

# Consumer Panel Newsletter

## Contents

- Letter to Ed Richards
- Ofcom's Annual Plan
- Dispute between Virgin Media and BSkyB
- Digital Switchover
- Digital Dividend Review
- Capturing the Consumer Interest toolkit
- Connecting Older People
- Consumer Literacy
- Next Generation Access and Networks
- Consumer Forum on Communications
- New Consumer Panel website
- How to subscribe / unsubscribe



## Letter to Ed Richards on Ofcom's Priorities for Consumers

We wrote to Ofcom's incoming Chief Executive, Ed Richards, in November 2006. We welcomed the increased focus on consumer issues by Ofcom and set out what we think Ofcom's priorities should be over the next few years. These were for Ofcom to:

- identify how the spectrum released due to digital switchover can be best used for society as a whole, and to promote a public debate on how this resource should be developed in the interest of all of us.
- be vocal, where it needs to be, to ensure that digital switchover is handled in a way that does not leave anyone isolated or without support.
- consider the consumer anxiety around services such as broadband that, according to our research, has risen. And that we thought with increased service bundling, complexity of service offerings, scams and the plurality of service providers, present concerns about costs, contracts, service quality and security will increase.
- deliver effective enforcement by reacting swiftly when action demands it and setting fines at a level that reflect a company's profits in order to have a real deterrent effect.
- extend its work on citizen issues by supporting the government in addressing the emerging problem that low broadband take-up - rather than availability - is a problem for our society, particularly for some of our oldest citizens and for some children in low-income households.
- ensure that light touch regulation is in fact the right touch regulation, and that Ofcom should be prepared to act quickly and firmly in the consumer interest where consumer detriment occurs.

Ed Richards responded to our points and set out what Ofcom plans to deliver in the coming year.

The Consumer Panel letter can be read at [www.ofcomconsumerpanel.org.uk/uploads/letter\\_13\\_11\\_06\\_Colette\\_Bowe.pdf](http://www.ofcomconsumerpanel.org.uk/uploads/letter_13_11_06_Colette_Bowe.pdf).

Ed Richards' response can be read at [www.ofcomconsumerpanel.org.uk/uploads/Ed\\_Richards\\_letter.pdf](http://www.ofcomconsumerpanel.org.uk/uploads/Ed_Richards_letter.pdf).



## Ofcom's Annual Plan

In January 2007 the Panel responded to Ofcom's draft Annual Plan for 2007/8. We welcomed the inclusion in the Annual Plan of those issues highlighted as the Consumer Panel's priorities. However, we requested that Ofcom be more specific in setting objectives and clearer in specifying the measures that will be adopted to assess whether these objectives have in fact been met.

In particular, when responding to the section on "Delivering public outcomes" in the draft annual plan, we asked what – other than more research – Ofcom planned to do to promote access and inclusion, and we challenged Ofcom to set out its vision of what would be desirable "social outcomes" in this area. Also, we asked Ofcom to lead a discussion on what it means to be a citizen of the UK in communications terms - thus, what levels of access, take-up, and to which services, are regarded as appropriate to ensure an effective level of citizenship; and what can Government, regulator, industry and others do as a collective to deliver acceptable public outcomes on a genuinely national basis.

To understand what services have or will become essential to a person's citizenship, and what may be needed to deliver desirable social outcomes, we said that the following services need to be focused on:

- **fixed telephony:** Ofcom should monitor the implementation of BT Basic, BT's new low-user scheme, and continue to work with the company to reduce disconnections.
- **mobile telephony:** The take-up of mobile telephony services is high but in parts of the UK there exist mobile coverage 'not spots' where some people are unable to receive a signal from a mobile operator in their locality. We asked Ofcom to review the national roaming obligations on operators to help minimise this problem.
- **internet access:** We asked Ofcom to consider what initiatives it should promote or propose in 2007/08 to encourage digital inclusion. We requested that Ofcom publicly support our proposal for a campaign to promote the benefits and relevancy of being on-line. We also asked for a web portal to provide a resource to local and third sector providers on effective training methods and sources of funding. Both proposals were put to Government and fed into its Digital Strategy Review.
- **digital television:** We said that it was important for Ofcom to monitor and assess the Whitehaven project but that we had serious reservations about the relevance of the Whitehaven project to the nation as a whole. This was because of the paucity of multiple dwelling units, the high take-up of satellite in the region, and the use of a proxy for the Help Scheme as opposed to running it in its envisioned final model.



