



Putting the consumer first:

The work of the Communications Consumer Panel

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The Communications Consumer Panel is an independent panel of experts established under the Communications Act 2003. Its role is to influence Ofcom, Government and industry so that the communications interests of consumers and citizens are protected and promoted.

The Panel is made up of six part-time members with a balance of expertise in consumer issues in the communications sector. Panel members are appointed by Ofcom, subject to Ministerial approval. They are appointed in accordance with Nolan principles and are eligible for re-appointment. Ofcom funds the Panel and provides an executive team to support the Panel in its work.

This report contains the Panel's Annual Report for 2010/11 and Work Plan for 2011/12. For information about how the Panel spent its budget for 2010/11 please refer to Annex 2. For details of Panel members' biographies and interests, please refer to the Panel's website:

<http://www.communicationsconsumerpanel.org.uk/smartweb/about-us/about-us>

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1. Foreword

Over the past year the Communications Consumer Panel has continued its work as the independent consumer advocacy body for the communications sector. This report describes the impact we have had in a range of areas, including mobile coverage, net neutrality, mobile phone usability and online copyright infringement. It also sets out the Panel's priorities for the year ahead. Across the identified work areas, the Panel will be looking at issues from the consumer perspective to protect and promote their interests. We'll continue to use our expertise to deliver the best possible outcomes for communications consumers.

It has been a year of upheaval for the Panel. The Panel was set up under the Communications Act 2003, which requires Ofcom to fund the Panel. During the course of the year, Ofcom carried out a review of all its expenditure with a view to making substantial savings. Following this review, Ofcom proposed changes to its various Boards, Panels and Committees. This resulted in a reduction in the number of Panel members from ten to six and a reduction in the Panel's executive team. The team used to have five dedicated Ofcom employees supporting it. Now it has one, although it has access to, and makes use of, other Ofcom members of staff. The Panel's overall budget has been reduced from £740K to £303K. This is a reduction of 59 per cent.

The Government is currently examining the arrangements for consumer advocacy in the UK, including in the communications sector. The proposal is to bring together as many as possible of the existing consumer advocacy functions at Citizens Advice. This would have the benefit of Citizens Advice's local network, to see emerging issues and the ability to look across sectors at common issues, such as switching, poverty and disadvantage.

To be a powerful advocate for consumers, the new organisation will need to have a number of characteristics including: sector-specific expertise; the right to be consulted by regulators at an early stage before policy options are hard-baked; and the capacity to respond to issues of current concern and anticipate and to influence the response to forthcoming issues. In a sector that is as important and fast-moving as communications, looking to the future is critical.

In our view, Ofcom will continue to need independent advice from the Panel or a body that performs the same role. There are three reasons for this. First, Ofcom will continue to be lobbied heavily by industry representatives and an articulate consumer voice is needed as a counterweight. Second, the pace of convergence and innovation in the communications sector means that new issues of importance to consumers will continue to materialise. Rather than wait for consumer issues to occur, it will be important to try to pre-empt them. So, notwithstanding Ofcom's credentials as a regulator that is focused on the interests of consumers, there is still a need for an independent consumer advocate. Third, Ofcom staff members

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have differing levels of experience of consumers' interests and how to take them into account.

The Panel will continue to engage with Government, during the consultation period and beyond, and to work with other organisations that are affected by the proposals, notably Citizens Advice and Consumer Focus. Our objective is to help ensure that the new system delivers the best possible outcomes for consumers in the communications sector, drawing from our own experience in fulfilling this role. We also want to ensure that there is no gap in representation pending the implementation of the Government's plans.

In the light of these developments, the Panel decided to produce two papers to ensure that there was a comprehensive source for its body of work to date. We will publish these papers over the next few months. One paper will set out the positions we have taken in relation to a wide range of policy issues. The second will highlight some important themes that have emerged from the Panel's work and discuss the role of independent consumer advocacy.

After more than three years as Chair of the Panel, I have reached the end of my term, as have three other members of the Panel who finished in October 2010: Louisa Bolch; Leen Petre; and Damian Tambini. The remaining Panel members, under the chairmanship of Bob Warner, will continue to represent consumers and citizens in the communications sector, and engage with the debate about whether, and if so, how, the Panel's work should be integrated into the new arrangements for consumer advocacy.

I am intensely proud of what the Panel has achieved over the past three years. Among the highlights, we raised the issue of mobile coverage, brought it up Ofcom's agenda and persuaded mobile operators and retailers to improve their coverage cancellation policies. We championed the need to align switching processes across all services. We helped to secure the Government's commitment to universal broadband by showing, through our consumer research, that it would soon be essential for people to have broadband at home. We also worked with consumers to identify the full range of things that they need in order to get online and get the most out of the internet; this framework for digital participation became the cornerstone of the Government's national plan to boost internet take-up.

I would like to thank my fellow Panel members and the Panel's executive team for their hard work and enthusiastic commitment. I am pleased that the Panel will continue to champion consumers' interests with Ofcom, Government and industry, while decisions are made about the future of consumer advocacy. I am particularly grateful to our remaining colleagues for sticking with the task and especially to Bob Warner for taking on the role of Chair. A strong, independent consumer advocate is vital in ensuring that regulators and policy makers appreciate and address the issues that matter to consumers.

