Ofcom exists to further the interests of citizen-consumers through a regulatory regime which, where appropriate, encourages competition.
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This document sets out Ofcom’s Annual Plan for the first full year of its existence, from April 2004 to March 2005.

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Section 1

Foreword

1.1 This document sets out Ofcom’s plan for its first full year – April 2004 to March 2005. We consulted on the draft plan in January. While this document retains that overall approach, it reflects, and has been influenced by, the wide range of comments received from Ofcom’s stakeholders.

1.2 Overall, those stakeholders have welcomed the Plan and the detail it provides about Ofcom’s work programme. Many recognised that the whole period from Ofcom’s start date at the beginning of the year to March 2005 would be a key transition. Inevitably, it would also be a busy one, as Ofcom implements the very substantial statutory changes brought about by the 590-page Communications Act – through which Parliament has more than doubled the number of duties and functions Ofcom must discharge compared with the regulators it replaced. We also needed to catch up with the interregnum where the old regulators understandably deferred decisions in their final months.

1.3 Of the 46 consultations issued by Ofcom since October 2003, 26 flow directly from the requirement to implement statutory provisions within set deadlines; 12 flow from the interregnum from the old regulators; and 8 have been issues Ofcom has decided to initiate or carry forward work by legacy regulators.

1.4 Ofcom is committed to full and effective consultation with its stakeholders, but also recognises that consultation can have an impact – particularly on smaller stakeholders. As a result we decided to group our consultations and release them in a twice-monthly batch to give greater planning certainty for stakeholders. We have started that process this month. Where we have discretion over timing, the Plan also smooths out the work programme to spread key decisions throughout the year.

1.5 Ofcom has committed itself to being an RPI-minus cost regulator. We have reduced staff numbers substantially compared with the old regulators and reduced costs by five per cent. However, as a statutory corporation Ofcom is fully exposed to VAT for the first time; the 135 extra statutory functions and duties laid on us by Parliament inevitably come with a cost; and Parliament and Government decided that Ofcom’s restructuring and set-up costs should be a loan, not a grant, of £52m in total. Our aim is that by April 2006 Ofcom will have absorbed all the additional costs of both VAT and the additional costs of new statutory duties.

1.6 This final version of our Annual Plan also addresses some specific suggestions from stakeholders on transparency:

- we have set out a calendar of Ofcom’s planned outputs for 2004/5 which will be updated through the year;
- we have shown the funding split by sector, i.e. for telecoms, broadcasting and spectrum; and
- we have set out how we are developing our disclosure policy under the Freedom of Information Act.

1.7 Details of the timing and description of individual areas of planned work have also been refined and amended as a result of the consultation. However, Ofcom’s overall approach for 2004/5 – with the three major reviews, our operating priorities and underpinning work – remains as set out in the original plan consultation.
1.8 Finally, this Plan reflects our best view of the work we need to do to carry out our responsibilities and respond to the strategic challenges posed by a dynamic and changing communications sector. It is an ambitious programme. To deliver it effectively, we will focus on those activities that reflect our clear statutory duties, where our work enhances competition and brings the greatest benefits to citizens and consumers.

1.9 We would like to thank all those who participated in the consultation process for this Plan. We appreciated all the comments we received and reviewed them carefully; in turn, they have helped us to refine and focus our final Plan. We hope this document provides our stakeholders with clear guidance on Ofcom’s range of work and priorities for 2004/5, and we look forward to a continuing dialogue and productive working relationship with all parties during the coming months.

David Currie (Chairman)
Stephen A. Carter (CEO)
Part 1

Section 2  Background
Section 3  Results of the consultation
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Section 2

Background

2.1 **Statutory basis**

2.1.1 In our January consultation document we set out the basis for our planning process. This included the Communications Act 2003 and other statutory duties. Flowing from these duties is Ofcom’s Mission, which we define as:

Ofcom exists to further the interests of citizen-consumers through a regulatory regime which, where appropriate, encourages competition.

2.1.2 To carry out its mission, Ofcom shall:

- encourage the evolution of electronic media and communications networks to the greater benefit of all who live in the United Kingdom;
- support the need for innovators, creators and investors to flourish within markets driven by full and fair competition between all providers;
- balance the promotion of choice and competition with the duty to foster plurality, informed citizenship, the protection of viewers, listeners and customers, and promote cultural diversity; and
- serve the interests of citizen-consumers as the communications industry enters the digital age.

2.2 **Market overview**

2.2.1 The consultation document set out an overview of the market, against which Ofcom is preparing for its first full year of operation. This identified:

- the significant financial challenge faced by the telecoms and broadcasting industries of the past few years;
- the key forces ahead that will affect the sector in 2004/5 and beyond.

2.2.2 We highlighted the main challenges for regulation:

- a continued and rapid change in technology, as we enter the final stages of the move from an analogue to a fully digital world;
- changing attitudes and needs of individuals as citizens-consumers; and
- structural (and ownership) change, as companies adapt to the new challenges and react to changes in the competitive environment.

2.2.3 This market overview pointed to implications for Ofcom in terms of the following activities:

2.2.4 Firstly, in order to enable citizen-consumers to benefit fully from the digital broadband world, there is a clear need for Ofcom to focus on helping drive digital switchover and advancing broadband development. This will require a mix of incentives for continued investment in upgrading existing networks, alongside measures to encourage increased competition in both network and service provision – measures such as helping competition in the provision of broadband services and the development of spectrum trading to facilitate longer-term market entry.

2.2.5 Secondly, to counter the threat of entrenched market power in some parts of the sector, Ofcom will pursue a tough approach to promoting competition. This will include selective action to lower entry barriers where practicable and to create a climate that supports innovation. Ofcom will set a higher threshold than previously for pursuing disputes and competition complaints, allowing resources to be focused on the critical issues that will shape competition in the sector.

