OFFICE OF COMMUNICATIONS

Taking account of consumer and citizen interests

Progress and evaluation – 12 months on

Statement

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Section 1

Introduction

Background

1.1 During 2004 and 2005 the Ofcom Consumer Panel (OCP) worked with the National Audit Office (NAO) and Price Waterhouse Coopers (PwC) to develop a methodology for auditing the way in which Ofcom (or any other organisation) takes consumer interests into account in its regulatory decision making.

1.2 In February 2006, the OCP published "Capturing the consumer interest – a toolkit for regulators and government'. The report included a consumer interest toolkit (the Toolkit) comprising 31 key questions an external auditor could ask a regulator to help determine if consumer interests were being considered appropriately. The toolkit is based on three important elements of policy development:

- identifying consumer interests;
- demonstrating consumer interests; and
- communicating consumer interests.

1.3 The OCP's report concluded that Ofcom did have processes demonstrating how it incorporated the consumer interest in its regulatory decision making but that further enhancements may be required.

1.4 Ofcom welcomed the OCP report and in response set out a number of proposals, including 7 key recommendations for building both citizen and consumer interests into Ofcom's decision making processes and culture.

1.5 Subsequently, a new project – Taking account of consumer interests - was set up by Ofcom's Consumer Policy Team to take forward our proposals.

Aims and objectives

1.6 This report gives an account of the progress we have made in implementing our proposals for enhancing the way we capture the interests of consumers and citizens in our decision making.

1.7 Ofcom's proposals fall into three key areas – planning, projects and communication. The aim of each set of proposals is explained below:

Planning		Projects		Communication
Aim: To develop a framework which Ofcom can use to prioritise and plan its consumer policy programme of work and respond appropriately to consumer interest related demands	+	Aim: To develop a consistent and coherent framework to ensure citizen and consumer interests are taken into account appropriately throughout Ofcom's policy and decision making processes	+	Aim: To ensure we articulate and communicate our decisions in a way that allows consumers to understand our decisions and explains what the outcomes are for citizens and consumers

1.8 Ofcom has a principal duty to further the interests of both citizens and consumers. It is essential therefore, that our methods of working enable us to capture these interests effectively in our decision-making. Whilst the implementation of our proposals has often focused on changing or enhancing existing internal processes, we believe that this has had a clear positive effect over the last 12 months, both in terms of the organisation's mindset and how we have gone about making decisions.

1.9 Sections 2 to 4 of this paper describe the progress that has been made internally in terms of planning, projects and communication. It refers to examples where this has worked well, as well as areas where there is clearly more for Ofcom to do.

1.10 Section 5 considers what else needs to be done to capture consumer and citizen interests most effectively and consistently throughout the organisation, and suggests how going forward the OCP could develop the Toolkit to best effect.

Section 2

Progress: planning

2.1 One of the key objectives of the proposals we put forward in response to the OCP's report, was to develop a framework which Ofcom could use to prioritise and plan its consumer policy programme of work and respond appropriately to consumer and citizen interest related demands. We put forward two key recommendations to achieve this, as set out below.

Recommendation 1

Ensure processes are in place for ensuring citizen and consumer interest issues are taken into account appropriately in the development of Ofcom's annual plan.

2.2 It is important that Ofcom's programme of work adequately reflects and responds to consumer and citizen related demands. Over the last 12 months we have established a number of initiatives to make sure consumer and citizen interests are raised and acknowledged at a senior level and that the impact of our decisions is monitored so that we can plan and prioritise our work as an organisation accordingly.

2.3 Peter Culham, Chief Economist, and Peter Philips, Partner - Strategy and Market Developments, act as Ofcom's 'Consumer Interest Sponsors' at Policy Executive (PE) meetings. It is their role to help ensure citizen and consumer interests are taken into account appropriately and consistently in our policy decision making. Prior to each weekly PE meeting, members of the Strategy Team look at all PE papers and make comments to the Sponsors on compliance with Ofcom's Impact Assessment guidelines and the Toolkit (including consultation with relevant stakeholders).

