



Annual Plan 2013/14

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Section 1

Executive summary

Ofcom's Annual Plan sets out our work programme for 2013/14

- 1.1 This Annual Plan presents Ofcom's strategic purposes, proposed priorities and work programme for the twelve months from 1 April 2013 to 31 March 2014.
- 1.2 Our plan has been further developed following consultation with stakeholders. We have responded in detail to the points raised in Annex 1 of this statement and amended the Draft text where necessary. Alongside the Annual Plan we have also published a table on our website that sets out our programme of work for the forthcoming year¹.

Our strategic purposes guide our priorities for the year ahead

- 1.3 Ofcom's principal duties are to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition. In post, our primary duty is to secure the provision of a universal postal service. Where we are carrying out our functions in relation to postal services, we are required to give priority to this primary duty in post if it appears to us that it conflicts with our principal duties.
- 1.4 We have defined an overarching strategy setting out those elements we think are key to delivering consumer and citizen benefits in light of these duties:

Ofcom's strategy

We will work for consumers and citizens by promoting effective competition, informed choice and the opportunity to participate in a wide range of communications services, including post. We will secure the optimal use of spectrum, through market mechanisms where possible and regulatory action where necessary. We will provide proportionate protection for consumers and help maintain audiences' confidence in broadcast content. We will contribute to public policy defined by Parliament, including high quality public service broadcasting and plurality of media ownership.

To achieve these aims, we will be consultative, transparent and proportionate. We will be informed through high quality research and information, which we will share widely. We will be mindful of the diversity of the UK and its nations. We will aim to be innovative, responsive and effective in everything we do.

- 1.5 In addition to this strategy statement, Ofcom's regulatory principles² continue to remain relevant, including:
- Ofcom will operate with a bias against intervention, but with a willingness to intervene firmly, promptly and effectively where required;

¹ <http://www.ofcom.org.uk/files/2013/03/Programme-of-Work-2013-14.pdf>

² <http://www.ofcom.org.uk/about/what-is-ofcom/statutory-duties-and-regulatory-principles/>

- Ofcom will strive to ensure that its interventions will be evidence-based, proportionate, consistent, accountable and transparent in both deliberation and outcome; and
- Ofcom will always seek the least intrusive regulatory mechanisms to achieve its policy objectives.

1.6 This year, we have refined our strategic purposes, first established in 2011/12, to reflect our strategy and frame our programme of work over the coming years.



1.7 Ofcom also has a wider strategy in relation to citizens – supporting public policy is not the only way that we discharge our duties in this area. Specific actions and interventions in the citizen interest will continue to be spread across all of our strategic purposes rather than falling solely under our role of contributing to and implementing public policy defined by Parliament.

1.8 Ofcom’s work programme for 2013/14 is underpinned by these strategic purposes and informed by:

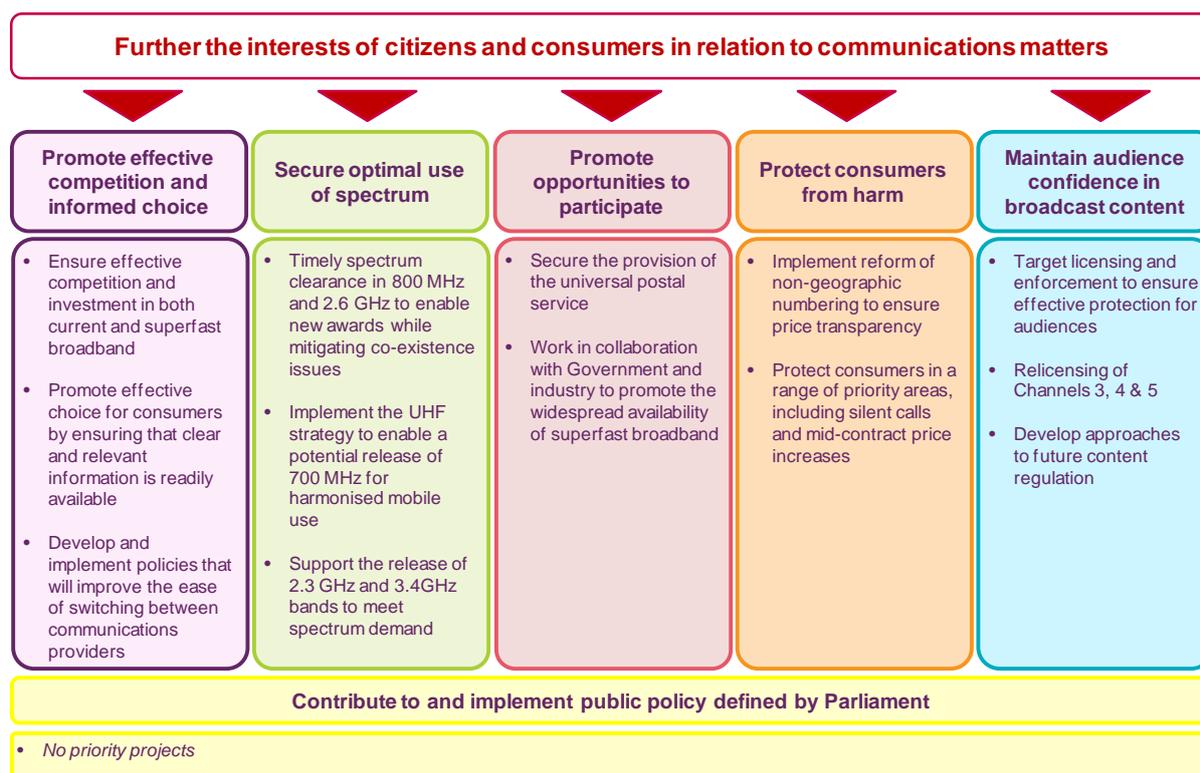
- last year’s priorities and our progress against these;
- wider market developments, including the changing consumer use of communications services;
- legislative changes to our duties; and
- areas where Ofcom provides technical and industry expertise to advise government.

Our priorities for 2013/14

1.9 The priority areas in Figure 1 will be our primary focus over the next financial year. Some of our priority areas in last year’s work programme will continue into 2013/14, alongside a number of new areas of work.

1.10 We will assess the successful delivery of our priorities for 2013/14 against the positive outcomes we are seeking to secure for citizens and consumers. To achieve this, we have identified interim and final outcomes for each of our priorities (see pages 41 and 42) and we will measure our progress towards delivering these in our Annual Report.

Figure 1: Annual Plan 2013/14 priorities



- 1.11 Following recent developments on online copyright infringement and the PSB Review, we will have no priorities within our strategic purpose of contributing to and implementing public policy as defined by parliament. This reflects the fact that this strategic purpose is by design more reactive, led by policy issues identified by Parliament or Government and supported by Ofcom.
- 1.12 As well as these priorities, we will undertake a range of other work as part of our 2013/14 programme (discussed in Section 5), reflecting our statutory duties and responsibilities. We will also continue to deliver other services to stakeholders, such as licensing access to the radio spectrum (detailed in Section 6). We will deliver these services in the most efficient and effective way possible.
- 1.13 We will also continue to remain responsive to new issues, emerging concerns that affect consumers across the UK and new government requests, focusing on those areas where we can make the most difference.
- 1.14 In addition to responding to requests from the Government and to help it to implement its policies in respect of communications matters, we will also aid government in the UK nations to ensure that consumer and citizen benefits are available across and within all the nations of the UK.
- 1.15 For the first time this year we include a list of areas of potential future relevance to Ofcom. These areas comprise possible future priorities for the organisation and emerging issues on which Ofcom may be required to have a view in the future. Both are areas over which Ofcom will continue to have a watching brief, but where it is too early to undertake work within next year's Annual Plan.

Section 2

Introduction and consultation responses

Ofcom's Annual Plan sets out our work programme for 2013/14

2.1 This Annual Plan takes into account our progress on work to date, the state of the communications sector and the needs of our stakeholders. It plays an important role in providing clarity to stakeholders for the year ahead.

We have delivered a number of priorities from 2012/13 and made significant progress on many others

2.2 There are a number of priorities that featured in the Annual Plan 2012/13 which we have now completed. These include:

- **Deliver the Government's spectrum guarantees for the London 2012 Olympic Games and Paralympic Games** – Ofcom successfully delivered the Olympics and Paralympics spectrum guarantees with minimal disturbance to users and viewers.
- **Auctioning of the 800 MHz and 2.6 GHz spectrum bands** – Ofcom recently completed the 4G auction which took place over a number of weeks in January and February 2013. This was the most important spectrum release in recent years for meeting consumer demand for wireless services. The two spectrum bands released up to 250 MHz of additional mobile spectrum, compared to the 333 MHz in use today.
- **Determine the needs of postal users** – in March 2013 Ofcom published a statement on the reasonable needs of users in relation to the market for the provision of postal services in the United Kingdom.
- **Ensure effective competition in business connectivity and voice telephony markets** – in June 2012 Ofcom consulted on proposals to promote competition in the provision of leased lines in the UK. We will shortly publish our final decision. In 2012 we also started our review of the market for fixed voice call origination and termination and published consultation proposals in February 2013. We aim to conclude this review by September 2013.
- **Assess the provision of communications services in the nations** – in April 2013 we will publish a report studying the economic geography of communications services in the UK and each of the nations.
- **Ongoing advice to the Government on the measurement of media plurality and contributing to the Leveson Inquiry** – Ofcom submitted two reports to the Secretary of State advising on approaches to the measurement of media plurality. We gave evidence and provided advice to the Leveson Inquiry, including advice on models of media regulation. Under our media plurality duties we completed a public interest test on Global Radio's purchase of GMG Radio.

2.3 There are a number of items on which we have made significant progress but which we have carried over into the forthcoming financial year:

- timely spectrum clearance in the 800 MHz and 2.6 GHz bands, to enable new awards while mitigating co-existence issues;
- promote effective choice for consumers by ensuring that clear information on service price and quality is available;
- develop and implement policies that will improve the ease of switching between communications providers; and
- secure the provision of the universal postal service.

The communications sector continues to develop rapidly and challenge our approach to regulation

- 2.4 Communications are at the heart of all of our lives and play an important economic and cultural role. While the communications sector enables participation and social cohesion in UK society, it also makes a substantive direct contribution to the economy (in 2011 the UK communications industry revenue stood at £53.3bn³), and it indirectly aids UK growth through increased business productivity, improved access to markets and enhanced speed and quality of information flows.
- 2.5 Consumer behaviour and new technologies are driving change in the market and Ofcom needs to ensure that its work reflects and responds to these developments, which include:
- **The continued growth in superfast broadband availability and adoption** – in March 2012 BT and Virgin Media’s superfast broadband services were available to around 65% of UK homes. This was seven percentage points higher than a year previously, mainly as a result of BT’s ongoing fibre-to-the-cabinet rollout. At the end of March 2012 there were 1.4 million UK superfast broadband connections; 6.6% of all connections.
 - **The increase in take-up of connected devices** – smartphone ownership rose to 39% of UK adults in Q1 2012, up 12 percentage points on 2011. Tablet ownership rose to 11% of UK households, up 9pp year on year, and had already grown to 19% by Q4 2012, whereas connected TV ownership stood at 5% of TV homes, also rising by Q4 2012 to 15%.
 - **The increasing demand for mobile data** – as a result of the proliferation of connected devices and changing consumer behaviour, the average time spent using mobile data services was 2.1 hours a month in 2011, 25 minutes per month (24.7%) more than in 2010, while the volume of data consumed more than doubled in the 18 months to January 2012.
- 2.6 We provided more detail on future market developments in the communications sectors in Section 2 of the Draft Annual Plan⁴.

³ Ofcom Communications Market Review 2012

⁴ <http://stakeholders.ofcom.org.uk/binaries/consultations/annualplan1314/summary/condoc.pdf>

There were a number of core themes in the responses we received

2.7 We received 31 responses to our Draft Annual Plan which are summarised in Annex 1. Within these responses, a number of key themes emerged; these are outlined below.

Superfast broadband, investment and competition	A number of specific concerns were expressed on regulated products, including the need for a wholesale voice product (equivalent to WLR) for FTTH deployments and concerns on the capabilities and specification of BT's wholesale superfast broadband services.
Post, USO and end-to-end competition	CWU and Intellect raised concerns about the implications of end-to-end competition for the continued delivery of the postal USO and postal regulation more generally.
Business telecoms users	There were calls from a wide range of stakeholders for an increased and more explicit focus on business communications customers, including SMEs, but with few details of specific concerns or sources of harm identified.
Switching	Many respondents welcomed Ofcom's commitment to switching, although a number of issues were raised. There was general concern that little progress had been made on this objective since it began, with a lack of clarity on further planned steps. Some stakeholders also expressed a desire to increase the scope of our work to date to include other services.
Nuisance calls	There was broad support for our work on silent and abandoned calls, but a number of stakeholders wanted to extend our work into nuisance calls more generally, including unsolicited calls and texts.
Opportunities to participate	There were continued calls for action on the issue of mobile voice and data coverage, with a specific focus on the nations. Other stakeholders highlighted the need to deliver suitable quality fixed broadband to more remote and lower population density areas, including questions surrounding the evolution of the broadband universal service commitment and questions on a 'broadband USO'.
Longer term spectrum strategy	<p>There were calls to have a more strategic approach to spectrum release and management, with the aim of providing a longer term (3 year +) roadmap of activity to support good consumer and citizen outcomes in this area.</p> <p>There were calls for specific work in support of the UHF strategy, including: a band plan for 700 MHz in time for WRC-15 and more work on future coexistence issues.</p>
Effective regulation	<p>There was a clear theme from stakeholders on timeliness of regulatory action and focus on deregulation. Key issues were:</p> <ul style="list-style-type: none"> • the need for a continued focus on deregulation where appropriate; • transparency on deliverable dates for work within the Annual Plan and more generally; • communication of delays to projects; and • general stakeholder engagement and information.

These responses highlight the importance of some key areas in our strategy and programme for 2013-14

2.8 **Investment and competition in superfast broadband** – a wide range of potential competition and investment issues were raised regarding superfast broadband. A clear regulatory framework is essential in this area, and will be one of the main

concerns addressed in our 2013 fixed access market review; we will consider specific regulatory products within the review.

- 2.9 **Universal services in post** – the continued delivery of the postal USO remains a key concern for stakeholders and a core priority for Ofcom in 2013/14. We published the final guidance on end-to-end competition on 27 March. This sets out clearly how we will assess the impact of competition on the universal service and how we will remedy this if it is necessary. We note that Royal Mail said in its responses that it was not yet necessary to intervene.
- 2.10 **Longer term spectrum strategy** – we are developing a long term work programme that will identify our key priorities over the next five to seven years. This will identify key future challenges and actions. It may focus on key bands, or on sector by sector developments and issues, as appropriate. In addition, the Annual Plan outlines the key activities and steps in delivering on our UHF strategy. This is a key element of longer term supply of spectrum for mobile broadband, DTT and other services.
- 2.11 **Opportunities to participate** - widespread availability of services. Consultation responses clearly showed that there continue to be concerns about the availability of communications services to all consumers and citizens. Ofcom will continue to work with Government to promote widespread availability of superfast broadband and investment in mobile networks, and undertake research to underpin emerging public policy.
- 2.12 **Effective regulation** – as we have outlined in our strategy, it is vital that we continue to focus on transparent, effective and proportionate regulation. This must run through all of our work. We will continue to focus on this in the coming year, identifying areas for improvement to ensure that we deliver on our overall strategy.
- 2.13 We understand that a clear picture of project timetables is important for stakeholders in managing workloads and considering the implications of regulation. As part of next year's Annual Plan process we will implement a new measure which we hope will help stakeholders in this regard.
- 2.14 For the Annual Plan 2014/15, we intend to invite stakeholders to identify key areas for focus in the coming year before we start to compile the Draft document, much in the same way that some consultations have a call for inputs stage. We hope that this will enable stakeholders to contribute earlier and to allow us to provide clarity within the draft Annual Plan on future timescales.
- 2.15 **Focus on the Nations** – Ofcom is fully aware of the need to continually understand and bear in mind Nations-specific issues and angles in respect of new and existing policy. As we outline in Section 6, consideration of the Nations must run through all of our priorities, major work areas and programmatic activities.
- 2.16 **Awareness of longer-term issues** –consultation responses show that awareness of longer-term issues, as outlined in Section 7 of the Annual Plan, is important. Specifically, we need to continue to bear in mind the effect that over-the-top service provision may have on communications services, on regulation, and in forming and implementing future policy.

Following responses and other developments, we have made a number of changes to the Annual Plan for 2013-14

Switching

- 2.17 Switching is central to our overall purpose of effective competition and informed choice for consumers. Taking into account consultation feedback, we think it is important to provide more clarity on our forward plan for this project.
- 2.18 Ensuring efficient switching, and removing switching barriers, will continue to be a priority for Ofcom. Our review of consumer switching is focused on improving the current mix of processes for switching between providers and platforms on the Openreach copper network. This is a complex exercise, and there is no common view among stakeholders, or within industry, on what is needed. Following consultation in 2012, we have gathered further evidence and reviewed options.
- 2.19 We plan to publish a statement on this issue in summer 2013. We will then consider the need for switching reform in other networks and sectors.

Business telecoms users

- 2.20 A consistent theme in previous years' Annual Plans is concern over the level of competition for business telecoms users. Our past work has considered this issue, both through our recently concluded Business Connectivity Market review and our Business Consumer Experience report in 2010. Further, the reviews we are undertaking of the fixed calls market and fixed line access markets address the needs of residential as well as business consumers in terms of broadband and fixed line telephony. Within the scope of the fixed line access market review, we are also looking more specifically at services targeted at businesses including ISDN 2 and ISDN 30.
- 2.21 Given stakeholders' continued concerns in this area, we are currently undertaking some research to understand better the broader ICT connectivity requirements of a range of business customers, especially SMEs. This is a separate project from the Business Connectivity Market Review. We may commission further business consumer research in this area later in the year if the current research suggests areas for further examination.

Nuisance calls

- 2.22 Stakeholder responses outlined continuing concerns on the effect of nuisance calls on consumers. Ofcom's statutory powers in this area are contained principally in the persistent mis-use provisions in section 128-130 of the Communications Act, and our focus so far has been on silent and abandoned calls.
- 2.23 However, in addition to our consumer protection enforcement work, we are determined to engage with other regulators to help them tackle harm from unsolicited marketing calls and texts, as outlined in the five-point action plan to tackle nuisance calls⁵, which we announced in January 2013.

⁵ <http://media.ofcom.org.uk/2013/01/08/action-plan-to-tackle-nuisance-calls/>

Contributing to and implementing public policy as defined by Parliament

- 2.24 The Draft Annual Plan outlined two priorities under our public policy strategic purpose – implementing DEA 2010 provisions on online copyright infringement and conducting and publishing a public service broadcasting review. Recent developments have affected both of these priorities: the online copyright infringement work has been reprioritised for 2013-14, and the requirement to undertake a public service broadcasting review may change during the course of 2013-14.
- 2.24.1 **Implement Digital Economy Act 2010 provisions on online copyright infringement.** Ofcom will continue its duties to implement the online copyright infringement provisions of the DEA once the Government's amended Costs Order is laid before Parliament. These duties include the making of a Code to regulate the DEA provisions, and the creation of an independent appeals body. We will also conduct a new consultation seeking to identify the costs and time required for an efficient ISP to comply with the obligations set out in Ofcom's Code. We also plan to sponsor a publicly available standard for best practice in identifying subscribers. As a result of the potential delay in final implementation of the DEA provisions, we have de-prioritised our work on OCI at this time.
- 2.24.2 **Conduct and publish public service broadcasting review** – the Government has informed us that, during the current year, it intends to ask Parliament to relieve us of our statutory duty to conduct a review of public service broadcasting and report on it at least once every five years. We are of course mindful of this intention and equally mindful that, while the duty remains in force, it would be inappropriate for us to disregard it. Ofcom has a range of related broadcasting duties and we anticipate undertaking a programme of work necessary to meet these during 2013/14, including publishing the PSB Annual Report and contributing to the Government's Communications Review. This programme of work will continue as planned.
- 2.25 Ofcom will continue to play a role in leading or contributing to a number of public policy issues at the request of Parliament or the Government. We expect that this will continue in future, where Parliament identifies a clearly-defined role for Ofcom.

Section 3

Overarching strategy, strategic purposes and approaches

Stakeholders support Ofcom's statement of strategy

- 3.1 Responses to the draft annual plan welcomed an articulation of Ofcom's overarching strategy. They noted it provided clarity of purpose and focus and helped explain the specific areas of focus for the work programme for 2013/14.

Our overarching strategy is to ensure that UK communications markets work to support consumer and citizen interests

- 3.2 Ofcom's principal duties are to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition. In post, our primary duty is to secure the provision of a universal postal service. Where we are carrying out our functions in relation to postal services, we are required to give priority to this primary duty in post if it appears to us that it conflicts with our principal duties.

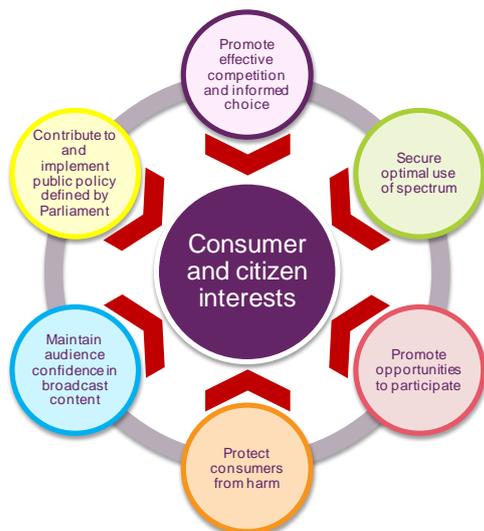
Ofcom's strategy

We will work for consumers and citizens by promoting effective competition, informed choice and the opportunity to participate in a wide range of communications services, including post. We will secure the optimal use of spectrum, through market mechanisms where possible and regulatory action where necessary. We will provide proportionate protection for consumers and help maintain audiences' confidence in broadcast content. We will contribute to public policy defined by Parliament, including high quality public service broadcasting and plurality of media ownership.