2.2.6 Thirdly, to address changing citizen-consumer concerns about quality, plurality, range and diversity, Ofcom will need to develop a range of measures that safeguard the public interest, while helping citizen-consumers to take on increasing responsibility for making informed choices.

2.3 **Ofcom priorities**

2.3.1 The key operational priorities for Ofcom that flow from this market overview were divided into three categories:
• three major strategic reviews. Ofcom has a unique opportunity to take a new look at regulation across the sector and develop a clear and integrated medium-term strategy for its key activities;

• a series of core projects and programmes that address the market challenges identified and which are grouped according to the core themes of Ofcom’s mission; and

• important initiatives that will improve Ofcom’s overall effectiveness, and hence underpin the achievement of both the reviews and Ofcom’s other operating priorities.

2.3.2 The three strategic reviews will underpin our medium-term strategy for regulation and are set out in Figure 2.1

2.3.3 Alongside the strategic reviews, we have grouped our core projects and programmes for 2004/5 in terms of the main themes set out in Ofcom’s mission (see Table 2.1).

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**Fig 2.1**
**Major strategic reviews**

**Opportunity for a fresh approach:**

• The creation of Ofcom provides an opportunity for fresh thinking

• Technology advances, and changes in the marketplace, prompt reassessment of prospects for competition across the sector

• Communications Act 2003 sets foundations for further structural and regulatory change

**Outcome:**

A converged approach

• new regulatory framework from 2005

• consistency between regulatory approach in different sectors

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**Table 2.1**
**Ofcom’s core projects and programmes in relation to its mission themes**

<table>
<thead>
<tr>
<th>Ofcom’s mission themes</th>
<th>Key action in 2004/5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Encourage the evolution of electronic media and communications networks</td>
<td>Focus on driving digital switchover and advancing broadband development</td>
</tr>
<tr>
<td>Support the need for innovators, creators and investors to flourish by promoting competition</td>
<td>Focus on promoting key competition initiatives and the introduction of spectrum trading</td>
</tr>
<tr>
<td>Foster plurality, inform and protect citizen-consumers; and promote cultural diversity</td>
<td>Focus on a new approach to content regulation and broadcast licensing, including co-regulation of broadcast advertising</td>
</tr>
<tr>
<td>Serve the interests of citizen-consumers</td>
<td>Focus on encouraging the informed consumer and Ofcom’s interface with citizen-consumers</td>
</tr>
</tbody>
</table>
2.3.4 Underpinning our regulatory activities will be a range of projects and programmes that will help make us a more effective operation. These include:

- providing a best-in-class evidence base across technology, markets and consumer research;
- establishing an effective network for external relations, with initiatives and a presence in each of the Nations; and
- delivering ongoing strategic planning and independent review processes, with full consultation and stakeholder involvement.

2.3.5 Finally, Ofcom is establishing key operating priorities that will ensure:

- improved efficiency of the services we provide to our stakeholders in areas such as spectrum licensing, where we are planning a range of improvements in interference monitoring and enforcement;
- effective and efficient internal support services; and
- a high-performance communications capability, effective both internally and externally.

2.4 Ofcom’s approach to regulation

2.4.1 Underpinning all of our key activities will be the clear and consistent application of our regulatory principles, which we first published in our Foundation and Framework document in September 2003. They are set out opposite.
Section 3

Results of the consultation

3.1 The consultation process

3.1.1. Ofcom’s consultation process included a series of stakeholder events around the UK, as well as inviting stakeholders to submit written responses. The written responses ranged from emails from the general public to more formal responses from business and consumer groups. In all, 90 written responses were received (see Annex 2 for a full list of who responded). Ofcom also received valuable feedback from the stakeholders’ events that were held in February:

- Cardiff, 9 February
- Belfast, 12 February
- London – Riverside House, 13 February (two events)
- Manchester, 23 February
- Glasgow, 24 February

3.1.2. The meetings were attended by a wide range of stakeholders from across the communications sector, including consumer and industry representatives, small businesses, political representatives, media, academics, students and members of the public. Many stakeholders said they welcomed the opportunity to comment on the Plan, and Ofcom found their contributions very useful.

3.1.3. We gained a great deal of information from stakeholders on a variety of issues, hearing about the areas that concerned them most, and learning their views on which ones should have a higher priority in our work programme. This detailed feedback can be accessed on Ofcom’s website at: www.ofcom.org.uk/consultations/past/plan/inputs/

3.1.4. The wide range of organisations and individuals who responded to the consultation is reflected in the diversity of issues they raised. These included both generic issues – such as the quantity of work in the Plan – and specific issues in relation to most of the individual categories of work (now set out in Section 5 of the Plan). Most people consulted endorsed the overall approach in Ofcom’s plan and were supportive of our process for consultation.

3.15. Responses were received from a wide range of stakeholders and can be broadly split as shown in Table 3.1.

| Consumer/citizen groups and individual citizen-consumers | 22 |
| Local government/Government bodies and individually elected representatives | 16 |
| TV industry (includes community groups supporting local TV) | 12 |
| Radio industry | 12 |
| Telecoms industry | 13 |
| Spectrum bodies | 3 |
| Churches and church organisations | 6 |
| Business organisations/trade associations | 6 |
| Total | 90 |

Table 3.1
Who responded to the consultation document?
The following is an approximate breakdown of stakeholder responses split by industry/sector and issues of concern

3.2 Main issues raised and Ofcom’s response

3.2.1. There was broad overall support for Ofcom’s transparent approach to its planning process, the clearly articulated plan and the priorities and challenges that Ofcom has identified for its first year of operations. There was also general agreement on the focus for our three strategic reviews (of telecoms, public service broadcasting and spectrum) and the opportunity presented by Ofcom’s creation to take a fresh look at the issues and push forward key policy areas such as digital switchover. However, there were also some general concerns:
concerns at the high volume of work in the Plan for Ofcom’s first full year, and the possible effect both on Ofcom’s day-to-day operations and the ability of some stakeholders to deal with, and respond to, the resulting volume of consultation documents;

• a demand for greater disclosure of information, including the split of costs between funding sources for telecoms, broadcasting and spectrum; and

• a desire for Ofcom to focus more clearly on the needs of certain stakeholders, including those interested in local TV and radio services, business consumers, and to recognise more explicitly disadvantaged and vulnerable consumers.

