Positive Impact 11/12

Consumer benefits from the OFT's work

June 2012
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1 EXECUTIVE SUMMARY

1.1 As part of CSR10, the OFT committed to meeting a set of impact indicators including publishing annual estimates of direct consumer savings from its activities and benefit to cost ratios for different OFT tools.¹ This document presents the estimates of impact of OFT’s work, on average, over the previous three financial years (2009/10 to 2011/12).

1.2 We estimate that the OFT has saved consumers at least £402m per year on average over the period April 2009 to March 2012. Table 1.1 compares the estimated consumer savings to the average annual OFT spend of £49m² over the same period, giving us a benefit to cost ratio of around 8:1.

1.3 This is a conservative estimate of the total impact of the OFT’s work. It includes only direct financial savings to consumers and does not account for wider effects, such as any impact on productivity or the deterrence effect of the OFT’s work or the wider competition and consumer regime.

1.4 In general we would expect these wider effects to be very substantial relative to the direct impact of the OFT’s work. Whilst these wider benefits are difficult to quantify for individual cases with any precision, research carried out over the past year on behalf of the OFT suggests that the indirect impact of our competition enforcement work could be up to 12-40 times the direct effect.


² This is total OFT costs (actual spend) minus costs of Consumer Direct, Anti Money Laundering and Consumer Credit Licensing. We use a three-year moving average for costs to make it consistent with the way in which we estimate benefits.
Table 1.1: Estimated consumer savings and OFT costs for 2009-12

<table>
<thead>
<tr>
<th>Estimated average annual consumer savings 2009-12</th>
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<tr>
<td>Competition enforcement</td>
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<td>Merger control</td>
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<td>Market studies, reviews of orders and undertaking, and market investigation references</td>
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<td>Consumer protection enforcement</td>
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<td><strong>Total benefits</strong></td>
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<td><strong>Total OFT costs (averaged over 2008-11)</strong></td>
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<td>Partial OFT costs (averaged over 2008-11)</td>
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<tr>
<td><strong>Benefit/Total OFT costs</strong></td>
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<tr>
<td><strong>Benefit/Partial costs</strong></td>
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3 These estimates are based on conservative assumptions and reflect the direct financial benefits to consumers of OFT work on competition enforcement, merger control, markets work, and consumer protection enforcement. They do not include the benefits arising from the deterrent effect of OFT work in the above areas or those arising from (wider) benefits to competition (including increased consumer confidence, innovation or productivity gains). However, a more detailed analysis in Chapter 2 of the report allows for consideration of the potential deterrent effect of our work on mergers and competition enforcement.

4 This is total OFT costs (actual spend) minus costs of Consumer Direct, Anti Money Laundering and Consumer Credit Licensing, which do not form part of the requirement for impact estimation under CSR10.

5 This includes the costs for the tools included in the report for which we estimate impact: Mergers, Competition Enforcement, Consumer Enforcement and Market Studies.
Structure of the document

1.5 Section 2 presents an overview of our methodology. Section 3 presents detailed estimates of consumer savings from specific areas of the OFT’s work covering: competition law enforcement, merger control, markets work, and consumer protection enforcement. In section 4, we discuss findings from our recent ex post evaluations including the wider benefits of our work. Section 5 presents the total and partial OFT costs, and section 6 concludes by summarising the benefits and costs for the period 2009-12.
2 OVERVIEW OF OUR METHODOLOGY

2.1 Below we briefly describe our overall approach to impact estimation. For a detailed explanation of our methodologies, please see ‘A guide to OFT’s Impact Estimation methods’ available on the OFT website.6

2.2 The OFT’s goal is to 'make markets work well for consumers' and our impact target focuses on the direct financial benefits to consumers. The independent review of our methods carried out by Professor Stephen Davies in January 2010 confirms that this is an appropriate measure as any alternative total welfare standard would require dynamic analysis that would not be feasible – especially within the context of a comprehensive impact estimation programme. Given the challenges associated with the quantification of dynamic impacts and their absence from this analysis, a methodology based on total welfare would be misleading since static total welfare would not provide a fair reflection of the value of our work.7