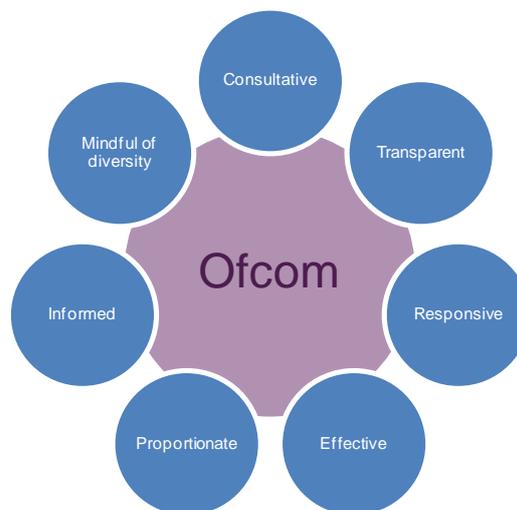
To achieve these aims, we will be consultative, transparent and proportionate. We will be informed through high quality research and information, which we will share widely. We will be mindful of the diversity of the UK and its nations. We will aim to be innovative, responsive and effective in everything we do.

Figure 3: Ofcom's strategy

What we do to further consumer and citizen interests...



... and how we will behave in doing this



3.3 **Effective competition and informed choice** across all communications services is a key element of our strategy. This incorporates activities on both the demand and supply side to increase choice for consumers. Under this purpose, key activities will include:

- supply-side competition policy for services where there are or may be enduring economic bottlenecks, including residential fixed access, business telecoms, mobile communications, broadcasting and post; and
- demand-side activities to empower consumers by providing the information necessary to enable effective consumer choice and to ensure easy switching between services.

3.4 We will continue to promote the **opportunity to participate** in society for consumers and citizens through the availability and use of a wide range of communications services. Consumers and citizens across the UK need to be able to engage with and benefit from communications services. Specific examples of our work in this area include:

- the widespread availability of networks and services;
- direct support for the most vulnerable;
- the effective and efficient delivery of universal services;
- selective activities to assist in consumer awareness of services and options for participation, especially for vulnerable groups; and
- providing information and evidence in support of wider public policy development on issues such as inclusion and media literacy.

3.5 **Securing optimal use of spectrum** – this is a fundamental element of our strategy and a major area of our work. Our preferred approach is the use of market mechanisms. However, in some cases we recognise that regulatory action may be needed. Our wider duties, including the goals of effective competition, informed

choice and widely available networks and services, can also be supported by our spectrum decisions.

- 3.6 **Protecting consumers from harm** – while effective markets provide a range of good outcomes for consumers, backstop protections continue to be necessary in an increasingly liberalised and competitive market with low barriers to entry and exit. Our priorities in this area are decided on an administrative priority basis using factors such as scale or nature of detriment and our ability to address the issue. Examples of issues have included early termination charges in fixed voice and broadband contracts, fixed line mis-selling and silent calls.
- 3.7 **Supporting continued audience confidence in broadcasting content** – consumers continue to expect a degree of protection in relation to standards for broadcast content. This entails a number of specific activities, including:
- licensing and enforcement; and
 - effective assurance and continued high standards in an increasingly globalised IP world.
- 3.8 **Contributing to public policy defined by Parliament** – citizen interests in relation to communications matters are often delivered through public policy defined by Parliament. We have a role in assisting in their development, through implementing and enforcing public policies to deliver citizen outcomes such as public service broadcasting and plurality of media ownership. We focus our activities on issues that both fall within our duties and enable us potentially to make a difference to citizens. This role is complementary to many of those mentioned above, with citizen issues cutting across the range of Ofcom activities.
- 3.9 This overarching strategy is based on a revision of our previous strategic purposes, placing increased emphasis on the outcomes that will deliver consumer and citizen benefits as opposed to the mechanisms by which we will achieve them.
- 3.10 In addition to this strategy statement, Ofcom’s regulatory principles⁶ remain relevant, including:
- Ofcom will operate with a bias against intervention, but with a willingness to intervene firmly, promptly and effectively where required;
 - Ofcom will strive to ensure that its interventions are evidence-based, proportionate, consistent, accountable and transparent in both deliberation and outcome; and
 - Ofcom will always seek the least intrusive regulatory mechanisms to achieve its policy objectives.

Our more detailed strategic approaches to delivering consumer and citizen benefits

- 3.11 We set out below the specific principles, strategies and approaches that we will apply in each of these areas in order to support the delivery of consumer and citizen benefits. These statements cover our approaches to the majority of Ofcom’s work

⁶ <http://www.ofcom.org.uk/about/what-is-ofcom/statutory-duties-and-regulatory-principles/>

and responsibilities. They are used to inform our priorities and major work areas for the coming year, described further in Sections 4 and 5.



Strategic Purpose 1: Promote effective competition and informed choice

- 3.12 Ofcom's basic approach is that good consumer and citizen outcomes are often, but not always, delivered by effective and well-functioning markets. Much of what Ofcom does relates to removing barriers to the effective functioning of markets, with the aim of securing effective choice for end-users, both consumers and businesses.
- 3.13 This strategic purpose therefore covers a significant proportion of Ofcom's work, both on the demand and supply side. It can be broken down into a number of specific areas of focus.
- Telecoms networks – residential fixed, mobile and business services.
 - Audio-visual services, including broadcasting.
 - Demand-side competition policies and interventions to help markets work for consumers.

Telecoms networks strategic approach

Residential fixed access

- 3.14 Support end-to-end competition 'in the market' to drive investment and innovation in new superfast broadband networks. This approach is of specific relevance to denser urban areas.
- 3.15 Promote competition amongst communications providers, with a focus on maintaining the functional separation of BT's access division from its other businesses and ensuring equality of access to essential services.
- In current generation access, focus on investment and competition through access to unbundled copper lines.
 - In BT's fibre network, focus on regulated access to services that offer all users of the network a flexible way to offer retail services (VULA) on terms that retain incentives to invest while also securing competition.
- 3.16 In more rural areas, open up access to BT's ducts and poles to enable competition 'for the market'.
- 3.17 Ensure that regulation provides suitable incentives for sufficient service quality from Openreach, given its critical role in the delivery of fixed voice and data services throughout the UK.

- 3.18 Conduct regular market reviews under the EU Framework to ensure that regulation, including the regulatory focus set out above, remains appropriate and fit for purpose.

Mobile access

- 3.19 Deliver consumer benefits in terms of availability, price and innovation through a combination of:
- promoting competition in national wholesale service provision, by ensuring four national wholesale providers;
 - facilitating innovation through flexible and prompt spectrum policy, prioritising 4G and licence-exempt use of spectrum (including white spaces) where appropriate; and
 - enabling increasingly efficient network deployment and consolidation in physical assets and radio access networks, where this benefits consumers and is consistent with maintaining competition.

Business telecoms

- 3.20 Promote competition, innovation and value for money in the provision of leased lines and the migration of services to new, lower-cost platforms through:
- focusing our regulation on bottleneck services;
 - ensuring that where BT is dominant, its competitors have access to wholesale services delivered over its newer platforms on an equivalent basis to BT's retail arm;
 - protecting end-users and wholesale customers in declining markets through appropriate price signals and managed transition from platforms reaching the end of life; and
 - adapting regulation to the different competitive conditions in different parts of the UK.

Strategic approach to audio-visual services, including broadcasting

- 3.21 Promote effective and sustainable competition in audio-visual services, securing consumer benefits of choice, pricing and innovation.
- 3.22 Address enduring bottlenecks where they arise in content rights (including premium content), broadcasting platforms and new platforms for the delivery of audio-visual services.
- 3.23 Provide support to Government in its review of communications regulation, assisting it in its objectives of considering the clarity and scope of the framework for *ex-ante* competition in broadcasting in the context of market developments, and determining whether market convergence requires a degree of convergence in the telecoms and broadcast competition regimes.
- 3.24 Remain aware of potential links with wider policy goals; in particular, the role of interventions to secure high quality free-to-air PSB and its implications for consumer choice in audio-visual services, explored in Strategic purpose 6 below.

Demand-side competition policies and interventions to help markets work for consumers

- 3.25 Our strategy in this area is about empowering consumers to make effective choices, reducing barriers to their ability to make the most of choice on the supply side. We do this by developing policies, and where necessary intervening, to correct demand-side market failures; for example, arising from inadequate information for consumers to make informed choices and barriers to switching.
- 3.26 Broadly, our strategy has two strands – information and switching.

Strategic approach to empowerment through information

- 3.27 Intervene to ensure suitable consumer information in cases where the market does not provide sufficient information and where the information is important to consumer choice.
- 3.28 Ensure that the consumer information provided is: appropriate; accessible; understandable; verifiable; and comparable.
- 3.29 Promote and facilitate market provision of reliable and credible information wherever possible; e.g. accrediting third-party price comparison calculators.

Strategic approach to empowerment through switching

- 3.30 Promote more satisfactory and convenient switching so that consumers find it easy to switch and processes do not obstruct effective competition.
- 3.31 Against the background of our long-term strategic view that gaining provider-led processes are preferable to losing provider-led processes, consider how best to improve switching in specific market contexts.
- 3.32 In principle, enable consumers to switch between bundled services in ways that are consistent with our preferred approach to single services.
- 3.33 Remain alert to unintended consequences of proposed interventions and their impact on consumers' experiences.

Strategic Purpose 2: Secure optimal use of spectrum

- 3.34 In delivering on our duty to secure optimal use of spectrum there are five main strands to our strategic approach:
- continue to use market-led approaches to spectrum management where suitable, while recognising the value of regulatory action in spectrum matters;
 - identify and repurpose additional spectrum bands to support the continued widespread availability of mobile data services, while balancing the needs of other valuable uses of spectrum;
 - develop and support new approaches for spectrum sharing in order to better exploit this scarce resource, focusing on dynamic spectrum management access, including white space devices;

- assist Government to make informed decisions on its current and future uses of spectrum; and
- promote UK interests in international and European regulatory fora in line with our spectrum strategy and noting the increasing influence of international developments on the UK market.

Strategic Purpose 3: Promote opportunities to participate

3.35 In order for consumers and citizens to benefit from communications services, they need the opportunity to participate; they need to be able to access services and make effective use of them. In the past, much of our activity in this area has been conducted under the heading of access and inclusion. Within this area, there are three main elements to our strategic approach.

3.36 **Promote widespread availability of communications services** and ensure that all citizens have the opportunity to participate in their use. Key activities in this area include:

- secure private investment in widespread networks by maintaining efficient incentives for investment through competition and associated policy, reflecting the potentially higher risk of investment in new networks where appropriate;
- support the delivery of widespread mobile services, including mobile broadband, across the UK and its nations by setting licence obligations for 4G services and supporting public sector intervention to address mobile not-spots (DCMS' Mobile Infrastructure Project⁷ (MIP));
- secure the ongoing delivery and evolution of effective and efficient universal services in telecoms;
- secure the provision of the universal postal service through work on financial sustainability, efficiency, ongoing monitoring and research and economic regulation;
- actively promote understanding of availability, take-up and network performance among policy makers in England, Scotland, Wales and Northern Ireland to stimulate debate and policy development to deliver against governments' availability and inclusion goals; and
- use our expertise to help government make good and effective decisions and policy to deliver widespread availability and inclusion, with focus on superfast broadband, DSO and digital radio switchover.

3.37 **Promote, and where appropriate intervene, to secure equivalent opportunities for disabled and vulnerable users** to participate in the use of communications services. We do this by promoting the development and availability of communications equipment and devices which are easily usable by the widest possible range of citizens and consumers, including disabled users. Examples of activities include:

⁷ http://www.culture.gov.uk/what_we_do/telecommunications_and_online/8757.aspx

- provision of access services (subtitled services, services (e.g. EPGs) for people with sensory impairments); and
- provision of equivalent access to communications services for disabled users.

3.38 **Provide information and high quality research** to understand levels of participation in communications services across the UK and its nations, supporting the identification of opportunities for further participation. We do this by collaborating with other stakeholders in government, NGOs and industry to promote participation and by publishing a range of reports, including the *Consumer Experience* and media literacy research.

Strategic Purpose 4: Protect consumers from harm

- 3.39 Consumer protection continues to be necessary in an increasingly liberalised and competitive market with low barriers to entry and exit. Our strategic approach for consumer protection is to focus on the scale of consumer detriment and our ability to address it.
- 3.40 Examples of areas of focus in delivering our strategy to reduce consumer harm include: silent calls; unexpectedly high bills; mis-selling and slamming; erroneous landline transfers; fair contract terms and non-geographic numbering. We will use our range of powers as appropriate and proportionate to prevent harm and deter bad behaviour.
- 3.41 We will also work with industry and other regulators, where appropriate, to ensure that consumers are protected where their data, including their personal data, is being collected as they engage with internet services.

Strategic Purpose 5: Maintain audience confidence in broadcast content

- 3.42 There are two main elements to our strategic approach to audience confidence in broadcast content; outlined below. In addition, there are links between this strategic purpose and the ongoing delivery of high quality, free-to-air public service broadcasting. This is covered in more detail below.

Targeting licensing and enforcement to ensure protection for audiences

- 3.43 Provide continued protection to audiences through effective delivery of the Broadcasting Code and a strategic review of the way we license and regulate broadcasting services, with a particular focus on protecting children and on restricting content that poses the greatest risk of harm to audiences.

Providing effective assurance in a globalised IP world

- 3.44 In partnership with co-regulators, enforce a basic threshold for audience assurance across all digital services provided in the UK, with a specific focus on VoD.
- 3.45 Identify mechanisms to resolve jurisdictional challenges in a globalised IP world working with partners in the UK, Europe (including through the European Platform of Regulatory Authorities – EPRA) and internationally, especially on the challenges posed by the delivery of content through a range of connected devices, including connected television.

Strategic Purpose 6: Contribute to and implement public policy defined by Parliament

- 3.46 In addition to the five areas; competition and choice, the opportunity to participate, optimal spectrum use, consumer protection and audience confidence, Ofcom has a role in supporting the development of wider public policy in relation to communications matters. We can play a range of roles in support of wider public policy:
- Advisory; providing input into policy debate. Past examples have included local TV and smart metering.
 - Implementation; effecting and enforcing new legislation. The key recent example has been in implementing the Digital Economy Act 2010 provisions around online copyright infringement.
- 3.47 Our strategic approach is to deliver on this objective by using our sectoral understanding, stakeholder relationships and technical and policy expertise.
- 3.48 Within this area Ofcom has a number of explicit duties, including those relating to public service broadcasting and plurality of media ownership; in these areas we will continue to support the Government's policy development activities.

Maintaining high quality, free-to-air PSB

- 3.49 Maintain the stability and effectiveness of the PSB regime as part of a healthy and mixed broadcast content ecosystem.
- 3.50 Underpin the clarity and effectiveness of PSB interventions in the next decade, focusing on:
- **evolving navigation, prominence and must-carry requirements** – ensuring that this key benefit of PSB status continues to apply to licensees in a world of changing distribution and on-demand services, including on new platforms as appropriate;
 - **enforcing effective quotas** – ensuring that production quotas for programmes produced outside London set minimum percentages for the four main PSBs, which must broadcast programmes that have been produced in the nations and English regions, to contribute to the UK's creative economy; and
 - **securing the widespread availability of a credible free-to-air broadcasting platform (DTT)** – ensuring that wide distribution is maintained as an advantage of PSB status to maximise the benefits for UK citizens.
- 3.51 Ensure an effective and well-managed DTT platform in order to support PSB goals.

Maintaining media plurality, including media ownership

- 3.52 Ofcom has a role in maintaining a sufficient plurality of providers of different television and radio services. In our advice to the Secretary of State⁸, we concluded

⁸ <http://stakeholders.ofcom.org.uk/binaries/consultations/measuring-plurality/statement/statement.pdf>

that plurality contributes to a well-functioning democratic society and defined plurality with reference to desired market outcomes:

- ensuring there is a diversity of viewpoints available and consumed across and within media enterprises; and
- preventing any single media owner or voice having too much influence over public opinion and the political agenda.

3.53 There are essentially two approaches to achieving this duty:

- measures which are aimed at preventing actions taking place which would reduce media plurality. These include the existing regulatory framework governing media mergers (across television, radio and newspapers) and media ownership and broadcast standards for television and radio; and
- positive mechanisms to promote media plurality – such as the existing PSB policy or advice to government. These are likely to be particularly important in circumstances where the desired level of media plurality may not be commercially sustainable for example the provision of news by public service broadcasters.

Ofcom also has a wider strategy in relation to citizens

3.54 Supporting public policy is not the only way in which we discharge our duties in respect of citizen interests. We have clear powers and duties in relation to citizens that give us the mandate to act independently of government. Ofcom's duties to citizens have informed our thinking since its inception – whether in seeking a balanced approach to spectrum allocation or in public service broadcasting. They continue to underpin much of what we do today and inform our annual planning process and the priorities that we set.

3.55 Effectively working markets are the first route to achieve consumer and citizen interests. However, this is not always enough and we need to exercise judgement on citizen issues; economic tools can illuminate the issue but do not always provide the answers. Our role in furthering the interests of citizens includes promoting or securing outcomes beyond those which the private market alone can provide. We seek to ensure that people have access to the services and content they need in order to participate fully in society.

3.56 Assessing whether regulatory intervention is necessary requires a careful approach. Intervention to extend the availability of communications services could stifle investment and innovation while failure to intervene could mean that some citizens are excluded or services of public value are lost.

3.57 Justifications for action in the citizen interest can broadly be grouped into two categories:

- **Interventions to address market failures:** aimed at correcting an economically inefficient outcome, for example, an externality, market power, public goods and, potentially, merit goods. Addressing externalities that stem from the increasing consumption of mobile and broadband has driven our work in emergency roaming and our work on including coverage obligations on the 4G licence.
- **Interventions to deliver broader social value:** aimed at pursuing a public policy goal where the rationale for acting goes further than a pure economic justification.

The market may already be producing an efficient outcome, but it can leave a perceived shortfall in provision of a good or service. In such cases, an intervention can realise broader social value. One example is governments' goal to support universal services, widespread availability of new technologies and the value from delivering government services online.

- 3.58 For those issues where we have a clearly defined role as policy maker within the Communications Act 2003 and the Postal Services Act 2011, we will continue to proactively further citizen interests in relation to communications matters where there is a risk that markets alone will not provide good outcomes (e.g. widespread availability of services).
- 3.59 In addition, for issues where we have a less clearly defined role, we will continue to support good citizen outcomes where we can make a difference, either through advice to government (e.g. on PSB policy and plurality) or through engaging with industry.
- 3.60 Importantly, specific actions and interventions in the citizen interest will continue to be spread across all of our strategic purposes rather than falling solely under our role of contributing to and implementing public policy defined by Parliament.

Ofcom has also identified a number of themes relevant to more than one strategic purpose

- 3.61 We have identified a number of 'cross-cutting' themes that will influence our strategic approaches, with relevance to and implications for more than one strategic purpose. Each of these will continue to require activity on Ofcom's part and may provide significant challenges to implementing our strategy.

Supporting technological development, including interoperability and standardisation

- 3.62 Ofcom will continue to support the deployment of new technologies and approaches to service delivery, especially where there is the risk of market failure. Examples may include situations where barriers to harmonisation or coordination could exist.
- 3.63 We will focus on areas where new technologies and approaches contribute to one of our strategic purposes. Examples may include: white space devices which might assist us in securing the optimal use of spectrum or developments in wavelength unbundling supporting effective competition and informed choice in superfast broadband.
- 3.64 We think that markets work well for consumers, much of the time, in that they are able to make choices about their use of technologies; but we do not rule out playing a decision-making role if necessary.

Continued globalisation and the challenge of jurisdiction

- 3.65 The continued use of IP service delivery and the globalisation of communications services will increasingly challenge the powers of national regulators.
- 3.66 As a result, we will need to focus more on international engagement, liaison and influence to achieve good outcomes for UK consumers and citizens. This will affect many issues, including audience and consumer protection, measures to address

online copyright infringement, traffic management, data protection, internet governance, content investment and new competition concerns.

Government relationship and wider policy goals

- 3.67 On public policy issues, we anticipate that Ofcom's working relationship with the Government will continue to be fluid, ranging from supporting to implementing specific policies as defined by Parliament. It is for the Government to decide how far regulatory policy should and could be used in support of wider government growth and innovation goals. This can affect specific policies in a number of areas, including competition and spectrum, as well as specific issues such as network neutrality and the creative economy.

Managing the process of migrating legacy services to new platforms and technologies

- 3.68 As markets and services evolve and as new technologies require consumers to move to new services and devices, the management of consumer migration will raise issues for Ofcom.
- 3.69 The challenges posed by migrating to new services are various and include:
- the risk that new services do not fully replicate the functionality of old services or meet all consumers' needs;
 - the allocation of any involuntary one-off cost to consumers, required by suppliers, and how this may vary by service;
 - how regulated pricing of new services should be defined relative to the old, especially for those consumers who did not actively seek to move to the new technology; and
 - protection for vulnerable users of legacy services where falling volumes may result in prices rising to unaffordable levels.

Internet policy

- 3.70 The role of internet and IP-based services is increasingly important to communications services, both for consumers and suppliers of these services.
- 3.71 Relevant consumer and citizen interests in these emerging environments include: awareness and understanding of the impact of new services and business models, including implications on intellectual property rights; choice in new services through competition, innovation, network investment, availability and resilience; consumer trust in new communications services; and protection for users.
- 3.72 Looking forwards, there are a number of internet-related debates in which Ofcom will be required to have a good understanding of the pertinent issues, such as: the role of intermediaries in securing good outcomes for consumers; measures to reduce online copyright infringement beyond those set out in the Digital Economy Act 2010; data protection; content portability and device interoperability; evolving internet architecture and governance models; and the role of the internet in supporting innovation in communications markets and economic growth across the UK.

Section 4

Priorities for 2013/14

Our strategic purposes and approaches guide our priorities

- 4.1 The Annual Plan for 2013/14 separates our programme of work into the following categories:
- **Priorities**, representing the critical areas of work for Ofcom to progress in the forthcoming year to ensure we further the interests of citizens and consumers.
 - **Outcomes** for each of our proposed priorities, to help assess their successful delivery and to ensure we are delivering positive benefits to citizens and consumers.
 - **Other work areas** - other important issues where we plan to undertake further work during 2013/14 (Section 5).
 - **Programmatic work** and responsibilities that we carry out on an ongoing basis, providing key services to stakeholders, citizens and consumers (Section 6).
- 4.2 In response to market developments relating to our current duties, our priorities balance new work with important ongoing commitments. They are guided by our six strategic purposes.