3.2.2 A range of more specific issues has been raised, covering most of the activities A1 to F6 in the Plan. Although most of the respondents agreed with the majority of the proposed activities, frequent areas for comment included:

• requests to review the licensing and other arrangements for local TV;

• requests for more detail on Ofcom’s plans for FM radio licences and digital radio;

• more detail sought on the scope of the three strategic reviews;

• concerns over the impact of digital switchover for TV broadcasting on access to television services, and worries about a possible digital divide in both television and broadband;

• the need for Ofcom to balance the advantages of community radio with concerns over impact on the wider radio sector; and

• interest in Ofcom plans for media literacy.

3.2.3 We have addressed the main issues raised in sections 3.3 to 3.9 below. In other cases the concerns raised will be addressed within the relevant activity in the course of 2004/5. A more detailed summary for each specific category of work and other sections of the consultation document is given in a web-only annex to this Statement: to see this please visit Ofcom’s website at: www.ofcom.org.uk/about_ofcom/annual_plan/

3.3 Ofcom’s strategic reviews

3.3.1 There was wide agreement that it is important for Ofcom to pursue the three strategic reviews of spectrum, telecoms and public service broadcasting as set out in the Plan. Most respondents agreed that Ofcom’s formation provided a unique opportunity to review the approach to regulation of the communications sector, and to work with stakeholders to create a climate that supports a dynamic sector and increases benefits to citizen-consumers.

3.3.2 Many respondents expressed the importance of ensuring that the reviews were properly connected, to ensure a converged approach to regulation. Many also looked for reassurance that the reviews would not stand in the way of key decisions that needed to be taken in the meantime.

3.3.3 We received a number of more detailed comments in relation to the scope of the three planned strategic reviews. It was felt by some that the Public Service Broadcasting (PSB) review needed to cover new media services, and that the scope and definition of PSB should be a key outcome. It was also suggested that the review of telecoms should take into account the impact of broadband and issues such as Voice over Internet Protocol (VoIP). Issues raised in relation to the spectrum review included the need to focus on any issues that will affect digital switchover, community radio, new media and TV services.

3.3.4 Our response: as set out in the earlier consultation document, (section 5.4.1) we are taking a number of steps to ensure integrated and converged decision making. The PSB review will provide a clear definition of what Ofcom means by PSB. VoIP and the potential impact of other technologies will be considered as part of the telecoms review. The spectrum review will look at the overall framework for managing spectrum, and issues such as digital
Encourage evolution of electronic media and communication networks

3.4.1 There was broad support for Ofcom’s prioritisation of work on electronic networks: digital switchover and broadband. Most agreed that Ofcom should use its powers where possible to support and encourage developments in these areas. Most respondents, though not all, also recognised the limits of what Ofcom can do in its role as regulator.

3.4.2 Regarding digital switchover, concerns were raised over any early switch-off of the analogue delivery system for radio. Other issues included requests for Ofcom to consider geographic availability, access for disadvantaged and disabled groups and Digital Audio Broadcasting (DAB) quality. Issues around broadband included access for disadvantaged groups, as well as those in rural and remote areas, and the need for Ofcom to take account of newer technologies and services. Differing views were also expressed about Ofcom’s role in relation to the regulation of internet content. Most felt that we should focus on helping users exercise their own responsibility in accessing content. But some warned that Ofcom might need to take a more direct role.

3.4.3 Our response: we recognise the wide range of issues that have been raised in relation the development and evolution of electronic media networks. The issues of switchover of analogue radio and DAB quality will be assessed as part of the planned digital radio review now separately listed under activity B1 as a key output for 2004/5. Geographic availability and access for disadvantaged and disabled groups will be an important part of Ofcom’s switchover work.

3.4.4 Access to broadband for disadvantaged groups, as well as in rural and remote areas, will all be considered as part of Ofcom’s work on broadband, as will concerns over internet content regulation.

Support for innovators, creators and investors to flourish by promoting competition

3.5.1 Support was expressed for Ofcom’s proposed policy to operate with a bias against intervention, but to act swiftly and firmly where justified. However, questions were asked about the potential operation of the proposed complaints threshold and how, at the end of the year, Ofcom and others would be able to judge whether this overall approach had been carried out successfully.

3.5.2 Where spectrum licensing and enforcement were concerned, some saw it as important that any spectrum that can be made available on an unlicensed basis is done so in a timely and appropriate fashion. More generally, some argued that an additional objective for spectrum management should be “to identify and to protect both citizens’ and consumers’ interests in the allocation of spectrum”.

3.5.3 Our response: the prompt resolution of disputes and complaints is a key objective for Ofcom. Guidelines for competition complaints have been released for consultation and Ofcom expects to publish a statement by the end of May 2004. A transparent review and monitoring process will be a central aspect of judging the success of the new approach. Ofcom will be publishing a Complaints and Compliance report on a six monthly basis.