- **provision for those with disabilities:** we said that we, Ofcom and others should be striving to ensure that, whatever disability a citizen might have, equipment and user interfaces should enable something approaching equality of access with those citizens without such a disability. And that the provision of subtitling and audio description should be the subject of monitoring and targets.
- **information and confidence-building:** We said that Ofcom should help provide accessible and reliable information for consumers and citizens about the products and services in the marketplace. We noted the importance of its work on media literacy to help provide the skills and confidence to acquire and use such products and services.

Our response to Ofcom's Draft Annual Plan can be read at [www.ofcomconsumerpanel.org.uk/advice/ofcom\\_annual\\_plans/N6.pdf](http://www.ofcomconsumerpanel.org.uk/advice/ofcom_annual_plans/N6.pdf).

## Dispute between Virgin Media and BSkyB

In March 2007, Consumer Panel Chairman Colette Bowe wrote to Ofcom Chief Executive Ed Richards to request that Ofcom use its influence and facilitate a speedy resolution to the Virgin Media and BSkyB dispute in the interests of consumers.

While we acknowledged that the situation is due to a commercial dispute between the two parties we pointed out that over three million Virgin customers have been left without access to some Sky programmes. While, in theory, consumers have the option of switching to a different distribution channel, it is a complex and time-consuming operation. We are concerned, therefore, that there are consumers who are being disadvantaged and who will find it difficult to use the normal mechanisms available in other market places to get what they want – and are paying for.

Our letter can be read at [www.ofcomconsumerpanel.org.uk/uploads/letter\\_13\\_03\\_07\\_Colette\\_Bowe.pdf](http://www.ofcomconsumerpanel.org.uk/uploads/letter_13_03_07_Colette_Bowe.pdf).

## Digital Switchover

We have engaged with Ofcom and others on Digital Switchover since the Panel's inception. Over the past half year we have discussed the consumer issues with the following ministers: Shaun Woodward MP, Minister for Creative Industries & Tourism; Margaret Hodge MP, Minister of State for Industry & Regions, to discuss equipment usability issues related to DSO; and the Culture Secretary Tessa Jowell MP.

While we take digital switchover seriously we have decided to step back from this policy area as it enters its implementation phase. We will continue to monitor developments and offer advice where and when it is appropriate.



## Digital Dividend Review

We have engaged with Ofcom on the Digital Dividend Review (DDR) as it has developed its policy over the past year, and responded to the consultation. In our response we summarised our concerns as being about how to ensure the spectrum made available after switchover will be used to deliver products and services: that bring real quality and innovation to UK consumers; that try to meet the needs of UK citizens wherever and whoever they may be; and that can give us all enough breathing space to ensure that innovation can flourish. We then asked Ofcom to review certain areas of its policy to help achieve the above aims. These were:

