



Informing the Debate:

The work of the Communications Consumer Panel
2011 - 2012

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Foreword

The last year has seen a number of developments in areas fundamental to consumers' experience of the communications sector. The pace of change, the Government's review of the consumer landscape and the proposed new Communications Bill have meant that it has been crucial that consumers and citizens continued to have a strong advocate. Using its expertise the Panel has looked at a wide range of issues from the communications consumer perspective so that their interests are protected and promoted, and so that they receive the best possible outcomes.

We have achieved this in a number of different ways, for example: campaigning to improve unsatisfactory mobile coverage, providing evidence to a range of organisations considering broadband infrastructure, stimulating debate by the provision of robust evidence and working in partnership with other interested parties.

I would like to thank my fellow Panel members and our Secretariat for their commitment and support during my year as Chair. Rapid developments in the communications sector and the growing importance of communications technologies in people's lives mean that it will be even more important in future for consumers to have a strong voice. I know that the Panel will continue to use its expertise to deliver independent advice to Ofcom, Government, the EU, industry and others under its new Chair, Jo Connell. The Panel's unique position will continue to help inform and shape future policy - and continue to achieve the best possible outcomes for communications consumers.

A handwritten signature in black ink, appearing to read 'B. Warner', with a horizontal line underneath.

Bob Warner

Chair, Communications Consumer Panel

About the Panel

The Communications Consumer Panel is an independent panel of experts set up under the Communications Act 2003. The Panel encourages Ofcom, Government, the EU, industry and others to look at issues through the eyes of consumers and citizens 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 seven members. They have experience in many different fields: consumer advocacy, dispute resolution, 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 and input these perspectives to the Panel’s consideration of issues.

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, Consumer Focus - Wales, the Consumer Council for Northern Ireland, Citizens’ Advice, the Consumer Expert Group, the Consumer Forum for Communications, the Federation of Small Businesses, and Ofcom’s Advisory Committee on Older and Disabled People.

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.

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 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>

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.

This report contains the Panel's Annual Report for 2011/12. For information about how the Panel spent its budget for 2011/12 please refer to page 17. 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>

Objective

The Panel's objective is to: "Protect and promote the interests of consumers and citizens in the communications sector by giving advice to Ofcom, the EU, Government, industry and others."

Types of engagement

Last year, given the more limited resources available to the Panel, we made the decision to simplify our approach. While continuing to provide advice where we have concerns, we now focus on:

- substantial proactive engagement; and
- periodic review.

The Panel's priorities in 2011/12 were:

Pro-active areas

- The future of consumer advocacy
- The future of communications regulation
- Digital participation
- Consumers' decision making
- Mobile coverage/spectrum auction

Periodic review

- Switching
- Net neutrality/traffic management
- Consumer Empowerment strategy
- Broadband rollout

Informing the Debate

During the year, the Panel has provided written and oral evidence to a range of organisations; and has responded to consultations and informed and stimulated debate by organising or presenting at a number of events and working with partners. These activities included:

The Consumer Landscape	Midata	Ofcom's DAB/FM coverage	Mobile coverage advice note	Berec - Net neutrality/traffic management
Ofcom's 800MHz coexistence	Broadband infrastructure in Scotland	Communications Review	Phonepayplus workplan	Ofcom's annual plan
Phonepayplus remit consultation	Berec - broadband promotion	Consumer Focus workplan	House of Lords select Committee - superfast broadband	EU - Internet Provision
Broadband Stakeholder Group	EU Sub Committee - mobile roaming	Roundtable with IIC on privacy of online data	Switching debate with Consumer Focus and CFC	Digital Consumer Expert Group
Google policy event	Nokia Forum	Westminster eForum: The Future of Mobile 2012	Digital Participation research symposium	Nominet annual policy forum
Supporting Safer Internet Day	Helping to promote Parentport	Supporting Get Safe Online week	Supporting Silver Surfers' Day	Consumer Experience launch

Areas of particular focus

Empowering consumers

In December 2010, the Panel urged regulators and policy makers to:

- understand consumer behaviour differences, particularly for vulnerable consumers;
- identify where different behaviours may cause vulnerable consumers disadvantage;
- be cautious about relying solely on information as a way of responding to consumer needs; and
- provide less complex and confusing consumer information.