2.4 In addition, there are a number of regular reports which are produced for Ofcom's decision-making and advisory groups by teams across Ofcom which seek to increase awareness and understanding of our consumer and citizen agenda internally so that issues are dealt with and prioritised appropriately.

2.5 The Investigations Team in Ofcom's Competition Group supplies the OCP with quarterly updates on its activity and all project teams contribute to quarterly ExCo management reports. These reports allow teams to highlight any major consumer or citizen issues at a senior level. In addition, the Board has recently agreed that a regular standalone report should be produced summarising Ofcom's enforcement activity and data. This will describe what we consider to be the top consumer enforcement issues facing Ofcom, based on a variety of sources including complaints coming into the Ofcom Contact Centre (OCC), and the action we have taken or are proposing to take. It is hoped that this will help introduce a more objective process for deciding which cases to take on as either policy issues or investigations.

2.6 In terms of our original proposals to the OCP, Ofcom promised to publish periodic consumer policy progress reviews, measuring progress using indicators such as pricing, awareness and complaints. The purpose of these reviews was to identify and weight consumer issues in Ofcom's Annual Plan and provide project teams with a useful source of evidence. The 'Consumer Experience' was published and a launch event held on 16 November 2006. Ofcom has committed to publish this report annually, and over time this will assist in measuring and tracking the outcome of

Ofcom's policies and decisions on behalf of consumers, and also help us to monitor the effect of our policies and prioritise accordingly.

2.7 Ofcom's draft annual plan, published in December 2006, draws on much of the data set out above, as well as feedback from our consumer stakeholders and our own market research findings (the importance of which is discussed later in this report). For example, as set out in the draft Plan, 'Promoting access and inclusion' will be a key priority for Ofcom. This is based on the research findings of Ofcom's Nations and Regions review and the views of our stakeholders – particularly those representing vulnerable groups and people living in remote and rural areas.

Recommendation 2

Establish an Early Warning System and Issues Log system for logging and tracking action on all citizen and consumer issues Ofcom deals with.

2.8 The Consumer Policy team has set up an internal Early Warning System which highlights data from the OCC and Ofcom's Media Office on new and emerging consumer issues. This regular flow of information ensures that valuable internal data is not overlooked and helps to highlight potential areas of concern and new scams in a systematic manner.

2.9 Linked closely to this, the Consumer Policy team has also established an Issues Log to log and track action on various consumer issues Ofcom deals with. Issues entered on the Log come from a variety of sources including market research, OCC, MPs' letters and meetings with stakeholders - particularly those representing consumers. Progress on each issue is monitored and recorded - and in some instances important issues are fast-tracked.

2.10 In order to ensure we adequately capture concerns and scams raised externally, we are also looking at ways to make the best use of external information sources available to us and formalise the flow of such sources of information. Ofcom works closely with the OFT's "Scam busters" group and we anticipate the development of the new enhanced National Consumer Council and the extended remit and rollout of Consumer Direct to be further sources of potentially valuable information.

Section 3

Progress: projects

3.1 A further key aim of our proposals was to develop a consistent and coherent framework to ensure citizen and consumer interests are taken into account appropriately throughout Ofcom's policy and decision making processes. We put forward three key recommendations to achieve this, as set out below.

Recommendation 3

Highlight the implications of the Consumer Policy Review internally and use the outputs (e.g. definitions and principles) to enhance existing project tools and processes to make sure citizen and consumer interests are explicitly identified, explained and communicated consistently across the organisation.

3.2 Ofcom's Consumer Policy Review consultation was published in March 2006. A follow-up Statement was published on 8 December 2006, setting out Ofcom's approach to the promotion of the consumer interest and outlining a number of initiatives aimed at protecting and informing consumers.

