



Putting the consumer first:

The work of the Communications
Consumer Panel

The Communications Consumer Panel is an independent panel of experts established under the Communications Act 2003. Its role is 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 Consumer Panel is made up of ten part-time members with a balance of expertise in consumer issues in the communications sector. There are members representing the interests of consumers in Scotland, Wales, Northern Ireland and England. Consumer Panel Members are appointed by Ofcom, subject to approval by the relevant Secretaries of State. They are appointed in accordance with Nolan principles and are eligible for re-appointment. Ofcom also funds the Panel, and provides it with a small advisory team. The team are Ofcom employees, but work for and in the interests of the Panel.

This report constitutes the Panel's Annual Report for 2009/10, as per section 16 of the Communications Act 2003. For further details of how the Panel spent its budget for 2009/10 and details of Members biographies and interests please refer to the Panel's website www.communicationsconsumerpanel.org.uk/smartweb/about-us

The Communications Consumer Panel and its Advisory Team



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Foreword

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, to the needs of people in rural areas and people on low incomes. It also pays particular attention to the needs of small businesses, which face many of the same problems as individual consumers.

The Panel has ten members. They have experience from many different fields: consumer advocacy, regulation, market research, the third sector, academia, trade unions and the telecoms and content industries. There are four members of the Panel who represent the interests of consumers in England, Northern Ireland, Scotland and Wales respectively. For more information about the Members please read their biographies and register of interests on the Panel's website.

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

The Panel has advised Ofcom of the need to act in a range of areas. For example, we have called on Ofcom to: require communications providers to improve the handling of consumer complaints; address the frustration with mobile coverage for basic voice calls; and make it much easier for consumers to switch providers.

The Panel also looks at government action that affects the interests of consumers in the communications sector. For example, the Panel is engaged with a number of initiatives that flow from the Digital Britain report. We want to see a universal broadband commitment that means consumers and small businesses throughout the UK can carry out essential online activities in a reliable and consistent way. We also want to see strong consumer safeguards built into the system of tackling illegal file-sharing. Finally, the Panel is championing an approach to promoting digital participation that takes account of the

full range of people's needs. So we are pleased that the Panel's consumer framework became a cornerstone of the Government's National Plan for Digital Participation.

In the pages that follow we describe the impact of our advice in more detail, together with three case studies. We provide information about the Panel's funding. And we set out our current priorities, which focus on issues that are important for consumers and small businesses where we are able to make a difference.

We will continue to draw on research and data on the experiences of consumers, and the views of many different organisations, as we seek to ensure that Ofcom, Government and communications providers put consumers first as they shape the future of the UK's communications sector.



A handwritten signature in black ink, which appears to read 'Anna Bradley'.

Anna Bradley

Chair

Communications Consumer Panel

The Panel's Impact

Over the last year the Panel has achieved positive results in a number of different areas. This section describes some of those results, although we recognise that regulatory and policy decisions are influenced by a variety of factors and that progress made in the areas below is not solely the result of the Panel's work.

Mobile coverage

In advising Ofcom on its Mobile Sector Assessment, the Panel recommended that mobile coverage should be a priority. This advice was based on the Panel's research to find out the views and experiences of consumers and small businesses. Ofcom responded to the Panel's advice and one of the priorities

in Ofcom's Draft Annual Plan is to make progress on mobile and broadband not-spots. The Panel also called on industry to improve coverage information and consumers' ability to cancel contracts if they are not able to get the coverage they need. The Panel is continuing to pursue the issue of 'try before you buy' with the mobile operators. The impact of the Panel's work on mobile coverage is described in more detail in the case study on page 20.

"Out there it's quite unsafe and so having no signal adds to the frustration and things like that, it's quite dangerous as well."

**Female, Mobile research
vox pops**

"Mobile issues affect almost all consumers in the UK, from children to the elderly. For some, it works well - others can find it challenging, even daunting. Along with survey data and direct contact with the public, the Panel's advice helps to build a picture of where we can best focus our efforts to maximum effect. For example, the Panel's views on mobile coverage were important in our decision to undertake a programme of research to understand better the barriers to improved coverage and how they might be addressed."

David Stewart Ofcom's Competition Policy Director

Complaint-handling

The Panel advised Ofcom on its review of complaints-handling. We highlighted the importance of improving the way that service providers handle complaints so that all consumers, including those who are disadvantaged, are able to escalate complaints where necessary and get them resolved. The draft code of practice that Ofcom published for consultation in December addressed many of the issues that the Panel identified.