Strategic Purpose 1: Promote effective competition and informed choice

- 4.3 Effective competition and informed choice are elements of well functioning communications markets and are more likely to result in efficient prices for consumers, to support innovation and to drive incentives for efficient investment in new and existing networks and services.
- 4.4 The characteristics of communications markets include strong network effects, scale benefits and complexity. We anticipate an ongoing role for *ex-ante* regulation, including regulation to promote competition between suppliers and to support the exercise of choice by consumers.
- 4.5 We have identified three priorities for 2013/14 which respond to market developments and are intended to deliver significant benefits to citizens and consumers.

Promote effective competition and informed choice

- Ensure effective competition and investment in both current and superfast broadband
- Promote effective choice for consumers by ensuring that clear and relevant information is readily available
- Develop and implement policies that will improve the ease of switching between communications providers

Ensure effective competition and investment in both current and superfast broadband

- 4.6 The deployment and adoption of superfast broadband services continues. Such services are available to over 65% of premises, with more than one in ten broadband customers taking a superfast service. The Government's target is to ensure that superfast broadband services will be available to over 90% of premises by 2015 and it is providing public funding to supplement private investment to help achieve this target.
- 4.7 In 2010 Ofcom established a clear regulatory framework for investment in next-generation access (NGA) and competition in superfast broadband. This framework requires BT to offer virtual unbundled local access (VULA) to its next-generation fibre infrastructure, so that other providers can compete with BT in the supply of superfast broadband services to consumers; this is considered key to supporting competition for superfast broadband services in the wholesale local access market. This framework also requires BT to provide access to its physical infrastructure, including ducts and poles, so that other providers have the option of investing in NGA. This is considered key to promoting infrastructure-based competition, enabling contestable investment in new areas.
- 4.8 During 2013/14 we will continue to ensure that BT meets all reasonable demands for these access remedies, and other regulated services (such as WLR and LLU), allowing other providers to use them effectively.
- 4.9 Also, in line with the European framework for electronic communications, we have recently begun to review the markets for fixed voice and broadband connections and local access. This work will run throughout 2013 and will consider what is the appropriate regulatory framework having regard, in particular, to market developments. Our final conclusions are due to be published in early 2014. The outcome of this programme of market reviews will play a critical role in ensuring that competition in the provision of broadband services, in particular, continues to be effective as consumers migrate to higher speed services.
- 4.10 An important consideration in our review of the fixed voice and broadband markets will also be ensuring that Openreach is incentivised (either through regulation or market-based mechanisms) to deliver services to the quality expected by its wholesale customers and their respective end-users.

Promote effective choice for consumers by ensuring that clear and relevant information is readily available

- 4.11 We believe that for communications markets to work well, consumers must be able to make informed choices. It is important that relevant, clear, accurate and understandable information is available to them. This will enable them to make decisions and act on them; for example, by switching provider in order to get a better deal.

4.12 During 2013/14 Ofcom's work on consumer information will address areas where we believe information provided by the market is insufficient. Examples of this will include:

- **Broadband speeds research:** We will continue our work to ensure that consumers have adequate information on the actual fixed-line and mobile broadband speeds available, to help them make informed choices when selecting their broadband provider. We plan to publish research every six months, allowing consumers to see how broadband speeds vary across different providers, technologies, geographic areas and time periods.
- **Consumer complaints data:** On a quarterly basis we publish complaints received by Ofcom by service and by communications provider. We believe that such information is useful for consumers, especially those considering a new service or provider. In addition, the publication of provider-specific complaints data may act as an incentive for providers to improve their performance. We will continue to develop this publication to ensure that it remains relevant and useful for consumers.
- **Traffic management practices:** we are doing further work to consider the transparency of information on traffic management, including a more detailed review of traffic management practices, to ensure consumers are getting the information they need to make informed choices. This work has started only recently, but may result in modifications to the current industry codes, or the integration of new content with the existing Ofcom sponsored codes such as that on broadband speeds. Any outcomes will be based on analysis of how well the existing industry code fulfils the intended goal of providing sufficient transparency for consumers to make informed decisions.

Develop and implement policies that will improve the ease of switching between communications providers

4.13 It remains a priority for Ofcom to make further progress in ensuring the effectiveness of switching procedures, to deliver on the goals of effective competition and informed choice. To achieve this we are continuing our review of switching processes for electronic communications services. We are focusing on delivering two key outcomes:

- An easy and convenient consumer experience of switching, both now and in the future. We want to ensure that there are no undue process barriers to switching, for single services or for bundles.
- Ensuring that switching processes will deliver efficient competitive outcomes.

Review of switching processes

4.14 The first stage of our review is to address the switching processes for copper-based services using the Openreach network. In February 2012 we consulted on the options to make changing fixed voice and broadband providers (delivered over the Openreach copper access network) easier for consumers.

4.15 We are currently considering the evidence submitted to us by respondents to the consultation. We have also undertaken further work and analysis in some areas.

- 4.16 We plan to publish a statement on this issue in summer 2013. We will then consider the need for switching reform for other networks and sectors.

Early termination charges in contracts for communications services

- 4.17 During 2012/13, we continued our work enforcing the Unfair Terms in Consumer Contracts Regulations in the fixed voice and broadband sector under the Additional Charges Enforcement Programme. We focused particularly on terms relating to early termination charges (ETCs).
- 4.18 We also announced our General Condition 9 enforcement and monitoring programme on 25 January 2012. GC9 sets out the requirement to offer contracts with minimum terms. The condition includes requirements relating to the provision of information, the length of contracts and the conditions for termination.
- 4.19 We intend to continue our work in relation to ETCs in consumer contracts in 2013/14. We will continue to engage with relevant providers in the fixed voice and broadband sector where appropriate. In parallel, we will also be monitoring consumer complaints in relation to ETCs in all communications sectors and, along with consideration of other issues and developments in those sectors, this will help us to identify what our priorities should be under the Programme. This may include enforcement action against specific providers, and any such decisions will be announced via the Competition and Consumer Enforcement Bulletin (CCEB).

Strategic Purpose 2: Secure optimal use of spectrum

- 4.20 Ofcom is responsible for securing the optimal use of the electro-magnetic spectrum. While not itself a consumer outcome, optimal use of spectrum is a key input into delivering good consumer and citizen outcomes in terms of delivery of services, competition, choice and widespread availability.
- 4.21 Given the potential value to citizens and consumers of services that are enabled by spectrum resources, managing spectrum is a significant responsibility. Understanding how spectrum is used and, if appropriate, facilitating a change of use for a block of spectrum, is important to delivering the best outcomes for citizens and consumers.

Secure optimal use of spectrum

- Timely spectrum clearance in 800 MHz and 2.6 GHz to enable new awards while mitigating co-existence issues
- Implement the UHF strategy to enable a potential release of 700 MHz for harmonised mobile use
- Support the release of 2.3 GHz and 3.4GHz bands to meet spectrum demand

Timely spectrum clearance in 800 MHz and 2.6 GHz to enable new awards while mitigating co-existence issues

- 4.22 Following the combined 800 MHz and 2.6 GHz auction, we will focus on completing clearance and interference mitigation activities. This will enable full use of the 800 MHz and 2.6 GHz spectrum.
- 4.23 In relation to the 2.6 GHz band, we will continue to support the cross-Government radar remediation programme.
- 4.24 In relation to the 800 MHz band:

- we will ensure completion of the clearance of channel 61 & 62 so that DTT completely vacates this band. When these engineering works take place, consumers will be informed and given guidance if required about retuning their TV sets or set-top boxes. We will continue to reconcile and audit expenditure in the programme;
- new 800 MHz licensees must prevent or mitigate potential interference of 4G signals into DTT. We are making this a licence obligation and will closely monitor compliance as well as decide on any adjustments to mitigation measures in the light of experience;
- having completed PMSE clearance from channel 69, we will close the grant scheme, including reconciliation, audit and closure of the scheme contract;
- we will support emergency services users operating at the top of the 800 MHz band in undertaking technical risk assessments of potential solutions that will enable them to manage possible interference to users of short range devices (SRDs); and
- we will continue to engage with manufacturers and groups representing users of SRDs, including social alarms, to enable them to address potential interference issues arising from LTE handsets. We will continue to work with European standards bodies to ensure that harmonised technical standards remain appropriate.

Implement the UHF strategy to enable a potential release of 700 MHz for harmonised mobile use

- 4.25 As we outlined in our UHF Strategy Statement in November 2012, consumers continue to increase their demand for mobile capacity, with growth of 119% in the past year. Spectrum policy will play a key role in meeting this growing demand alongside technology and network improvements such as the move to LTE, increasing the number of cells and offloading wireless data to fixed networks. At the same time, UHF spectrum will continue to be important for DTT which delivers near-universal, low-cost access to PSB content and choice for consumers in services, receiver equipment and platforms. This spectrum is also important for PMSE services.
- 4.26 As a result, we set out our UHF spectrum strategy to support the international process and seek to enable a potential release of 700 MHz for harmonised mobile use. The strategy also seeks to ensure that the DTT platform, local TV and PMSE and white space device-based services can access the 600 MHz spectrum band assuming a change of use in 700 MHz.
- 4.27 To begin the implementation of this strategy, we will undertake a range of activities to prepare for the potential future change of use of the 700 MHz band:
- international engagement on harmonisation including future band plans for 700 MHz and frequency co-ordination negotiation relating to DTT uses;
 - examining how and when a future change of use in 700 MHz can be secured to best serve consumer and citizen interests;
 - exploring options to reduce costs and disruption associated with any future replan of UHF spectrum;

- working with multiplex operators to consider the necessary technical and regulatory changes to safeguard the benefits of DTT;
- enabling continued and future provision of PMSE and local TV services; and
- supporting Government activities related to future decisions on spectrum allocation for emergency services.

4.28 We plan to issue a Call for Inputs on UHF Strategy Implementation in Q1 2013/14.

Support the release of 2.3 GHz and 3.4 GHz bands to meet spectrum demand

4.29 Plans by the Ministry of Defence (MoD) to release around 200 MHz of spectrum in the 2.3 GHz and 3.4 GHz spectrum bands will make a significant contribution to future spectrum availability. As a result, we will undertake specific actions to support the release of this spectrum, including:

- technical analysis to identify potential co-existence challenges with existing civil uses;
- developing potential approaches for resolving co-existence issues;
- assessing the impact on spectrum users who may need to be cleared to facilitate the release and potential mitigating actions;
- defining technical conditions for the spectrum release that would permit its use for mobile data; and
- preparing the necessary regulations to permit release of these bands.

4.30 The MoD has initially proposed three frequency bands for potential release through sharing. Ofcom is currently providing technical advice to the MoD on the release of these bands. Work is currently ongoing to establish what, if any, coexistence challenges may be created for civil users of spectrum and to define whether, and how, any interference issues might be mitigated. Ofcom will consult with all relevant users when appropriate.

Strategic Purpose 3: Promote opportunities to participate

4.31 Communications services continue to grow, both in prevalence and in their importance to consumers and citizens enabling consumers to participate in wider society effectively. In support of this, we have a key focus on promoting opportunities to participate – seeking to ensure widespread availability of services and seeking to reduce barriers to their adoption and effective use by consumers.

Promote opportunities to participate

- Secure the provision of the universal postal service
- Work in collaboration with Government and industry to promote the widespread availability of superfast broadband

Secure the provision of the universal postal service

4.32 The universal service obligation requires Royal Mail to collect and deliver letters six days a week at an affordable and geographically uniform price to every address in the UK. Ofcom now regulates postal services and our primary duty is to carry out our

functions in relation to post in a way that we consider will secure the provision of a universal postal service. Therefore, ensuring the financial sustainability of the universal postal service and its efficient provision is a priority for Ofcom.

- 4.33 Without changes to the regulatory framework, there is a risk that Royal Mail may not be able to continue to deliver a universal postal service to all customers across the UK. We have already undertaken a number of actions in support of this duty. We have given Royal Mail greater pricing and operational freedom on most products, but have put in place regulatory safeguards, such as a safeguard cap on Second Class stamps and an effective monitoring regime. We are also in the process of reviewing the needs of postal users. We published this review of users' needs⁹ in March 2013.
- 4.34 During 2013/14 we will take forward our approach to the economic regulation of post, by undertaking a range of work to secure the continued provision of a universal postal service. This will include:
- further developing a regime to monitor closely the performance of Royal Mail, focusing particularly on the provision of universal service, end-to-end competition, efficiency, profitability and pricing;
 - ongoing monitoring of and research into the affordability of postal services, particularly with regard to the purchase of stamps by vulnerable consumers;
 - assessing our approach to protecting against margin squeeze with regard to access services;
 - assessing the impact on the provision of the universal service of any development with regard to end-to-end competition; and
 - assessing potential approaches to the determination of Royal Mail efficiency levels.

Work in collaboration with Government and industry to promote the widespread availability of superfast broadband

- 4.35 The Government has a stated aim of ensuring that the UK has the best broadband networks in Europe by the end of 2015, with 90% of premises having access to superfast broadband and speeds of 2Mbit/s available to all homes across the UK.
- 4.36 The devolved administrations in Scotland, Wales and Northern Ireland have set similar targets. Additional funding has been secured by the Scottish Government and local authorities in Scotland to assist roll-out. In Northern Ireland a £52m investment project, led by the Department of Enterprise, Trade and Investment has already been completed, making fibre-based superfast broadband available to more than 95% of households. Similarly, the Next Generation Broadband Wales Project aims to provide services of at least 30Mb/s to homes and businesses throughout Wales.
- 4.37 Broadband Delivery UK (BDUK) is responsible within the Department for Culture, Media and Sport for allocating the £530m of public funds that the Government has made available to support the achievement of its goals for superfast broadband. BDUK is also responsible for putting in place a procurement framework that will allow local authorities to efficiently run superfast broadband procurements to address specific local needs.

⁹ <http://stakeholders.ofcom.org.uk/consultations/review-of-user-needs/statement/>

- 4.38 Ofcom has played an active role in advising government in these areas. We will continue to provide expertise and advice to help the Government and the Devolved Administrations meet their objectives. We will also continue to gather and publish data to help the Government benchmark the UK's broadband infrastructure against the rest of Europe through a 'Best in Europe Scorecard'. The first version of this scorecard was published in March 2013¹⁰.

Strategic Purpose 4: Protect consumers from harm

- 4.39 As the communications landscape continues to evolve, new forms of potential harm for consumers continue to emerge. Our overall approach to providing consumer protection is to focus on those issues that generate significant scale of consumer harm and where we have an ability to address the issue. Much of this work is ongoing and falls into Ofcom's major work areas outlined in the next section. However, we have identified two priorities for 2013/14.

Protect consumers from harm

- Implement reform of non-geographic numbering to ensure price transparency
- Protect consumers in a range of priority areas, including silent calls and mid-contract price increases

Implement reform of non-geographic numbering to ensure price transparency

- 4.40 For 2013/14, our priority will be to implement any reforms made during early 2013 affecting how consumers buy calls to non-geographic numbers.
- 4.41 We define non-geographic calls as those made to 03, 05, 070/076, 080, 0845, 0870, 083/4, 0871, 09, 116 and 118 numbers. Consumers use these numbers to call businesses and government agencies, to get information, make payments for services and vote on radio and television shows. In 2010/11, we proposed a simpler approach to the provision and regulation of non-geographic calls, including exploring the option of simpler number ranges and more standardised charges.
- 4.42 We published a detailed proposal for regulation in April 2012 in which we proposed making non-geographic numbers and their prices more intuitive, with clearer divisions between number ranges and simplifying the way calls to revenue-sharing numbers are priced, including call cost 'unbundling'. We also proposed that Freephone numbers (080 and 116) should be free to call from all telephones, fixed and mobile.
- 4.43 We will continue our work on non-geographic calls in the next financial year, including the publication of a final statement and implementation of any regulatory changes that we decide to make.

Protect consumers in a range of priority areas, including silent calls and mid-contract price increases

- 4.44 We will continue to focus on key areas of consumer harm that we have identified through our monitoring and enforcement programmes and through data coming to our contact centre, taking action that is effective and proportionate, including investigations where necessary. Areas of work for 2013/14 are as follows, although we will also undertake unplanned work as unexpected new issues come to the fore:

¹⁰ <http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/bbresearch/scorecard>

- silent calls – a programme of work, including enforcement where appropriate, to reduce the harm caused by this issue and other measures to improve compliance, informed and complemented by a wider range of actions to help tackle nuisance calls and messages as a whole. As set out in our five-point action plan for tackling nuisance calls, key work we are undertaking includes enhanced research to better understand the main drivers of nuisance calls, joint regulator action (for example with the ICO, the Ministry of Justice and the OFT), and working with industry to identify ways to trace companies behind nuisance calls where they try to hide their identity;
- standard contract terms – looking at ‘right to vary the contract’ terms, focusing on price variation terms in particular;
- additional charges – ensuring contract terms are fair, focusing on early termination charges (ETCs) but also considering other terms identified as being unfair, as appropriate;
- unexpectedly high bills (UHBs) – continued monitoring of UHBs and engagement with providers as necessary, including on compliance with the Roaming Regulations;
- mis-selling and slamming – a programme of work to tackle mis-selling and slamming, including investigations as appropriate and remedying the root causes of erroneous landline transfers; and
- complaints handling – ensuring compliance with complaints-handling rules.

Strategic Purpose 5: Maintain audience confidence in broadcast content

- 4.45 Given consumer expectations of assurance on broadcast content standards, we will continue to develop and deliver efficient, effective and future-proofed ways to ensure audience confidence in broadcast content.

Maintain audience confidence in broadcast content

- Target licensing and enforcement to ensure effective protection for audiences
- Relicensing of Channels 3, 4 & 5
- Develop approaches to future content regulation

Target licensing and enforcement to ensure effective protection for audiences

- 4.46 Despite the evolving nature of broadcasting and content services, there will be a need for continuing audience assurance on content standards on traditional services. In order to provide this ongoing assurance in an efficient and effective manner, we will undertake work in the next year to design and adopt new approaches to targeting enforcement activity.

Relicensing of Channels 3, 4 & 5

Channels 3 & 5

- 4.47 We will ensure the ongoing health of the PSB system by relicensing both the commercial PSBs (Channels 3 and 5) and Channel 4.

- 4.48 The current licences for Channel 3 services, held by ITV plc, STV and UTV, and the Channel 5 licence expire at the end of 2014. As directed by the Secretary of State, Ofcom will consult on possible changes to the terms of the licences, determine the financial obligations and manage the renewal process. We will also address issues raised with Ofcom by the Secretary of State, such as the provision of news in the Border region and the possible creation of a Welsh licence. The deadline for the current licensees to apply for renewal passed on 15 March 2013 with licences to be renewed in the summer.

Channel 4

- 4.49 The current licence for the main Channel 4 service runs from 2004 to the end of 2014. Channel 4 Corporation's public service remit and regulatory framework were modified in the Digital Economy Act (2010).
- 4.50 We will consider the renewal of the Channel 4 licence and how it might be updated or adapted to ensure the continued delivery of appropriate public service content.

Develop approaches to future content regulation

- 4.51 As content is distributed to an increasing number of devices via a growing number of services from an ever-expanding range of originators, the regulatory demands of securing a healthy and mixed content ecosystem are constantly shifting.
- 4.52 We will continue to review our wider regulatory approach to content regulation to ensure that it remains fit for purpose, continues to serve the interests of citizens and consumers and is clear for stakeholders.
- 4.53 We see a number of challenges in this area. Changes in technology, including the emergence of mass-market IPTV services in the UK, will challenge the existing regulatory structures, which were designed predominantly for linear broadcasting. We will consider how regulatory approaches to content regulation might further evolve to remain fit for purpose and proportionate.

Strategic Purpose 6: Contribute to and implement public policy defined by Parliament

- 4.54 In addition to the five strategic purposes above, Ofcom continues to play a role in leading or contributing to a number of public policy issues at the request of Parliament or the Government. We expect that this will continue in future, where Parliament identifies a clearly-defined role for Ofcom.
- 4.55 The Government has informed us that, during the current year, it intends to ask Parliament to relieve us of our statutory duty to conduct a review of public service broadcasting and report on it at least once every five years. We are of course mindful of this intention and equally mindful that, while the duty remains in force, it would be inappropriate for us to disregard it. Ofcom has a range of related broadcasting duties and we anticipate undertaking a programme of work necessary to meet these during 2013/14, including publishing the PSB Annual Report and contributing to the Government's Communications Review. This programme of work will continue as planned.

Our role in media plurality

- 4.56 In addition to our existing duties in regard of media plurality, Ofcom is mentioned in the Right Honourable Lord Justice Leveson's November 2012 report *An Inquiry into the Culture, Practices and Ethics of the Press*. Any activity in this area will be led by Parliament's decisions.

To help in measurement against these priorities, we have set interim and final outcomes

- 4.57 We will judge the success of our work to deliver our priorities for 2013/14 against the positive outcomes we are seeking to secure for citizens and consumers.
- 4.58 We have identified outcomes for each of our priorities, as shown in Figure 3 below. We will assess our progress towards delivering these at the end of the financial year, within Ofcom's Annual Report.
- 4.59 We have divided our outcomes into interim and final outcomes:
- **Interim outcomes** are events in the market that result from a decision taken by Ofcom; for example, enabling third parties access to a particular network or service. These play a part in delivering final outcomes.
 - **Final outcomes** describe wider benefits for citizens and consumers; for example, a consumer being able to choose from a range of competitive and innovative retail offerings. We intend to do what can reasonably be done to judge our success in securing final outcomes, while acknowledging that these outcomes will also be influenced by wider market developments.