Anna Bradley - Chair, Communications Consumer Panel

2. The Panel's impact

Over the last year the Panel has achieved positive results in a number of different areas. Although regulatory and policy decisions are influenced by a variety of factors, the Panel's advice and advocacy has helped to achieve significant benefits for consumers in the communications sector. We have done this through proactive work to highlight specific issues, often supported by consumer research, and by advising Ofcom and Government on issues they are addressing already.

Mobile coverage cancellation policies

Over the past year the Panel has continued to work on the issue of mobile coverage, focusing in particular on making it easier for consumers to cancel their contracts if they experience coverage problems. This built on the research that we published in late 2009, which showed that:

- Over half (56%) of consumers and 91% of small business respondents have experienced problems with reception, while 33% of consumers and 32% of small business respondents experience problems regularly.
- 36% of consumers say they have experienced not-spots and 18% of consumers experience them regularly.
- 82% of business respondents say they have experienced not-spots and 25% have experienced this regularly.
- 60% of small business respondents and a fifth of consumers have taken some sort of action as a result of reception problems.

When we published the research, we wrote to mobile operators and retailers, calling on them to improve their coverage cancellation policies by:

- making cancellation policies simple and consistent across their products and retail channels; and
- introducing a minimum 14-day cancellation period for coverage problems.

We also urged them to improve the information given to consumers about cancellation policies by providing:

- better training for sales advisors, so they can explain policies when asked; and
- better in-store information about policies, to support sales advisors.

The Panel then decided to test the extent to which mobile operators and retailers had improved their practices. We carried out mystery shopping research to look at the accuracy of the information which consumers are given when they ask whether or not they can cancel a mobile phone contract if they cannot get the coverage they need.

In July 2010 we published our report *Can I cancel? Mobile coverage and contract cancellation*¹. The research showed that there was a strong risk that consumers would not be given the correct information about cancellation policies before they signed a contract. The research found that over half (56%) of people interested in buying a mobile phone contract in-store did not receive accurate information about the cancellation policy that would apply if they had coverage problems.

We also found that operators and retailers had significantly different policies. In some cases operators would not allow customers to cancel contracts even if they had no coverage at all. Where consumers could cancel their contracts, the time limit allowed varied dramatically. Shoppers also had considerably different experiences depending on which operator or retailer they visited.

Impact

In response to the research findings, four of the mobile operators and retailers surveyed in the Panel's research are making positive changes to their cancellation policies and the others have retained their existing policies, which in most cases already met the Panel's recommendations. All have reviewed the training and information given to sales advisors about the cancellation policies.

The most significant improvement is that Carphone Warehouse now has a single policy allowing consumers 14 days to cancel if they have coverage problems. Also, Phones4U has committed to implementing a single policy in 2011. These third-party retailers previously had many different policies, which made it much more confusing for consumers and sales advisors. The policies depended on which operator the contract was with, and whether the contract was entered into in a store, online or over the phone.

Mobile phone usability

The Panel commissioned the independent agency Ricability to conduct research into the usability of mobile phones. The aims were to:

- identify which, if any, features increase the usability of mobile phones for mainstream users; and
- assess whether these features also improve usability for older and disabled users and which additional features, if any, would further increase usability for this group.

As part of the research process Ricability formed an expert advisory group to help guide the research. This included members from Which?, Age UK, RNIB, RNID, the Engineering Design Centre at the University of Cambridge, the GSMA trade

¹ <http://www.communicationsconsumerpanel.org.uk/smartweb/mobile/can-i-cancel>

association and the Mobile Manufacturers' Forum (MMF). In interpreting the research findings and developing our recommendations, we also engaged with manufacturers, retailers, mobile network operators and third-sector organisations.

We published the research *Making phones easier to use: views from consumers in January 2011*². The key findings are that:

- A number of simple improvements could be made to mobile handsets that would benefit all users, showing that improving usability can have benefits for mainstream users at the same time as widening access for older and disabled users.
- Increased facility to customise could greatly increase usability for a wide range of users, including older and disabled users.
- Older and disabled people often do not have the information they need to choose a phone that meets their needs, or know where to get that information.

The report highlights a number of areas in which stakeholders could make improvements that would increase usability for all users, including older and disabled users, including:

- implementing basic hardware and software improvements that would increase usability, such as ensuring that phones provide feedback to indicate when a key has been pressed, have backlit key labels to make the numbers/letters/symbols on the keys easier to see, and that the phone size and shape allows one-handed use;
- maximising the opportunities offered by customisation, with pre-set options that can then be further refined;
- testing the usability of phones with consumers, including older and disabled consumers, in a way that takes account of their particular needs;
- ensuring the sales and post-sales environment more effectively meets the needs of older and disabled people, through a combination of better product availability, information and support; and
- finding creative ways of providing mentoring and advice that will help people develop the confidence and skills to use the equipment.

² <http://www.communicationsconsumerpanel.org.uk/smartweb/mobile/mobile-usability>

Impact

Our broad engagement with stakeholders helped us to secure buy-in to the recommendations and create a platform for their effective implementation.

Since publishing our report we have been talking to a number of other bodies, in particular Ofcom and the eAccessibility Forum led by the Department for Business, Innovation and Skills (BIS), to discuss how to take forward the report's recommendations. This work will continue in the coming months.