2.3 Our consumer savings estimate only includes the direct financial impact of our work on consumers. Many of the beneficial outcomes of the OFT’s work are not easily quantifiable and are not included in the total benefits shown in Table 1.1. For example, these figures do not attempt to measure the impact on consumers of any psychological detriment averted by our actions, the deterrence effect of our competition and consumer enforcement work, or the impact of increased competition on productivity or economic growth. In addition, it does not comprise

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the full extent of the OFT's work. The total estimate of consumer savings is therefore conservative.

2.4 Most of the estimated consumer savings in this report are ex ante, as ex post estimates from in depth evaluations are only available for a very small subset of our projects. The ex ante estimates are based on the best information available at the time of estimation. Where evidence is weak, the assumptions underlying the estimates are particularly conservative.

2.5 The OFT and the Competition Commission (CC) together operate the merger and market investigations regimes and the consumer savings for these areas are jointly considered. We have agreed an 80-20 rule to split impact estimates with the Competition Commission where the majority of impact would go to the 'main actor' body. In the merger regime for example, the OFT would be the 'main' body where undertakings are accepted in lieu of reference, whereas the CC would be the 'main' body if the merger was referred.

8 Note that the estimates of benefits from our markets and consumer work covers a subset, and not all, of our projects. We only claim benefits from any enforcement work in the area of consumer protection, and only include those market studies and reviews where our recommendations have already been implemented. Activities not included are, for example, support provided to Trading Standards Services across the country, OFT work on competition advocacy, consumer codes, and consumer and business education and awareness campaigns.

9 The estimates are ex ante to the extent that the full impact of the completed projects is not observable.

10 The specific percentages applied in the apportionment (80-20) are broadly based on costs incurred by the organisations on the mergers and market investigations.

11 For each intervention, the primary agency will estimate its benefits according to the methodology it considers most appropriate - on the grounds of proportionality and given that the primary agency is closest to the intervention, these estimates will be adopted by the other agency.
2.6 We use the Consumer Price Index to take account of inflation. All figures are presented in February 2011 prices, and rounded to the nearest one million pounds.\textsuperscript{12}

Changes to our methodology

2.7 In 2010, Professor Steve Davies conducted a review of the OFT’s impact estimation methodology. One of the outcomes of that review was a commitment by the OFT continually to develop and review its methodology to take account of new or improved information and techniques. The OFT agreed that any changes would be approved by Professor Davies in advance of implementation.

2.8 During the course of the last financial year we have proposed and agreed two improvements to our methodology. The first takes advantage of developing techniques to better assess the impact of a merger and the second enables us to better reflect the actual impact of the competition regime.

Merger assessment

2.9 In recent years the OFT has moved towards increased use of ‘Illustrative Price Rise’ (IPR) models, and in particular ‘Upward Pricing Pressure’ (UPP) models, to identify the expected impact of a merger. In contrast, when conducting impact estimations for the purposes of evaluation, the OFT’s published methodology indicated that effects should be calculated using more complex merger simulation techniques.\textsuperscript{13} In order to be consistent with the latest decision making practice of the mergers team and to minimise the data requirements,

\textsuperscript{12} In line with Central Government techniques for discounting future accruals of benefits or costs, we discount future consumer savings by the HMT endorsed Social Time Preference Rate (3.5 per cent). See ‘The Green Book: Appraisal and Evaluation in Central Government’, HMT. Available from: www.hm-treasury.gov.uk/d/green_book_complete.pdf

\textsuperscript{13} Constructed in ‘Mathematica’
the impact assessments for OFT merger cases in 2011/12 have been inferred using IPR models.

Cartels

2.10 The second change relates to how we estimate the impact of an OFT intervention where the agreement under investigation broke down prior to the OFT’s intervention, but where we believe the OFT’s leniency programme or the existence of the competition regime more generally contributed to the breakdown.

