

Flexibility for changing markets

Annual Plan 2009-10

Office of Fair Trading Annual Plan 2009 -10

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Introduction

During 2009-10 we will continue to focus on our four broad themes of delivering high impact outcomes, being a centre of excellence and intelligence, working in partnership and building our internal capability.

The recession and credit crunch in the UK and further afield have reinforced our commitment to maintaining our record of enforcement and interventions to ensure markets continue to work well for consumers. It is also clear that we will need to respond flexibly to changing circumstances and events, and to continue to advocate the benefits to business, to consumers and to the economy of clear, consistent and effective competition and consumer protection policies.

This plan is focused on high-level outcomes rather than individual projects in order to allow the OFT the flexibility to reprioritise projects as new issues arise during the year and to ensure the best return on our resources.

The past year

We have continued our high impact work during 2008-9 as well as engaging behind the scenes in partnerships to raise the profile of competition and consumer issues, including the importance given to compliance at corporate board level.

We have brought our first charges under the new criminal cartel regime, with convictions secured in the marine hose case and ongoing court cases involving four former or current British Airways executives. In investigations into alleged anti-competitive behaviour under the civil regime, we have agreed penalties with parties in two pricing cases (Dairy and Tobacco) which so far total £293m and we also issued a statement of objections in a bid-rigging case involving 112 construction companies. In the consumer field, we have pursued our ongoing court case to test the fairness of unauthorised overdraft charges where we are pleased that the Court of Appeal has recently supported our position that the unfair contract terms regulations apply. In July 2008 we won a landmark, cross-border, case in a Dutch court to stop a mail order company from sending misleading prize draw mailings to UK consumers.

We have continued to investigate markets that appear not to be working effectively. This year we published a market study into

personal current accounts, which was critical of the complexity and lack of transparency for consumers and questioned the charging structure of many accounts. We also started and completed market studies into sale and rent back (where the Government agreed to implement our recommendations for further regulation), homebuilding, and Scottish property managers. Towards the end of the year, we embarked on new studies into Isle of Wight ferry services, local bus services, and home buying and selling.

During the year we have built on our outreach and advocacy work with business groups, trade associations and others to spread guidance and encourage compliance with competition and consumer law. We have also strived to improve the quality of our external engagement and transparency in all aspects of our work. We welcome the value-for-money study carried out by the National Audit Office (NAO) and the recognition its report gives to the substantial progress that we have made.

The coming year

Public confidence in markets is closely linked to the strength of the competition and consumer protection regimes, and these regimes can and should be used to build this confidence, both through solving market problems and by demonstrating that markets are accountable. We will continue to take significant actions in high profile areas, including studies into markets with a substantial impact on consumers' lives, enforcement action against mass marketed scams and criminal investigations involving cartels, consumer credit and consumer protection legislation.

We will work to understand and anticipate new risks to consumers and businesses that may be presented by the economic downturn. We will continue to use our prioritisation principles to ensure that our work programme delivers the greatest overall benefits to consumers.

In the current economic climate, the OFT's competition and consumer advocacy role has never been more important. We are focusing our policy and strategy work on ensuring that the benefits of the UK competition and consumer regimes, and the role and functioning of markets, are properly understood and that market failure is addressed by regulation that does not unnecessarily or disproportionately restrict competition or consumer benefits. We are also strengthening relationships with government departments and other stakeholders, and engaging with them on cross-cutting issues such as consumer credit and priority sectors for future economic growth.

Finally, a global response on competition and market issues

In the current economic climate, the OFT's competition and consumer advocacy role has never been more important.

is crucial in the current global economic crisis. A fragmented European or international response would hamper the UK's and other countries' recovery from the crisis as well as leading to the risk of increasing protectionism and growing friction in world trade. We will continue to take a leading role on the European and international stages in advocating a coordinated and consistent approach across competition regimes.

New legislation

Under the Regulatory Enforcement and Sanctions Act 2008 the Government can give prosecuting enforcers such as the OFT access to other sanctions as alternatives to criminal penalties. We are considering our position on these. The OFT also has a duty under the Act not to impose unnecessary burdens. We fully recognise the importance of this duty, especially in a time of economic uncertainty, and will work to avoid causing unnecessary costs for businesses in a number of different ways.

The European Commission is currently reviewing consumer legislation with the aim of simplifying the existing eight key directives, achieving better regulation, increasing consumers' confidence in the single market

and reducing business reluctance to trade across borders. Much of the consumer protection law that we enforce derives from the 'Consumer Acquis' and we are working with the Department for Business, Enterprise and Regulatory Reform (BERR) and the European Commission to take the review forward and ensure that the Consumer Rights Directive achieves its aim of striking the right balance between consumer protection and competitiveness of enterprises.

