

Annual Report and Resource Accounts 2007-08 – Annexe H of HC836

Progress against Annual Plan 2007-08 commitments

No.	Annual Plan 2007-08 Commitment	Progress achieved in 2007-08
Objective 1 – to deliver high-impact outcomes		
1	We will implement and publish a framework for prioritising our work, drawing on intelligence gathered from complaints to the OFT, Consumer Direct and other partners; proactive market monitoring; and project evaluation work.	<p>A framework for prioritisation was devised and piloted from summer 2007, with pilot prioritisation rounds taking place in autumn 2007. Consultation on our draft prioritisation principles began in September 2007. We expect to issue the final version of the principles covering our competition and consumer work in early autumn 2008.</p> <p>We have reviewed our internal processes for applying the prioritisation principles. We are in the process of adapting these processes in light of experience and expect to implement these changes in late summer 2008.</p>
2	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.	<p>In October 2007 we published an independent evaluation of the recommendations made by OFT in its 2003 market study into the taxi industry. The taxis report provides evidence on the effect of the removal of taxi licenses by a number of local authorities on passengers and on the taxi sector. It is hoped the report's findings will feed into the Department for Transport's comprehensive review of taxi regulation that is scheduled to take place in 2008.</p> <p>Research into the effects of Resale Price Maintenance (RPM) on productivity was published in February 2008. This work furthers our understanding of the implications of such practices, as well as improving</p>

		<p>our evaluation techniques.</p> <p>Details of our evaluations of the Save Xmas campaign and the Consumer Codes Approval Scheme (CCAS) campaigns can be found in the main Annual Report.</p>
3	<p>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.</p>	<p>Early resolution of the civil passenger fuel surcharge investigation was agreed with British Airways and announced in August 2007. A separate criminal passenger fuel surcharge investigation is ongoing. See main Annual Report for details.</p> <p>A statement of objections was sent to 112 undertakings in the construction sector in April 2008, following 'fast track' offer made to all non-leniency applicants in March 2007.</p> <p>Three businessmen were charged with cartel offences relating to the supply of marine hose and ancillary equipment in the UK in December 2007 – see main Annual Report for details. The defendants pleaded guilty and were sentenced in June 2008 to a total of eight and a half years imprisonment and nineteen years of director disqualification. Confiscation orders were made against two of the defendants in July 2008.</p>
4	<p>We will take preventative, deterrent and disruptive action to prevent mass marketing scams reaching consumers, both through direct enforcement, and by increasing consumer empowerment to identify and protect themselves from scams.</p>	<p>In July 2007 the OFT was granted an Enforcement Order in the High Court, which was made by consent, prohibiting The Media Age Group Limited (MAG) and its director from continuing to publish what the OFT considered to be misleading prize draw advertisements or promoting unlawful lotteries.</p> <p>In October 2007 the OFT was granted an Enforcement Order in the High Court against a prize draw promoter, Heaven</p>

		<p>Communications Limited, and its two officers. The injunction stops them from publishing misleading prize draw advertisements in the UK or within the European Economic Area.</p> <p>In December 2007 the OFT was granted an Enforcement Order in the High Court (which was made by consent) against Wesley Beagley, a Brighton based trader who was behind a number of misleading racing tipster mailings.</p> <p>Assurances were obtained from a number of overseas advertisers that they would no longer disseminate misleading prize draw or weight loss mailings.</p> <p>The OFT ran a highly successful Scams Awareness campaign throughout February 2008 (see the main Annual Report for details).</p> <p>The OFT implemented an ongoing programme of awareness-raising amongst carers and care professionals about the plight of elderly and vulnerable scam victims, working in partnership with social services, Carers UK, Action on Elder Abuse.</p>
5	<p>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.</p>	<p>Initiated by the OFT, and in partnership with five other Member States, a project on bogus holiday clubs began in January 2008 aimed at encouraging cross border enforcement and consumer education initiatives. The project is part-funded by the EU. A first co-ordinated education event was planned for May 2008 targeting holidaymakers travelling to Spain. A meeting was also planned with the Andalucian autonomous authorities to encourage enforcement action against Spanish bogus holiday clubs and</p>

		<p>marketers and cases referred under the Consumer Protection Co-operation Regulation mechanism.</p> <p>In September 2007 the OFT obtained undertakings from a Belgian mail order company, Agence de Marketing Applique (AMA), which distributed hundreds of thousands of prize draw mailings to UK consumers under the name 'Vital Beauty'. AMA agreed not to publish advertisements that gave the misleading impression that recipients had won a large cash prize.</p> <p>The OFT initiated court proceedings against a Dutch mail order company, Best Sales B.V., trading as 'Best Of' and 'Oliveal', in 2006 in respect of what the OFT considers to be misleading prize draw mailings. A full hearing took place at the Commercial Court in Breda on 4 December 2007. A judgment is due in July 2008.</p>
6	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.	A Chief Intelligence Officer was appointed for the Mergers Group, whose role will be to identify non-notified mergers that warrant inquiry on basis that we believe consumers may be at risk of adverse consequences from the merger. The recent Home Retail Group/Focus and Dunfermline/Berkshire Regional News Press cases are recent examples of cases resulting in a 'substantial lessening of competition' finding that have been investigated on our own initiative.
7	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.	MasterCard/Visa – the European Commission issued a decision against MasterCard in December 2007 which MasterCard appealed on 1 March 2008. The European Commission's Visa exemption decision expired on 31 December 2007. The OFT's investigations are on-going.

