

A strategy and framework for consumer education

A consultation paper

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Part 1 – The Consultation

Introduction

The Office of Fair Trading (OFT) is conducting a public consultation on its proposed national strategy and framework for consumer education.

The Enterprise Act 2002 gives the OFT new powers to use consumer education to support its work in making markets work well for consumers. The OFT set up a Consumer Education Strategy Group in October 2003 as a first step in developing its strategy. The development of the strategy and framework for consumer education has been closely informed by the Group's discussions.

Responding to this consultation

We are keen to hear from everyone with an interest in consumer education.

Although you may respond in general terms to the proposed strategy and framework, we would particularly welcome your views on the specific questions highlighted in this consultation document.

When responding, please say whether you are responding as an individual, or representing the views of an organisation of which you are part. If you respond on behalf of your organisation, please tell us who the organisation represents and how many members it has.

A list of those organisations consulted appears at Annexe B. If you have suggestions of others who may wish to be involved please contact us.

We will respond to queries about the consultation by phone, but please submit your responses to the consultation

questions, suggested changes, or comments on the strategy and framework by letter or email.

We will acknowledge all written submissions and queries.

The consultation period

The consultation period began on 20 July 2004 and will run until 14 September 2004.

This period is shorter than the 12 weeks set out in the Cabinet Office's revised Code of Practice. (The Code's six criteria for consultation can be found at Annexe A.) We have shortened the consultation period in response to stakeholder representations that the strategy be finalised by early autumn, in good time for stakeholders to incorporate consumer education activities in their budget planning for the next financial year. Given the extensive consultation that has already taken place to formulate the current proposals, we consider that the overall consultation process will be as effective as possible.

Next steps

We will collate responses and publish a formal response to the consultation exercise during October 2004. This will set out our finalised strategy and framework for consumer education, together with an analysis of responses.

The finalised strategy and framework for consumer education will be available on the OFT's website, www.of.gov.uk. If you wish to obtain hard copies of the document, please contact Ken Savage-Brookes, whose contact details follow overleaf.

**All responses and comments should
be sent to:**

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Data use statement for responses:

Responses may be used in the performance of OFT's functions. In addition, responses may be made public in the course of this consultation in a summary of responses unless you tell us that you do not agree to this. If you are replying by e-mail, these provisions override any standard confidentiality disclaimer that is generated by your organisation's IT system.

Part 2 – A strategy for consumer education

The role of consumer education

Consumer education delivers practical skills and knowledge that are relevant to everyone.

With its new powers, the OFT can use consumer education to help consumers get the most from today's competitive markets – where businesses work hard for their custom and respond to their needs.

Consumer skills are relevant not just in consumer situations, but in many other areas of people's lives. Consumer education should be an integral part of formal education and lifelong learning programmes.

On a national level, consumer education can help make markets work well for consumers and businesses by driving competition. It can also help protect vulnerable consumers, prevent consumer detriment and combat social exclusion.

A new approach

The importance of consumer education is increasingly recognised. The Department of Trade and Industry's consumer strategy consultation¹ sets out a vision of an economy in which empowered consumers have the skills and knowledge they need to make informed choices and seek redress if things go wrong. Consumer education is an integral part of the European Union's consumer policy. The European Commission's Statement of Mission sets out to 'enhance the capacity of consumers to make informed choices through more effective information and education initiatives'. Since 2002, the National

Curriculum for England has incorporated coverage of consumer rights and responsibilities at Key Stage 4 in the citizenship curriculum. Consumer education became a compulsory part of the national curriculum in Wales for 5-16 year olds in September 2003. It now forms part of Personal & Social Education (PSE) in Wales. In Scotland there are curricular guidelines for 5-14 year olds, but there is currently no statutory national curriculum. Learning and Teaching Scotland has published a paper on 'Education for Citizenship in Scotland'. The paper sets out a cross-curricular approach to teaching citizenship. Consumer education is not explicitly featured in this paper, although it is included by implication.

The OFT believes that all those in formal education would benefit from consumer education being incorporated clearly into the curriculum.

Increasingly complex products and services, and growing choice, mean that modern consumers face a real challenge when making a purchase or seeking advice. Recent research² conducted for the OFT reveals that 42 per cent of consumers do not feel informed about their consumer rights. Yet in the last 12 months, 55 per cent of consumers had to take some form of consumer action³ in connection with the purchase of a product. There is a clear need to raise current levels of consumer skills and knowledge.