In 2011, the Government launched its Consumer Empowerment Strategy: *Better choices: Better deals - consumers powering growth*. The strategy set out what

Government and others can do to help increase consumer power in a rapidly changing and demanding economy. It aims to put consumers in charge so that they are better able to get the best deals for themselves, individually and collectively.

The Panel noted that this was a crucial step in the right direction, and that its research into behavioural economics¹ clearly showed that low income consumers were more likely to suffer in complex communications markets. The Panel has been an active member of the *midata* telecoms sector board as the Government seeks to develop the strategy.

Partnership working

In its response to the Government's statement following the Department for Business, Innovation and Skills (BIS) consultation into the future of the consumer landscape the Panel reiterated that it will continue to work closely with other consumer stakeholders in the new landscape to ensure effective consumer advocacy.

The Panel noted that the telecommunications market develops rapidly - and the communications needs of consumers and citizens in the 21st century are integral to people's personal and business lives. The Panel wants to ensure that the common issues that affect consumers across a range of industries are addressed in partnership to maximise our and their impact on behalf of consumers. The Panel believes that arrangements in the communications sector work well and provide excellent value for money.

Communications Act review

The Panel submitted a detailed response to the Department of Culture, Media and Sport (DCMS) *A Communications Review for the Digital Age* open letter in 2011. The Panel noted that communications technologies play a pivotal role in the lives of UK consumers, citizens and small businesses and have a social as well as an economic benefit. Developments in the market have already enabled applications unimagined at the time of the last Act. Future advances will potentially bring additional societal benefits e.g. telemedicine, enhanced educational opportunities and social interactions globally - which are particularly relevant in the support of an ageing UK population.

But there are persistent challenges such as mobile coverage, the availability of superfast broadband and the need to encourage non-users of the internet to go

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<http://www.communicationsconsumerpanel.org.uk/Behavioural%20Economics%20and%20Vulnerable%20Consumers%20final%20report%20correct%20date.pdf>

online - as well as emerging challenges, e.g. the nature of privacy and personal data in an online world, copyright protection and the impact traffic management has on the consumer experience. There needs to be provision for intervention in those cases where the market does not provide the services that consumers need. Given that small businesses face many of the same challenges encountered by consumers, there is also the question of whether they too should be protected under consumer regulation.

The Panel noted that, in order to grow successfully, the communications market must have satisfied consumers at its core. Two concepts are fundamental to ensuring this:

- Consumer Protection
- Consumer Empowerment

At the invitation of the DCMS, Panel Chair Bob Warner has also chaired *The consumer perspective seminar*, one of a series of seminars being held to develop policy options for the Communications Review White Paper.

Mobile coverage

The Panel has said that the forthcoming spectrum auction presents a unique opportunity to extend mobile coverage across the UK. It argued that most places that were 2G mobile coverage not-spots ten years ago are still not-spots today, and the spectrum auction presents perhaps the only chance in the next decade to improve coverage in the nations and for rural communities. The Panel considered that 3G and new 4G services were unlikely to extend beyond existing 2G coverage without intervention and asked Ofcom to consider setting coverage obligations for each of the UK nations and some English regions; or for money to be retained from the auction and a reverse auction run to upgrade rural coverage. It said that operators that successfully bid for this should be required to provide roaming for these areas. The Panel also advised Ofcom and the industry to develop a better measure of coverage to reflect the actual consumers and small businesses experience given where and how they really use their mobile phones.

Taking this forward, the Panel has campaigned hard this year for intervention and welcomed the Government's subsequent injection of £150m to improve mobile coverage via the Mobile Infrastructure Project (MIP) that should play a part in improving the lives of millions of people and help the growth of thousands of small businesses. The Panel is pleased that, in its July 2012 statement, Ofcom has accepted the Panel's recommendation for mobile coverage obligations for each of the nations. As consumers in the UK have been waiting for some time for the benefits from 4G, the Panel has now called on Ofcom and the operators to deliver this without further delay.

DTT and 4G coexistence

During 2011/12, the Panel responded to Ofcom's consultations on measures to reduce the risk of interference to Freeview television reception from future 4G services in the 800 MHz spectrum band. The Panel observed that while the next generation of mobile services will bring many benefits for customers, it is also vital that any potential problems for existing DTT (Digital Terrestrial Television) viewers are identified and consumers protected.