2.11 The agreed approach is to attribute all the direct financial impact to the OFT where the leniency programme/competition regime is deemed to have contributed to the breakdown, but scale down the assumed duration of the agreement to account for factors such as the instability of the agreement. Where an exogenous factor can be identified that led directly and exclusively to the breakdown of the agreement, the OFT claims none of the benefit.

2.12 This simple approach ensures that the direct impact of the OFT in destabilising cartels is not lost in the case of agreements that collapse before the OFT has visibly intervened in a specific case.

2.13 We view our methodologies as works in progress and will continue to develop these over the coming year.
3 CONSUMER SAVINGS BY AREA

Introduction

3.1 This section presents estimates of impact of our work for each of the following areas: enforcement of competition law, merger control, markets work, and consumer protection enforcement. The specific methodologies used to estimate impact in each of these areas have been explained in the document, 'A guide to OFT’s Impact Estimation methods' published on the OFT website.\footnote{See: 'A guide to OFT’s impact estimation methods', OFT 1250, July 2010.}

3.2 For mergers and market investigations, the OFT is the first stage authority in a two stage process (referring cases where there are competition concerns for further investigation to the CC, the second stage authority). Our estimates of consumer savings from mergers and market investigations therefore include the OFT’s share of the CC’s estimates.

3.3 We use both ex-post and ex-ante analyses to estimate the impact of our work. Ex-ante estimates of impact are based on the best information available at the time of estimation – which is typically when the decision or recommendations have been made or implemented but the full impact is not yet observable. Ex-post estimates of impact are more robust and based on information gathered, for example, after the OFT recommendations have been implemented and the resulting impact realised, but are only available for a small subset of projects – typically one or two a year.

Competition enforcement

3.4 The OFT engages in a range of activities to promote compliance with the Competition Act (CA98), including formally investigating and taking enforcement action against anti-competitive practices and providing
3.5 We estimate conservatively that the OFT’s interventions saved consumers at least £454m in aggregate between the financial years 2009 and 2012 resulting in annual average consumer savings of £151m. We consider this to be a lower bound estimate as it is based on conservative assumptions on specific cases with regard to price overcharge and expected future duration. In addition it does not include the significant deterrent effect of our competition enforcement actions.

3.6 In 2011 the OFT published deterrence ratios for our competition enforcement work, produced by London Economics. The research estimated that for each cartel case investigated by the OFT, 28 others were deterred. For investigations into abuse of dominance and other commercial agreements, the figures were 12 and 40 cases deterred respectively. The overall magnitude of the OFT’s impact is therefore expected to be significantly higher than the estimated £151m direct annual benefits.

**Merger control**

3.7 The OFT is the first stage of a two stage merger regime. Under the Enterprise Act 2002, it has the duty to review merger situations and refer to the CC any cases where there is a realistic prospect of a substantial lessening of competition (SLC) in UK markets. The OFT has the power to accept Undertakings in Lieu (of CC reference) (UiL) from

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16 See ‘The impact of competition interventions on compliance and deterrence’ OFT1391. The research identifies and quantifies the wider benefits and costs associated with deterrence resulting from enforcement activities undertaken by the OFT.
the merging parties, if these are deemed to address potential concerns highlighted in the course of its investigations.

3.8 Our estimates of consumer savings in this area include proposed mergers amended by the OFT through UiLs, proposed mergers that are abandoned on referral to the CC (abandoned mergers), and proposed mergers amended or prohibited by the CC. We have agreed an 80:20 rule to split impact estimates with the CC so that the OFT is credited with 80 per cent of the benefits from UiLs and abandoned mergers (with 20 per cent going to the CC) and 20 per cent of the benefits from the CC’s merger decisions (of which the CC claims 80 per cent).