During the past year we have made a number of new appointments across the organisation. Senior management positions have been filled with people taking those roles coming both from inside the OFT and from other organisations. In 2009-10 we plan to maintain our focus on attracting, retaining and developing highly talented people at all levels across the OFT. In line with the NAO's recommendations for continual improvement in this area, we will focus our investment on middle management levels across the organisation.



Philip Collins
Chairman

John Fingleton
Chief Executive

About the OFT

The OFT – a brief overview

The OFT is a non-ministerial government department with a broad remit. The majority of our work consists of:

- analysing markets
- enforcing consumer and competition law
- undertaking advocacy
- working with partners to deliver information and education programmes to businesses and consumers.

We strive towards leadership in competition and consumer policy in order to influence decision-makers and opinion-formers in the UK and internationally.

Intervention by the OFT is designed to support the development of competitive, efficient, innovative markets.

Our Mission

Our mission is to make markets work well for consumers. Markets work well for consumers and contribute to the health of the wider economy when they are efficient and productive.

Intervention by the OFT is designed to support the development of competitive, efficient, innovative markets. These are markets where standards of consumer care are high, consumers are empowered about making choices, businesses are not disproportionately burdened by government regulations and are encouraged to offer benefits to consumers beyond the protection afforded by law.

When markets are not working well for consumers and problems cannot or are unlikely to be resolved naturally, intervention by the OFT may be necessary. We have a range of tools under competition and consumer legislation that we can use for prevention, education and enforcement.

We look at both the demand and supply sides of markets because where empowered consumers are able to make informed decisions, businesses are more likely to innovate, reduce inefficiencies and compete in ways which make markets work well for consumers and the wider economy.

We seek to achieve this aim by taking a balanced approach, working with stakeholders and targeting our activities to get the most positive effect for consumers.

Deliver
high-impact
outcomes

Develop,
promote and
attract the
best talent

Be a centre
of excellence

Our vision

Achieve our
objectives in
partnership

Be a centre
of intelligence

Deliver high-impact outcomes

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

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

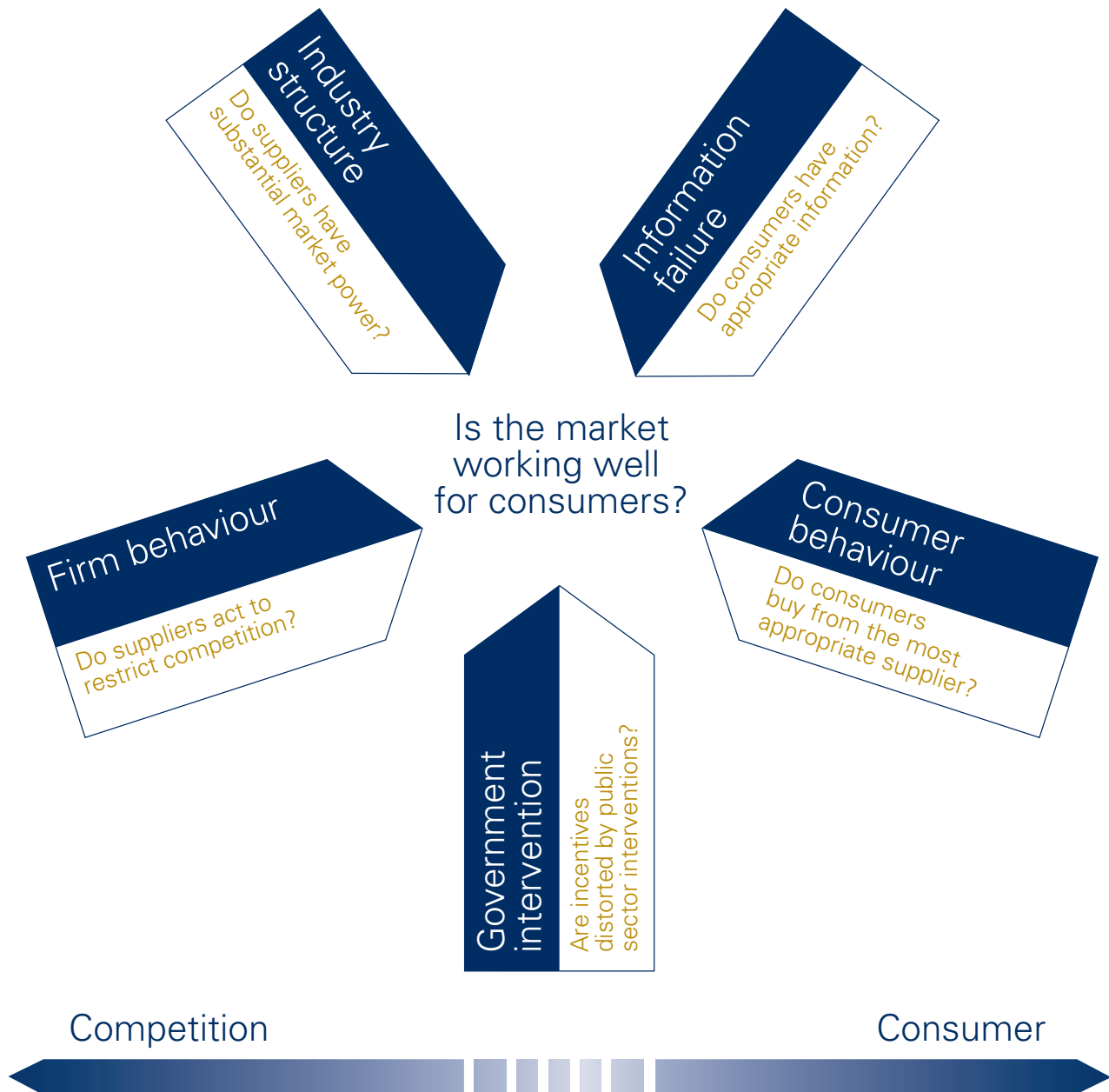
Be a centre of intelligence using economic data and feedback from Consumer Direct, partners and stakeholders, to inform our own and others' work, to identify markets that are not working well, to empower consumers, and to inform business, Government and the public about consumer and competition issues.