“Two of Ofcom’s priorities have involved examining processes that consumers face to both switch suppliers and complain when something has gone wrong. It has been very useful throughout our work on switching and complaints-handling to have access to expert independent advice provided by the Communications Consumer Panel. The Panel’s perspective has given us fresh insights which we have found helpful in our exploration of issues and options for supporting consumers in our sector.”

Claudio Pollack Ofcom’s Director of Consumer Affairs

Switching

The Panel has advised Ofcom on the processes for switching service provider, emphasising the need for more unified processes in response to increased bundling and the extra difficulty that this is likely to create for consumers wanting to switch. Ofcom is now giving greater priority to looking in a holistic way at how to improve and unify switching processes, alongside work to improve existing processes. The Panel welcomes the fact that removing barriers to switching is one of the priorities set out in Ofcom’s Annual Plan 2010/11. The Panel Chair also chaired a workshop with industry and consumer groups that helped to stimulate more active industry engagement with the work that Ofcom is leading.

Digital participation

“My education holds me back. I was shown how to use a computer, but no one at school ever showed me how to use the Internet. The classes we had were all about teaching us how to use Word and boring stuff like that. The Internet was cut off from our school, in case we looked at stuff we shouldn’t or we downloaded a virus.”

Male, 18, not online/not interested, England

The Panel has developed a framework for digital participation, which starts with the consumer experience and breaks down the journey that people make in getting online and then enjoying the benefits. The framework highlights the particular needs of key groups, including older people, younger people, parents and disabled people. It is based on a review of the relevant research literature and input from a broad range of stakeholders. It has also been tested through research with consumers. The Panel will publish the framework in the spring, alongside the literature review and consumer research. In the meantime, the Government has adopted the framework in its National Plan for Digital Participation. Also, the Digital Participation Consortium led by Ofcom is using the framework to identify the gaps in the delivery of services to increase the reach, breadth and depth of participation online. The framework is shown in figure 1. You can read more about it and how people are using it in the case study on page 21.

“The Panel’s framework for digital participation became a key part of the backbone for the National Plan for Digital Participation published by Stephen Timms, the Minister for Digital Britain in March this year. Panel members have provided valuable advice and guidance in the development of the priorities for the Digital Participation Consortium, which was established in response to the challenges set out in the Digital Britain report to allow all people in the UK to benefit from the opportunities available online, and we look forward to their continuing engagement and support of the work of the Consortium.”

Stewart Purvis Ofcom’s Partner - Content and Standards



“We see other people using (computers) so quickly - it is a bit intimidating... the instructions make you feel like you need to be a robot or plug yourself into a machine. ‘Software is functioning normally’ ‘Creating recovery disks’ It is all Double Dutch! We need a human.”

Female, 77, online/limited usage, Northern Ireland

Figure 1: Panel’s framework for digital participation



Universal broadband

The Panel commissioned research to inform debate about the universal broadband commitment proposed by Government during the Digital Britain review. The Panel's research showed that soon it will be essential for everyone to have broadband at home, and for many it is essential already. This helped to make the case for a universal broadband commitment, which should mean that by 2012 people in all parts of the UK will be able to carry out essential online activities in a reliable and consistent way. The Panel's research and its impact is explained in more detail in the case study on page 22.

"The Panel's research was really valuable in assisting the policy development process for Digital Britain. It was central to our understanding of consumer and citizen interests and was one of the key sources of evidence we drew upon when developing the policy set out in the Final Report."

Lord Carter then Communications Minister

Next-generation broadband

The Panel published an updated report on the community next-generation broadband initiatives underway around the country. This provided a central source of information and contacts for projects to draw on. It also highlighted the need for schemes to be interoperable and use common standards. The Broadband Stakeholders' Group is now running a project to develop common technical, commercial and operational standards, which should mean that consumers who benefit from community next-generation broadband schemes enjoy a choice of service providers.

Working with others

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. Over the last year the Panel has worked with Consumer Focus in a complementary way, particularly in relation to the mobile sector. In the context of the T-Mobile/Orange merger, the two bodies combined to send a joint letter to the European Commission calling for a detailed investigation of the potential impact on consumers and suggesting that this should be carried out in the UK. The Panel is currently discussing with Consumer Focus how the two bodies will collaborate over the next financial year.