3.9 Table 2.1 presents the average annual estimates of consumer savings from the merger regime for the years 2009 to 2012. The estimates for abandoned mergers and UiLs have been scaled down by the CC ‘SLC rate’ (40 per cent). The CC SLC rate is simply the proportion of the last 30 mergers examined by the CC where an SLC finding was made. The application of this scaling down factor is to account for the uncertainty of the outcome of a CC reference.17

Table 2.1: Average annual consumer savings from the merger regime, 2009-12

<table>
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<tr>
<th>Estimated average annual consumer savings</th>
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<tbody>
<tr>
<td>UiLs</td>
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<tr>
<td>£9m</td>
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<tr>
<td>Abandoned mergers</td>
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<tr>
<td>£2m</td>
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<tr>
<td>CC merger decisions</td>
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<tr>
<td>£0.5m</td>
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<tr>
<td><strong>Total – joint mergers regime</strong></td>
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<tr>
<td><strong>Benefits apportioned to the OFT</strong></td>
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</table>

17 We have assumed that the percentage of UiLs and abandoned mergers which would have been judged to involve an SLC is equal to the proportion of mergers actually examined by the CC for which it made an SLC finding (taken over the last 30 cases).
3.10 During the past three financial years (2009 to 2012), the merger regime has saved consumers £11m per year on average, of which £8m per year is apportioned to the OFT.18

3.11 The benefits reported for the OFT’s mergers work this year are relatively low. The mergers figure is dependent on the cases that come to the OFT for assessment and are therefore likely to vary from year to year.

3.12 Furthermore, these figures are based on conservative assumptions, and do not include the wider benefits, such as deterrence, of our mergers work, and the wider mergers regime, which we would expect to be significant.

3.13 In 2007 the OFT published deterrence ratios for our mergers work, produced by Deloitte.19 The survey suggested that at least five proposed mergers were abandoned or modified on competition grounds before the OFT became aware of them for each one merger blocked or modified following intervention by the UK competition authorities. Taking deterrence into account would therefore significantly increase the overall impact of the OFT’s merger work.

**Market studies, reviews of orders and undertakings, and market investigation references**

3.14 Typically, OFT market studies are examinations into the causes of why particular markets are not working well for consumers, leading to proposals as to how they might be made to work better. They take an overview of regulatory and other economic drivers in a market and patterns of consumer and business behaviour.

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18 This figure is based on conservative case specific assumptions

3.15 The OFT may refer markets to the CC for further investigation where it has reasonable grounds for suspecting that any feature, or combination of features, of a market is preventing, restricting, or distorting competition. In estimating consumer savings therefore, we consider the impact of the market investigations regime as a whole and include a proportion of impact of MIRs carried out by the CC. The CC, in turn, is apportioned a proportion of consumer savings from OFT market studies and reviews.20

3.16 In addition, we only claim a proportion of the impact estimates from OFT projects that involved other government departments/bodies or industry stakeholders. So, for example, where OFT recommendations from a market study are implemented by a different government department, the impact estimates would be apportioned between the OFT and the relevant government department.

3.17 We estimate conservatively that the savings from the market investigation regime are at least £648m per annum21 between the financial years 2009 and 2012, of which £207m is apportioned to the OFT.

20 For market investigations carried out by the CC following a reference by the OFT, 20 per cent of impact is apportioned to the OFT and 80 per cent to the CC. The OFT does not claim any impact from referrals to the CC by other regulators. For the OFT market studies and reviews of undertakings and orders that could involve a reference to the CC, but where this is not the outcome, 80 per cent is apportioned to the OFT and 20 per cent to the CC. For market studies where referral to the CC is not considered as a possible option, the OFT is attributed with 100 per cent of the impact.

