

18th Ofcom Consumer Panel meeting, 22 September 2005

Note of the Eighteenth Meeting of the Ofcom Consumer Panel, held at Ofcom, London, 22 September 2005

Introduction

1. The Chairman welcomed members to the eighteenth formal meeting of the Ofcom Consumer Panel. Flora Demetriou (Consumer Panel Executive Support), David Edwards (Secretary), Georgia Klein (Policy Manager) and Dominic Ridley (Policy Executive to the Panel) were present throughout the meeting. Ofcom colleagues Emma Ascroft, Gareth Davies, Geoff Delamere, Anne Hoytink and Katie Miller and Michael Bobrowski, Otmar Lell, Carel Mohn and Professor Edda Müller of the Federation of German Consumer Organisations attended for part of the meeting.

Previous minutes and matters arising

2. Minutes were agreed subject to minor amendments. Immediately prior to the meeting members had met Claudio Pollack, Ofcom's new Director of Consumer Policy. He would be invited to the Panel meeting in November 2005 to discuss his new role and priorities. The Chairman had met Stephanie Liston, a new member of the Ofcom Board, and proposed that she be invited to meet the Panel on a future occasion. The Panel would be joined by colleagues from the Federation of German Consumer Organisations (Verbraucherzentrale Bundesverband - vzbv). The Panel Chairman would talk briefly about the Panel and invite Professor Müller to speak about vzbv. Discussion would then be on telecoms issues of mutual interest and future co-operation.

3. The 13 October 2005 Panel meeting would be at Ofcom in Belfast. Members agreed that Professor Wallace Ewart, the recently appointed Chairman of the Committee, should be invited to meet the Panel during the visit to Belfast.

4. A document had been prepared as a record of issues on which the Panel had offered advice to Ofcom. This would be a contribution to the exercise led by Georgia Klein to review the Panel's relationship with Ofcom. The Chairman had received oral confirmation of the DTI's willingness to reappoint members whose two-year terms of office would end in early 2006. Concerning the Government's proposals for a National Utilities Consumer Council, a White Paper was expected in October 2005. The Chairman would meet officials to argue for the continuation of the Panel rather than its absorption into a new and larger consumer body.

Chairman's report

5. The Chairman reported that she had separate meetings with Claire Milne, of the Public Utilities Access Forum, and Leen Petre, of RNIB, as part of a series of bi-laterals with members of the Consumer Forum on Communications (CFC). The Chairman had provided input to an Ofcom project on the history of the creation of Ofcom. Other Chairman's issues came up under other agenda items.

Consumer Audit

6. Members had received a copy of the audit report and a covering paper prepared by the Chairman, the two would be published together. The Chairman expressed gratitude to all colleagues who had worked on the audit project, including Ofcom's Geoff Delamere. She said that she would discuss the audit report with the Ofcom Board at its meeting on 11 October 2005. It was particularly important for the report to present an accurate and factual description of Ofcom activities. Geoff Delamere was invited to comment on the project.

7. He said that it had involved a lengthy exercise and that consultants had interviewed a large number of people in Ofcom. There had been a sifting process to isolate issues that a regulator like Ofcom needed to consider to address consumer interests. Ofcom was likely to accept the need for a more transparent approach to its work and to find the consumer interest 'toolkit' useful. But there could be reluctance from project managers to the introduction of additional checklists when they already had many processes to follow.

8. A Panel member, a member of the audit project board, said the project had gone well but how well would depend on application of the audit 'toolkit'. He highlighted figures 1, 2 and 3 in the report. Figure 1 indicated the trade off between the level of assurance an organisation could have that its processes were effective and the supporting evidence required. It provided a useful gradation of 'toolkit' applications and emerged in the latter stages of the project. Figure 2 showed the components of the 'toolkit' and reflected issues the Panel had talked about on numerous occasions. Figure 3 showed Ofcom's current processes for developing and reviewing policies. This was both impressive and revealing; it showed the potential for 'bottlenecks' and the checks in the system and indicated why there could be reluctance to introduce further checks.

9. Other Panel members gave their reactions to the report. There was a danger of appearing to be over elaborate. Basically the report was saying that Ofcom should ask certain questions and answer them rigorously. It was suggested that the 'toolkit' could be applied to the Panel's own projects and it was asked how the 'toolkit' was intended to be used. The Chairman said that it would be used by the Panel on an annual basis and applied to certain Ofcom projects in the same way that it had been applied in the report's case studies. It would allow the Panel to appraise how well Ofcom was doing its job. The 'toolkit' had been designed to assess the complex activities of a regulator rather than those of a body like the Panel. It was suggested that Ofcom could use the 'toolkit' to assess itself. The Chairman said that there was nothing to stop Ofcom from doing that but the discussion had highlighted that the covering paper needed to be clearer about use of the 'toolkit'. It was suggested that the 'toolkit' be distilled down to a single page graphic. The Chairman said that the latter was something that could be developed in the future.