The Panel also engages on a regular basis with other consumer organisations, such as Which?, Age UK, Citizens' Advice, the Consumer Expert Group, the Consumer Forum for Communications, RNIB and Ofcom's Advisory Committee for Older and Disabled People. The Panel also works with organisations that represent the interests of small businesses and those that represent people in rural areas.

Value for money

Ofcom is required by the Communications Act 2003 to fund the Panel. This means paying Panel Members’ fees and expenses, funding consumer research and providing a small advisory team. 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 on, in the regulatory process we can influence decisions in a constructive and timely way, avoiding delay and unnecessary confrontation.

As Ofcom has become more actively engaged with consumer issues, the role of the Panel has changed and therefore so has the level of funding. In particular, as Ofcom has done more consumer research itself, the need for the Panel to carry out research has reduced. As a result, we have been able to carry out our role at a reduced cost.

Figure 2: Panel’s budget over five years



The Panel's budget for the 12 months ending 31 March 2010 was £745k. Expenditure for this period was £705k. For further details on how the Panel spent this money, which includes member remuneration, expenses, any work we commission and the cost of the team of Ofcom colleagues that support the Panel, please refer to the Panel's website.

The Panel's budget has reduced significantly over the last five years. The budget was £936k in 2006/7, £896k in 2007/8, £781k in 2008/09, £745k in 2009/10 and is proposed to be £743k in 2010/11. This is a 21 per cent reduction in nominal terms over the five years (28.4 per cent in real terms). We have achieved this without a corresponding reduction in activity.

The Panel



Back row (from left to right): Bob Warner, Lou Bolch, Damian Tambini, Fiona Ballantyne (Member for Scotland), Roger Darlington (Member for England), Maureen Edmondson (Member for Northern Ireland).

Front row (from left to right): Colin Browne, Anna Bradley (Chair), Leen Petré, Kim Brook (Member for Wales).

Priorities for 2010/11

The Panel advises on a range of issues. The nature of our engagement varies, but we address 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.

The nature of the Panel's engagement with an issue may change over time. For example, having done significant proactive work to highlight the need for a universal broadband commitment, the Panel is now monitoring its implementation.

The Panel does about four pieces of substantial proactive work each year. These projects each take about six months. Generally, they will involve carrying out research to inform the Panel's position. The outputs from these projects will be staggered throughout the year to achieve a consistent flow of work.

The nature of the Panel's advisory role means that new issues will always crop up during the year. 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 that are of importance to consumers and warrant 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.

The Panel develops its Work Plan and makes any necessary adjustments to it, by applying two questions to the issues that it could address:

- What is the scale of the issue? For example, does it affect lots of consumers, or only a few, and is any detriment/benefit significant for those who are affected, or slight?
- Can the Panel make a difference? For example, are other consumer and public interest bodies already working in this area or planning to, and is our work likely to bring about real benefits for consumers and citizens?

In 2010/11 the Panel will focus on the following six areas:

1. Digital participation and inclusion

We will publish our consumer framework for digital participation, together with the accompanying consumer research and literature review, to shed light on consumers' experiences of getting online and enjoying the benefits (*substantial proactive engagement*). The framework will guide the priorities of the Digital Participation Consortium led by Ofcom and we will monitor the ongoing work of the Consortium and the Digital Champion (*monitoring with engagement where appropriate*).

2. Mobile

We will continue to work with Ofcom and industry to explore how mobile coverage could be improved, make available better, more comparable information about coverage, and ensure that 'try before you buy' is available to consumers no matter how they buy their mobile phones (*substantial proactive engagement*).

3. Processes for making and evaluating regulation

We will carry out a review of a sample of Ofcom projects to assess the extent to which consumers' interests are being taken into account in the way envisaged by the Panel's Consumer Interest Toolkit (*substantial proactive engagement*). We will also advise on the development of Ofcom's guidelines on making and evaluating regulation (*monitoring with engagement where appropriate*).

4. Consumer protection and empowerment

We will engage with Ofcom, industry and, if appropriate, the EU to promote more easy-to-use communications services and equipment. We will focus first of all on research to establish the usability of mobile phones and might decide to follow this work with research about other sorts of devices (*substantial proactive engagement*).

We will continue to advise Ofcom on improving the way that communications providers handle complaints, providing input to Ofcom's proposed Code of Practice (*monitoring with engagement where appropriate*).

We will examine whether the principles of behavioural economics apply equally to the decision-making of disadvantaged consumers and might then do a wider piece of work to examine the way in which consumers use information to inform their decisions about communications services and products (*substantial proactive engagement*).