Figure 4: Annual Plan 2013/14 priorities and outcomes

	STRATEGIC PRIORITIES	INTERIM OUTCOMES	FINAL OUTCOMES
Promote effective competition and informed choice	Ensure effective competition and investment in both current and superfast broadband	Complete a set of market reviews which cover fixed voice and broadband and local access and, where necessary, introduce remedies, including new charge controls, into these markets	Maintain innovation and competition in the supply of current generation voice and broadband to consumers and create the conditions that will allow the market to retain these favourable supply conditions as it transitions to superfast broadband
	Promote effective choice for consumers by ensuring that clear and relevant information is readily available	Understand areas in which information provided commercially in markets falls short of what consumers need in order to engage in the market and, particularly, make effective choices	Consumers are able to make choices and decisions in the market based on clear and complete information. This information is accessible, understandable, verifiable, and comparable
	Develop and implement policies that will improve the ease of switching between communications providers	Ensure switching processes for services on the Openreach copper access network do not lead to barriers to switching for consumers and harm to the competitive process	Consumers can switch easily between providers without hassle, and barriers to switching do not result in harm to the competitive process
Secure optimal use of spectrum	Timely spectrum clearance to enable new awards while mitigating co-existence issues	Spectrum released by auction cleared and co-existence challenges overcome	Spectrum available for rollout of 4G services
	Implement the UHF strategy to enable a potential release of 700 MHz for harmonised mobile use	UK industry alert to likelihood of future change of use of 700 MHz to mobile-use	Internationally harmonised spectrum made available for mobile broadband services at 700MHz; continued widespread availability of DTT services for consumers
	Support the release of 2.3 GHz and 3.4GHz bands to meet spectrum demand	Co-existence issues with existing civil users understood and where possible resolved. Technical conditions developed for the spectrum to be released conducive to its use for mobile data services	Increase in the total amount of spectrum available and used to match growing demand for wireless services
Promote opportunities to participate	Secure the provision of the universal postal service	On the basis of robust evidence define the universal postal service so that it meets the reasonable needs of users now and in the future.	Financially sustainable universal postal service which meets the needs of business and residential customers
	Work in collaboration with Government and industry to promote the widespread availability of superfast broadband	Continued development of both private sector and public sector schemes to deploy superfast broadband	Consumers in 'Final Third' able to benefit from superfast broadband

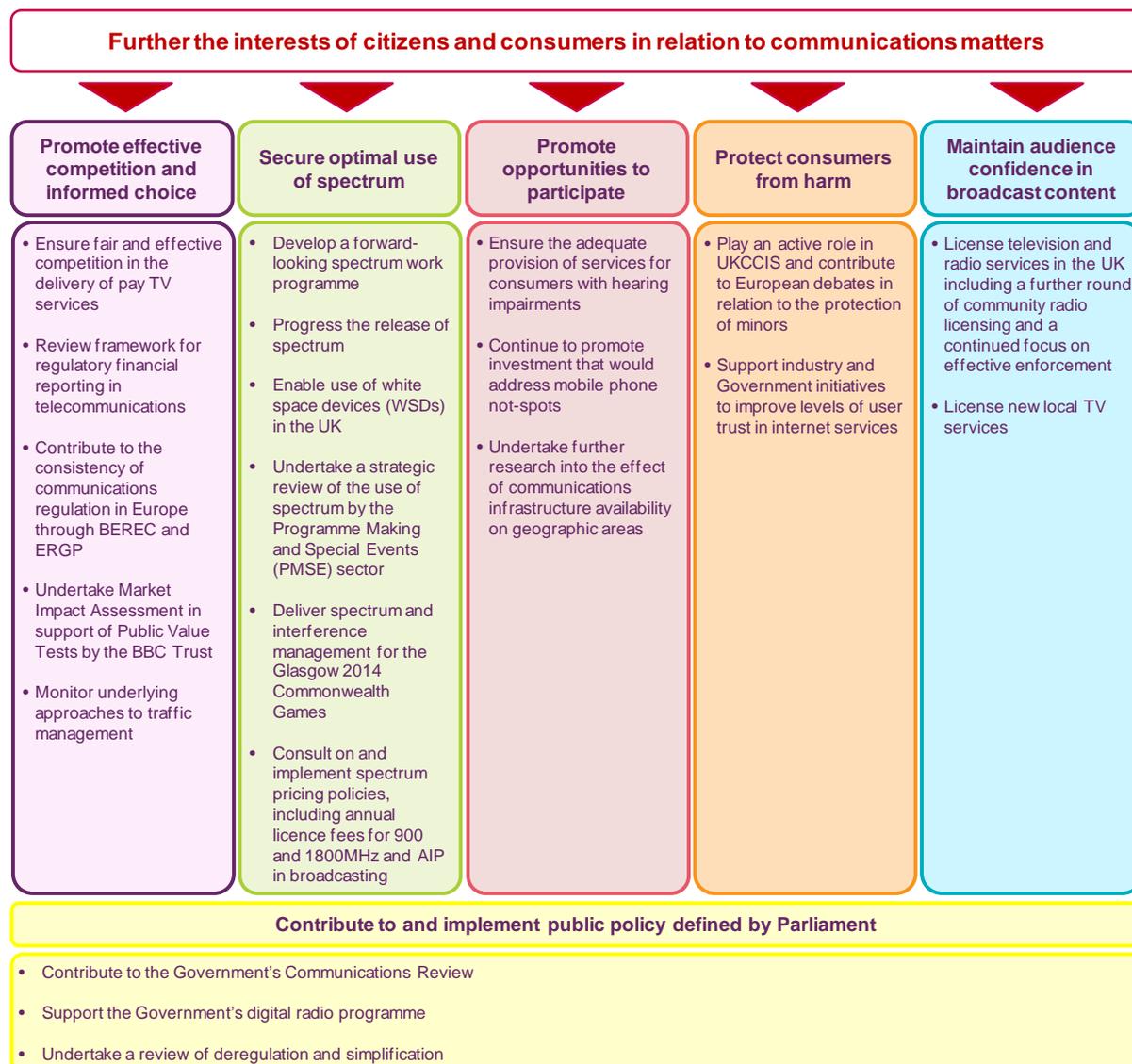
	STRATEGIC PRIORITIES	INTERIM OUTCOMES	FINAL OUTCOMES
Protect consumers from harm	Implement reform of non-geographic numbering to ensure price transparency	Subject to consultation responses, apply the recommendations on improving price transparency contained in our final statement	Measurable improvements in consumer understanding of non-geographic calls pricing and a reduction in associated bill shock
	Protect consumers in a range of priority areas, including silent calls and mid-contract price increases	Formulation of an enforcement strategy for each issue	Measurable improvements in levels of consumer harm caused by each issue, which may include measures such as complaint volumes, media and public opinion and other bespoke research.
Maintain audience confidence in broadcast content	Target licensing and enforcement to ensure continued protection for audiences	Licences continue to be issued to suitable persons; compliance continues to be monitored effectively; interventions are tailored and based on potential risk of harm posed by specific content, services or sectors; and audiences are appropriately protected	A protection and assurance framework that inspires high-levels of consumer confidence and provides high levels of protection from harm, with a particular focus on protecting children and on content that poses the greatest risk of harm to audiences
	Relicensing of Channels 3, 4 & 5	New licences for Channels 3, 4 and 5 designed to fully serve and deliver PSB purposes	High quality PSB delivery from commercially owned broadcasters into the 2020s and a Channel 4 Corporation with obligations designed to meet the needs of a diverse UK audience throughout a new licence period
	Develop approaches to future AV content regulation	Develop options for a new framework incorporating appropriate minimum levels of protection and assurance for audiences across linear broadcast television and VoD	Effective framework for AV regulation within the scope of current legislation and contribute to the Government/European debate as appropriate for future legislation on AV content.
Contribute to and implement public policy defined by Parliament	<i>No priority projects</i>		

Section 5

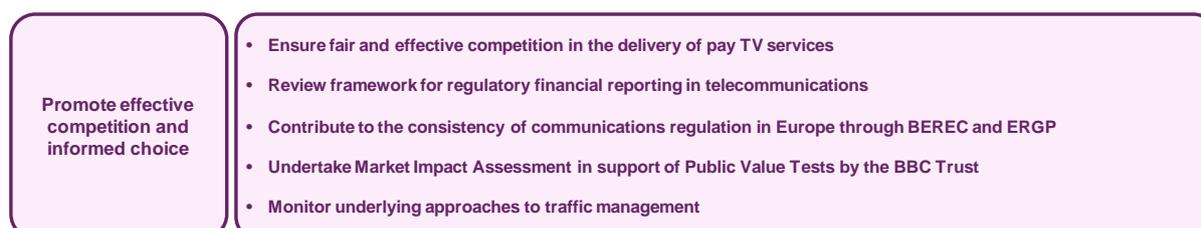
Other work areas for 2013/14

5.1 In addition to our priorities, we plan to undertake work in a number of other important areas during 2013/14.

Figure 5: Ofcom's work areas for 2013/14



Strategic Purpose 1: Promote effective competition and informed choice



Ensure fair and effective competition in the delivery of pay TV services

- 5.2 In March 2010 we published a statement setting out our decision that Sky Sports 1 and 2 (both standard and high definition) should be offered to retailers on platforms other than Sky's, at prices set by Ofcom for the standard definition service. This decision was appealed by Sky and other parties, to the Competition Appeal Tribunal. In August 2012, the Tribunal agreed that we have the power to impose such a remedy, while reaching a different conclusion as to Sky's historic behaviour on the basis that Sky acted as a willing wholesaler.
- 5.3 We also made a market investigation reference to the Competition Commission in August 2010 under the Enterprise Act 2002 regarding pay TV films, particularly subscription video-on-demand services. In August 2012, the Competition Commission concluded its investigation, finding that Sky has market power in a broader pay TV retail market and that there remains a lack of effective competition in that market, though it concluded that there was no adverse effect on competition in relation to pay TV films in particular.
- 5.4 We have a duty to ensure fair and effective competition in this sector and we note that, in contrast to the Tribunal, the Competition Commission reached the conclusion that competition in pay TV is ineffective. During 2013/14, we will continue to monitor developments in the market, in the light of commercial negotiations for content and the emergence of new platforms and services, to establish whether further action may be required to promote competition for consumers. We will support the Government in the development of any relevant legislation in this area.

Review framework for regulatory financial reporting in telecommunications

- 5.5 We are reviewing the arrangements for regulatory financial reporting. BT and KCOM currently publish information on the financial performance of regulated services. They also provide information to Ofcom privately. We are reviewing the requirements on telecoms providers to provide this information and published our first consultation in September 2012.
- 5.6 We plan to consult further in 2013. We will make proposals for relevant and reliable regulatory financial information that serves the needs of stakeholders. Following this, we will implement our new framework, which may require changes to the current regulatory financial reporting processes and systems from Q4 2013/14.

Contribute to the consistency of communications regulation in Europe through BEREC and ERGP

- 5.7 The Body of European Regulators for Electronic Communications (BEREC) is a board comprising the heads of the 27 national regulatory authorities, including Ofcom. Its main functions are to contribute to the promotion of competition in European communications markets and to ensure the consistent implementation of the EU regulatory framework. BEREC also plays an active role in the development of European policy proposals. The European Commission is required to seek BEREC's input on draft Recommendations and Decisions, while the European Parliament and Council of Ministers may ask for BEREC's advice.
- 5.8 Ofcom is an active member of BEREC and is involved in all of its working groups. Working closely with our European counterparts, we aim to make a substantial contribution to the body's work programme and output. During 2013/14 we will continue to do this, with a particular focus on the following issues:

- providing an opinion on the upcoming Commission Recommendation on non-discrimination and costing methodologies;
- contributing to the successful implementation of the Roaming Regulations, through developing guidance and monitoring market developments;
- the consistent application of regulatory remedies, both through our contribution to the Article 7 market review process and through the development of a monitoring programme, following the review and update in 2012 of BEREC's common positions to take account of technological developments; and
- further analysis of issues related to traffic management and the open Internet, which will include providing an opinion on the forthcoming Commission Recommendation on net neutrality.

5.9 Similarly, Ofcom is an active member of the European Regulators Group for Postal Services (ERGP), whose main role is to advise the Commission on best practice in relation to regulating postal services. Ofcom is involved in all the five working groups and in 2013, will also chair a new ERGP work stream assessing the development of end to end competition for letters and packets.

- The five ERGP sub-groups comprise: cost allocation; net costs of USO (including VAT exemption); end-user satisfaction and market monitoring; end-to-end competition; and access regulation and cross-border products and services.
- Main deliverables for 2013 include publishing a common position on cost allocation rules and an analysis of: activities where common costs are significant; mail traffic validation; and cost of capital. ERGP will also be publishing a series of reports, including on quality of service indicators, best practice in key consumer areas and end-to-end competition.

Undertake Market Impact Assessment in support of Public Value Tests by the BBC Trust

- 5.10 When the BBC seeks to make changes to its UK PSB or non-PSB activities, in situations where it considers those changes to be significant, the BBC Trust is required to scrutinise the proposals. It does this by subjecting them to a Public Value Test, incorporating a Public Value Assessment and Market Impact Assessment.
- 5.11 Ofcom is responsible both for providing advice to the BBC Trust in its assessment of significance and in conducting the Market Impact Assessments. We work closely with the BBC Trust in order to understand the implications for competition of the BBC Trust's decisions and the consequent benefit to consumers in terms of choice and innovation.
- 5.12 We will continue to fulfil this role, with specific activity depending on changes to the BBC's UK PSB and non-PSB activities.

Monitor underlying approaches to traffic management

- 5.13 In the publication *Ofcom's Approach to Net Neutrality* in November 2011, we set out our position on net neutrality and traffic management.
- 5.14 In particular, we provided our views on the level of consumer information which we want to see the market deliver and also the potential circumstances which might

warrant the development of a minimum quality of service. As set out in our priorities, we are committed to undertaking further research on consumer information. In doing this, we are aware of the balance between consumer benefits from getting the right type of information in a form that is targeted and clear and of the risks of overloading consumers with too much information resulting in consumer confusion. We will also undertake research on the provision of 'best-efforts'¹¹ internet access.

5.15 To support our wider work on traffic management, we will continue to monitor actual traffic management approaches as part of our infrastructure reporting duty. We updated our position in the Infrastructure Report statement published in November 2012. In this document we considered whether the use of traffic management practices are consistent with the principles we set out in our Net Neutrality statement. Our view of the current position is that:

- There are currently no substantive concerns in relation to the traffic management practices used by fixed ISPs.
- Some mobile operators are blocking some services, such as Skype's VoIP service. This is a concern, but our current view is that competition between operators should be an effective means of addressing the problem, as long as consumers are made aware of these practices. We have not identified any traffic management practices which are in use by mobile operators and which are not publicly reported.

5.16 Our next infrastructure report update will be published at the end of 2013.

Strategic Purpose 2: Secure optimal use of spectrum

Secure optimal use of spectrum	<ul style="list-style-type: none">• Develop a forward-looking spectrum work programme• Progress the release of spectrum• Enable use of white space devices (WSDs) in the UK• Undertake a strategic review of the use of spectrum by the Programme Making and Special Events (PMSE) sector• Deliver spectrum and interference management for the Glasgow 2014 Commonwealth Games• Consult on and implement spectrum pricing policies, including annual licence fees for 900 and 1800MHz and AIP in broadcasting
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Develop a forward-looking spectrum work programme

5.17 We have completed or are close to completing many of the major tasks set out in the Spectrum Framework Review: Implementation Plan, including the 4G auction and liberalisation of mobile spectrum. As such, we believe that the time is now right to refresh our spectrum management strategy and plan a new forward-looking work programme to help us implement this refreshed strategy. We intend to consult on this in Q2 2013/14.

5.18 The strategy will look at:

- our overall strategic approach to spectrum management;

¹¹ Best efforts describes internet services that are not hindered or blocked but may be managed during times of congestion

- the future market, technology and regulatory changes that might affect spectrum use over the next five to ten years;
 - the specific future challenges we, as the regulator, might face; and
 - the priority activities we may need to undertake to meet these challenges.
- 5.19 The *Spectrum Framework Review* (SFR) of 2005 placed a central emphasis on the role of market mechanisms in driving change in spectrum use. While we retain a preference for changes in spectrum use to be driven by the market, where possible, we have a richer understanding of the circumstances in which regulatory action plays a significant, value-enhancing role in this process, based on seven years' experience of doing this since the SFR was published. The lessons we have learned since 2005 will be built into our strategic approach to spectrum management.
- 5.20 Following on from this refreshed strategy we expect to identify the need for specific spectrum management strategies for some key sectors. In particular, we expect to identify the need for a mobile data strategy to guide the correct mix of spectrum in future.
- 5.21 As part of this mobile data strategy and in addition to our work to prepare for the possible change of use for mobile of the 700 MHz band, we will review the implications for other spectrum bands of continued growth in mobile data demand. We expect to consult on this in Q3 2013/14.
- 5.22 Our objective will be to set out a longer-term road map for the provision of spectrum for mobile data to meet the growing demand for wireless services by consumers. We will specifically consider the role of:
- licensed spectrum for the core mobile networks as well as the associated spectrum requirements and applications to support mobile backhaul and meshed networks; and
 - licence-exempt use.
- 5.23 In addition to this work and following on from our *Spectrum Review*¹², we are reviewing the current self-coordinated light licensing approach for the 71-76 GHz and 81-86 GHz bands as part of our strategy to support mobile data. This project is now underway and is a key priority to which we are devoting significant effort.
- 5.24 At present we use a self-coordinated licensing approach for these bands. The immediate urgency to address this arises from the expectation that 4G networks will be deployed in new spectrum at 800 MHz and 2.6 GHz over the coming year and a strong indication from stakeholders that the 71-76 GHz and 81-86 GHz bands have a key role to play in the provision of the backhaul component for these networks.
- 5.25 Although our current approach enables the use of this spectrum for point-to-point links including mobile backhaul, there is a perception among some stakeholders that the self-coordinated approach at 71-76 GHz and 81-86 GHz does not offer the certainty that is required for the applications used to support 4G networks.

¹² Our Spectrum Review considered the management of the spectrum currently used by fixed point to point links in the UK

- 5.26 The focus of our work is to therefore develop and implement a regulatory approach to provide stakeholders with the higher level of confidence that they are seeking to enable them to invest in mobile backhaul solutions in the 71-76 GHz and 81-86 GHz bands. In reviewing this spectrum, important considerations include the recognition of the range of uses that exist for this spectrum, such as those for which the self-coordinated approach already meets the needs. We plan to consult on our future approach for E band in Q1 2013/14.

Progress the release of spectrum

600 MHz spectrum

- 5.27 In the light of the conclusions of our UHF strategy work we will prioritise the release of the 600 MHz band for interim use by additional DTT multiplexes, PMSE services and applications based on white space device technology. To enable this we will progress the award of one or more DTT multiplexes (using DVB-T2 and MPEG-4 standards) in the 600 MHz band.
- 5.28 Given that this spectrum could be needed to facilitate 700 MHz release as early as 2018, and hence the window for interim use may be relatively limited, we will be looking to award the spectrum as soon as practicable. We also intend to conduct further work on the precise arrangements for the coexistence of PMSE equipment and WSDs in the 600 MHz band.
- 5.29 We plan to award the 600 MHz band, in the interim, suitable for HD television. We published a consultation in February 2013 and have asked stakeholders to notify us of their intention to apply for the licence. We then expect to be in a position to release the spectrum by Q1-3 2013/4 depending on the responses we receive.

872-876 MHz / 917-921 MHz spectrum

- 5.30 Ofcom last published an update on the 872-876 MHz / 917-921 MHz spectrum in February 2010. In the light of the progress of CEPT work on the use of this band subsequent to our 2010 update, we published a further consultation document in Q4 2012/2013 which will inform the scope and timing of our work on this band in 2013/2014 with a statement due in Q1.
- 5.31 In particular, it will include consideration of whether the UK should seek to release this band in line with the CEPT; for example to enable use of low-power, licence-exempt, short-range devices. It will also consider the potential release of 870-872 / 915-917 MHz alongside 872-876 MHz / 917-921 MHz if and when management of this is transferred to Ofcom from government. Consequently we will update our work plan to reflect the proposals set out in that document.

Enable use of white space devices (WSDs) in the UK

- 5.32 The term 'white space spectrum' refers to frequencies that are *not* being used by existing licensees at all times or at all locations. A white space device can make use of these frequencies provided that the risk of harmful interference to the licensed users of the spectrum can be appropriately managed.
- 5.33 Location-aware wireless devices, assisted by databases which provide information on white space availability taking into account existing licensed use, offer the promise of opportunistic access to under-utilised frequency bands around the UK for innovative and useful services. We believe that such database-assisted operation

can also be a key enabling technology for the efficient and dynamic sharing of spectrum in a variety of frequency bands.

- 5.34 We have been investigating the prospects for access to white spaces in the UHF TV band¹³ (also known as TV white spaces) since 2007. Our latest step towards enabling the use of TV white spaces was our consultation on white space devices requirements in November 2012¹⁴.
- 5.35 Our work in the area of TV white spaces will continue in the following areas:
- **Device requirements and licence exemption** – following our review of the responses to this consultation, we expect to issue a statement on device specifications.
 - **Co-existence with incumbent services** – we have engaged with stakeholders to discuss the technical parameters for co-existence between WSDs and incumbent users. We intend to publish a consultation document to summarise our proposals regarding the co-existence of WSDs with incumbent services that operate in (and immediately adjacent to) the UHF TV band. We will also include in that consultation the proposed role of Ofcom in quantifying the TV white spaces availability across the UK subject to the defined co-existence criteria.
 - **White spaces database (WSDB) requirements and specification** – at this stage we are still developing the contractual arrangements to be proposed for WSDBs. Once the work has progressed sufficiently, we will publish proposed arrangements and will discuss these with stakeholders. This will be part of the groundwork towards the pilot.
 - **Pilot** – we expect to run a pilot of the operation of devices in TV white spaces this year. The pilot will implement the framework presented in our November 2012 consultation, although some of the aspects of the framework will be modified to accelerate the setting up of the pilot. The objective of the pilot is to expedite deployment and to test the end-to-end interoperability between devices, white space databases and Ofcom services. The pilot will be open to industry participants, notably potential white space data base providers and organisations willing to deploy devices. In Q1 2013/14, we will hold an event to discuss with stakeholders our approach to the pilot to test the implementation of WSDs and our roadmap for the full implementation of WSDs.
 - **Enhanced mode** – our work on TV white spaces so far has been to enable the *baseline* framework for the operation of WSDs. This *baseline* framework involves the automatic reporting of device parameters from WSDs to WSDBs. However, our discussions with stakeholders have indicated that fixed WSDs may benefit from *enhanced* TVWS availability, if specific parameters pertaining to these devices are reported by the user of the device and accounted for by the WSDBs. We aim to return to the *enhanced mode* once the details of the *baseline mode* have been finalised.
- 5.36 Based on our current observations on industry and standardisation activity, we currently estimate that white space devices could be in a position to be deployed from 2014.