- **spectrum bank:** we asked Ofcom to think about holding spectrum back as a reserve for socially beneficial circumstances and, if it could, which part of the spectrum would be best used for such a reserve. For example, one concern is that, after the auctioning of spectrum, rural areas may not have access to services due to low populated areas not being financially viable for service delivery. Also, organisations that could deliver services in rural areas are likely to be small and may not have the financial depth to be successful at auction. Yet the released spectrum could be used to deliver high socially-valued services, i.e. the use of Wimax to deliver a high speed data link in rural areas. Thus, if services failed to be delivered and the public value of these services was deemed high enough, market failure could occur.
- **auction process:** while recognising Ofcom is first and foremost an economic regulator, there are broader citizen issues for Ofcom to help deliver. We asked Ofcom to look at the possibility of creating a financial framework that could enable smaller organisations to have the financial capacity to compete at auction, which could deliver services of a high, but dispersed, public value.
- **market failure:** we asked Ofcom to set out clearly the regulatory tools it has to correct a possible market failure, should one occur. And, because the social value of a service is continually being re-evaluated due to market developments and technological advances, we asked Ofcom to set out in the next consultation whether, and if so how, it would rectify the possible outcome that the social value of a service was not being maximised in the marketplace.
- **spectrum hoarding and anti-competitive behaviour:** we look forward to seeing Ofcom's work to review its powers to stop spectrum hoarding and anti-competitive behaviour. These powers will be essential in ensuring that markets produce the highest value to the UK as a whole.



## Capturing the Consumer Interest toolkit

### Progress and evaluation 12 months on

In 2006 we launched Capturing the Consumer Interest: a toolkit for regulators and government. The toolkit was devised to help Ofcom and other regulators assess whether they have identified and addressed the consumer interests when developing and implementing policy. Ofcom committed to internalise the toolkit into its policy process. In February 2007 Ofcom published an account of the progress it had made in implementing the toolkit within its decision-making processes.

The report can be found at [www.ofcom.org.uk/about/accoun/interests.pdf](http://www.ofcom.org.uk/about/accoun/interests.pdf), and the Consumer Panel's toolkit can be found at [www.ofcomconsumerpanel.org.uk/publications/capturing\\_the\\_consumer\\_interest.pdf](http://www.ofcomconsumerpanel.org.uk/publications/capturing_the_consumer_interest.pdf).

### Europe and the Consumer Interest Toolkit

In November 2006, Colette Bowe spoke about the Panel's consumer interest toolkit at a meeting of European Commission (EC) officials, hosted by the Directorate General for Health and Consumer Protection in Brussels, where it was well-received. Consequently, Meglena Kuneva, the new European Commissioner for Consumer Protection, has asked Colette Bowe and Graham Mather to deliver a further presentation on the toolkit at an EC workshop in May 2007. The outcome of the workshop will feed into the EU Review of Consumer Policy which was launched with a Green Paper and consultation in February 2007.

## Connecting Older People

The Panel's tracker survey, Consumers and the communications market, revealed in 2006 that age remains one of the most significant factors influencing whether or not people engage with the communications market. We commissioned attitudinal research to further understand the picture. We presented the research, Connecting Older People, at a workshop attended by deliverers of local initiatives to increase participation, industry, think tanks and government.

We published a report that summarised the discussions and the policy suggestions that emerged from the workshop, and in April 2007 we published a Panel position paper. In the paper we recommended that the government set up and manage a portal to supply information, and provide a forum for exchanging ideas on funding sources, and on training methods used to introduce older consumers to on-line working. In our view, this portal would be an inexpensive and cost-effective way to improve the delivery of existing small-scale training schemes, to encourage the development of new ones, and to harness the extremely high expertise and skills of the voluntary sector in this area.



The October 2006 workshop report can be found at [www.ofcomconsumerpanel.org.uk/publications/Connecting\\_Older\\_People.pdf](http://www.ofcomconsumerpanel.org.uk/publications/Connecting_Older_People.pdf), and our position paper can be found at [www.ofcomconsumerpanel.org.uk/publications/position\\_paper\\_connecting\\_older\\_people.pdf](http://www.ofcomconsumerpanel.org.uk/publications/position_paper_connecting_older_people.pdf).

## Consumer literacy

In February 2007 Colette Bowe spoke at the Westminster e-Forum on the e-consumer, and gave a presentation entitled 'What is Consumer Literacy and Why Does it Matter?'

