government, and from grants in aid from both the UK and Scottish Governments for consumer advocacy work in water, post, gas and electricity. It has a total budget of £3.7 million in 2022-2023.

#### Directors and management structure

111. This section reports the composition of the Board and Executive Team over the year, the governance framework, the Accountable Officer's responsibilities, his sources of assurance and his assessment of Consumer Scotland's corporate governance and risk management arrangements.

#### Consumer Scotland Board 2022-23

112. The Board operates under agreed Standing Orders and has a Framework Agreement with the Scottish Government.
113. The members of the Board who served Consumer Scotland during 2022-2023 are shown in the table below:

**Table 13: Board and Committee Members**

Members (all appointed on 1st July 2021)	David Wilson (Chair of the Board) Nick Martin Angela Morgan James Walker
Audit and Risk Committee (Board sub-committee) Members	Nick Martin (Chair of the ARC) Angela Morgan James Walker

- 114. The Chair of the Board is an attendee at the Audit and Risk Committee.
- 115. All Board and ARC minutes are published on our website.
- 116. The Register of Members’ Interests for the Board is available on the Consumer Scotland website and on request. All Board members are required to review and update the register at least annually.

**Senior Management**

- 117. Following his appointment as Chief Executive on a permanent basis in June 2022, Sam Ghibaldan established a new senior structure, the ‘Executive Team’. The members of the Consumer Scotland Executive team during 2022-23 are shown in the table below.

**Table 14: Executive Team**

Executive Team as at 31 March 2023	<p><b>Sam Ghibaldan</b> Chief Executive (Appointed June 2022)</p> <p><b>Sue Bomphray</b> Interim Director of Operations (Appointed temp August 2022, appointed perm April 2023)</p> <p><b>David Eiser</b> Director of Analysis, Research and Investigation (Appointed December 2022)</p> <p><b>Douglas White</b> Director of Policy and Advocacy (Appointed October 2022)</p>
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**Internal Auditors**

- 118. Internal audit services are provided by the Scottish Government’s Directorate of Internal Audit and Assurance; the scope of work of Internal Audit is determined following discussion with management and is subject to approval by the Audit and Risk Committee.

### **External Auditors**

119. Our Accounts are audited by Deloitte under contract to Audit Scotland. The notional fees are reported in the financial statements at Note 6. Deloitte has provided only external audit services to Consumer Scotland during the year.

### **Accounts direction**

120. The 2022-2023 accounts have been prepared in accordance with the Accounts Direction given by the Scottish Ministers in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000.

### **Date accounts authorised for issue**

121. The Accountable Officer authorised these financial statements for issue on 03 October 2023.

### **Statement of Accountable Officer's responsibilities**

122. Under paragraph 19(4) of the Public Finance and Accountability Scotland Act 2000, the Scottish Ministers have directed Consumer Scotland to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction at page 81. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Consumer Scotland and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

123. As Accountable Officer, the Chief Executive is personally answerable to the Scottish Parliament for the propriety and regularity of Consumer Scotland finances and for the economical, efficient and effective use of the resources placed at its disposal.

124. In preparing the accounts, the Accountable Officer is required to comply with the Government Financial Reporting Manual (FRoM), and in particular to:

- Observe the accounts direction issued by the Scottish Ministers, 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 departures in the financial statements
- Prepare the financial statements on a going concern basis, unless it is inappropriate to presume that Consumer Scotland will continue in operation
- Confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

## Accountability Report

125. The responsibilities of the Accountable Officer are set out in the Memorandum to Accountable Officers from the Principal Accountable Officer. They include responsibility for the propriety and regularity of the public finances for which the Accountable Officer is answerable, for keeping proper records and for safeguarding Consumer Scotland's assets.
126. As Accountable Officer, I am not aware of any relevant audit information of which our auditors are unaware. I have taken all necessary steps to ensure that I am aware of any relevant audit information and to establish that the auditors are also aware of this information.



**Sam Ghibaldan**  
**Chief Executive**  
03 October 2023

## Governance Statement

127. This statement sets out how Consumer Scotland manages and controls its resources and risk. It covers the period from 1 April 2022 to the date of signing.

### Consumer Scotland's Governance Framework

128. The Governance Framework is designed to ensure that Consumer Scotland complies with the highest standards of integrity whilst delivering value for money for Scottish taxpayers, safeguarding public funds, delivering good quality insight and service to its stakeholders, and being fully accountable for its actions.

129. Consumer Scotland complies with the guidance contained in the Scottish Public Finance Manual (SPFM)<sup>xv</sup> and in relation to the Board, guidance note 2 of 'On Board: A Guide for Members of Management Advisory Boards' published by the Scottish Government.

130. The Framework Document represents an agreement between Consumer Scotland and the Scottish Government that lays out the relationship in terms of the respective roles and responsibilities for carrying out our functions. As the principal source of reference for our corporate governance arrangements, the 'Framework Document' describes and sets out the:

- Relationship between Consumer Scotland and the Scottish Government
- Responsibilities of the Accountable Officer and the Scottish Government
- The frameworks within which we operate regarding Resource, Finance and Human Resources.

131. Consumer Scotland's framework document was last amended and approved by the Board on 19 April 2022.

132. Sam Ghibaldan was appointed as Chief Executive with effect from 20 June 2022. As Accountable Officer, Sam is responsible for maintaining an adequate and effective system of internal control, which supports the delivery of Consumer Scotland's vision, business priorities, aims, and policies (including those set by the Scottish Government), while safeguarding the public funds and assets for which Sam is personally responsible in accordance with the responsibilities assigned to him.

133. As a small organisation, we have a simple governance structure. The Board and ARC are supported by the Executive Team. The Scheme of Internal Delegation documents any functions which the Board have delegated to the Chief Executive and Executive Team, whilst still being responsible for them.

134. The Board has corporate responsibility for ensuring that Consumer Scotland fulfils its aims and objectives and for promoting the efficient and effective use of staff and other resources in accordance with the principles of Best Value. Members of the Executive Team attend Board meetings to support the Board members.

135. The operation of the Board is governed by the Standing Orders, which set out arrangements for the Board. The Code of Conduct for Members sets out the expected

## Governance Statement

behaviours of our Board members. Our Code of Conduct is based on the Model Code of Conduct for Members of Devolved Public Bodies.

136. The ARC provides constructive challenge of Consumer Scotland’s risk, governance and financial management including the policies, controls and assurance in place for each. The Committee focuses upon the Consumer Scotland’s risk assessment and management, the internal and external audit processes and the production of the Annual Report and Accounts. It uses the Scottish Government Audit and Assurance Committee Handbook to guide its work. The Committee publishes its minutes on our website.
137. The Audit and Risk Committee benefits from the helpful and expert input of Deloitte LLP (appointed as External Auditor by Audit Scotland) and the Scottish Government Directorate for Internal Audit and Assurance who attend ARC meetings.
138. The other documents which form part of our governance framework are:
- the Consumer Scotland Act 2020, which sets out our powers, functions and duties
  - our Strategic Plan, which sets out our purpose, ambition and strategic objectives
  - the Consumer Scotland Risk Management Framework, which sets out how significant risks facing Consumer Scotland Commission in the delivery of its corporate aims and objectives will be identified, evaluated and appropriately managed
  - our various corporate policies and procedures.
139. In March 2023, we developed and published Consumer Scotland’s Strategic Plan, setting out our Purpose, Ambition, Strategic Objectives and Partnership Approach for 2023 – 2027

**Table 15: Our Purpose, Ambition, Strategic Objectives and Partnership Approach for 2023 – 2027**

<b>Our Purpose</b>		
To improve outcomes for current and future consumers		
<b>Our Ambition</b>		
That every consumer can participate in a fair and sustainable economy, confident their needs and aspirations will be met		
<b>Our Strategic Objectives</b>		
To enhance understanding and awareness of consumer issues by strengthening the evidence base	To serve the needs and aspirations of current and future consumers by inspiring and influencing the public, private and third sectors	To enable the active participation of consumers in a fairer economy by improving access to information and support
<b>Our Partnership Approach</b>		
To collaborate with other organisations with interests and expertise in consumer issues		



### The Board

140. During 2022-2023 the Board met formally on ten occasions. A full set of minutes was produced to record all agreed actions and decisions, and these are published on our website. At each occasion all Board members were asked for any declarations of interest with a full record made in the minutes in compliance with the Code of Conduct.
141. The Board offer strategic advice and constructive challenge to the Chief Executive and the Executive Team, seek to improve performance, promote good governance and advise on identifying and managing risk.
142. During the year, the Board's work has included:
- Considering the content of our 2023-2027 Strategic Plan and our 2023-2024 Work Plan
  - Receiving reports on the work of the ARC and contributing towards recommending mitigations to the risks assessed in the Consumer Scotland's strategic risk register
  - Receiving regular financial and budgetary updates, providing constructive feedback and challenge
  - Considering financial statements, including our draft Annual Report and Accounts
  - Considering the recommendations made in the Investigations scoping report
  - Approval of our people strategy including recruitment, adoption of Scottish Government terms and conditions, Trade Union recognition agreement, learning and development strategy.
143. During the year, the ARC's work has included:
- Directing the work of, and receiving progress reports from, Internal Audit
  - Reviewing External Audit reports where appropriate, which includes an Audit Scotland Interim Management Letter and Annual Audit Report including an ISA 260 report
  - Reviewing our budget and outturn position alongside financial performance against key metrics
  - Regular review and scrutiny of the Consumer Scotland Risk register
144. Additionally during February 2022 a separate focus meeting was held to review and agree the strategic risks facing the organisation. Regular review meetings are held between the Chair of the ARC and Director of Operations to manage the preparation of the first annual report and accounts.
145. There were no changes to Board or ARC membership during the year ended 31 March 2023. The Chair and Scottish Government sponsor team have agreed to commence the recruitment of a fifth Board member and the recruitment process commenced in July 2023.