A great deal of good consumer education work is already being carried out within the public, private and voluntary sectors. The Financial Services Authority's initiative,

¹ *Extending Competitive Markets: Empowered Consumers, Successful Business*, 14 July 2004

² *Competition Act and Consumer Rights*, OFT report to be published during the summer of 2004.

³ Including the return of faulty or unsuitable goods and the cancellation or contestation of contracts.

Building financial capability in the UK, represents a big step forward in helping consumers to acquire the skills and knowledge to be capable, confident and self-reliant when making financial decisions.

However, the overall picture is one of fragmented provision, duplication and poor coordination. It has been estimated that around 600 individual organisations in this country have an interest in providing consumer education.⁴ Consumer education continues to lack strategic focus and effective coordination. Most consumer education initiatives remain the product of individual organisations, acting independently. The proliferation of such initiatives means more duplication and an inefficient use of resources. Most importantly, the lack of a focused, coherent approach limits the potential to influence policy and target consumer education effectively to gain maximum impact.

A new, coordinated approach is needed.

The Enterprise Act 2002 gives the OFT – for the first time – powers to employ consumer education as a tool to support its work in making markets work well for consumers. The OFT therefore enjoys a unique opportunity to lead a new strategic approach designed to deliver consistent, high quality consumer education and make the best use of available resources.

The vision

Consumer education is a potent tool for empowering consumers. High quality programmes focused on stimulating,

relevant issues can engage the interest of consumers and help equip them with the skills and knowledge to make better choices and to resolve problems when things go wrong.

Empowered consumers are knowledgeable, confident, assertive and self-reliant. Consumer education has an important role to play in supporting those with less developed consumer knowledge and skills. By demanding high standards from business, consumers help promote vigorous, competitive markets. As a tool for empowerment, consumer education is therefore central to the OFT's mission to make markets work well for consumers.

Well informed and fair trading businesses also have a key role to play. The high levels of customer advice and support that are essential to competitive trading mean they can work effectively to inform and educate their customers. Business can reap real benefits from an active involvement in consumer education: improved communication with more discerning customers and quicker, easier – and therefore less expensive – solutions to problems where they arise. The OFT currently supports business through a wide range of activities, including road shows, seminars, the publication of guidance and the work of the Business Information Unit.

Our vision is of a coherent and coordinated approach to consumer education, based on robust evidence of what does and does not work. To be really effective, consumer education initiatives should be effectively planned and coordinated across the public

⁴ *Consumer Education in the UK*, Katrina Ritters for Trading Standards Institute, May 2003.

and private sectors. They must be carefully targeted to deliver maximum benefit for all, recognising the particular priorities identified by the devolved administrations. And the impact of consumer education initiatives must be carefully evaluated.

The OFT will bring together relevant representative parties from the public, private and voluntary sectors in the belief that more can be achieved by working together and focusing resources on one strategic aim.

That strategic aim is to:

Equip consumers with the confidence, skills and knowledge to enable them to make the best choices and resolve problems when things go wrong: to enable them to function effectively and responsibly in the modern marketplace.

In achieving this aim, our objective is to ensure that consumers are equipped with an appropriate range of generic, transferable skills, enabling them to:

- research, assimilate and critically analyse information according to their individual needs;
- manage their resources effectively;
- assess risk and exercise balanced judgement in making responsible decisions;
- communicate effectively in a wide range of consumer situations;
- solve problems where they arise.

1. We welcome your views on the strategic aim and objective set out above.

Many organisations and individuals have assisted in the development of this proposed strategy. We wish to acknowledge their valuable contribution. Special thanks go to:

Derek Allen – LACORS

Dr Bernardo Batiz-Lazo – London South Bank University

Carol Brennan – Queen Margaret University College

Lesley Chapman – J Sainsbury plc

Steve Costello – General Consumer Council of Northern Ireland

Katherine Cowell – Department for Education and Skills

Carol Edwards – General Consumer Council of Northern Ireland

Martyn Evans – Scottish Consumer Council

Elizabeth Fagan – Dixons Store Group Retail Limited

Helen Fleming – HM Treasury

Ron Gainsford – Trading Standards Institute

Yvonne Gallacher – Money Advice Scotland

Louise Hanson – Consumers' Association

Richard Holt – Experian

Margaret Humphries – LACORS

John Joshua – Department of Trade and Industry

Ed Mayo – National Consumer Council

Shaun Mundy – Financial Services Authority

Nich Pearson – Welsh Consumer Council

Teresa Perchard – Citizens Advice

Jonathan Rees – Department of Trade and Industry

John Spence – Lloyds TSB Group

Jill Stevens – Experian

Alan Wells – Basic Skills Agency

Richard Wolff – Marks & Spencer plc

Part 3 – A framework for consumer education

Background

This framework sets out how the OFT proposes to implement its consumer education strategy.