		<p>Dairy Products RPI – The OFT issued a Statement of Objections (SO) on 20 September 2007 and reached early resolution agreements with seven out of ten parties in December 2007 and February 2008 (with another party being a leniency applicant). Please see the main Annual Report for more details.</p> <p>Tobacco - On 24 April 2008, the OFT issued a Statement of Objections alleging that certain tobacco manufacturers and retailers engaged in unlawful practices in relation to the retail prices for tobacco products in the UK. Please see our press release for more details..</p>
8	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.	<p>On 25 June we welcomed the Government’s announcement of a review of the access arrangement to information for commercial use held by Trading Funds - organisations such as Ordnance Survey and the UK Hydrographic Office.</p> <p>In March 2008 we completed our following up work to the Internet shopping study with a coordinated national web sweep by trading standards of 530 of the top online retailers. We have published more information for consumers and businesses, secured the agreement of various popular sites to improve the clarity of their information and, during national consumer week, we ran a consumer campaign with Consumer Direct and TSI.</p>
9	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	<p>Working relations between the OFT and the CC on remedies policy have improved noticeably in 2007/08 and are now good.</p> <p>The remedies policy quarterly meetings have been an effective vehicle for cooperation with the CC on a range of remedies policy issues including CC’s and OFT’s respective roles when reviewing</p>

	<p>complied with, are achieving their intended objectives, and remain necessary.</p>	<p>remedies. Joint working on a draft MoU is ongoing and continues to strengthen relations in this area.</p> <p>On remedies design, we are actively engaged with the CC and other stakeholders (e.g. BCSB) on a range of issues related to the implementation of the Home Credit and NI Banks remedies. The OFT's involvement seeks to ensure that remedies are workable in terms of monitoring and enforcement.</p>
<p>10</p>	<p>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.</p>	<p><u>Settlement</u>: By building on our own experience of settling CA98 cases to date as well as learning from the practice and experience in this area of other enforcers in the global competition enforcement community, we have identified a number of key principles that will inform the OFT's approach to settling CA98 cases. These seek to achieve the benefits of settling in appropriate circumstances while not undermining either the key principle of deterrence in the CA98 regime or the OFT's leniency programme.</p> <p><u>Private Actions</u>: Prompted by evidence that the current private actions regime in competition law may not be as effective as it ought to be, we published a discussion paper (Private Actions in Competition Law: Effective Redress for Consumers and Business - Consultation) in April 2007. Following wide consultation, including a public hearing, we published a set of recommendations to the UK Government on how to address the identified barriers to effective redress in competition cases in November 2007 (Private Actions in Competition Law: Effective Redress for Consumers and Business - OFT Recommendations). The OFT continues to engage through discussions with other Government departments and stakeholders in anticipation both of a Government consultation on improving the</p>

		competition regime, including through removing barriers to effective redress for consumers and businesses, and of potential developments at the European level.
11	We will monitor the recommendations of the Payment Systems Taskforce, including the establishment of the Payments Industry Association.	OFT has met with the Payments Council on a quarterly basis to check on progress against the recommendations made by the Payment Systems Task Force. OFT has also replied to the Payments Council's National Payments Plan consultation. One of OFT's key recommendations to the industry - that cheque processing be subject to certain minimum clearing times - was delivered on time in November 2007. The other key recommendation to the industry - that a faster electronic payments clearing system be introduced - was not achieved by the deadline of November 2007 but has subsequently been achieved in May 2008. OFT will carry out a full review of the operations of the Payments Council in 2008-09.
12	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.	Requests for Informal Advice are considered on an ad hoc basis as and when they are received. An explanatory note on 'Interim arrangements for informal advice and pre-notification contacts' was issued in October 2007, and the OFT's draft updated text of the Mergers Procedures Guide (OFT526con) envisages formalising these interim arrangements. At present, approximately one request for Informal Advice is considered per month.
13	We will work with stage 1 code sponsors to achieve full approval under the Consumer Codes Approval Scheme.	Total number of approved codes stands at 7 and those that have completed stage one at 6. Two codes were approved during the reporting year. Bosch Car Service code of practice gained OFT Approval in June 07 and the British Association of Removers code in February 2008.