3.3 Ofcom's Impact Assessment (IA) and Consumer Policy teams have worked closely together to enhance existing project tools and processes to help project teams across the organisation identify and define consumer and citizen interests consistently and effectively throughout our policy-making:

- Guidance on how to undertake IAs and how to take account of consumer and citizen interests is available to project teams on Ofcom's intranet. Project teams submitting decision and information papers to PE and the Board are prompted to refer to this guidance;

- We have revised the Project Requirements Definition (PRD) tool (all projects must complete one as part of Ofcom's planning process) so that the consumer and/or citizen interests of a project are explicitly identified. Project managers must also explain how they will be addressed and how the outcomes of any decisions will be measured. We have also formalised the IA process so that teams are required to commit to undertake an IA as part of the approval system; and

- We have revised the template used for PE and Board submissions so that project teams are required to set out explicitly how their proposal or decision will affect consumers and citizens. This prompts project teams to consider what the outcome of their decisions are going to be for consumers and helps Ofcom be clear how these interests are going to be addressed.

3.4 We have spoken to all policy groups across Ofcom (Spectrum, Competition, Strategy and so on) about the implications of the OCP's Toolkit and what Ofcom is doing in response. This awareness-raising exercise began in March 2006 and is an ongoing process with members of the Consumer Policy Team talking regularly to individual project managers about their work.

3.5 We have seen a real change in the way project teams seek to identify and define consumer and citizen interests and to deal with the challenges they raise. For

example, Ofcom's Digital Dividend Review (DDR) team set up a separate work stream within the project to deal with consumer and citizen issues, to ensure these interests were defined clearly and taken into account throughout the project. Similarly Ofcom's Convergent Media project – which is currently focusing on the question of how to protect consumers against exposure to harm or offence in the new media environment – plans to publish a consultation during the first half of 2007 which includes a separate summary of our current understanding of consumer needs. Explicit examination of consumer and citizen interests in this way helps ensure these issues are not overlooked by members of the project team and makes it easier for our consumer stakeholders to engage with Ofcom's consultation processes.

3.6 Nevertheless, there is still much to do in terms of educating and changing behaviour Ofcom-wide and not all project teams are following best practice. Identifying the consumer interest or outcomes of a policy issue – particularly where that issue has been raised by service providers or is largely concerned with wholesale activity for instance – is often not a straightforward task and there is more we can do in terms of developing a consistent approach and methodology for capturing consumer and citizen interests (see Section 5).

Recommendation 4

Ensure project teams seek feedback from consumer stakeholders and OCP appropriately and use Ofcom research to evidence the consumer interest in decision making.

3.7 It is essential that project teams get evidence of consumers' and citizens' experiences – both from their representatives and directly through market research – so that their interests can be demonstrated and used to shape policy decisions.

3.8 The Consumer Policy team provides individual project teams with advice on how best to seek feedback from consumer stakeholders. This advice appears in our guidance to project teams alongside information on how to engage with the OCP. Whilst good engagement with the OCP and stakeholders is not universal, there have been a number of good examples over the last 12 months.

3.9 Ofcom's Media Literacy team has worked closely with the OCP and the Associate Parliamentary Media Literacy Group to run a session on Digital Inclusion and Older People, and on a similar theme will be working with them this spring on Silver Surfers' Day (and on a possible older peoples' conference later on in the year).

3.10 As described in Section 4, we are looking at various methods of engaging with consumer stakeholders outside the formal consultation process. Ofcom understands that many consumer stakeholders do not have the resources to respond fully to every relevant Ofcom consultation, or even to identify which policy areas are most significant for their constituents. We will continue to provide support to Ofcom project teams wanting to engage with consumer stakeholders, to assist them with targeting their communications effectively. Publication of Ofcom's Consumer Bulletin (see below) will be a useful way to alert stakeholders to forthcoming consultations. A proposed online forum will offer a further opportunity for stakeholders to contribute to discussions outside of the formal consultation process.