¹³ The UHF TV band extends from 470 MHz to 790 MHz

¹⁴ <http://stakeholders.ofcom.org.uk/consultations/whitespaces/>

Undertake a strategic review of the future use of spectrum by the Programme Making and Special Events (PMSE) sector

- 5.37 We plan to initiate a review of spectrum requirements and availability for the PMSE sector. This recognises the continued increase in licensed PMSE-use, alongside the impact of reductions in the amount of access to spectrum available to the sector. We will also consider the approach to PMSE spectrum management, noting that proposals for PMSE band management were put on hold in 2010 in the light of our need to commit attention and resources to preparations for the Olympic Games. We plan to publish a Call for Inputs in Q3 2013/4.

Deliver spectrum and interference management for the Glasgow 2014 Commonwealth Games

- 5.38 Glasgow 2014 will take place between 23 July and 3 August 2014. It will be staged at a number of locations around Scotland but will be primarily concentrated in and around Glasgow. Ofcom is responsible for organising a full spectrum plan for Glasgow 2014, for arranging all the licences in good time in support of the plan and for ensuring that key wireless services are free from harmful interference.
- 5.39 These responsibilities flow from two guarantees given by the UK Government, underwritten financially by the Scottish Government, to the Commonwealth Games Federation in support of Glasgow's bid for the Commonwealth Games. These guarantee the allocation of spectrum required for the organisation of Glasgow 2014 and the waiving of fees otherwise payable for that spectrum by certain users.
- 5.40 In July 2012 Ofcom published a consultation on radio spectrum planning that sets out our proposals for making spectrum available for wireless communications at the Commonwealth Games. As with the London 2012 Olympic and Paralympic Games, our contribution to the success of the event will be ensuring that spectrum is used effectively, with the least disruption to users.
- 5.41 In 2013/14 we will consult on a draft spectrum plan and how we propose to secure the spectrum needed for the successful delivery of the Games.

Consult on and implement spectrum pricing policies, including annual licence fees for 900 and 1800MHz and AIP in broadcasting

Amend the annual licence fees (ALF) for the 900 MHz and 1800 MHz spectrum

- 5.42 In December 2010 the Government made a Direction to Ofcom, the express purpose of which was to ensure the release of additional spectrum for use by providers of next generation mobile broadband services.
- 5.43 As part of this Direction we were instructed to revise the annual licence fees payable for 900 MHz and 1800 MHz spectrum to reflect full market value having particular regard to the sums bid for licences in the 800 MHz and 2.6 GHz auction.
- 5.44 In our consultations on the combined award we consulted on the methodology to set these fees. We will consult on revised fees for this spectrum following completion of the combined award. We currently expect to publish that consultation in Q2 2013/14.

Administered incentive pricing (AIP) in broadcasting

- 5.45 We published a consultation on policy and implementation options for AIP¹⁵ in broadcasting in March 2013 and will publish a statement in Q2 2013/14.

Review some spectrum licence fees based on a contribution to costs

- 5.46 We intend to consult on some changes to spectrum licence fees, which are set by reference to our costs, in Q1/2 2013/14. A statement and a revised fees structure will follow this later in the year.

Strategic Purpose 3: Promote opportunities to participate

<p>Promote opportunities to participate</p>	<ul style="list-style-type: none"> • Ensure the adequate provision of services for consumers with hearing impairments • Continue to promote investment that would address mobile phone not-spots • Undertake further research into the effect of communications infrastructure availability on geographic areas
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Ensure the adequate provision of services for consumers with hearing impairments

- 5.47 The European Universal Service Directive enables National Regulatory Authorities to specify requirements to be met by providers to ensure that disabled end-users have access to electronic communications services equivalent to those enjoyed by the majority of end-users.
- 5.48 Under the Communications Act 2003, Ofcom is required to have regard to the needs of older and disabled people and the Universal Service Order (set by the Government) requires us to secure the provision of one or more text relay services. General Condition 15.3 requires communications providers to provide their customers with access to a relay service approved by Ofcom. Currently, the only relay service approved by Ofcom is the text relay service provided by BT.
- 5.49 Relay services enable people with hearing and/or speech impairments to communicate with others through telephone or textphone equipment. Under the current system, a relay assistant acts as an intermediary to convert speech to text and vice versa for the two parties.
- 5.50 We have carried out a review of relay services to consider the regulatory case for introducing new or improved relay services, in the light of changes in user requirements and technological developments since the service was introduced over 30 years ago. In October 2012 we published our statement, following on from our May 2012 and July 2011 consultations to improve communications services for people with hearing and/or speech impairments.
- 5.51 Our decision means that all UK landline and mobile providers must provide their customers with access to a next generation 'text relay' service, approved by Ofcom, by 18 April 2014. The new service will offer significant improvements, including:
- parallel two-way speech, which makes use of an internet connection to allow users to interject, instead of having to wait until the end of a message. Conversation flows much more quickly and naturally as a result; and

¹⁵ <http://stakeholders.ofcom.org.uk/consultations/aip13/>

- a wider range of equipment for accessing the service, including easier use of text relay on the move via mobile phones.
- 5.52 As well as mandating these improvements to text relay, Ofcom will work with industry and disability representatives to explore the impact of speech recognition technology on the accuracy and speeds of current and future relay services.
- 5.53 In addition, we recognise the potential significance of a video relay service for users of British Sign Language, particularly those who struggle with written English. Ofcom is working with government, industry and disability groups to encourage the provision of video relay services by communications providers, organisations and businesses on a voluntary basis. We are also continuing our review of whether other requirements in General Condition 15 secure equivalent access to services in an appropriate way.

Continue to promote investment that would address mobile phone not-spots

- 5.54 Ofcom has a longstanding programme of work examining mobile coverage in the UK. In addition to our work supporting the Government to deliver the Mobile Infrastructure Project (MIP) which seeks to improve mobile coverage, we have increased coverage obligations on 3G operators and will require one of the 800 MHz 4G licensees to deliver at least 98% indoor coverage across the UK (at least 95% in each nation) by the end of 2017.
- 5.55 We also closely monitor market developments such as commitments to improve coverage. These have the potential to materially reduce the extent of mobile not-spots. We recently provided an update on our wider work programme in the Consumer Experience Report 2012¹⁶.
- 5.56 However, these developments are still evolving and it is too early to determine how effective they will be. Our ongoing work is therefore focused on understanding their effect on consumers. For example, we are currently carrying out further research into consumer and small business perceptions of mobile reception and will continue to do so, on an ongoing basis.
- 5.57 We have not ruled out further action in the future if a significant problem remains, but consider that we should do so only once we better understand the impact of all the current developments.

Undertake further research into the effect of communications infrastructure availability on geographic areas

- 5.58 In 2013/14 we will undertake further research into the effect of communications infrastructure availability on geographic areas. This research will be used together with the conclusions of our work on the availability of communications services in the nations (Economic Geography) which we will publish shortly. This existing research focused on rural and lower-density geographies; our follow-up work will complement this by focusing on higher-density areas, including cities and towns.
- 5.59 Research in this area will help Ofcom to better understand the communications needs of geographic areas. It will assist us in understanding the changing face of UK geographies: both their increasing social diversity and the changing demands now

¹⁶ <http://stakeholders.ofcom.org.uk/market-data-research/market-data/consumer-experience-reports/consumer-experience/>

placed on the communications infrastructure for service delivery. This will assist us in developing and implementing future policies.

Strategic Purpose 4: Protect consumers from harm

Protect consumers from harm

- Play an active role in UKCCIS and contribute to European debates in relation to the protection of minors
- Support industry and Government initiatives to improve levels of user trust in internet services

Play an active role in UKCCIS and contribute to European debates in relation to the protection of minors

- 5.60 We will continue to play an active role in supporting the Government's UK Council for Child Internet Safety (UKCCIS). We are able to inform the work of UKCCIS through our market research into awareness and use of online media, particularly through our media literacy reports. In addition, we will support government and industry in their efforts to secure an effective self-regulatory regime in relation to child safety online. Finally, we will continue to contribute to European debates on the protection of minors, as appropriate.

Support industry and Government initiatives to improve levels of user trust in internet services

- 5.61 Ofcom has traditionally supported industry measures to improve user trust when engaging with the internet, intervening directly where it has been apparent that there were significant barriers to industry-led solutions. Examples include our work on broadband speeds and our support for the Internet Advertising Bureau's range of activities to improve consumer understanding where its data is being used to support online targeted advertising.
- 5.62 The continued growth in online content and advertising markets depends in part on the maintenance of a trusted and secure environment for consumer data. We will monitor the development of online data markets and their role in supporting content investment. In doing this, we will consider the interests of consumers and core regulated stakeholders in the transparent and fair development of such markets.
- 5.63 Ofcom will continue to work closely with partner regulators, such as the Information Commissioner's Office and PhonePay Plus, to ensure that users continue to enjoy the benefits that the internet can provide.
- 5.64 In particular, we will continue to be active in securing the right balance between funding new services from the exploitation of user information and ensuring effective levels of user protection.
- 5.65 We will also work closely with stakeholders to better understand the potential opportunities presented by DNS Security Extensions for improving levels of security for users engaged in e-commerce. In this regard we will look to work closely with Nominet and provide support for initiatives to roll out the service more widely. Similarly, we will continue to support industry initiatives to tackle malware and other risks to user confidence in this area.

Strategic Purpose 5: Maintain audience confidence in broadcast content

Maintain audience confidence in broadcast content

- License television and radio services in the UK including a further round of community radio licensing and a continued focus on effective enforcement
- License new local TV services

License television and radio services in the UK, including a further round of community radio licensing and a continued focus on effective enforcement

- 5.66 Ofcom will continue to license television and radio services which come under UK jurisdiction, in order to provide consumers with a wide range of broadcast services. In 2013/14 this will include the ongoing third round of community radio licensing; we will assess applications from Northern Ireland (having already completed the process for Wales and Scotland in 2012/13), the north-east of England, the north-west of England, Yorkshire, the Midlands and east and south-east England. Licences are granted for five years and services are required to deliver social gain to their chosen communities.
- 5.67 As of the end of November 2012, there were over 200 community radio stations on air, delivering community benefits to around 12.5 million people throughout the UK. Ofcom intends throughout 2013/14 to continue licensing community radio services where there is a suitable frequency available and where applications meet the requirements set out in legislation.
- 5.68 We will also continue to implement a robust and vigorous approach to compliance issues, prioritising cases where the risk of harm to audiences and citizens is higher.

License new local TV services

- 5.69 Following new powers and duties to license and regulate local television given to Ofcom in 2012, we have begun awarding the first new (L-DTPS) local television licences.
- 5.70 We have now concluded the first phase of local TV licensing – this comprises 21 local service licences plus a single multiplex licence for a transmission network. In 2013/14 we will grant these licences and work with the licensees to get their services on air. We will also consider advertising further local service licences.

Strategic Purpose 6: Contribute to and implement public policy defined by Parliament

Contribute to and implement public policy defined by Parliament

- Contribute to the Government's Communications Review
- Support the Government's digital radio programme
- Undertake a review of deregulation and simplification

Contribute to the Government's Communications Review

- 5.71 The Secretary of State for Culture, Olympics, Media and Sport published an open letter in May 2011 asking a broad range of questions about the communications sector. Responses to this, and other work undertaken since then, resulted in a series of seminars in lieu of the publication of a green paper. The output of these seminars will form a large part of any input into a white paper.

- 5.72 While the expected date of such a white paper remains uncertain, we will continue to respond as appropriate to the Government's requests for advice during 2013/14 as it develops policy in this area. We will contribute to the debate, drawing on our experience of regulating the communications sector while seeking to further the interests of citizens and consumers.

Support the Government's digital radio programme

- 5.73 Ofcom will also continue to support the Government's Digital Radio Action Plan, working with government, broadcasters, Digital Radio UK and Arqiva. As set out in the plan, we will continue to lead the coverage and spectrum planning work during 2013/14, including considering future uses for the MW spectrum and any vacated FM spectrum.

Undertake a review of deregulation and simplification

- 5.74 It is important that we always strive to reduce and to simplify regulation wherever it is appropriate. This is something that we take extremely seriously and, in light of helpful stakeholder responses to our Draft Annual Plan regarding some specific cases, in 2013/14 Ofcom will review key areas of existing regulation to gauge the potential for deregulation and simplification measures where our powers allow us to make improvements.
- 5.75 In addition, Ofcom will continue to contribute to any wider public policy debates led by the Government about deregulation and simplification in the communications sector. This is extremely important because a considerable volume of regulation derives directly from specific statutory obligations.

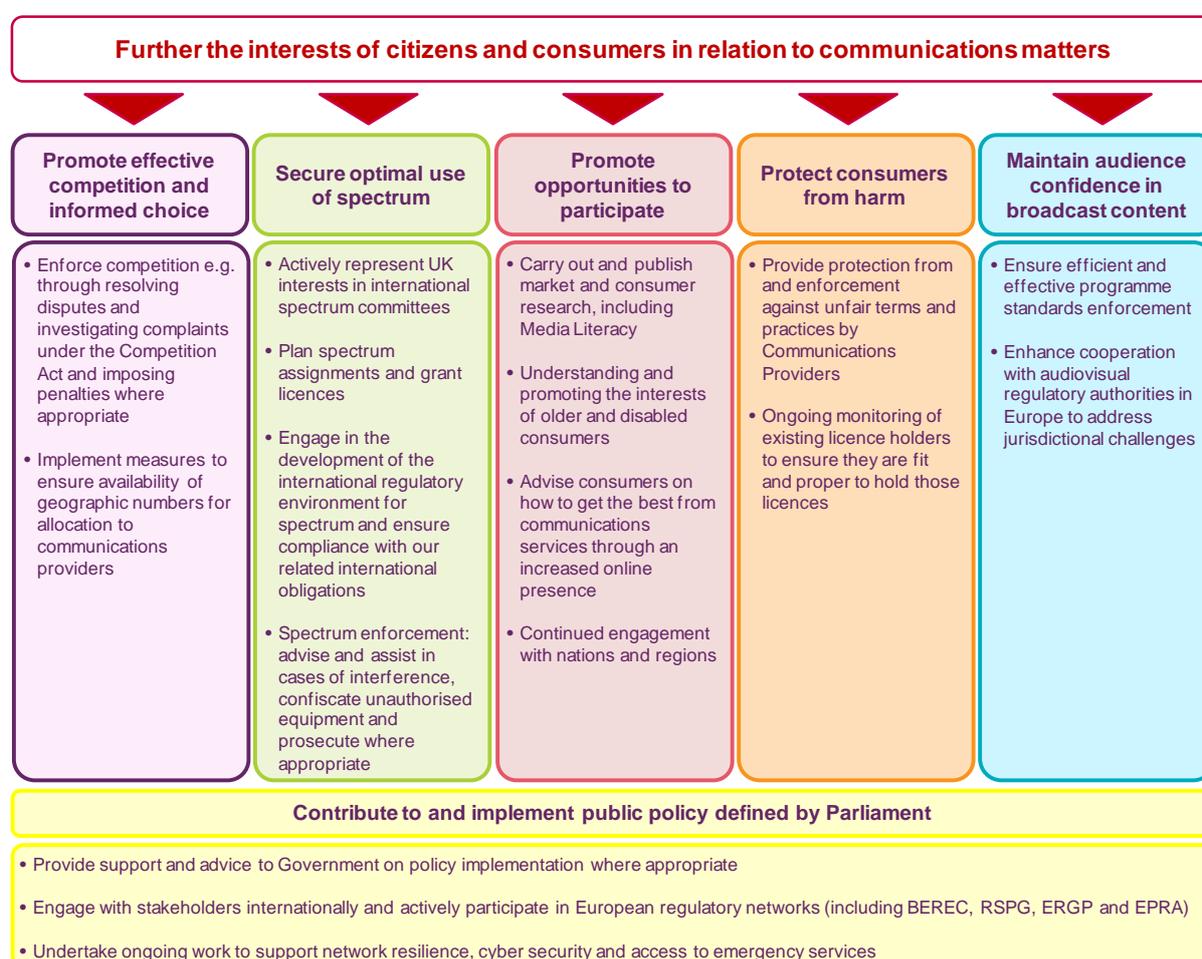
Section 6

Programmatic work and services to stakeholders

Ofcom delivers a number of essential services for consumers and other stakeholders

6.1 We have a wide range of responsibilities which we fulfil by undertaking projects in specific areas. Our programmatic work is important in delivering our priorities, other work areas and services to citizens, consumers and stakeholders.

Figure 6: Ofcom’s ongoing programmatic work



Engaging with the nations

6.2 Our duties reflect our responsibilities towards citizens and consumers across the whole of the UK. In particular, we must have regard to the interests of persons in the different parts of the UK, of the different ethnic communities within the UK and of people living in rural and urban areas.

6.3 We will continue to promote the interests of the four nations of the UK in a number of ways during 2013/14:

- through our work in the priority areas set out in Section 4, specifically:
 - finalising arrangements to facilitate the newly-auctioned spectrum at 800 MHz and 2.6 GHz to be used to roll out 4G networks;
 - securing the provision of the universal postal service; and
 - working in collaboration with government and industry to promote widespread superfast broadband.
- through our work in the other areas in Section 5, specifically:
 - licensing new local TV services and conducting a further round of community radio licensing;
 - building on our Economic Geography research by undertaking complementary research in higher-density areas, including cities and towns; and
 - through our engagement with devolved institutions and other stakeholders.

6.4 In Northern Ireland we will:

- provide appropriate regulatory advice to the Northern Ireland Executive, the Assembly and local government to help support the provision of mobile, broadband and other communications services across Northern Ireland;
- assess the provision of Irish Language and Ulster-Scots broadcasting services;
- continue to assess the impact of cross-border communications services on consumers and business users; and
- run the Telecoms Stakeholders Forum, to allow telecoms providers to address issues of mutual interest.

6.5 In Scotland we will:

- liaise with the Scottish Government and other stakeholders over preparations for the Glasgow 2014 Commonwealth Games;
- continue to track broadband take-up in Glasgow and the surrounding area;
- seek to inform ongoing discussions about broadcasting and connectivity issues including the Scottish Government's Scotland's Digital Future Plan; and
- contribute as appropriate to discussions more broadly about the communications sector and its regulation.

6.6 In Wales we will:

- specifically consider the impact of broadcast and print media plurality issues in Wales as appropriate through our existing media plurality duty, through relevant public interest tests or through any additional responsibilities we receive;

- provide appropriate regulatory and technical advice to the Welsh Government in support of its Digital Wales policy commitments, in particular the Broadband Support Scheme and the Next Generation Broadband for Wales Project;
- ensure that the needs of Wales are considered in any work we undertake on DAB radio technology and migration; and
- encourage the evaluation of new innovations and their potential to provide alternative solutions to known NGA and LTE connectivity issues in Wales and to facilitate, where possible, test-beds and trials to be undertaken in Wales.

6.7 In addition to the programmatic work shown above, we also provide a number of essential services to stakeholders and consumers to fulfil our duties as the regulator for the communications sector.

Addressing the needs of business consumers

6.8 As with our engagement with the nations, the needs of business consumers are a constant thread in our work. We appreciate that these needs can differ from those of residential consumers and are likely to require a different regulatory approach.

6.9 In a rapidly-changing communications market, we want to ensure that services are available to support the needs of businesses, both small and large. We also want to ensure that communications providers have what they need in order to provide services to those businesses.

6.10 In June 2012 as part of our review of the Business Connectivity Market we published consultation proposals setting out how we propose to regulate the market for leased lines. Leased lines are used to deliver data connectivity to enterprises and public sector organisations as well as to mobile and fixed broadband providers. We will conclude this review by the end of April 2013.

6.11 Our proposals are designed to promote competition in the provision of leased lines and the services which depend on them (e.g. mobile, broadband connectivity) and will affect the availability, choice, price, quality and value for money of these services throughout the UK.

6.12 We are currently undertaking some targeted research to understand better the broader ICT connectivity requirements of a range of business customers, including SMEs. This is a separate project from the Business Connectivity Market Review. In light of the conclusions from this work, we may commission further business consumer research in this area later in the year if there are areas for further examination.

6.13 During 2013/14 we will remain responsive to the broader needs of business consumers and ensure that providers are able to compete to offer effective services to business end-users.

Responding to consumer enquiries and complaints from the public

6.14 Our central operations team deals with enquiries and complaints from consumers about telecommunications services, TV and radio services and use of the radio spectrum. We aim to help consumers resolve their enquiries and complaints by directing them to useful advice and by liaising with service providers.

- 6.15 Additionally, people often complain to us directly about TV and radio programmes. We consider complaints relating to a number of areas such as the protection of under-18s, harm and offence, fairness and privacy and impartiality and accuracy in news. However, we do not consider issues relating to impartiality and accuracy in BBC programmes as these are the responsibility of the BBC Trust. We also manage complaints about programme sponsorship and alleged commercial influence.
- 6.16 Ofcom's Consumer Contact Team provides early warning of consumer concerns. New areas of concern arise all the time and increase the number of complaints we receive.

Keeping the radio spectrum free from interference

- 6.17 We monitor the radio spectrum and take appropriate action to prevent harmful spectrum interference. The increasing demand for and use of spectrum leads to a corresponding increase in the risk of interference. Ofcom will continue to take action to prevent interference and to mitigate it when it occurs.
- 6.18 Our Spectrum Engineering and Enforcement Team handles around 5,000 cases per year, taking action to:
- protect safety-of-life communications, including emergency services and air traffic control;
 - prevent illegal use of the radio spectrum;
 - enable legitimate use of spectrum by, for example, providing advice and assistance to spectrum users; and
 - ensure that non-compliant equipment is not placed in the market.

Licensing access to the radio spectrum

- 6.19 Ofcom controls access to the radio spectrum by issuing, renewing and revoking licences. Where necessary, we make frequency assignments, perform site clearances and coordinate the use of spectrum internationally. In the past year we have issued around 23,000 spectrum licences (excluding renewals) covering satellite, fixed links, private business radio, amateur, maritime and other users.
- 6.20 We will deliver these services in the most efficient and effective way possible, improving our processes and customer service to minimise revocations and address unlicensed use of spectrum.

Providing information services

- 6.21 We provide information to the public about use of the radio spectrum. This is an important contribution to the efficient coordination of spectrum use. We also facilitate the trading of spectrum licences by stakeholders.