Digital participation

The Panel developed a *Consumer Framework for Digital Participation*³ with a view to helping consumers to get online and get the most out of the internet. We published the Framework in May 2010. To develop it we conducted a review of the relevant research literature and also commissioned original research. The Panel gained input from a broad range of stakeholders including Ofcom, BIS and representatives from the voluntary and community sector, including Independent Age and Mind.

The Framework sets out the citizen and consumer needs that underpin digital participation. It starts with the consumer experience and breaks down the journey that people make in getting online and then enjoying the benefits. The framework allows policy makers and service deliverers to:

- highlight the particular needs of different groups;
- identify gaps and overlaps in current provision;
- target new provision; and
- assess progress.

We suggested the following priorities for action:

- campaigns to engage friends and family to help people to recognise the potential of the internet;
- embed the personal benefits of getting online in social marketing campaigns, giving examples of unusual ways in which the internet has met people's needs;
- providers of training and support should set up buddy networks to ensure that people get the peer-to-peer support they need;

³ <http://www.communicationsconsumerpanel.org.uk/smartweb/digital-participation/the-consumer-framework-for-digital-participation>

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- provide help and advice to enable people to choose and set up equipment and services, as most of the existing support is focused on helping people develop computer and internet skills;
- use signposting to join up the different sources of help and support;
- undertake more research into the experiences and needs of disabled people as the little research that is available suggests that disabled people have particular problems due to the lack, or high cost, of accessible equipment and software;
- Government should act to increase accessibility by enforcing current accessibility guidelines and including accessibility requirements in all new contracts; and
- Government should provide suitable offline alternatives to online public service delivery for those who are unlikely ever to get online.

Impact

Wide consultation with Government, Ofcom, industry and the voluntary and community sector led to a shared ownership of the Framework, which increased the impact of the Panel's recommendations. The Framework and recommendations are:

- a key element of the Government's *National Plan for Digital Participation*, published on 2 March 2010;
- used by the Digital Participation Consortium to shape its priorities and activity;
- reflected in the Digital Champion's *Manifesto for a Networked Nation*;
- used by Ofcom to provide a context to metrics reporting;
- used to inform the activity of BT and the Blackwood Foundation;
- included in and used to shape the Welsh Assembly Government consultation on its Digital Inclusion Action Plan; and
- included in and used to shape the Northern Ireland Digital Participation Hub's strategy for digital participation.

In addition, the UK Digital Champion's Manifesto included a focus on providing motivation and inspiration, highlighting personal benefits and the need for joined-up, local support. The Manifesto proposed a series of actions to address these, influenced in part by the Panel's Framework and recommendations.

Online copyright infringement

The Panel assembled and led a group of consumer bodies comprising Consumer Focus, Which?, Citizens Advice and the Open Rights Group to advise Ofcom on the implementation of the legislative measures aimed at reducing online copyright

infringement. We developed a set of consumer principles⁴ to help ensure that the interests of consumers would be properly safeguarded.

The principles were launched in May 2010 and covered, among other things, the need for:

- cogent evidence of wrongdoing;
- consumers to receive uniform information from ISPs on the consequences of being accused of copyright infringement;
- consumers to have a fair and reasonable opportunity to defend themselves; and
- the proposed appeals body to be independent, impartial, transparent, expert, representative and accountable.

Impact

In developing the draft code of practice which will govern the new system for reducing online copyright infringement, Ofcom has reflected the consumer principles almost in their entirety. So our action will help to ensure that consumers are treated fairly when the system is introduced.

Net neutrality

Consumers are increasingly using online services and applications, such as downloading video, that require more bandwidth. This can result in congestion on communications networks, resulting in slow speeds and a frustrating experience for consumers.

Internet service providers are responding to the issue in a variety of ways, including by introducing data caps to manage the amount of data used by an individual consumer, and introducing traffic management policies that prioritise traffic by type, such as video or peer-to-peer, blocking or degrading the quality of certain content. They could also potentially charge either the consumer or the content provider for guaranteed bandwidth.

While traffic management practices offer some benefits to consumers, they also raise some concerns, including the potential for the principle of 'the open internet' to be undermined. So Ofcom, the European Commission and the US Federal Communications Commission have all been considering how to deal with traffic management policies.

⁴ <http://www.communicationsconsumerpanel.org.uk/smartweb/internet/online-copyright-infringement>

The Panel has argued that Ofcom needs to strike the right balance between consumers' short-term and long-term interests. Ofcom has focused on improving transparency about traffic management policies, which might enable consumers to make more informed choices in the short term. But this will not address the risk that in the longer term, online public services might not get sufficient priority.

In any case, there are a number of limitations to transparency for both consumers and citizens. Transparency relies on consumers being able to understand and compare information about traffic management, weigh it against other relevant information, such as price, connection speed and customer service, and potentially switch communications provider. If successful, transparency facilitates individual consumer choice. However, individual choices, while appropriate for the people concerned, might not result in outcomes that are beneficial for society as a whole.

It is important, therefore, that Ofcom, the European Commission and industry take into account the way consumers make decisions and use information about broadband generally, to ensure that any remedies are useful to people in the round.