		<p>The Renewable Energy Association code completed stage one in Nov 2007.</p>
<p>14</p>	<p>We will undertake at least two comprehensive reviews of undertakings given or Orders made following Competition Commission investigations.</p>	<p>SME Banking: The OFT sent advice to the Competition Commission in January 2007 recommending that price controls be released on the four largest business banks in England & Wales. It recommended that other behavioural remedies should be retained. This followed a detailed review of the small business banking market and the undertakings agreed following the 2002 CC report on SME banking.</p> <p>The CC announced its provisional decision to accept the OFT advice in August 2007. This decision was confirmed in December 2007 following a period of public consultation. The full text of the OFT's advice was published in August 2007.</p> <p>By lifting price regulation, the OFT and CC is seeking to encourage competition to provide essential banking services to small business customers. The OFT will continue to monitor closely the market and the remaining undertakings on the banks.</p> <p>Contract Rights Renewal (CRR) – We launched a review of the CRR undertakings in January 2008 in partnership with Ofcom. We have consulted with industry stakeholders and are progressing our analysis.</p> <p>On Newspapers, we have progressed our review of the National Newspapers Code of Practice, involving extensive engagement with stakeholders and detailed analysis of the information which they have provided. The review is being conducted alongside two</p>

		<p>other distinct, yet closely linked, work strands regarding the newspaper and magazine sector. We provided a public update (OFT update on newspapers and magazines work) on the review, as well as on the other work strands, on 11 March 2008.</p>
15	<p>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.</p>	<p>Final versions of the fitness and requirements for consumer credit licence holders and applicants and a guidance and penalties statement were published in January 2008.</p> <p>The guidance formed part of the implementation package for the licensing reforms. In addition, we sought to differentiate between low risk credit activities that require only limited regulatory scrutiny and intervention and those which pose, at least potentially, a more significant risk to consumers. This is aided by a new risk model which seeks to better identify such risks in order that regulatory burdens are only imposed when absolutely necessary.</p>
16	<p>We will engage proactively with other government departments, including the devolved administrations, 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.</p>	<p>A project on assessing the competition impact of potential environmental product standards regulations has commenced.</p> <p>We have advised the Department of Health throughout the year on their proposed Health Reform Bill and the introduction of more competition into NHS procurement markets. We are also advising on the regulatory structure and scope of DH's competition remit.</p> <p>We have advised MoD and BERR Ministers on the effects of proposed Public Policy Exclusion Orders in defence markets – this is ongoing. A particular success has been ensuring that exclusions were no more restrictive than necessary.</p>

		<p>We have supported BERR in developing advice to other government departments (OGDs) on the concerns associated with encouraging business to work together.</p> <p>We have engaged the Scottish Parliament on impact assessments in Scotland and are providing advice on the impact of regulation on competition together with OFT Scotland.</p> <p>We have responded to all ad hoc requests for advice by OGDs in line with OGD consultation deadlines. Effective contributions to proposed policy from DWP, DEFRA, NHS PASA, DH, HMT, BERR and DCLG have been made.</p>
Objective 2 – to be a centre of intelligence and excellence		
17	<p>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.</p>	<p>We agreed to a package to support the Regional Intelligence Network, which will form part of a central government funding package at 75% of the funding level currently provided by BERR – this will be contributed jointly by BERR and the OFT. The OFT commitment will only cover 08-09. BERR will continue to commit some funding to cover 09-10 and 10-11.</p> <p>Other key features of the funding package in the period 08-09 to 10-11 agreed are:</p> <p>OFT will continue to provide strategic leadership for regional intelligence, and will work with local authorities to develop the business case for regional intelligence work.</p> <p>OFT will work with BERR and local authorities to develop plans for a sustainable long-term funding package that gives all parties clarity about</p>

		<p>the benefits and future direction for regional intelligence after 2008-09.</p> <p>Using the National Intelligence Model (NIM), all regions have been able to produce strategic assessments that have identified the most prevalent problems facing consumers in those regions on a more accurate basis than ever before. In some cases new priority areas have been identified that would not have featured had there been no regional intelligence capability. Through the NIM process all regions have produced their own control strategies to effectively target their prevention, intelligence and enforcement activities in relation to their identified priorities.</p> <p>The OFT has appointed its own strategic analyst who has supported the RIN by producing a national assessment of issues facing TSS across the UK and we have assisted LACORS in the production of their UK-wide Control Strategy for TSS, which sets out high level objectives for the prevention, intelligence and enforcement of identified national priorities.</p> <p>In partnership with TSS, we have produced a paper that sets out proposals for the future use and development of the TSS intelligence management function. The paper has completed its formal consultation with TSS and will soon be adopted by Trading Standards Policy Forum on behalf of TSS.</p> <p>The OFT has engaged several organisations on behalf of the RIN to set up intelligence sharing protocols. Several MOUs are in the pipeline and one has been finalised.</p>
18	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	A large scale data exercise identified sectors of the economy in which indicators of productivity growth and competition were low compared to the EU. A hotlist of the lowest performing sectors was produced.

	measures of competition and productivity growth.	The feasibility of using this resource as a basis for initiating further work was tested. It was established that for methodological reasons it should not be used as a source of primary intelligence in this way. However, it remains an extremely useful source of secondary evidence about the performance of markets.
19	We will develop a retail banking strategy.	<p>In April 2007, we launched an investigation under the Unfair Terms in Consumer Contracts Regulations 1999 (UTCCRs) into the fairness of personal current account terms providing for unarranged overdraft charges. In parallel, we began a market study taking a wide-ranging look at whether the personal current account market is working well for consumers (due to be published in July 2008). This followed a 6 month fact-finding review.</p> <p>In July 2007, we entered into an agreement with 7 banks, 1 building society and the FSA to bring a test case. The first stage of the preliminary issues process (current terms) was heard in the High Court, in January and February 2008. A further hearing to consider historical and basic terms (and other non mainstream terms) is being held in July 2008.</p> <p>In April 2008, judgment was handed down; it confirmed, amongst other things, the OFT's view that unarranged overdraft charges <u>can</u> be assessed for fairness. We are liaising with the court, the test case banks and the FSA to ensure that the appeal process and next steps in the investigation and test case process happen as quickly as possible.</p>
20	We will work to increase our understanding of the	Our study into medicines distribution was launched on 4 April