Corporate responsibility

- 6.22 Ofcom is committed not only to being a responsible employer but also to managing its impact on the wider community. Our corporate responsibility objectives are:

- To treat all colleagues with dignity and respect in an inclusive and fair working environment, promoting equality of opportunity for all.
 - To reduce our carbon footprint, provide value for money and ensure that Ofcom's practices are environmentally sustainable.
 - To engage, inspire and develop colleagues while proactively seeking to support our local community.
- 6.23 In 2011 we published our Single Equality Scheme (SES) which brings together and strengthens Ofcom's commitment towards diversity and equality. The SES sets out clearly the work we have done so far and what we hope to achieve in the future. As part of this we set ourselves equality objectives we hope to achieve by October 2014. We report annually on the progress we make against our equality objectives.
- 6.24 In 2012/13 we made great progress to achieving all our equality objectives, set out in our Single Equality Scheme. Key developments include significantly increasing the number of projects which are assessed for disproportionate effects on those with protected characteristics, publishing our first report on the diversity profile of colleagues and carrying out our first equal pay audit, which showed there were no significant pay discrepancies between men and women.
- 6.25 The 2011 SES met the new requirements of the Equality Act 2010 and covers the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, marriage and civil partnership and sexual orientation.
- 6.26 Following this, in 2012 we published our first report on the diversity profile of colleagues to fulfil part of our public sector duty under the Equality Act 2010. We have used the findings of this report to inform our diversity and equality work and will provide updated reports annually. Likewise, we carry out benchmarking to ensure that we operate in line with diversity and equality best practice; we were recently named in the list of top ten public sector employers by Business in the Community with regards to race and gender.
- 6.27 We continue to support a local primary school, where Ofcom colleagues run a popular reading scheme. We also recently started team volunteering, which has been an effective way to improve team development.

Section 7

Potential longer-term priorities and work areas

- 7.1 This document sets out Ofcom's plans for the coming year to deliver consumer and citizen benefits. However, we continue to expect the communications sector to develop and change over time, resulting in a number of potential forward looking policy issues. The purpose of this section is to acknowledge these developments and the potential longer-term issues we may face.
- 7.2 The inclusion of these issues does not suggest that Ofcom will undertake work in these areas as a priority in the Annual Plan during the next or subsequent financial years. Indeed it is unclear whether the market will develop in such a way that we may be required to have a view in the future at all.
- 7.3 Some of these issues may become active priorities in 2013/14 after the publication of this statement due to unplanned external events or spare capacity being available internally. But until then, Ofcom will continue to have a watching brief or undertake small-scale internal work to prepare for the future while continuing to monitor and track their developments.
- 7.4 It is also important to note that this is not a closed list – new priorities and issues will emerge, but these are ones that we have already recognised.

Emerging issues that may inform future Annual Plans

Wider business telecommunications market review

- 7.5 Building on the recent *Business Connectivity Market Review*, a future priority may be to undertake a more in-depth review of the changing needs of all businesses requiring data connectivity and how well providers are responding to these changes.

Further research and information provision on quality of service

- 7.6 Continue to conduct research on the service quality received by end-users; for example, on mobile broadband speeds.

Ongoing advice to the Government on further public sector interventions to deliver 'final-third' broadband coverage and final 10% superfast broadband

- 7.7 Another potential work area may be to continue to advise or to provide our expertise to the Government in meeting its targets for UK broadband and superfast broadband coverage.

Supporting further public sector spectrum release

- 7.8 As new sources of supply of spectrum for commercial uses becomes increasingly important, a future priority could entail supporting further public sector spectrum release beyond 2.3 and 3.4 GHz.

Emergency services spectrum planning

- 7.9 We are aware that the emergency services in the UK are considering their future requirements from mobile networks, as are others around the world. We anticipate that our advice will be sought on the spectrum options that may be available to them.

Undertake a strategic review of the business radio UHF1 and UHF2 bands

- 7.10 With rising demand for application-based services for private mobile radio (PMR), especially in the most popular bands, Ofcom will soon need to consider how these challenging requirements can be met.
- 7.11 It is likely, therefore, that a strategic review of UHF1 and UHF2 will need to be undertaken in the context of global developments in PMR.

The increasing use of consumer data and information

- 7.12 As a result of the opportunities offered by the internet and IP services, players across the communications sector value chain will increasingly collect and use information about their customers. This poses a number of potential issues, including prospective competition, consumer protection and privacy concerns. While not an issue exclusively for Ofcom, it is a sensitive and emerging area where we will need to work with other regulators as appropriate, to safeguard the interests of consumers and citizens.

An expanding role for NRAs in securing resilient critical national infrastructure

- 7.13 Article 13a of the Framework Directive was transcribed last year into the Communications Act. This gives Ofcom new powers in relation to ensuring that public networks and services are resilient and secure. To date our activity has focussed on ensuring that the largest communications providers can demonstrably follow industry best practice. However, as communications services become increasingly important to consumers, citizens and the economy, there may be increasing calls for Ofcom to adopt a more proactive role, beyond our regular infrastructure reports, in securing a resilient critical national infrastructure.

Understanding the role of intermediary liability in future policy making

- 7.14 In future, internet intermediaries such as ISPs may play more or less formal roles in securing policy goals as diverse as copyright protection and the protection of minors. If necessary, we will ensure that we have a good understanding both of the relevant UK and European legislation, potential for regulatory obligations and of the development of relevant voluntary initiatives by such intermediaries as debates on this issue continue.

The risks to consumers posed by malware

- 7.15 In collecting private data without the user's knowledge and attacking computer systems, malware could pose a real risk to online users. With this in mind it may be important that we are aware of any developments in order to enable a trusted online environment for UK citizens and consumers and to understand possible future consumer protection issues related to online services.

Consumer protection in respect of micropayments

- 7.16 Use of, and interest in, micropayments is increasing in our sectors as a means to generate returns on online or digital content and services. With the emergence of a digital content business model comes the risk that neither generic consumer law nor the market alone will ensure that consumers are fully protected from prospective harm. At the same time, it is not necessarily clear which regulatory or enforcement bodies have responsibility for any consumer protection. Ofcom already has a limited role in an associated area through its regulation of premium rate services and may be looked to as one advisor in considering future risks of consumer harm and options for consumer protection. This is an emerging area which we may have to observe and to which it may be necessary to contribute.

New competition bottlenecks and gateways

- 7.17 As the communications sectors evolve, the range and number of players, networks or services that could comprise future gateways or bottlenecks may change. With our focus on supporting effective competition and informed choice, Ofcom will have an ongoing role in monitoring risks of potential new competition concerns emerging as the communications value chain evolves. We may also have to understand the scope of potential risks and identify market and regulatory remedies to potential competition and public policy concerns that could arise.

Section 8

Delivering our duties and value for money

Ofcom delivers value for money within its budget

- 8.1 2013/14 represents the third year of Ofcom's current four-year Treasury Spending Review. Within this timeframe Ofcom has responded to the wider challenges facing public expenditure by reviewing how it delivers effective, targeted regulation in the interests of citizens and consumers, while maintaining value for money for its stakeholders.
- 8.2 The 2013/14 Annual Plan builds on our achievements to date within the context of the efficiencies set out within the 2011/12 and 2012/13 Annual Plans following our internal Expenditure Review Project.
- 8.3 In addition to the economic challenge, we are also actively responding to changes in UK and European legislation including advising and assisting Government as required.

Delivering our internal Expenditure Review Project

- 8.4 Our Expenditure Review Project was designed to enable the organisation to deliver on its duties and obligations despite funding reductions, while also achieving greater strategic focus and organisational effectiveness over a four-year period.
- 8.5 This comprehensive review of all of our financial requirements produced a clear set of measures to enable delivery of all of our commitments within a 28.2% real-term reduction target (over four years). Ofcom has made substantial progress on achieving the efficiencies set out in our Expenditure Review Project and remains on course to deliver this overall target.
- 8.6 In setting the budget for 2013/14 at £117.0m, Ofcom will have delivered a 26.7% real-term budgetary reduction compared to 2010/11. This represents a substantial element of the commitment to deliver total savings of 28.2% by 2014/15.
- 8.7 Ofcom's overall 2013/14 budget reflects a significant reduction following the successful discharge of our duties in relation to the 2012 Olympic and Paralympic Games. Our focus is now on maintaining the legacy value of this work. Throughout 2013/14, Ofcom will build on its preparatory work for the Glasgow 2014 Commonwealth Games and will ensure that the legacy value of the 2012 Olympic and Paralympic Games is actively applied.

Managing our resources effectively

- 8.8 Ofcom recognises that our internal resources are critical to the overall success of the organisation. To this end, we continue to develop the organisation internally and 2013/14 will see the commencement of a management development programme to sit alongside our leadership programme and our graduate intake scheme.
- 8.9 Having appropriate toolsets and processes in place is critical in enabling Ofcom to carry out its duties in the most effective way. To facilitate this in 2013/14, we will

continue to review the way that we work and where appropriate, we will revise our processes and approach to deliver further efficiencies.

- 8.10 Ofcom continues to actively review its property requirements, disposing of or subletting space that is identified as surplus to our ongoing needs.
- 8.11 To enable Ofcom to make the best use of its available financial resources, we continue to focus on our commercial function to better promote:
- achieving value for money and quality of service, while minimising commercial and legal risk; and
 - professional, effective and sustainable procurement, in accordance with all applicable EU and UK laws.
- 8.12 This is underpinned by clear and robust procurement and contracting processes which are fair, transparent and non-discriminatory, taking full account of best practice. Ofcom ensures that all potential suppliers are given equal opportunity to compete for Ofcom's business.
- 8.13 In 2013/14, we will continue to work with other regulators to share best practice with a view to minimise total costs.

Facilitating appropriate outcomes for citizens and consumers

- 8.14 As in previous years, the 2013/14 Annual Plan clearly articulates our strategic priorities and the outcomes from our work that we wish to secure on behalf of citizens and consumers.
- 8.15 Outcomes are the effect or behavioural change brought about by Ofcom actions. We define two levels of outcome: interim outcomes are those impacts or behavioural changes within the industry stakeholder environment, while final outcomes are those experienced by the consumer and citizen.
- 8.16 The capturing and reporting of outcomes is built into our project delivery framework. This includes for each activity we undertake, clear articulation of the desired outcome and the associated internal actions required to be undertaken. These outcomes set out the positive benefits we seek to deliver to citizens and consumers as a result of our work. Progress against delivery of our outcomes is set out in our Annual Report.
- 8.17 We have again set interim and final outcomes to assess the successful delivery of our priorities in this year's Annual Plan. We will report on how effective we have been in delivering against these outcomes and on how successful our work has been in our 2013/14 Annual Report.

Section 9

Ofcom's approach to regulation and recent simplification initiatives

We seek to minimise regulatory burdens on stakeholders, in line with Ofcom's duties

- 9.1 In fulfilling our duties and meeting our strategic purposes, we follow a defined set of regulatory principles. These principles ensure that our work tackles problems effectively and in a timely, robust and comprehensive manner. They also help us clarify our regulatory approach and simplify and reduce regulation, while maximising value for money, wherever possible.
- 9.2 Our regulatory principles, which are related to our statutory duties, are set out below¹⁷:

When we regulate

- 9.3 Ofcom will operate with a bias against intervention, but with a willingness to intervene promptly and effectively where required.
- 9.4 Ofcom will intervene where there is a specific statutory duty to work towards a goal that markets alone cannot achieve.

How we regulate

- 9.5 Ofcom will always seek the least intrusive regulatory methods of achieving its objectives.
- 9.6 Ofcom will strive to ensure that interventions are evidence-based, proportionate, consistent, accountable and transparent in both deliberation and outcome.
- 9.7 Ofcom will regulate with a clearly articulated and publicly reviewed Annual Plan, with stated priorities.

How we support regulation

- 9.8 Ofcom will research the communications market and will aim to remain at the forefront of technological understanding.
- 9.9 Ofcom will consult widely with all relevant stakeholders and assess the impact of regulatory action before imposing regulation on a market.
- 9.10 Our bias against intervention aims to ensure that we regulate only where necessary. Unnecessary intervention could distort or stifle the development of competitive and innovative markets. However, where intervention is required we will act quickly and decisively.

¹⁷ <http://www.ofcom.org.uk/about/what-is-ofcom/statutory-duties-and-regulatory-principles/>

- 9.11 Section 6 of the Communications Act 2003 places a duty upon Ofcom not to impose burdens that are unnecessary or maintain burdens that have become unnecessary. Section 6 also requires Ofcom to publish a statement every 12 months, showing how it has fulfilled this duty. We fulfil this requirement through a description of recent simplification initiatives, which is presented in the context of our Annual Plan.

Our approach to regulation is designed to minimise burdens

- 9.12 Our Annual Planning process seeks to set out our future work programme with our approach to regulation in mind.
- 9.13 In addition to our regulatory principles, there are several themes that will remain important to our work throughout 2013/14. These are:
- Considering how our work and its outcomes relate to each nation of the UK. Our work is increasingly influenced by the implications of devolution and the differences between the nations.
 - Adhering to Ofcom's consumer interest toolkit as a way of ensuring that we identify and address consumer interests across our work. The toolkit includes a series of questions that every internal team should ask, to ensure that consumers are appropriately considered.
- 9.14 The Communications Act 2003 explicitly states that we should fulfil our duties in a manner consistent with the principles of Better Regulation. This requires regulatory intervention to be evidence-based, transparent, accountable, proportionate, consistent and targeted only at cases where action is needed.
- 9.15 Impact assessments form a key part of our regulatory action. They provide a way of clearly identifying the problems to be addressed, considering different options for regulation (including not regulating) and then selecting the option which maximises expected benefits and minimises the costs of intervention.
- 9.16 Section 7 of the Communications Act 2003 says that Ofcom must carry out and publish an impact assessment where it appears to us that our proposal is important. However, because impact assessments form part of good regulatory practice, we carry them out in relation to the vast majority of our decisions.
- 9.17 Targeted and proportionate regulation has had a key role in the delivery of positive outcomes for UK citizens and consumers. Although the imposition of burdens on regulated companies is inherent in the practice of regulation, we believe that interventions are justified when the cost of these burdens are outweighed by the overall benefits that result from their implementation.
- 9.18 In analysing the costs and benefits of regulation, it is necessary to apply the principle of proportionality, which means it will often be appropriate to focus on the most significant costs and benefits and not spend a disproportionate amount of time considering those which are relatively minor. Furthermore, the amount of information we request from stakeholders to enable us to carry out our analysis must also be proportionate.
- 9.19 When assessing options for intervention, we consider a range of alternative solutions. These range from no regulation at all, to industry self-regulation (where industry administers a solution without formal oversight or regulatory backstop powers), co-

regulation (where government or the regulator does have a backstop powers and a degree of oversight), through to full statutory intervention.

- 9.20 We have continued to develop and deploy project management guidance to ensure that all project managers understand and consider impact assessments, equality impact assessments, risk and co- and self-regulation, as well as being able to define measures of success clearly.

We regularly review regulation to examine whether it is still fit for purpose and to remove burdens that are no longer justified

- 9.21 Once regulation is in place, we subject it to periodic review to take account of changing market conditions, stakeholder needs and statutory requirements to conduct formal reviews at given intervals. We also evaluate major interventions in relation to the outcomes that they were originally intended to achieve. Reviews and evaluations are very important to determine whether current regulations and their associated burdens are still necessary and justified.
- 9.22 Since its inception Ofcom has taken a strategic approach to regulation, publishing wide-ranging sectoral reviews. While these can result in administrative burdens on stakeholders, through information requests and the consultation process, they are necessary for us to assemble an evidence base for analysis. On the other hand, a strategic approach to regulation reduces the likelihood of the imposition of multiple, uncoordinated layers of regulation resulting in unnecessary burdens for us and our stakeholders.

Ongoing simplification initiatives from 2012/13

We will continue to implement our new e-services initiative

- 9.23 We will continue to develop our e-services initiative to provide a new portal for consumers to get advice, guidance and to be able to log complaints about communications services. This is aimed at encouraging consumers towards a 'web first' strategy via the Ofcom web portal.
- 9.24 The portal will allow users to log on to the website 24/7, will deliver an improved customer experience and will apply to telecoms advice, queries and complaints. It will also enable Ofcom to gather valuable data on key issues, emerging trends and service provider performance, to inform policy development and enforcement.
- 9.25 We hope that the consumer portal will reduce the volume of calls into our Consumer Contact Centre (CCT), allowing our associates to deal with the more complex calls that cannot be resolved via the web and to provide assistance to vulnerable consumers and those not yet online.

We will continue our expenditure review project

- 9.26 Throughout 2012/13, the Planning and Performance Team has, and will continue to have, primary responsibility for Ofcom's performance management framework. A key focus for this framework has been to streamline our internal reporting processes, allowing more timely information to be made available to managers on a more regular basis as an aid to effective decision making. The long-term aim of the framework is to ensure that by more effective monitoring and reporting of progress,

consumers will benefit from our more efficient use of resources. This work will continue into 2013/14

We have allowed Royal Mail to introduce a 'delivery to neighbour' scheme

- 9.27 We have given approval for Royal Mail to roll out a 'delivery to neighbour' scheme, whereby Royal Mail will be able to deliver undeliverable mail to a neighbour of the addressee.
- 9.28 The scheme, which is optional for mail customers, was first trialled in a limited number of areas in 2011. Following successful completion of the trial, Royal Mail made a formal request to introduce the scheme nationwide.
- 9.29 Having regard to our duty under section 29 of the Postal Services Act 2011; to carry out our functions in a way that we consider will secure the provision of a universal postal service, including the need for the provision of that service to be financially sustainable and efficient, we permitted Royal Mail to deliver items to neighbours to improve the convenience of the service for postal users, and to enable a more efficient delivery system for Royal Mail.
- 9.30 In developing this proposal, we noted that other packet delivery services competing with Royal Mail were already permitted to leave undelivered items with neighbours.

We have reduced the regulations on Royal Mail to give it greater commercial flexibility

- 9.31 As a result of our consultations in 2011 and final decision in March 2012, from 1 April 2012, Royal Mail has had the freedom to set its own prices for the vast majority of its retail and wholesale products. At this time we also:
- reduced from three months to one month the notice Royal Mail is required to give customers when changing prices or terms for universal service products;
 - removed all publication and advance notification obligations for changes to the price and non-price terms of Royal Mail's retail non-universal services;
 - removed the prior approval process for changes to the non-price terms of universal services subject to a requirement that terms for these services must be fair and reasonable; and
 - removed obligations for Royal Mail to publish quality-of-service information on non-universal services.
- 9.32 We considered that these changes would help to give Royal Mail greater commercial flexibility to innovate and respond to its challenging market environment.

We have simplified the spectrum trading process, extended trading to new licence classes and introduced leasing

- 9.33 We have made it easier for businesses to trade spectrum and have extended this ability to the maritime and satellite earth station sectors. We removed the need for Ofcom to consent to a transfer of rights to use spectrum, in most instances. Extending the ability to transfer a licence to a new licence class allows licensees the flexibility to transfer unused or underused elements of their spectrum holdings to a third party who can make use of them.

- 9.34 We also introduced the ability for some licence classes to lease their spectrum; e.g. spectrum access and business radio (area defined). This enables licensees to lease their spectrum for a specified period under a contract without obtaining a further licence from Ofcom. This streamlined form of trading is simpler and faster to execute, enabling licensees to provide access to spectrum without needing to rescind their rights over the spectrum.
- 9.35 This year we have also consolidated most of the existing secondary legislation surrounding trading. We believe that this will make it easier for stakeholders to understand the regulatory environment and reduce the administrative burden. Consolidating the legislation reduces the number of Statutory Instruments from 20 to two in this area.

We have extended the fee payment interval for an aircraft licence from one to three years

- 9.36 Previously, aircraft spectrum licensees had to renew their licence each year, but we have now moved to a three year cycle. We hope that this will reduce the administrative burden placed upon the licensees.

New simplification and deregulatory initiatives 2013/14

We will undertake a review of deregulation and simplification

- 9.37 It is important that we always strive to reduce and to simplify regulation wherever it is appropriate. This is something that we take extremely seriously and, in light of helpful stakeholder responses to our Draft Annual Plan regarding some specific cases, in 2013/14 Ofcom will review key areas of existing regulation to gauge the potential for deregulation and simplification measures where our powers allow us to make improvements.
- 9.38 In addition, Ofcom will continue to contribute to any wider public policy debates led by the Government about deregulation and simplification in the communications sector. This is extremely important because a considerable volume of regulation derives directly from specific statutory obligations

We will establish best-practice initiatives to support our work in the lead up to the Commonwealth Games in Glasgow in 2014

- 9.39 As part of the UK and Scottish Government commitments to the Glasgow 2014 Commonwealth Games, Ofcom is making detailed preparations to achieve a safe and successful Games.
- 9.40 Ofcom's role is to create a special spectrum plan for the Games. We are working to achieve this in a way that delivers significant value for money.
- 9.41 The successful experience of the London 2012 Games has given us a model for Ofcom's key tasks in support of the Commonwealth Games: spectrum planning; licensing; deploying monitoring processes and devices; and deploying a field engineering force for interference management. The lessons learned from the London 2012 Games will inform and guide Ofcom's activities in support of the Glasgow 2014 Games and subsequent major events.

We will deregulate and simplify regulations in line with future legislation

- 9.42 Many of Ofcom's actions are determined by legislation. In some areas we have wide discretion over the extent and manner in which we regulate, whilst in others the legislation is more prescriptive. Where we have discretion, we strive to minimise burdens while following our regulatory principles. Elsewhere we strictly follow the approach set by Parliament.
- 9.43 The Government has raised the possibility of changing some of the legislation relevant to Ofcom's duties and powers, notably through an Order under the Public Bodies Act¹⁸. It has also indicated that a new Communications Bill will be introduced by the end of this Parliament to ensure the UK continues to have a world-beating communications sector, delivering innovative and high-quality content along with safe and efficient services. As a result there are some actions for which we are responsible that may change over the coming years.
- 9.44 The legislative process is always subject to a degree of uncertainty, so it is not possible for Ofcom to state with any certainty whether these duties and powers will ultimately be simplified or removed, thereby easing the burden on our stakeholders. However we will act to inform and advise the Government in this process wherever appropriate. Ultimately it will fall to us to implement any resulting legislation.

¹⁸ http://www.culture.gov.uk/news/media_releases/7485.aspx.

Annex 1

Summary of consultation responses

Introduction

- A1.1 We received 31 written consultation responses from stakeholders, including private individuals, advocacy groups, consumer interest organisations, companies and trade bodies. We also received comments through events held across the UK to share our proposed work programme.
- A1.2 Overall, we received broad support for our priorities and work programme, but some stakeholders raised issues on particular aspects of our 2013/14 Draft Annual Plan. We have summarised the key points raised and given our responses below. All consultation responses are available in full on our website¹⁹ if allowed by the respondent, maintaining confidentiality where requested.
- A1.3 This summary groups the consultation responses under our six strategic purposes and covers the priorities and the major work areas that we presented in the Draft Annual Plan.