Impact

The Panel made these points in responses to Ofcom and European Commission consultations in September 2010 and the Chair, Anna Bradley, participated in three public forums on the subject, helping to focus the debate on the perspective and interests of citizens and consumers. In particular, the Panel successfully raised the citizen elements of the debate and highlighted some of the issues with an over-reliance on transparency. Both these issues subsequently became part of the mainstream debate.

The Panel's activity influenced Ofcom's approach to this area. In particular, Ofcom gave considerable attention to considering the most appropriate approach to transparency, and committed to undertaking research to understand how consumers use information in this area and the implications for information on traffic management.

Behavioural economics and vulnerable consumers

Behavioural economics suggests that in contrast to traditional economic models, consumers do not act in a perfectly rational manner. Consumers have limits to their ability to take in information; they are influenced by how things are presented, often to the extent of making bad decisions; they tend to be bad at anticipating the future; they care about other people and fairness; and they care more about losses than gains. Regulators in the UK, including Ofcom, have been looking at the implications of behavioural economics for regulatory decision-making. The Panel welcomed this, but was concerned that vulnerable consumers might be more likely to display some of the biases identified by behavioural economics, and wanted to ensure that any differences are identified and taken into account.

So the Panel commissioned the Economic and Social Research Institute to review the findings of academic research into behavioural economics, with a particular focus on whether those consumers traditionally seen as more vulnerable, such as older people, people with a disability and people on low incomes, are more likely to display biases in their decision-making, and if so what the implications are for those consumers and for approaches to regulation.

The review showed that vulnerable consumers, particularly low-income consumers and, to a lesser degree, older consumers, are more likely to display the biases identified by behavioural economics. This can put them at particular disadvantage in complex markets such as communications. It is crucial, therefore, that regulators and policy makers:

- work harder to understand the behaviour of different groups of consumers, particularly vulnerable consumers;
- identify where different behaviour might lead to different outcomes and where this might cause vulnerable consumers to be disadvantaged;
- identify where market or regulatory interventions are failing to address such disadvantage, and adapt policies and interventions to respond, testing interventions with experiments wherever possible;
- are cautious about relying solely on providing information as a way of responding to differences in behaviour or addressing differential outcomes, because some evidence suggests that too much information, or information that is too complex, can lead to poorer consumer decisions and may thus have a detrimental effect on consumer welfare.

Impact

The Panel published a report⁵ setting out its key findings and recommendations in December 2010. As a result, Ofcom amended its internal literature review and policy guidance to reference the Panel's work and the particular needs of vulnerable consumers that this work highlighted. These guidelines are used by project teams across Ofcom when thinking about the implications of behavioural economics for their work.

The report has influenced the Panel's response to a number of issues in the communications sector, with the Panel advice emphasising the need to be cautious about the use of information as a sole remedy and to think carefully about how information will be used by consumers. For instance, this was one of the key themes of the Panel's responses to the Ofcom and EU consultations on net neutrality. This was taken on board by Ofcom, which is using experiments to test what kind of information provision would be appropriate, including for more vulnerable consumers.

⁵ <http://www.communicationsconsumerpanel.org.uk/smartweb/telecommunications/behavioural-economics-and-vulnerable-consumers>

The Panel's report also generated debate among consumer bodies more widely, including consideration of the appropriate role of information in empowering consumers.

Additional advice to Ofcom

During the course of the year, the Panel gave advice to Ofcom in relation to a number of other areas. We advised Ofcom project teams throughout the regulatory process, both at our formal monthly meetings, informally between meetings and, in some cases, by submitting formal responses to consultations. Examples of the issues that we have addressed include: broadband speeds; non-geographic calls; the T-Mobile/Orange merger; spectrum release; switching processes; relay services for disabled people; wholesale broadband access; automatically renewable contracts; early termination charges; alternative dispute resolution schemes; publication of complaints data; complaints-handling; and silent calls.

Working with others

The Panel collaborates with a range of consumer organisations, such as Consumer Focus, Citizens Advice, Which? and the Consumer Forum for Communications. For example, we worked with Consumer Focus, Which?, the Open Rights Group and Citizens Advice to help ensure that the proposed new system for tackling online copyright infringement provides proper protection for consumers.

The Panel has a memorandum of understanding (MoU) with Consumer Focus, which is the statutory consumer body that represents consumers' interests across many sectors of the economy. The MoU provides that the Panel will generally take the lead in relation to communications issues, with Consumer Focus adding its cross-sector expertise to issues such as switching and mis-selling.

The Panel engages on a regular basis with Ofcom's Advisory Committees for England, Northern Ireland, Scotland and Wales, and its Advisory Committee for Older and Disabled People.

The Panel works with organisations that represent the interests of small businesses and those that represent people in rural areas. For example, we contributed to the Royal Society of Edinburgh's *Digital Scotland* report.

The Panel engages with industry and is represented on the Broadband Stakeholders' Group (BSG). Through the Panel's involvement with the BSG, it has advised on the development of the voluntary industry code which aims to improve the transparency of internet service providers' traffic management policies.

