

# **Office of Fair Trading**

## **Annual Plan 2007-08**

**A consultation document**

**December 2006**

OFT881

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## **1 FOREWORD**

The Office of Fair Trading (OFT) is conducting a public consultation on the draft Annual Plan for 2007-08. Section 3 (2) of the Enterprise Act 2002 sets out that the OFT shall, for the purposes of public consultation, publish a document containing proposals for its annual plan at least two months before publishing the annual plan for any year. This consultation document fulfils this criterion as well as following the criteria set out in the Cabinet Office's Code of Practice on Consultation (available at [www.cabinetoffice.gov.uk/regulation/consultation/consultation\\_guidance/the\\_code\\_and\\_consultation/index.asp](http://www.cabinetoffice.gov.uk/regulation/consultation/consultation_guidance/the_code_and_consultation/index.asp)). The criteria set out in that code are attached in Part II of this document.

### **Responding to this consultation**

Consultees responding to this consultation are asked to supply a brief summary of the interests or organisations they represent, where appropriate. We ask that any suggested changes or comments on the documents be submitted in writing (by email, or alternatively by letter or fax, as indicated below).

### **The consultation period**

The consultation period will run until 2 March 2007. This period of 12 weeks is in accordance with the criteria set out in the Cabinet Office's Code of Practice.

### **Next steps**

We will collate responses to the consultation and publish a formal summary of these, along with a final version of the amended Annual Plan 2007-08 in March 2007, taking into consideration comments made in response to the consultation.

All responses and comments should be sent no later than 2 March to:

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Fax: 020 7211 8114

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### **Data use statement for responses**

Please note that we may choose to refer to comments received in response to this consultation in future publications. In deciding whether to do so, we will have regard to the need for excluding from publication, as far as that is practicable, any information relating to the private affairs of an individual or any commercial information relating to a business which, if published, would or might, in our opinion, significantly harm the individual's interests, or, as the case may be, the legitimate business interests of that business ('confidential information'). If you consider that your response contains such information, that information should be marked 'confidential information' and an explanation given as to why you consider it is confidential. All information received is subject to Part 9 of the Enterprise Act 2002.

If you are replying by email, these provisions override any standard confidentiality disclaimer that is generated by your organisation's IT system.

Nigel Cates  
Strategy and Planning Team

## **2 INTRODUCTION BY THE CHAIRMAN AND CHIEF EXECUTIVE**

Last year, in our first Annual Plan since taking up our appointments in October 2005, we set out three main themes: continuity; rising to challenges across the spectrum of our activities; and implementing further change. Building on our efforts over the past year, these themes also run through the Annual Plan for 2007-08.

### **The last year**

Over the past year, the OFT has taken decisive action on supermarkets, credit card default charges, independent school fees and consumer credit. We have pursued hard-core cartels and imposed multi million pound fines in the markets for spacer bars, stock check pads, flat roofing and car park resurfacing. We have also resolved a number of problematic merger cases with first-phase remedies. Consumers and businesses have benefited from these achievements.

This strong performance was maintained while we were undertaking a major internal change programme. We now have a new organisational structure and a set of operating values which will help us to achieve our mission of making markets work well for consumers. We will assess evidence of market failure and illegal activity in a more holistic way; by improving our understanding and analysis of all aspects of market operation, including the drivers behind consumer and business behaviour. It will also help us to evaluate the impact of our work on the wider economy.

### **An improved environment**

In addition, we welcome improvements which have been made to the environment in which we operate. These include legislative and policy changes such as the Consumer Credit Act 2006, Regulation EC2006/2004 on Consumer Protection Cooperation and the introduction of the European Competition Network Model Leniency Programme, with which we were closely involved. We strongly support the Government's decision to enhance the remit of the OFT by taking on new responsibilities to champion the work of Local Authority Trading Standards Services (TSS). The strengthened partnership between the OFT and the TSS, coupled with the handover of Consumer Direct to OFT, will make a

significant difference to both organisations in the interests of consumers and businesses.

### **The coming year**

In this Annual Plan, we set out how we intend to build on our achievements and make full and effective use of this improved environment. We have a series of targets and objectives organised within four broad themes: delivering high-impact outcomes, being a centre of excellence and intelligence, working in partnership, and building our internal capability.

Much of our work in 2007-08 will be a continuation of work already in progress but we must also be alert to market developments and ready to innovate, refocus and adapt whenever necessary. This plan represents our best judgement of future priorities but we will be flexible in our approach and use of resources, so that we can respond to new developments. To do this we believe there are two key areas that we must get right in order to achieve our overarching objectives.

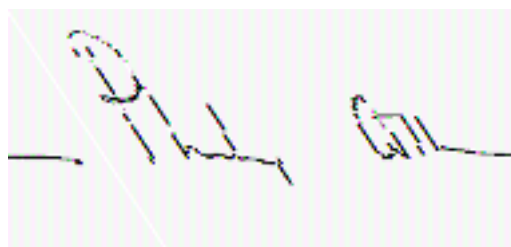
Firstly, it is essential that we are able to identify, analyse and prioritise at an early stage the areas where there is a need for action. This will require access to all relevant information in order to be able to understand issues in their proper context. The changes to our internal structure and our new responsibility for operating Consumer Direct will improve our ability to achieve this.

