

annexes

our performance

Service Delivery Agreement

Our Service Delivery Agreement (SDA) with the Treasury commits the OFT to achieving 13 objectives for the 2001/02 financial year. Each objective is underpinned by performance targets.

The SDA was extensively revised during 2001 to take account of the additional powers we will gain under the Enterprise Bill.



Our performance in 2001 against our 2001/02 SDA objectives is detailed below.

Enforce robustly the consumer protection legislation the OFT administers, working with co-enforcers and targeting resources to actions that produce greatest benefit to consumers

Performance:

- effectively implemented new Stop Now Orders Regulations and brought first case to court
- exceeded 2001/02 target for removal of unfair contract terms by 19 per cent in 2001 (Jan-Dec)
- guidelines set for all consumer credit licence holders and for the debt management industry in particular
- during 2001 licensing action taken against 244 businesses, with 88 minded to refuse/revoke notices issued and 156 warning letters sent
- activity under Distance Selling Regulations up 100 per cent on previous levels, with warnings issued to utility companies.

Root out and tackle unfair business practices affecting UK consumers in global and UK markets

Performance:

- produced guidance for other Qualified Entities (QEs) on the application and use of the Stop Now powers
- hosted Stop Now conference for all QEs
- initiated development of Consumer Regulation Website (CRW) as an enforcement tool
- worked with international colleagues on joint action and internet sweeps.

Seek to maximise the deterrent effect on enforcement activity

Performance:

- issued initial guidance to business on the new Stop Now regime
- published comprehensive guide to Unfair Contract Terms in Consumer Contract Regulations and sectoral guidance on unfair terms in tenancy contracts
- publicised successful action against full payment in advance in home improvement contracts
- ran campaigns to warn consumers of the dangers of excess debt and to explain their rights when shopping from home
- publicised cases under the Consumer Credit Act, Unfair Terms in Consumer Contracts Regulations, Control of Misleading Advertisements Regulations and Distance Selling Regulations.

Take practical steps to secure improved standards of trading by businesses

Performance:

- published consultation paper on new regime for codes of practice and analysis of responses
- identified and agreed priority sectors for action
- published draft guidance on the core criteria for potential code sponsors
- invited potential code sponsors in priority sectors to apply for assessment of their code
- received and assessed applications from code sponsors in priority sectors
- invited expressions of interest from non-priority sectors for participation at a later stage.

Uproot, deter and take effective action against all forms of anti-competitive behaviour, including cartels and abuse of market power

Performance:

- took decisions in 21 significant competition cases: two prohibition decisions taken, and one reference made to the Competition Commission.

Provide timely advice on mergers and acquisitions that might substantially lessen competition and, where appropriate, to take effective remedial action

Performance:

- 10 UK merger cases referred to the Competition Commission (CC) since 1 April 2001 and undertakings recommended in lieu of reference in a further three UK merger cases. Likely to exceed SDA target of 10 CC references or undertakings in lieu of reference recommended for the financial year.

Work effectively with international partners to ensure effective competition enforcement

Performance:

- advised on all significant cases notified under the European Community Merger Regulation (ECMR)
- participated in all EC Advisory Committee hearings and meetings in relation to significant competition cases
- assisted EC Directorate General for Competition (DGComp) in carrying out raids on businesses in the UK in suspected cartels cases
- carried out discussions and negotiations on reform of the ECMR

- carried out significant work on EC Modernisation
- liaised with DGComp over individual cases with an overlap in the UK, such as credit cards, sports rights and airlines
- participated in UK examination of OECD Regulatory Reform Project
- participated in the development and operation of the International Competition Network.

Investigate markets proactively to see whether they are working well for consumers. As well as business behaviour, investigations will cover government laws and regulations to ensure a competitive environment for business and consumers. Where appropriate, investigations will lead to reports that will be published

Performance:

- launched investigations into three markets where it was thought competition was not working well
- received one super-complaint – on private dentistry. The OFT announced within the 90 day deadline that it would proceed to a full market investigation.

Provide a source of information to the public on consumer and competition legislation and to gather and record intelligence for referral to enforcement divisions and Markets and Policy Initiatives division

Performance:

- put in place plans for an expanded Public Liaison Unit (PLU). PLU dealt with 83,500 inquiries and is expected to achieve its target by the end of the financial year.



Advise government on how to achieve the most effective regime for competition and consumers

Performance:

- provided assistance to the Department of Trade and Industry (DTI) in developing policy and proposals for the Enterprise Bill White Paper: fulfilled all requests from the DTI within agreed deadlines, held detailed policy discussions with DTI and Treasury officials, and participated in work to prepare instructions to Parliamentary Counsel, including extensive policy discussions.