	healthcare and pharmaceutical sectors and of transport sectors, especially the bus industry.	<p>2007, and was published on 11 December 2007. It recommended changes to the sector's regulations to accommodate the new distribution models being employed. We are also undertaking a small scale, short term project looking at ideas for possible further work the OFT could undertake in the healthcare sector.</p> <p>We are working on publishing, for consultation, guidance on the application of the Competition Act in the bus industry. Our timetable for this work is determined by progress on the Local Transport Bill.</p>
21	We will work to increase our understanding of intellectual property issues and their relationship with competition and consumer policy.	We are performing a scoping project on issues affecting SMEs, in consultation with stakeholders. This is due to finish by the end of the summer in 2008.
22	We will put in place internal knowledge management systems to control and disseminate information received from Consumer Direct, TSS and other partners and stakeholders.	<p>We have created a corporate knowledge management strategy based on the information and knowledge needs of the organisation. We are planning to start to take this forward into 2008-09. This is also referred to in commitment 57b below.</p> <p>A working group has been established ('Project Ideas Group') that acts as a forum in which diverse intelligence from across the organisation is brought together to inform the development of new project proposals.</p> <p>The Consumer Protection Group is introducing new processes to: identify issues it should consider for action (using information from various sources); inform decisions on whether to take action (pulling together available knowledge, e.g. the degree of consumer harm); and choose new cases (applying the OFT</p>

		prioritisation principles).
23	We will hold a public hearing on private enforcement and redress in competition law as a follow up to our recent conference.	A public hearing was held in September 2007. As a result of the hearing and feedback on our discussion paper on private actions in competition law, we published our recommendations to Government on the steps that we believe should be taken to make private actions in competition law more effective.
24	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 law. In particular, we will work closely with HM Treasury, the DTI and the concurrent UK sector regulators to ensure the best outcome from the review of concurrency in competition enforcement.	New developments include first visits under criminal warrant concurrent with European Commission inspections (May 2007) and first inspections of domestic premises (May 2007 and one other).
25	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.	<p>We have worked closely with BERR and the European Commission to develop effective policy for our consumer regime.</p> <p>Collective Consumer Redress: We responded to the EU's consultation on benchmarks for collective redress mechanisms for consumers. Proposals are due from the European Commission at the end of 2008.</p> <p>Representative actions: BERR published a summary of responses to its 2006 consultation exercise. We have carried out policy work on options in anticipation of further consultation by BERR.</p> <p>Review of the Consumer Acquis: A framework directive on Consumer Contractual Rights is to be tabled in Autumn 2008. The OFT continues to participate in the EU's programme of work on the review.</p> <p>Services Directive: We assisted BERR in the preparation of a consultation</p>

		<p>exercise on the implementation of the Services Directive. The OFT also provided a response to BERR's consultation document in January 2008.</p> <p>The OFT also continues to work with BRE to achieve an optimum sanctions regime as outlined in the Regulatory Enforcement and Sanctions Bill. The Bill was introduced into the House of Lords at the end of 2007 and will have its 2nd reading in the House of Commons on 21 May 2008.</p>
26	<p>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.</p>	<p>A Mergers – Assistant Director - Legal was appointed in January 2008, providing a consistent legal input into our merger analysis.</p> <p>An Assistant Director economist was appointed in December 2007, providing economic-based intellectual leadership, especially in relation to local market analysis where that person has significant prior experience and expertise.</p> <p>The mergers group's lunchtime know-how seminars were revived covering specific aspects of economic and legal analysis.</p>
27	<p>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.</p>	<p>Two research papers into the effects of consumer information remedies and the relationship between competition and consumer policy were published slightly later than planned in April 2008 in order to coincide with an external seminar on the findings. The seminar proved very popular and the talks were well received. Overall the reports have proved very successful in promoting thinking on these difficult topics.</p> <p>Research into the Effects of Resale Price Maintenance on Productivity was published in February 2008. This work furthers our understanding of the implications of such practices, as well as improving our evaluation techniques.</p>

28	We will evaluate the impact of the Taxi Services market study.	In October 2007 we published an independent evaluation of the recommendations made by OFT in its 2003 market study into the taxi industry. The report provides evidence on the effect of the removal of taxi licenses by a number of local authorities on passengers and on the taxi sector. It is hoped the reports' findings will feed in to the Department for Transport's comprehensive review of taxi regulation that is scheduled to take place in 2008.
29	We will publish research into the deterrence effect of our competition policy.	<p>In November 2007 the OFT published research on the Deterrent effect of Competition Enforcement, carried out by Deloitte. The research confirms that the OFT's merger control and competition law enforcement work plays an important role in preventing anti-competitive behaviour from taking place. It is the first time a competition authority can provide quantitative evidence that the deterrent effect is significantly greater than the direct effect of enforcement in the areas of merger control and enforcement of competition law against both anti-competitive agreements and conduct.</p> <p>At the same time the OFT also published a discussion document to get a wider debate on the research's findings. The OFT received positive and constructive feedback and published a summary of responses to the discussion document in March 2008.</p>
30	We will publish performance monitoring arrangements for market studies and report on success against the targets in our Annual Report.	In practice we have widened this commitment to cover not only market studies but also other major projects. Over 20 projects (including market studies published after April 2007) currently have impact estimation plans (IEPs) in place to allow performance to be monitored. The IEPs set out the causal links between the OFT's actions and final impacts, the key success indicators (changes in which indicate that the OFT's actions are leading towards the