We are also establishing new criteria and processes to improve the way we prioritise and allocate our resources and deliver our work, and we have created a new market monitoring function. These initiatives will enhance our ability to anticipate the need for OFT action. Early identification of issues and comprehensive analysis of their causes and effects will enable us to improve our selection of the range of tools currently available to us to address problems in markets. We will continue to look for the most successful solutions, from consumer and business education to swift and decisive enforcement action, while working with Government colleagues to ensure that our overall competition and consumer regime is effective and efficient.

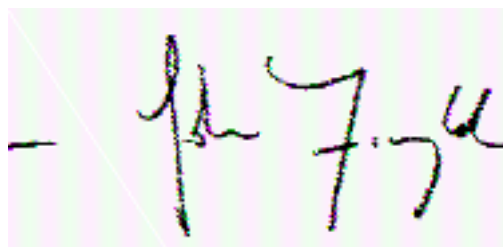
Secondly, we are committed to seeking continuous improvement in the quality of our work. Our aim is to build on experience and achievements and constantly learn lessons from all of our actions. A key focus in the coming year will be to build on our existing evaluation programme and to ensure that outcome-focused planning and performance measurement are applied across the OFT.

We hope that this plan will give you a clear idea of our overall direction and explain how our 2007-08 objectives will enable us to build on our achievements and rise to meet challenges in the coming year.

We would like to pay tribute to Christine Farnish who stood down as an OFT non-executive board member this year. Christine's excellent contribution to Board deliberations helped to drive forward the OFT during a period of change for the organisation, and we wish her well in her future career. We would also like to take this opportunity to welcome Jonathan May to the Board as an Executive Director leading the OFT's strategy and policy across our consumer and competition functions. He will be responsible for developing long term strategy, ensuring greater focus and impact of the OFT's work, and national and international leadership in both competition and consumer policy.

A handwritten signature in black ink on a white background. The signature is cursive and appears to read 'Philip Collins'.

**Philip Collins**

A handwritten signature in black ink on a white background. The signature is cursive and appears to read 'John Fingleton'.

**John Fingleton**

### **3 ABOUT THE OFT**

#### **The OFT mission**

- 3.1 Our mission is to make markets work well for consumers. Our goal is for competitive, efficient, innovative markets where standards of consumer care are high, consumers have choice, they are empowered and confident about making choices, and where businesses comply with consumer and competition laws but are not disproportionately burdened by government regulations, or restricted and harmed by market abuse.
- 3.2 The tools to achieve this goal are found within the consumer and competition law regimes which lie at the heart of UK economic policy. These tools enable us to look at all aspects of markets to ensure that they are working well for consumers. We use the competition regime to ensure that consumers benefit from competitive and innovative markets which are not constrained, for instance by price fixing, by market sharing and other anti-competitive behaviour, by unnecessary or inappropriate regulations or by anti-competitive mergers. We use the consumer law regime to ensure that consumers are able to make informed and rational selections of products and services and that their choices are unimpeded by artificial constraints such as deceptive practices, misleading advertising, unfair contract terms or the withholding of material information.
- 3.3 Our view is that it is more effective to look at the demand and supply sides of markets together. The competition and consumer regimes are complementary to each other. Empowered and well-informed consumers act as a positive stimulus to competition between businesses. Where consumers are able to make informed decisions, businesses are more likely to innovate, reduce inefficiencies in production and supply and compete in ways which make markets work well for consumers and the wider economy.

### **The OFT – a brief overview**

The OFT is a non-ministerial government department. We have a broad remit and a diverse set of tools available to us. We are not a regulator; indeed our direct regulatory powers are limited – for example, to the operation of the consumer credit and merger control regimes, which are statutory functions. The majority of our work consists of analysing and studying markets, enforcing competition and consumer law, undertaking advocacy and working with partners to deliver relevant education programmes to businesses and consumers.

### **Approach to enforcement**

- 3.4 Our approach is founded on the principle that consumer welfare is optimised through vibrant competition in open and well-functioning markets. In pursuing this approach, we strive, through directed and effective enforcement when necessary and focused advocacy, to promote open competition and to encourage the unfettered availability of products and services and the provision of accurate, non-deceptive information between businesses and consumers. When stopping illegal conduct, we focus on the behaviour which poses the greatest threat to consumer welfare, such as fraudulent behaviour by individual “rogue” traders and cartel activity. Such behaviour includes price-fixing, market-sharing, bid-rigging, the use of unfair contract terms and deceptive or misleading advertising. We employ a systematic and rigorous approach to identify and address serious misconduct and pay special attention to harmful behaviour in key industries and to the needs of vulnerable consumers.
- 3.5 We aim to take a market-informed approach, focusing on outcomes which support productivity growth and business vibrancy and improve consumer welfare. We believe that this approach is in the best interests of businesses, consumers, the UK economy and society. We have a wide range of tools at our disposal, from self-regulation in the form of OFT approved Codes of Practice and business education to merger

control and the direct enforcement of consumer and competition legislation, including the criminal cartel offence.