Panel representatives joined a range of stakeholders to discuss Ofcom's second consultation which examined how to implement the Government's decision to require new licence holders of the 800 MHz spectrum to form a company to address and resolve interference issues. The Panel expressed significant concerns about the planned support for over 2 million households whose TV signal could be affected. It also stated that no consumer should have to pay to fix interference problems, and that it wanted reassurance from Ofcom that consumers will continue to receive existing DTT services.

Consumers' decision-making

In 2010, the Panel called on Ofcom to publish data on the numbers of consumer complaints about telecoms providers. The Panel therefore welcomed Ofcom's first publication in 2011 of complaints data broken down by provider, saying that this was a first step by the regulator towards greater transparency. Publishing the numbers of complaints by provider allows consumers to make an informed choice about a provider - and gives telecoms providers an incentive to improve their service.

The publication of this data, in conjunction with the introduction of new rules in 2011 to help customers resolve complaints, represented a significant step forward. However the Panel has also encouraged Ofcom to look at ways in which the Alternative Dispute Resolution (ADR) schemes could publish data that consumers can use when choosing a phone provider.

In-contract price increases

Earlier this year, the Panel raised concerns about the trend for some communications providers to use the small print in contracts to increase prices. It welcomed Ofcom's decision to investigate General Condition 9 - the condition that relates to contracts between communications providers and consumers.

Recent price rises in the fixed and mobile telecoms market have taken two forms: a percentage increase in monthly fees during the life of a pre-existing contract; and the removal of a previously applied discount for online billing. Both have resulted in higher prices for consumers. Although these are commercial decisions

for the operators, the Panel thinks that price changes within the life of a contract are contrary to the expectations of most consumers.

If operators believe that they must impose these charges, the Panel would like to see them give consumers better information about the changes, along with advice about how they can cancel their contracts if they wish.

Switching

The Panel's advice to Ofcom that switching communications providers needs to become easier for consumers and small businesses was reflected in the regulator's new switching proposals published earlier this year. The Panel noted that this should make changing broadband and landline suppliers simpler and more reliable. It said that it is unacceptable that one in five consumers switching broadband provider lost their service for about a week. If consumers are more aware of the benefits of switching, and can move between providers quickly and easily they will benefit from the enhanced competition in communications markets.

The Panel has also encouraged Ofcom to develop unified switching processes for all communications services such as mobile, pay TV and cable services with a preference for the gaining-provider led model. It is urging providers to work with the regulator to design a unified system as quickly as possible.

Unexpectedly high bills

The Panel has called for a co-ordinated response to the growing consumer problem of unexpectedly high bills - also known as bill shock. In response to Ofcom's review of unexpectedly high phone bills, the Panel said that it wanted to see industry develop better information and mechanisms to give consumers control over their spending and alert them when they are likely to incur additional costs. It expressed concerns that people could become overly cautious of using their phones for data in case they incur extra charges and, as a result, not benefit fully from the opportunities that are available.

The Panel also considers that providers should use the information they hold on typical customer usage profiles to intervene earlier if a phone is lost or stolen to help to protect people from charges for unauthorised use.

The Panel has also expressed concern about the costs of calling some non-geographic numbers such as freephone services from mobiles, which are often significantly higher than using a landline. It welcomed Ofcom's review of 08, 09 and 118 numbers and ways to improve consumer awareness of the cost of calling these numbers. This includes options to introduce standardised charges and make freephone calls free from mobiles as well as landlines.

Broadband speeds

Although the year brought the good news that there had been an improvement in average broadband speeds, the Panel remained concerned that many people with ADSL-based broadband connections continued to experience much lower average download speeds than the headline “up to” advertised speeds. Ofcom research found that in November 2011, half of consumers who had paid for an “up to” 8Mbit/s broadband package only received an average speed of 3Mbit/s or less while half of consumers who had paid for an “up to” 20/24Mbit/s service received average speeds of 5Mbit/s or less.

To support the provision of clear information on which people can base a decision about which ISP to choose, the Panel has said that the Advertising Standards Authority’s Committee of Advertising Practice (CAP) guidance on advertising broadband speeds for internet service providers (ISPs) does not go far enough. The guidance requires that at least 10% of an ISP’s customers achieve the provider’s speed claims. Only where a significant proportion of people are unlikely to receive a speed close to the one advertised will further qualifying information be included.