21 Note that this figure (£648m) for the direct financial benefits to consumers from market studies and reviews and MIRs differs from those presented as direct benefits for consumers from the market investigation regime in the CC’s Annual Report as: i) the former takes into account all OFT market studies, including those where referral to the CC is not considered a possible option, and ii) the latter includes referrals to the CC from other regulators: the OFT is not apportioned any benefits from these MIRs.
3.18 This year’s estimate for the impact of our market study work, includes an ex-post estimate of direct consumer savings from our 2004 work on Doorstep selling. This was taken from the evaluation of the Doorstep selling market study by the consultants, GHK.22

**Consumer protection enforcement**

3.19 The OFT’s consumer protection enforcement work seeks to change trader behaviour that contravenes consumer protection legislation using a range of interventions such as issuing informal warnings, accepting undertakings under the Enterprise Act, or obtaining Court Orders.23 All interventions are aimed at protecting consumers, particularly vulnerable consumers, from rogue trading, unfair commercial practices and other breaches of consumer protection legislation.

3.20 As in the case of our markets work, where available, we use evidence from in depth ex post evaluations of consumer enforcement cases to inform our impact estimates (but this is typically only for a small subset of our projects). In most cases, we rely on case teams’ knowledge and conservative assumptions to estimate ex ante the impact of our work. Where possible, we then monitor the market to gather evidence on the assumptions underlying our impact estimates. The methodology is likely to be further modified in the future and impact estimates in this area may be revised accordingly.

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22 This is in line with our agreed methodology to include more robust estimates if they become available and where direct financial benefits have not been included in previous reports. See: [www.of.gov.uk/shared_of/evaluating-OFTs-work/of1413.pdf](http://www.of.gov.uk/shared_of/evaluating-OFTs-work/of1413.pdf)

23 Trading Standards are also responsible for consumer protection enforcement and tackling unfair trading practices. This section only considers the consumer savings resulting from OFT enforcement action. An evaluation of the impact of the fair trading work of local authority Trading Standards Services in the UK, June 2009, OFT1085 can be found at: [www.of.gov.uk/shared_of/about_of/of1085.pdf](http://www.of.gov.uk/shared_of/about_of/of1085.pdf)
3.21 For the period 2009 to 2012, the total consumer benefits from consumer protection enforcement as a whole have been estimated at £35m per year on average.

3.22 We note that our methodology only covers consumer enforcement work which is a sub set of our wider consumer work. We do not include, for example, any benefits from our consumer education and awareness work or other non-enforcement activities. Furthermore we do not have an estimate for the deterrence impact of our consumer work, but would expect it to be substantial, particularly where the work sets a precedent.
4 WIDER BENEFITS

Introduction

4.1 In addition to assessing the direct impact of our interventions, we conduct in depth ex-post evaluations of past interventions and research on wider benefits of the OFT’s work.

4.2 This section draws on findings from recent OFT evaluations and wider research.

Evaluating the impact of the OFT’s 2009 decision against Foxtons

4.3 In 2009, the OFT challenged the fairness of terms in Foxtons’ letting agreements with ‘consumer landlords’ in particular in relation to commission terms for renewal, third party renewal, and sales. The final ruling and Order prohibited the use of sales commission and third party renewal commission in Foxtons’ letting contracts and required that where a renewal commission is to be charged, it must be transparent and clearly brought to the attention of the consumer.24

4.4 The OFT followed up the judgment by writing to a number of letting agents and industry bodies drawing their attention to the Order and confirming that it expected letting agents to amend their terms so as to comply with the law as set out in the Foxtons Judgment.

4.5 An independent evaluation of the impact of the OFT’s case against Foxtons was conducted by IFF research.25 The evaluation considered three different types of impacts, the latter two of which relate to broader impacts across the market:

- impacts delivered to ‘consumer landlords’ using Foxtons

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24 OFT v Foxtons Limited [2009] EWHC 1681 (Ch).
• wider impacts from the deterrent effect of the case – resulting from changes in awareness, attitudes and behaviour of letting agents across the market, and

• wider impacts arising from consumer empowerment amongst consumer landlords across the market

4.6 The evaluation estimated the Foxtons case had resulted in direct positive benefits for consumers of at least £4.4 million. Direct impacts arose through Foxtons amending their lettings terms and actively flagging renewal commission terms. Such benefits will continue to accrue to consumers in future years.