		<p>anticipated final impact), the likely impact of the project and an action plan setting out what needs to be monitored and when.</p> <p>In September 2007 the OFT launched a consultation on the approach to measuring performance against meeting one of the key targets agreed with HM Treasury. The key target was of delivering direct financial benefits to consumers of at least five times that of our costs to the taxpayer across the spending review period ('5 to 1 target').</p> <p>In March 2008 the OFT published a response to the points raised by consultees and a document which takes into account those comments. The document summarises the OFT's approach to performance measurement and monitoring for all major OFT projects (including market studies), as the approach is consistent across all (non-self funding) areas of OFT work.</p> <p>In July 2007 the OFT published Positive Impact 06/07. The document updates the methodology used previously by the OFT to give more accurate estimates of consumer savings from our merger and CA98 work, and also covers the OFT's work on mass-marketed scams.</p> <p>We also report on success against our target of delivering direct financial benefits to consumers of at least five times the cost of the OFT to the taxpayer in this Annual Report.</p>
31	We will publish detailed performance monitoring arrangements for Consumer Direct and report on success against these targets.	In February 2007, the consultants, Scisys, reported on their research into Consumer Direct (CD) and Consumer Voice (CV). During 2007-08 those results were fed into the CV project plan. The report took into

		<p>account comprehensive information from both OFT/CD and externally and it made recommendations for improvements, including potential business process efficiencies and high level user requirements for the operation of CV. It also informed the business case and helped to establish indicative costings for CV.</p> <p>In May 2007 the Cabinet Office published its performance management framework for public sector contact centres. CD is currently providing quarterly statistics to the Cabinet Office against those targets. A pilot using three Quality Monitoring Officers has been operating to improve CD's performance against those targets. These statistics are not currently published but the Cabinet Office intends to do so in the future.</p>
32	We will publish estimated consumer savings from our mergers work, based on improved methodologies.	<p>In April 2007 the OFT published Consumer Savings from Merger Control, which details our innovative method for estimating the impact of our merger control work.</p> <p>We reported on the consumer savings from our mergers work, based on this improved methodology, in Positive Impact 06/07, which was published in July 2007.</p>
33	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'.	<p>The public consultation on the draft updated text of the Mergers Procedures Guide (OFT526con) started in March 2008. This will be completed on 20 June. A draft standard template for initial undertakings has also been published on our website for comments. We are aiming to publish finalised our updated Mergers Procedures Guide in the autumn.</p> <p>Revised guidance on 'markets of insufficient importance' - also known as 'de minimis' - exception in merger cases, was issued in November 07. The exception was applied in three cases in 2007-</p>

		08.
34	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.	<p>We published 'A Quick Guide to Competition and Consumer Protection Laws' and 'A Short Guide on Distance Selling' in April 2007.</p> <p>We developed business information sheets on Internet shopping, published further information on the OFT website and met with key business stakeholders to disseminate information in October and November 2007.</p> <p>We sent a fact-sheet on the new Anti-Money Laundering regulations to consumer credit licence holders, and ran an advertising and PR campaign (aimed at estate agents and consumer credit financial institutions) in the trade press to publicise the regulations between January and March 2008.</p> <p>A public consultation on revisions to the guidance on the Unfair Terms in Consumer Contracts Regulations 1999 was conducted during April and May 2007. The final guidance document is to be published after consideration of the recent judgment in the Banks test case (as it contains relevant information concerning the use of plain and intelligible language), with publication now scheduled for summer 2008.</p> <p>Consultation on guidance on the Unfair Commercial Practices Directive took place during May–August 2007. Revised text was circulated to key stakeholders in January 2008 and Joint Guidance with BERR was published in April.</p>
35	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 Unfair	<p>Approximately 2,400 Trading Standards Officers have been trained on the Unfair Commercial Practices Directive in regional/national events. Training to OFT staff, designated enforcers under Part 8 of the</p>