- 3.6 Our methods include prosecution, market studies, consultation and workshops, advocacy to help to formulate government policy and to address new or developing competition and consumer issues, and educating businesses and consumers. Beyond the immediate goal of stopping a particular bad practice or promoting a beneficial one, our activities improve the institutions and processes through which competition and consumer policies are formulated and applied.
- 3.7 Acting to prevent harm in the first place is better for consumers than taking enforcement action afterwards. One of the ways to achieve this is to equip parties with the necessary knowledge and ability to protect themselves against unlawful practice. We undertake powerful awareness and education programmes and co-ordinate an alliance of consumer education partners. Our aim is to increase consumer and business knowledge and to deal rapidly with complaints from all parties who are affected by illegal activity and market failure. Prevention is not solely up to individuals or the government, however, and business representatives and industry organisations can and do play an important role. Government intervention should be the last, not the first, resort, and we ask industry to 'do the right thing' and police itself by raising compliance levels and by stopping unlawful, unfair and deceptive practices.

#### **The OFT: supporting business**

By monitoring, addressing and remedying all aspects of markets we protect the fundamental framework in which business can operate in a climate of fairness and freedom to innovate. We protect business when it acts as a buyer and a seller by taking action against cartels, abusive monopolies, and government restrictions which distort markets and harm competition. We also seek to protect the reputation of legitimate business and the UK markets as a whole by dealing with scams, rogue traders, cartels and other negative influences on consumer confidence across all markets.

- 3.8 We are committed to acting in a manner which is proportionate to the matter in hand. This will affect the use of particular tools to effect the most appropriate and proportionate outcome. We will also consider carefully, and at an early stage, what remedies (including settlement) might be most appropriate. Both the choice of the intervention tool and the most appropriate remedy will be kept under review during our investigations to ensure that we remain focused on obtaining proportionate and effective outcomes.
- 3.9 In our work we aim to ensure that we conduct ourselves in a transparent manner and that parties are regularly informed of the status and anticipated time frame of the inquiries in which they are involved.

## **Making markets work well – competition and consumer law regimes**

Competition stimulates businesses to offer the most attractive array of price and quality options possible. In a competitive industry, the need to gain new sales by satisfying consumer demands helps to increase the choices available. In competitive markets, when buyers dislike the products or practices of one supplier, they can switch to others. This imposes a rigorous discipline on each supplier to satisfy customer preferences.

However, competition does more than simply increase choices for consumers. It creates the motivation to provide truthful, useful information about products and to fulfil promises concerning price, quality, and other terms of sale. Consumers can punish a seller's poor service or failure to fulfil a promise by voting with their feet - and their wallets. This punishment is usually swift, particularly for sellers of products which people frequently buy and where they can readily judge quality.

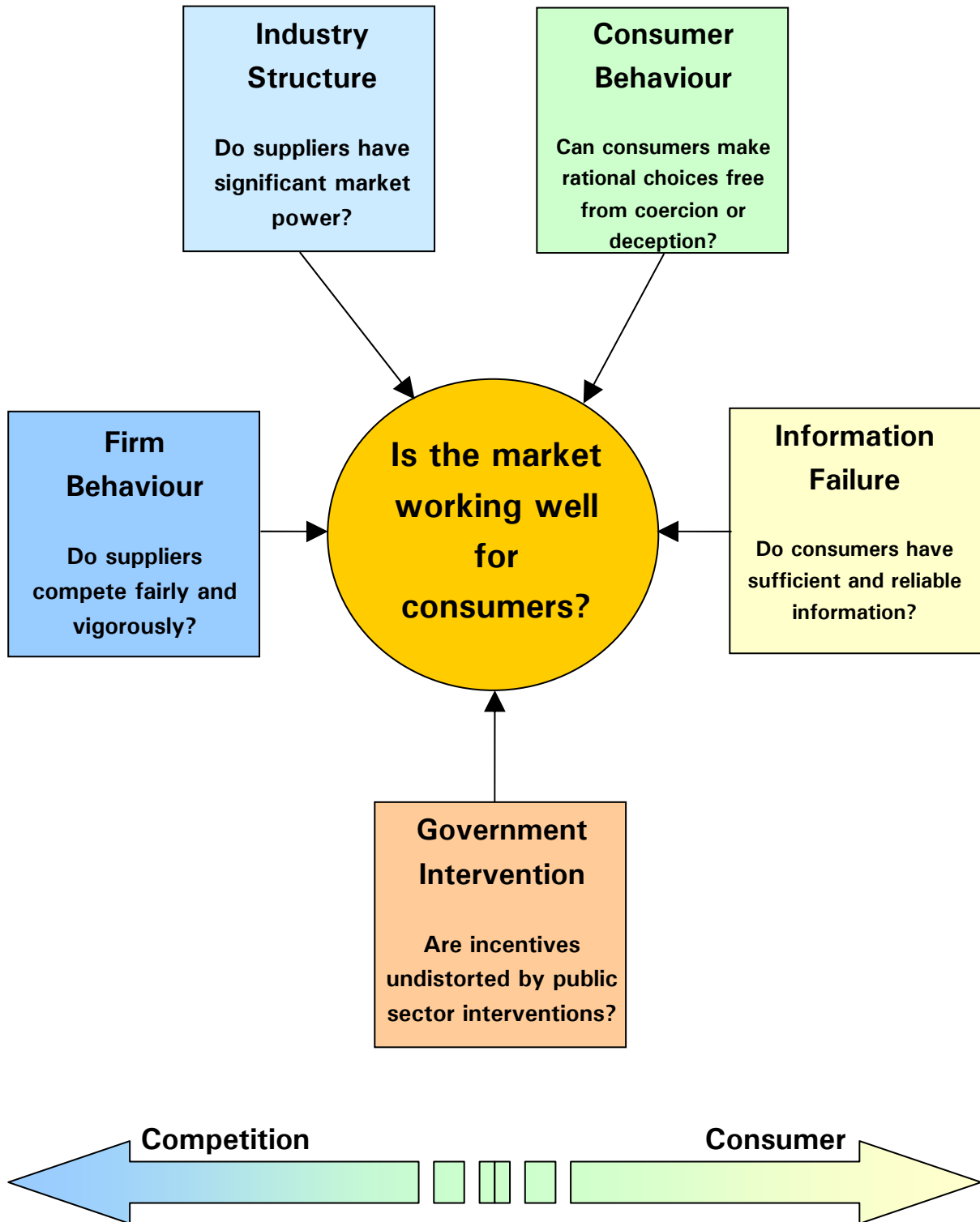
The 'informed consumer' stands on the common ground between the goal of competition policy – the maintenance of an efficient, innovative competitive economy and the goal of consumer laws – confident consumers operating free from deception or ignorance concerning the material features of products and services and the terms of supply. If consumers have access to good information, then normal market forces are likely to compel sellers to improve their products or services in ways that are most important to the consumer.