General comments on the Draft Annual Plan

- A1.4 Overall, respondents welcomed the opportunity to provide input to Ofcom's programme of work through the Draft Annual Plan. Respondents also appreciated some new features of this year's Draft:
- General structure – the logical arrangement of the plan, with detailed actions following on from strategic purposes and approaches, and its discussion of wider strategic themes;
 - Ofcom's strategy – the simple outline of Ofcom's approach, in particular the commitment to how we will act in delivering our duties; and
 - longer-term priorities – helping to provide some perspective on topics which are not usually included and which stakeholders have previously requested.
- A1.5 A number of stakeholders commented on the need for effective and proportionate regulation, with a focus on the scope for deregulation, transparency on dates for the delivery of work within the Annual Plan and, more generally, communication of delays to projects and stakeholder engagement and information. Specifically, several respondents requested that we are timely and proportionate in our requests to stakeholders. The Consumer Forum for Communications (CFC) requested that we carry out a review of consultation practice and that stakeholders are kept publicly informed on how feedback was received, and given reasons for delays in projects.
- A1.6 *Our overall strategy, set out in Section 2, highlights the importance of 'how' Ofcom regulates effectively, transparently and proportionately. We will continue to focus on this in the coming year, identifying areas for improvement to ensure we deliver on our overall strategy.*

¹⁹ <http://stakeholders.ofcom.org.uk/consultations/draft-annual-plan-2013-14/?showResponses=true>

- A1.7 *As part of next year's Annual Plan we intend to invite stakeholders to identify key areas for focus in the coming year before we start to compile the Draft document, much in the same way that some consultations have a call for inputs stage. We hope that this will enable stakeholders to contribute earlier and allow us to provide clarity within the Draft Annual Plan on future timescales.*
- A1.8 *A review of Ofcom's consultation process is planned; guidance is currently being sought from the Cabinet Office on the implications for Ofcom of the Prime Minister's statement last year on revising the public sector consultation rules and processes.*
- A1.9 *We will also undertake a review of deregulation and simplification in 2013/14.*
- A1.10 The Welsh Government requested that the Ofcom Board include one member to specifically represent the views of Welsh citizens.
- A1.11 *Ofcom's governance processes are designed to identify and incorporate the interests of consumers and citizens from across the UK and within the Nations. Specifically, we have national advisory committees which advise on policy issues from a Nations perspective. We also established, in October 2010, a centralised Nations Committee – a committee of the main Ofcom Board with an advisory responsibility. The Nations Committee includes representatives from each of the Nations.*

Promote effective competition and informed choice

Ensure effective competition and investment in both current and superfast broadband

- A1.12 We received a number of comments on regulatory issues emerging from BT's investment in superfast broadband. Vodafone asked Ofcom to consider the capabilities of technologies supported by Openreach in promoting a pro-competitive NGA market. Vodafone also voiced concern over discrepancies between VULA product requirements and Openreach's GEA service.
- A1.13 SSE Ltd. raised the concern that no successor wholesale voice product to WLR is being developed for FTTH. The Federation of Communications Services also requested that Ofcom ensure that voice services which are suitable for reseller CPs are provided over BT's fibre network.
- A1.14 *VULA is an access remedy introduced in 2010 under the wholesale local access market review to support retail competition. Within the remedies there are provisions that allow access seekers to make requests for new forms of VULA and / or variations to existing forms of VULA. This will be re-assessed in our fixed access market review which is taking place throughout 2013.*
- A1.15 *Questions on the need for and form of a specific FTTH wholesale voice product will be considered within the same fixed access market review.*
- A1.16 Verizon raised a concern that a PIA remedy had not been included in the Annual Plan, and said that this issue still needs to be addressed. The CWU stated that it is its view that communications providers should be required to provide open access to ducts if competition and choice are not to be restricted.

- A1.17 *In October 2010, following a finding of significant market power in relation to the wholesale local access market, we imposed on BT a requirement to provide PIA. This was to allow other communications providers to deploy fixed next-generation access networks to support superfast broadband services, but not leased lines. This will be re-assessed in our fixed access market review, covering the wholesale local access market, which is taking place throughout 2013.*
- A1.18 *Ofcom also has the power to require operators, including those for which there is no finding of SMP, to offer access to their passive infrastructure in order to encourage efficient investment in infrastructure and promote innovation. We will consider the proportionality of using this power in cases where commercial negotiation between an access seeker and the owner of a specific infrastructure asset has failed to reach agreement.*
- A1.19 Vodafone called for a telecoms strategic review due to NGA development, consumer adoption of more powerful devices and the decline in communications sector revenue.
- A1.20 *We are currently undertaking a set of fixed telecoms market reviews that include consideration of the effects of superfast broadband. We will consider, in the context of that review, whether any changes or further work in relation to the Telecoms Strategic Review is required.*
- A1.21 The Bit Commons requested Ofcom take a proactive approach to drive deployment and transition to FTTH using policy tools such as:
- outlining a fibre transition plan for urban areas;
 - infrastructure sharing including making PIA commercially viable for investor use;
 - re-use of local authority ducts for fibre rollout; and
 - supporting and testing a ‘builder operator’ model for multi-dwelling units and rural users.
- A1.22 *Ofcom supports private sector investment in superfast broadband through our regulatory framework, promoting both investment and competition. Where we find that BT or Openreach have market power in relevant markets, such as in the 2010 wholesale local access market review, we look to address this through regulation and where appropriate can include access to BT's networks/technology in order to support competition. For instance, PIA is available on a cost oriented basis and it is up to investors to decide whether or not to invest in FTTH on the back of this. We are also supporting public sector investment in superfast broadband through the provision of advice and expertise to Broadband Delivery UK.*

Promote effective choice for consumers by ensuring that clear and relevant information is readily available

- A1.23 Consumer Focus supported Ofcom's commitment to improving information remedies and decreasing information asymmetry; they also asked that Ofcom extend its work on information provided to include intermediaries.
- A1.24 *Part of our ongoing consumer information strategy is to work with and get the most out of intermediaries as a source of information for consumers. This includes*

consumer representatives and price comparison websites as Consumer Focus suggests.

- A1.25 The British Film Institute (BFI) encouraged Ofcom to provide greater clarity in the definition of broadband speeds. Virgin Media supports our work on switching policy but noted that consumer empowerment needs to be considered in a broader context including how services are advertised (including descriptions of 3G and 4G as 'superfast' and 'ultrafast').
- A1.26 *Our empowerment work has consumer information as a core focus, and our work on broadband speeds continues to be central to this. As well as regular publication of our speeds research, we will continue to work with other stakeholders to ensure that information provided to consumers, their representatives, and intermediaries is clear and accurate. This includes information at the point of sale.*
- A1.27 *Ofcom does not define the terms used to identify different tiers of broadband service; it uses those adopted by the Commission and stakeholders in general. For superfast, this means connections with a headline (advertised) speed of 30Mbit/s or higher. For ultrafast broadband, this means connections with a headline (advertised) speed of 100Mbit/s or higher.*

Develop and implement policies that will improve the ease of switching between communications providers

- A1.28 Many respondents welcomed Ofcom's commitment to switching, although a number of issues were raised:
- there was general concern that little progress had been made on this objective since it began, with a lack of clarity on further planned steps;
 - some stakeholders expressed a desire to increase the scope of our work to date: Three was concerned that current proposals relate only to fixed line switching; BT called for cable customers to be considered;
 - SSE Limited and the Federation of Communications Services (FCS) expressed support for GPL switching processes and encouraged Ofcom to proactively consider potential future issues in our work in this area such as content interoperability and portability; and
 - the Communications Workers Union (CWU) raised concerns that renewable contracts act as barriers to switching for residential customers.
- A1.29 *Ensuring efficient switching and removing switching barriers will continue to be a priority for Ofcom. Our review of consumer switching is focussed on improving the current mix of processes for switching between providers and platforms on the Openreach copper network. This is a complex exercise, and there is no common view among stakeholders, or within industry, on what is needed. Following consultation in 2012, we have gathered further evidence and reviewed options. We plan to publish a statement on this issue in summer 2013. We will then consider the need for switching reform in other networks and sectors.*
- A1.30 *Ofcom confirmed in September 2011 that the complete removal of auto-renewable contracts would be required from the end of December 2012 for residential and small business fixed line customers.*

Ensure fair and effective competition in the delivery of pay TV services

- A1.31 BT and Virgin Media expressed concerns over competition in this area and requested that Ofcom monitor, and act as appropriate, to address the issues arising. The BFI welcomed Ofcom's plans to monitor and report on Pay TV market developments concerning film.
- A1.32 *As stated, we will continue to monitor developments in the market actively, including in the supply of content, to establish whether action is required.*

Review framework for regulatory financial reporting in telecommunications

- A1.33 A number of respondents welcomed Ofcom's review of the framework for financial regulatory reporting, but were concerned with delays. BT suggested that this area should be a priority. BT and Virgin Media voiced concerns that a review of cost orientations has now been removed. Verizon stated that it believes more rather than less detail should be required of stakeholders.
- A1.34 *We can confirm that we plan to publish a consultation and statement in 2013/14 on the regulatory reporting framework. We will also start the cost orientation project. We welcome stakeholder views on this issue as part of the forthcoming consultation process.*

Contribute to the consistency of communications regulation in Europe through BEREC and ERGP

- A1.35 BT and Vodafone outlined their support for Ofcom's work with BEREC and ERGP. Both said that they would like to see Ofcom publish its papers and responses to BEREC. Vodafone recommended that Ofcom set up a committee to keep industry informed on key topics discussed at European regulatory fora and provide a mechanism for industry to feed back to inform Ofcom's position. Verizon asked Ofcom to encourage other NRAs to participate actively in BEREC initiatives to increase harmonisation of regulation across the EU.
- A1.36 *Ofcom works closely with our stakeholders and we are keen to ensure that we understand their positions, especially in advance of key international meetings. We hold international stakeholder meetings where the focus is on updating stakeholders on key (current and forthcoming) topics and on receiving industry feedback. These meetings are often arranged to coincide with relevant BEREC meetings where key BEREC outputs are discussed. Ofcom also notes that there is merit in UK stakeholders joining the BEREC mailing list to keep themselves up to date on latest developments and also to engage directly with BEREC on key issues of interest to them.*
- A1.37 BT urged Ofcom to ensure that there is continued focus on the availability of access services at regulated and non-discriminatory terms across Europe
- A1.38 Chaltel noted that the Draft Annual Plan did not identify the "standard making bodies" most relevant to the UK, EU and global markets, nor does it clarify how Ofcom will work with the UK government, EC and BEREC to execute this work area.
- A1.39 *Ofcom has responsibility for leading the UK in the ITU Standardisation Sector (ITU-T). However, this remit does not extend to active engagement in standards making, which Ofcom believes is properly the responsibility of the telecoms industry. If there*

are specific competition concerns with the development of standards for network termination points or other network equipment or services, these should be raised directly with Ofcom explaining in detail what the issues are and how they are impeding, or potentially impeding, competition.

Monitor underlying approaches to traffic management

A1.40 BT expressed disappointment that Ofcom does not intend to intervene in the traffic management practices of mobile operators that block access to VoIP services. The CWU suggested that Ofcom introduce minimum standards for traffic management to act against restrictive practice and traffic overload.

A1.41 *We will continue to monitor actual traffic management approaches as part of our infrastructure reporting duty. We updated our position in our Infrastructure Report statement published in November 2012. In this document we considered whether the use of traffic management practices is consistent with the principles we set out in our Net Neutrality statement. Our view of the current position is that:*

- *there are currently no substantive concerns in relation to the traffic management practices used by fixed ISPs;*
- *some mobile operators are blocking some services, such as Skype's VoIP service. This is a concern, but our current view is that competition between operators should be an effective means of addressing the problem, as long as consumers are made aware of these practices. We have not identified any traffic management practices which are in use by mobile operators and which are not publicly reported; but*
- *as we said in our November 2011 Net Neutrality statement, we also remain of the view that intervention to protect consumers' access to the open internet may be necessary in future; the output from our monitoring programme will provide an evidence base to help determine when intervention might be appropriate.*

Other competition and informed choice responses

A1.42 BT called for a review of the USO, including itemised billing and payphone availability.

A1.43 *Ofcom is able to make recommendations on the scope of the USO, but it is a matter for Government to initiate such a review.*

A1.44 A number of respondents reiterated their view that Ofcom should review the General Conditions to ensure that they continue to provide effective regulation. Three suggested that the General Conditions should be extended to include other communications services providers rather than just the originating CSP.

A1.45 *We will consider the need for a review of the General Conditions in 2013/14.*

A1.46 Ying Huang, an individual, suggested that Ofcom should be more proactive in efforts to promote informed choice.

A1.47 *We have a programme of work focused on the provision of clear, accurate and accessible information to consumers, but it is appropriate for Ofcom to step in as an information provider only when industry falls short. Examples of direct provision of information by Ofcom are our publication of broadband speeds research and*

consumer complaints data. The consumer guides published on our website also provide information and advice to consumers and their representatives.

- A1.48 Vodafone gave its support for the market review programme but advocated that a more dynamic approach, dictated by the market should be adopted. Vodafone endorsed that market reviews consider pan-market trends and are not restricted to European level analysis.
- A1.49 *While designing the market review programme we took into account our legal obligations under the EC framework and the market developments. This means, for example, that a number of fixed access reviews (ISDN30, wholesale line access, wholesale local access etc.) that were previously conducted separately are now being run together in recognition of the very important links between them.*
- A1.50 *Following changes to the European framework in 2011, Ofcom is now required by statute to review certain markets every three years. We will continue to meet our obligations in this regard, including as to timing, and will keep under review which markets we consider need to be reviewed, consistent with our statutory duties. We do also take a holistic view across markets to ensure that the overall package of regulation is consistent.*
- A1.51 BT requested that Ofcom launches a review of the mobile sector to examine the effects of consolidation in mobile and convergent fixed-mobile markets.
- A1.52 *Ofcom has looked at competition in the mobile sector a number of times in recent years:*
- *in 2009 we conducted a mobile sector review which concluded that no additional regulatory intervention (e.g., wholesale access regulation) was needed at the time; and*
 - *we looked at competition again in 2010 and 2011 when we supported the EC merger review process during the T-Mobile / Orange transaction and separately in the context of the auction design for 800MHz and 2.6GHz.*
- A1.53 *The potential effect of fixed mobile convergence will be considered in the coming year in the context of the individual telecom market reviews, for example, the narrowband market review and fixed access market review. In the light of this we think it would be premature to undertake further work in this area during the next financial year.*
- A1.54 Verizon requested that Ofcom continue with its proposal to conduct a wider business telecommunications market review.
- A1.55 *Building on the recent Business Connectivity Market Review, a future priority may be to undertake a more in-depth review of the changing needs of all businesses requiring data connectivity and how well providers are responding to these changes. We are currently undertaking further research in this area to understand business telecoms customers' experience. Further work in this area will be considered in the light of any evidence that emerges about potential problems.*
- A1.56 Vodafone voiced concern that long processes in assessing Competition Act investigations are deterring stakeholders from bringing issues to Ofcom and are affecting competition.

A1.57 *Ofcom agrees that it is essential that competition investigations are completed in a timely manner. In our revised enforcement guidelines²⁰ we set out some of the steps we will take in future to ensure that such investigations are completed as quickly as possible.*

A1.58 Three proposed a number of interventions to stimulate competition in the sector. These touch on policy areas across Ofcom's strategic purposes, and are summarised below:

Encourage more efficient and low cost network deployment through revisions to Code powers	<i>Ofcom's powers under the Electronic Communications Code are set out in legislation so any revisions to those powers are a matter for Government. We note that the Law Commission has recently conducted a review of the Code, and we will work with Government should it propose any changes in the future.</i>
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AIP on public resource spectrum (e.g. 900 MHz and 1800 MHz) should be reviewed	<i>Ofcom was directed by Government to revise the fees payable for the 900 and 1800 MHz cellular mobile licences so that these reflect the full market value of these bands. Ofcom currently has a major work item to consider this. Ofcom published a consultation on AIP in broadcasting in March 2013, with a statement due in Q2 2013/14.</i>
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Support EU objectives in driving further reductions in the wholesale costs of roaming	<i>We are actively supporting the EC to achieve lower roaming charges.</i>
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Ensure that the migration to pure LRIC continues for mobile and fixed termination rates	<i>MTRs will be at pure LRIC from 1 April 2013 as a result of our 2011 MCT decision which was upheld in 2012.</i> <i>We published our proposals for fixed termination rates (FTRs) in February 2013. We have proposed that FTRs go down to pure LRIC from 1 October 2013 when the new charge controls come into effect. This is subject to consultation.</i>
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More closely regulate other significant input costs such as backhaul	<i>Mobile backhaul products were considered in the recently concluded Business Connectivity Market Review.</i>
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Take action to reduce donor conveyance charges	<i>Three's concerns about donor conveyance charges are noted.</i>
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²⁰ <http://stakeholders.ofcom.org.uk/binaries/consultations/draft-enforcement-guidelines/statement/statement.pdf>

Ensure that wholesale pricing is properly considered in the forthcoming price increases consultation *We will consider fully all issues raised in relation to our consultation on in-contract price increases, including any related to wholesale charges.*

- A1.59 BT reiterated disappointment that a directories review was not included in the Draft Annual Plan and urged Ofcom to undertake this at the earliest opportunity.
- A1.60 *The review of wholesale directory information was suspended due to on-going legal consideration. By the time this had been resolved it was clear that it was not appropriate to simply restart the review from the previous consultation. The recommencement of a review of these issues is therefore subject to resource priorities, but we are open to stakeholder views as to the priority to be given to an issue.*
- A1.61 The FCS requested that Ofcom implement immediate measures to create greater equivalence of access to mobile functionality.
- A1.62 *Ofcom has not mandated wholesale access in the mobile sector. Our 2009 mobile sector assessment supported this position, finding that intervention was not warranted at the time. Since 2009 we have observed the continuing success of MVNOs, for example Tesco's service and new entrants such as Giff Gaff. In addition we note that fixed line providers such as Talk Talk have entered the mobile market. In the absence evidence of a competition problem in this area, we have no plans to include a review of the mobile wholesale access market in our Annual Plan.*
- A1.63 Chaltel requested that Ofcom ensure that standards are developed following migration to new technologies to ensure that 'essential requirements', such as uninterrupted access to emergency services, service availability and network integrity, are not adversely affected.
- A1.64 *The availability and integrity requirements for public network and service operators are primarily set out in Section 105A-D of the Communications Act 2003. In May 2011, Ofcom published guidance on how it would assess an operator's compliance with these requirements, if it were to investigate²¹. Our approach is not based on specifying specific standards for operators to adhere to, not least because the range of network and services, and customer requirements, are so broad. Instead, we focus on ensuring that operators have appropriately considered and addressed the specific risks that apply in each case.*

Secure optimal use of spectrum

Timely spectrum clearance in 800 MHz and 2.6 GHz to enable new awards while mitigating co-existence issues

- A1.65 The Voice of the Listener and Viewer (VLV) expressed concerns about Ofcom's approach to protecting PSB services from interference caused by new 4G services. It said that existing services requiring spectrum may suffer as a consequence of the rollout of new data services.