3.5.4 The need to identify and protect citizen interests in relation to spectrum management is part of Ofcom’s overall mission and duties.
3.6 Foster plurality; inform and protect citizen-consumers; and promote cultural diversity

3.6.1 There was broad support for Ofcom’s goal to promote and foster plurality and diversity of content. It was also recognised that the development of a new regime for digital broadcasting licences in TV and radio was important in achieving this, as was the successful implementation of the new approach to content regulation. There was a desire by some that regional content and production levels should be maintained or strengthened, although others questioned whether the benefits would justify the costs. It was argued that our Plan should also include provision for community radio, television and new media services as follows:

Radio. Clarity was sought on the policy for the future use of AM frequencies. There was also support for community radio, although there were concerns that it could undermine the business viability of commercial radio. Early switch-off for analogue radio was not thought by many to be sensible or desirable.

Local TV. A need for the recognition of key issues in the Plan, and the extension of four-year licences (this period being seen as too short to be attractive to investors). Local TV should be considered as part of digital switchover, and for its potential role in the delivery of Public Service Broadcasting requirements.

3.6.2 On content, the people we consulted wanted reassurance that Ofcom would continue to focus on issues of quality and other standards. Diversity and training issues were also raised. There were some concerns raised relating to the effectiveness of co-regulation in broadcast advertising and premium rate services. It was suggested that co-regulation will only work well if consumer views are taken into account in the process.

3.6.3 Our response: the introduction of new arrangements for TV broadcast licences and content regulation understandably raises concerns over the direction regulation will take. In pursuing our approach in this area, Ofcom will look for scope to incentivise co-regulatory approaches and to ensure we focus our efforts on the most productive areas. We will also ensure a wide and comprehensive consultation process for all key proposals.

3.6.4 The future use of AM frequencies will be the subject of a consultation in the spring. Under the proposed legislation for community radio, Ofcom will be required to have regard to the impact of community radio on commercial radio services. The consultation ‘Licensing Community Radio’ sets out a proposal for how this statutory obligation might be implemented. The issue of analogue switch-off for radio will be considered as part of the digital radio review.

3.6.5 In response to stakeholder issues raised regarding local TV, we have set up a local TV Working Group to examine the issues relating to licensing; reference is made to this in activity D1. Also for activity D1, the planned outputs have been reworded to separate out community radio issues from radio localness.

3.6.6 Ofcom recognises the need for adequate consumer resourcing in co-regulation. Where there is a Memorandum of Understanding with the Advertising Standards Authority, this will ensure that there is an adequate underpinning of the co-regulatory arrangements.

3.7 Serve the interests of citizen-consumers

3.7.1 Respondents recognised the importance of Ofcom’s role in serving the interests of citizen-consumers through better consumer information, new approaches to complaint handling and the review of Universal Service Obligations. However, some argued that Ofcom should give equal weight to the business community. It was also felt by some stakeholders that Ofcom should be clearer on the role of the Consumer Panel.

3.7.2 It was noted by some that Ofcom should give at least equal weight to citizen interests, such as the interests of young people, and geographically and economically disadvantaged citizen-consumers. A common response was that Ofcom needs to place greater emphasis on
media literacy and how this could be delivered. It was suggested that, with technological advances, the scope for USO should be reviewed.

3.7.3 **Our response:** details of membership of the Consumer Panel can now be found on Ofcom’s website, and the Panel has provided a response to Ofcom’s consultation, setting out its priorities and goals (see Table 3.3). Ofcom’s role in protecting vulnerable and young people, and geographically and economically disadvantaged citizen-consumers, is made more explicit in activity E1. Business consumers including small and medium-sized enterprises form part of the range of consumers Ofcom takes into account in its policy development and implementation.

3.7.4 Ofcom is in the process of developing its policy on media literacy and will be issuing a consultation document on its approach this spring/summer. A consumer information strategy is to be published under activity E2. The scope of the USO review is set by a European Directive and Department of Trade and Industry’s USO Order; however, the Telecoms Review will examine these longer-term issues.

3.8 **Overall framework and processes of regulation**

3.8.1 Stakeholders commented on a number of issues in this area but the general response was that, in addition to its own operating efficiency and effectiveness, Ofcom should consider how its activities impose costs on stakeholders. For example, information requests to operators should be kept to a minimum and data should be collected from a wider range of players (not just traditional ones). Stakeholders also commented on the volume of Ofcom consultations. The importance of diversity and equality issues was also raised.

3.8.2 At the broad strategic level, a number of issues were raised, such as the need for greater clarification of regulatory objectives; for example, at what point is the aim of sustainable competition achieved? Ofcom also needs to ensure that its regulatory strategy is clear and focused.

3.8.3 **Our response:** Ofcom’s overall regulatory processes have the explicit aim of making us a more effective organisation. We will strive to make the processes underpinning regulation as stakeholder-friendly as possible. For example, as a result of this feedback, the Plan now contains, where appropriate, a wider range of contacts at below senior management level for each of the activities A1 to F6 (set out in Section 5).

3.8.4 Ofcom is also acutely aware of the pressures that data requests can put on stakeholders. We will therefore set out an appropriate threshold for data collection in keeping with our data mission and work priorities. We will pay special attention to our responsibilities and opportunities in respect of diversity and equality issues, as part of our external relations programme. We will also draw on advice from the statutory Committee on Older and Disabled People.

3.8.5 The Plan Foreword notes Ofcom’s reduction in its recurring costs in comparison to those of five legacy regulators, the treatment of launch costs and VAT that Ofcom has to work with and the extra duties Ofcom is required to carry out.

3.8.6 Table 3.2 shows, in broad terms, the different sources of work for 2004/5 and our main outputs in addition to large-scale routine work such as complaints handling and the issuing of licences.

3.8.7 Despite these constraints, Ofcom has now committed to a rolling five per cent per annum reduction in costs over the next two years. This will be achieved by a rigorous examination of all areas of Ofcom’s work to consider:

- can we reduce the burden of regulation through a lighter touch or no regulation approach?
- is the work needed in terms of scale and timing?
- can work be carried out more effectively at lower cost?
3.8.8 Ofcom believes the volume of consultations driven by the Communications Act and legacy regulators is likely to drop over the year.

