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Dear Alistair

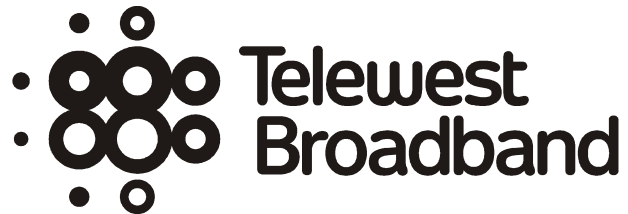
Better Policy Making: Ofcom's approach to Impact Assessments

Telewest regards this consultation as one of the most significant undertaken by Ofcom but would comment that it would have been very useful if the proposed guidelines had been in place prior to the start of the major strategy reviews; i.e. telecoms, PSB and spectrum and the various consultations linked to these reviews.

For example, in relation to the telecoms review, we do not believe that, at the start of its consultations on the valuation of BT's copper assets and BT's WACC, Ofcom had undertaken sufficient analysis of the potential impact on the cable industry of its proposals. However, we have subsequently addressed this directly with Ofcom.

We believe that the proposals outlined in this consultation document are an essential part of policy development in the converging world and we welcome Ofcom's acknowledgement that its decisions can impose significant costs on stakeholders, either directly or indirectly. Noting that Ofcom wishes to encourage investment and innovation, and that it has a significant role to play in the future success of the broadband market, we hope that the principles laid down in this document are not only transposed into effective guidelines but are also carefully applied.

We welcome the commitment from Ofcom that it expects to carry out impact assessments in relation to the great majority of its policy, as well as regulatory, proposals and decisions. As Ofcom notes, the importance of applying impact



assessments is to guard against unintended consequences as far as possible and we would urge that, when Ofcom draws up any list of the different groups of stakeholders likely to be affected by any of the options identified, it should start from a wide (i.e. value chain) perspective to ensure that no significant interests are overlooked.

We agree with the five stages of the production of an impact assessment described in the document. However, for Ofcom to be able to assess the risks relating to different options, to apply the principle of proportionality and to judge the extent of any policy's likely impact, it is essential that effected stakeholders are fully engaged. Preferably, this engagement should involve direct approaches to potentially impacted parties in parallel with public consultations.

It is important that the guidelines recognise convergence trends, as telecoms and PSB policies must acknowledge that these services will increasingly be delivered across multiple, broadband platforms and the guidelines should not take too narrow a perspective nor compromise transparency when defining the intent of the policy or regulatory decision.

In summary, we believe that this document sets down sound principles for moving forward and should be put into practice as soon as possible. Hence, we support the intent to publish guidelines in June, to become effective from 1 July 2005 and we would argue that Ofcom should revisit its work related to the strategic reviews and assess whether their policy proposals might need some adjustment, although we recognise that this might be difficult to justify at this stage.

We would be pleased to work further with Ofcom to demonstrate some of the points that we make above. Please feel free to contact either myself or Malcolm Taylor if you require any further input.

Yours sincerely

Matthew Copeland
Director of Regulatory Affairs