²¹ <http://stakeholders.ofcom.org.uk/telecoms/policy/security-resilience/implementation-eu-framework/>

- A1.66 *Digital Mobile Spectrum Limited (DMSL) is the mobile network operator-owned company that has been formed to mitigate the interference caused by the roll-out of 4G on digital terrestrial television (DTT). DMSL is putting in place a number of measures to ensure that reception of television services (including PSB services) continues to co-exist alongside mobile services. These include:*
- *the provision of filters to homes that may be liable to interference; and*
 - *in cases where the filters are not sufficient to overcome the interference, further support will be given, which might include reorienting rooftop aerials to other transmitters or in a small number of cases a platform change e.g. to Freesat.*
- A1.67 The Communications Consumer Panel (CCP) and the Advisory Committee on Older and Disable People (ACOD) requested that Ofcom monitor the 98% target for mobile broadband coverage and that Ofcom continue to support market based solutions.
- A1.68 *We will track 4G roll out and coverage through our annual Communications Market and Infrastructure reports. We will continue to track technology developments that could help the market deliver better mobile services, such as developments in small cells. We will continually review whether there are alternative regulatory approaches that we could adopt which would result in better mobile services.*

Implement the UHF strategy to enable a potential release of 700 MHz for harmonised mobile use

- A1.69 The BFI and The Digital TV Group called for careful handling of efficient use of spectrum policies to ensure that the DTT platform was not adversely affected.
- A1.70 The VLV raised concerns over reduced PSB spectrum allocation on the DTT platform as part of the redeployment of UHF spectrum, and its impact on consumers and the future viability of DTT.
- A1.71 *As set out in our November 2012 UHF Strategy statement, we intend to ensure that DTT continues to provide important benefits over the long term, and in particular maintain near-universal availability of PSB channels and sustain viewers' choice of digital channels and platforms. In particular, our approach taken to any future release of the 700 MHz band, or in the introduction of new technologies that can make use of "white spaces" in spectrum interleaved with DTT will be consistent with this aim.*
- A1.72 *In the interim, we plan to award the 600 MHz band, which will be suitable for HD television. We published a consultation on 6 February 2013 and have asked stakeholders to notify us of their intention to apply for the licence.*

Support the release of 2.3 GHz and 3.4GHz bands to meet spectrum demand

- A1.73 The Welsh government asked Ofcom to define minimum population coverage targets at a regional level for any future release of spectrum in the 2.3 MHz and 3.4 GHz spectrum bands and asked Ofcom to impose geographical coverage and rural network roaming obligations.
- A1.74 *MoD is to auction the 2.3 GHz and 3.4 GHz spectrum, and the issues raised are not therefore Ofcom's decision.*

Develop a forward-looking spectrum work programme

- A1.75 Vodafone and Intellect requested that Ofcom publish a forward-looking spectrum strategy and view of intended regulatory activity. Vodafone suggested that this be done for each band and to a three year timeline. It also made a specific request that E-band regulatory rules are put in place by Q2 2013/14.
- A1.76 *As stated in this Annual Plan, we are developing a long term work programme that will identify our key priorities over the next five to seven years. This will identify future challenges and actions. It may focus on key bands, or on sector by sector developments and issues, as appropriate. Our work on E-band is already well underway with a consultation planned in Q1 2013/4.*

Progress the release of spectrum

- A1.77 Vodafone stated that Ofcom must continue to work on the clearance and release of spectrum for the benefit of the wider UK economy. A detailed European band plan for the 700 MHz band must be finalised in time for the World Radio Congress in 2015.
- A1.78 *Our work programme on the release of spectrum outlines key activities for the coming year. We have outlined, under our spectrum priorities, key actions to implement Ofcom's spectrum strategy, including international engagement on harmonisation and future band plans.*
- A1.79 *The Commission has mandated that the CEPT produce a provisional European band plan for 700 MHz band by November 2014. This will be finalised following WRC15. We are engaging fully in the CEPT process for developing this band plan.*

Enable use of white space devices (WSDs) in the UK

- A1.80 RadioCentre requested we investigate further the uses of white space technology.
- A1.81 *As described in the Annual Plan 2013/14, our focus is on the use of white space technology in the UHF TV band and its impact on TV broadcasting and PMSE services in that band. We do not believe that these white space devices will have any impact on radio broadcasting in the VHF band.*

Deliver spectrum and interference management for the Glasgow 2014 Commonwealth Games

- A1.82 RadioCentre asked that we elaborate on how radio will be affected by securing Commonwealth Games 2014 spectrum.
- A1.83 *We recognise that non-guaranteed private sector services (such as non-rights holding media) will play a crucial role in the success of the Glasgow Games. However, they are not subject to the Government guarantee, nor are they directed by CWG14 or others directly responsible for the organisation of the games. As highlighted in the spectrum plan for the Games, we recognise that this use needs to be effectively coordinated with guaranteed use, and while we do not intend to make special spectrum provision for such requirements, we will ensure that appropriate licensing arrangements are in place for this use. We will publish more details of licensing arrangements for CWG14 in our statement on the Games spectrum plan which will be published shortly.*

Other spectrum responses

- A1.84 The FCS requested that a review of emergency services' and critical national infrastructure providers' spectrum is carried out this financial year.
- A1.85 *Ofcom is working with the Home Office on future emergency services spectrum requirements. As we outlined in our UHF Strategy Statement, this issue is relevant to the potential future release of the 700MHz band. The companies associated with Critical National Infrastructure can acquire spectrum through access to the open Ofcom licence products or through participation in awards of new spectrum access rights. It is useful for Ofcom to be made aware of the overall spectrum requirements to support the future requirements of CNI.*
- A1.86 Intellect asked that Ofcom take a more proactive approach to international engagement and influence on spectrum matters.
- A1.87 *Ofcom engages proactively across a wide-range of international spectrum committees and meetings, prioritising those areas where we consider we can have most impact and deliver greatest benefit. We work closely with stakeholders to help us determine priorities and to ensure we understand the concerns of UK stakeholders in advance of relevant meetings.*

Promote opportunities to participate

Secure the provision of the universal postal service

- A1.88 A number of respondents expressed concerns over various aspects of the postal service:

Consultation response

CWU believes regulatory intervention is necessary to impose service conditions on end-to-end competition.

The Advisory Committee for Northern Ireland (ACNI) encouraged Ofcom to monitor the impact on the provision of the USO of any development to end-to-end competition.

Intellect welcomed Ofcom's approach to the continued provision and protection of the USO but expressed growing concern over end-to-end competition and requested that Ofcom outline what action it plans to take.

Ofcom response

We published the final guidance on end-to-end competition on 27 March. This sets out clearly how we will assess the impact of competition on the universal service and our approach to intervening if this is necessary. We note that Royal Mail said in its responses that it was not necessary to intervene yet.

The CWU expressed disappointment over Ofcom's delay in establishing measures of efficiency.

We committed to monitoring RM's efficiency in March 2012 statement. We have been doing so since then. In October, in the end-to-end draft guidance, we stated we were beginning a project looking into RM's efficiency. We began this project then. The Draft Annual Plan captured that the work would continue into 2013/14.

Consumer Focus asked that Ofcom continue to work with Royal Mail to gain a greater insight into the costs of the universal service.

We published the final statement on our review of user needs in March 2013 in which we decided not to make any changes to the USO. We are happy to engage with Consumer Focus and the Regulated Industries Unit on the USO and needs of users.

Consumer Focus asked Ofcom to consider amending the universal service product portfolio to unbundle the features of Special Delivery and asked Ofcom to do more to ensure that consumers receive the correct product and service advice at post offices.

The ACNI encouraged Ofcom to consider cross-border postal services and said it would welcome further investigation of the scale of the problem.

We will continue to examine cross-border communications services in 2013/14. We have already given RM considerable pricing freedom, including on international services. Also, uniform pricing means that lower NI-ROI prices would contradict the minimum requirements of the Postal Services Act 2011 and therefore would have to be UK-ROI. This is the same requirement that protects consumers in more rural areas being charged more for sending mail than urban customers.

Work in collaboration with Government and industry to promote the widespread availability of superfast broadband

A1.89 The CWU articulated their concern that Government may not meet the 2015 broadband target and suggested that Ofcom should address the funding gap through appropriate regulatory mechanisms and incentives to encourage private investment. The CWU also called for a broadband USO.

A1.90 *Questions of public policy interventions to deliver more widespread availability of services are a matter for government rather than Ofcom. However, Ofcom will continue to provide support and expertise to such policy debates in the coming year.*

Ensure the adequate provision of services for consumers with hearing impairments

- A1.91 The National Association of Deafened People (NADP) welcomed the continued review of General Condition 15, the next generation text relay service and Ofcom's commitment to exploring speech recognition technology. It made several supplementary points:
- It encouraged Ofcom to monitor the new service on a regular basis to ensure its continued development;
 - it added that ensuring the provision of services for consumers with hearing impairments should also include appropriate access services in broadcasting;
 - it voiced concerns that the Draft Annual Plan did not include live subtitling; and
 - it stated it would welcome recognition of the needs of users with a hearing impairment in non linear services.
- A1.92 The CCP and ACOD expressed support for our work on the provision of services for consumers with hearing impairments and suggested that our work to provide accessibility in non-linear services should extend to a more accessible electronic programme guide.
- A1.93 *Ofcom agrees that it is important to ensure that consumers with hearing impairments benefit from appropriate access services on broadcast services. In March 2013, Ofcom published a report on access services provided on 70 channels during 2012, which showed that broadcasters are continuing to meet the rising targets that apply to their channels, and in many cases, exceed them. As a result, a large number of channels, particularly those that are most popular, now subtitle the large majority of their programming.*
- A1.94 *Ofcom also recognises that, while the availability of a large quantity of subtitled programming improves choice for subtitle users, the quality of subtitling is also important. For this reason, Ofcom has been talking to subtitle users about their experiences of subtitling, and to broadcasters and their contractors about how they produce subtitling, and where problems can occur. We plan to publish a report on this later in the spring, setting out our thoughts on how the quality of subtitling on broadcast services can be further improved.*

Undertake further research into the effect of communications infrastructure availability on geographic areas

- A1.95 Several respondents called for increased consideration for, representation of and engagement with business consumers, in particular SMEs. Within these responses O3b stressed the need for Ofcom to represent SMEs regarding space and satellite services, and Vodafone called for a specific ongoing focus to monitor BT's service levels for installation and repair of wholesale services to be included in the work plan.
- A1.96 *We outline our approach to business customers in Section 6 of this document. We recognise the important role that businesses, including SMEs, play in the UK economy and are always mindful of their needs as consumers. We are undertaking several projects this year which have particular relevance here, most notably our work on communications service availability and the effect on UK cities.*

A1.97 *Furthermore, we are undertaking more research in this area to better understand the needs of business consumers. This will inform potential future work in this area.*

Other participation responses

A1.98 The Welsh government suggested that Ofcom should support wider availability of more affordable symmetric business class fixed services and competition to provide services in areas with low population densities.

A1.99 *The Business Connectivity Market Review deals with competition based on BT's infrastructure. Questions of public policy interventions to deliver more widespread availability of services are a matter for government rather than Ofcom. However, Ofcom will continue to provide support and expertise to such policy debates in the coming year.*

A1.100 Professor S. Livingstone and Professor P. Lunt, representing themselves, requested greater clarity on Ofcom's work in furthering the interests of citizens.

A1.101 *Part of our primary statutory duty is to further the interests of citizens in relation to communications matters; the citizen is at the heart of everything that we do. We continue to consider what 'citizenship' means in modern UK society and to produce internal evaluations of its relationship with communications services. We will specifically consider citizen-related issues when undertaking current and prospective work detailed in this Plan, for example on critical national infrastructure, plurality and the use of personal data.*

A1.102 The CCP and ACOD suggested that Ofcom consider the complete consumer journey when carrying out consumer research.

A1.103 *Our consumer empowerment work seeks to ensure that barriers to participation are removed. Part of this is about understanding the consumer experience and we carry out and publish extensive research on this each year. The research informs our policy development. We look forward to continuing discussion of this with the Panel.*

A1.104 Legacy service use was raised by The Consumer Forum for Communications (CFC) which stated the need to plan protection measures against price rises for vulnerable users of such services, and expressed interest in understanding Ofcom's view of when it sees this becoming relevant and its plans for protection measures.

A1.105 *Ofcom will continue to monitor price changes and their impact on particular groups of consumers.*

A1.106 The CWU stated that Ofcom should promote awareness of alternate dispute resolution schemes.

A1.107 *Ofcom re-approved the two alternative dispute resolution (ADR) schemes, Ombudsman Services and CISAS in 2012. In 2013/14 we will undertake a review of compliance by industry with the requirements of General Condition 14. This will include provision of information and 'signposting' of the availability of redress from the ADR schemes. In addition, in 2012 we reviewed the effectiveness of our own website as a provider of information to consumers in this area and, following this, relaunched the consumer area of the website, including refreshed consumer guides and information on where to complain.*

- A1.108 The Advisory Committee for Scotland (ACS) reiterated concern about social exclusion resulting from digital divides in Scotland.
- A1.109 *Ofcom will continue to address barriers to participation across a number of fronts. A number of our activities seek to address barriers to accessibility of services or networks, for example our work with HMG to address mobile not-spots (the MIP) and the 4G licensing process. We work with other agencies to help understand demand side barriers to switching - for example, our media literacy research contributes to understanding of gaps in participation.*
- A1.110 The CFC requested that the current review of the consumer interest toolkit incorporate consideration of consumer vulnerability. The CFC also asked Ofcom to investigate the difficulties vulnerable consumers have in getting a third party to speak to their Communications Provider (CP) on their behalf.
- A1.111 *Our participation work includes understanding the position of vulnerable citizens and consumers and removing barrier to participation for them. This is reflected in the consumer interest toolkit. We expect to work with other agencies (e.g. the new Regulated Industries Unit) in understanding and tackling issues for vulnerable citizens and consumers in our sector.*
- A1.112 *GC15 provides for third parties to do certain things on behalf of vulnerable users, e.g. third party bill management. Part of the review of GC15 is consideration of whether or not some of these protections should be extended to other areas. We are very happy to speak to stakeholders about this, and urge them in particular to bring forward any concerns as part of the GC15 review process.*

Protect consumers from harm

Implement reform of non-geographic numbering to ensure price transparency

- A1.113 Vodafone gave its support for Ofcom's work in this area but encouraged Ofcom to take care that other work areas do not undermine this priority e.g. proper implementation of General Condition 9. BT urged that further delays would hinder the creation of a competitive market for 09 call charges and suggested that 09 call charges are separated from the NGCS review to minimise delay.
- A1.114 *We do not consider that there will be any further significant delay in the review of non-geographic numbers. It is not possible to consider the future treatment of 09 ranges in isolation from the broader NGCS policy.*

Protect consumers in a range of priority areas, including silent calls and mid-contract price increases

- A1.115 A number of stakeholders noted that they were surprised that nuisance calls and texts were not included in the work plan in addition to our work on silent calls.
- A1.116 *Ofcom's statutory powers in this area are contained principally in the persistent misuse provisions in sections 128-130 of the Communications Act and our focus here is silent and abandoned calls. However, in addition to our consumer protection enforcement work, we are determined to play a key role in engaging proactively with other regulators to help them tackle harm from unsolicited marketing calls and*

texts, as outlined in the five-point action plan to tackle nuisance calls²² announced on 8 January 2013. This has been reflected in the overview of the programme of work we are carrying out in related to silent calls.

Other protection responses

- A1.117 The British Phonographic Industry (BPI) asked Ofcom to consider the role of search engines in directing children to sites containing inappropriate material.
- A1.118 *Ofcom has no statutory duties in relation to search engines and the results of their search rankings. However, we have sought to address issues in this general area by setting up ParentPort²³ and through our work with the UK Council for Child Internet Safety.*
- A1.119 *Ofcom is one of seven UK media regulators which set up and run the online portal ParentPort. It provides straightforward information on what parents can do if they feel they have seen or heard something inappropriate for their children. The site makes the process of making a complaint easier by directing parents to the right media regulator for their specific area of concern. Since February 2013 the site has offered 'Top Tips for Parents' on a variety of areas including online safety. It also contains advice and links to resources and organisations to help parents protect their children online.*
- A1.120 *Ofcom also works closely with UKCCIS and government officials working on child internet safety online. Claudio Pollack, Group Director for Content, Consumer and External Affairs sits on the UKCIS Executive Board and we provide technical advice and research assistance through our children's and adults' media literacy audits.*

Maintain audience confidence in broadcast content

Target licensing and enforcement to ensure effective protection for audiences

- A1.121 The BPI asked Ofcom to consider the role played by websites that facilitate online file sharing in the availability of harmful material online.
- A1.122 *Ofcom's statutory duty under the Communications Act 2003 to ensure the application of standards "that provide adequate protection to members of the public from the inclusion of offensive and harmful material" relates to the content of television and radio services only. Ofcom has no statutory duties in relation to websites that facilitate online file sharing.*

Relicensing of Channels 3, 4 & 5

- A1.123 Virgin Media welcomed the prospective introduction of AIP in broadcasting and requested that PSB rights and privileges are appropriately balanced against a proportionate extension of their responsibilities.
- A1.124 *These questions are considered as part of our PSB relicensing activities and in our other advice to Government on related matters.*

²² <http://media.ofcom.org.uk/2013/01/08/action-plan-to-tackle-nuisance-calls/>

²³ <http://www.parentport.org.uk/>

- A1.125 The VLV believes Ofcom should seek appropriate remedies to address the decline in PSB content investment.
- A1.126 *Ofcom's ongoing work in relation to relicensing of Channels 3, 4 & 5 will be important in creating the conditions for investment in UK content. In addition, we will contribute to the Government's Communications Review in relation to potential legislative changes to support content investment.*
- A1.127 The Welsh Government and ACNI highlighted the need for channels to reflect the devolved nations in their news and non-news provision.
- A1.128 *We have reflected the needs of the devolved Nations' provision in our consultations on relicensing of Channel 3 and Channel 5 and we will consider the position on Channel 4 in the context of that relicensing this year.*
- A1.129 The BFI suggested that Ofcom should secure long-term settlement for contributions from broadcasters to the National Television Archive as part of relicensing.
- A1.130 *We will be taking forward work on the potential for a long term settlement with the BFI and broadcasters over the course of this year.*

Develop approaches to future content regulation

- A1.131 Intellect suggested that Ofcom consider applying comparable regulatory measures across communications sectors as they continue to converge. Ying Huang, an individual, also expressed concern that an updated content regulation scheme in line with convergence was required.
- A1.132 *Convergence is a theme which influences our thinking in the majority of our policy areas particularly in relation to content standards and protection issues. We are constantly looking for parallels with existing regulation when we develop new interventions, including drawing on examples from other sectors, although we are always careful not to adopt a 'one-size-fits-all' approach.*
- A1.133 The BFI stressed that future content regulation should not imply a uniform approach.
- A1.134 *We recognise that the changing digital media environment will present a number of challenges to media regulation in the future. This area has been addressed in Ed Richards' (Ofcom CEO) speech at the Oxford Media Convention in January 2012 and our evidence to the House of Lords Inquiry on media convergence in October 2013.*
- A1.135 *Ofcom has suggested that in the context of blurring boundaries between content and distribution, there may be an opportunity to establish a core set of principles and aims which are held in common across a diverse media landscape with different regulatory frameworks. Such a set of core principles could be established between the regulators that emerge from the current debate, with the aim of making regulation more coherent, and clearer, for consumers and industry.*

License television and radio services in the UK including a further round of community radio licensing and a continued focus on effective enforcement

- A1.136 RadioCentre called for analogue radio licence term length to be reviewed with a steer to move to 12- rather than seven-year licenses.

- A1.137 *We stated that we would review our policy when two conditions had been met – Government reaching agreement with industry over the way forward for digital radio and Government setting out its proposals for the future statutory framework for radio regulation in a green paper. The former condition has been met with the signing of the MoU on local DAB funding, but the second condition remains unfulfilled.*
- A1.138 RadioCentre expressed a concern that a further round of community radio licensing would bring increased competitive pressure on smaller commercial radio stations.
- A1.139 *Ofcom is under a duty when licensing community radio services to have regard to the need to ensure that any such service does not prejudice unduly the economic viability of local commercial radio services. Also, there are specific restrictions limiting the amount of revenue from advertising and sponsorship that a community radio service can obtain in areas where there is a small commercial radio service.*
- A1.140 The Welsh Government stressed that Ofcom should take account of Welsh language issues as it exercises its licensing functions in relation to Wales.
- A1.141 *Ofcom will continue to take appropriate account of Welsh language issues when exercising its statutory licensing functions in 2013/14.*
- A1.142 ACNI requested clarification on how Ofcom will assess the provision of Irish Language and Ulster-Scots broadcasting services.
- A1.143 *This work will be mainly research-based. We will seek to publish our own research alongside available data from broadcasters and other bodies to show the availability and consumption of indigenous language programming.*

Other broadcast standards responses

- A1.144 The CCP and ACOD requested that we make explicit reference to confidence and trust in regard to broadcast content standards.
- A1.145 *It is our opinion that audience confidence in broadcasting includes trust as an outcome of continuing standards regulation and enforcement. In 2009/10 we delivered a work area on promoting trust in broadcasting which was taken forward by industry.*
- A1.146 The Welsh government called for all public service broadcasters to define their responsibilities and commitments to Wales.
- A1.147 *This is not something which is currently provided for in the legislation. Therefore, this would be a matter either for the broadcasters to do this voluntarily or a matter for government to take forward.*

Contribute to and implement public policy defined by Parliament

Contribute to the Government's Communications Review

- A1.148 BT believes Ofcom's contribution to the Communications Review should be a priority rather than a major work area and stated that Ofcom should take a lead role, engaging with end-users of communications services and industry.

A1.149 *The Communications Review and any subsequent legislation are matters for the UK Government and Parliament. As a result, we have not identified them as priorities we would (or could) pursue alone. However, we agree it is important that we continue to respond as appropriate to the Government's requests for advice and contribute to the debate.*

Support the Government's digital radio programme

A1.150 The Welsh government stated that it would not be in favour of digital radio switchover until there was a guarantee of at least 97% coverage for DAB throughout Wales. The response stressed problems with FM coverage and requested that Ofcom continue to liaise with radio stakeholders to attain the best radio service for consumers in Wales.

A1.151 *As part of its work to contribute to the Government's Digital Radio Action Plan, Ofcom is in continuous discussions with the BBC and other stakeholders about how to improve coverage of local DAB services in Wales and all other parts of the UK.*

A1.152 RadioCentre sought clarification on which stations will be required to switch over, should such a decision be announced to ensure that the smallest FM stations are adequately informed and prepared for a switchover decision.

A1.153 *This is a matter for Government as part of its decision on radio switchover. We will continue to support debate in this area through the provision of advice and expertise.*

Other public policy responses

A1.154 Several respondents welcomed Ofcom's priority on online copyright infringement in the Draft Annual Plan.

A1.155 *Ofcom will continue its duties to implement the online copyright infringement provisions of the DEA once the Government's amended Costs Order is laid before Parliament. These duties include the making of a Code to regulate the DEA provisions, and the creation of an independent appeals body. We will also conduct a new consultation seeking to identify the costs and time required for an efficient ISP to comply with the obligations set out in Ofcom's Code. We also plan to sponsor a publicly available standard for best practice in identifying subscribers.*

A1.156 The VLV welcomed Ofcom's work completed to date on media plurality and on the definition and concept of a 'fit and proper person', applied as a criterion of licence-holding. The VLV encouraged Ofcom to continue to comment and intervene where appropriate. The BFI suggested that Ofcom's approach to media plurality should not be restricted to the provision of news and current affairs, but should also reflect the value of plurality on social and cultural grounds.

A1.157 *Ofcom has a duty under the Broadcasting Acts 1990 and 1996 to be satisfied that any person holding a broadcasting licence is, and remains, fit and proper to do so. This duty is ongoing. As part of our responsibilities to protect consumers from harm, we will continue to monitor existing licence holders to ensure they are fit and proper to hold those licences.*

A1.158 *On media plurality, our published advice to the Secretary of State is that any new consideration of market plurality should concentrate on news and current affairs. These genres have the greatest capacity to influence democratic debate. However,*

in carrying out its functions, Ofcom is already required to secure, the maintenance of a sufficient plurality of providers of different television and radio services (see Section 3.2.(d) of the Communications Act 2003).

A1.159 The ACNI encouraged Ofcom to consider the low level of UK network programmes commissioned in Northern Ireland in the PSB Review.

A1.160 *Ofcom will publish its PSB Annual Report, PSB Network Compliance Report and a Made Outside London (MoL) Register in 2013/14 that will report on this issue.*

A1.161 The Welsh Government and the ACS suggested that the strategic purpose of contribute to and implement public policy as defined by Parliament should be reviewed to include in its remit the governments of the devolved nations.

A1.162 *We will keep this purpose under review in the light of changes in the nature and expectations of devolution in the Nations. However, we have no view on the desirability of constitutional change as this is a matter for legislatures and electorates. We will seek to respond constructively within the limits of our duties and powers if we are asked to provide relevant factual information about the current regulatory set-up or the implications of specific constitutional change.*

A1.163 The ACNI encouraged Ofcom to play a role to ensure that future public investment decisions in Northern Ireland are well informed, efficient and effective.

A1.164 *Ofcom will continue to engage with and advise all governments and departments to help support well informed, effective and efficient public policy initiatives.*