	<p>Commercial Practices Directive and Consumer Protection Cooperation Regulation.</p>	<p>Enterprise Act 2002, Consumer Direct and others has been carried out face to face in time for implementation of the UCPD (coming into force as the Consumer Protection from Unfair Trading Regulations 2008 on 26 May 2008) and via a cascade pack for local training delivered in Spring 2008.</p> <p>We have also given a number of presentations on UCPD to trade associations (FLA, BBA, BSHAA) and others (CAN), with a CBI seminar pending.</p> <p>Guidance on the Consumer Protection Co-operation regulation was published in June 2007 and case handling procedures were circulated in January 2008.</p>
<p>36</p>	<p>We will work with intermediaries and partners to support and encourage businesses to comply with the law and provide high standards of customer service. By communicating with consumers and developing our consumer education work through the Alliance, we will empower consumers by securing long-term improvements in consumer skills and knowledge.</p>	<p>We have worked with the Department for Business, Enterprise and Regulatory Reform to ensure that businesses are aware of the new consumer protection regulations due in May 2008. Other consumer facing work included our ongoing Scams Awareness Campaign, the Consumer Codes Awareness campaign and the Save Xmas campaign (see 2b above).</p> <p>Please see the main Annual Report for details of our work on a consumer education toolkit. The toolkit was launched on 16 June 2008.</p>
<p>37</p>	<p>We will expand our events work to raise the profile of the OFT and improve our dialogue with stakeholders and partners.</p>	<p>We attended and exhibited at the annual Trading Standards Institute conference and exhibition in June 2007, along with being main sponsor of the Young Consumers of the Year grand final, also held in June.</p> <p>We hosted a one day conference on private actions in September</p>

		<p>2007.</p> <p>We assisted with the organisation of two events in Scotland; the first was held in January 2008 for the Scottish Competition Law Forum and the second in March, which was a reception hosted for the OFT and partners in Scottish LATSS and Consumer Direct Scotland.</p> <p>In March 2008, we hosted the launch of a Vision for Trading Standards in Wales and an Economic Impact Report, held in Cardiff for Welsh LATSS and Consumer Direct Wales.</p> <p>We also expanded our business leaders events, organised for the Chairman, hosting a lunch in September and a dinner in November. Both attracted a number of external stakeholders.</p> <p>We organised the internal OFT staff conference, held in April 2008.</p>
38	We will develop our proactive work with the media to build the OFT's reputation as an authoritative, intellectual organisation and a key driver of the UK economy, while managing risk to our reputation.	The OFT's increasing focus on 'high impact' work has resulted in a substantial increase in media coverage about our work. At the same time we have developed our relationships with a wide range of journalists, especially business and consumer correspondents. The restructure of the communications team allowed us to introduce a more strategic media relations and stakeholder relations team.
39	We will continue to work with our international enforcement counterparts to raise awareness of scams.	The OFT ran a highly successful Scams Awareness campaign throughout February 2008 (see the main Annual Report for details). Scams Awareness Month was part of an annual international initiative organised by the International Consumer

		Protection and Enforcement Network.
40	We will work in partnership with colleague organisations to make best use of common resources in developing communications strategies. In 2007–08 we will work with the DTI to develop communications strategies for the Consumer Credit Act 2006 and the implementation of the Unfair Commercial Practices Directive.	<p>The OFT and BERR worked together to agree and deliver a communications strategy on the UCPD. We inputted into the BERR direct marketing campaign and the DG SANCO press release. Further work with consumer groups has been planned and is ongoing.</p> <p>Communication strategy for the CCA06 continues to be delivered with BERR, both in the lead up to implementation of the OFT's new credit licensing regime in April 2008 and the further changes due in October 2008. Key stakeholders have been fully involved in the implementation process, for example through a number of forums held in January 2008 to discuss our intended approach to our new responsibilities and powers, and the OFT published guidance on the new regime as required by the CCA.</p>
Objective 3 – to work in partnership		
41	We will develop our external liaison strategy and appoint senior level relationship managers for our main partners and stakeholders.	<p>We have continued to develop our stakeholder strategy. We have designated senior level stakeholder relationship managers (SRMs) for our key stakeholders. These SRMs have instigated quarterly meetings with their stakeholder organisations.</p> <p>We have conducted a stakeholder audit to inform our strategy development. We presented the findings to senior management and more widely at our annual staff conference. We will use the findings to assist us in developing our stakeholder strategy in the next financial year.</p> <p>We have recruited a new Head of External Relations as well as two additional Stakeholder Relations Managers to develop and</p>

		implement our strategy going forward.
42	We will introduce internal training and evaluation tools to monitor our partnership success.	<p>Over this reporting period the OFT has delivered a comprehensive internal training programme aimed at improving project management. As part of this training package we have included comprehensive training and guidance on stakeholder engagement best practice.</p> <p>As mentioned above, we have conducted a full stakeholder audit. Opinions were sought from business and consumer groups as well as individual businesses, regulators and other government departments. The findings have provided the OFT with a qualitative baseline from which to measure performance in the future along with recommendations for how we can further develop our engagement strategies.</p>
43	We will promote the work of the OFT in Scotland and develop wider relationships through the newly established OFT office in Edinburgh.	<p>High-level meetings between OFT and Scottish Government have identified key priorities and areas for collaboration. Regular contacts with Scottish Government officials cover issues such as transport, housing, financial services, legal services, and alcohol licensing.</p> <p>We have contributed to the organisation of platforms for consideration of competition and consumer issues and senior OFT speakers have participated in the Scottish Competition Law Forum and other conferences.</p> <p>Contacts with elected members of Parliament and local government were consolidated with a reception in Holyrood held jointly with Trading Standards and Consumer Direct in March 2008. Relationships with Trading Standards partners have</p>