4.7 In addition the evaluation identified a number of indirect benefits, which they were unable to quantify, including the potential to deter similar practices by other letting agents and deliver dynamic effects for other consumer landlords in the market, empowering them to negotiate on terms with other agents or switch agents to achieve better terms.

4.8 However, the survey also found that awareness of the enforcement action against Foxtons was relatively low amongst consumer landlord. Whilst awareness was higher amongst letting agents, there was still a significant minority who were unaware of the judgment. The evaluation therefore indicated that there was scope for further OFT engagement to raise awareness and ensure compliance.

Evaluating the impact of the 2004 OFT market study into doorstep selling

4.9 The independent evaluation of the 2004 market study into legitimate doorstep selling, carried out by GHK consulting, found improvements in the provision of information and consumer confidence.26

4.10 The evaluation was based on surveys of consumers, traders and other stakeholders and found:

- Improvements in consumers’ cancellation rights as a result of the OFT’s recommendations resulted in an £8.5 million reduction in consumer detriment per year, by enabling consumers to cancel purchases.

- The OFT’s recommendation to encourage traders, through self-regulation or membership of an approved code of practice, to provide written quotes also led to benefits, with 80 per cent of consumers purchasing high value products (over £500) receiving a written quote.

- In addition, the improvement in cancellation rights, combined with OFT action to improve price transparency and awareness of rights, resulted in increased confidence in the sales channel, with 83 per cent of consumers satisfied with the sales process, compared to 70 per cent in 2004. This improvement in confidence resulted in £57 million of additional sales per year.

4.11 The evaluation did however identify a number of outstanding concerns, in particular there was some evidence that certain consumers were still facing pressure sales techniques and there was evidence that the proportion of consumers shopping around and comparing prices had actually decreased since 2004.

Evaluating the deterrence impact of the OFT

4.12 The OFT commissioned London Economics to undertake a study analysing competition compliance and deterrence resulting from the UK competition regime. See [www.oft.gov.uk/shared_oft/reports/Evaluating-OFTs-work/of1391.pdf](http://www.oft.gov.uk/shared_oft/reports/Evaluating-OFTs-work/of1391.pdf) The study attempted to quantify the overall deterrent effect of the competition regime as a whole and analysed the role of specific interventions. The work updated previous research by
Deloitte (2007), and was based on a survey of businesses as well as an economic experiment testing the impact of sanctions.

4.13 In line with previous research, non-negligible wider benefits of the OFT’s competition enforcement work were found. The deterrence ratios estimated in the report are shown in Table 3.1 below.

Table 3.1: Deterrence ratios 2003-11: Number of cases deterred for every OFT investigation

<table>
<thead>
<tr>
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<th>Deterrence ratio</th>
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<tr>
<td>Cartel</td>
<td>28</td>
</tr>
<tr>
<td>Other commercial agreements</td>
<td>40</td>
</tr>
<tr>
<td>Abuse</td>
<td>12</td>
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</table>

4.14 Sanctions and enforcement in the UK appear to have a substantial deterrent effect. The deterrence ratios indicate that for every cartel investigation, 28 cartel cases are deterred. In the case of other commercial agreements and abuse of dominance, for every OFT investigation, 40 and 12 cases are deterred respectively.

4.15 The research also found that most businesses perceive the UK competition regime as fairly effective. This was also the case when considering the effectiveness with respect to deterring different types of anti-competitive behaviour. While legal professionals indicated that there was room for improvement in some areas of the UK competition regime – in particular in addressing enforcement errors and a perceived relatively low probability of detection in competition cases – overall, the OFT’s ability to deter potentially anticompetitive conduct was rated relatively favourably.

