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Dear Anna,

Ofcom priorities for 2010/11

Thank you for your very helpful letter setting out the Panel's views on Ofcom's priorities for next year. The Panel has set out a number of important issues for consumers in the sectors we regulate, which I welcome and broadly agree with.

Consumer engagement with the internet is clearly increasing and changing in its nature, and a number of strands of our work reflect its growing importance – some of which you touch on. The evolution of the internet and consumers' attitudes towards it form a central plank of our research and regulatory activity. As an example, in the draft annual plan which we will be publishing shortly, two of our key priorities for 2010/11 will be to support the Digital Participation Consortium and to adapt content regulation for the internet age. I'd be keen for the Panel to continue to engage with us in this important area of our thinking.

You mention three particular areas of consumer protection and empowerment where you think we should have a particular focus:

- **Complaints-handling:** As you know, before arriving at Ofcom as the first Chairman of the Consumer Panel, I was the founding Chairman of the Telecommunications Ombudsman (Otel). In part as a result of my time at Otel, the quality of providers' complaints-handling is a matter that is close to my heart. The Consumer Affairs team recently took me through the results of the research they have conducted into the quality of complaints handling in our sector, some of which made for sober reading. They are considering how to raise standards in this area. Things will go wrong from time-to-time for consumers where products are of such a complex nature. But consumers need to know that in those situations they can contact their providers who will take ownership their issues and seek speedy resolution. I know the team welcomes the input you have given, and I too am keen for the Panel to continue to champion this issue.

- **Switching:** I agree with your assessment of the switching challenges faced by consumers in our sector, and the need to deliver better experiences for consumers – particularly given more services are being bought in bundles. If we don't get this right, we could find consumers suffering increasing levels of direct harm as things go wrong when they do try to switch, as well as the disadvantage of less effective competition in general. We have already kicked off a new project in this area, and improving the effectiveness of switching processes will be a new top priority for Ofcom in the 2010-11 draft annual plan.
- **Consumer decision-making and the role of information:** our economists are examining how we can incorporate the evolving thinking around behavioural economics throughout our regulatory analysis. Some regulators in the past have tried to address information gaps by throwing more and more complex information at consumers – which has often not had the intended effect. We must gain a better understanding of the way consumers really find and use information when making decisions. One promising technique is the use of experimental research to test out the effectiveness of any new regulation, something which Peter Culham's team is already working on.

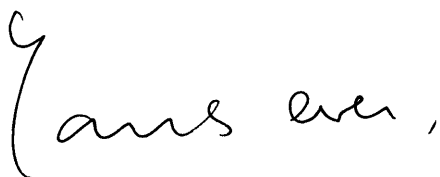
You also mentioned four existing projects:

- Universal service, including actions to address the availability of broadband and higher speed broadband services;
- Digital inclusion and participation;
- Making consumers and citizens central to Ofcom's policy-making process, through the Panel toolkit and related activities;
- Mobile coverage.

I agree that all of these areas are important. Some are directly led by Ofcom, and others are led by Government with advice - where appropriate - from us. In all cases, we will play our part – in accordance with our statutory role – to secure positive outcomes for consumers.

I'm very much looking forward to discussing all these issues with you at the Ofcom Board in January.

With best wishes



cc. Ed Richard, Peter Phillips, Claudio Pollock, Ofcom