Achieve our objectives in partnership

Achieve our objectives in partnership with others including sector regulators, Government, the courts, the Competition Commission, the European Commission, local authority Trading Standards Services (TSS) and businesses and consumers and their representatives.

Develop, promote and attract the best talent

Develop, promote and attract the best talent providing a supportive environment in which staff can learn and develop to reach their potential.



Key factors underlying markets that work well for consumers

Our approach

Our approach is founded on the principle that consumers benefit most through competitive, open and well-functioning markets. We focus our interventions on areas which pose the greatest threat to this, including cartel behaviour, abuse of market power, the use of unfair contract terms and unfair commercial practices, deceptive or misleading advertising, mass-marketed scams and the actions of 'rogue' traders.

This focus is crystallised in our prioritisation principles.¹ The principles are a tool with which to structure and articulate the factors that are taken into account when making prioritisation decisions, rather than a set of criteria to be quantified. They provide a consistent language for thinking about and explaining our choices. They are not designed to make us reach decisions in a mechanical way or to

restrict us from reaching decisions on a case-by-case basis.

We employ an increasingly sophisticated, systematic and rigorous approach to identifying the scale and cause of consumer harm and pay particular attention to key industries and the needs of vulnerable consumers. We also recognise the need to avoid imposing unnecessary burdens on business.

1. The Principles can be found at www.of.gov.uk/shared_of/about_of/oft953.pdf

Our activities improve the institutions and processes through which competition and consumer policies are formulated and applied.

Focusing on economic growth and productivity

We focus on outcomes which support productivity, growth and the prosperity of the UK economy as we believe this is in the best interests of businesses and consumers. We use a variety of approaches including self-regulation in the form of the OFT-approved codes of practice, business education, merger control and the direct enforcement of competition and consumer legislation.

Our methods include civil and criminal enforcement, market studies, consultation and workshops, advocacy to help formulate government policy, and educating businesses and consumers.

Beyond the immediate goal of stopping bad practices and promoting beneficial ones, our activities improve the institutions and processes through which competition and consumer policies are formulated and applied.

Preventing harm to consumers and markets

Preventing harm in the first place is better for consumers than taking enforcement action afterwards. One of the ways we achieve this is through equipping businesses and consumers with knowledge about their legal obligations and rights. We undertake awareness programmes with businesses and consumers and coordinate an alliance of consumer education partners.

Alongside these activities, we aim to deal rapidly with complaints from those affected by unlawful activity and market failure.

As intervention should be the last, not the first, resort, we encourage businesses to raise compliance levels and stop unlawful, unfair and deceptive practices. However, we will continue to use our powers under the Enterprise Act 2002 to send a powerful message of deterrence by taking criminal prosecutions where appropriate.

In December 2008, we reissued our statement of consumer protection enforcement principles detailing our commitment to the principles of good enforcement, as set out in the Legislative and Regulatory Reform Act 2006, the Enforcement Concordat and the Regulators' Compliance Code. The OFT's Simplification Plan also describes the initiatives the OFT is currently undertaking and those we plan to carry out to ensure we do not impose unnecessary burdens on business in our regulatory activities.

We want to act so that all stakeholders are:

- satisfied that decisions on enforcement interventions will be proportionate and consistent
- able to understand how we target our resource for the greatest impact
- clear on the factors taken into account when deciding the appropriate enforcement intervention

- able to hold us to account for the decisions we take on enforcement action.

Targeting our tools

We have a range of tools at our disposal to address market failures and make markets work well for consumers. In many cases, we use a combination of these tools to address failures in a holistic way. We also work in partnership with other organisations which have complementary powers or influence in relation to markets.

