



Consumer education

A strategy and framework

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For the first time, the OFT has statutory powers to use consumer education as a tool to support its work. The OFT is using these powers to lead a new strategic approach to consumer education. The strategic aim is to:

Give consumers the skills and knowledge to function confidently, effectively and responsibly when buying goods and services.

This strategy aims to deliver targeted, effective consumer education by increasing coordination and making the best use of available resources.

It will do this by identifying:

- **WHAT** skills and knowledge consumers need
- **WHERE** a lack of skills and knowledge is leading to detriment, and
- **HOW** skills can be developed and knowledge improved to meet identified gaps.

THE STRATEGY

What is consumer education?

Throughout our lives, we develop skills and seek information to help us deal with the day-to-day business of living. We learn and use these skills in a wide range of situations. When they are developed in a consumer context and applied to information about goods and services, we call the process consumer education.

Consumer education happens in lots of different ways, for example at school, college, university and in adult education. We learn from family, carers and friends. We learn at work and through our leisure activities. Consumer education is a part of formal education and lifelong learning.

Consumer education can help us to get the best deals and avoid the worst pitfalls. If things do go wrong, consumer education can help us sort out our problems quickly and efficiently. And assertive, self-reliant consumers help promote vigorous, competitive markets by demanding high standards from business.

The bigger picture

Consumer education has close links with other important work going on in education and regulation.

Basic skills

The confidence and skills that consumer education aims to develop depend on sound levels of numeracy and literacy. The *Skills for Life* strategy launched by the Government in 2001 has the long-term aim of ensuring that the problem of poor literacy and numeracy is eliminated. Improved levels of literacy and numeracy will give consumers the basic tools they need to make better choices.

We believe our strategy for consumer education will benefit from, and complement, this important work.

Formal education

Consumer education features in its own right in the national curricula for England and Wales. But it can also be integrated into a wide range of school subjects and has the potential to play a broader, supportive role in formal education at all age levels and in all parts of the UK.

Regulation and legal protection

Consumer education works alongside effective regulation. Consumer protection law should clearly set out consumers' rights and responsibilities and ensure they have access to up-to-date, high-quality information. The law should set minimum standards for quality and safety. And effective enforcement should protect consumers against traders who break the rules. This consumer education strategy supports the proposals for regulatory and enforcement reform set out in the Department of Trade and Industry's recent consultation: *Extending Competitive Markets: Empowered Consumers, Successful Business*.

Benefiting consumers

To be most effective, consumer education initiatives must be focused on clear priorities and targeted at those most in need. This will require research to establish the markets and skills on which work should focus.

By deciding priorities in this way, consumer education will bring real benefits for vulnerable and socially excluded consumers by offering the opportunity to gain valuable life skills.

Why we need to take action

Growing choice and increasingly complex products and services mean that getting the best deal can be a real challenge. Information on its own is not enough. We need the skills to know how much time and effort to invest in research – and how to make best use of the mass of information available. And we need the confidence to be able to deal with problems as they arise.

In the light of these challenges, the need for effective consumer education has never been greater.

Good consumer education work is already being carried out in the public, private and voluntary sectors. However, most consumer education initiatives remain the work of individual organisations, acting independently. This results in duplication of effort, poor coordination and patchy provision. There is also a tendency for work to target those consumers who are easiest to reach, rather than those with the greatest need. The lack of a focused, coordinated approach also limits the opportunity to influence policy and target initiatives for maximum impact.

A new, coordinated approach is needed.

The OFT's new approach

For the first time, the OFT has statutory powers to use consumer education as a tool to support its work. The OFT is using these powers to lead a new strategic approach to consumer education. The strategic aim is to:

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This strategy aims to deliver targeted, effective consumer education by increasing coordination and making the best use of available resources.

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- **WHAT** skills and knowledge consumers need
- **WHERE** a lack of skills and knowledge is leading to detriment, and
- **HOW** skills can be developed and knowledge improved to meet identified gaps.