### Corporate Governance

146. The Scottish Government guidance for members of statutory boards, “On Board” states that “Corporate governance is the way in which organisations are directed, controlled and led and defines where accountability lies throughout the public body”. It defines the three main dimensions of corporate governance as: roles, responsibilities and relationships; effective financial management, and ethics and standards of behaviour.
147. The Governance Framework section above sets out how our roles, responsibilities and relationships are defined. Our corporate policies are reviewed regularly to an agreed schedule and are published on our website.
148. We adhere to the Scottish Public Finance Manual (SPFM) issued by the Scottish Ministers to provide guidance to the Scottish Government and other relevant bodies on the proper handling and reporting of public funds. It sets out the relevant statutory, parliamentary and administrative requirements, emphasises the need for economy, efficiency, effectiveness and equality, and promotes good practice and high standards of propriety. We have also taken advantage of Government procurement frameworks to achieve best value. We use Scottish Government financial management software and systems which provide compliant controls.
149. Rules on ethics and standards of behaviour for our Board members are set out in our Code of Conduct, which is based on the Model Code of Conduct for Members of Devolved Public Bodies. The Standards Commission deals with alleged breaches of the code, as provided for by the Ethical Standards in Public Life etc. (Scotland) Act 2000.<sup>xvi</sup>
150. Rules on ethics and standards of behaviour are set out in the Civil Service Code, and this forms part of the terms and conditions for staff. We also follow the Scottish Government’s Fairness at Work policy.
151. Consumer Scotland’s whistle-blowing policy sets out how all those who work within the organisation can raise concerns about malpractice. It is subject to regular review by the Governance Board (last review on 13 June 2023) and has been assessed as being effective. To date, no concerns about malpractice have been raised.

### Risk Management

152. All bodies to which the SPFM is directly applicable must operate a risk management strategy in accordance with relevant guidance issued by the Scottish Ministers. The general principles for a successful risk management strategy are set out in the SPFM.
153. Consumer Scotland’s Risk management framework specifies the roles of the Board, the ARC, Senior Management Team and the Chief Executive, and details the processes of risk identification, review and escalation. The framework is reviewed and approved by the Board at least every two years.
154. The risk management systems detailed in this statement have been in place since the organisation vested on 1<sup>st</sup> April 2022 and remain in place as at the date of approval of the annual report and accounts.

## Governance Statement

155. The system of internal control implemented by Consumer Scotland is designed to manage risk to a reasonable level, rather than eliminate all risk. It is proportionate and provides reasonable assurance of effectiveness.
156. Within Consumer Scotland, the systems of internal control are a key element of the assurance and governance framework, based on an on-going process designed to:
- identify and prioritise risks to the achievement of Consumer Scotland’s statutory purpose, aims and strategic objectives.
  - evaluate the likelihood of those risks being realised, and the impact, should they be realised; and
  - manage them efficiently, effectively and economically.

### Risk Management Process

157. Consumer Scotland follows Scottish Government guidance on Risk Management best practice per the diagram below. The major risks are presented to the Executive Team monthly and all boards quarterly. They are discussed openly; challenge is welcomed and the learning from the risk discussions is fed back into the process.
158. As part of our Internal Control Checklist activity, we have assessed controls throughout Consumer Scotland.

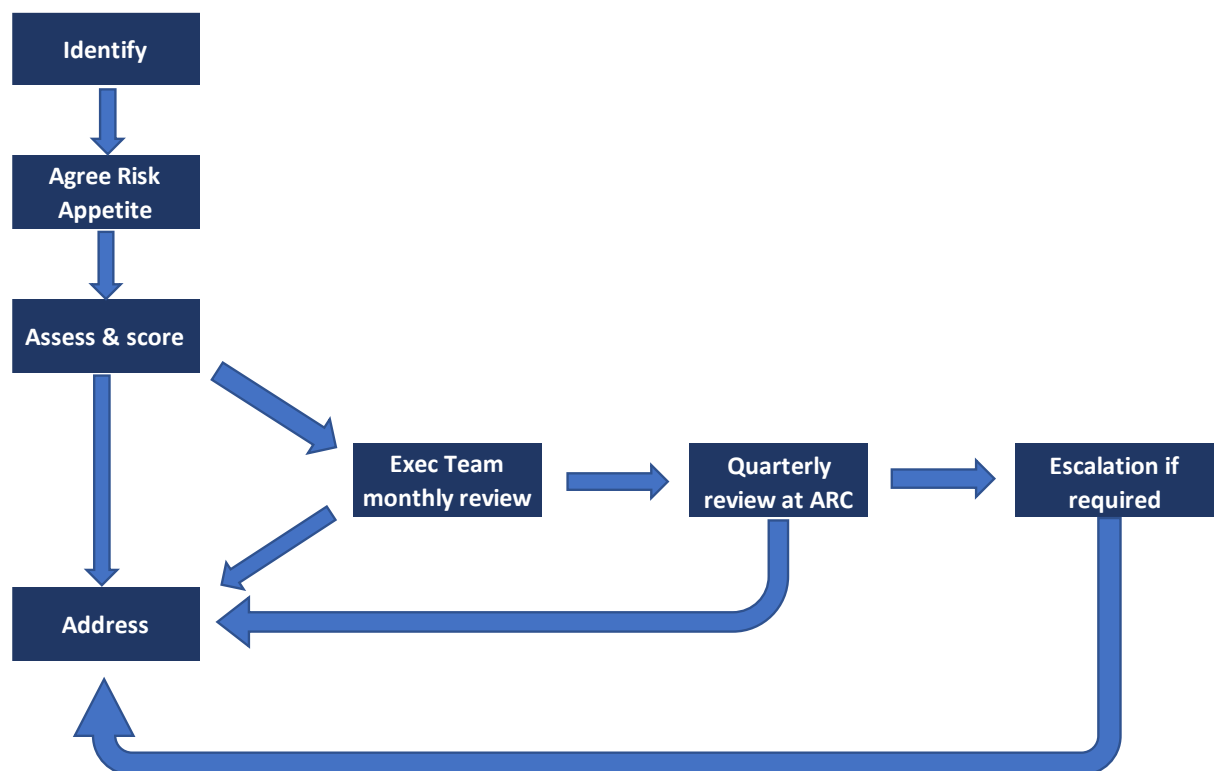


Figure 1: Internal Control Checklist

## Governance Statement

159. Our approach aims to ensure that:

- Risk management is embedded in day to day decision-making
- Risk management helps enable us to achieve our objectives
- Risks are recorded and reported in a manner that enables the ARC to scrutinise how the organisation manages risk
- The Board and Executive team are aware of, and make decisions about, the most serious risks

160. The current key risks are reported in the performance analysis section at paragraph 83.

161. I am content that Consumer Scotland's management of risks is effective. I assess our risk profile to be acceptable.

### **Audit and Assurance**

162. As Consumer Scotland is in its first year of operation, planning for our first external audit commenced in February 2023.

163. Internal Audit has completed the following work in the year:

- Governance (Advisory) – Reasonable Assurance Rating

164. All Audit recommendations have been discussed at the quarterly ARC and progress on embedding them is tracked and evidenced. We are working closely with both Scottish Government Directorate for Internal Audit and Assurance and the External Auditors to understand the areas of focus for the coming year.

165. The Directorate for Internal Audit and Assurance's annual assurance report for 2022-23 gives an overall Reasonable Assurance opinion meaning that controls are adequate but require improvement.

### **Business Continuity**

166. Consumer Scotland has a Business Continuity Plan that is regularly reviewed, and contacts and contingencies amended, it is supported by an incident management process, operational, tactical and strategic responses, and the assessment of business-critical tasks.

### **Counter-Fraud**

167. We have worked with the Scottish Government and external bodies to clarify our response to potential fraud cases and review our policies. We have a counter fraud policy in place which mirrors that of the Scottish Government. There were no potential fraud cases identified during the year.