We joined forces with Polis, the media think-tank at the London School of Economics, to host a seminar on net neutrality. Chaired by Panel member, Damian Tambini, this brought together participants from industry, government, academia and consumer bodies. Panel Chair Anna Bradley spoke at the event, along with speakers from Ofcom, the European Commission and the US Federal Communications Commission.

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Finally, we have engaged with Government in relation to the development of its proposals to reform the arrangements for consumer advocacy. We have also been in discussion with other organisations that are affected by the proposals, notably Citizens Advice and Consumer Focus. Work in this area will continue during the Government's consultation on its plans.

3. Value for money

Ofcom is required by the Communications Act 2003 to establish and fund the Panel. This means specifically paying Panel Members' fees and expenses and funding consumer research.

The Panel provides expert input to the regulatory process in an efficient low-cost way. We are based at Ofcom's offices so have limited overheads. Ofcom shares data and research with us, meaning that the Panel needs to do research only in carefully targeted areas. And by being involved closely and early in the regulatory process we can influence decisions in a constructive and timely way, avoiding delay and unnecessary confrontation.

The Panel's budget for the 12 months ending 31 March 2011 was £739,847. Expenditure for this period was £509,839. The Panel has not spent the full amount of its budget because of uncertainty about its future and changes to both the composition of the Panel and the executive support team during the course of the year. The number of Panel members has reduced from ten to six and the executive support team has also reduced in size significantly.

For further details on the Panel's expenditure, which includes member remuneration, expenses, any work we commission and the cost of the executive team that support the Panel, please see Annex 2.

The Panel's budget for the financial year 2011/12 will be £303K. This represents a reduction of 59 per cent compared with 2010/11. From the start of 2011/12, the Panel's executive team has been reduced to one full-time employee, compared with five previously. The reduction in budget and the size of the team will have a major impact on the amount of work which the Panel will be able to carry out, particularly the amount of proactive work underpinned by original consumer research.

4. Panel priorities and Work Plan 2011/12

As the new Chair of the Communications Consumer Panel, I am committed to addressing the priorities set out in our Work Plan for 2011/12. The pace of change in the communications sector, the Government's review of the consumer landscape and a proposed new Communications Bill, mean that it is crucial that consumers and citizens continue to have a strong advocate.

During our consultation around the Panel's Work Plan, stakeholders' views played a significant part in shaping how the Panel is targeting its activity and action for the coming year. The Work Plan has identified five key areas that the Panel will focus on proactively - the future of consumer advocacy, the future of communications regulation, reviewing progress on digital participation, how best to support consumers' decision making, and spectrum and mobile coverage. We will also be reviewing issues such as switching, net neutrality, the Government's consumer empowerment strategy and universal broadband. The Panel will keep under review other consumer concerns that might require our intervention.

Across all these areas, the Panel will be looking at issues from the consumer perspective to protect and promote their interests. We'll continue to use our expertise to deliver the best possible outcomes for communications consumers.

Bob Warner - Communications Consumer Panel Chair

Work Plan 2011/12

Introduction

This is the Communications Consumer Panel's Work Plan for 2011/12. It sets out our priorities for the coming year.

As a result of Ofcom's expenditure review, the number of Panel members has been reduced from ten to six, the Panel's budget has decreased by 59% from £740K to £303K and the resource available through the executive support team has also been the subject of significant reduction. In considering its Work Plan for the year, the Panel has had to take into account the more limited resources that are available to it this year, particularly the significantly reduced size of the Panel and its team. There may also be further changes as a result of the Government's current review of the consumer landscape.

This Plan was put out for consultation during May/June 2011 and revised to reflect comments made by stakeholders. The Work Plan explains the Panel's role, describes the different ways in which the Panel engages with issues, explains how we chose our priorities for the coming year and sets out the issues that we will be addressing.

Role

The Communications Consumer Panel is an independent panel of experts set up under the Communications Act 2003. The Panel seeks to persuade Ofcom, Government and industry to look at issues through the eyes of consumers and protect and promote their interests. The Panel pays particular attention to the needs of older people and people with disabilities, the needs of people in rural areas and people on low incomes, and the needs of small businesses, which face many of the same problems as individual consumers.

The Panel has defined its role as:

“To influence Ofcom, Government, the EU, and service and equipment providers so that the communications interests of consumers and citizens are protected and promoted.”

The Panel has six members. They have experience in many different fields: consumer advocacy, the telecoms and content industries, regulation, the third sector, trade unions and market research. There are four members of the Panel who represent the interests of consumers in England, Northern Ireland, Scotland and Wales respectively. They liaise with the key stakeholders in the Nations to understand the perspectives of consumers in all parts of the UK. These Members also attend the Ofcom Advisory Committee for each nation and seek to ensure a two-way communication of ideas.

The Panel engages with stakeholders to inform the advice that it gives to Ofcom and helps to keep the interests of consumers on the agenda across the sector. The Panel also engages on a regular basis with other consumer organisations, such as Consumer Focus, Consumer Focus - Scotland, Citizens' Advice, the Consumer Expert Group, the Consumer Forum for Communications, Which?, the Federation of Small Businesses, RNIB, Age UK and Ofcom's Advisory Committee on Older and Disabled People.