Good businesses care about how consumers see them. They count on reputation and consumer satisfaction to retain custom and increase sales. By contrast, commercial thieves have no such concerns. They cheat consumers, take the revenues, and disappear from sight, often to re-emerge in another guise to steal again. Likewise, cartelists conspire to deny consumers the benefits of competition and usually seek to cover up their actions in order to deprive consumers of lower prices and/or greater choice.

When market forces cannot overcome such threats to consumer welfare, for example, because some sellers are unconcerned about repeat business and reputation, where there are structural or behavioural barriers to free competition, or where consumers and harmed businesses are unable to gain redress themselves, then OFT action may be required.

The diagram below shows the key factors underlying markets which work well for consumers.

### Key factors underlying markets that work well for consumers



## **Our tools**

Where one or more of these factors contribute to market failure, we have a range of tools at our disposal to address such failures and make the market work well for consumers. In many cases, it will be appropriate for us to use a combination of these tools to address such failures in a holistic way. In many cases we will work in partnership with other organisations which have complementary powers or influence in relation to markets.

In 2007-08, the implementation of the Directive on Unfair Commercial Practices will strengthen our toolkit which currently includes the following:

**Preventative tools** including the Consumer Codes Approval Scheme, OFT consumer and competition guidance and consumer education programmes.

**Diagnostic tools** including research, market studies, investigating and responding to super-complaints, references to the Competition Commission and our investigation and intelligence gathering functions.

**Advocacy tools** including our international work where we use our influence to promote the interests of UK consumers, advice to Government, business and consumers on competition and consumer issues and encouraging private enforcement and redress for breaches of consumer and competition law.

**Enforcement tools** including accepting and reviewing undertakings, applying financial penalties and imposing directions under competition law, seeking court injunctions, refusing and revoking consumer credit licences and warning and banning estate agents. Our current powers under competition and consumer law are explained in more detail on the OFT website.

In addition, our **statutory remit** includes obligations on us to operate the consumer credit licensing and merger control regimes, to respond to super-complaints and to assist the European Commission to carry out any inspections in the UK under Articles 81 and 82 of the EC Treaty.

## 4 OFT VISION

### 4.1 Our vision is to:

- **Deliver high-impact outcomes** that have significant benefits for consumers and the economy, improve legal certainty, support wider compliance and deterrence, and foster efficient, competitive and pro-consumer market conduct using the entire range of our policy instruments.
- **Be a centre of excellence** in consumer and competition policy and enforcement – linking international best practice and national economic understanding with national and local delivery, and engaging in critical self-examination and open evaluation and improvement in how we work.
- **Be a centre of intelligence** using economic data and feedback from Consumer Direct, partners, and stakeholders to inform our own and others' work, to identify markets that are not working well, to empower consumers, and to inform business, Government and the public about consumer and competition issues.
- **Achieve our objectives in partnership** with others including sector regulators, Government, the courts, the Competition Commission, the European Commission, Local Authority Trading Standards Services and businesses and consumers and their representatives.
- **Develop, promote and attract the best talent** providing a supportive environment in which staff can learn and develop to reach their potential.

