

BERR

Department for Business
Enterprise & Regulatory Reform

**GOVERNMENT RESPONSE TO
THE FINAL BETTER REGULATION
EXECUTIVE/NATIONAL
CONSUMER COUNCIL REPORT
ON CONSUMER INFORMATION**

NOVEMBER 2007

BRE
**BETTER
REGULATION
EXECUTIVE**

Government response to the final Better Regulation Executive/ National Consumer Council report on Consumer Information

The Government welcomes the final report of the National Consumer Council and Better Regulation Executive into the effectiveness of regulated consumer information. The Government is committed to providing information which helps consumers make choices and drives markets, while minimising the burdens these requirements impose on business. This study provides a valuable body of thought and knowledge on how to do this.

The Government shares the report's assessment that there is a need for a step-change in the way regulated consumer information is used, to maximise its benefits and reduce burdens on business and other organisations. Information can be a powerful tool in achieving policy objectives. But too often, it is used inappropriately or implemented in a way which does not help consumers make effective decisions.

The Government fully supports the recommendations in the report. It is committed to working with business and consumer groups to ensure existing and future regulated information requirements are accessible, effective and proportionate to their task.

We address each of the individual recommendations in the report in the text that follows.

Notes

The government responses below relate to regulated consumer information. The Government accepts the Better Regulation Executive/National Consumer Council definition of regulated consumer information as information which government requires third parties – such as businesses – to provide to individuals making a purchase, or using a product or service, in a personal capacity. These recommendations do not relate to regulated information in a non-consumer context, such as that between businesses and employees, or to information provided directly by government to consumers – although some of the recommendations may have good practice implications here.

Many consumer information requirements originate from European legislation with limited flexibility allowed for transposition into UK law. In these cases, the Government will apply the recommendations below as far as it is possible to do so. The Government will work to disseminate the best practice recommendations contained in the Better Regulation Executive/ National Consumer Council report at a European level and will encourage the European Commission to apply them when preparing proposals. The Government will also apply the recommendations in developing a negotiating position on Commission proposals as far as is practicable within the time constraints of EU negotiations.

The Government responses below do not apply in respect of devolved matters in Scotland, transferred matters in Northern Ireland, and matters in relation to which the Welsh Ministers exercise functions. The responses do apply to Scotland, Wales and Northern Ireland in respect of reserved and excepted matters.

Recommendation 1

Government (departments and regulators) to commit to applying the five tests in policy design, when considering the use of regulated information requirements:

1. Have you defined the behavioural outcomes that you wish to achieve? (What do you want to achieve?)
2. Will information provide a sufficient incentive for consumers to change their behaviour? (Is the information likely to be of value to consumers?)
3. To what extent does the information fit with the wider system and simplify choices for consumers? (Will the information help consumers make choices?)
4. Is the information aligned with business incentives, where this is possible? (Will businesses support or oppose what you are trying to achieve?)
5. Have you considered the fit with existing information requirements? (What information is already there?)

Response

Accept. These tests will be referenced in the Impact Assessment toolkit as good practice and included in appropriate training and reference materials.

Recommendation 2

Government to pilot the use of outcome-based approaches to information requirements, which are enforced on the basis of consumer understanding of messages rather than provision of information.

Response

Accept. Competition and consumer regulators to consider piloting this type of approach in designing remedies to competition and consumer problems, where governing legislation allows.

Recommendation 3

Government and regulators should consider the legislation under which they gather compliance data with a view to determining where restrictions exist on publication of this information, even for the benefit of consumers. Where areas of uncertainty are found, the government and regulators should seek appropriate advice. Where compliance data includes information about specific individuals, they should seek advice from the Information Commissioner on whether the publication of such data would be in breach of data protection legislation.

Response

Accept.

Recommendation 4

Government to commission some research to develop concrete proposals of how information requirements might be presented over the Internet.

Response

Accept. The BRE will commission some work to investigate opportunities for more dynamic presentation of information disclosure over the Internet.

Recommendation 5

Government and consumer groups to work in partnership to develop a scheme to incentivise policy-makers and business to provide innovative approaches to communicating with consumers.

Response

Accept. The Better Regulation Executive and National Consumer Council will explore options for creating a "small print prize" for innovative approaches to providing regulated information to consumers.

Recommendation 6

All significant future regulated information provision requirements should be tested in a semi-final format with consumers before implementation.

Response

Accept. The Government commits to testing all new regulated information provision requirements in a semi-final format with consumers before implementation where the impact assessment shows:

- *one-off transitional costs of the information are greater than £1m; or*
- *annually recurring costs of the information are greater than £500,000.*

The extent of testing will be proportionate to the circumstance of the regulated information and the particular audience.

Recommendation 7

Government should commit to reviewing all significant information requirements after an appropriate period (e.g. 2-3 years) with a presumption that a requirement be redesigned or removed unless it can be shown to be effective in improving outcomes.

Response

Accept. Future significant information requirements will be reviewed after an appropriate period of time has elapsed. This length of time should be determined by the nature of the requirement and circumstances surrounding it, although 2-3 years is good practice in most cases.

This is already good practice as set out in the Impact Assessment toolkit: "Once you have implemented a change of policy, it is important to review subsequently how well it is meeting the policy objectives and whether government action is still needed. Good planning for review during policy development will make clear what will be reviewed and reduce uncertainty for those affected by the policy."

Recommendation 8

Within the context of the implementation of the consumer credit directive, the Government should work with industry to ensure the statutory information provided with consumer credit products provides clear, effective guidance for consumers.

Response

Accept, subject to the flexibility left on statutory information within the consumer credit directive.

Recommendation 9

The Financial Services Authority should continue its work with the industry to provide consumers with the information they need about financial products in a form they can use.

Response

Accept.

Recommendation 10

Government and industry to develop proposals for recycling symbols which derive the recyclability of materials from the recycling practices of local authorities.

Response

Accept. WRAP is working with retailers to devise consistent consumer messaging through on-pack labelling relating to how readily particular packaging materials can be recycled given the level of Local Authority infrastructure.

Recommendation 11

UK retailers, manufacturers and consumer groups to work together at a European level in a particular product area to develop good practice on providing product safety warnings which are effective for consumers and design a model for reducing the number of warnings.

Response

This recommendation is not for Government. However, Government supports the clarification and prioritisation of product safety warnings for the benefit of consumers, will encourage industry to work to this end and would be happy to facilitate work in this area.

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