

Half year report from the Ofcom Consumer Panel

The Ofcom Consumer Panel held its first meeting on 23 February 2004. We think it would be helpful if we report on how we have set about carving out our work in the first six months of our existence, so that all who are interested in how we are handling our remit can see where we have got to. In future years we will report at least once a year. In terms of accountability we hope that the development of our website (www.ofcomconsumerpanel.org.uk) will enable everyone on whose behalf we are working to get a continuous view of what our priorities are and how we handle them as we go through the year.

Accompanying this report are annexes, which set out:

- who we are and our relationship with Ofcom – annex 1;
- how we decided to work at the outset – our Statement of Intent – annex 2;
- the workstreams we are currently pursuing – annex 3;
- our consumer research spec – annex 4; and
- contact details – annex 5.

The first six months

Key areas of work we have carried out in this six months include:

- Commissioning a major piece of consumer (including small business) research into the current consumer experience in the communications market. The spec for this research is at annex 4, and we are expecting to have the first results in the autumn of this year. The results of this research will influence heavily how we shape our priorities thereafter.
- We have published responses to Ofcom consultations on protecting consumers from mis-selling of fixed-line telecoms services and the first phases of the reviews of public service broadcasting and telecoms. All of these are available on our website.

Less visibly, we have argued forcefully to Ofcom that clear consumer information about regulatory changes that impact very directly on people's use of communications – eg changes to phone numbers – needs a lot more attention than it has historically received. We believe that part of the consumer frustration over changes to the directory enquiries regime was due to inadequate information (as well as opaque pricing and poor service). After strong representations from the Panel, we believe that Ofcom now has this point more firmly on board – and has set up a Strategic Numbering Team to produce a clear

strategy for communicating with the general public about future numbering changes. We shall continue to watch this carefully.

We have also taken issue with Ofcom over its handling of responses to consultations. Its policy was to wait and publish all responses that were not 'in confidence' on its website at the close of a consultation period. We argued that responses should be published upon receipt. Ofcom has agreed that this will enhance the quality of consultation, helping individuals and organisations with limited resources to respond in a more informed way. In future it will publish responses as they are received.

The next six months

Between now and the end of 2004, our priorities will be to:

- manage, distil the lessons from, and publicise the results of our research project;
- engage closely with consumer issues arising from the proposed switchover to digital TV;
- work in particular with representatives of disabled people and people on low incomes to understand how best the requirement for "universal service" in telephony can be delivered in the new world;
- hold a workshop to examine issues affecting consumers on low incomes and their use of communications services;
- improve our means of electronic communication with those whose interests we are here to serve;
- and to work with representatives of small business to see if we can find a cost-effective way of engaging with them to understand their specific needs and concerns in the communications marketplace.

Colette Bowe

Annex 1

Who we are and our relationship with Ofcom

We are funded and resourced by Ofcom but statutorily independent. The appointment of members is subject to approval by the Secretary of State. We work very closely with Ofcom and place a high value on a constructive relationship but we have our own agenda, views and methods of working.

The Communications Act 2003 lays down our responsibilities but does not prescribe how we must fulfil our main role to advise Ofcom. These responsibilities range from advising on provision of electronic communications networks to any matter to secure protection for consumers. Broadcast content is excluded. The Panel can advise other bodies as it thinks fit.

We do not believe that the Panel should be Ofcom's only source of consumer advice. This would not be practical or desirable. Ofcom has to identify the consumer interest and weigh it in the balance when making decisions. The way we work with Ofcom is described in a Memorandum of Understanding, published on our website. In practice we interact with Ofcom at all levels:

- writing to appropriate people in Ofcom, eg in response to a public consultation;
- inviting project managers to debate at monthly Panel meetings;
- making submissions to Ofcom's regular Policy Executive meetings;
- attending or making submissions to Ofcom Board meetings;
- and inviting the Board to explain its views at Panel meetings.

Members of the Panel:

Colette Bowe (Chairman) is Deputy Chairman of Thames Water, a board member of the Yorkshire Building Society and the Framlington Group and a member of the Statistics Commission.

Ruth Evans (Deputy Chairman) is Chairman of the Standards Committee of the General Medical Council, a board member of the Nationwide Building Society and holds a number of other public appointments.

Azeem Azhar is a writer with experience of working for two national publications and the BBC.