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10. The Deputy Chairman said that the 'toolkit' boiled down to two pages; the report was positive about Ofcom, ie it had done well but could do better; methodologies could be developed to assess the Panel's performance; Ofcom should apply the 'toolkit' to itself and the Panel should apply it to Ofcom; and the Chairman's cover paper provided a good introduction and simplified the key concepts. There was a risk that Ofcom could shortcut the audit process by bringing issues to the Panel at an early stage. The Chairman commented that in project board discussions the issue had emerged of how to say "No", ie the danger of the Panel having its agenda skewed. A member raised the issue of how the audit tied into Ofcom's Consumer Policy review and static/dynamic competition issues, he was not sure that the audit report captured this.

11. The Chairman concluded discussion and said that Julie Myers, as her last task as Panel Adviser, would revise the covering paper and prepare a paper for the Chairman's meeting with the Ofcom Board. The report would be published in due course. Members were invited to submit any further views by email.

German consumer issues

12. The Chairman welcomed Professor Müller and her colleagues from the Federation of German Consumer Organisations - vzbv. The vzbv team would be meeting a number of UK consumer bodies, including the Rail Passengers Council, and was eager to learn how UK consumers were being empowered. Communications was of particular interest, it was a fast-moving sector with many consumer issues that the UK and Germany had in common. The Chairman gave a brief overview on the Panel and its activities, explaining its role, its statutory basis, its early decision to work strategically, its evidence base, and its audit project. She explained that Ofcom had a Content Board that dealt with matters of broadcast content.

13. Professor Müller asked the Panel to elaborate on an issue that it had engaged with and explained that whilst fixed line services were regulated in Germany there were a number of problems in the mobile sector. A Panel member explained regulation of fixed and mobile services in the UK. He said that Ofcom worked from the assumption that consumers were best served by competition. The Panel took the view that competition was not enough and that consumers needed to be empowered. Professor Müller asked about the Panel's involvement with consumer complaints. The Chairman said that the Panel received a monthly report on headline data from Ofcom but that the Panel's main understanding of consumer concerns came from its tracker research programme.

14. Professor Müller said that in the UK there appeared to be recognition of the need for consumer 'watchdogs' and representation; in Germany it was more difficult to gain acceptance. The Chairman explained briefly the process that brought the Panel into being and the continued interest shown by members of the House of Lords.

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15. Professor Müller spoke about vzbv, a non-political umbrella body of 38 member organisations dealing with a wide range of consumer issues, local and central institutions. Its telecoms resource was limited, led by Michael Bobrowski. vzbv was working on issues to do with TV advertising, media policy and transparency to achieve consumer choice. Consumers could visit local offices for advice and information. vzbv conducted research and received funding from several sources, including the German Ministry of Consumer Affairs and sale of consumer advice guides. It did not have a statutory basis for its work but would welcome it. vzbv received support from the media and enjoyed public credibility.

16. Michael Bobrowski explained his role, dealing with telecoms issues and working on legal questions to establish common views for consumer advice. In Germany digital switchover (DSO) had so far been a success, with only two regions that remained to switchover, and vzbv had played a part in that process. In telecoms a lack of consumer information on the range of fixed and mobile offerings remained a problem. Current issues included ringtones mis-sold to children, high termination rates on fixed calls to mobiles and high international roaming rates. The European Commission was looking into the latter. vzbv had read the Panel's submission to the Commission on universal service and shared many of the Panel's views. New obligations on Premium Rate Service providers were expected related to consumer information. The Chairman said that the Panel's research showed that consumers were confused and part of the Panel's agenda was to improve transparency, ie consumer information, to secure the best deal. The Deputy Chairman explained that Ofcom was engaged in a major telecoms review and consumer information was an important strand.

17. Professor Müller asked about the Panel's activities in Europe. The Chairman said that the Panel formulated its own views, submitting them directly to the Commission, but wished to increase its engagement with European organisations. It was apparent that the Panel and vzbv shared a similar set of issues. Some of these arose as a result of international borders, eg in Northern Ireland international roaming was an issue for people living near the border with the Republic of Ireland. The Deputy Chairman said that the Panel had not been involved in international collaboration with consumer bodies and BEUC (bureau européen des consommateurs) could be the route. The Panel had focussed on links with UK consumer bodies. The Panel and vzbv agreed to exchange research and share views. Georgia Klein would act as the Panel contact.