**Question:** Does this vision provide a suitable framework in which to place our work?

## 5 OFT STRUCTURE

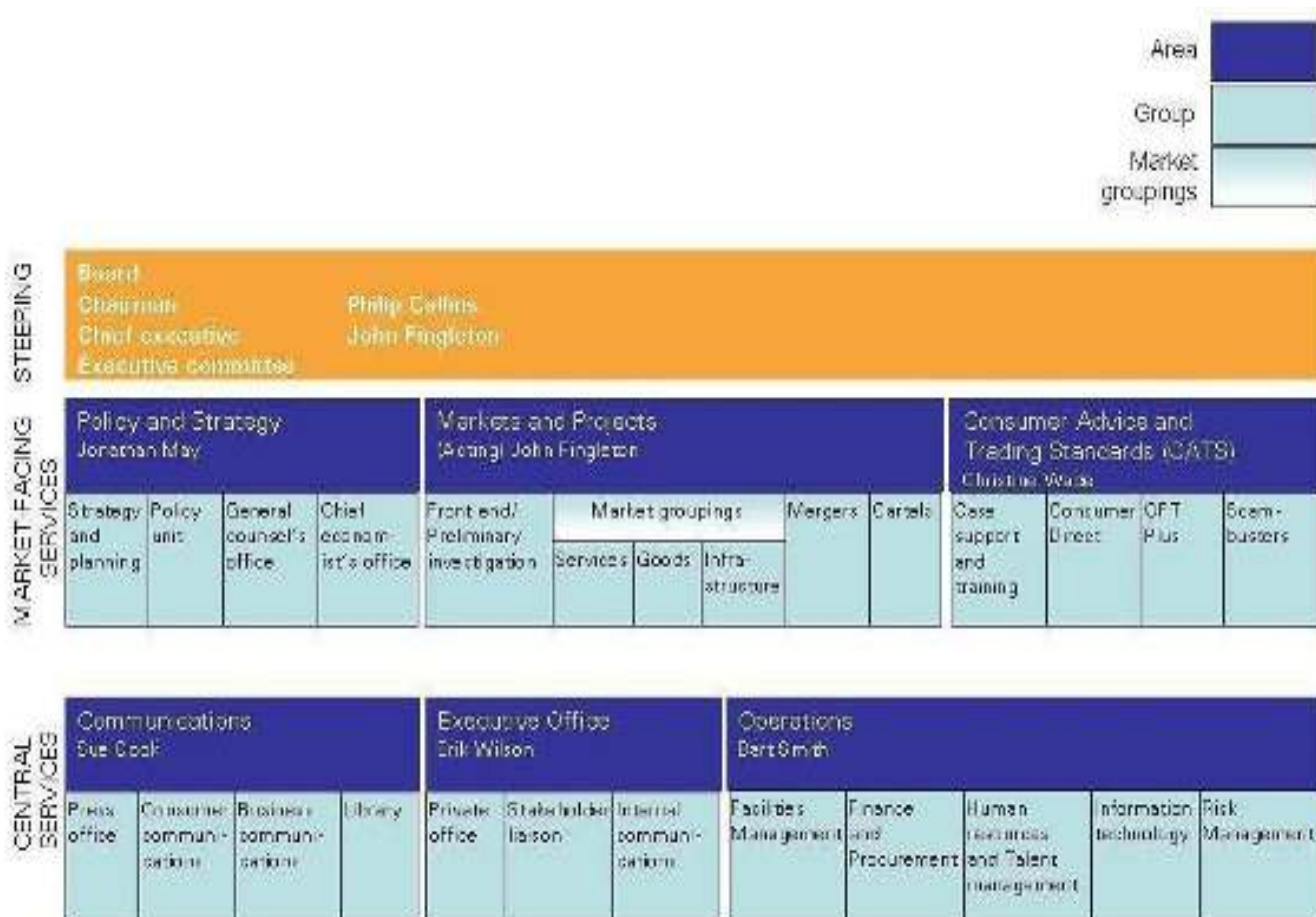
5.1 This year we have made radical changes to our internal structure in order to be better able to meet the challenges of this new vision and ensure that we are more strategic, focused and coherent as an organisation. See opposite page for a diagram of the new OFT structure.

5.2 We will concentrate on markets as a whole and use the broad range of tools available to us in order to influence and effect market processes where they are not working to the benefit of consumers. This will be done by:

- grouping together project and enforcement work in three market groupings covering goods, services and infrastructure, and supported by dedicated merger, cartel and scambuster teams
- a new central policy and strategy function – bringing a consistent and clear view on all major issues
- a new area of our structure which will focus on our role to coordinate and champion the work of Local Authority Trading Standards Services (TSS)
- better and earlier prioritisation of our work through a dedicated preliminary investigation unit and a prioritisation committee
- a new senior management team with a broad span of expertise and experience.

5.3 We believe that this new vision coupled with our new structure and new ways of working will optimise our impact and help us to achieve maximum success.

## 5.4 New OFT structure



5.5 The three outward-facing areas of the OFT will provide more flexibility for future challenges that the OFT will face. The new structure is more strongly focused around markets rather than enforcement tools, although we will continue to ensure excellence in use of our competition and consumer law toolkit.

5.6 Policy and Strategy will lead the OFT's strategy and policy across its consumer and competition functions. The Policy and Strategy groups are responsible for developing long term strategy, ensuring greater focus and impact of the OFT's work, and national and international leadership in both competition and consumer policy.

5.7 Markets and Projects will focus on outcomes which add value to both markets and consumers through effective prioritisation, investigation and improved legal certainty. The groups will use the entire range of policy

and enforcement instruments available to OFT in tackling problems within markets.

- 5.8 Consumer Advice and Trading Standards (CATS) has been formed in recognition of the important role OFT is to play in being the champion for TSS. The focusing of our priorities and allocation of our resources to high impact work will continue and the intelligence that we have access to via Consumer Direct, the Regional Intelligence programme and Scambusters will help us and TSS understand and home in on the areas where we can make the biggest difference in alleviating consumer detriment.