Our **preventative tools** include:

- the Consumer Codes Approval Scheme
- the OFT guidance to consumers and business
- consumer education programmes
- deterring poor practice by bringing high impact cases and publicising the results.

Our **diagnostic tools** include:

- research
- market studies
- investigating and responding to complaints
- references to the Competition Commission
- investigation and intelligence gathering.

Our **advocacy tools** include:

- our international work, where we use our influence to promote the interests of UK consumers
- providing advice to Government, business and consumers on competition and consumer issues
- encouraging private actions and redress for breaches of consumer and competition law.

Our **enforcement tools** include:

- accepting and reviewing undertakings
- applying financial penalties and imposing directions under competition law
- taking criminal actions for unfair commercial practices
- seeking court injunctions
- refusing and revoking consumer credit licences, and imposing requirements on licensees

- 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.
- Act as a supervisory authority under the Money Laundering Regulations 2007.

- Consider and respond to complaints.
- Assist the European Commission to carry out any inspections in the UK under Articles 81 and 82 of the EC Treaty. Article 81 relates to anti-competitive agreements, while Article 82 relates to abuse of a dominant position.
- Act as a Competent Authority under the CPC Regulation, tackling cross border infringements of European consumer law.

The diagram below highlights which tools are available to us when addressing a variety of market failures.

			Making markets work well for consumers				
			Industry Structure	Firm Behaviour	Consumer Behaviour	Information Failure	Government Intervention
Enforcement	Competition regime	Cartels and anti-comp agreements		✓			
		Abuse of dominance	✓	✓		✓	✓
		Merger control	✓	✓			
	Consumer regime	EA02 Part 8		✓			
		CPRs		✓			
		UTCCRs		✓		✓	
		Credit licensing		✓		✓	
		Estate agents		✓		✓	
		AMLD		✓			
	Markets regime	Market references	✓	✓	✓	✓	✓
Super-complaints		✓	✓	✓	✓	✓	
Codes of practice		✓	✓	✓	✓		
Diagnostics	Market studies	✓	✓	✓	✓	✓	
	Research work	✓	✓	✓	✓	✓	
Advocacy	Advice to Government					✓	
	International policy work	✓	✓	✓	✓	✓	
Prevention	Advice and guidance	Consumer Direct			✓	✓	
		Consumer education			✓	✓	
		Business education	✓	✓	✓	✓	

Key themes for the OFT in 2009-10

In a downturn, it is vital that a strong competition regime protects consumers and legitimate businesses – uncompetitive markets and anti-competitive behaviour can hurt other businesses just as much as, and sometimes more than, consumers.

Our mix of competition and consumer powers enables us to use a wide range of remedies and to take a highly flexible and proportionate approach.

Maintaining our record of high-impact enforcement and interventions

We have already demonstrated that we are prepared to use the powers that we have, including criminal enforcement powers, to their fullest extent. Where serious problems do emerge, we remain committed to taking strong action to protect markets and consumers. We will continue to do so wherever the circumstances justify it, both in order to prevent direct harm to consumers and to ensure that the wider educational and deterrent benefits of our actions are maximised. Businesses and individuals who disregard their legal obligations to the detriment of consumers and competitors will not be able to use their economic circumstances as an excuse.

We have increased the proportion of our resource going to both making these interventions, and to communicating their impact. We will prioritise our work carefully to ensure that we maximise our impact across all of our work, and will keep our portfolio of work under review throughout the year.

Responding flexibly to changing circumstances and events

We are working to anticipate and address the new risks to consumers and businesses that the economic downturn may present. For example, regulation of consumer credit and financial services is increasingly important, and we may see greater temptation to cartelise markets.

The types of intervention that best achieve our mission may also change in the recession. We need to be ready for this change before it happens and are organising our

resources accordingly, so that we can react quickly with appropriate solutions.

Our flexibility of approach will be matched by proportionality. Where self-regulation or informal action is the most effective intervention, we will seek to implement it.

Influencing the debate around competition and consumer issues

There is potential for serious harm to the UK economy if we do not make our voice heard, and we also have a strong contribution to make to the process of developing the economy for the future. We are focusing our policy and strategy work on influencing the current debate about the role of the UK consumer and competition regimes through prioritising resources for our advocacy function, so that we can provide positive inputs to government policy on individual issues as well as helping to allow competition to deliver other governmental aims.

We are already working to ensure that we are as transparent as possible in our dealings with

business, but we want to go beyond this to ensure that both the nature of our work and its positive effects are better understood by business, and to actively engage with business and trade associations on self-regulation, governance and compliance. The further we can raise these issues up the boardroom agenda, the less likely we are to have to take enforcement action further down the line.