The objectives

The OFT's consumer education strategy has the objective of ensuring that consumers are equipped with an appropriate range of generic, transferable skills, enabling them to:

- research, assimilate and critically analyse information according to their individual needs;
- manage their resources effectively;
- assess risk and exercise balanced judgement in making responsible decisions;
- communicate effectively in a wide range of consumer situations;
- solve problems where they arise.

How will it work?

To turn its strategy into action, the OFT proposes the following groups and roles:

- a broad **Alliance** which will bring together as wide a range of stakeholders as possible, to work towards the yearly priorities set by the Planning Group;
- a **Planning Group** which will act as a small executive group for the Alliance. It will commission and examine research, and set priorities;
- **Working Groups** which will focus on each of the priorities set by the Planning Group. The OFT will act as Secretariat, coordinator and facilitator to all three groups.

What can be achieved?

Our goal is to achieve our strategic aim of:

Equipping consumers with the confidence, skills and knowledge to enable them to make the best choices and resolve problems when things go wrong: to enable them to function effectively and responsibly in the modern marketplace.

The Alliance

The OFT will bring together a broad range of stakeholders to form an Alliance. We hope that everyone with an interest in consumer education and a commitment to putting the strategy into action will contribute to the Alliance.

We aim to ensure that everyone engaged in consumer education is aware of the Alliance's coordinating role and of the benefits of participation; although we recognise that some organisations will be more active than others in the Alliance's work.

What will the Alliance do?

The role of the Alliance will be critical in ensuring that the strategy has real impact. It will play a vital role in turning the work of the Planning Group into actions. It will act as a forum to facilitate the use of shared resources and methods amongst Alliance members – and beyond. The combined expertise of Alliance members will bring a broad perspective to the work undertaken by the Planning Group. The OFT believes that this will be a key method of ensuring that consumer education initiatives are not just coordinated and focused on identified needs, but are of high quality.

Members of the Alliance will subscribe to the OFT's consumer education strategy and commit to priorities that advance the strategy by sharing resources and methods. Most importantly, Alliance members will be at the front line in delivering consumer education initiatives.

Achieving results

The strategy has a long-term aim. The priorities set each year will represent steps towards achieving that aim. We envisage that each year there will be no more than four or five priorities.

A major objective of the strategy is the coordination and removal of duplication in existing consumer education work. The Alliance will bring greater coordination of consumer education work through its broad membership and strategically chosen yearly priorities.

We believe this approach will lead to early and tangible results for the work of the group, encouraging confidence in the strategy and greater participation in the Alliance.

Members of the Alliance will commit to addressing the yearly priorities in their own work.

Membership of the Alliance

Membership of the Alliance will fluctuate. The OFT, the Alliance and the Planning Group will work together to ensure that the Alliance includes those able to make a difference to its work and is representative of those with an interest in consumer education. Individuals and groups may be

invited to join the Alliance, or may join by contacting the OFT's consumer education team. Those choosing to work outside the Alliance will be encouraged to align their work to the priorities set by the Planning Group.

Membership of the Alliance will carry with it the responsibility of contributing to the overall strategy and the yearly priorities that advance it. However, membership will not prescribe specific activities. The OFT expects that Alliance members will make their contributions to the priorities in the ways most relevant for them.

Organisations and individuals are free to join the Alliance. We hope that members will be able to contribute to, and benefit from the Alliance in many ways, for example:

- educationalists will be able to contribute to the development of high quality consumer education resources and draw upon consumer issues to support academic and non-academic programmes – including initiatives to raise levels of adult literacy and numeracy;
- business will be able to contribute commercial and technical expertise to the development of educational initiatives, whilst enjoying the commercial benefits of dealing with skilled and knowledgeable consumers – and of being visibly involved in consumer education at a national level;
- advice bodies will have access to high quality educational materials to augment their advice and training provision – particularly in the area of personal finance and debt;

- enforcers will benefit from better coordination of their educational activities and the opportunity to promote consumer protection messages through high impact educational initiatives;
- consumer organisations will enjoy the opportunity to raise the profile of important consumer issues and contribute to the targeting, development and delivery of advice, information and education programmes;
- government departments and agencies will be better placed to coordinate their activities effectively and plan strategically.