### Best Value

168. The Accountable Officer has a duty to secure Best Value in the services Consumer Scotland provides. Best Value principles are embedded in Consumer Scotland's planning, governance and business decision arrangements. Output from events is compiled and communicated to colleagues through formal and informal communication channels and the minutes of the Board and ARC are uploaded onto Consumer Scotland website for transparency. The organisation uses a range of mechanisms to obtain feedback from stakeholders; this includes desk-top research and face to face feedback. Together, all this information provides event driven feedback on Consumer Scotland's outputs and is used by management to improve performance.

### Information Assurance

169. Consumer Scotland colleagues are reminded through Consumer Scotland's Records Management Policy that it is their responsibility to know where information is held, how to retrieve it and to understand what can be shared. The Director of Operations is designated as the Senior Information Risk Owner and the two remaining Directors have been assigned Information Asset Owner responsibilities and are provided with appropriate training and guidance to understand and address risks to information. This will ensure that information is fully used within the law and for public good.

### Data security

170. There were no known data breaches in 2022-2023.

### Written Assurances

171. As Chief Executive, I have received assurance from:

- the Scottish Government's Director of Financial Management in respect of the financial systems shared with the Consumer Scotland
- the Scottish Government's Director Digital in respect of the IT services shared with Consumer Scotland

172. These confirm that internal control matters in the respective Directorates have been, and are, working well and that there were no significant matters arising which would require to be raised specifically in the respective governance statement.

173. Additionally, I have received detailed statements of the current position from the Executive Team on the operation and effectiveness of internal controls in the areas for which they are responsible. This includes assurances on the operation of any contracts for services which we have procured externally.

174. I have also received a copy of the assurance provided for 2022-2023 from the Scottish Government's Directorate of Internal Audit and Assurance on the Scottish Government's corporate services which deliver our shared services. A reasonable assurance was given based on the work conducted during the year.

### **Assessment of Corporate Governance and Risk Management**

175. As Accountable Officer, I have responsibility for overseeing Consumer Scotland's corporate governance arrangements including compliance with generally accepted best practice principles and relevant guidance. In addition, I have responsibility for reviewing the effectiveness of Consumer Scotland's risk management arrangements and system of internal control. My review of the effectiveness of these systems is informed by:

- regular discussions with the Executive Team and our people covering planning, performance, risk and use of resources
- regular discussions with the Director of Operations on governance matters
- reporting and insight from our internal auditors and their opinions on the quality of systems of governance, management and risk management
- the Board's views on management reporting, including on governance matters, performance and risk management
- the ARC views on the management of risk and assurance arrangements
- comments made by the external auditors in their reports and attendance at ARC
- the completion of the internal control checklist

176. I confirm that I am content with the effectiveness of Consumer Scotland's arrangements to ensure appropriate standards of corporate governance, internal controls and effective risk management are met.

## Remuneration and Staff Report

### Remuneration Report

177. The information in the Performance and Accountability Reports is reviewed by the external auditors for consistency with the financial statements, and the information relating to the remuneration and pension benefits of senior management and non-executive directors; fair pay; staff numbers and staff costs has been audited by them.

### Pay and Conditions

178. The Chief Executive is a Senior Civil Servant whose remuneration is set in accordance with the rules set out in chapter 7.1, Annex A, of the Civil Service Management Code and in conjunction with independent advice from the Senior Salaries Review Body (SSRB).<sup>xvii</sup>

179. In reaching its recommendations, the SSRB considers the following:

- The need to recruit, retain, motivate and where relevant, promote suitably able and qualified people to exercise different responsibilities.
- Regional/local variations in labour markets and their effects on the recruitment, retention and, where relevant, promotion of staff.
- UK Government policies for improving the public services including the requirement to meet output targets for the delivery of services.
- The funds available as set out in the UK Government's departmental expenditure limits; and
- The UK Government's inflation target.

180. Further information about the work of the SSRB can be found via the Office of Manpower Economics.

181. The staff of Consumer Scotland are civil servants. They are part of the Scottish Administration, rather than the Scottish Government, and are required to adhere to the standards set out in the Civil Service Code applicable to staff in the Scottish Administration. Staff are appointed by Consumer Scotland and act in accordance with the strategy set by the Board. Their remuneration is set in accordance with Scottish Government Public Sector Pay Policy and mirrors that of the Scottish Government Main Bargaining Unit (Consumer Scotland has a separate Recognition Agreement with the Scottish Government Trade Unions: PCS, Prospect and the FDA).<sup>xviii</sup> Unless otherwise stated, the officials covered by this report hold appointments which are open-ended. Early termination, other than for misconduct, would result in compensation as set out in the Civil Service Compensation scheme.

182. The Board are non-executive and appointments to Consumer Scotland are made by Scottish Ministers and are regulated public appointments and subject to the Public Appointments and Public Bodies etc. (Scotland) Act 2003 and the Gender Representation on Public Boards (Scotland) Act 2018. The appointments process is a regulated process for Scottish Ministers and is bound by the Ethical Standards Commissioner Code of Practice.

## Remuneration and Staff Report

183. The Board Members provide direct, external, support, challenge and guidance to the Chief Executive and senior staff in relation to the delivery of risk, assurance and internal controls framework and participate in the Board and ARC.
184. Board members receive fees for duties carried out on behalf of Consumer Scotland including attendance at Board and committee meetings. Board fees are paid at the daily rate set out in their letters of appointment. Expenses incurred while carrying out their duties are reimbursed. Board Members receive fees on a monthly basis. The fees paid to Board and Committee members are governed by the Scottish Public Sector Pay Policy.<sup>xix</sup>
185. Fees of the Board members and the salaries and accrued pension benefits of the Executive Team are shown below, following the format and methodology defined by the Cabinet Office and FReM.

### Board Member Fees (audited information)

186. The Board directors are not salaried, but received the following in fees and expenses in connection with their duties:

**Table 16: Board member fees**

	2022-23
	£'000
David Wilson (Board Chair)	15-20
Nick Martin (ARC Chair)	5-10
Angela Morgan	5-10
James Walker	5-10

Note that board member fees for March and April 2022 were paid via Scottish Government payroll in FY2022-23 as Consumer Scotland payroll was not set up until May 2022.

187. Board Members of Consumer Scotland are appointed by Scottish Ministers for an initial period of three years.
188. Civil Service appointments are made in accordance with the Civil Service Commissioners' Recruitment Principles, which require appointments to be on merit on the basis of fair and open competition, but also include the circumstances when appointments may otherwise be made.
189. The Scottish Government, and the rest of the UK Civil Service, introduced a policy of no mandatory retirement age for the Senior Civil Service from 1 October 2009, in line with the implementation of the Employment Equality (Age) Regulations 2006.<sup>xx</sup> Under current arrangements, an individual's pension will become payable from age 60 if they were employed in the Civil Service prior to 30 July 2007, and in these circumstances that employee can choose to leave work and collect their pension at any time from age 60, subject only to compliance with the basic notice of leave requirements. The Government announced a number of reforms to civil service pensions which are applied from 1 April 2015. Subsequent pension arrangements are detailed further below in the appropriate sections.



190. The Civil Service Commission’s website<sup>xxi</sup> provides further information about their work.

## Remuneration Disclosure

### Executive Team Remuneration (audited information)

191. The following sections provide details of the remuneration and pension interests of the permanent members of the Executive Team of Consumer Scotland.

**Table 17: Executive Team remuneration and pension**

Name and Title	2022-23		
	Salary	Accrued Pension benefits (to nearest £1,000) <sup>xxii</sup>	Total (to nearest £1,000)
	£'000	£'000	£'000
<b>Sam Ghibaldan*</b> Chief Executive	60-65 FYE <sup>^</sup> 80-85	25	85-90
<b>Sue Bomphray**</b> Interim Director of Operations	105-110 FYE <sup>^</sup> 165-170	0	105-110
<b>David Eiser</b> Director of Analysis, Research and Investigations	25-30 FYE <sup>^</sup> 75-80	10	35-40
<b>Douglas White</b> Director of Policy and Advocacy	30-35 FYE <sup>^</sup> 75-80	14	45-50

\* Sam Ghibaldan was the Programme Director on free loan from the Water Industry Commission for Scotland to the Scottish Government sponsor team prior to him being appointed as Chief Executive in June 2023.

\*\* Sue Bomphray was employed by Consumer Scotland on a contractual basis in the role of Interim Director of Operations from 15.08.2022 and was appointed to the permanent role in April 2023.

<sup>^</sup>FYE = Full Year Equivalent – all staff started part way through FY2022-23.

### Notes

- None of the above received any benefits in-kind or bonus payments in 2022-2023.
- Salary covers both pensionable and non-pensionable amounts and includes gross salaries; overtime; recruitment and retention allowances; or other allowances to the extent that they are subject to UK taxation and any ex-gratia payments. It does not include amounts which are a reimbursement of expenses directly incurred in the performance of an individual’s duties.
- The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase

or decreases due to a transfer of pension rights.