The Panel is often described as a 'critical friend' to Ofcom. We provide robust and independent advice that is constructive, realistic and cognisant of the trade-offs which regulatory decisions often involve. This is made possible by the fact that often Ofcom shares information and ideas with the Panel early in the regulatory process before consulting formally with other stakeholders. We publish information about our advice and activities on our own website

<http://www.communicationsconsumerpanel.org.uk/smartweb/main/home>

The Panel's objectives

The Panel has identified its objectives for 2011/12 as being to:

1. protect and promote the interests of consumers in the communications sector by giving advice to Ofcom, Government and industry; and
2. influence the development of the new arrangements for independent consumer advocacy, so that the interests of consumers in the communications sector can be represented as effectively and efficiently as possible.

Types of engagement

The Panel advises on a range of issues. The nature of our engagement varies, but historically we have addressed issues in three main ways:

- Substantial proactive work to push an issue up the regulatory or policy agenda or seek a specific change in policy. This will generally be backed by the Panel's own research.
- Monitoring an issue, often where the Panel has previously raised concerns and stimulated action, and engaging where appropriate. Where engagement is necessary the Panel may carry out a significant amount of work. On the other hand, the Panel may monitor an issue for some time without needing to intervene.
- Periodic review of an issue, which involves seeking updates at critical points in the regulatory process and providing advice where we have concerns. In this way the Panel can stay informed about issues that Ofcom is dealing with and take a view about whether it needs to provide input. Generally such input will be limited to providing advice at a Panel meeting in response to a paper from Ofcom.

Given the more limited resources available to the Panel this year, we will simplify our approach, and focus on:

- substantial proactive engagement; and
- periodic review

This will mean focusing ongoing effort on the areas of substantial proactive engagement and, in relation to other issues, engaging with them periodically and providing advice where we have concerns.

These areas will be kept under review during the year as other issues may emerge which require the Panel's attention; we receive requests for advice in relation to issues that are not in our Work Plan, and the Panel itself is likely to identify new issues which are of importance to consumers and which warrant its attention. Even in relation to issues that we have included in our Work Plan, it is often not clear at

the start of the year how much work will be involved in addressing an issue or for how long our engagement will last.

We will continue to monitor issues in the communications field and liaise with a wide range of organisations representing the interests of consumers to gather intelligence about developments.

Context

Given the Panel's role to influence Ofcom, it is vital that the Panel takes into account the work to be undertaken by Ofcom in the coming year, in addition to wider developments in the area of communications. The Panel's Work Plan is therefore informed by Ofcom's priorities and workstreams, as outlined in its Annual Plan⁶, in addition to other significant developments which will affect consumers in the UK. It will also remain alert to other issues that may arise during the course of the year. For many of the areas that we have identified, there are specific dimensions arising from the devolved nations. Our work with the Advisory Committees and other stakeholders in the nations will inform our approach to these matters. Additionally, we will explore joint working with other organisations on specific issues.

Panel's remit in the light of Ofcom's regulation of postal services

Ofcom will take on responsibility for regulating post later this year. The Panel has discussed whether it will advise Ofcom on consumers' interests in relation to postal services (as opposed to post offices) but has reached the decision that this is probably not feasible, given the Panel's significantly reduced resource in terms of members, team and budget. It notes that Consumer Focus will continue to work on postal services.

Wider developments

In addition to Ofcom's Plan for the year, there are a number of other developments underway or anticipated during 2011/12, which are relevant to consumers in the UK. These include:

- publication of the Government's consultation on the consumer landscape;
- publication of the Government's consumer empowerment strategy;
- the planned Green Paper on the next Communications Bill;
- the Postal Services Act; and
- the anticipated European Commission initiatives in relation to data protection/privacy, consumer rights and universal service.

⁶ <http://www.ofcom.org.uk/about/annual-reports-and-plans/annual-plans/annual-plan-2011-12/>

Priorities for 2011/12

The Panel developed its Work Plan by applying two questions to each issue that it might address:

- What is the scale of the issue?
- Can the Panel make a difference?

Substantial proactive areas:

➤ The future of consumer advocacy

The Government's proposal to bring together as many as possible of the existing consumer advocacy functions at Citizens Advice is an important area of focus for the Panel. The Panel can make a difference by utilising its experience and expertise to seek to influence the Government's review of the consumer landscape, to ensure that the interests of consumers in the communications sector are properly represented by a powerful and effective voice. It will do this by continuing to provide input to BIS' advocacy working group, input to plans to restructure consumer advocacy in the devolved Nations, as appropriate, and through wider stakeholder engagement. The Panel will review its existing research in relation to the themes that are relevant to the future regulatory framework and examine the contribution that could be offered by further research in this area to understand future issues for consumers.

➤ The future of communications regulation

This is a significant development, as the Government has indicated that in drafting a new Communications Bill, it is prepared to "radically rethink" the existing legislation, including the levels of regulation required. Given the Panel's role in providing advice to Ofcom to ensure that the interests of consumers (including small businesses) are central to regulatory decisions, its expertise is particularly pertinent to the development of this legislation. The Panel will seek to ensure that the new communications legislation reflects the needs of consumers in the sector - directly, by engaging with DCMS, and indirectly, by feeding into Ofcom's thinking.

