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Consumer Panel advice note on Telecoms Review – Measuring Success

We discussed this advice note at the Ofcom Board meeting on 10 January, and I understand you have asked that we respond to the panel on each of the points raised in your note. I have outlined each of your points below (in italics), and given a précis of the Board's discussion.

Ofcom should not only produce metrics but also set itself targets; and where there is a metric there should be a target and where possible this metric should be time-specific

These points were the subject of my letter to you of 12 January 2006, so I won't repeat the Board's position here.

Ofcom should use international comparative data when judging whether or not the UK telecommunications market was moving in the right direction

The Board agreed that this is a very important comparator, and noted that Ofcom has already decided to do this. There is some discussion on this matter on the statement on measuring success in telecoms that we will shortly be publishing. Our sectors are changing so fast that on many metrics – such as price or availability – time-series data can only tell part of the story. International comparisons provide an important supplement, albeit that suitable allowances must be made for differences in market circumstances between countries.

Ofcom should attempt to develop ways to understand the consumer experience from the end point and work backwards

The panel suggested that Ofcom use a range of more qualitative metrics in its measurements. Specifically:

Measuring affordability: this will form an important part of our research programme for 2006; for example, the Nations and Regions project will start to look at issues of affordability in different parts of the UK, and we will follow this up with further research later in the year. However, as we designate this as a 'citizen' rather than a 'consumer' issue in telecoms, we do not plan for it to form part of our annual report on consumer outcomes.

The metric of service availability should include both service and geographic availability: we will certainly be measuring both of these aspects of availability.

The metric of ease of cost comparisons should be ease of cost and quality comparisons: we have amended our consultation on consumer policy so that it now proposes to consider both ease of making costs comparisons and ease of making quality of service comparisons.

Ofcom should consider developing an 'innovation metric'

The Board noted the team's view that innovation was both particularly important, and particularly difficult, to measure. We thought that the Consumer Panel's suggestion was an interesting one, and asked the team to consider this further and report back to the Board.

Ofcom should consider commissioning an independent audit to determine the success of its TSR policies

The Board noted that proposals were being drawn up by the Policy Development team for revising Ofcom's approach to evaluating its key policy decisions more generally, including those in relation to telecoms. A paper is being prepared for Ofcom's Executive Committee, which will go on to the Board, which will look at a range of approaches to policy evaluation, including use of external, independent reports. We will revisit this proposal at that point.

Thank you again for your advice on this. Evaluating success is increasingly important for Ofcom, as we move from defining our policy approaches, to implementing them, to monitoring their impact. I hope that you will stay in close touch with the team as we move forwards with our evaluation work.



David Currie