**Table 18: Pension benefits (audited information)**

Name and title	Accrued pension at pension age as at 31 March 23 and related lump sum	Real increase in pension and lump sum at pension age	CETV at 31 March 2023	CETV at 31 March 2022	Real increase/ (decrease) in CETV
	£'000	£'000	£'000	£'000	£'000
<b>Sam Ghibaldan Chief Executive</b>	0-5	0-2.5	19	0	14
<b>Douglas White Director of Policy and Advocacy</b>	0-5	0-2.5	8	0	5
<b>David Eiser Director of Analysis, Research and Investigations</b>	0-5	0-2.5	7	0	5

### Notes

- The above pension information was supplied to Consumer Scotland by the civil service pension administration team (MyCSP).
- Employer contributions to all pension plans for 2022-2023 were £216,792 including £31,898 for the Executive Team.
- Pensions information is not included for Sue Bomphray as she was employed via an agency so not part of the civil service pension scheme.

### Civil Service Pensions

192. Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015, a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member’s State Pension Age (or 65 if higher). From that date, all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.
193. These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31

March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report – see below). All members who switch to alpha have their PCSPS benefits ‘banked,’ with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a defined contribution (money purchase) pension with an employer contribution (partnership pension account).

194. Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. 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 initial 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 for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out 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% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.
195. The partnership pension account is an occupational defined contribution pension arrangement which is part of the Legal & General Mastertrust. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer’s basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).
196. The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium, and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha, the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.)
197. Further details about the Civil Service pension arrangements can be found on their website.<sup>xxiii</sup>

### Cash equivalent transfer values

198. 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 pension 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.
199. The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs (Cash Equivalent Transfers Values) are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

### Real increase in CETV

200. This reflects the increase in CETV that is 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.

### Fair pay (audited)

201. Consumer Scotland is required to disclose the relationship between the remuneration of the highest-paid employee and the lower quartile, median and upper quartile remuneration of the organisation's workforce.

**Table 19: Fair pay**

Heading	2022-23*
Band of highest paid director £'000	165-170
Per cent increase in highest paid Director over previous year, based on mid-point of salary band	N/A
Lower Quartile (25 percentile)	£33,120
25 percentile Ratio	5.1
Median total remuneration	£41,642
Median Ratio	4.1
Upper Quartile (75 percentile)	£52,355
75 percentile Ratio	3.2
Range minimum – maximum £'000 (FTE)	30-35 to 82-85

\*Note these figures relate to salary only; there are no benefits in kind in place.

## Remuneration and Staff Report

202. The lower quartile, median and upper quartile remuneration calculation includes directly employed staff paid through Consumer Scotland's payroll and covers both permanent staff, those on fixed term contracts and agency staff (all on an annualised basis).
203. It should be noted that the fair pay ratios have been impacted by the remuneration level for one agency worker who, due to specialist skills covering an interim role, was paid significantly more than the other directors during FY2022-23.
204. Consumer Scotland believes the median pay ratio for the relevant financial year is consistent with the pay, reward and progression policies for the employees taken as a whole.
205. Total remuneration includes salary, non-consolidated performance-related pay, and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

## Staff Report

**Table 20: Staff numbers, costs, and pensions (audited information)**

Number of full-time equivalent persons employed at year end*			2022-23
	Female	Male	Total
Senior civil servant	0	1	1
Senior management	0	2	2
Other permanent staff	12.2	11	23.2
Fixed term staff	0.7	0.7	1.4
Agency staff**	1	0	1
<b>Total</b>	<b>13.9</b>	<b>14.7</b>	<b>28.6</b>

\* This total is affected by rounding. Excludes secondees and board members.

\*\* Agency staff member was part of the Senior Management Team

206. Staff costs for Consumer Scotland are set out in the notes to the accounts at page 70-80.

207. Wages and salaries include gross salaries, non-consolidated payments, overtime and any other allowance that is subject to UK taxation. The payment of legitimate expenses is not part of the salary.

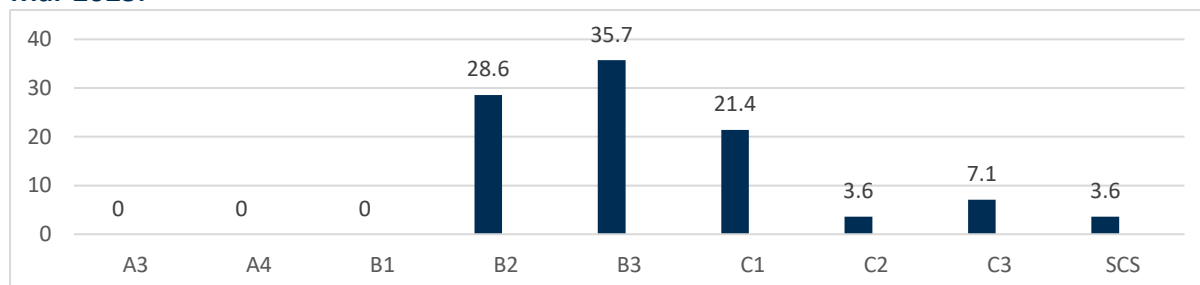
### Notes

- Civil Service pension arrangements are unfunded multi-employer defined benefit schemes, but Consumer Scotland is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the Civil Service pension arrangements as at 31 March 2016.<sup>xxiv</sup>
- For 2022-23, employers' contributions of £216,792 were payable to the CSOPS at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022-23 to be paid when the member retires and not the benefits paid during this period to existing pensioners.
- Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No employees have opted for a partnership pension account.

## Staffing

208. Staff turnover as at 31-03-23 was 3.6% equating to 1.0 FTE.

**Figure 2: Headcount percentage of permanent and fixed-term staff by pay range<sup>4</sup> at end of Mar 2023.**



**Table 21: Headcount of permanent and fixed-term staff by pay range at end of Mar 2023.<sup>xxv</sup>**

Pay Range	A3	A4	B1	B2	B3	C1	C2	C3	SCS	All
Consumer Scotland Total count	0	0	0	8	10	6	1	2	1	28
Consumer Scotland Total %	0.0	0.0	0.0	28.6	35.7	21.4	3.6	7.1	3.6	100

## Employee recruitment

209. Recruitment and promotion campaigns undertaken by Consumer Scotland were carried out on the basis of fair and open competition, selection on merit and in accordance with Scottish Government guidance and the Civil Service Commissioners Recruitment Principles. The below recruitment summary does not include posts which were filled on a temporary basis and refers to headcount throughout:

- 15 'B' band vacancies were recruited (13 externally and 2 from Scottish Government).
- 6 'C' band vacancies were recruited (4 externally and 2 from Scottish Government)

210. Staff joining Consumer Scotland came from the Scottish Government, Other Government Departments, not for profit and the private sector.

211. Consumer Scotland staff are employed in a number of roles structured into three core Directorates:

- a. Operations – this includes manager and officer levels roles covering finance, governance, HR, corporate services and procurement.

## Remuneration and Staff Report

- b. Policy and Advocacy – this includes head of, manager and office roles covering policy and communications.
- c. Analysis, Research and Investigations – this includes head of, manager and officer roles covering research and analysis (the investigations function is not yet set up).

### Sickness absence management

212. Consumer Scotland’s monitors attendance management and supports managers in applying the Scottish Government attendance management policy.

**Table 22: Staff absence**

	Average total of sick days per employee 2022-23
Short term (<20 days)	2.22
Long term (>20 days)	3.33
<b>Total</b>	<b>5.55</b>

213. Our reasons for absence are similar to elsewhere in the Scottish public bodies environment, with stress or anxiety being the reason for over 50% of absences.

### Employees with disabilities

214. Consumer Scotland complies with the Scottish Government’s Civil Service Code of Practice on the employment of people with disabilities and is an Employment Services disability symbol user as well as being registered for the Disability Confident Scheme<sup>xxvi</sup>. The code of practice aims to ensure that there is no discrimination on the grounds of disability and that access to employment and career advancement with Consumer Scotland is based solely on ability, qualifications, and suitability for the work.
215. Consumer Scotland allows for reasonable adjustments to be made to either the work environment or terms and conditions of employment, as and when required.

### Reporting of Civil Service and other compensation schemes – exit packages (audited information)

216. In 2022-2023, there were no compulsory redundancies and no other compensation payments made in relation to dismissals.

### Staff survey

217. Consumer Scotland was not eligible to take part in the Civil Service People Survey. Instead we monitor staff engagement through regular focus groups run by our independent HR Business Partner – see detail at paragraphs 75-76. We hope to be part of the Civil Service People Survey in future years.



### **Employee relations**

218. Consumer Scotland aims to consult directly with employees wherever possible and also has a recognition agreement in place with the core members of the Council of Scottish Government Unions (PCS, Prospect and the FDA) as required. We mirror the terms and condition set by the Scottish Government main bargaining unit, including pay policy.
219. Consumer Scotland analogues Scottish Government HR policies and is subject to the public sector pay strategy annually.
220. Our Operations team fulfil the role of Health and Safety oversight and in partnership with our landlord (Registers of Scotland), we carry out regular workplace inspections throughout the year, focusing on both health and fire safety. Fire evacuations are carried out regularly during the year by our landlord, Registers of Scotland. No issues were identified.
221. We have an active career management/learning and development group who are developing a suite of learning interactions and resources for all staff. Our key staff skill sets are analysis, research, policy, communication and operations.