Working with partners

We will further develop our links with local, national and international partners. We are focusing on strengthening relationships with enforcement partners such as TSS, the Competition Commission and government departments, and working with Government on cross-cutting issues such as priority sectors for future economic growth and consumer credit.

International leadership remains an important theme for the OFT. We will continue to take a leading role on the European stage in advocating a coordinated and consistent approach across competition regimes.

Our flexibility of approach will be matched by proportionality. Where self-regulation or informal action is the most effective intervention, we will seek to implement it.

Forthcoming issues for the OFT

EU directives

Review of the Consumer Acquis

The European Commission is currently undertaking a review of eight key directives that make up the 'Consumer Acquis', which are the directives on doorstep selling, distance selling, package travel, unfair contract terms, timeshare, the sale of goods and associated guarantees, price indications and injunctions. The review is intended to simplify and modernise consumer law, achieve better regulation, increase consumers' confidence in the single market and reduce business reluctance to trade across borders.

A draft directive (the Consumer Rights Directive) designed to amalgamate four existing directives – doorstep selling, distance selling, unfair contract terms and the sale of goods and associated guarantees – was published by the Commission in October 2008. BERR published a consultation on the draft directive in November 2008 to which we responded in detail in February 2009.

The review of the Consumer Acquis is fundamental to our work as much of the consumer protection law that we enforce is drawn from the Consumer Acquis directives. The review will therefore have a significant effect on consumer policy and protection in the UK. We are working with BERR and the European Commission to take

the review forward and to ensure that the Consumer Rights Directive achieves its aims of striking the right balance between consumer protection and competitiveness of enterprises. We will continue to do so throughout 2009/10.

Consumer credit

The new EU Consumer Credit Directive, updated to address changes in consumer credit markets across Europe in the last two decades, was adopted in April 2008. The Directive focuses on transparency and consumer rights in consumer credit agreements, dealing with issues such as the information to be provided to consumers before entering into an agreement.

Member states are required to implement the Directive by June 2010, and BERR are aiming to consult on draft legislation in April 2009. We are working closely with BERR to ensure that appropriate changes are made to consumer credit legislation in the light of the Directive.

Services Directive

The EU Services Directive, published in 2007, is designed to break down barriers to cross border trade in services between EU Member States. The Directive is due to be implemented by December 2009.

As part of the implementation process the OFT has screened its areas of responsibility to ensure the Directive's requirements will be met, and to ensure the necessary procedures for effective cooperation with other member states will be in place. We will continue to work with BERR to ensure the successful implementation of the Directive.

Better regulation

Regulatory sanctions

Part 3 of the Regulatory Enforcement and Sanctions Act 2008 came into force on 1 October 2008. Following the Macrory review of regulatory sanctions in 2006, Part 3 allows ministers to give regulators access to four new civil sanctions, intended as alternatives to criminal prosecution and to allow regulators to be more consistent, flexible and proportionate in their enforcement work. These sanctions include powers to impose fixed monetary penalties, discretionary

requirements, 'stop' notices, and to accept enforcement undertakings in lieu of prosecution.

The OFT is currently considering whether it should apply to have access to these new sanctions. Should we do so, we will work to ensure that we meet the requirements set down for regulators who wish to use these powers, and to integrate these new options into our enforcement toolkit for taking action to protect consumers and markets.

Minimising burdens on business

Part 4 of the Regulatory Enforcement and Sanctions Act also came into force on 1 October 2008, imposing on the OFT a duty to keep performance of our regulatory functions under review and secure that we do not impose or maintain unnecessary burdens on business. This followed the coming into force of the Regulators' Compliance Code in April 2008, which the OFT is committed to adhering to.² Ensuring our actions are targeted and proportionate, and thereby minimising any such burdens across all aspects of our work, not just our regulatory responsibilities, is a key priority for the OFT and we will continue to work to do so.

We will work closely with our stakeholders giving businesses opportunities to learn about and comment on all aspects of the OFT's dealings with them, and to say whether they think we are imposing unnecessary burdens. We will analyse and report on what is said to us, and will ensure that the lessons learned from this

engagement are reflected in our policies and procedures as required by the Compliance Code and Part 4.

Financial services strategy

In the Pre-Budget report published in December 2008, the Chancellor announced that the OFT would publish a specific financial services plan in addition to its normal Annual Plan. Public consultation on a financial services strategy will begin in March 2009 with a final plan expected around June. The aim of the plan will be to set out a coherent and coordinated approach to all the OFT's work across the financial services sector, reflecting the current economic climate and enabling the OFT to respond flexibly to changing circumstances. The plan will include details of current and future work in this area.

We will work closely with our stakeholders giving businesses opportunities to learn about and comment on all aspects of the OFT's dealings with them.