2. Do you think membership of the Alliance would help further your own consumer education work?

3. Would you be interested in being a member of the Alliance or Planning Group?

We believe the Alliance will bring a broader perspective to the detailed work undertaken by the Planning Group and provide a forum for exchange of ideas and best practice.

4. We would value your views on how the Alliance might function. For example:

- **how often and where should it meet?**
- **how should the Alliance manage its internal communications?**

The Planning Group

The Planning Group will be a small executive group within the Alliance. It will commission and examine social and economic research – and use this to set clear annual priorities. We anticipate that members of the group will have expertise at a strategic level.

Membership of the Planning Group

Membership of the Planning Group will be at the invitation of the OFT. However, membership will be fluid and respond to developing circumstances as the strategy matures.

The OFT believes that the considerable commitment entailed by membership of the Planning Group will represent a worthwhile investment for those involved. Members will bring a wealth of knowledge and experience to the Group’s work. By collaborating with others, we hope that they will find their consumer education work will have greater impact, enhancing the objectives of their own organisations.

The commitment to the Planning Group will yield results in different ways for different organisations, in the same way as the Alliance.

What will the Planning Group do?

Taking the wide expertise of the Alliance as its starting point, the Planning Group will:

- set yearly priorities;
- undertake research to establish current levels of consumer skills and target consumer education activities for maximum impact;

- establish success measurement mechanisms for the Alliance’s work;
- work to ensure the quality of consumer education initiatives;
- identify relevant consumer skills and key messages – and how these can be most effectively communicated.

Creating an action plan

Although the strategy recognises that everyone benefits from consumer education, the Planning Group will nevertheless need to establish priority sectors and audiences. This will ensure that priorities are targeted where they can have the greatest impact.

Working Groups

The Planning Group will set priorities that serve our objective of ensuring that consumers are equipped with an appropriate range of generic, transferable skills. To turn these priorities into meaningful activities that contribute towards achieving the strategic vision, Working Groups will be set up for each priority. The key job of the Working Groups will be to drive progress and deliver on each priority.

These Working Groups will be made up of selected Alliance members, the Planning Group and education practitioners. Using the best of existing consumer education materials from practitioners and consumer advisers as a starting point, they will work to provide high quality materials, resources and information.

Easily available central resources will be a key deliverable for the strategy as it seeks to increase coordination, reduce duplication and improve quality across the whole consumer education landscape. These central resources will be designed to complement and enhance consumer education work at regional and local level.

The Working Groups will be sufficiently focused to take a detailed view of each priority and assess critical partners who, although perhaps not closely involved in the Alliance, may nevertheless have a valuable contribution to make.

5. Do you think the Alliance, Planning Group and Working Groups are the best way to implement the strategy? Can you think of a more appropriate way forward?

6. Do you think the roles proposed for each of the three groups are appropriate?

Tackling the priorities

Alliance members will be the principal delivery mechanism for consumer education. But tapping into local networks that are not directly represented on the Alliance yet have everyday contact with consumers will also be a significant element. This will involve building relationships with, and making resources available to, a range of local networks. This approach will help ensure that the needs of particular groups, such as minority ethnic groups, are a focus when priorities for action are decided upon.

The OFT believes that working closely with Consumer Direct will enable the Planning Group to benefit from the comprehensive picture of consumer needs that will emerge as Consumer Direct becomes established.

Visibility

Much of the work of the Alliance, Planning Group and Working Groups will not be visible to the general public. Their influence will instead be felt through the activities of Alliance members and others who choose to use the outputs of the Working Groups.

However, the coordinating role of the Planning Group, backed by a comprehensive and representative Alliance means it will be well placed to act as a coherent, consistent voice to government and others on consumer education matters. A prime example will be to feed into the Department for Education and Skills' work as it develops changes to the citizenship module within the National Curriculum for England.

- conduct a benchmarking exercise to establish an evidence base for consumer education policy formulation;
- develop analytical tools to identify priority areas for the Alliance's work and enable consumer education initiatives to be targeted more effectively;
- establish a forward thinking, planning programme for consumer education;
- develop methods for evaluating and monitoring the impact of consumer education initiatives.

7. Please comment on how the work of each of the proposed three groups should be promoted. What do you think is the right balance between activity and publicity?

Initial priorities

The Alliance must have a positive and visible impact on levels of consumer skills and knowledge as soon as possible. We propose that the following should be adopted as initial priorities:

Annexe A

The six criteria for consultations by public bodies

Public bodies are required to perform consultations in accordance with the following criteria wherever possible.