3.8.9 Regarding the disclosure policy, as a public authority, Ofcom is under a duty imposed by the Freedom of Information Act 2000 to adopt a publication scheme approved by the Information Commissioner. Ofcom is developing a skeleton publication scheme while it considers further what information it should include in its full scheme. Ofcom is committed to publishing information on its work, internal structures and policies. This includes information on its Boards, panels and committees, including their functions, roles and terms of reference, as well as the arrangements for regulating Ofcom’s own procedures, agendas and notes of meetings of the Ofcom Board and Content Board.

3.8.10 On the issue of stakeholder consultations, in response to requests from our stakeholders for greater predictability about the timing of our publications, from April, we moved to a system of issuing our more detailed and technical documents on the Ofcom website in regular twice-monthly ‘batches’, on the second and fourth Thursdays of each month. This approach will not apply to documents that are time-critical (including those relating to investigations), or those likely to attract a wide readership. This new system will apply for an initial experimental period of six months. Additionally, a six-month calendar highlighting planned publications will be placed on the website, making stakeholders aware of when they need to look out for publications.

3.9 Ofcom Consumer Panel – response to the Plan

3.9.1 Many stakeholders commented on the role of the Consumer Panel during the consultation process, asking about its remit and its major priorities and areas of work in 2004/5. The Panel’s response to the consultation on the Annual Plan is shown in Table 3.3.

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### Table 3.2
Ofcom’s workload: sources of work for 2004/5

<table>
<thead>
<tr>
<th>Task Description</th>
<th>Statutory Obligations</th>
<th>Work Initiated by Ofcom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interregnum</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale broadband market review (B2)</td>
<td>PSB Review (A1)</td>
<td>Spectrum Review (A3)</td>
</tr>
<tr>
<td>Local Loop Unbundling (C1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wholesale Line Rental (C1)</td>
<td>Digital TV &amp; radio (B1)</td>
<td>Telecoms Review (A2)</td>
</tr>
<tr>
<td>Network Charge Control (C1)</td>
<td>Conduct investigations (C2)</td>
<td>Spectrum licensing – revised approach (C4)</td>
</tr>
<tr>
<td>Spectrum trading (C3)</td>
<td>Update of WT Act licensing regulations (C3)</td>
<td>Field Ops changed arrangements (C4)</td>
</tr>
<tr>
<td>Spectrum pricing (C3)</td>
<td>PSB digital licences (D1)</td>
<td>Telecoms consumer information strategy (E2)</td>
</tr>
<tr>
<td>Managed fax and telephone registers (E1)</td>
<td>Radio localness (D1)</td>
<td>Ofcom roadshows (F2)</td>
</tr>
<tr>
<td>Co-regulatory schemes for Quality of Service information (E2)</td>
<td>Community radio (D1)</td>
<td>Stakeholder research (F2)</td>
</tr>
<tr>
<td>Re-engineer licensing functions (as part of spectrum pricing) (F4)</td>
<td>FM commercial radio review (D1)</td>
<td>Possible deregulation of maritime, aero and other licence classes (F4)</td>
</tr>
<tr>
<td>Channel 3 licence valuation (D1)</td>
<td></td>
<td>Review arrangements for test and development activities (F4)</td>
</tr>
<tr>
<td>New codes on standards, fairness, privacy and sponsorship (D2)</td>
<td></td>
<td>Recognised Spectrum Access (F4)</td>
</tr>
<tr>
<td>Review quotas (Tier 2) (D2)</td>
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<tr>
<td>Programme policy (Tier 3) (D2)</td>
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<tr>
<td>Self-regulation for PSB digital licences (Tier 3) (D2)</td>
<td></td>
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<tr>
<td>Review broadcasting complaints procedure (D2)</td>
<td></td>
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<tr>
<td>Media literacy duties (E2)</td>
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</tbody>
</table>
3.10 Summary

3.10.1 From Ofcom’s perspective, the consultation process has been a hugely valuable exercise. The consultation events held around the UK, and the written responses that stakeholders have submitted, have provided important information on what our stakeholders see as the key issues – and the priorities and challenges that Ofcom will face in its first year of operation. The feedback we have received from stakeholders has influenced our work at the activity level and, Ofcom-wide, has provided greater focus during the production of this Statement.

3.10.2 The changes to the Plan that have been made as a result of the consultation process have been summarised above. We thank all stakeholders who participated for their input and valuable feedback, and hope that this Plan provides stakeholders with greater certainty and clarity about Ofcom’s work in 2004/5.

Table 3.3
Response from the Consumer Panel to the Ofcom consultation on its Annual Plan for 2004/5

<table>
<thead>
<tr>
<th>Priority Area</th>
<th>Panel Members</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Older people: Colette Bowe</td>
<td></td>
</tr>
<tr>
<td>• Disabled people: Bob Twitchin</td>
<td></td>
</tr>
<tr>
<td>• People on low incomes: Ruth Evans</td>
<td></td>
</tr>
<tr>
<td>• People living in rural areas: Simon Gibson and Kevin McLaughlin</td>
<td></td>
</tr>
<tr>
<td>• People living in urban areas: Kate O’Rourke</td>
<td></td>
</tr>
<tr>
<td>• Small businesses: Nainish Bapna and Fiona Ballantyne</td>
<td></td>
</tr>
</tbody>
</table>

The Consumer Panel is proposing to commission a major piece of research into both the concerns, and the state of knowledge, of consumers in the communications marketplace. On present plans, this research will be commissioned in May of this year, and its output will drive the Panel’s work in the year to come.

