

# who we are

## Our goal

The OFT's goal is to make markets work well for consumers. Markets work well when fair-dealing businesses are in open and vigorous competition with each other for custom. When there is effective competition and consumers understand what they are buying and are not misled by deceptive or unfair practices, they have genuine power of choice. Markets which work well for consumers also work well for fair-dealing, competitive businesses.

We pursue our goal by:

## Enforcing

We issue guidance and use our powers under competition and consumer protection legislation to:

- deal with anti-competitive and unfair trading practices;
- keep markets open and competitive through merger control;
- ensure that only fit persons hold a consumer credit licence or are permitted to act as an estate agent; and
- raise trading practices through self-regulation.

## Analysing

We conduct proactive market studies to gain a clear understanding of how markets work, and refer markets to the Competition Commission for further investigation where appropriate. To support this and our other work, we gather market intelligence and liaise with stakeholders in the UK and overseas. We also advise on the competition impact of new government regulations.

## Communicating

We empower consumers through campaigns, advice and education, and inform consumers and businesses about their rights and responsibilities under competition and consumer laws.

## Key objectives

The goal of making markets work well is something for which we continuously strive as markets evolve. While it is hard to measure with any accuracy the direct impact of our activities, by setting key objectives over a three-year planning period, we hope to monitor our progress in making markets work better.

We gauge our success through annual surveys of consumers, businesses and stakeholders. Independent surveys – consisting of telephone interviews with over 1,000 consumers, 1,000 businesses and 180 stakeholders – were conducted between November 2003 and March 2004, and provide a baseline against which our future performance will be assessed.

The following table sets out our objectives and a summary of the surveys' initial findings:



Key objectives	Survey findings																
<p>Consumers judge that markets deliver more and better choices in terms of goods and services.</p>	<p>The majority of consumers perceive there is more choice compared with a year ago, and two in five consumers perceive there is both more choice and better quality.</p>																
<p>Consumers and businesses judge that market abuses have been addressed.</p>	<p>Businesses gave an average rating of 7.4 (out of 10) on the extent to which their own markets were free of abuse. The consumer rating for markets specified in the survey averaged 6.3.</p>																
<p>Businesses judge that barriers to fair and open competition are being addressed.</p>	<p>Businesses gave an average rating of 7.3 on the extent to which their market was fair, open and free from barriers to competition. Medium and larger businesses were more likely to feel that their market is open to competition.</p>																
<p>Consumers and businesses have a better understanding of their rights and obligations under competition and consumer protection law.</p>	<p>Business awareness of the Competition Act has levelled out at about 50 per cent. Consumers do not perceive themselves to be particularly well informed about their rights, although they are reasonably confident in using them.</p>																
<p>Stakeholders judge that we operate in accordance with our values.</p>	<p>A survey of stakeholders – including government departments, trading standards and consumer groups – gave us the following performance scores (out of 10) based on our stated values:</p> <table data-bbox="813 1787 1316 2083"> <tbody> <tr> <td>Independence</td> <td>7.4</td> </tr> <tr> <td>Fair and objective</td> <td>7.1</td> </tr> <tr> <td>Professionalism</td> <td>7.0</td> </tr> <tr> <td>Transparency</td> <td>7.0</td> </tr> <tr> <td>Clear analysis</td> <td>6.7</td> </tr> <tr> <td>Consistent</td> <td>6.6</td> </tr> <tr> <td>Accountability</td> <td>6.6</td> </tr> <tr> <td>Proportionate/considered judgement</td> <td>6.5</td> </tr> </tbody> </table>	Independence	7.4	Fair and objective	7.1	Professionalism	7.0	Transparency	7.0	Clear analysis	6.7	Consistent	6.6	Accountability	6.6	Proportionate/considered judgement	6.5
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## International benchmarking

We aim to maintain our position among Global Competition Review's top international jurisdictions. In the 2003 survey, published in June 2003, the UK was one of only three jurisdictions given a 'four star plus' rating by the survey's respondents, which included lawyers, economists, business executives and consumer groups.