### **Expenditure on Consultancy**

222. Consumer Scotland did not incur any consultancy costs in 2022-2023.

### **Diversity and Inclusion**

223. Consumer Scotland is not yet subject to the Public Sector Equality Duty under the Equality Act 2010<sup>xxvii</sup>; however, the intention is that it will be. Consumer Scotland aims to comply with the spirit of the Act and the Equality Act 2010 (Specific Duties) (Scotland) Regulations 2012<sup>xxviii</sup> and 2016 until it is legally required to do so. Consumer Scotland is committed to promoting equality and diversity in its activities and operation, including in the recruitment and employment of staff and Board members.
224. We actively consider diversity and inclusion across our work programme and the operation of our organisation. This includes our research, policy development, recruitment of staff and Board members, including retention and progression.

### **Gender Balance on Board**

225. Consumer Scotland is subject to the Gender Representation on Public Boards (Scotland) Act 2018<sup>xxix</sup>. Our gender balance at 31 March 2023 was 25:75 female against a target of 50:50. We are developing a succession plan to ensure that we do all we can to attract diverse, high calibre candidates in future, and will report on the measures we are taking as required by the Gender Representation on Public Boards (Scotland) Act 2018. Scottish Ministers are recruiting a fifth Board member for Consumer Scotland and are promoting applications from women.

## Gender Pay Gap

226. The gender pay gap is calculated as the difference between average hourly earnings of men and women as a proportion of average hourly earnings (excluding overtime) of men's earnings. A positive pay gap means that men earn more than women on average and a negative gap the reverse. The gender pay gap is a means of highlighting a disparity in the pay received by men and women and is influenced by both the pay levels for equivalent jobs and the distribution of men and women across the grades within the workforce. Consumer Scotland pays women and men undertaking work of an equal value on the same scale (i.e. within the same pay range) with the exact pay depending on length of service.
227. The median gender pay gap for permanent staff at Consumer Scotland at 31 March 2023 is 0% and the arithmetic mean gender pay gap is 0.2%. With relatively small numbers of employees the pay gap measure is sensitive to quite small changes in staffing and pay. As at 31<sup>st</sup> March 2023 the Executive team was predominantly male (one female in temporary role) whilst the senior leadership team was predominantly female (85%). With the appointment of the current female Interim Director of Operations on a permanent basis from 1<sup>st</sup> April 2023, the Executive team balance has improved.

## Hybrid Working

228. Hybrid working is blended home and office working. The COVID-19 pandemic has meant that this has been widely adopted across the Scottish Government, public bodies and throughout different industries.
229. At Consumer Scotland, we aim to create a hybrid working environment that sets our people up for success, promotes collaboration and maintains safety, whilst promoting wellbeing in the workplace.
230. The establishment of hybrid working has meant that arrangements can be set flexibly to suit business needs, colleagues' work-life balance and team dynamics. Hybrid working offers the flexibility our colleagues have asked for post-pandemic and is good for many people's wellbeing and the environment.



**Sam Ghibaldan**  
Chief Executive  
03 October 2023

## **Parliamentary Accountability Disclosures (audited information)**

- 231 Consumer Scotland is a Non-Ministerial Office and as such is not part of the Scottish Government but is part of the Scottish Administration. Consumer Scotland is directly accountable to the Scottish Parliament for the discharge of their statutory functions.
- 232 Whilst our accounts are not consolidated with those of the Scottish Government, we liaise with Scottish Government Finance colleagues on a regular basis to provide them with information relating to our expenditure and anticipated outturn. Our Framework Agreement sets out our relationship with Scottish Ministers.

### **Statement of losses and special payments**

- 233 No material losses were incurred by, or special payments made by Consumer Scotland during the year ended 31 March 2023.

### **Gifts and Charitable Donations**

- 234 No gifts were made during the year.

### **Remote Contingent Liabilities**

- 235 Consumer Scotland is required to report any liabilities for which the likelihood of a transfer of economic benefit in settlement is too remote to meet the definition of contingent liability under IAS37. There are currently no remote contingent liabilities to report.
- 236 These accounts were authorised for issue on the same date as the Independent Auditor's report.



**Sam Ghibaldan**  
Chief Executive  
3 October 2023

## **Independent auditor's report to Consumer Scotland, the Auditor General for Scotland and the Scottish Parliament**

### **Reporting on the audit of the financial statements**

#### **Opinion on financial statements**

We have audited the financial statements in the annual report and accounts of Consumer Scotland for the year ended 31 March 2023 under the Public Finance and Accountability (Scotland) Act 2000. The financial statements comprise the Statement of Financial Position, the Statement of Comprehensive Net Expenditure, the Statement of Cash Flows, the Statement of Changes in Taxpayers' Equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards, as interpreted and adapted by the 2022/23 Government Financial Reporting Manual (the 2022/23 FReM).

In our opinion the accompanying financial statements:

- give a true and fair view of the state of the body's affairs as at 31 March 2023 and of its net expenditure for the year then ended.
- have been properly prepared in accordance with UK adopted international accounting standards, as interpreted and adapted by the 2022/23 FReM; and
- have been prepared in accordance with the requirements of the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

#### **Basis for opinion**

We conducted our audit in accordance with applicable law and International Standards on Auditing (UK) (ISAs (UK)), as required by the [Code of Audit Practice](#) approved by the Auditor General for Scotland. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We were appointed by the Auditor General on 10 November 2022. Our period of appointment is five years, covering 2022/23 to 2026/27. We are independent of the body in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Non-audit services prohibited by the Ethical Standard were not provided to the body. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern basis of accounting**

We have concluded that the use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the body's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from when the financial statements are authorised for issue.

These conclusions are not intended to, nor do they, provide assurance on the body's current or future financial sustainability. However, we report on the body's arrangements for financial sustainability in a separate Annual Audit Report available from the [Audit Scotland website](#).

### **Risks of material misstatement**

We report in our Annual Audit Report the most significant assessed risks of material misstatement that we identified and our judgements thereon.

### **Responsibilities of the Accountable Officer for the financial statements**

As explained more fully in the Statement of Accountable Officer's Responsibilities, the Accountable Officer is responsible for the preparation of financial statements that give a true and fair view in accordance with the financial reporting framework, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Accountable Officer is responsible for using the going concern basis of accounting unless there is an intention to discontinue the body's operations.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities

## Independent Auditor's Report

outlined above to detect material misstatements in respect of irregularities, including fraud. Procedures include:

- using our understanding of the central government sector to identify that the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers are significant in the context of the body.
- inquiring of the Accountable Officer as to other laws or regulations that may be expected to have a fundamental effect on the operations of the body.
- inquiring of the Accountable Officer concerning the body's policies and procedures regarding compliance with the applicable legal and regulatory framework.
- discussions among our audit team on the susceptibility of the financial statements to material misstatement, including how fraud might occur; and
- considering whether the audit team collectively has the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory framework that the body operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. This includes the Public Finance and Accountability (Scotland) Act 2000.
- Do not have a direct effect on the financial statements but compliance with which may be fundamental to the body's ability to operate or to avoid a material penalty. These include the Data Protection Act 2018 and relevant employment legislation.

As a result of performing the above, we identified the greatest potential for fraud was in relation to the requirement to operate within the revenue budget set by the Scottish Government as part of the Budget (Scotland) Act as well as drawdowns from grant-in-aid funding provided by other public bodies. The risk is that the expenditure in relation to year-end transactions may be subject to potential manipulation in an attempt to align with its tolerance target or achieve a breakeven position. In response to this risk, we confirmed the revenue budget allocated to Consumer Scotland by the Scottish Government under the Budget (Scotland) Act as well as assessment of the grant-in-aid agreements from other public bodies and the qualifying expenditure allowed for the grant-in-aid and tested a sample of accruals, prepayments and invoices received around

## Independent Auditor's Report

the year-end to assess whether they have been recorded in the correct period.

In common with audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulation described as having a direct effect on the financial statements.
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatements due to fraud.
- enquiring of management, internal audit and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports.

The extent to which our procedures are capable of detecting irregularities, including fraud, is affected by the inherent difficulty in detecting irregularities, the effectiveness of the body's controls, and the nature, timing and extent of the audit procedures performed.

Irregularities that result from fraud are inherently more difficult to detect than irregularities that result from error as fraud may involve collusion, intentional omissions, misrepresentations, or the override of internal control. The capability of the audit to detect fraud and other irregularities depends on factors such as the skilfulness of the perpetrator, the frequency and extent of manipulation, the degree of collusion involved, the relative size of individual amounts manipulated, and the seniority of those individuals involved.