Ahead of that, however, the Consumer Panel has already determined some provisional priorities for its work. These will include:

- the proposed digital switchover;
- the development of the telecoms market, including new ways of carrying voice messages via the internet and other developments related to the more widespread availability of broadband;
- spectrum availability and pricing; and
- access issues arising from the consideration of public service broadcasting.

These are in addition to the work the Panel will undertake to inform itself on the needs of particular consumer groups in our society, in specific parts of the UK. These needs, and the Panel member responsible for each, are as follows:

- Representing the interests of people who live in Scotland: Fiona Ballantyne
- Northern Ireland: Kevin McLaughlin
- Wales: Simon Gibson
- England: Roger Darlington
- Older people: Colette Bowe
- Disabled people: Bob Twitchin
- People on low incomes: Ruth Evans
- People living in rural areas: Simon Gibson and Kevin McLaughlin
- People living in urban areas: Kate O’Rourke
- Small businesses: Nainish Bapna and Fiona Ballantyne

In addition, the Panel has decided to give continuous attention, in the same way, to identifying the specific interests and concerns of:

- Young people: Azeem Azhar
- Ethnic groups: Nainish Bapna

The Panel has studied the Ofcom proposed plan for 2004/5, and believes that the work Ofcom is proposing will reflect many of the issues that the Panel has already identified as being of consumer concern.

As the year goes on, the Consumer Panel will share with the Ofcom Board and Ofcom colleagues its developing views on the consumer interest in each of these important areas—and any new ones that arise, either from its consumer research or from the Panel’s other work with consumer stakeholders.

The Consumer Panel looks forward to working with Ofcom and other stakeholders on these important issues.
4.1 **Section overview**

4.1.1 This section provides an overview of the Ofcom budget for 2004/5 including:

- a summary of the information on total costs compared to those of the five previous regulators, and an explanation of the changes; and
- analysis of costs by funding sector – based on Ofcom’s Statement of Charging Principles for 2004/5 published on 31 March 2004.

4.1.2 What is not reflected in this section is the additional five per cent saving that Ofcom is now committed to achieving in 2004/5. This will be identified during the financial year and activities adjusted accordingly. Where this has an impact on the scope and timing of work, it will be notified to stakeholders.

4.2 **Comparison of overall costs with those of the five previous regulators**

4.2.1 On a like-for-like basis, Ofcom will cost £129m in 2004/5. This is approximately £7m per annum less than the previous regulators combined.

4.2.2 Ofcom’s new duties and non-reclaimable VAT add some £16m a year to its costs. Further, Ofcom’s start-up costs, including parallel running, restructuring and redundancy costs, have been funded by a £52.3m loan from the DTI. Loan repayments in 2004/5 amount to £19m. Details of costs split by operating priorities in relation to the main mission activities, and by Ofcom group, are given in the Plan consultation document.

4.3 **Fees and charges**

4.3.1 The allocation of the planned level of costs by Regulatory Sector represents Ofcom’s overall judgment of both the level of expenditure by activity and the allocation of the spend on the project as between Regulatory Sectors (or Regulatory Tiers).

4.3.2 The resulting figures are outlined in Table 4.1 and, after adjusting for repayment of the start-up loan, have been used as the basis for setting tariffs.

4.3.3 To help stakeholders understand the reasons for the changes in the amounts to be recovered through administrative and licence fees in 2004/5, Ofcom published, at the end of March 2004, its Statement of Charging Principles for 2004/5: Licence and Administration Fees which contains a summary of the changes in the total amount to be recovered from each sector, in comparison with the fees payable in 2003/4 (See Ofcom’s website for details: www.ofcom.org.uk/about_ofcom/gov_accountability/charging_principles/statement/part1)

4.4 **Ofcom launch costs**

4.4.1 The initial costs incurred by Ofcom since its establishment under the Office of Communications Act 2002 have been met through loan funding of £52.3m from the Department of Trade and Industry. These loans, which were made in the period from 31 March 2003 to 2 January 2004, are repayable in the period from March 2004 to March 2008.

4.4.2 The phasing of repayments is determined under the loan agreement with the DTI. We have allocated the launch costs for the complete repayment period until March 2008 on a proportionate basis to the amount of expenditure incurred by the legacy regulators in each Regulatory Sector. The result of this allocation is shown in Table 4.2.

4.4.3 The recovery of these allocated costs is part of the costs for each Regulatory Sector or Tier.

---

**Table 4.1**

<table>
<thead>
<tr>
<th>Description</th>
<th>Total 2004/5 (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spectrum, Govt. Grants, Licence Application Fees and other sources</td>
<td>95.8</td>
</tr>
<tr>
<td>Radio Licence Fees</td>
<td>3.5</td>
</tr>
<tr>
<td>Television Licence Fees</td>
<td>23.6</td>
</tr>
<tr>
<td>Networks &amp; Services Admin. Fees</td>
<td>22.0</td>
</tr>
<tr>
<td><strong>Total Costs (excluding loan repayment)</strong></td>
<td><strong>144.9</strong></td>
</tr>
</tbody>
</table>
4.5 Summary

4.5.1 This section has provided an overview of Ofcom’s proposed budget for 2004/5. Proposals on the charging principles to be adopted by Ofcom in relation to stakeholders were issued in February 2004, and a statement setting out the principles it has adopted was issued in late March 2004.

4.5.2 Ofcom recognises that its costs are mainly funded by the communications industry. The creation of Ofcom has afforded the twin opportunities of:

- lowering head count and streamlining administration; and
- reducing the running rate cost of regulation.