## 6 PERFORMANCE FRAMEWORK AND OBJECTIVES

In 2007-08 our proposed objectives are as follows:

### **Objective 1: To deliver high-impact outcomes**

*We want to make the most effective use of all of our resources by focusing on those areas of work which will achieve the highest gains, either directly or indirectly.*

Our target is to deliver direct financial benefits of at least five times that of our cost to the taxpayer.
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*We will systematically prioritise all work across the office in order to have the highest impact and greatest effect. Specifically:*

- We will implement and publish a framework for prioritising our work, drawing on intelligence gathered from complaints to OFT, Consumer Direct and other partners; proactive market monitoring; and project evaluation work.
- We will carry out impact evaluations of at least two market interventions (including one market study) and publish the results. We will evaluate the specific impact of consumer campaigns on at least two markets, and report on the results.

*In our enforcement work we will concentrate our action on areas where we believe there is the most consumer harm. We aim to focus on preventing and ending serious misconduct and increasing overall compliance levels, either as a direct consequence of our action or through wider deterrence or educational effects. Specifically:*

- We will continue to root out hard-core cartel activity across the whole economy, paying particular attention to bid-rigging in the construction industry. Wherever sufficient evidence can be found, we will not hesitate to use our criminal powers.
- We will take preventative, deterrent and disruptive action to prevent mass marketing scams reaching consumers both through direct enforcement and

by increasing consumers' empowerment to identify and protect themselves from scams.

- We will use our role as the single liaison office for the Consumer Protection Cooperation Regulation to tackle specific problems of UK consumers. In particular, we will take the lead in developing a pan-European enforcement strategy to deal with the problems of deceptive prize draw notifications and unfair marketing practices by Spanish-based holiday club operators.
- Where mergers are not notified to us, we will investigate where we believe consumers may be at risk of adverse consequences flowing from the merger.
- We will continue to take action against other forms of anti-competitive agreements and behaviour, with a focus on ensuring clear precedent and effective deterrence.

*We will use our market-wide tools to raise industry standards, increase business and consumer awareness and remedy generic issues of market failure. We will focus on empowering consumers, increasing effective self regulation, and dealing with structural defects in markets.*

- We will follow up any recommendations arising from our market studies into the Commercial Use of Public Information, Internet Shopping, and the Pharmaceutical Price Regulation Scheme.
- We will work closely with the Competition Commission to develop, monitor and review remedies in any markets which we refer where this is appropriate to their findings. We will also monitor and evaluate remedies implemented to address adverse findings in Competition Commission market investigations to ensure that they are being complied with, are achieving their intended objectives and remain necessary.
- We will develop further through casework practice, negotiation and consultation with others, our policy on remedies, in particular relating to settlement of public enforcement cases and redress for the victims of unlawful behaviour.

- We will monitor the recommendations of the Payment Systems Taskforce, including the establishment of the Payments Industry Association.
- We will continue to provide informal assistance in merger cases which raise genuine competition issues and where our involvement will assist business in ways their advisers cannot. Consumers will benefit if pro-competitive mergers are encouraged, and where business can build merger remedies advice into their transaction planning early on.
- We will work with stage 1 code sponsors to achieve full approval under the OFT Consumer Codes Approval Scheme (CCAS).
- We will undertake at least two comprehensive reviews of undertakings given or Orders made following Competition Commission investigations.

*In our advocacy and policy work we will focus our attention on markets where we believe that regulations may be harmful and unnecessary or market structures hinder competition. We will use our market expertise and experience to influence and educate policy makers, representative organisations and other interested parties in order to ensure that they are aware of issues relating to supply and demand, and that they take account of competition and consumer concerns when they are relevant to their work. Specifically:*

- We will complete the implementation of the Consumer Credit Act 2006 in a manner that reflects the principles of better regulation: not subjecting compliant businesses to increased regulation and by developing a more sophisticated risk model to assess fitness to hold a consumer credit licence.
- We will engage proactively with other Government Departments to ensure that forthcoming legislation is no more restrictive of competition than necessary. We will respond to requests for such advice from Government Departments in an effective and timely manner.

**Question: do you think that these are the right areas for our focus? What other measures and objectives would you suggest we should consider?**

**Objective 2: To be a centre of intelligence and excellence.**

*We want to capture, analyse, co-ordinate and make best use of all of the information, understanding and experience which is available to us, both internally and externally, nationally and internationally, so that we are able to make fully-informed decisions and achieve high quality and effective outcomes.*

Our target is to maintain or improve our rating as one of the top consumer and competition authorities in the world as measured by the DTI's 'peer review', the Global Competition Review and other appropriate and recognised measures.

*We will monitor markets proactively and systematically, taking account of all market aspects. We will enhance internal systems to ensure that information and knowledge is properly managed and co-ordinated under our new organisational structure. Specifically:*

- We will build on and consolidate the new TSS/OFT Regional Intelligence Network to ensure TSS/OFT enforcement action is targeted at the most prevalent problems and rogue traders.
- We will continue our analysis of international productivity data to inform the prioritisation of our work. This will include delivery of a 'hotlist' of sectors with relatively low measures of competition and productivity growth.
- We will build on our understanding of the retail banking and healthcare sectors and we will increase our understanding of transport, especially buses.
- We will work to increase our understanding of Intellectual Property issues and their relationship with competition and consumer policy.
- We will put in place internal knowledge management systems to control and disseminate information received from Consumer Direct, TSS and other partners and stakeholders.