Defining consumer literacy as “the ability to choose and use communications products effectively”, Colette Bowe explained that information is now more pervasive, non-geographic and difficult to regulate. Fraudulent activity is prevalent, virulent and continually evolving, and consumers are required to understand a new lexicon – phishing, spearing and pharming. In turn, consumer protection is becoming more sophisticated and people will have to take more responsibility to protect themselves rather than solely rely on the regulator. And that those who are consumer literate will be able to better protect themselves or their families from scams and harmful content.

Colette Bowe also talked about why being connected matters: to participate equally in the marketplace and to access critical services; to overcome geographic limitations to access the marketplace; and to better participate in the workforce. And outlined how the fears and barriers for those who are not connected can be overcome, and help get people on-line.

The presentation can be found at [www.ofcomconsumerpanel.org.uk/events/ConsumerPanelChairmans210207.pdf](http://www.ofcomconsumerpanel.org.uk/events/ConsumerPanelChairmans210207.pdf).

## Next Generation Access and Networks (NGA)

The future rollout of NGA is one of the Panel's priorities for the year 2007/08. In November 2006 Ofcom published an NGA discussion paper. The paper was presented to the Panel in December, after which we submitted written advice to Ofcom.

In our advice we said that Ofcom's regulatory approach can help ameliorate current, as well as prevent future, urban/rural digital divides; that it should anticipate, rather than let unfold, the predictable consumer detriment in rural areas that will result from investment in NGA networks being greater in urban areas, where it is more economically attractive; and that Ofcom should explicitly take into account the citizen interest when developing policy.



It is also important for Ofcom to consider recent and possible future social policy interventions by central and local government as well as Regional Development Agencies (RDAs). For example, UK cities are investing public money to blanket their centres with wireless high-speed access, and some RDAs are looking to fund Fibre to the Home (FTTH) programmes. We asked also for Ofcom to learn the lessons on how other countries have approached regulatory policy in relation to their NGA rollout programmes.

Our advice note can be found at [www.ofcomconsumerpanel.org.uk/advice/ngn/AO62.pdf](http://www.ofcomconsumerpanel.org.uk/advice/ngn/AO62.pdf).

## Consumer Forum on Communications

We wish to work closely with all relevant consumer bodies and stakeholders. To strengthen these ties we host the Consumer Forum on Communications. Forthcoming forum meetings in 2007 will be at 2.30pm on 12<sup>th</sup> June, 18<sup>th</sup> September and 18<sup>th</sup> December. If your organisation would like to attend the next meeting please write to us at [contact@ofcomconsumerpanel.org.uk](mailto:contact@ofcomconsumerpanel.org.uk).

The Forum met in September 2006, and in January and March 2007. The subjects covered were:

- the Consumer Panel's work on Connecting Older People
- the European communications framework review
- Which? reports on broadband, fixed and mobile phone services
- Next Generation Access
- Broadband migrations
- Ofcom / consumer stakeholder relationships
- Digital Dividend Review
- Internet security

The minutes of these meetings can be found at: [www.ofcomconsumerpanel.org.uk/events/CFC\\_19\\_Sep\\_2006.pdf](http://www.ofcomconsumerpanel.org.uk/events/CFC_19_Sep_2006.pdf), and [www.ofcomconsumerpanel.org.uk/events/CFC\\_16\\_Jan\\_2007.pdf](http://www.ofcomconsumerpanel.org.uk/events/CFC_16_Jan_2007.pdf).





## New website

The Consumer Panel website – [www.ofcomconsumerpanel.org.uk](http://www.ofcomconsumerpanel.org.uk) - was set up in early 2004 when the Panel was first established. Since then, the site has grown and evolved.

We have now redesigned our site to allow us to more effectively communicate the work of the Panel. The changes have been designed to make the website more accessible and useful as a resource, and to improve navigation with a more logical structure. We hope that you like the new look and we would welcome any feedback. The new site is due to go online at the end of May 2007.

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