
Annual Report and Resource Accounts 2008-2009 – Annexe H

Progress against our commitments 1 April 2008 to 31 March 2009

1. To deliver high-impact outcomes

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

Our performance

In October 2008, we published a set of Prioritisation Principles. These principles set out the factors we take into account when making prioritisation decisions, giving us a consistent language for thinking about and explaining our choices. They are not rigid criteria that make decisions for us in a mechanical way; each decision is reached on a case-by-case basis.

We referred seven merger cases to the Competition Commission in 2008-09. Our reference test was met in a further 11 cases. Of these, we accepted undertakings in lieu of a reference to the Competition Commission in three cases during the reporting period, and were considering undertakings in lieu in three other cases at the end of the year. We cleared four cases on the basis that the relevant markets were not of sufficient importance to justify a reference (the 'de minimis' exception). The remaining case (Lloyds TSB Group – HBOS, see below) was cleared by the Secretary of State for Business, Enterprise & Regulatory Reform. We also formally accepted undertakings in lieu of a reference in three cases from 2007-08.

We successfully prosecuted three individuals for the Enterprise Act 2002 (EA02) cartel offence in the marine hose case. The case was heard in June 2008, when all three defendants pleaded guilty and were sentenced to terms of imprisonment and director-disqualification orders.

We investigated two further cases using our criminal powers under EA02. One of these was the British Airways/Virgin Atlantic passenger fuel surcharge case, which resulted in charges being brought against one

current and three former BA employees in August 2008. The trial in this case is expected to start in 2010.

In July 2008, we successfully requested that a Dutch court grant an injunction against a Dutch-based mail order company to stop the dissemination of misleading prize-draw mailings to UK consumers.

In January 2009 we launched our first criminal investigation under the Consumer Protection from Unfair Trading Regulations (CPRs) in connection with a suspected unlawful pyramid scheme.

In a test case, the Court of Appeal confirmed that the terms used by banks for charging holders of personal current accounts for unarranged overdrafts could be assessed for fairness. This judgment is currently under appeal in the House of Lords.

We published research on the design of environmental product standards, such as minimum energy-efficiency targets and product-labelling schemes. The work provided guidance to policymakers on how product standards could affect competition, and how they could be designed to minimise the negative impacts.

Our annual Scams Awareness Month, which took place in February 2009 and attracted substantial national and local media coverage, focused on four areas: online scams, business-to-business scams, miracle health scams, and scams affecting older consumers. An independent evaluation found that 36 million people were given an opportunity to see/hear our messages.

We fully approved the Debt Managers Standards Association code of practice, and saw codes backed by the Society of Motor Manufacturers and Traders/Retail Motor Industry Federation and the Institute of Professional Will Writers both complete Stage One of the two-stage process.

2. To be a centre of intelligence and excellence

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

Our performance

We published an independent evaluation of the impact of the Supply of Extended Warranties on Domestic Electrical Goods Order 2005. The

evaluation found that since the introduction of the Order consumers had already benefited by around £51m, and would continue to benefit in the future.

In June 2008, we hosted a conference on market studies to review the market studies regime five years after its implementation. The conference looked at how the OFT conducts its market studies work, and how its market studies work compares with similar work carried out by other competition and consumer authorities.

As a competent authority under the EU Services Directive, we participated in the EU pilot on information exchange for the estate agency sector.

In November 2008, we published an evaluation of our Save Xmas campaign. It covered the immediate and medium-term impact on consumers who attended Save Xmas sessions. The study showed that the campaign had been successful in helping consumers understand their options when saving for Christmas.

We responded to the Law Commission's consultation on UK consumer remedies for faulty goods and, as part of the EU's ongoing consumer work, we responded to the Green Paper on policy options for consumer collective redress mechanisms in the EU.

We continued to develop relationships and share knowledge with overseas consumer and competition agencies via our participation in a variety of fora such as the International Consumer Protection and Enforcement Network (ICPEN), Organisation for Economic Co-operation and Development (OECD), European Commission and the International Competition Network (ICN).

We engaged with the European Commission on a draft directive (the Consumer Rights Directive) which amalgamates four existing directives – on doorstep selling, distance selling, unfair contract terms and the sale of goods and associated guarantees.

3. To work in partnership

Work with our partners to better achieve our other objectives.

Our performance

A new External Relations team recruited in 2008 oversaw the strengthening of contact with key stakeholder groups through senior OFT staff designated as Relationship Managers.

We continued to build active relationships with other government departments, including BERR and the Treasury, at many different levels.

Our enquiries team consistently responded to 90 per cent of public enquiries and complaints within 10 working days, and for the last quarter of the year exceeded this target.

The average customer satisfaction rate for Consumer Direct users over the year was 84 per cent, one per cent below the target set.

An OFT and local authority Trading Standards Service (TSS) partnership framework was agreed and ratified by the OFT and the Trading Standards Policy Forum. Underpinning the framework are a number of operational protocols, including a consumer protection case referral protocol and a standard agreement by which TSS conduct credit competence visits under the revised Consumer Credit Act.

Our Consumer Education Team launched a free online toolkit 'Skilled to go' in the further education sector in June 2008 to empower learners in consumer skills, knowledge and confidence. By the end of the reporting period, 4,000 teachers and almost 50 per cent of further education institutions had registered to use the 'Skilled to go' resources.

In July 2008, we held a successful international conference highlighting the psychology of mass-marketed scams and the plight of elderly scam victims.

We continued to promote the Consumer Codes Approval Scheme and encourage use of codes in appropriate markets. To that end, we held a code sponsor networking event in December 2008 to facilitate the generation of ideas for promoting the use of codes.

Following agreement on a robust set of methodologies for assessing the economic impact of TSS fair trading work, we completed a full analysis of data gathered during February 2009 as part of the first national assessment of that impact.

4. To develop the OFT as an organisation

The OFT's key asset is the diversity of the skills, expertise and experience of its staff. Our ability to change markets and deliver excellent outcomes for the UK economy relies on investing in the skills and talent of our staff.

Our performance

We adopted the Professional Skills for Government competency framework. The framework details the skills, knowledge and experience

expected for members of staff at every level. This makes it possible to better assess an individual's level of competency and development needs.

Our Planning, Performance and Development process, which is undertaken by all staff, was improved to recognise and reward individuals for work that contributes to the achievement of organisational/group priorities, behaviours that are aligned to OFT values, and development that plugs skills/knowledge gaps.