*We will ensure that we are aware of, and able to influence, the latest developments, innovations and research in policy and enforcement best-practice, including through engaging with national and international fora. Specifically:*

- We will hold a public hearing on private enforcement and redress in competition law as a follow up to our recent conference.
- We will work alongside other national competition agencies to promote best practice in the investigation of hard-core cartels and other serious infringements of competition laws. In particular, we will work closely with HM Treasury, the Department of Trade and Industry and the concurrent UK sector regulators to ensure the best outcome from the review of concurrency in competition enforcement.
- We will work closely with the DTI and the European Commission in order to develop effective policy for our consumer regime, including work on consumer redress, representative actions and the Review of the Consumer Acquis. We will also continue to work closely with the Better Regulation Executive to achieve an optimum sanctions regime as part of the Macrory Review.
- We will continue to provide and develop intellectual leadership in our analysis of mergers, especially those involving sophisticated analysis of local markets. We will further develop our practice of integrating law and economics in merger review.
- We will complete and publish at least two OFT economic discussion papers on significant and relevant topics, with a view to raising understanding and advancing debate, both internally and externally.

*We will undertake critical and transparent analysis of our work, and use the results to inform our work and overall strategy going forward. Specifically:*

- We will evaluate the impact of the *Taxi Services* market study.
- We will publish research into the deterrence effect of our competition policy.
- We will publish performance monitoring arrangements for market studies and report on success against the targets in our Annual Report.
- We will publish detailed performance monitoring arrangements for Consumer Direct and report on success against these targets.

- We will publish estimated consumer savings from our mergers work, based on improved methodologies.

*We will inform and educate our partners and stakeholders. Specifically:*

- We will publish revised mergers procedural guidance in order to improve understanding of our processes, including initial undertakings for completed mergers. We will also issue revised guidance on the concept of 'markets of insufficient importance'.
- We will provide guidance and education to business, and business representatives, in order to drive up the average quality of complaints received and increase compliance with competition and consumer law. In 2007-08 we will publish updated guidance on unfair contract terms.
- We will raise awareness of our work through training and education campaigns and through advocacy. In particular, we will deliver training for co-enforcers on the new EC Directive on Unfair Commercial Practices and the EC Regulation on Consumer Protection Co-operation.

*We will provide effective education and advice for consumers and businesses, including through Consumer Direct. Specifically:*

- We will develop our research work to ensure we reach minority audiences and vulnerable sectors.
- We will run awareness campaigns on the new consumer credit and unfair commercial practices regimes, and provide guidance and training on these areas and the Consumer Protection Co-operation Regulation.
- We will continue to work with international enforcement counterparts to raise awareness of scams.
- We will redesign our website to make it more user-friendly for both consumers and business, and will aim to respond to 90% of all public enquiries within 10 days.

**Question: do you think that these are the right areas for our focus? What other objectives would you suggest we should consider?**

### **Objective 3: To work in partnership**

*We want to work together with all of our partners and stakeholders. Our partners are those organisations with which we collaborate to deliver common objectives. Our stakeholders have a direct or indirect interest in our work and how we do it. We want open, honest and effective two-way communication with both groups so that we can ensure that we all work together to achieve common goals, with action being taken by those who are best placed to achieve success, taking advantage of any economies of scale and, where appropriate, the pooling of resources. Where necessary we will seek to take a central, co-ordinating role and provide leadership, guidance, training and support. Equally, we will need to be ready and able to listen and learn and take action and adapt to others' agenda as appropriate.*

Our target is to demonstratively increase the effectiveness of OFT work by utilising the strengths of other bodies and organisations, and by increasing mutual awareness and understanding.

*We will raise the profile and quality of external engagement across all of our work. Specifically:*

1. We will develop our external liaison strategy and appoint senior level 'relationship managers' for our main partners and stakeholders.
2. We will introduce internal training and evaluation tools to monitor our partnership success.

*We will work with our partners, and influence others, to make markets work well for consumers, including: reducing the distortions of markets created by government actions; working with TSS to ensure a risk-based, proportionate and coordinated approach to their work; and co-operating with sectoral regulators, the European Commission and other National Competition Authorities to ensure effective enforcement of the competition regime in the UK. Specifically:*

3. We will deliver and extend our programme of joint action with TSS. We aim to demonstrate a more consistent and better co-ordinated service delivery with an increased focus on a risk-based approach. The aim will be a reduction in the administrative burdens placed on business, better

promotion of the well-being of local communities and improved overall economic productivity and efficiency.

4. We will, in appropriate cases, work closely with the Serious Fraud Office and the Lord Advocate in Scotland to investigate criminal cartels offences.
5. We will work closely with the concurrent regulators to ensure the effective enforcement of competition law across all sectors of the economy.
6. We will look to work more closely with the Cabinet Office and the Better Regulation Executive in order to ensure that negative effects on markets arising from government policies are minimised.
7. We will work with co-enforcers and stakeholders to develop a comprehensive policy on the enforcement of consumer law. In particular we will continue to work with the Financial Services Authority on our Joint Action Plan, and with TSS to ensure UK-wide consistency.
8. In mergers, we will build on relationships with our independent partner agencies, including the Competition Commission and the European Commission to optimise case transfer and know-how sharing.