5. Consumer engagement with the internet

We would like to develop and promote a better understanding of consumers' expectations of the internet in order to influence the debate about future regulation and public policy (*possible substantial proactive engagement subject to progress with other areas of work*).

We will advise Ofcom in relation to its implementation of the Government's plans to tackle illegal peer-to-peer file-sharing, emphasising the need for proper consumer safeguards to be built into the planned code of practice and appeals body (*monitoring with engagement where appropriate*). We will advise Ofcom on its work in relation to 'net neutrality', otherwise known as 'the open internet' (*monitoring with engagement where appropriate*).

6. Universal service

We will influence the Government's implementation of the universal broadband commitment and monitor plans to stimulate investment in next-generation broadband (*monitoring with engagement where appropriate*). We will respond to the European Commission's review of universal service and thereafter will consider whether further intervention would be of value (*monitoring with engagement where appropriate*).

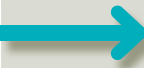


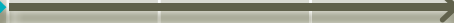


















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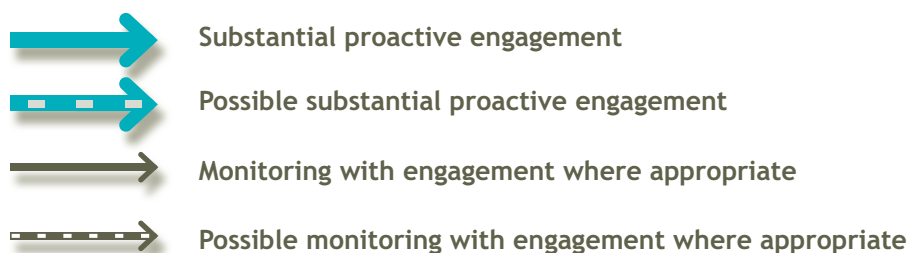
The Panel will keep under periodic review a number of other issues that are of particular relevance to Ofcom. This will involve seeking updates at critical points and providing advice where we have concerns. These issues include: making it easier for consumers to switch communications providers; the provision of information to consumers about broadband speeds; minimising the disruption for consumers of digital terrestrial TV clearance; rollover contracts and their impact on consumers and competition; the Government's implementation of the new EU regulatory framework for communications; Ofcom's wholesale broadband access and wholesale local access market reviews; and the regulatory framework for premium-rate services and non-geographic calls.

Figure 3 on the next page summarises the Panel's Work Plan. This indicates when during the year we will be doing the substantial proactive areas of work and carrying out our monitoring activities. While there is reasonable certainty about what we will be doing in the first half of the year, we are less certain about the detail and timing of our plans for the rest of the year. This is reflected in the fact that in some areas there are broken arrows, which indicate possible but not yet confirmed engagement.

We will also be doing a number of governance-related pieces of work: reviewing our MoU with Ofcom; reviewing our MoU with Consumer Focus; and improving the processes for informing stakeholders about our activities.

Figure 3: Panel work plan 2010/11

		2010/11			
Area	Issue	Q1	Q2	Q3	Q4
Digital participation and inclusion	Development of digital participation framework				
Mobile	Mobile coverage				
Processes for making and evaluating regulation	Review of Ofcom projects using Toolkit				
	Ofcom's guidance on policy-making				
Consumer protection and empowerment	Usability – testing of mainstream products				
	Consumer decision-making				
	Complaints handling				
Consumer engagement with the internet	Consumer expectations – qualitative research				
	Illegal file-sharing				
	Net neutrality				
Universal service	Universal broadband commitment				
	EU review of universal service				
	Next-generation broadband				



CASE STUDY 1

Mobile Coverage

At its meeting in March 2009 the Panel discussed with Ofcom a draft of the second Mobile Sector Assessment consultation document. The Panel expressed concern that coverage was not one of Ofcom's priorities. It followed this up with written advice saying that it would like to see coverage referred to explicitly in the list of priorities together with a commitment to carry out research to understand coverage problems better and act on the findings.

In June the Panel submitted an initial response to the consultation, reiterating its advice on coverage and signalling its intention to carry out research to find out the views of consumers and small businesses and so test its belief that frustration with coverage was widespread. The Panel commissioned this research in July.

In September the Panel had another discussion with Ofcom colleagues, who outlined their plans to carry out research to explore the nature of coverage problems. In October the Panel submitted a detailed response to Ofcom's consultation, drawing on the findings of its research, which it published simultaneously. The Panel found 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.