2. See the OFT's Statement of Consumer Protection Enforcement Principles: www.of.gov.uk/advice_and_resources/publications/reports/consumer-protection/of964

Performance framework and objectives

2009-10 is the second year of the performance framework for 2008-11 that we agreed with the Government as part of the 2007 Comprehensive Spending Review (CSR07). This framework provides our four main objectives and underpins our plans for the year ahead, setting out our commitments to the Government, consumers and businesses.

Objective 1: To deliver high-impact outcomes

Make markets work well for consumers by delivering high impact work efficiently, focused on priority areas, and spanning the OFT's enforcement and non-enforcement functions.

Under our CSR07 Performance Framework Agreement, the OFT has agreed to do the following:

- In each Annual Report provide quantitative evidence of how the OFT delivers direct financial benefits to consumers of at least five times that of its cost to the taxpayer across the spending review period.
- In each Annual Report estimate the additional wider benefits of the OFT's work, for example, increasing consumer and business confidence in markets and deterring future anti-competitive behaviour.
- Publish annually statistics and information on all the OFT's enforcement and non-enforcement outcomes, including comparisons with previous years' statistics and, where applicable, other leading National Competition Authorities (NCAs).
- Publish a project performance management system, including anticipated timeframes for the completion of principal types of projects, and report annually on performance against this framework and the proportion of projects delivered within the anticipated timeframes (with explanations for projects not completed in time).
- Publish and continue to develop a framework for prioritising work, drawing on information from complaints to the OFT and Consumer Direct, proactive market monitoring and project evaluation work. Report annually on how the framework has been reflected in projects carried out.
- Publish detailed performance monitoring arrangements for Consumer Direct and report annually on success against those targets. Demonstrate that Consumer Direct is generating benefits of at least three and a half times its operating costs.
- Ensure that investigations are conducted in a transparent manner, with parties frequently informed of the status and anticipated time frame of the investigations in which they are involved.

Alongside the above, during 2009/10, the OFT will:

- Concentrate our enforcement work on areas where we believe the benefit to consumers and the economy from our intervention would be the greatest, using the full range of our tools and those available to our enforcement partners. We will use our prioritisation principles to enable us to target our resources effectively, and take into account the resources available to our enforcement partners. Our focus is on preventing and bringing an end to serious misconduct and increasing overall compliance levels, through both the direct consequence of our actions and through wider deterrent and educational effects. We will continue to establish legal precedent through enforcement

where appropriate, bringing clarity and certainty for business and consumers in areas of contention and dispute.

- Work to ensure that our interventions are as swift, efficient and transparent as possible. We fully recognise the need to ensure that we do not impose unnecessary burdens on business and will make every effort to avoid doing so in the course of our work. We will provide transparent information on all of our cases as far as is possible, and will continue to work closely with our stakeholders on developing ways in which the OFT can be more transparent.
- Continue to work to ensure that the UK merger regime operates in a timely and efficient manner, protecting consumers from mergers that could damage competition whilst minimising the regulatory burdens on business. We will accept offers of merger undertakings where these would clearly resolve our concerns, and will refer other problem cases to the Competition Commission. We will continue to investigate mergers that have not been notified to us where we believe that consumers may be at risk of adverse consequences from those mergers. We will also continue to provide informal assistance in merger cases that raise genuine competition issues

and where our involvement would assist businesses in ways that their advisors cannot.

- Investigate and challenge anti-competitive agreements. We will continue to work to root out hard-core cartel activity across the whole of the UK economy, and remain fully committed to using our criminal powers in respect of cartel activity where this is appropriate.
- Use our market-wide tools to raise industry standards, increase business and consumer awareness and remedy generic issues of market failure. Where we identify structural defects within markets we will seek solutions to address these problems as quickly and efficiently as possible, such as Market Investigation References (MIRs) to the Competition Commission.
- Work to ensure that the impact of the OFT's work, and the attendant benefits for all participants in the economy, are more widely known and understood amongst businesses, consumers and other interested parties. We will be clear and open about the reasons for our actions and interventions, so that they can have a wider impact through promoting compliance with the law across the business community.
- In those areas where the OFT has direct regulatory responsibilities,

such as anti-money laundering and consumer credit licensing, we will continue to deliver effective and efficient regimes that protect markets, businesses and consumers while minimising the regulatory burden on business. We will focus our efforts on activities that represent high risks to consumers, and examine harmful practices such as irresponsible lending.

- Make full use of our consumer protection powers to ensure that consumers are not disadvantaged by businesses that do not comply with their legal responsibilities. We will also continue to take strong and effective action to keep mass marketed scams from causing harm to consumers and to legitimate business, identifying and acting against new scams quickly and using innovative approaches to further target those already in use.

We will work to ensure that the impact of the OFT's work, and the attendant benefits for all participants in the economy, are more widely known and understood.