We are also developing our own criteria for benchmarking our performance against that of competition and consumer authorities in other countries.

## Management objectives

Our 2003-04 annual plan contained a further ten objectives – with supporting deliverables – relating to the management of specific OFT activities. Our success in achieving these objectives is reported in the following sections of this annual report.

## Our plan

The OFT's objectives, strategy and budget allocation for the next financial year are contained in our 2004-05 annual plan. This was issued for consultation in December 2003 and was published in final form in March 2004.

 *OFT annual plan: [www.of.gov.uk/about/annual+plan](http://www.of.gov.uk/about/annual+plan)*

## Our powers

We have statutory powers and duties under a wide range of legislation, including the:

- Enterprise Act 2002
- Consumer Protection (Distance Selling) Regulations 2000
- Unfair Terms in Consumer Contracts Regulations 1999
- Competition Act 1998
- Control of Misleading Advertisements Regulations 1988
- Estate Agents Act 1979
- Consumer Credit Act 1974
- Fair Trading Act 1973\*

\* largely replaced by the Enterprise Act 2002.



## Our values

Our dealings with consumers and businesses are guided by a set of values endorsed by the OFT board:

Our actions will be characterised by **transparency**.

We are **accountable** to the public through Parliamentary scrutiny both in Westminster and the devolved administrations.

We will be **consistent** in our use of the powers given to us by legislation, in our approach to enforcement (when, where and how to intervene) and in our responses to complaints.

Our investigations, processes and decisions will be **proportionate** to the detriment that we seek to remedy. They will be characterised by a **fair** and **objective** approach, **clear analysis** and **considered judgement**. Our actions will be characterised by **independence**, while at the same time taking account of views expressed to us.

We will act in a **professional** manner in all our dealings with outside parties. We will improve our skills levels and review our actions in order to learn lessons for the future.

We are committed to promoting **diversity** within our workforce and in our business objectives and practices.

① *More detail on the OFT's values: our 2004-05 annual plan ([www.of.gov.uk](http://www.of.gov.uk))*

## Race equality

The OFT operates a Race Equality scheme that commits us to equal and fair treatment of people – both our own staff and our external stakeholders, including consumers and businesses – regardless of race or ethnicity.

Under the scheme, all areas of our organisation have a duty to promote race equality. For example, we:

- promote equality of opportunity for people from ethnic minorities in our recruitment and human resources management policies and practices;
- ensure consumers of ethnic minority background have access to advice and education;
- ensure our enforcement decisions do not impact disproportionately on ethnic minority businesses; and
- consult ethnic minority stakeholders when we undertake enforcement investigations or carry out market studies.

▶ *Our diverse workforce: page 21*

① *A detailed outline of our Race Equality scheme: [www.of.gov.uk/about](http://www.of.gov.uk/about)*

## Our organisation

With the introduction of the Enterprise Act 2002, the OFT became a corporate body consisting of a Chairman, an Executive Director and five non-executive board members appointed by the Secretary of State for Trade and Industry. The OFT took over the functions of the Director General of Fair Trading, whose office was abolished on 1 April 2003.

The board is largely concerned with strategic decision-making and is not usually involved in individual cases.

## Board members



**John Vickers** became Chairman of the OFT on 1 April 2003. He joined the OFT as Director General on 1 October 2000. Prior to this, he spent two-and-a-half years as Chief Economist at the Bank of England and a member of the Monetary

Policy Committee. He has taught economics at Oxford University and has held visiting positions at Princeton, Harvard and the London Business School.



**Penny Boys** became Executive Director of the OFT on 1 April 2003, having served as Deputy Director General since December 2000. She is a career civil servant with expertise in economic

regulation, consumer protection, competition policy and management. She was Head of Personnel at the Department of Trade and Industry from 1993-96 and Secretary to the Competition Commission from 1996-2000.