➤ **Reviewing progress on digital participation**

The internet plays a significant role in many people's lives. Almost three-quarters (74%) of the UK population now have broadband at home and consumers benefit from a huge range of online services and applications. Those people not yet online face exclusion at a variety of levels - from keeping in contact with friends/family, to saving money on goods or the convenience of locating information about services. In liaison with Race Online 2012, the Panel will review the progress made for, and by, consumers in the area of Digital Participation by using The Consumer Framework for Digital Participation developed by the Panel in 2010. The Framework is embedded in the plans for both the UK as a whole and the devolved nations. The review will include examining progress made at a UK-wide level and in the devolved nations.

➤ **Practical decision-making by consumers - the limits of information**

The proliferation of communications services, options and tariffs has brought an increasing level of choice for the consumer. But comparing the different options available in this complex market is not straightforward. The Panel's work on behavioural economics and vulnerable consumers found that some evidence suggests that too much information, or information that is too complex, can lead to poorer consumer decisions and therefore have a detrimental effect on consumer welfare. The Panel will engage with Ofcom and other stakeholders in relation to this issue across the variety of areas identified for periodic review - e.g. switching, mobile coverage, broadband speeds and net neutrality. The Panel will also publish research in early summer 2011 on the issue of data monetisation.

➤ **Spectrum and mobile coverage**

Spectrum clearance/auction

By engaging with Ofcom and advising as appropriate, with particular reference to the coverage of existing and future mobile services, and to the protection of consumers of DTT services from interference.

Mobile coverage

By continuing to engage with, and offering advice as appropriate to Ofcom to help ensure that its work is usefully directed and delivers tangible benefits for consumers, with particular regard to coverage in the devolved nations.

Periodic review:

a) Consumer Empowerment

➤ **Switching**

By continuing to engage with Ofcom's review and maintaining pressure on delivering aligned switching processes.

➤ **Net neutrality/traffic management**

By engaging with the Broadband Stakeholders' Group (BSG)

➤ **The Government's consumer empowerment strategy**

By engaging with the strategy with specific reference to the Panel's work on online personal data, given the proposal to enable individuals to have greater access to their personal data and be able to use it to secure better deals.