Objective 2: To be a centre of intelligence and excellence

Monitor markets proactively, systematically and transparently. Evaluate the impact of our work, and use this evaluation to inform strategy and future work. Provide effective education and advice for consumers, including through Consumer Direct. Promote innovative approaches in our work.

Under our CSR07 Performance Framework Agreement, the OFT has agreed to do the following:

- Systematically monitor markets, with the aim of progressively increasing impact from the proactive market studies, investigations and advocacy programme, as measured by increases in consumer welfare or other relevant indicators of impact.
- Publish objective criteria for undertaking and terminating market studies.
- Evaluate the impact of at least two market interventions (including at least one market study) annually and publish the results. Evaluate the specific impact of consumer campaigns on at least two markets per year, and report on the results.

- Demonstrate an increasing awareness of the OFT's work and role, through measures such as survey evidence and number of website hits.
- Take action to drive up the average quality of complaints received, and respond to 90 per cent of public enquiries within 10 days.
- Demonstrate the use of innovative and appropriate approaches to market problems, recording in the Annual Plan examples such as direct settlement, third party interventions and new types of study.
- Maintain or improve the OFT's rating as one of the top consumer and competition authorities in the world as measured by BERR's peer review, Global Competition Review and other appropriate measures.
- Monitor and increase the number of OFT decisions cited favourably in international competition and consumer policy debate (for example through LexisNexis citations).

Alongside the above, during 2009/10, the OFT will:

- Monitor markets proactively, and ensure that we have the intelligence we need to perform all of our functions by identifying and filling any gaps. We will continue to scrutinise markets that have been identified as having consumer and competition problems in the past, for example by monitoring developments in the market for personal current accounts. We will work closely with the Competition Commission to develop, monitor, and review remedies in markets that we refer where necessary.
- Broaden our information sources and develop our means to identify, monitor, collect, analyse and use information on a more systematic basis, so we have a better picture of the problems/harms affecting consumers and better data to inform our decisions on what issues to tackle and which tools to use to secure high-impact outcomes.

- Match our data sources to our information needs so that we do not ask for information that we do not need. We will use the information and intelligence that we have as efficiently as possible, improving the quality of our internal knowledge-sharing systems, and building on the analytical tools that we currently have access to, in order to minimise the amount of information we request. We will develop our use of the National Intelligence Model across our consumer protection work and elsewhere as appropriate.
- appropriate, our research with stakeholders and partners so that it can help shape the debate on competition and consumer issues.
- Continue with our approach of evaluating the impact of our work and using the outcomes of this evaluation to improve and inform our decisions on overall strategy and future projects. As our understanding of the impact of our work develops we can put this learning to good use in refining and streamlining our approach to interventions, getting the most value for consumers from the

We will share and coordinate, where appropriate, our research with stakeholders and partners so that it can help shape the debate on competition and consumer issues.

- Ensure that our intelligence and expertise are appropriately shared with others. We will further develop our inter-agency working with the Competition Commission, TSS, government departments and other key stakeholders to facilitate better sharing of best practice and technical knowledge. We will coordinate with fellow competition and consumer authorities to make our work more effective, both through bilateral relationships and through active participation in the Consumer Protection Cooperation Network and the European Competition Network. We will share and coordinate, where
- work we choose to take forward, and making better and more informed decisions as to which work we should prioritise.
- Take full account of the lessons from external reviews of our performance, such as the Global Competition Review, BERR's peer review, and the 2008 NAO report. We will look closely at the conclusions reached by these reviews and their suggestions for improvement in our performance, and make full use of these in delivering better outcomes for consumers.

Objective 3: To work in partnership

Work with our partners to better achieve objectives 1 and 2. This will include: working with TSS to pursue a risk-based approach to local regulation of businesses, cooperating with other UK regulators, the European Commission, the Competition Commission and other NCAs to ensure effective enforcement of the competition regime in the UK and working with Government to influence competition, regulation, and consumer policy, and reduce the potential for government actions to adversely affect markets.

Under our CSR07 Performance Framework Agreement, the OFT has agreed to do the following:

- Deliver and extend the joint implementation plan with TSS. Demonstrate a more consistent, better coordinated service delivery, and a more risk-based approach, leading to reduction in the administrative burdens placed on fair-trading businesses, promotion of the well-being of local communities, and improved economic productivity and efficiency.

- Have an increasing impact on government policy through Regulatory Impact Assessments (RIAs), regulatory reviews and wider advocacy work, and monitor and improve the feedback we receive from other government departments through our advocacy work.

Alongside the above, during 2009-10, the OFT will:

- Continue to develop our strategic and operational partnership with local authority TSS, building on the results we are already delivering together. We will concentrate on developing our intelligence capabilities, delivering high impact joint enforcement work, and demonstrating clear benefits to consumers. We will support the Local Better Regulation Office (LBRO) on the delivery of better local regulation as it affects TSS, in those areas where our interventions are likely to have a significant impact on consumers' economic welfare.