		<p>contributed valuably to consideration of strategic issues such as LBRO and the provision of informed advice.</p> <p>The Office in Scotland has been able to advise OFT teams on Housebuilding, Medicines Distribution and Personal Current Accounts, Property Factors and others on the key Scottish contacts. They also brief on Scottish perspectives and arrange meetings for teams.</p> <p>A Newswatch service providing up to date coverage of media and government communications and face to face briefings highlight the need for OFT colleagues to 'Think Scotland'. Scottish stakeholders now have a quarterly newsletter giving a quick round up of OFT issues.</p>
44	<p>We will deliver and extend our programme of joint action with TSS to effectively champion the role of TSS across Government. We aim to demonstrate a more consistent and better coordinated 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 wellbeing of local communities and improved overall economic productivity and efficiency.</p>	<p>We developed and published a handbook for local councillors on the work of TSS, together with a toolkit to assist TSS in raising their profile within their local authority.</p> <p>We achieved greater clarity for TSS on the DCATS qualification system by working closely with TSI.</p> <p>We agreed a vision for the provision by TSS of consumer advice (beyond the first tier level provided by Consumer Direct). We also agreed an improved protocol with LACORS for the development and sharing of good practice among TSS.</p> <p>Due to resource constraints the funding guidance has not been produced. We will be conducting a feasibility study to determine whether or not it is still necessary and / or beneficial to deliver</p>

		<p>the proposed outputs under this workstream.</p> <p>A knowledge management strategy paper will be submitted to the Trading Standards Policy Forum for agreement and adoption in summer 2008.</p>
45	We will, in appropriate cases, work closely with the Serious Fraud Office and the Lord Advocate in Scotland to investigate criminal cartels offences.	<p>We have liaised with the Serious Fraud Office and the Lord Advocate in Scotland on various issues of common interest. There have been no specific cases on which we have had to work closely with either authority, however.</p>
46	We will work closely with the concurrent regulators to ensure the effective enforcement of competition law across all sectors of the economy.	<p>We are working to ensure the best outcome from the HMT/BERR review of concurrency in competition enforcement. In September 2007 we reported (for the first time on an annual basis) to the Joint Regulator's Group (JRG) on whether powers are being used consistently and proactively. We have also enhanced knowledge sharing by establishing sub groups of the Concurrency Working Party in areas of particular interest and are setting up a concurrency page on the OFT website to promote information sharing. Through CWP and informal contacts, the OFT has actively supported concurrent regulators in their recent use of competition powers and we are continuing to engage with CWP partners, particularly through the new sub-groups, in order to enhance co-operation.</p> <p>We represented the UK at an international conference on competition in regulated sectors at the Korean Development Institute (July 2007). The OFT presented and discussed the institutional design and functioning of the concurrency system.</p>
47	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	<p>Good relationships have been created/maintained with a number of government departments leading to advice on competition being given on important policies including pensions, healthcare reform and transport</p>

	policies are minimised.	<p>appraisal (includes four of BRE's top five priority policies). We provided training to HMT spending teams on policies that are bad for competition.</p> <p>We audited the Impact Assessments being done by government departments to assess how well competition is being considered. This will lead to a new approach to handling IAs.</p>
48	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.	<p>The Statement of Enforcement Principles was published in November 2007, and discussed with key stakeholders.</p> <p>The FSA and OFT first announced an intention to collaborate more on matters of joint regulatory interest on 22 March 2006. This was followed in April 2006 by a Joint Action Plan that set out in more detail how we intended to do this. In July 2007 we published the second Progress Report on the Financial Services Authority (FSA) and OFT Joint Action Plan. Alongside this update, a joint FSA-OFT statement was published setting out respective roles and responsibilities.</p> <p>A new Memorandum of Understanding with the FSA was prepared in time for implementation of the CPRs on 2 May 2008.</p>
49	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 knowledge sharing.	<p>Contacts with our partner agencies are made regularly, both on a case by case basis and in the ordinary course of business.</p> <p>We have formalised contact at the end of CC merger inquiries, so that the CC can debrief the OFT on its inquiry and decision.</p> <p>The CC presented its new draft Mergers Remedies Guidance to the OFT on 7 February 08. The OFT will present its draft updated Mergers Procedures Guide (OFT526con) to the CC on 19 June 08.</p>

Objective 4 – to develop the OFT as an organisation		
50	We will promote a learning culture by providing high-quality training and development opportunities to refresh, maintain and update skills, and facilitate career progression.	<p>Our Learning and Development activities plan was published to all staff in July 2007. Activities outlined in the 2007/8 L&D plan have been substantially delivered, with priority given to responding to changes in training needs or new needs emerging during the year.</p> <p>We completed phase 1 of our Leadership Development Programme and the roll out of phase 2 has commenced.</p> <p>We launched a revamped induction process and supporting intranet guidance. A rolling programme of corporate induction events has been established.</p> <p>We increased the number of funded places on Kings College diplomas courses available to staff.</p> <p>A refresher training course to support increased emphasis on performance appraisal was delivered.</p> <p>Our OFT Awareness module series is now well embedded.</p>
51	We will identify the skills profiles required to deliver the OFT's strategic goals and actively shape the staff profile to match these through ongoing training and career management.	<p>Data was been gathered and analysis used to formulate our Learning and Development Strategy. The strategy was published to all staff on 1 May 08.</p> <p>Principles and proposed approach to developing a new core skills framework were agreed in July 2007. A draft framework was developed and circulated for comment in October 2007. Further development and implementation of a new framework will be</p>