The strategy's objective

Objective 1: Identify the skills and knowledge needed by consumers

Consumers need a range of generic, transferable skills in order to function confidently, effectively and responsibly. These skills might include the ability to:

- research, assimilate and critically analyse information according to individual needs
- manage 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, and
- know when to seek professional advice.

Taking these examples as a starting point, we will conduct research to determine what skills consumers need. Further research will identify the kind of knowledge consumers need in specific consumer situations.

Objective 2: Identify where a lack of skills and knowledge is leading to detriment

We will use economic analysis to identify where poor levels of skills and knowledge lead to significant detriment and where consumer education initiatives can have maximum impact. We will explore other indicators, for example:

- super-complaints to the OFT
- consumer complaints data received by the OFT and Consumer Direct
- market studies, and
- the needs of vulnerable consumers.

Objective 3: Identify how skills can best be developed and knowledge improved to meet identified gaps

We will coordinate provision by providing a forum for those involved in consumer education to plan, develop, deliver and evaluate consumer education initiatives. As part of this work we will:

- conduct a benchmarking exercise to map consumer education activities
- identify examples of effective consumer education initiatives
- set standards for consumer education work, and
- develop new approaches to consumer education that recognise individual learning needs.

Most importantly, we will develop tools to evaluate the impact of consumer education initiatives on levels of consumer skills and behaviour, businesses and markets.

THE FRAMEWORK

Putting the strategy into practice

This framework sets out how the OFT will achieve the strategy's aim of giving consumers the skills and knowledge to function confidently, effectively and responsibly when buying goods and services.

What's needed

The key objectives of the strategy are to:

- identify what skills and knowledge consumers need
- identify where a lack of skills and knowledge is leading to detriment, and
- establish how skills can be developed and knowledge improved to meet identified gaps.

This framework sets out how we will tackle the existing problem of fragmented, duplicated and uncoordinated consumer education provision to deliver these objectives.

How will we deliver?

Meeting our objectives requires a three-pronged approach. The OFT will set up the following.

- A central **Planning Group** that is able to set priorities by commissioning and analysing research to establish what skills and knowledge consumers need – and where those skills are lacking.
- **Working groups** to take the priorities of the Planning Group and turn them into learning programmes and resources that can be used on the ground with consumers.
- An **Alliance** for consumer education that brings together the many organisations and individuals who work with consumers, enabling them to coordinate their work and make best use of available resources.

The OFT's role

The OFT will have a dual role. As an Alliance member, it will work with others to ensure that its own work contributes towards the overall strategy and the priorities that advance it. As the owner of the strategy, the OFT will enable and support the work of the Planning Group, working groups and the Alliance.

The groups in detail

What is the Planning Group?

The Planning Group is a small group of decision makers, drawn from the Government, consumer bodies, business and the education sector. With a maximum of twenty members, the Planning Group will be representative of the interests of consumers across the whole of the UK.

What will the Planning Group do?

The Planning Group will use research and information available to it to identify priority areas of consumer need where Alliance members can make the greatest difference. In order to do this, it will, through the Alliance:

- commission and evaluate research to identify the skills and knowledge needed by consumers
- conduct a benchmarking exercise to map and evaluate consumer education activities in the UK, in order to identify best practice
- develop analytical tools to identify where consumer education initiatives should be targeted, and
- develop ways to evaluate the impact of consumer education activities on consumers, businesses and markets.

How will the Planning Group work?

To ensure the Planning Group is broadly representative, between three and seven seats will each be allocated to the government, consumer bodies, business and education sectors.

Planning Group members will be expected to serve a term of twelve months. Planning Group members will be drawn from the wider Alliance membership. In addition to satisfying the membership criteria for the Alliance itself (these are set out below, in 'How will the Alliance work?'), potential Planning Group members will be decision-makers, with senior management authority and the ability to speak for and commit their organisations.

For the first year, membership of the Planning Group will be at the invitation of the OFT. After the first year, fifty per cent of the Planning group members will be invited by the OFT and the remaining fifty per cent will be directly elected by the Alliance membership. All Alliance members will be entitled to vote. This process will ensure that the broader Alliance membership has a strategic voice in establishing the Alliance's priorities.