Fiona Ballantyne is managing director of a marketing development consultancy and represents the interests of people in Scotland.

Nainish Bapna is the MD of Pharmacy Channel and the founder of the Asian Professionals Network.

Roger Darlington is part-time Chairman of the Internet Watch Foundation and represents the interests of those living in England.

Simon Gibson OBE is a member of the Welsh Development Agency Board. He represents the interests of people in Wales.

Graham Mather is President of the European Policy Forum and a member of the Competition Appeal Tribunal.

Kevin McLaughlin is a development worker for the Magherafelt Disability Forum. He represents the interests of people in Northern Ireland.

Kate O'Rourke is a solicitor and Deputy Chair of the London Regional Council of Arts Council England.

Bob Twitchin is an Associate of the Employers' Forum on Disability and has a wealth of experience in telecommunications.

Detailed member biographies can be found on the Panel website (www.ofcomconsumerpanel.org.uk).

Annex 2

Our Statement of Intent

Ongoing responsibilities

In April 2004 we published a Statement of Intent and the full text is available on our website (www.ofcomconsumerpanel.org.uk). Our ongoing responsibilities derive from the Panel's statutory role and these form part of our permanent work programme. Responsibilities are:

- representing the interest of people who live in Scotland;
- Northern Ireland;
- Wales;
- and England;
- older people;
- disabled people;
- people on low incomes;
- people living in rural areas;
- people living in urban areas; and
- small businesses.

In addition, we have decided to give attention to identifying the specific interests and concerns of:

- young people; and
- ethnic minorities.

Individual Panel members have each agreed to take the lead in these areas and have drawn up proposals – ‘workstreams’ – to allow the Panel to understand the needs, concerns, and state of information of each group. Where appropriate, members will work with Ofcom's advisory committees for the nations and for older and disabled people. These and other workstreams are listed in annex 3.

Current issues for the Panel

Ahead of consumer research being completed (see details in annex 4), we have concluded that there are a number of issues in play which will have a significant impact on consumers. These issues will be given priority and are:

- the proposed digital switchover of the TV signal in the UK and an end to analogue TV;
- the development of the telecoms market , including new ways of carrying voice messages via the Internet and other developments related to the more widespread availability of broadband;

- spectrum availability and pricing; and
- access issues arising from Ofcom's review of public service broadcasting.

Workstreams have been drawn up for the Panel's work on these issues

Principles to decide priorities

The task of representing the interests and opinions of consumers is potentially enormous. It has to be made manageable. We have drawn up a short list of principles to determine how will set our priorities amongst the long list of things that we could tackle. The principles are:

Relevance: is the issue one which consumers have identified as a relevant concern in the Panel's annual consumer survey, or which for other reasons the Panel believes it is important for consumers?

Detriment: is there evidence of a real and significant risk of consumer detriment?

Practicality: is this a matter to which the Panel could add value (ie others are not already engaged on the consumer issue) and for which some practical solution can be found?

Vulnerable groups: would tackling an issue address the requirements of consumers in the different categories the Panel has identified? These categories include consumers with low incomes, people in rural areas and in different parts of the UK.

The principles have been broadly welcomed by consumer bodies and the Panel believes that they are robust and workable.

Annex 3

Workstreams

We have to ensure that the Panel gives advice on the range of interests of domestic and small business consumers. Each Panel member is taking the lead on a specific area of work or group of consumers. 'Workstreams' have been drawn up to ensure that we are equipped to understand the issues, requirements, concerns, and the state of information about each group of consumers.

Workstreams share some common actions: members representing the nations and older and disabled people have established links with Ofcom's respective statutory advisory committees; we have and will continue to meet with relevant colleagues at Ofcom and external stakeholders, eg Consumers' Association and the various national Consumer Councils; and members will evaluate the results of the Panel's research and produce action plans to take consumer issues forward related to their workstreams by December 2004.