The Panel believes that the new CAP guidance, which came into force in April 2012, should have specified that additional qualifying information should be equally prominent to consumers when they are thinking about which broadband package to buy. Consumers can only make an informed choice if they can easily and consistently compare different packages and providers.

Current and next generation broadband

In its reports to the House of Lords, the Scottish Government, the EU and BEREC (the Body of European Regulators Group for Electronic Communications) this year, the Panel has repeatedly emphasised that broadband access for all is necessary to ensure that people can go online in a reliable and consistent way. The Panel welcomes the clear commitment from Government to have the best superfast broadband in Europe by 2015 but notes that as access to more and more public services will depend on broadband in future, the issues of both availability and take-up remain of concern.

Fiona Ballantyne, the Panel’s member for Scotland, gave oral evidence to the Scottish Government’s Infrastructure and Capital Investment Committee’s review of the broadband infrastructure. Questioned about what the barriers to take-up are, Fiona explained that a lack of skills and knowledge were key, as was the number of people in Scotland who said that they had no need for the internet. Fiona also briefed the Committee on the Panel’s *Consumer framework for digital participation*² and its new research conducted in Glasgow.

² <http://www.communicationsconsumerpanel.org.uk/FINAL%20DP%20SUMMARY.pdf>

The Committee's subsequent report on *Broadband Infrastructure*³ noted: "The Committee heard evidence about work by the Communications Consumer Panel and the Royal Society of Edinburgh in the field of broadband take-up and recommends that the Scottish Government taps into this expertise and knowledge when it is developing its own work."

Online engagement

In 2010, the Panel developed a Consumer Framework for Digital Participation⁴ to help government and others increase the number of people using the internet. Building on this work, the Panel commissioned new research in 2011 to consolidate stakeholders' experiences and learning in supporting online participation among people who are less digitally engaged, and also to gather information about supporting people to take the next steps online.

Drawing on this research, *Bridging the Gap: Sustaining Online Engagement* (published May 2012) makes clear recommendations to Government and others.

Throughout the year, the Panel also engaged with a wide range of stakeholders in this area. For example, it was a part of the UK Online Research Symposium, and Panel member Roger Darlington took part in a seminar at the Oxford Internet Institute (OII) along with academics and experts to discuss why as many as 300,000 young people (16 to 24-year-olds) rarely, or never use the internet.

Privacy of online data

The market in consumers' personal data is growing rapidly and producing many benefits for consumers. The Panel believes that it is vital that consumers are aware of how their personal data is collected and used, and feel confident about entering it online.

The Panel commissioned research *Online personal data: the consumer perspective*⁵, which found that while nearly four in five people surveyed said they are highly concerned that their online data might be sold on by a company to a third party, just 50% of people say they regularly read companies' privacy policies. The study found that consumers said that they are more comfortable sharing information when they are aware of, and have control over, what they are disclosing.

³ <http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/48856.aspx>

⁴ <http://www.communicationsconsumerpanel.org.uk/FINAL%20DP%20SUMMARY.pdf>

⁵ <http://www.communicationsconsumerpanel.org.uk/smartweb/research/online-personal-data>

The Panel considers that consumers will only be genuinely empowered if they have:

- information to allow them to make an informed decision about the implications of releasing their data
- control over the use of their data
- confidence that companies will follow the rules and manage personal data
- reassurance that companies will always minimise the amount of data that they collect and retain it for no longer than is necessary.

Following the research, the Panel organised a roundtable discussion with the International Institute of Communications to take the issue forward. The research will also act as a benchmark to facilitate future studies looking at the extent to which legislative developments, industry initiatives and tools actually empower consumers.

Traffic management

The Panel has been closely involved in both Ofcom's and the Broadband Stakeholders Group's work in this area over the last year. It has argued that ISPs must make consumers aware of what internet traffic management is and how it could affect them. Without this it will be difficult for consumers to make informed choices about the broadband service that suits them.

The Panel said that Ofcom's statement on improving information about internet traffic management was a positive move to empower consumers, and welcomed the regulator's plans to consider using regulatory powers to compel ISPs to provide a minimum level of consumer information. It has also advised that Ofcom should continue to monitor the potential for harm to consumers and take early action to ensure consumers benefit from effective transparency.

Next generation relay services

The Panel reacted positively to Ofcom's proposals to improve relay services, as users will no longer be limited to accessing text relay through specialist equipment, increasing the level of choice.