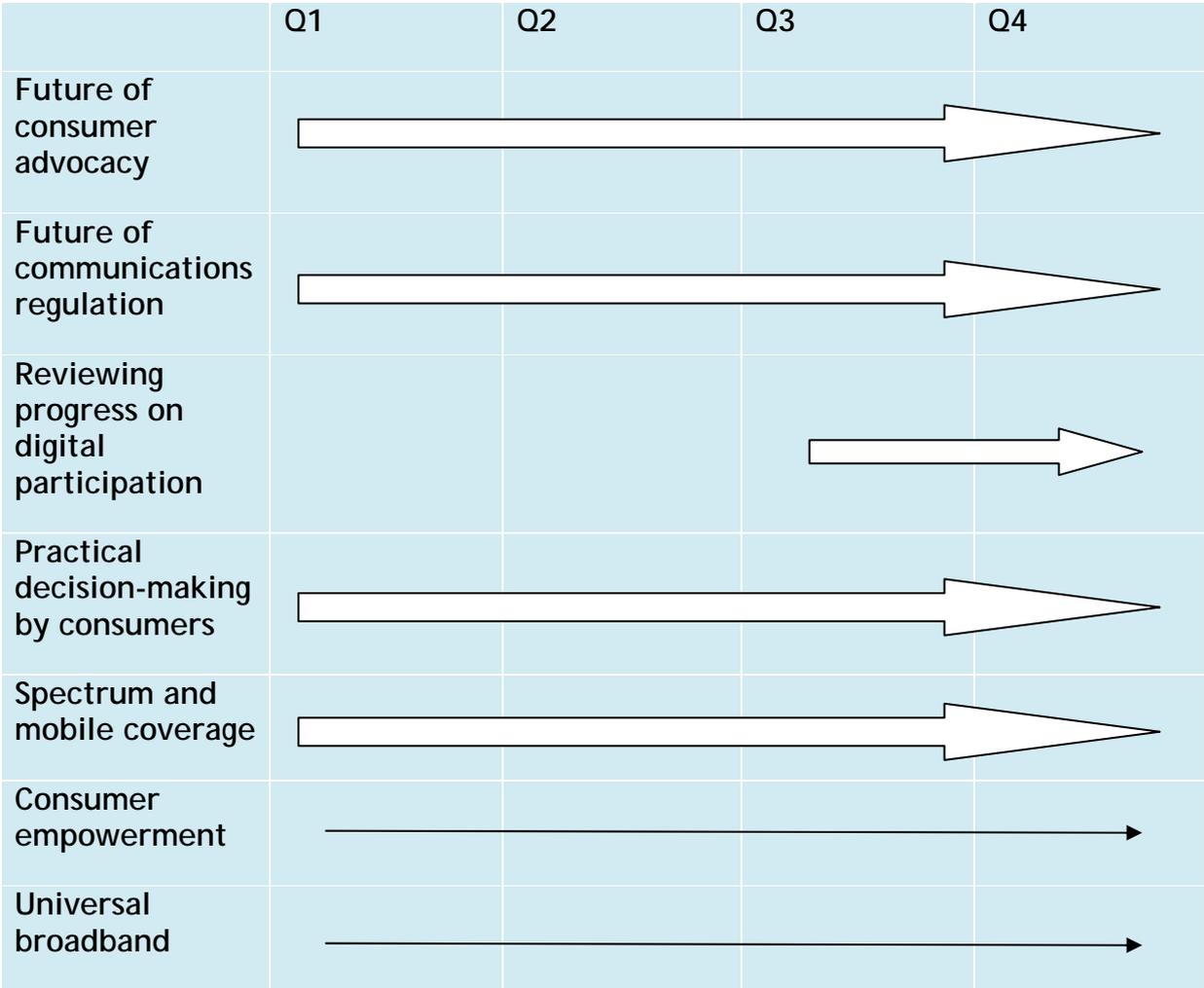
b) Universal broadband

➤ **Measurement of progress towards the Government's broadband target and implementation of Government plans to increase availability of current- and next-generation broadband**

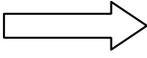
By providing a consumer perspective through involvement with Broadband Delivery UK (BDUK) via the BSG. Monitoring progress made in the devolved nations.

The Panel will continue to receive regular updates from Ofcom's Consumer Affairs team, which will keep members apprised of the full range of consumer issues that Ofcom is dealing with, including the implementation in 2011 of the code of practice on complaints handling, and the evidence that underpins Ofcom's activities. The Panel will also engage with Ofcom and other relevant stakeholders in follow-up work on **mobile usability** (it has already taken forward its recommendations by engaging with Ofcom and the e-Accessibility Forum led by the Department for Business, Innovation and Skills) and **broadband speeds**, following the Panel's earlier work in these areas.

Figure 1: Schedule of outline Panel Work Plan 2011/12



Key:

 Substantial proactive areas

 Periodic reviews

Annex 1: Panel members

- Anna Bradley (Chair until 9/4/11)
- Fiona Ballantyne (member for Scotland)
- Louisa Bolch (member until 27/10/2010)
- Kim Brook (member for Wales until 27/10/2010 but continues as an ex-officio member representing Wales)
- Colin Browne (member)
- Roger Darlington (member for England)
- Maureen Edmondson (member for Northern Ireland)
- Leen Petre (member until 27/10/2010)
- Damian Tambini (member until 27/10/2010)
- Bob Warner (member who became Chair from 10/04/2011)

Annex 2: Financial Resources: Budget and Spend 2010/11

Under Section 16(1) of the Communications Act 2003, Ofcom has a duty to maintain effective arrangements for consultation about the carrying on of their functions with consumers. The arrangements must include the maintenance of a panel of persons - referred to in the Act as "the Consumer Panel". Ofcom agrees a budget for members' remuneration, expenses and any work we commission. Neither Ofcom nor Ofcom's Accountable Officer approves the expenditure met within that overall provision. Our budget for the 12 months ending 31 March 2011 was £739, 847 and our non-audited expenditure for this period was £509, 839 - see the table below. In the table we have included the cost of the Panel's Advisory Team (colleagues).

	Actual April 10- March 11 (12 months)	Budget April 10- March 11 (12 months)
	£	£
Panel Member Fees (1)	118,591	142,544
Panel Member Expenses (2)	22,185	26,150
Panel Advisory Team (3)	226,902	299,744
Other (inc research, consultancy, stakeholder relationships and design and publications) (4)	142,161	271,409
Total (5)	509,839	739,847

Notes

1. The number of Panel members reduced during the year from ten to six. For those Panel members whose terms ceased during the year, their remuneration was calculated on a pro rata basis in accordance with the fees below. The remaining Panel members were paid flat fees for the duration of their service.

The Chair Anna Bradley, whose commitment was up to 6 days a month, received £30, 900. Panel Members: five members with a time commitment of up to 4 days a month and a fee equivalent to £13,046 per annum; one with a time commitment of up to 3 days a month and a fee equivalent to £9,785 per annum; and three with a time commitment of up to 2 days a month and a fee equivalent to £6,523 per annum. The figure for fees includes employer's National Insurance.

Putting the consumer first: the work of the Communications Consumer Panel

2. Expenses cover travel and subsistence and stakeholder relationships (in-house / out-house hospitality). All monthly Panel meetings were held at Ofcom's office in London. This required overnight stays and travel from Scotland, Wales or Northern Ireland for some members. Spend on expenses (£22,185) was less than budget (£26,150) and less than spend in 2009-10 (£27,533). During 2010 - 11, the Panel was supported by an Advisory Team. The size of the team reduced during the year, from an equivalent of 4.8 full-time Ofcom colleagues from April - November to 3.8 from December to March. Figures include salaries, employer's National Insurance, pension contributions and learning and development costs.
3. The Panel commissioned or published a number of pieces of work during the year and commissioned a part-time contracted press/media adviser. Work included:
 - *Can I cancel? Mobile coverage and contract cancellation;*
 - *Making phones easier to use: views from consumers;*
 - *Consumer Framework for Digital Participation;*
 - *Behavioural Economics and vulnerable consumer; and*
 - *Online Personal Data: the Consumer Perspective (completed 2011/12).*
4. The Panel has not spent the full amount of its budget because of uncertainty about its future and changes to both the composition of the Panel and the executive team during the course of the year. In total the Panel underspent its budget by £230,008.

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