3.11 Ofcom's Market Research team continues to play a vital role across the organisation in providing evidence of consumer and citizen interests. Ofcom's 'Food advertising to children' project provides an interesting example of research with consumers to identify consumer interests - in particular the deliberative research programme that was used. This looked at what a representative group of consumers thought about

the issues after they were provided with evidence and given time and space to absorb information and arguments to inform themselves. The results of the deliberative research helped demonstrate to Ofcom that consumers recognise the difficulties and complexity of regulation in this area.

Recommendation 5

Establish an Ofcom consumer policy training programme

3.12 We are currently developing a half day course aimed at Ofcom project managers and specialists to help colleagues identify, define and articulate consumer interests. An external consultant – Stephen Crampton, a former EU advisor for Which? and recently appointed to the Financial Services Authority (FSA) Consumer Panel - has helped Ofcom develop an outline of the course which we will pilot in Spring 2007.

Section 4

Progress: communication

4.1 The third and final key objective of our proposals is to ensure we articulate and communicate our decisions in a way that allows consumers to understand our decisions and explains what the outcomes are for citizens and consumers.

Recommendation 6

Ensure Ofcom and project teams engage appropriately with consumer stakeholders and OCP to get feedback on Ofcom's policy thinking, highlight forthcoming issues and get input on current citizen and consumer issues.

4.2 Over the last 12 months we have sought to improve our engagement with consumer stakeholders with the aim of establishing more informed and better prioritised policy making. We are particularly keen to improve our understanding of stakeholders' concerns and issues, and equally stakeholders' own understanding of Ofcom's projects and priorities. Within the Consumer Policy team, new initiatives to deliver this include:

Bilaterals	Regular meetings with stakeholder organisations at working and senior levels.
Issues Log	An internal record of issues raised by stakeholders which feeds into our work planning and on which we report back on conclusions/progress being made.
Consumer Bulletin	A quarterly newsletter sent to consumer stakeholders – reporting on current consumer-related policy initiatives and highlighting forthcoming consultations.
Consumer Experience	Annual research and policy reports evaluating the experience of UK consumers in telecoms, broadcasting and Internet markets and assessing the impact of regulation and the implications for our future policy priorities.
Online forum	A 'Blog' for consumer stakeholders to discuss specific policy issues typically ahead of formal consultation.

4.3 Whilst we are keen that individual project teams engage fully with our consumer stakeholders, we are also aware that consumer stakeholders have expressed concerns about the resources needed to read and respond to all relevant Ofcom consultations. With this in mind, we have developed a regular 'Consumer Bulletin' and are considering establishing an informal online discussion forum.

4.4 Ofcom's first 'Consumer Bulletin' was published in October 2006, with issue 2 following in January 2007. The Bulletin gives project teams an opportunity to highlight forthcoming publications and individual issues on which it would like feedback from consumer stakeholders.

4.5 An online informal discussion forum which identifies key consumer issues could help stakeholders feed in comments more effectively. The ability for users to exchange ideas could lead to views being refined through debate, which would assist consumer stakeholders when submitting formal responses to consultations. A trial is scheduled for March 2007.

4.6 Clearly there are times when it is absolutely appropriate for project teams to engage directly with consumer stakeholders, by holding bi-laterals or hosting targeted workshops and events. For example, in July 2006, the DDR team held a very useful session with citizen and consumer stakeholders to explain the background to the DDR project and seek views. Citizen and consumer stakeholders had been invited to an earlier event aimed at a wider group of stakeholders, but the DDR team felt that it would be valuable for both Ofcom and our stakeholders to have a session specifically addressing public and consumer interests. The session was very well received by those attending and Ofcom plans to hold another of these sessions in early 2007 to explain its consultation proposals, published in December 2006.

Recommendation 7

Ensure Ofcom communicates its decision to consumers clearly and explains the effect of its decisions for consumers.