At the same time as publishing the research, the Panel wrote to the mobile operators calling on them to provide more accurate and comparable coverage information so that consumers can make a better informed choice about which network to choose. The Panel also asked operators to ensure that consumers had a 'try before you buy' option, allowing them to cancel their contracts if they could not get good enough coverage. The Panel followed up these letters by meeting the mobile operators in November.

In December Ofcom published a statement to conclude the Mobile Sector Assessment and confirmed its intention to carry out research on coverage problems and then consider how they could be addressed. Ofcom's Draft Annual Plan, also published in December, set out making progress on broadband and mobile phone not-spots as a priority.

The Panel has now instigated mystery shopping research to test the extent to which 'try before you buy' policies are available to consumers no matter how they buy their phones, and the extent to which they are applied in practice. Following up this research with industry will continue to be a priority for the Panel.

CASE STUDY 2

Digital Participation

During the Digital Britain process, the Panel stressed the importance of avoiding an artificial divide between consumer empowerment - thought of traditionally as people having the information to choose and use the communications services that they need - and media literacy - defined as people's ability to access, understand and create communications in a variety of contexts.

The Digital Britain report, published on 16 June 2009, set out a new term, digital participation, which it defined as:

'Increasing the reach, breadth and depth of digital technology use across all sections of society, to maximise digital participation and the economic and social benefits it can bring.'

This was an important step in the right direction. However, the Panel were clear that to successfully achieve digital participation it was crucial that the various interested parties, including Government, Ofcom, the Digital Participation Consortium and the Digital Inclusion Champion and Task Force, understood what this felt like from the perspective of citizens and consumers and all the different ways in which people might need help and support.

To this end the Panel developed a digital participation framework, setting out the citizen and consumer needs that underpin digital participation. A version of this framework was presented to Stephen Carter and his team during the development of the Digital Britain report.

The Panel continued to develop the framework, informed by a review of the existing evidence, original research commissioned by the Panel, and feedback from a wide range of stakeholders including Ofcom, BIS and representatives from the voluntary and community sector. The final framework is set out on page 9.

The Panel met regularly with Ofcom and BIS colleagues, helping them use the framework and the research underpinning it to understand how Government and the Digital Participation Consortium could best meet the needs of consumers. As a result the framework was adopted by the Consortium as a tool for helping to prioritise initiatives and avoid duplication and was included as a key element in the Government's National Plan for Digital Participation.

The Panel are publishing the final framework and the research behind it in May 2010, accompanied by the Panel's recommendations for increasing digital participation. The Panel will also be returning to the framework in 2011, using it to assess how effectively activity in this area has met consumers' needs.

CASE STUDY 3

Digital Britain and Universal Broadband

During the Digital Britain process, the debate about the need for universal broadband was polarised, with industry voices calling for Government investment in 'the pipes' and some commentators questioning the need for Government involvement. The Panel commissioned research to find out the views of consumers and citizens. It wanted to test the idea of broadband as an essential service and find out what citizens and consumers are using it for. This would provide a firm basis for the Panel to advise on the need for a universal broadband commitment and how such a commitment should be defined.

The Panel found that:

- Most people with broadband at home could not be without it and value it more highly than their mobile phone, landline or digital TV.
- Broadband at home is considered essential for some groups now - those with school-aged children and the physically isolated.
- Broadband is at a tipping point - in the near future it will be essential for everyone to have broadband at home and those without will be disadvantaged.
- People place most value on accessing information, communicating and carrying out transactions, which don't require a particularly fast broadband connection. But many are now using it for video content, which does need a faster connection.
- There was broad support for Government action to ensure people can access broadband wherever they live. It was also felt that it should be possible for everyone to gain the confidence and skills they need to make full use of broadband at home.

The Panel presented the findings to the Digital Britain team and Steering Group, and discussed the policy implications, including the need for a universal broadband commitment to be future-proofed effectively. It also presented the findings to consumer and industry bodies, raising awareness of the consumer and citizen perspective in the wider debate. In the final Digital Britain report the Government set out a commitment to a 2Mb universal broadband commitment. Writing in the Times on the day of the report's publication, the Prime Minister opened his article by saying that, "Broadband is at a tipping point. High-speed internet access will soon be essential for everyone".

Having carried out this piece of significant proactive work, the Panel is monitoring the implementation of the universal broadband commitment to help ensure that, in practice, people throughout the UK are able to use the services and carry out the activities that they value.



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