**Question: do you think that these are the right areas for our focus? What other objectives would you suggest we should consider?**

#### **Objective 4: To develop the OFT as an organisation**

*We want the OFT to be as efficient an organisation as possible. We aim to make the OFT an employer of choice, by providing a strong framework of training and career management in order to be able to attract, develop and retain highly skilled and motivated people.*

<p>Our target is to have a comprehensive career and knowledge development programme for our people.</p>
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*We will develop the skills and talent of our staff and the framework in which we operate in order to ensure that we have the necessary human resource, and appropriate operational support, with which to achieve our goals.*

9. We will promote a learning culture by providing high quality training and development opportunities to refresh, maintain and update skills, and facilitate career progression.
10. We will identify the skills profiles required to deliver the OFT's strategic goals and actively shape the staff profile to match these through on-going training and career management.
11. We will promote a culture that values diversity and enables staff to achieve the highest level of their potential.
12. We will seek to link reward to performance and the delivery of our objectives.
13. We will promote clear and effective communications with and between all managers and staff.
14. We will increase secondments between TSS and other partners and the OFT by putting into place an active exchange programme.
15. We will develop and expand our capacity to undertake criminal cases.
16. We will develop our internal systems to promote the effective sharing of our knowledge, including finalising the new PROMOD database system for Consumer Credit Licensing.

**Question: do you think that these are the right areas for our focus? What other objectives would you suggest we should consider?**

## 7 RESOURCES

- 7.1 2007-8 will be the final year of a three-year Treasury funding cycle. In negotiating our funding with Treasury, we agreed a flat cash settlement for each of the three years 2005-06 to 2007-08; this is comprised of £52.0 million for running costs, £2 million ring-fenced for litigation and £1.4 million for capital investment. We are relying on efficiency improvements and accumulated under-spending from previous years to fund any increases in expenditure. The resources for 2007-8 include a £19m ring-fenced budget for Consumer Direct transferred from the DTI in 2006.
- 7.2 Our efficiency target for this and the following year for existing OFT activities (excluding Consumer Direct) is five per cent per annum. Efficiency savings achieved to date are in line with our target of five per cent for 2006-07, and have been achieved through a mix of reducing staffing levels, more efficient procurement and better service delivery. We believe that the programmes we have in place will enable us to achieve the targeted level of savings in 2007-08 while still ensuring agreed service delivery levels. For example, as a smaller department we are benefiting from framework procurement agreements developed by larger departments, which will be a continuing source of improved efficiency for us.
- 7.3 Planned expenditure during 2007-08 is expected to be a total of £55.4 million for core OFT activities (£51.2 million for running costs, £2 million for litigation, £1.4 million for capital and £0.8 million for general reserve). In addition we will spend £19 million on Consumer Direct and the Board may authorise additional expenditure on priorities arising during the year by using some of our accumulated under-spend from prior years.

## 8 FURTHER INFORMATION

- 8.1 More information about the Office of Fair Trading and our work can be found on the website at [www.oft.gov.uk](http://www.oft.gov.uk)
- 8.2 Please send your comments by no later than 2 March 2007 via email to [nigel.cates@oft.gsi.gov.uk](mailto:nigel.cates@oft.gsi.gov.uk) or by post to:

Nigel Cates  
Strategy and Planning team  
The Office of Fair Trading  
Fleetbank House  
2-6 Salisbury Square  
London  
EC4Y 8JX

Tel: 020 7211 8114

- 8.3 Responses will be made public at the end of this consultation unless you tell us that you do not agree to this.

## **PART II: ANNEXES**

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### **A THE SIX CRITERIA FOR CONSULTATIONS BY PUBLIC BODIES**

**Public bodies are required to perform consultations in accordance with the following criteria wherever possible**

- A.1 Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
- A.2 Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.
- A.3 Ensure that your consultation is clear, concise and widely accessible.
- A.4 Give feedback regarding the responses received and how the consultation process influenced the policy.
- A.5 Monitor your Department's effectiveness at consultation, including through the use of a designated Consultation Co-ordinator.
- A.6 Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.
- A.7 Further information on the Code can be found on the Cabinet Office's website:  
[www.cabinetoffice.gov.uk/regulation/consultation/consultation\\_guidance/the\\_code\\_and\\_consultation/index.asp](http://www.cabinetoffice.gov.uk/regulation/consultation/consultation_guidance/the_code_and_consultation/index.asp)

## **B COMMENTS OR COMPLAINTS ABOUT THE CONSULTATION PROCESS**

- B.1 If you wish to comment on the conduct of this consultation or make a complaint about the way this consultation has been conducted, please write to:

Catherine Mason  
OFT Consultation Co-ordinator  
Room 2N/O15  
Office of Fair Trading  
Fleetbank House  
2-6 Salisbury Square  
London  
EC4Y 8JX

Phone: 020 7211 8890  
Email: [catherine.mason@oft.gsi.gov.uk](mailto:catherine.mason@oft.gsi.gov.uk)

- B.2 Responses and comments regarding the consultation document should be sent no later than 2 March 2007 to:

Nigel Cates  
Room 3E/020  
Office of Fair Trading  
Fleetbank House  
2-6 Salisbury Square  
London  
EC4Y 8JX

Email: [nigel.cates@oft.gsi.gov.uk](mailto:nigel.cates@oft.gsi.gov.uk)