Communicate clearly in order to: show how competitive markets that work well are important for consumers, fair dealing businesses and economic performance; explain our decisions transparently; promote compliance by explaining to business what the law is and how the OFT will apply it; promote consumer awareness and confidence; and co-ordinate effectively with enforcement partners locally, nationally and internationally

Performance:

- implemented a new corporate identity to give the organisation a more accessible, open profile
- ran awareness campaigns to encourage competition and to highlight the new home shopping regulations
- baseline for media coverage being established. Major increase in national/regional media events/media interviews (eg 24 on debt campaigns, 20 on new MPI studies). Regional liaison press officer post created and filled
- launched National Consumer Week, in partnership with the Trading Standards Institute. Also produced and distributed

consumer information and a video news release to get the messages about debt across

- developed new OFT website (launched in early 2002)
- new annual tracking research established to gauge the effectiveness of our communication with consumers – particularly those who are most vulnerable – assessing their knowledge of the OFT and awareness of their rights
- carried out research into Competition Act awareness and devised more in-depth research for 2002. Increased awareness of Competition Act from 43per cent to 53 per cent
- developed programme of OFT regional roadshows
- established new Business Information Unit to increase business awareness.

Recruit and develop high-calibre, qualified and well-trained staff who are able to implement the OFT's goal of making markets work well for consumers

Performance:

- new pay system introduced with effect from 1 August 2001. Work on-going to increase flexibility within the grading system
- annual assessment of individual performance against objectives carried out under new performance management system
- increased use of open competition to fill posts, e.g. five out of six SCS posts filled by open recruitment, while at the same time ensuring continued development of existing staff, e.g. 11 per cent promoted in course of 2001

- increasing proportion of staff at HEO and above working on competition matters have attained the post-graduate certificate in competition. Increasing also the proportion who are professionally qualified
- staff turnover within range in 2001
- wide range of training provided throughout year to improve knowledge and skills.

Have effective planning and financial management systems, obtain value for money in all areas of expenditure, and make best use of our physical and information resources

Performance:

- developing new management information system to be launched at the start of the 2002/03 financial year
- regular financial reports provided to Operations Management Group
- implemented a new finance and performance reporting return to help staff manage their budgets
- launched OFT procurement website to increase awareness of OFT purchasing policy and to ensure increased value for money

- introduced use of Government Procurement Card to simplify low value purchasing and associated administrative costs
- rolled out OFT-wide case management system to the enforcement divisions on time and to budget. Extended the system to cover enforcement of Stop Now powers and Distance Selling Regulations
- redesigned and enhanced OFT intranet to give speedier access to information and remove the need for paper copies of procedures manuals
- several information technology unit staff gained professional qualifications – helping the OFT’s IT team make the best use of its resources and provide a more effective service to OFT staff
- reviewed use of office space in order to accommodate new recruits. Took temporary accommodation in another building. Put in place plans to accommodate all OFT staff in one building when additional space becomes available in Fleetbank House during 2002.

Our full Service Delivery Agreement can be found on our website at www.of.gov.uk/About/Aims+and+objectives/Service+delivery+agreement.htm



The OFT: statement of purpose

- 1** The OFT's goal is to make markets work well for consumers. Markets work well when there is vigorous competition between fair-dealing businesses. When markets work well, good businesses flourish.
- 2** The OFT's activities in pursuit of this goal involve:
 - enforcement – of competition and consumer protection rules
 - investigation – into how markets are working
 - communication – to explain and improve awareness and understanding.

Enforcement

- 3** The OFT will uproot and deter all forms of anti-competitive behaviour, including cartels and the abuse of market power. The OFT will advise referral to the Competition Commission (CC) of all mergers that might substantially lessen competition and, where appropriate, will refer to the CC markets where competition may not be working well.
- 4** The OFT will lead other enforcers in robust application of the rules that protect consumers against unfair trading, taking court action where necessary. The OFT will also take practical steps to encourage self-regulation such as codes of practice.
- 5** The OFT will work with its international partners to ensure effective enforcement.

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Investigation

6 The OFT will investigate markets proactively to see whether they are working well for consumers. As well as business behaviour, investigations will cover government laws and regulations to ensure a competitive environment for business and consumers. Where appropriate, investigations will lead to enforcement action or to recommendations to government, which will be published.

Communication

7 The OFT will communicate clearly in order to:

- show how competitive markets that work well are important for consumers, fair dealing businesses and economic performance
- explain its decisions transparently
- promote compliance by explaining to business what the law is and how the OFT will apply it
- promote consumer awareness and confidence
- coordinate effectively with enforcement partners locally, nationally and internationally
- advise government on how to achieve the most effective regime for competition and consumers.

8 The OFT has a leading role in promoting competition and consumer interests in the UK. The OFT is an independent and professional organisation but has no monopoly of wisdom. The OFT and its staff will be open and receptive to the ideas and concerns of business, consumer groups and others. The OFT will evaluate its own performance and will be accountable to Parliament and the public.