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17 February 2012

Dear Colette

Ofcom Draft Annual Plan 2012/13

I am writing to set out the Communications Consumer Panel's response to Ofcom's Draft Annual Plan 2012/13.

Ofcom's role

The Panel is extremely pleased to note the explicit statement that "the needs of consumers and citizens are at the heart of our programme of work". As the Plan notes, the communications market is developing rapidly. It is vital at this point to consider what the communications needs of consumers and citizens are in the 21st century - and what role the universal service obligation should play with the introduction of new technologies. Now that Postcomm's responsibilities have moved into Ofcom, there is an opportunity to consider communications needs as a whole.

In relation to 'Strategic Purpose 3', the Panel would suggest a small but significant change of emphasis - rather than to 'help communications markets to work for consumers'; the Panel would suggest that the Purpose should be to 'ensure that consumers' communications needs are met so that they are well served by, and benefit from, effective and efficient markets'.

The Panel would encourage Ofcom to consider the ease of the complete consumer 'journey' across its work - undertaking appropriate research as necessary. For consumers this encompasses the ease of commencing the journey and dealing with potential service

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issues along the way, with particular attention being paid to access to clear and meaningful information.

The Panel would also encourage more emphasis on identifying where Ofcom will use its position and expertise to facilitate or encourage other stakeholders working in a given area, even if Ofcom itself is not taking or cannot take direct action.

Defining intended outcomes

As you know, the Panel has often encouraged Ofcom to identify clearly the outcomes that it is seeking to achieve and to do so in terms of the benefits that consumers and citizens can expect to receive. We also made this point to Ofcom in advising on earlier versions of this Draft Annual Plan. We believe that consumer-led outcomes add weight and value to the Plan.

The Panel therefore welcomes the identification of desired interim and final outcomes for each priority as set out in Figure 12, which are useful in setting out the steps to be taken to achieve the identified priorities, even if a little sparse on details of timing. We hope that the Annual Report contains clear information about the measurement of progress against these same outcomes.

Although under different priorities, outcomes for the promotion of “effective and sustainable competition” and the promotion of “the efficient use of public assets” are linked to those outcomes identified as consumer focussed under “contribute to and implement public policy defined by Parliament”. Examples are the ‘rollout of NGA to the ‘final third’ by 2015’ and the ‘rollout of 4G mobile services’ and ‘consumers in the final third able to benefit from superfast broadband and improvements in the coverage of mobile services’. It is vital that these inherent links are explicit and underpin the ultimate policy intention of benefiting consumers. It is the Panel’s view that these links should be kept at front of mind during the delivery of these priorities. Form should follow function.

Panel views on priorities/work areas

During the next financial year, the Panel will continue to advise Ofcom to help ensure that the interests of consumers and citizens are properly reflected in Ofcom's decisions. So here we will limit our comments to a few issues where our views might have a bearing on the final Annual Plan for 2012/13.

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Firstly, the review of switching between communications providers is rightly identified as a priority. The Panel has particular concerns about increasing costs for consumers in the fixed voice market. Consumers need to be aware of the potential benefits of switching and have confidence that switching will be a hassle-free process with effective “safety nets” to mitigate against loss of services. Robust switching processes are the bedrock of this, but they are not sufficient by themselves - consumers need to be assured that they will not incur excessive cost, time or disruption as a result of a decision to switch. As we have stated, we would encourage Ofcom to take steps to implement a harmonised and unified switching process in all communications markets as swiftly as possible.

The Panel remains concerned that complaints processes and access to redress are complex and not sufficiently transparent to consumers. The existence of two Alternative Dispute Resolution services where the choice does not rest with the consumer is one example; another is the treatment of line faults and the point at which they are classified as complaints. That said, the Panel has welcomed the provision of further information for consumers during the past year e.g. the quarterly bulletin on telecoms complaints received by Ofcom. We would further encourage the inclusion of information on complaint levels and outcomes from ADR services. Dealing with faults and complaints is stressful and frustrating for consumers and as more people go online, and public services are increasingly provided in digital format, fault resolution needs to be a faster and less cumbersome process free from perverse incentives.

While the Panel generally welcomes the provision of information, as we have advised on previous occasions, the Panel would raise a note of caution in relation to the provision of information e.g. about traffic management policies and broadband speeds. We believe that Ofcom should start by establishing and understanding fully how consumers make decisions and the role which information plays before assuming that more information will help. As previously advised, we would refer again to our work on Behavioural Economics. Even where information is useful to consumers it is unlikely to be sufficient on its own to deliver all the appropriate outcomes; and it must not be overwhelming in appearance - which can have the reverse effect to that intended.

As you know, the Panel has expressed its concerns about inadequate mobile coverage on many occasions. We would encourage Ofcom to work closely with DCMS and BDUK to utilise to best effect the £150M promised by the Chancellor, in addition to the design of the spectrum auction, to achieve a step-change in the services available to consumers throughout the whole of the UK, not just the commercially attractive areas. We would also advise that the measurement of mobile coverage should be based on the likelihood of indoor reception.

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The draft Plan refers to the current rate of internet take-up and the rollout of NGA across the UK. However at 76%, internet take-up appears to have plateaued. While not part of Ofcom's direct remit, we would encourage the inclusion of consideration of the wider effects of nearly one quarter of UK households still being offline. This would seem to be an example of where Ofcom's 'soft powers' and research can be used to good effect. In relation to rural broadband infrastructure, we would support Ofcom in enabling greater competition in rural broadband.

In respect of those consumers and small businesses who are online, the Panel supports work to understand the importance of user information online and the challenges to the development of a trusted online environment. However, especially in view of the European-wide concern with citizen data protection, the current economic climate, the impetus for growth and the increasing threat of cyber crime, the Panel would encourage the consideration of this area as a priority. It seems to the Panel that a greater focus in this area could bring about significant benefits for consumers and citizens.

Although not necessarily part of the formal Annual Plan, the DCMS Communications Review - the Green Paper of which is expected shortly - is a major opportunity for Ofcom to inform the debate about the future regulation of media in the UK. We would encourage Ofcom to take an active role in this process and use its substantial body of evidence and experience to inform the debate for the benefit of all concerned.

Finally, the Panel welcomes the emphasis being given to the assessment of communications services in the nations, where there are some striking disparities, especially in the provision of 2G and 3G mobile coverage, superfast broadband and digital radio. We welcome Ofcom's intention to publish case studies which will assist providers and the devolved administrations in addressing these issues.

Yours sincerely

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