A further description of the auditor's responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Reporting on regularity of expenditure and income

### Opinion on regularity

In our opinion in all material respects:

- the expenditure and income in the financial statements were incurred or applied in accordance with any applicable enactments and guidance issued by the Scottish Ministers, the Budget (Scotland) Act covering the financial year and sections 4 to 7 of the Public Finance and Accountability (Scotland) Act 2000; and
- the sums paid out of the Scottish Consolidated Fund for the purpose of meeting the expenditure shown in the financial statements were applied in accordance with section 65 of the Scotland Act 1998.

### Responsibilities for regularity

The Accountable Officer is responsible for ensuring the regularity of expenditure and income. In addition to our responsibilities in respect of irregularities explained in the audit of the financial statements section of our report, we are responsible for expressing an opinion on the regularity of expenditure and income in accordance with the Public Finance and Accountability (Scotland) Act 2000.

## Reporting on other requirements

### Opinion prescribed by the Auditor General for Scotland on audited parts of the Remuneration and Staff Report

We have audited the parts of the Remuneration and Staff Report described as audited. In our opinion, the audited parts of the Remuneration and Staff Report have been properly prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### Other information

The Accountable Officer is responsible for the other information in the annual report and accounts. The other information comprises the Performance Report and the Accountability Report excluding the audited parts of the Remuneration and Staff Report.

Our responsibility is to read all the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement



## Independent Auditor's Report

in the financial statements themselves. If, based on the work We have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon except on the Performance Report and Governance Statement to the extent explicitly stated in the following opinions prescribed by the Auditor General for Scotland.

### **Opinions prescribed by the Auditor General for Scotland on Performance Report and Governance Statement**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Performance Report for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers; and
- the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and that report has been prepared in accordance with the Public Finance and Accountability (Scotland) Act 2000 and directions made thereunder by the Scottish Ministers.

### **Matters on which we are required to report by exception**

We are required by the Auditor General for Scotland to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements and the audited parts of the Remuneration and Staff Report are not in agreement with the accounting records; or
- We have not received all the information and explanations We require for our audit.

We have nothing to report in respect of these matters.

## **Conclusions on wider scope responsibilities**

In addition to our responsibilities for the annual report and accounts, our conclusions on the wider scope responsibilities specified in the Code of Audit Practice are set out in our Annual Audit Report.

## **Use of our report**

This report is made solely to the parties to whom it is addressed in accordance with the Public Finance and Accountability (Scotland) Act 2000 and for no other purpose. In accordance with paragraph 108 of the Code of Audit Practice, we do not undertake to have responsibilities to members or officers, in their individual capacities, or to third parties.

Pat Kenny, CPFA (for and on behalf of Deloitte LLP)  
110 Queen Street  
Glasgow  
G1 3BX  
United Kingdom

03 October 2023

## Financial Statements

### Statement of comprehensive net expenditure for the year ended 31 March 2023

	Note	Year ended 31 March 2023 £000
Staff costs	4	1,689
Other operating costs	5	1,196
Notional costs	6	52
Depreciation <sup>5</sup>	7	-
Provisions	11	1
Net operating expenditure		<u>2,938</u>
<b>Total comprehensive net expenditure for the year</b>		<b>2,938</b>

*Per chapter 11 of the FReM, grant funding from the Scottish Government and other sponsoring bodies (Department of Business and Trade and Scottish Water) is not shown as income in the Statement of Comprehensive Net Expenditure but is instead recognised as funding in the Statement of Changes in Taxpayer's Equity.*

*All amounts relate to continuing activities.*

*The accompanying notes on pages 71-81 form part of these financial statements.*

<sup>5</sup> An asset was acquired towards the end of the financial year. A small amount of depreciation of £458 was charged to reflect the period from the first month of use.

## Statement of financial position as at 31 March 2023

	Note	As at 31 March 2023 £000
<b>Non-current Assets</b>		
Property, plant and equipment	7	5
<b>Total Non-current Assets</b>		<b>5</b>
<b>Current Assets</b>		
Trade receivables and other current assets	9	85
Cash and cash equivalents	8	77
<b>Total Current Assets</b>		<b>162</b>
<b>Current Liabilities</b>		
Trade and other payables	10	(397)
Provisions for liabilities and charges	11	(1)
<b>Total Current Liabilities</b>		<b>(398)</b>
<b>Net Current Liabilities</b>		<b>(236)</b>
<b>Total Assets less Current Liabilities</b>		<b>(231)</b>
<b>Total Assets less Total Liabilities</b>		<b>(231)</b>
<b>Equity</b>		
General Fund	SOCTE	(231)
<b>Total Equity</b>		<b>(231)</b>

*The accompanying notes on pages 71-81 form part of these financial statements.*



**Sam Ghibaldan**  
Chief Executive Officer

3 October 2023

**Statement of cash flows for the year ended 31 March 2023**

	Note	Year ended 31 March 2023 £000
<b>Cash flows from operating activities</b>		
Net operating expenditure	SOCNE	(2,938)
Adjustments for non-cash transactions:		
Depreciation	7	-
Notional costs – External Audit Fee	6	52
Movements in working capital:		
Increase in trade receivables and other current assets	9	(85)
Increase in trade and other payables	10	398
<b>Net cash flow from operating activities</b>		<b>(2,573)</b>
<b>Cash flows from investing activities</b>		
Purchase of Property, Plant and Equipment	7	(5)
<b>Net cash flow from investing activities</b>		<b>(5)</b>
<b>Cash flows from financing activities</b>		
Scottish Government Grant in Aid	2	1,665
Grants in Aid from sponsoring bodies (DBT <sup>6</sup> , Scottish Water)	2	990
<b>Net cash flow from financing activities</b>		<b>2,655</b>
<b>Net increase in cash during the year</b>		<b>77</b>
<b>Net increase in cash and cash equivalents</b>		
Cash and cash equivalents at the beginning of the year		-
Cash and cash equivalents at the end of the year	8	77
<b>Net increase in cash during the year</b>		<b>77</b>

*The accompanying notes on pages 71-81 form part of these financial statements.*

<sup>6</sup> The UK Government's Department of Business and Trade

**Statement of changes in taxpayers' equity for the year ended 31 March 2023**

	Note	Total Reserves £000
<b>Balance as at 1 April 2022</b>		-
Non-cash charges – Notional Costs (External Audit Fee)	6	52
Net operating expenditure	SOCNE	(2,938)
Scottish Government Grant in Aid	2	1,665
Grants in Aid from sponsoring bodies (DBT, Scottish Water)	2	990
<b>Balance as at 31 March 2023</b>		<b>(231)</b>

*The accompanying notes on pages 71-81 form part of these financial statements.*

## Notes to the Accounts

### Statement of accounting policies

In accordance with the accounts direction issued by Scottish Ministers under section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 these financial statements have been prepared in accordance with the principles and disclosure requirements of the 2022-23 Government Financial Reporting Manual (FRoM). The accounting policies contained in the FRoM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

The accounts are prepared using accounting policies, and, where necessary, estimation techniques, which are selected as the most appropriate for the purpose of giving a true and fair view in accordance with the principles set out in International Accounting Standard 8: Accounting Policies, Changes in Accounting Estimates and Errors. Consumer Scotland did not rely on any significant judgements or estimates in compiling the financial statements for the year ended 31<sup>st</sup> March 2023.

The particular policies adopted by the Scottish Government relevant to Consumer Scotland are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

### Accounting convention

These accounts have been prepared under the historical cost convention and on a going concern basis.

### Critical accounting judgements and key sources of estimation

The preparation of these accounts requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenditure. These assessments are based on historic and other factors that are believed to be reasonable, the results of which form the basis for making judgements. The estimates and underlying assumptions are reviewed on an ongoing basis.

In the year ended 31<sup>st</sup> March 2023, there were no material assumptions or other sources of estimation uncertainty that could lead to a significant risk of a material adjustment to the carrying amounts of assets and liabilities in the forthcoming year.

### **New accounting standards**

All new standards issued, and amendments made to existing standards are reviewed by the Financial Reporting and Advisory Board (FRAB) for subsequent inclusion in the FReM in force for the year in which the changes become applicable.

IFRS 16 – Leases, is a new standard that came into effect for accounting periods beginning after 1 April 2022 and is therefore now relevant to Consumer Scotland for this financial year.

The primary impact of IFRS 16 is to remove the distinction between finance and operating leases and to ensure that all assets embedded within leases are capitalised and recorded on the Statement of Financial Position, unless immaterial or exempt.

A review has been undertaken of Consumer Scotland's activities and accounting transactions to identify any significant service arrangements and ascertain whether any are a lease. Where a service contract is not obviously a lease, it has been considered whether there are any 'lease like' characteristics in the contract even if these only form part of the overall arrangement. i.e. the contract provides for the right to control the use of an asset for a period of time in exchange for a consideration. Based on this review, for the year ended 31<sup>st</sup> March 2023, it can be concluded that Consumer Scotland had not entered into any service arrangements where the bias of the control over the purpose and rights of the underlying asset while the service was provided was such that it could be considered a lease under IFRS 16.