**Allan Asher** is Chief Executive of Energywatch. Previously he was the Campaigns Director of the Consumers' Association. He is also Director of FEMAG (Foundation for Effective Markets and Governance) in Canberra,

Australia, and Chair of the Consumer Policy Committee of the British Standards Institute.



**Lord Blackwell** is non-executive Chairman of SmartStream Technologies Group. He is a non-executive Director of Slough Estates plc and The Corporate Services Group plc and its subsidiary, Comensura Ltd. He is

also an adviser to KPMG Corporate Finance, and Chairman of the Centre for Policy Studies.



**Christine Farnish** is Chief Executive of the National Association of Pension Funds. A former Assistant Chief Executive of Cambridge City Council, she worked at Oftel for four years, initially as Consumer Affairs Director and for the last six

months as Acting Deputy Director General. She then spent four years as Director of the Consumer Division of the Financial Services Authority.



**Richard Whish** is Professor of Law at Kings College, London where he has worked since 1991. He was in legal practice, as a partner, from 1989 to 1998, and continues to act as a consultant on competition law. He has extensive experience of

advising governments and NGOs on the development of competition law.



**Rosalind Wright** CB was Director of the Serious Fraud Office until April 2003. Before that she was General Counsel and an Executive Director in the Securities and Futures Authority. She is a member of the Bar Council and Chair of the

Employed Bar Committee.

## Structure

We have three frontline divisions: Consumer Regulation Enforcement, Competition Enforcement and Markets and Policy Initiatives. They are supported by our Communications, Legal and Resources and Services divisions and the Secretariat team.

**Consumer Regulation Enforcement** coordinates enforcement activity throughout the UK with our regulatory partners and takes action, where necessary, against unfair traders. The division also encourages business and industry to adopt voluntary codes of practice.

**Competition Enforcement** is responsible for combating and deterring anti-competitive agreements and abuses of dominant market position. The division also investigates proposed and completed mergers, applying a competition test to determine if they should be referred to the Competition Commission.

**Markets and Policy Initiatives** carries out three main activities:

- economic and statistical advice and financial analysis;
- market studies and super-complaints; and
- information, liaison, market intelligence and advice on new legislation and policy initiatives.

**Legal** advises other OFT divisions on the use of our statutory powers and on legislative proposals from the UK and Europe.

**Communications** is made up of a publicity and marketing team, a business information unit and our press office who communicate the work we do through campaigns and media work – all underpinned by our growing presence on the internet. It is also responsible for the OFT library and IT unit.

**Resources and Services** is responsible for the OFT's human resources, finance and facilities management.

**Secretariat** provides administrative support to the Chairman, Executive Director and the non-executive board members, and acts as a channel of communication between the board and the rest of the OFT.

### Divisional directors



**Pat Edwards** has been the Director of Legal Division since February 1996. She was previously at the Home Office, where she spent 17 years as a legal adviser, followed by two years as the Deputy Parliamentary Commissioner for

Administration (Ombudsman) dealing with complaints of maladministration by government departments. She was called to the Bar in 1967. Following Pat's retirement in May, she will be replaced by Brian McHenry on 28 June 2004.



**David Fisher** joined the OFT in May 2001 from the Competition Commission, where he spent 10 years in various roles. He returned to the UK in 1990, having previously held posts in

New Zealand with the competition authority and the Department of Trade and Industry.



**Jonathan May** is the first director of Markets and Policy Initiatives. He joined the OFT at the end of 2001 following two-and-a-half years as Director of UK Competition Policy at the Department of Trade and Industry. He previously worked at

the Treasury, with responsibility for handling competition, utility regulation and energy issues.



**Mike Ricketts** became the OFT's first Director of Communications in May 2001. Mike was Deputy Head of Information at the Department of Transport and became Director of News at the Department of Trade and Industry in 1994. He

went on to establish and run the communications department at the Greater London Authority.