		<p>integrated into the review of OFT pay & grading/performance management system scheduled to commence in May 2008.</p> <p>Development of a guide to learning activities suitable for developing core skills for each grade will now flow from the results of a corporate learning needs analysis exercise scheduled to commence in May 08.</p>
52	We will promote a culture that values diversity and enables staff to achieve the highest level of their potential.	<p>The Diversity Lead has now been appointed.</p> <p>Protocols for Procurement are being revised to apply with best practice regarding diversity, and a Carers' Network Group has been established as part of the development of an organizational diversity management framework. New sponsors at director level are being identified to lead on staff Network Groups.</p> <p>Diversity training for inductees is in place. Working on the OFT Diversity vision and policy is continuing, and BME, Disability and LGB Network Groups are to be launched.</p>
53	We will seek to link reward to performance and the delivery of our objectives.	<p>OFT has a discretionary bonus scheme which rewards overall in year performance, including achievement of objectives, as measured through the current performance management process. There are two levels of percentage of base salary that are paid as non consolidated bonus payments to the two highest performance categories. As work is being done to strengthen the competency element of performance management through the implementation of the Professional Skills for Government (PSG) framework, the link between reward and delivery of objectives and competency growth will also be further developed.</p>
54	We will promote clear and effective communications with and between all managers and staff.	<p>The 2008 Staff Survey was launched early in March for feedback at the 2008 Staff Conference. The survey showed improvement</p>

		<p>in top-down communication since 2007, and above the central government benchmark. In 2008/9, we will focus on improving lateral and bottom-up communication.</p> <p>The Staff Conference ran to plan, with good feedback from staff and management. Highlights were 'staff stories' and external speakers including Sir Gus O'Donnell and the CEO of the Scottish Consumer Council, Martyn Evans.</p> <p>OFT's 'score' on assessment criteria for Investors in People was significantly improved in March 2008. Follow-up work is continuing to maintain accreditation in March 2009.</p> <p>We run 'Meet the Board' sessions and Q&A sessions with the Chief Executive are held twice yearly. The OpenLine intranet page allows staff to raise questions for senior staff.</p> <p>Quarterly issues of our Fair Comment internal magazine were delivered on target.</p> <p>An improvement programme for our intranet service is underway following useability testing. The focus for 2008/9 will be on improving the intranet as a platform for lateral communication, and on useability.</p>
55	We will increase secondments between TSS and other partners, including business, and the OFT by putting into place an active exchange programme.	We are very pleased to have taken staff on secondment from Warwickshire County Council TSS to assist in the delivery of training on the CPRs, and from Dundee City Council TSS and Hampshire County Council TSS to work on developing the Local Authority Assured Trader Scheme Network.

56	We will develop and expand our capacity to undertake criminal cases.	<p>We recruited a criminal lawyer from HMRC and other criminal specialist appointments have also been made. See also progress under commitment 3 above.</p> <p>In preparation for the implementation of the Consumer Protection Regulations in Spring 2008 we carried out an extensive programme of training for LATSS, co-enforcers and OFT enforcement staff.</p>
57	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.	<p>We have created a corporate knowledge management strategy based on the information and knowledge needs of the organisation. We are planning to take this forward into 2008-09.</p> <p>A complete set of internal casework guidance for use in CA98 investigations was made available in July 2007. This procedures manual is intended to provide project teams with advice on a range of issues which commonly arise in CA98 investigations. It takes account of our on-going work on effective project delivery and has been prepared drawing on the knowledge, experience and ideas of many people in the OFT.</p> <p>A central Know-how team was set up in August 2007 to gather and disseminate useful substantive, procedural and policy know-how relating to our competition, consumer and markets work. The team is supported by a network of Know-How Liaison Officers who gather know-how from their teams across the Office.</p> <p>A know-how intranet site was launched in March 2008 to store know-how thematically. It includes procedures guidance (the know-how team is responsible for updating the CA98 procedures manual), policy notes,</p>

		<p>advice given and links to relevant legislation, along with materials from internal and external presentations. The site has focussed on competition and markets know-how sections in 2007/08; consumer and public law sections of the site will be developed in 2008/09.</p> <p>New know-how material is also circulated around the Office via a fortnightly electronic know-how float. The know-how team coordinates a programme of regular cross-office seminars covering a variety of subjects of relevance to our work, led by internal and external speakers. These take place at least once every two weeks and help build up the knowledge of our staff.</p> <p>Since January 2008 a month CA98 knowledge sharing meeting has been held to encourage staff working on CA98 cases to come together informally and discuss substantive/procedural issues affecting their work. In February and May 2008 respectively, electronic competition and consumer Notice Boards were also launched to further enable staff to share knowledge and experience.</p> <p>The changes needed to PROMOD to implement CCA06 successfully from April 2008 were all made and the new licensing regime began in April as required.</p> <p>PROMOD is also being enhanced to enable automated fitness checking against internal OFT systems and also with external bodies. This will go live in summer 2008.</p>
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