

How the toolkit fits into Ofcom's corporate governance, and how it can be further developed within Ofcom

In its early days, Ofcom was criticised by consumer groups for not taking consumer issues seriously enough.

A lot has happened since then to make sure we always put consumer issues at the heart of our work.

We have a terrific Director of Consumer Policy in Claudio Pollack

We have doubled the size of the Consumer Policy Team.

We've made the team part of Ofcom's Strategy Group, to make sure consumer policy is shaping our future thinking as well as reacting to the issues of the moment.

And the team has done some groundbreaking work since then. That includes our annual publication called *The Consumer Experience*, which draws on a wide range of research and data to scrutinise how well communications markets are delivering for consumers.

The Consumer Panel under Colette Bowe's leadership, has played a critical role in Ofcom's increasing emphasis on consumers. Colette can't be here today but I'd like to pay tribute to her vision, and to congratulate her on her appointment to Ofcom's Board.

Back in 2004, the Consumer Panel made an important observation. It saw that Ofcom was developing tools for assessing the outputs of its regulation – which led ultimately to the publication of *The Consumer Experience*. But it spotted that Ofcom didn't have a structured way to think about the inputs relating to consumers which it used to determine its policy.

The Panel wanted a way of auditing how Ofcom - or indeed any regulator - takes consumer interests into account. So it worked with the National Audit Office – I'm glad to see Ed Hutchinson here – and PwC to develop the toolkit. And now it's published its first audit of how well we're applying it.

I'd like to thank the Panel for its work on the toolkit. The process has challenged us to consider every aspect of Ofcom's work. I think that is exactly what the Consumer Panel was established to do.

Today we have a new Chair of the Consumer Panel - Anna Bradley - but the questions are the same, and they are very simple. Are we putting consumer interests at the heart of all our policy development, and can we demonstrate that we are?

[Before I try to answer those questions, I'd like to say what an honour it is to be here with such distinguished guests – including Robert Madelin and Lord Whitty.

Robert was among the first people to see the value of this toolkit. When it was published, he said that they had found no other example of such an innovative approach in any Member State. That's a fantastic tribute to the work the Panel has done.

And Larry Whitty. He's always constructive, even when we disagree. And he has welcomed the way we have implemented the toolkit.

Now is a good time to look back at how well we have implemented the toolkit. It is also a good time to look forward and to consider how we can develop it further.

Ofcom has significantly expanded its consumer policy work under Claudio's leadership. But what I want to talk about is embedding consumer policy in everything we do, not just in the work of the consumer policy team.

The toolkit is based on defining, demonstrating and communicating the consumer interest.

So before going any further, it would be useful to think about how we define what the consumer interests are.

Every day people ring us up and write to us to tell us about things that affect them. Some of them ring us up and write to us many times. Some of them get their MPs to write to us.

But we need to listen to quiet voices too. So we actively engage with consumer groups, particularly those representing consumers for whom the market does not always deliver - disabled consumers, elderly consumers, vulnerable consumers.

And because we want to find out how people really think we are doing, we commission independent research with stakeholders, including consumer groups. We ask them how they think we are performing. And we publish the results.

We also commission a wide range of market research, both one-off studies and surveys that look at trends over time.

Defining the consumer interest can be a difficult task. Consumer needs vary widely - at different times, and between different consumers. There is no such thing as a typical consumer. And we need to take into account the diversity issues that were mentioned by Penny Young from the BBC Trust.

So we are always seeking new ways to engage with consumers and with consumer groups. Many of the people in this room have attended our Consumer Experience events. I hope that you have also read the reports, which draw on a range of research, and publish a great deal of the data behind the headlines.

Ofcom's principal duty is to further the interests of consumers and citizens. So why do we need a toolkit to help us? Well, because it helps us to look at consumer interests in a systematic way, and to record how we do it.

The interests of consumers are not always the same as those of business. And as the Consumer Panel often reminds us, some elements within industry are well-resourced and powerful, unlike most consumers or consumer groups.

So is the toolkit just making a process-heavy organisation more process-heavy? Well, when it came out, one senior person said that we needed more processes like it needed a hole in head.

But this isn't about more processes. It's about amending our existing processes to make sure that they reflect consumer interests. It's genuinely about better regulation, not more regulation.

So how did we set about embedding the toolkit? Well, it just wouldn't have worked without the backing and inclusion of senior management. There has been a consistent commitment from the Board downwards to making the toolkit work.

We published a list of intended actions. And as this report makes clear, we carried them out.