Communicating our decisions clearly

4.7 It is vital that as an organisation we communicate our proposals and decisions in a way that consumers and their stakeholders understand. This might mean shorter documents and less jargon. If we fail to do this we are less likely to successfully gain the input of our consumer stakeholders – in particular those groups who do not have the time or resource to respond to technical or lengthy consultations.

4.8 The guidance we have published on Ofcom's Intranet advises project teams to consider the nature of the decision they are involved in and whether any publication should be produced in Plain English and/or Welsh. Ofcom's use of Plain English documents is being considered as part of the wider review of our consultation processes (led by Vicki Nash, Director Scotland and Ofcom's Consultation Champion).

4.9 One proposed improvement being recommended by this review is that Project Managers are asked to consider the consumer impact in terms of how they publish their consultation documents and categorise them accordingly. For example, a very technical consultation document might only require a soft copy version, whereas one which has major consumer or citizen impacts would need a hard copy and soft copy, a Plain English guide as well as lots of input from consumer stakeholders. The review is considering ways to use Ofcom's existing project planning tools (PRDs, guidance on the Loop) to help project managers define the 'category' of their consultation in terms of consumer impacts as a way of deciding whether they need to produce a Plain English guide.

4.10 More generally, we have recently commenced a review of our business writing style and it is hoped that any recommendations coming out of this review will help us as an organisation to produce more effective and accessible documents.

Explaining the impact of our decisions on consumers

4.11 It is equally important that when we make regulatory decisions or issue proposals, we explain clearly what the outcome of these will be for consumers and citizens. The Consumer Experience publication and event – held for the first time in November 2006 and due to be repeated each year – does exactly this. It examines market research and data and uses it to assess the impact of regulation and the priorities we have set ourselves. This in turn enables us to understand, where possible, whether our existing priorities are having the desired consequences. Repeating this exercise on an annual basis will allow us to track the research results over time.

4.12 On a more day to day basis, the Consumer Policy team speaks regularly to project teams about the way we present our policies and liaises with Ofcom's Communications team to consider the best way to communicate the long term outcomes of our decisions for consumers and citizens in news releases.

4.13 On individual issues there is still more to be done. Where issues are particularly complex we recognise that Ofcom publications and events – even when written in Plain English – may not always be the best means of engagement with consumers and consumer stakeholders. In these instances we need to investigate other ways of ensuring the impact of our decisions can be understood.

4.14 The DDR is a good example of a highly complex – and often technical – issue that has a significant impact on consumers and citizens. In response to the challenge this poses, the DDR project team has commissioned an organisation – Public Voice – to run a programme of information provision and education on the DDR (what it is considering, the key proposals and so on) to the large number of small citizen-related stakeholders who may otherwise not come across or understand what the DDR is about. This involves a leaflet drop and an organised event to inform debate among smaller citizen groups about this issue.

Section 5

Conclusions

Next steps for Ofcom

Project tools

5.1 Over the last 12 months we have made important enhancements to a number of Ofcom's internal project tools. These enhancements have been designed to improve the way we take account of consumer and citizen interests by making consideration of these interests more explicit and more consistent in our decision making processes.

5.2 We have seen significant improvements as a result of the changes that have been made. Project teams are prompted to explain what the citizen and/or consumer interests of their project are during the project planning phase and throughout the lifetime of a project – particularly when presenting proposals to Ofcom's decision-making groups. Capturing consumer interests more effectively in this way has been particularly helpful for those issues where the focus is on competition, but where the consumer interest is clearly identifiable.

5.3 However compliance with Ofcom's enhanced project tools is not universal and more needs to be done in terms of promoting awareness and explaining the benefits to policy-making teams across the organisation. We will also regularly revisit the enhancements we have made to ensure they are fit for purpose and producing the intended benefits.

Stakeholder engagement

5.4 As an organisation we have started to think more creatively of ways to engage with our consumer stakeholders and to get direct feedback from consumers through market research.