The Panel had also asked Ofcom in February 2011 to look at how to introduce a video relay service. The subsequent proposal is to make video relay available on a restricted basis, and the Panel is encouraging Ofcom and users to learn from this proposed implementation. An informed decision can be made about next steps, once usage has been established.

Usability of mobile phones

Following publication of the Panel's research into the usability of mobile phones, its call to make handsets easier to use has been highlighted in *Ability* magazine and received significant support this year at a range of events. The research highlighted that many older or disabled people can't get the information they need to select a suitable mobile phone and feel alienated by the retail environment.

The Panel has also called on manufacturers to improve design, and to work with operators, retailers and voluntary groups to develop an industry-wide labelling system so consumers can see at-a-glance if the handset will meet their needs. In addition, the Panel has highlighted the need for retailers to provide better staff training to help people choose a phone that meets their needs.

At a meeting chaired by the Panel and organised by Ofcom, representatives from disability groups provided feedback for the Mobile Manufacturers Forum (MMF) on its Global Accessibility Reporting Initiative (GARI)⁶. The Panel also met recently with handset manufacturers, retailers and network operators to discuss a range of options, including the role that can be played by apps.

The Panel's research *Making mobiles easier to use* is available at:

<http://www.communicationsconsumerpanel.org.uk/Final%20usability%20report%20260111.pdf>

The GARI website can be found at: <http://www.mobileaccessibility.info/>

⁶ GARI is a project designed to help consumers learn more about the various accessibility features of mobile phones and to help them identify phones with the features that may assist them with their particular needs.

Work areas 2012/13

As part of the Panel's public consultation on its work plan⁷ for the year 2012/13, it held a stakeholder event to ask for people's views on the key consumer issues it had provisionally identified. The meeting generated a fascinating discussion that ranged from why superfast broadband is essential for small business across the UK and the need to minimise potential risks from mobile micro payments, to asking the Panel to hold a watching brief on digital radio switchover. The discussion helped to inform the agreed priorities, illustrated below:

Pro-active areas

- The future of communications regulation
- Online security/privacy
- Consumer information and decision making
- Digital participation
- Mobile coverage/spectrum auction

Periodic review

- Future of consumer advocacy
- Switching
- Coexistence of new services and DTT
- Broadband rollout
- Net neutrality/traffic management
- Broadband speeds
- Complaint handling
- Unexpected charges and high bills
- Mobile usability

⁷ <http://www.communicationsconsumerpanel.org.uk/CCP%20Final%20workplan%202012-13.pdf>

Panel members

- Bob Warner (Chair from 10/04/2011)
- Fiona Ballantyne (member for Scotland)
- Kim Brook (member for Wales)
- Colin Browne (member)
- Roger Darlington (member for England)
- Maureen Edmondson (member for Northern Ireland until 31 March 2012)
- Chris Holland (member - appointed 01/09/2011)

Budget

Ofcom agrees a budget for members' remuneration, expenses and any work we commission. Our budget for the 12 months ending 31 March 2012 was £303,323 and our non-audited expenditure for this period was £308,009 - see the table below. In the table we have included the cost of the Panel's Advisory Team.

	Actual April 2011- March 2012	Budget April 2011- March 2012
Panel Member Fees	89,776.00	72,888.00
Panel Member Expenses	16,649.00	22,934.00
Support (incl Advisory Team, research, consultancy, stakeholder relationships and design and publications)	201,584.00	207, 501.00
	308,009.00	303,323.00

Notes

For those Panel members who joined, or whose time commitments changed during the year, 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 Bob Warner, whose commitment was up to 6 days a month, received £19,046. Panel Members: three members with a time commitment of up to 4 days a month and a fee equivalent to £13,046 per annum; and three with a time commitment of up to 3 days a month and a fee equivalent to £9,785 per annum. The total figure for fees includes employer's National Insurance.

Expenses cover travel and subsistence and stakeholder meetings. 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 (£16,649) was less than budget (£22,934) and less than spend in 2010-11 (£22,185). During 2011-12, the Panel was supported by a small Advisory Team. Figures include salaries, employer's National Insurance, pension contributions and learning and development costs.

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:

- *Online Personal Data: the Consumer Perspective*
- *Bridging the Gap: Sustaining Online Engagement (published 2012/13)*

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