Other new standards that had more limited relevance to Consumer Scotland included:

- Amendments to IAS 16: Property, Plant and Equipment proceeds before intended use. Applicable for periods beginning on or after 1 January 2022.
- Amendments to IAS 37: Onerous Contracts, cost of fulfilling a contract. Applicable for periods beginning on or after 1 January 2022.
- Annual Improvements to IFRS Standards 2018-2020 Cycle. Applicable for periods beginning on or after 1 January 2022.

Standards that were in issue, but not yet effective in the financial year, included:

- IFRS 17: Insurance Contracts. Applicable for periods beginning on or after 1 January 2023.
- Amendment to IAS 1: Classification of Liabilities as Current or Non-Current. Applicable for periods beginning on or after 1 January 2023.
- Amendment to IAS 1: Disclosure of Accounting Policies. Applicable for periods beginning on or after 1 January 2023.
- Amendment to IAS 8: Definition of Accounting Estimates. Applicable for periods beginning on or after 1 January 2023.

No new standards had a material effect on Consumer Scotland's financial statements for the year ended 31<sup>st</sup> March 2023.



### **Property, plant, and equipment (PPE)**

All PPE assets will be accounted for as non-current assets unless they are deemed to be held-for-sale and are accounted for under IAS 16 - Property, Plant and Equipment.

Depreciated historic cost has been used as a proxy for the fair value of furniture and fittings, equipment, and information technology systems. All the assets in these categories have short useful economic lives, which realistically reflect the life of the asset and a depreciation charge, which provides a realistic reflection of consumption.

Losses in value reflected in valuations are accounted for in accordance with IAS 36, Impairment of Assets as adapted by the FReM which states that impairment losses that arise from a clear consumption of economic benefit should be taken to the outturn statement. The balance on any revaluation reserve (up to the level of impairment) to which the impairment would have been charged under IAS 36 would be transferred to the general fund. Upwards movements in value are taken to the revaluation reserve. Downward movements are set off against any credit balance held in the revaluation reserve until the credit is exhausted and thereafter charged to the Statement of Comprehensive Net Expenditure (SOCNE).

### **Depreciation and Amortisation**

For all property, plant and equipment depreciation is charged from the month they are brought into service. For intangibles, where relevant, amortisation is applied in a similar manner.

Rates are calculated to write off their valuation by even instalments over their estimated useful lives, which for the principal categories of assets are as follows:

Furniture and Fittings	3 - 15 years
Office Equipment	3 - 15 years
Information Technology	3 - 15 years
Software	3 - 5 years

The useful economic life of individual assets is reviewed annually, and the asset life adjusted accordingly.

### **Capitalisation**

The minimum level for capitalisation of physical non-current assets is £5,000.

Purchased computer software is capitalised as an intangible asset where expenditure is greater than £1,000. All purchased software licences with a term greater than one year are capitalised as intangible assets. There were no intangible assets that were required to be capitalised in this financial year.

### **Financial Instruments**

Financial Instruments are classified and accounted for, according to the substance of the contractual agreement, as financial assets, financial liabilities or equity instruments. Consumer Scotland held no equity instruments as at 31<sup>st</sup> March 2023, or during the year.

Financial assets are classified into the following categories:

- At fair value through profit and loss (FVTPL)
- Held to maturity investments
- Available for sale financial assets
- Loans and receivables

The classification of financial assets depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. Financial assets and financial liabilities are included on Consumer Scotland's Statement of Financial Position. These are recognised when Consumer Scotland becomes party to the contractual provisions on a trade date basis.

Consumer Scotland's financial assets comprise trade and other receivables and cash and cash equivalents. These assets are recognised at cost, which appropriately approximates fair value given their short maturities.

Consumer Scotland's financial liabilities comprise trade and other payables which are recognised at cost, as this appropriately approximates fair value given their short maturities.

### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### **Short term employee benefits**

A liability and an expense is recognised for holiday days and other short-term benefits when Consumer Scotland's employees render service that increases their entitlement to these benefits. As a result, an accrual has been made for holidays and flexi-time earned but not taken as at the 31<sup>st</sup> March 2023.

### **Grants from Scottish Government and other sponsoring bodies**

Consumer Scotland receives support for its activities via grant in aid funding from the Scottish Government and grant in aid funding from other sponsoring public bodies.

In addition to support received from the Scottish Government, grants in aid are received from the UK Government's Department of Business and Trade and Scottish Water. The available funding is drawn against throughout the year in compensation for the expenses incurred on agreed work programmes.

These funding sources are considered "grants receivable as compensation for costs already incurred or for immediate financial support" and as such will be recognised in the period in which they are receivable in line with IAS 20 - Accounting for Government Grants and Disclosure of Government Assistance.

Consistent with chapter 11 of the FReM, grants are not shown as income in the SOCNE but are credited directly to the General Fund reserve on an accruals basis in the year to which they relate.

In accordance with the Scottish Public Finance Manual, procedures are in place to ensure compliance with any conditions or provisions attached to any grant payments.

### **Other operating income**

No income was generated from any other activities in the year ended 31<sup>st</sup> March 2023.

### **Segmental reporting**

IFRS 8 – Operating Segments requires disclosure of information about Consumer Scotland's operating segments. Information is based on internal management reports, both in the identification of operating segments and measurement of disclosed segment information.

### **Pensions**

Past and present employees are covered by the provisions of the Civil Servants and Other Pensions Scheme (CSOPS), which is a defined benefit scheme and is unfunded. Consumer Scotland recognises the expected cost of providing pensions for its employees on a systematic and rational basis over the period during which it benefits from their services by payment to the CSOPS of amounts calculated on an accruing basis (relevant disclosures are included in the Remuneration and Staff report - see pages 49-53). Liability for payment of future benefits is a charge to the CSOPS. Separate scheme statements for the CSOPS as a whole are published.

### **Value added tax (VAT)**

Most of the activities of Consumer Scotland are outside the scope of VAT. In general, output tax does not apply, however input tax on purchases is recoverable in many circumstances. Irrecoverable VAT is charged to the relevant expenditure category or included in the capitalised purchase cost of non-current assets. The Scottish Government is responsible for recovering VAT from HM Revenue and Customs (HMRC) on behalf of Consumer Scotland.

### **Provisions**

IAS 37 - Provisions, Contingent Liabilities and Contingent Assets applies in full, and in these accounts, provisions are made for legal or constructive obligations which are of uncertain timing or amount at the statement of financial position date on the basis of the best estimate of the expenditure required to settle the obligation. Where material, they would be discounted using the appropriate discount rate as prescribed by HM Treasury.

There were no material provisions included in the financial statements as at 31 March 2023. A provision, of immaterial value, has been disclosed for information. This provision considers a potential post year end charge relating to uncertainty about the correct tax treatment of the Board members' expenses that were incurred during the financial year.

### **Related party transactions**

Consumer Scotland is a Non-Ministerial Office of the Scottish Government and as such considers Scottish and UK Government bodies to be related parties. During the year, Consumer Scotland undertook a number of material financial transactions with these government bodies. Further details are provided later in the notes to these financial statements.

### **Going concern**

Consumer Scotland receives grant in aid funding from the Scottish Government and grant in aid funding from other sponsoring organisations, specifically the Department for Business and Trade (formerly Business, Energy and Industrial Strategy) which is a department of the UK Government and Scottish Water.

Consumer Scotland's annual operating budget is approved and published each year, as part of the Scottish Government's budget, by the Scottish Parliament. Future funding requirements have been agreed with the Scottish Government (including specifically for the subsequent financial year to 31<sup>st</sup> March 2024) that give the Board reasonable expectation, taking account of grants in aid from the other sponsoring bodies, that Consumer Scotland will have adequate resources to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in the preparation of the annual report and accounts.

## 1. Statement of operating costs by operating segment

### Analysis of net expenditure by segment

Year ended 31 March 2023					
	Energy	Post	Water	Other	Total
	£000				
<b>Net Expenditure</b>	<b>628</b>	<b>126</b>	<b>237</b>	<b>1947</b>	<b>2,938</b>

As at 31 March 2023					
	Energy	Post	Water	Other	Total
	£000				
Total Assets	-	-	-	167	167
Total Liabilities	-	-	-	(398)	(398)
<b>Net Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(231)</b>	<b>(231)</b>

The net assets of Consumer Scotland are not separately identifiable on a segmental basis and have therefore been disclosed in the financial statements as a total only.

Consumer Scotland receives grant in aid funding from the Department of Business and Trade and Scottish Water as a share of the consumer levies raised in their respective markets. The funding is provided for agreed work programmes carried out in relation to three separately reportable sections, Energy, Postal Services and Water.

Funding is received to enable Consumer Scotland to fulfil its role of representing the interests of consumers in these markets. Work outside these sectors is funded by the Scottish Government and includes cross-cutting activities to represent consumers in vulnerable circumstances and on the themes of the cost-of-living crisis and climate change. The costs of corporate functions are included on an apportioned pro rata basis under the relevant operating segment.