5.5 'The Consumer Experience' publication and launch event in November 2006 was attended by over fifty consumer stakeholders, who welcomed Ofcom's emphasis on the impact of its regulatory decisions on consumers. We will respond to feedback from those who attended for the 2007 Consumer Experience publication and provide greater granularity in research, particularly in relation to the experience of older and disabled people.

5.6 In addition, we will continue to publish regular Consumer Bulletins and develop our ideas for an online forum, providing stakeholders with further opportunities to engage with Ofcom on important policy issues outside the formal consultation process.

Capturing consumer and citizen interests

5.7 The changes we have made in response to the development of the OCP's consumer interest toolkit have, to date, focused on Ofcom's internal processes and the tools we use for making evidence-based policy.

5.8 The second stage of this piece of work is to develop further Ofcom's approach to defining consumer and citizen interests, ensuring we fulfil our statutory duty to further the interests of both. This includes how we make trade-offs between the interests of

individual consumers and the interests of society as a whole. As an illustration, promoting the availability throughout the UK of higher-speed broadband might involve going beyond what the market would deliver. Such public intervention could be viewed as being in the interests of all citizens in that it would promote a more inclusive, interconnected society. It would also benefit consumers who would not otherwise be able to receive higher-speed broadband, such as those living in remote parts of the UK. As consumers, some of us might have to pay more for services that would have been available to us anyway, but we would benefit from a society which enjoys more widespread access.

Next steps

5.9 Ofcom will:

- Continue to promote awareness and understanding internally of the OCP's Consumer Interest Toolkit, Ofcom's tools for capturing consumer and citizen interests and how use of these tools improves the strength of the regulatory decisions we make;
- Regularly refresh enhancements to Ofcom's project tools to help project teams capture consumer and citizen interests most effectively;
- Respond to comments from stakeholders in developing 'The Consumer Experience' publication and launch event 2007;
- Publish regular Consumer Bulletins and develop an online forum for consumer stakeholders; and
- Develop our approach to identifying and defining consumer and citizen interests.

Further enhancing the Toolkit

Promoting the Toolkit amongst other organisations

5.10 As set out in this report, the OCP's development of a Consumer Interest Toolkit has had a positive effect on the way Ofcom makes regulatory decisions and performs its duty to further the interests of consumers and citizens.

5.11 We are aware that the OCP is keen to promote the use of the Toolkit amongst other policy making organisations, including regulators. We would encourage other regulators to consider how the Toolkit might benefit their organisation and would of course be happy to speak to them about our own experience.

Capturing consumer and citizen interests

5.12 As set above, we intend to develop our approach to identifying and defining consumer and citizen interests. This might involve developing a methodology for capturing these interests and making trade-offs between the two. The OCP is seeking to develop the toolkit in this way.

5.13 The OCP will gain valuable insights through undertaking formal audits of Ofcom's processes or the way a particular Ofcom project has taken account of consumers' and citizens' interests. This could assist the development of a methodology for how organisations should capture consumer interests and the processes and culture that are necessary to do this.

Annex 1

Glossary

Consumer Interest Toolkit	Methodology for assessing whether an organisation has taken consumer interests into account appropriately in its regulatory decision making. Developed by the Ofcom Consumer Panel http://www.ofcomconsumerpanel.org.uk/publications.htm
DDR	Digital Dividend Review http://www.ofcom.org.uk/radiocomms/ddr/
FSA	Financial Services Authority www.fsa.gov.uk
IA	Impact Assessment
NAO	National Audit Office www.nao.gov.uk
OCC	Ofcom Contact Centre
OCP	Ofcom Consumer Panel www.ofcomconsumerpanel.org.uk
OFT	Office of Fair Trading www.oft.gov.uk
PE	Ofcom's Policy Executive - responsible for the development of Ofcom's overall policy agenda
PRD	Project Requirements Definition – internal project planning tool
PwC	Price Waterhouse Coopers www.pwc.com/uk
Toolkit	See 'Consumer Interest Toolkit'