

30th March 2011

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A handwritten signature in blue ink that reads "Jean Anna,".

Ofcom Draft Annual Plan 2011/12

Thank you for the Panel's response to our Draft Annual Plan 2011/12 consultation.

You raise a number of important issues and these have been passed on to the relevant project teams. In addition I would like to respond to your points individually to provide you with more detail on how Ofcom will be considering the Communication Consumer Panel's response.

Defining intended outcomes

You were interested in our outcomes for 2011/12 and asked for more information, in particular on how they can be linked directly to citizen and consumer benefits.

In the Draft Annual Plan we set out the high level outcomes we seeking to deliver through the setting of our priorities. We did not include further detail at that time as our priorities, and so our outcomes, were subject to the consultation. However in our Final Annual Plan we are including more detail which will provide a clearer view on how are developing the outcomes we want to see. We also recognise that is important for us to measure our progress against these outcomes and will present more detail on this in our Annual Report, where we will be able to review our work in the context of the full year.

You asked that our proposed outcomes be more clearly linked to citizens and consumers. Seeking positive outcomes for citizens and consumers are guided by our primary statutory duty (to further the interests of citizens and consumers). For example, in relation to Pay TV we seek to benefit consumers by enabling the provision of a wider range of services, while in respect of standards we seek to provide assurances to audiences. In particular cases we aim

to meet public policy objectives set by government in the public interest, such as the conduct of spectrum auctions.

We are aware, though, that this is the first year in which we have presented our planned outcomes in this way. We appreciate the Panel's feedback and will consider how to refine the presentation of the outcomes in future Annual Plans.

Choosing priorities

A number of stakeholders shared your interest in our purposes and how we prioritise our work. In the Draft Plan we set out the analysis which supports our strategic purposes, but we have not fully explained how we choose between priorities and major work areas. This is because we would like feedback from stakeholders on the work areas themselves.

As a general approach our planning process is based on prioritising the work that will best allow us to deliver our statutory purposes and in doing so meet our obligations to citizens and consumers. However with limited resources we must also prioritise carefully. We seek to make sure that our work will have the greatest impact while also allowing us to fulfil our statutory obligations (for example in preparing our report on Channel 3 and 5 relicensing).

However we recognise that our planning process is of interest to stakeholders and we want to be clear and transparent. We will consider whether we can provide clearer links to the research that supports our decisions, building on the information in the Consumer Behaviour section in the Annual Plan, while still keeping the Draft Annual Plan concise and manageable.

Switching

We agree on the importance of the switching project and so it remains a priority for Ofcom in the year ahead. Given its importance we are working to deliver this as quickly as possible, and we have prioritised the work within the project to reflect this as we are focusing on the areas that require the greatest attention first. We have initially prioritised fixed-line and broadband switching. As the Consumer Communications Panel notes we are considering the costs of moving from current processes to new processes, and will consider the Panel's suggestion within that work.

Consumer Information

You raised concerns about overreliance on the provision of information to consumers to ensure good consumer outcomes. Overall we strongly believe that informed consumers have an important role to play in well functioning markets, but this is a complex topic and we would agree that providing more information is not the same as providing the right information.

Our work seeks to give consumers the information they need to make sound decisions, and also to place proportionate requirements on industry. I agree that information alone may not

always be enough to address market failures that might emerge, and where it is not. We would consider regulatory intervention as appropriate.

Traffic management is a complex issue and, as you say, unlikely to be the only issue consumers consider in relation to purchasing broadband. We are therefore keeping our new powers under the European Communications Framework under review so that if the market does not deliver in the best interests of consumers we are ready to act.

In relation to your specific point on Quality of Service we are considering the positive outcomes we would like to see for consumers in relation to traffic management. This involves looking at a range of traffic management issues in our work and through our engagement with the Body of European Regulators for Electronic Communications (BEREC). In particular through BEREC we are looking at assessing the technical means to deliver a quality of service. We will be providing further guidance on traffic management in summer 2011.

Mobile Coverage

While it is no longer listed as one of our priority work areas, mobile voice coverage remains an important area of work for Ofcom in 2011/12 and I would like to assure you it is an issue of continued importance for the Ofcom Board. We will continue to engage with government and industry on this issue. We will also shortly be undertaking a new strand of work as part of our consultation on the 800MHz and 2.6GHz spectrum awards which will seek better to understand the costs and benefits of more comprehensive solutions to existing voice not-spots, and to assess the different mechanisms available to us to bring these about.

Consumer Research

Our consumer and market research is an important part of our work programme, but like all our work it must be achieved in the context of the spending review and Ofcom's new funding cap. We have therefore re-focused our market and consumer research. This is an important area for the Board and I wish to reassure you that the changes have been designed to ensure that we can continue to deliver valuable insight on specific policy issues, enabling us to continue to provide high quality regulatory decisions.

You raised a question about our research looking to longer-term consumer issues. Providing insight into consumer behaviour is an important element of our work. We also appreciate the role that the Panel plays in providing insight into consumer trends that exist at the edges of Ofcom's remit. In our work we have undertaken a number of studies, including the Digital Day research, which aim to uncover how consumers' behaviour is changing and what this might mean in the longer-term. Through the Consumer Experience report we will continue to monitor emerging trends and will look to develop new ways of identifying longer-term changes.

SMEs

We agree that the protection of SMEs is a complex area. As you point out they are not protected by general consumer law, which is a matter for government; however we are also aware that SMEs may rely on consumer products including consumer tariffs for broadband or mobile phones. This is something that we will consider in our research.

Consumer Advocacy

We have had to review our governance structure due to the changes in our funding cap as part of the Government's Spending Review and the possible implications of the Public Bodies Bill. As you know we are proposing to maintain the Communications Consumer Panel during 2011/12 and we will continue to engage with the Panel during the next 12 months, as the public debate continues around the future for consumer representation and advocacy.

Yours sincerely

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