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28 Note: 95 per cent confidence intervals: Cartel 16-41, Other commercial agreements 21-58, Abuse 4 - 20. See Annex F for detailed calculations. The figures refer to deterrence ratios for 'large' firms (200 + employees) only.
5 COSTS

Introduction

5.1 In this section we present the total costs of the OFT excluding Consumer Direct, Consumer Credit Licensing, and Anti Money Laundering, for which the OFT is not required to conduct impact estimation. We also present the partial costs covering the areas for which we have presented consumer savings estimates.

5.2 Cost figures may fluctuate from year to year and as such will impact on the benefit to cost ratios reported in the Positive Impact reports. To smooth out any such fluctuations, we use a three-year moving average for total and partial costs. This is consistent with the way in which we report estimated benefits.

Average annual costs, 2009-12

5.3 The average annual OFT costs over 2009-12 (including running costs, litigation costs and capital) minus direct operating costs attributable to Consumer Direct, Consumer Credit Licensing, and Anti Money Laundering is £49m.

5.4 We estimate the average annual partial costs over 2009-12 covering the areas for which we present consumer savings (competition enforcement, merger control, markets work, and consumer protection enforcement) at £36m.²⁹ These include direct salary costs of OFT staff contributing to one of the above four activities,³⁰ other costs such as external expert advice and research costs, as well as share of overhead and management costs in proportion to employee headcount.

²⁹ We will continue to refine our approach to apportioning costs to different OFT activities based on updated organisational and cost information.

³⁰ We assign a share of the cost of support teams (such as Communications, economists and lawyers who advise on several OFT work streams) to the four relevant areas.
6 CONCLUSIONS

6.1 Table 5.1 presents estimates of consumer savings and OFT costs for the period 2009-12. The benefit to cost ratio for the period is 8:1.

<table>
<thead>
<tr>
<th>Estimated average annual consumer savings 2009-12$^{31}$</th>
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<tbody>
<tr>
<td>Competition enforcement</td>
<td>£151m</td>
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<tr>
<td>Merger control</td>
<td>£8m</td>
</tr>
<tr>
<td>Market studies, reviews of orders and undertakings, and market investigation references</td>
<td>£207m</td>
</tr>
<tr>
<td>Consumer protection enforcement</td>
<td>£35m</td>
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<tr>
<td><strong>Total benefits</strong></td>
<td><strong>£402m</strong></td>
</tr>
<tr>
<td><strong>Total OFT costs (averaged over 2009-12)</strong></td>
<td><strong>£49m$^{32}$</strong></td>
</tr>
<tr>
<td>Partial OFT costs (averaged over 2009-12)</td>
<td>£36m$^{33}$</td>
</tr>
<tr>
<td><strong>Benefit/ Total OFT costs</strong></td>
<td>8:1</td>
</tr>
<tr>
<td>Benefit / Partial costs</td>
<td>11:1</td>
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$^{31}$ Consumer savings are estimated as an annual average over the three year period 2009-10 to 2011-12.

$^{32}$ This is total OFT costs (actual spend) minus costs of Consumer Direct, Anti Money Laundering and Consumer Credit Licensing.

$^{33}$ This includes the costs for the tools included in the report for which we estimate impact: Mergers, Competition Enforcement, Consumer Enforcement and Market Studies.
6.2 The total benefits figure of £402m shown in table 5.1 is conservative as it does not comprise the full extent of the OFT’s work. It only includes the direct financial benefits to consumers from OFT’s work on enforcing competition and consumer law, and merger control, as well as its markets work.\textsuperscript{34}

6.3 In addition, the figures in table 5.1 exclude any benefits arising from the deterrent effect of our work which is likely to be significant. In addition, many of the wider/dynamic benefits of the OFT’s work are not quantifiable (for example, any psychological detriment averted by our actions, and impact of increased competition on productivity) and have therefore been excluded.

\textsuperscript{34} For example, it does not include support provided to Trading Standards Services across the country, consumer codes, and consumer education campaigns. We continue to work to get a better understanding of our impact in these areas.