- We produced a guide to consumer interests for project managers and gave advice to project teams.
- We amended our reporting procedures to record how consumer interests are taken into account, throughout the lifetime of a project. This is particularly important for projects where consumer outcomes are not the specific issue being addressed, but where the effect of our decisions will have a potentially profound impact on consumers.
- We named two new consumer champions on our Policy Executive to help formalise the way consumer interests are taken into account. I'm delighted to be one of them.
- And, importantly, we agreed with the Panel that they would carry out periodic reviews of how we are taking account of consumer interests throughout our work.

But before we could do any of this, we needed to communicate two key messages to Ofcom colleagues.

The first was the positive effects of taking on board the toolkit. We wanted to stress that that this was not an exercise in ticking boxes - project teams needed to understand the value of the toolkit.

That was the carrot – there was of course also a stick!

The second message was very important given the audit programme we had just agreed with the Panel. It was vital for us not just to take account of consumer interests, but also to document how we did it.

Once the toolkit was published and we began putting it into practice, the Panel selected what projects it wanted to audit. And Matt Hunter summarised what was selected, and how the auditors thought we had done, in this report.

So what about taking the toolkit forward? There are some recommendations in the report.

One is that we should try to use more consumer-friendly language and less jargon. In areas as technical as telecoms and broadcasting, that's a constant struggle – but absolutely essential. We need to make sure that our consultation documents explain the issues in a way that is relevant to consumers. We've recently started a new

programme of writing training for everyone leading policy work across the organisation to do just that on a consistent basis.

The audit also suggests that we should find new ways of engaging with consumers. I am pleased to see the consumer policy team described as a channel for getting consumer input. We recognise that consumer organisations just don't have the resources to respond to every consultation. And because of the breadth of the sector and our responsibilities Ofcom does a lot of consultations.

Another recommendation is that we consider publishing complaints data from our call centre - the Ofcom Advisory Team.

We do publish data about complaints to Ofcom as part of our *Consumer Experience* report. But we are also looking to see if we should go further, perhaps publishing the number of complaints about particular providers on particular issues. There are legal difficulties we would have to overcome, however, because the data is unverified. And some complaints turn out not to be justified.

It's worth mentioning that we were also involved in setting up Topcomm, a co-regulatory scheme that provides audited comparative data on performance by providers across a number of key metrics.

We will shortly be consulting on proposals to improve Topcomm, including measures to improve awareness by consumers.

In the future, there is also the opportunity for us to work with other regulators and with Government to strengthen the rights of consumers.

- We are in discussion communications providers and the bodies that resolved complaints about changes to Alternative Dispute Resolution and complaints handling, and will begin to consult on this in the near future.
- The review of the Universal Service Directive gives a real chance to improve disabled consumers' access to telephone services. We are working with Government on measures to benefit disabled end-users of telephone services.

Everything Ofcom does is about consumers and citizens, even if it doesn't seem the case at first glance.

In this review, our work on the licence exemption framework for spectrum was seen as less consumer-focused than some other issues. But ultimately that policy's about consumers too – in fact it already is. As a result of the policy people can now legally use iTrip devices to link their iPods to their car radios, for example.

It's the same with local loop unbundling – it looks like a competition issue, but it has led to greatly increased connection rates for consumers, with falling prices.

I was delighted with Larry Whitty's gold star for our approach to fixed telecoms.

And much of the work we are doing at the moment is extremely consumer-focused. As you will probably have seen, we are reviewing the issue of additional charges for

customers like early termination charges or extra fees for those who don't pay by direct debit.

This is an issue relevant to many other industries, and doubtless other regulators will be engaging with it too – as the OFT already are with bank charges. And regulators across all sectors need to make sure that the consumer's voice is heard as clearly as that of industry.

So to sum up, the Panel wanted us to show how we had considered consumer interests, and taken them into account.

And could we show that we had?

We think we could, and this report says we did. But more importantly, it shows the toolkit has helped change our thinking as well as our practice.

And that's important because on its own, process never delivered anything. It is a means to an end, not an end in itself.

That is why this report is so pleasing. It says

- there has been a genuinely positive reaction to the toolkit from Ofcom staff
- that we have done what we said we would do, and
- that the organisational culture has changed as a result

I'm personally very pleased about this last point. Like the auditors, I believe Ofcom's culture has changed in the way it thinks about consumer issues. And that – more than the audits themselves - will determine how effective we are in pursuing consumers' interests in future.

Ultimately the toolkit should be our servant not our master. And it clearly has genuinely served us, by having a positive effect on what we do and how we do it.

And of course the ultimate beneficiaries are – the consumers themselves.

Thanks.