The workstreams and the lead Panel members are:

- Represent the interests and opinions of people in Scotland – Fiona Ballantyne;
- Represent the interests and opinions of people in Northern Ireland – Kevin McLaughlin;
- Represent the interests and opinions of people in Wales – Simon Gibson;
- Represent the interests and opinions of people in England – Roger Darlington;
- Understand the interests of older people and ensure that these are taken into account by Ofcom – Colette Bowe;
- Understand the interests of disabled people and ensure that these are taken into account by Ofcom – Bob Twitchin;
- Establish the key issues for low income consumers and ensure that they are taken into account by Ofcom – Ruth Evans;
- Understand the interests of domestic and small business consumers in rural communities in the UK and ensure that these are taken into account by Ofcom – Simon Gibson and Kevin McLaughlin;
- Establish the key concerns for urban consumers and ensure that these are taken into account by Ofcom – Kate O'Rourke;
- Understand the interests of small businesses and ensure that these are taken into account by Ofcom – Nainish Bapna and Fiona Ballantyne;
- Understand key issues for young people (11 to 21) and ensure that these are taken into account by Ofcom – Azeem Azhar;
- Understand key issues for ethnic minorities and ensure that these are taken into account by Ofcom – Nainish Bapna;

- Identify the consumer interest in access to digital TV and ensure that digital switchover takes this into account – Colette Bowe;
- Ensure that the interests of domestic consumers and small businesses are adequately reflected in Ofcom's strategic review of telecoms – Ruth Evans;
- Ensure that the interests of domestic consumers and small businesses are adequately reflected in Ofcom's strategic review of spectrum framework – Simon Gibson;
- Consider access and pricing issues which arise from the Ofcom's public service broadcasting review – Graham Mather;
- and identify groups, representing different consumer interests, to determine support relationships and how and by whom they should be managed – Colette Bowe.

Annex 4

Research

Just as Ofcom seeks to base its decisions on evidence, the Consumer Panel seeks to provide evidence-based advice. We have an annual research budget to ensure that we are able to do this. The budget is managed by Ofcom's consumer research team.

Rather than rely on hearsay or be guided by our own opinions, one of our first decisions was to commission a consumer survey. The survey will inform the Panel about consumer concerns and the state of consumer information in the communications marketplace.

Hypotheses

Our general thinking on the need for a research exercise is based on the following hypotheses:

- In general, consumers do not appear to be well informed about the range of services available, who the suppliers are and what these services cost.
- This makes them poorly equipped to make decisions on value for money, and they do not see a need to equip themselves with relevant information.
- There will be different segments of consumers in the communications market place.
- Digital switchover will happen but most people do not know what impact it will have on them and the steps they should take to deal with it.
- Consumers do not understand telecoms tariff structures – this, coupled with relatively small differences in prices, appears to be one of the key reasons for switching inertia.
- Consumers do not appear to trust the marketing or other information they receive from the industry.
- Rural consumers are very concerned about the lack of broadband in their areas.

Key questions and focus

The two key questions that the research will address are:

- What is the current consumer experience in the communications market?
- What is the level of consumer knowledge about what is going on in the communications market and the choices/alternatives they have now and will have in the future?

The key areas that the project will address are:

1. telecommunications, fixed and mobile;
2. the Internet, including broadband;
3. and broadcasting, including Digital Switchover, access to Freeview and recording devices, like Personal Video Recorders and DVD Recorders.

The research will be an annual tracking study with a nationally representative sample of UK households. There will be two sections to the questionnaire: 'Core' questions, to be tracked annually (80% of questionnaire), e.g. key market and performance indicators and 'Topical' questions, to be determined annually (20% of questionnaire), to reflect more current events and issues.

Consumer segments

To ensure that the research captures issues affecting all UK consumers, samples will be designed to ensure that information will be available on the following groups:

- consumers overall;
 - consumers by nation and region;
 - age groups (from 9 to 80-85 years, including those in residential care);
 - those with low incomes;
 - small and medium enterprises (1-10 employees);
 - consumers who are disabled;
 - consumers in rural and urban areas;
 - ethnic minorities; and
 - other standard breaks, e.g. gender, parents, employment status etc.
- Timescales

A two-phase research project has been commissioned following a tendering exercise. Qualitative work will be completed in phase 1 and will feed into the quantitative second phase. Phase 1 will be conducted by MORI with results due in early Autumn. From this will flow the quantitative work, to be carried out by Saville Rossiter-Base, and due to be completed in December

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Contact details

The Panel can be contacted via the support team:

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The Panel has a website at www.ofcomconsumerpanel.org.uk

The content of the website is up-dated regularly and we hope that readers of this report will be frequent visitors to the site. We are planning a newsletter and you will be able to register to receive it and notification of updates to the site.