**Vincent Smith** became Director of Competition Enforcement Division in 2003, having been deputy director of the division since 2002. He moved to the OFT from Oftel where he was the senior competition lawyer. Before that he

had over 10 years' experience as a practitioner of EC and competition law in London and Brussels.



**Christine Wade MBE** was appointed Director of Consumer Enforcement Division in July 2003. She was previously Director of Co-regulation and Coordination within the division. A former head of Essex Trading Standards, she was Chair

of the Society of Chief Trading Standards Officers in 2000-01 and was awarded an MBE for her services to trading standards in 2002.

## The senior management team at 31 March 2004 was:

<b>John Vickers</b>	Chairman
<b>Penny Boys</b>	Executive Director
<b>Christine Wade</b>	Director of Consumer Regulation Enforcement Division
<b>Vincent Smith</b>	Director of Competition Enforcement Division
<b>Jonathan May</b>	Director of Markets and Policy Initiatives Division
<b>Pat Edwards</b>	Director of Legal Division (to be replaced by Brian McHenry, 28 June 2004)
<b>Simon Brindley</b>	Legal Director, Competition
<b>Louis Christofides</b>	Legal Director, Competition
<b>Frances Barr</b>	Legal Director, Competition
<b>Paul Gurowich</b>	Legal Director, Consumer
<b>Jessica Farry</b>	Legal Director, Consumer

<b>Chris Mayock</b>	Director CE1 (Competition Policy Co-ordination) (to be replaced by Ali Nikpay, 1 July 2004)
<b>Neil Feinson</b>	Director CE1 (EC Competition Policy)
<b>Simon Priddis</b>	Director CE2 (Mergers)
<b>Simon Williams</b>	Director CE3 (cartel investigations)
<b>Becket McGrath</b>	Director CE4, (media, sport and information industries)
<b>Justin Coombs</b>	Director CE5 (service industries)
<b>Alan Williams</b>	Director CE6 (basic industries, energy and vehicles)
<b>Christiane Kent</b>	Director CE7 (consumer goods industries)
<b>Steven Wood</b>	Director CRE1 (UK Enforcement)
<b>Ray Hall</b>	Director CRE2 (Consumer Credit and Estate Agency)
<b>Colin Brown</b>	Director CRE3 (Co-regulation, Codes and Co-ordination)
<b>Ray Watson</b>	Director CRE4 (Credit Policy Review)
<b>Amelia Fletcher</b>	Director MPI1
<b>Daniel Gordon</b>	Director, MPI2
<b>Chris Rawlins</b>	Director MPI3
<b>Graham Winton</b>	Director MPI4
<b>Mike Ricketts</b>	Director of Communications
<b>David Fisher</b>	Director of Resources and Services

## Our staff

To reflect our wider responsibilities and enhanced role, the OFT's workforce grew to 678 permanent staff at 31 March 2004, an increase of 47 on the previous financial year.

### Diversity

We continued to promote diversity among OFT staff through our equal opportunities policy and our Race Equality scheme. Our commitment to equal opportunities is reflected in the diversity of our staff.

#### *Diversity of our staff at 31 March 2004*

Women	51%
People from ethnic minorities	34%
People with disabilities	3%

#### *Diversity of those recruited during 2003-04*

Women	62%
People from ethnic minorities	24% <sup>1</sup>
People with disabilities	4%

<sup>1</sup> 21% of recruits did not state their ethnic background



*Diversity of those recruited at different grades*

Category	Number recruited	Number of women	Number from ethnic minorities	Number with disabilities
Senior civil servants	3	0	0	0
Senior managers	22	13	0 <sup>2</sup>	0
Executive staff	57	33	10 <sup>3</sup>	3
Clerical and support staff	35	29	18	1

<sup>2</sup> 3 senior management recruits did not state their ethnic background

<sup>3</sup> 13 executive staff recruits did not state their ethnic background