Ofcom Consumer Policy Review

18. An information paper from Gareth Davies had been copied to members in advance of the meeting. He summarised the paper to introduce discussion. The project aimed to determine Ofcom's approach to consumer policy at a general level and to pursue certain information and switching related consumer issues, which had been left open in Phase 3 of Ofcom's Strategic Review of Telecommunications (TSR3). A separate project to determine citizen policy was expected to start before the year end. The team would discuss the consumer

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policy project with the Ofcom Board on 27 September, 18 October and 8 November 2005, a draft consultation document on Phase 1 of the consumer policy project would be available at the latter meeting. Phase 1 would cover policy issues, include TSR3 issues, and Phase 2 would be about implementation. The consultation would be 'green' and followed by a statement in mid 2006.

19. The Panel was firmly of the view that TSR3 issues should be de-coupled from the consumer policy review. The general policy part of the project was on a higher level and much 'greener' than the TSR3 issues deferred to the consumer policy project and addressed extensively in previous phases of the TSR. The Chairman proposed a meeting with the project team, excluding TSR issues, to allow the Panel to provide a position paper for the Ofcom Board meeting of 18 October 2005. The project team sought feedback on the overall approach of the project set out in the information paper but the latter could be broken down into questions for discussion. Panel members made a number of comments: consumer empowerment should be about the needs of all consumers; the split between consumer and citizen issues was not easy to determine; the section in the paper on empowerment referred to the best deal, for the Panel that meant consumers being able to choose and use services; and it appeared to be more difficult to tease out consumer interests where there was dynamic competition.

20. In discussion with Panel members the Chairman said that more thought should be given to the format of Panel meeting papers; eg using a standard format and containing a clear steer on what was required from the Panel.

Members' updates

21. The Panel's member for Wales had spoken to Welsh Development Agency colleagues about data it held on small businesses. He would request consent to access data. He suggested that other UK development agencies could hold similar data. He had met Welsh Members of Parliament in the company of Rhodri Williams, Ofcom's Director in Wales, and the main talking points had been DSO and silent calls.

22. The Panel's member for Scotland had attended the recent meeting of the Ofcom Advisory Committee for Scotland. She gave an update on Panel research. The 05/06 tracker study was expected to go into the field from 10 October to 5 November 2005. Questions had to be finalised by the end of September 2005. Feedback would be available in early December 2005. This year's tracker study would not require a repeat of the qualitative work done in 2004. Ofcom was conducting research covering some of the issues in the Panel research but to remain as a tracker study, ie tracking findings year on year, changes would not be made to the Panel research specification. There would be a need to cross-check tracker findings with Ofcom research and next year the Panel could think about reshaping tracker work. For this year's research it had been agreed that the sample of respondents with hearing or visual impairments would be boosted to provide more meaningful data. A decision was required on boosting the small

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business sample at an additional cost. The previous year 300 small businesses had been interviewed, half of which were sole traders. A boosted sample would allow inclusion of more businesses with 2 - 5 and 5 -10 employees.

23. The Chairman proposed that the suggestion of development agency data on small businesses be pursued, if practical, and timescales permitted, before taking a decision on a boosted sample. A member said that development agencies did not cover the retail sector and it was possible that their focus was more on medium sized businesses. Members were advised that the Oxford Internet Institute had published a report entitled "The Internet in Britain".

24. The Deputy Chairman had attended a number of meetings, including a session with Ofcom's Alex Blowers to discuss the Panel's low income seminar planned for February 2006 and 'catch-up' sessions with other Ofcom colleagues. A member had worked on a Panel paper on Ofcom's Communications Act 2003 Section 10 responsibilities to encourage availability of easily usable apparatus and he had attended a meeting of the DSO subgroup of the Ofcom Advisory Committee on Older and Disabled People (ACOD). He said that it would be important to continue to liaise with ACOD on DSO.

25. The Panel's member for Northern Ireland had attended the recent meeting of the Ofcom Advisory Committee for Northern Ireland. He had been impressed by a school based media literacy project that was part-funded by Ofcom and involved the University of Ulster. A member had been working on a response to Ofcom on Alternative Dispute Resolution and reported that the Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS) was consulting on its Code of Practice. Two Panel members would take part in an Ofcom 'blue skies' event on 28 September 2005. In October 2005 a member would make a presentation to the Ofcom Board on social media. The Panel's member for England had attended a meeting of Ofcom's Advisory Committee for England, it had a new Chairman and two new members. He had worked on a response to TSR3 with the Panel's Chairman and Deputy Chairman. Two members had visited ntl. Several members would be meeting BT to talk about universal service immediately following the Panel meeting.

Other matters to note/agree

26. Members had been provided with a report on meetings, consultations and approaches to the Panel; its contents were noted.

Any Other Business

27. There was no other business.

Date of the next meeting

28. The next meeting would be held on 13 October 2005 at Ofcom in Belfast.