The Planning Group will meet three times a year. Meeting venues will be selected to ensure that they are reasonably accessible by all Planning Group members. The OFT will organise and facilitate these meetings.

What are the working groups?

The working groups are small, task-focused groups of Alliance members, selected for the technical expertise, experience and resources they can offer.

What will the working groups do?

The working groups will draw on expertise and resources within the Alliance to turn the priorities into action. Their job will be to develop and deliver consumer education programmes and resources to be shared across the Alliance and beyond.

How will the groups work?

The Planning Group will allocate each of the yearly set priorities to a working group. The Planning Group will invite those to join the working groups. It will invite Alliance members who have the necessary expertise, resources and influence to deliver on the priorities.

From time to time, the Planning Group may also assemble working groups for other tasks, for example, conducting research and dealing with emerging consumer issues. The Planning Group will also create working groups to represent the specific needs of consumers in Wales, Scotland and Northern Ireland. The members of these groups will be selected in full consultation with stakeholders from the respective areas of the UK.

What is the Alliance?

The Alliance is a coalition of organisations and individuals who are committed to consumer education. It will bring together representatives from the public, private and voluntary sectors. Its broad membership will ensure that the interests of all consumers are represented, across all parts of the UK.

Business has a key role to play. Competitive businesses inform and educate their customers by providing high levels of customer service and support. And they can reap real benefits through improved communications with more discerning, knowledgeable customers.

We believe that more can be achieved by working together and by focusing resources on one strategic aim. We will work hard to ensure that the Alliance takes into account the differences in approach and delivery required within a devolved UK and reflects the particular needs of consumers in Wales, Scotland and Northern Ireland.

What will the Alliance do?

The Alliance will oversee the development and delivery of a planned, targeted and high quality consumer education programme for the UK. To do this, it will coordinate consumer education activities across England, Wales, Scotland and Northern Ireland. This will create a 'network of networks', by bringing together the work of existing consumer education groups. But the Alliance will be more than just a network. It will:

- ensure work is targeted against centrally set priorities
- maintain a register of consumer education activities across the UK
- provide a forum for members to share and discuss ideas
- act as a resource for those developing and delivering consumer education initiatives
- act as a delivery channel for consumer education initiatives, and
- provide a central voice for consumer education in the UK.

How will the Alliance work?

The OFT will provide administrative support for the Alliance and deal with applications for membership. Membership will be open to those who can demonstrate a commitment to consumer education and the strategic aim and objectives. This means members will commit to:

- sharing consumer education information across the Alliance
- aligning their work with the centrally set priorities
- contributing resources, where appropriate
- joining a working group, where they have relevant expertise, and
- promoting their consumer education activities under the Alliance banner.

The OFT will operate these membership criteria to ensure the Alliance has a balanced representation from the public, private and voluntary sectors – and represents the interests of consumers across the whole of the UK. The application of these criteria will also help to manage the size of the Alliance, preventing it from becoming too big and unwieldy.

Effective communication is vital if the Alliance is to succeed in its work. Electronic communication offers a practical solution. The OFT will lead the development of an Alliance website. We will seek the support of Alliance members in developing and maintaining the site. The website will host a resource database and support specialist user groups, allowing members to share news, views and resources.

However, electronic communication alone will not be enough to glue the Alliance together. The OFT will organise twice yearly conferences and a rolling programme of seminars and workshops. These will be themed according to the priorities set by the Planning Group and held at locations across the UK. Alliance members will be encouraged to hold meetings to discuss local or technical issues. The OFT will support such meetings wherever possible and ensure that they are promoted through the Alliance.

Consumer education initiatives developed by the Alliance must be effectively promoted. Alliance members will promote their own consumer education initiatives under the Alliance banner. The OFT will coordinate the Alliance's voice in central government and promote the Alliance in all aspects of its own work.

How can I join the Alliance?

If you wish to join the Alliance and believe you satisfy the membership criteria, you should contact:

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