All activities of Consumer Scotland and assets held by them are geographically based in the UK.

## 2. Grant funding

	Year ended 31 March 2023 £000
Scottish Government Grant in Aid	1,665
Grant in Aid from the Department of Business and Trade	753
Grant in Aid from Scottish Water	237
<b>Total grant funding</b>	<b>2,655<sup>7</sup></b>

## 3. Performance against budget

Year ended 31 March 2023	£000	
	Budget	Expenditure
<b>Net operating expenditure</b>	<b>3,704</b>	<b>2,938</b>

The Budget figure above of £3,704,000 includes £2,500,000 of budgeted funding from the Scottish Government, £884,000 of budgeted funding from the Department of Business and Trade and £320,000 of budgeted funding from Scottish Water. Only the required funding for expenditure incurred was claimed as grants during the year.

## 4. Staff costs

	Year ended 31 March 2023 £000
Salaries	963
Social security	104
Other pension	242
Agency staff	329
Employee benefits	51
<b>Total staff costs</b>	<b>1,689</b>

Employee benefits include accrued flexi-time and holiday pay.  
Salaries include Board members' fees and expenses.

<sup>7</sup> Scottish Government grant in aid is provided on a cash basis for net expenditure incurred after grants in aid from other sponsoring bodies (Department of Business and Trade and Scottish Water) are taken account of. Therefore, as total operating cost is shown on an accruals basis it is in excess of the total grant funding by the net amount of the year end non-cash accounting adjustments made to bring the reporting in the financial statements to an accruals basis.

## 5. Other operating costs

	Year ended 31 March 2023 £000
<b>Staff related:</b>	
Recruitment	49
Training and subscriptions	19
Travel and subsistence	4
Payroll	3
Childcare	2
<b>Non-staff related:</b>	
Grant to third parties	399
Research	277
IT costs	172
Other office expenses including procurement	127
Accommodation costs	60
Legal and professional fees	31
Marketing	26
Publications	15
Computer equipment	6
Office equipment	6
<b>Total other operating costs</b>	<b>1,196</b>

'Grant to third parties' above comprises grants made to Citizens Advice Scotland and Trading Standards Scotland for consumer initiatives.

## 6. Notional costs

	Year ended 31 March 2023 £000
<b>External audit fee</b>	<b>52</b>

**7. Non-current assets**

Property, Plant and Equipment	Office Equipment
	£000
<b>Cost</b>	
As at 1 April 2022	-
Additions	5
As at 31 March 2023	5
<b>Depreciation<sup>8</sup></b>	
As at 1 April 2022	-
Charge for the year	-
As at 31 March 2023	-
<b>Net Book Value</b>	
As at 1 April 2022	-
As at 31 March 2023	5

As at 31<sup>st</sup> March 2023, there were no material contractual commitments for the acquisition of property, plant and equipment.

**8. Cash and cash equivalents**

As at 31 March 2023	£000
Consumer Scotland Bank Account - RBS	77

**9. Trade receivables and other current assets**

	As at 31 March 2023 £000
<b>Amounts falling due within one year</b>	
Accrued grants	76
Prepayments	9
<b>Total receivable within one year</b>	<b>85</b>

<sup>8</sup> Included in property, plant and equipment is an asset that was acquired towards the end of the financial year. Depreciation of £458 was charged to reflect the short period of ownership.



**10. Trade and other payables**

	As at 31 March 2023 £000
<b>Amounts falling due within one year</b>	
Trade payables	68
Other payables	77
Accruals	252
<b>Total due within one year</b>	<b>397</b>

**11. Provisions for liabilities and charges**

	As at 31 March 2023 £000
<b>Provision for potential tax charge</b>	<b>1</b>

Work is underway to confirm the correct tax treatment of Board expenses. Additional costs relating to the year ended 31 March 2023 are considered possible at this stage but are not yet certain.

**12. Related party transactions**

Consumer Scotland is a non-Ministerial Office of the Scottish Government and as such it considers the Scottish and UK Governments as related parties. During the year, Consumer Scotland undertook a number of material financial transactions with the Scottish Government and UK Government bodies.

The most significant of these were in relation to grant funding where Consumer Scotland received £1,665,000 from the Scottish Government, £753,000 from the UK Government's Department of Business and Trade and £237,000 from Scottish Water. In addition, Consumer Scotland received various services from other areas of the Scottish Government.

No board member, senior manager or other related parties have undertaken any material transactions with Consumer Scotland during the year.

**13. Capital commitments and contingent liabilities**

As at 31st of March 2023 there were no contracted or foreseen capital commitments or contingent liabilities.

**14. Important events occurring after the reporting period**

As at the date of signing, no event has occurred since 31 March 2023 which materially impacts the financial statements.



## Consumer Scotland

### DIRECTION BY THE SCOTTISH MINISTERS

1. The Scottish Ministers, in accordance with section 19(4) of the Public Finance and Accountability (Scotland) Act 2000 hereby give the following direction.
2. The statement of accounts for the financial year to 31 March 2023, and for subsequent years, shall comply with the accounting principles and disclosure requirements of the edition of the Government Financial Reporting Manual (FReM) which is in force for the year for which the statement of accounts is prepared.
3. The accounts shall be prepared so as to give a true and fair view of the income and expenditure and cash flows for the financial period, and of the state of affairs as at the end of the financial period.
4. This direction shall be reproduced as an appendix to the statement of accounts.

A handwritten signature in black ink, appearing to read 'Kersti Berge'.

Kersti Berge

On behalf of the Scottish Ministers

September 2023

## Endnotes

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- <sup>i</sup> <https://consumer.scot/publications/workplan-for-energy-post-and-water-2022-23/>
- <sup>ii</sup> <https://consumer.scot/publications/interim-strategic-plan-2022-23/>
- <sup>iii</sup> <https://consumer.scot/publications/strategic-plan-2023-2027/>
- <sup>iv</sup> <https://www.legislation.gov.uk/asp/2020/11/2020-06-10>
- <sup>v</sup> <https://consumer.scot/publications/consumer-scotland-work-programme-2023-2024/>
- <sup>vi</sup> <https://www.legislation.gov.uk/asp/2015/6/section/1/enacted#:~:text=1%20National%20outcomes%20%281%29%20The%20Scottish%20Ministers%20must,%282%29%2C%20of%20the%20functions%20mentioned%20in%20subsection%20%283%29>
- <sup>vii</sup> <https://nationalperformance.gov.scot/>
- <sup>viii</sup> <https://www.gov.uk/government/publications/government-financial-reporting-manual-2023-24>
- <sup>ix</sup> <https://www.legislation.gov.uk/asp/2010/8/section/32/2018-01-12>
- <sup>x</sup> <https://www.gov.uk/government/publications/civil-service-code/the-civil-service-code>
- <sup>xi</sup> <https://consumer.scot/about-us/who-we-are/code-of-conduct-for-members/>
- <sup>xii</sup> <https://consumer.scot/about-us/who-we-are/register-of-members-interests/>
- <sup>xiii</sup> <https://consumer.scot/about-us/who-we-are/standing-orders/>
- <sup>xiv</sup> <https://consumer.scot/about-us/who-we-are/framework-agreement/>
- <sup>xv</sup> <https://www.gov.scot/publications/scottish-public-finance-manual/>
- <sup>xvi</sup> <https://www.legislation.gov.uk/asp/2000/7/contents>
- <sup>xvii</sup> <https://www.gov.uk/government/organisations/review-body-on-senior-salaries>
- <sup>xviii</sup> <https://www.gov.scot/policies/public-sector-pay/staff-pay-remits/>
- <sup>xix</sup> <https://www.gov.scot/publications/public-sector-pay-policy-2022-2023/>
- <sup>xx</sup> <https://www.legislation.gov.uk/uksi/2006/1031/contents/made>
- <sup>xxi</sup> <https://civilservicecommission.independent.gov.uk/>
- <sup>xxii</sup> The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) less (the contributions made by the individual). The real increase excludes increases due to inflation or any increase or decreases due to a transfer of pension rights.
- <sup>xxiii</sup> <https://www.civilservicepensionscheme.org.uk/>
- <sup>xxiv</sup> You can find details in the [resource accounts of the Cabinet Office: Civil Superannuation](#).
- <sup>xxv</sup> Pay ranges are in accordance with the Public Sector Pay Policy for 2022-23; confirmation of pay grades is contained within section three of the [technical guide](#)
- <sup>xxvi</sup> <https://www.gov.uk/government/collections/disability-confident-campaign>
- <sup>xxvii</sup> <https://www.legislation.gov.uk/ukpga/2010/15/contents>
- <sup>xxviii</sup> <https://www.legislation.gov.uk/ukpga/2010/15/contents>
- <sup>xxix</sup> <https://www.legislation.gov.uk/asp/2018/4/contents/enacted>