4.5.3 Ongoing operating improvements will be an annual objective for Ofcom.

Table 4.2
Loan repayments

<table>
<thead>
<tr>
<th>Loan repayments (inc. interest)</th>
<th>2003/4 £'000</th>
<th>2004/5 £'000</th>
<th>2005/6 £'000</th>
<th>2006/7 £'000</th>
<th>2007/8 £'000</th>
<th>Total £'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Networks &amp; Services</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,723</td>
<td>2,592</td>
<td>2,496</td>
<td>2,392</td>
<td></td>
<td>10,203</td>
</tr>
<tr>
<td>TV Broadcasting</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,578</td>
<td>2,454</td>
<td>2,363</td>
<td>2,264</td>
<td></td>
<td>9,659</td>
</tr>
<tr>
<td>Radio</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>403</td>
<td>384</td>
<td>369</td>
<td>354</td>
<td></td>
<td>1,510</td>
</tr>
<tr>
<td>Other Sectors</td>
<td>7,328</td>
<td>13,948</td>
<td>13,425</td>
<td>0</td>
<td>0</td>
<td>34,701</td>
</tr>
<tr>
<td>Total</td>
<td>7,328</td>
<td>19,652</td>
<td>18,855</td>
<td>5,228</td>
<td>5,010</td>
<td>56,073</td>
</tr>
</tbody>
</table>
Part 2

Section 5 Ofcom’s operating priorities for 2004/5
Section 5

Ofcom’s operating priorities for 2004/5

5.1 Summary of Ofcom’s work
5.1.1 This section briefly sets out Ofcom’s accountability and performance measurement arrangements, and details our planned work for 2004/5.

5.2 Accountability and performance
5.2.1 Before setting out the details of the work, it is worth noting the extensive range of accountability and performance measurement arrangements that apply to Ofcom’s work. These were set out in detail in Section 7 of the Plan consultation document.
5.2.2 Two changes from the consultation document should be noted here.
5.2.3 Firstly, the key performance measures Ofcom will use have been further developed and now comprise measures relating to:
   • external indicators;
   • application of regulatory principles; and
   • internal efficiency indicators.
   Annex 4 lists the types of indicators falling under each of these headings.
5.2.4 Secondly, to meet our regulatory principles, and in order to comply with our statutory duty to review regulatory burdens, Ofcom will approach its work in the way set out below:

Our overall aim is to operate with a bias against intervention. But where we do intervene we will do so on a firm, prompt, and effective basis. In practice, this means:
   • the use of strategic reviews that will always consider the scope for reducing or removing regulation over time;
   • key policy and regulatory decisions will include clear Regulatory Impact Assessments and consideration of a ‘no regulation’ option;
   • examination of regulatory approaches which work with the market – for example by ensuring citizen-consumers can make effective choices – rather than against it;
   • a clear commitment to explore scope for co- and self-regulation where it makes sense; and
   • a commitment to restrict our activities to those where there is a clear statutory duty – and no further.

5.2.5 This Statement is a requirement of section 6(4) of the Communications Act 2003.

5.3 Details of Ofcom’s planned work for 2004/5
5.3.1 Table 5.1 sets out the main activities to be carried out. The table is followed by a more detailed description of the work activity proposed in terms of:
   • background;
   • objectives;
   • key operating priorities;
   • lead group in Ofcom and contacts; and
   • timing of key outputs.
5.3.2 For the first three activities – the overarching strategic reviews – there is a more detailed description to reflect the direction-setting nature of the work involved.
5.3.3 As detailed in Section 3, consultation document amendments have been made to individual activities as necessary, in the light of responses to the Plan.
5.3.4 The major outputs listed and their timings represent our current best view of the work Ofcom will be undertaking. These are presented to provide as much clarity to stakeholders as possible. However, please note that there is necessarily some uncertainty:
   • there are external dependencies that may affect our timing;
   • interdependencies between streams of work may mean that, in the event of delays, there are knock-on effects; and
   • there may be external events that are difficult to predict, and which we are required to respond to. This may affect our planned areas of work.

5.4 Timing
5.4.1 The Annual Plan covers Ofcom’s work over the year commencing April 2004. Timing of major outputs is indicated as being spring, summer, autumn or winter of this 12-month period.
### Table 5.1
Summary of Ofcom's Annual Plan 2004/5

<table>
<thead>
<tr>
<th>Key Reviews</th>
<th>Support the need for innovators, creators and investors to flourish by promoting competition</th>
<th>Foster plurality, inform and protect citizen-consumers, and promote cultural diversity</th>
<th>Serve interests of citizen-consumers</th>
</tr>
</thead>
</table>
| • A1 Public Service Broadcasting Review | • B1 Drive digital TV and radio  
  • Television  
  • Radio  
  • Related spectrum release  
  • B2 Advance broadband development  
  • Broadband spectrum access  
  • Competition in fixed telecoms broadband market  
  • Next-generation networks  
  • Digital rights management  
  • Citizenship concerns | • C1 Promote competition  
  • Individual market reviews  
  • Wholesale line rental  
  • Network charge control  
  • C2 Conduct investigations  
  • Competition case investigations  
  • Breaches of ex ante conditions and disputes  
  • C3 Enable value-added use of spectrum  
  • Implementing spectrum trading  
  • Spectrum clearance  
  • Spectrum pricing  
  • International framework  
  • C4 Spectrum licensing, monitoring and enforcement | • D1 Develop new broadcasting licensing regime to support new regulatory framework and broaden choice  
  • D2 Implement changes to broadcasting content regulation to deliver additional citizen-consumer benefits  
  • Improving quality  
  • Increasing access  
  • D3 Develop, implement and extend co-regulation of:  
  • Broadcast advertising  
  • Premium rate services | • E1 Protect interests of citizen-consumers  
  • Ease of use initiatives  
  • Consumer Panel  
  • Telephone numbering  
  • E2 Promote informed citizen-consumers  
  • E3 Deal effectively with citizen-consumer complaints  
  • Ofcom Contact Centre  
  • Investigation and enforcement of key citizen-consumer issues  
  • E4 Review the Universal Service Obligation in telecoms |