1. Consult widely throughout the process, allowing a minimum of 12 weeks for written consultation at least once during the development of the policy.
2. Be clear about what your proposals are, who may be affected, what questions are being asked and the timescale for responses.
3. Ensure that your consultation is clear, concise and widely accessible.
4. Give feedback regarding the responses received and how the consultation process influenced the policy.
5. Monitor your department's effectiveness at consultation, including through the use of a designated consultation co-ordinator.
6. Ensure your consultation follows better regulation best practice, including carrying out a Regulatory Impact Assessment if appropriate.

The complete code, which was revised in January 2004, is available on the Cabinet Office's website:

www.cabinet-office.gov.uk/regulation/consultation/code.asp

Comments or complaints about the consultation process

If you wish to comment on the conduct of this consultation or make a complaint about the way this consultation has been conducted, please write to:

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OFT Consultation Co-ordinator
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Fleetbank House
2-6 Salisbury Square
London
EC4Y 8JX

Phone: 020 7211 8267

Email: steve.lisseter@oft.gsi.gov.uk

Responses to the questions posed in the consultation document should be sent to Ken Savage-Brookes, whose details appear on page 4.

Annexe B

Consultees

The following organisations have been contacted in the course of this consultation:

Qualifications, Curriculum and Assessment Authority for Wales (ACCAC)

Advertising Standards Authority

Advice Services Alliance

Advice UK

Advisory Centre for Education

Age Concern

Assessment and Qualification Alliance

Basic Skills Agency

British Retail Consortium

Centre of Education and Industry,
University of Warwick

Citizens Advice

Citizens Advice Scotland

Citizenship Foundation

City and Guilds

Commission for Racial Equality

Community Service Volunteers

Confederation of British Industry

Connexions Service

Consumer Council of Scotland

Consumer Education Group

Consumer Education Liaison Group

Consumer Support Networks

Consumers International

Consumers' Association

Demos

Department for Education and Skills

Department for Work and Pensions

Department of Trade and Industry

Direct Selling Association

Disability Rights Commission

Dixons Stores Group Retail Limited

Edexcel

Education Business Partnership

Energywatch

Equal Opportunities Commission

Ethical Consumer Research Association

European Consumer Centre

Experian

Federation of Small Businesses

Financial Ombudsman Service

Financial Services Authority

Food Standards Agency

General Consumer Council for
Northern Ireland

General Insurance Standards Council

Good Housekeeping Institute

HM Treasury

Inland Revenue

Institute of Actuaries

Institute of Citizenship

Institute of Consumer Advisers
Institute of Consumer Affairs
Institute of Consumer Sciences
Jobcentre Plus
Joint Council for General Qualifications
Learning & Teaching Scotland
Learning and Skills Development Agency
Learning Skills Council
Legal Services Commission
Lloyds TSB Group
Local Authorities Coordinators of
Regulatory Services
London South Bank University
Marks and Spencer plc
Money Advice Association
Money Advice Liaison Group
Money Advice Scotland
Money Advice Trust
National Consumer Council
National Consumer Federation
National Council of Women of Great Britain
National Extension College
National Federation of the Blind
National Union of Teachers
Neighbourhood Renewal Unit

Neighbourhood Watch
New Economics Foundation
Northern Examinations and
Assessment Board
Northern Ireland Council for the Curriculum,
Examinations and Assessment
Northern Ireland Trading Standards
Office of Communications
Office of Gas and Electricity Markets
Office of the Telecommunications
Ombudsman
Office of Water Services
Oxfam
Oxford Cambridge and RSA Examinations
Personal Finance Education Group
Qualifications and Curriculum Authority
Queen Margaret University College
J Sainsbury plc
Scottish Consultative Council on
the Curriculum
Scottish Executive
Scottish Qualifications Authority
Shelter
Social Market Foundation
Society of Chief Trading Standards Officers
Society of Consumer Affairs Professionals

Annexe B

Scottish Motor Trade Association
The Association of British Travel
Agents Limited
The Children's Mutual
The John Lewis Partnership
The Local Government Association
The National Institute of Adult
Continuing Education
The Ombudsman for Estate Agents
Company Limited
The Retail Motor Industry Federation
The Society of Motor Manufacturers
and Traders Limited
The Vehicle Builders & Repairers
Association Limited
Trade Association Forum
Trading Standards Institute
UK Education Forum
WA Partnership
Welsh Consumer Council
Welsh Joint Education Committee
Women's Institute
Workers' Educational Association