- Seek to work in partnership with business where possible to resolve and prevent competition and consumer problems, and to increase compliance with the law. We will work with business to increase effective self-regulation and to develop better enforcement solutions under self-regulation through the Consumer Codes Approval Scheme, and where other appropriate opportunities to do so arise. We will work to ensure that our relationship with and attitude towards business is better understood, making clearer the benefits of the OFT's work for fair-dealing businesses and the UK economy as a whole.
- Work with the Competition Commission and other regulators, through working groups and other arrangements as appropriate, to ensure that the UK's competition and consumer regimes are as strong as possible over the short and long-term. We will continue to provide advice and guidance to, and liaise with, sectoral regulators in the UK via the Concurrency Working Party and other ongoing

We will provide information, guidance and advice, especially via Consumer Direct, to empower consumers to address competition and consumer problems themselves.

contact. We will also consider the opportunities and problems around concurrency across both consumer protection and competition issues, to improve coordination and sharing of knowledge between regulators. We will improve and strengthen our relationships with international counterparts, building on cross-border projects and initiatives to tackle international consumer problems such as mass-marketed scams.

- Continue to work with partners across government, including the devolved nations, to influence current developments in competition, consumer and regulatory policies and to promote the benefits of competition and markets amongst policymakers and stakeholders. For example, we will work closely with these key stakeholders on implementation of the Consumer Credit Directive, and the

Consumer Acquis Review. We will also continue to work to ensure that government actions affecting markets do not unnecessarily or unduly distort competition, or restrict consumer choice.

- Work in partnership with a wide range of other organisations to inform and empower consumers to enable them to make informed decisions that are right for them, thus ensuring they can act as a positive stimulus to competition between businesses, and obtain better outcomes from markets. We will provide information, guidance and advice, especially via Consumer Direct, to empower consumers to address competition and consumer problems themselves. We will also develop consumer skills and knowledge through providing education and resources, including via the Consumer Education Alliance.

Objective 4: To develop the OFT as an organisation

Develop the skills and talent of the OFT staff to deliver high quality outcomes and add skills to the economy.

Under our CSR07 Performance Framework Agreement, the OFT has agreed to do the following:

- Identify the skills profiles required to deliver the OFT's strategic goals and actively shape the staff profile to match these. Publish annually information on the skills of existing staff and new joiners.
- Provide an environment that rewards talent, with structures and culture that enable staff to develop as far and as fast as they are able.
- Monitor and report on the destination of staff leaving the OFT and use this information to inform work towards achieving targets 18 and 19.

Alongside the above, during 2009/10, the OFT will:

- Provide unique opportunities for new and existing staff to engage in high-impact work that makes a difference to the UK economy.

We will capture information on why staff choose to join, stay with and leave the Office, and use this information to inform decisions as to how we can improve as an organisation. We will establish principles and practices which will enable the organisation to be structured cost effectively and with the greatest opportunity for staff to perform effectively and with increasing degrees of autonomy.

- Develop career planning within the Office, equipping staff with the information and direction to help them develop themselves. We will ensure that the OFT is consistent in the ways in which it values staff across the organisation, and that it is equally supportive of all staff.
- Develop the OFT's internal leadership across the organisation, through both individuals and the management structure and processes. We will further develop our leadership and management training across the Office, and will work towards consistent, reliable management processes and behaviours that

actively promote high standards of performance. We will continue to develop our abilities to set aligned goals, monitor and provide feedback to enable effective delivery of the OFT objectives.

- Seek to improve our organisational learning, evaluating lessons from successful projects in terms of their internal as well as external effects. Where projects have been managed successfully, we will capture the reasons for this success and feed these into best practice across the OFT.
- Focus our learning and development activities on ensuring that the Office has the correct set of skills and staff expertise across the full range of its functions. We will equip the Office with the staff skills and processes to be able to adapt quickly to change, so that we can continue to deliver effective outcomes for consumers in changing external circumstances. We will learn the lessons of best practice from other organisations and use these to improve our own working practices.

Resources

2009-10 is the second year of a three-year HM Treasury (HMT) funding cycle covering the financial years 2008-09, 2009-10 and 2010-11.

The OFT has committed to a 5 per cent efficiency saving year-on-year over the CSR period.

For the CSR07 period the OFT Settlement has been fixed at:

2008-09:	£65.7m
2009-10:	£64.1m
2010-11:	£62.6m

The OFT faces a very challenging financial environment, and we will be operating under difficult financial constraints over the next couple

of years. The OFT is committed to making efficiency savings – for example, through more effective utilisation of its estate – but it will continue to need to make hard choices on priorities in an environment where its operating capacity is likely to reduce.

We therefore need to ensure that we understand clearly the full costs and benefits of our work, to help prioritise what we do within those constraints.

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