

# **OFT Annual Plan 2009-10**

Response to consultation

March 2009

OFT1036resp

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# 1 INTRODUCTION

- 1.1 Between November 2008 and February 2009, the Office of Fair Trading (OFT) conducted a public consultation on its draft Annual Plan for 2009-10. This document summarises the consultation that was undertaken, the responses received, and how these responses have been taken forward either through amendments to the draft Annual Plan or otherwise.
- 1.2 Section 3(2) of the Enterprise Act 2002 requires 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 final Annual Plan in any year. The consultation was undertaken in accordance with this requirement, and following the criteria set out in the *Code of Practice on Consultation* (available from [www.berr.gov.uk/files/file47158.pdf](http://www.berr.gov.uk/files/file47158.pdf)).

## **2 THE CONSULTATION EXERCISE**

- 2.1 The consultation exercise was intended to give stakeholders the opportunity to provide views and comments on the OFT's proposed Annual Plan for 2009-10, which sets out the organisation's main objectives and priorities for the year.
  
- 2.2 Stakeholders were notified of the consultation exercise by mail, and the OFT also met with a number of stakeholders during the consultation period to discuss their views. In total, the OFT received 27 responses to the consultation during the consultation period. A full list of respondents is at Annexe A.

### **3 SUMMARY OF RESPONSES**

- 3.1 In general, the responses to the consultation exercise that we received were very positive about the OFT's plans for next year as set out in the draft Annual Plan. We received a wide range of constructive comments from a diverse group of stakeholders, all of which are being taken into account going forward – both through the Annual Plan and elsewhere.
- 3.2 Respondents overwhelmingly endorsed the content of the 'key themes' section of the document, which sets out the thinking underpinning OFT's approach to 2009-10. In particular, the OFT's statements on the need for flexibility in the current economic environment, maintaining strong competition and consumer regimes, and engagement with business were welcomed by a diverse range of respondents.
- 3.3 Where changes to the key themes were suggested, respondents suggested additional themes rather than querying those already included.
- 3.4 Many respondents used the consultation exercise to give their views on the OFT and its work in 2009-10 at a more detailed level than the Annual Plan is focused on. We are very grateful for these comments, all of which have been fed into the appropriate teams and groups across the OFT and will be given full consideration.
- 3.5 In order to keep the Annual Plan focused on high-level commitments, we have not included specific projects or pieces of work in the Plan, whether they have been proposed by stakeholders or through our internal business planning process. This is in keeping with the need for OFT to be flexible in the uncertain circumstances of 2009-10, as set out in the 'key themes' section of the Plan. However, we have included reference to our prioritisation principles<sup>1</sup> in the final version of the Plan to give stakeholders a clearer idea of how we will choose and prioritise our work through the year.

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<sup>1</sup> [www.offt.gov.uk/shared\\_offt/about\\_offt/oft953.pdf](http://www.offt.gov.uk/shared_offt/about_offt/oft953.pdf)

## **4 SUBSTANTIVE COMMENTS ON THE DRAFT ANNUAL PLAN**

- 4.1 The Annual Plan covers the full scope of the OFT's work, and the consultation responses that we received mirror this wide scope in the considerable range of topics that were raised.
- 4.2 We have not attempted to address every point raised by respondents in this document. However, all comments have been passed to the relevant staff and teams across the organisation and will be considered going forward as appropriate.
- 4.3 Where a number of respondents have raised points about the same topic, or amendments to the text of the Annual Plan have been made following comments from respondents, the OFT's response is set out below.

### **Regulatory sanctions – paragraphs 3.8 and 3.9**

- 4.4 This section describes the effect of Part 3 of the Regulatory Enforcement and Sanctions Act 2008. Following the Macrory review of regulatory sanctions in 2006, Part 3 allows ministers to give regulators access to new civil sanctions, and paragraph 3.9 of the draft Annual Plan states that the OFT 'is currently considering whether it should apply to have access to these new sanctions'.
- 4.5 Many respondents to the consultation commented on whether the OFT should seek access to the new sanctions, and on how it should use them if it is granted access.
- 4.6 Paragraphs 3.8 and 3.9 have not been changed in the final version of the Plan as they still reflect the current position, but all comments provided by respondents on this topic are being fed into the process of considering whether the OFT should apply to have access to the new sanctions.

## **Regulators' Compliance Code – paragraph 3.10**

- 4.7 Paragraph 3.10 refers to the coming into force of the Regulators' Compliance Code in April 2008. A number of respondents stated their view that the OFT should be clear that it will adhere to the provisions of the Code.
- 4.8 The OFT is committed to adhering to the provisions of the Regulators' Compliance Code and we have amended the final version of the Plan to reflect this.

## **Working with the Competition Commission – paragraphs 4.2-4.5 and 4.7**

- 4.9 A number of amendments to these paragraphs were suggested in order to clarify and properly reflect the OFT's working relationship with the Competition Commission.
- 4.10 We have included several suggested amendments in the final version of the Plan, such as a reference to market investigation references as an example of a possible solution to structural problems in markets.

## **Consumer Direct – paragraphs 4.2 and 4.7**

- 4.11 A number of stakeholders made reference to the need for Consumer Direct to be fully supported and adequately resourced by the OFT going forward.
- 4.12 OFT is committed to ensuring a successful, sustainable future for Consumer Direct. Consumer Direct helps to make markets work well and build consumer confidence by providing clear, practicable, impartial advice on a broad range of issues. It is a valuable source of market data for OFT and other government agencies, including local authority Trading Standards Services and the police. The benefits it delivers, in terms of consumer detriment saved, are considerably higher than its running costs, which amount to a sizeable element of the OFT's budget.

## **ANNEXE A: LIST OF RESPONDENTS**

Bank of Scotland plc

Association of British Insurers

Department for Business, Enterprise and Regulatory Reform

British Bankers' Association

BSI British Standards

Competition Commission

Consumer Council for Northern Ireland

Cattles plc

Confederation of British Industry

Consumer Focus

Credit Services Association

Department for Innovation, Universities and Skills

Direct Selling Association

East of England Trading Standards Association

Finance and Leasing Association

Financial Services Authority

Google

HM Treasury

Local Better Regulation Office

National Audit Office

Office of Public Sector Information

Organisation for Timeshare in Europe

Royal Institution of Chartered Surveyors

Tesco plc

Welsh Assembly Government

Mr David Whibley

Which?