<table>
<thead>
<tr>
<th>Overall framework and processes of regulation</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• F1 Provide best-in-class research and market intelligence (evidence based)</td>
<td>• F2 Establish effective network for external relations: regional, national and international</td>
<td>• F3 Deliver strategic planning, framework for policy development and independent reviews</td>
</tr>
<tr>
<td>• F4 Improve efficiency of Ofcom’s services to stakeholders</td>
<td>• F5 Provide effective internal support processes: Human Resources, Commercial</td>
<td>• F6 Communicate effectively both internally and externally</td>
</tr>
</tbody>
</table>

This table is available as a pdf download on Ofcom’s website.
5.5 **Major strategic reviews**

### A1 Public Service Broadcasting (PSB) review

**Background**

The first of the major reviews is in relation to public service (television) broadcasting. Ofcom is required by the Communications Act 2003 to conduct a review of public service broadcasting television every five years, and the first such review needs to be completed as soon as possible after the end of Ofcom’s first year of existence. The time is right for this review to be conducted in 2004/5 given changing consumer needs in relation to broadcast TV, the increasingly important role of digital TV and the competitive pressures affecting commercial public service broadcasters. The review is also timed to dovetail with the Government’s review of the BBC Charter.

**Objectives**

The aim of the review is as follows:

- review the extent to which public service broadcasters provide services which when taken together, fulfil the purposes of public service television broadcasting; and
- provide recommendations aimed at maintaining and strengthening the quality of public service television.

**Key operating priorities**

The approach to be taken involves:

- a comprehensive, consultative and evidence-based approach to reviewing PSB requirements as set out by the Communications Act;
- recognising technology change, consumer sentiments, changes in funding, ownership and the increasingly competitive broadcasting market; and
- developing options for the appropriate regulation of the broadcasting market as we move towards and into the digital world.

**Outcomes**

Potential outcomes from the review are:

- a definition of PSB fit for the future;
- a new set of proposals for funding, regulation and monitoring commercial PSB in the UK, clearly setting out the identity, rights and obligations of these broadcasters; and
- input to BBC Charter review.

**Lead groups/contacts:**

Lead: Robin Foster, Partner, Strategy and Market Developments (robin.foster@ofcom.org.uk)

Tim Suter, Partner, Content and Standards (tim.suter@ofcom.org.uk)

**Timing of key outputs**

- **Spring 2004** – Phase 1 report and consultation document
- **Summer** – Phase 2 report and consultation document
- **Autumn** – Phase 3 report, incorporating conclusions and recommendations
A2 Telecoms strategic review

Background
Some 20 years since telecoms was liberalised, BT still holds a substantial proportion
of the fixed-line market and, whilst competitors have emerged, many have experienced
severe difficulties in remaining in this market on a profitable basis. Ofcom faces
increasingly complex regulatory challenges as new services are introduced.

Objectives
The aims of this review are:

• to consider the options to improve the value on offer to UK customers by promoting
  competition and innovation in the telecoms market;

• to identify the most appropriate regulatory strategy to further the interests of both
  residential and business consumers; and

• to identify options to roll back regulation where appropriate.

Key operating priorities
The planned approach is to:

• carry out a stock-take of the current market position in terms of consumer choice,
  extent of competition and methods of regulation;

• use new consumer research, cost modelling, and international comparisons to assess
  likely future developments;

• assess prospects for increased competition and regulatory options to achieve this; and

• consider the impact of spectrum trading and other actions in relation to spectrum
  which could increase the level of choice of networks and services for telecoms
  consumers.

Outcomes
The potential outcome of the review is a clear strategic framework for the promotion
of competition in telecoms which:

• recognises the underlying cost structures, the scope for increased competition and new
  technologies in the telecoms market; and

• creates an environment in which companies in the sector will have appropriate
  incentives to invest.

Lead groups/contacts
Lead: Alex Blowers, Head of Policy Development (alex.blowers@ofcom.org.uk)
Other contact: Eva Koekelbergh (eva.koekelbergh@ofcom.org.uk)

Timing of key outputs
spring 2004 – first consultation document/research
summer 2004 – second consultation document (policy options)
winter 2004 – statement of conclusions and next steps
A3 Strategic review of spectrum framework

Background
Spectrum is a critical input to both the telecoms and broadcasting markets – especially as advances in digital technology allow innovative new services to be developed and launched. The introduction of spectrum trading – a key policy step currently being developed – and the move toward switch-off of the analogue TV signal, provide the context for this review. Since the Cave report, substantial progress has been made to improve and modernise spectrum management in the UK. But continuing technology changes, market developments and possible early feedback from spectrum trading suggest the need for a new review of the overall framework, which will begin later in 2004.

Objectives
The aims of the review are to:

• ensure radio spectrum is made available as effectively as possible to facilitate competition in communications markets;

• provide the underlying strategic basis for the UK position in international negotiations; and

• to give existing and potential users of radio spectrum longer-term visibility of the manner in which spectrum will be managed in future.

Key operating priorities
The approach to be taken involves:

• taking stock of spectrum management approaches currently used, the effectiveness of changes being introduced and the prospects for new approaches; and

• identifying implications of regulatory and market developments in telecoms and broadcasting markets on the spectrum management landscape, including new and emerging technologies.

Outcomes
The potential outcome from the review is:

a long-term framework for the development of spectrum management which maximises the benefits which can be obtained from a range of different approaches.

Lead groups/contacts:
Strategy and Market Developments

Lead: Peter Ingram, Chief Technology Officer (peter.ingram@ofcom.org.uk)

Other contact: William Webb (william.webb@ofcom.org.uk)

Timing of key outputs
summer 2004 – start of review
winter – initial consultation document
5.6 Encourage evolution of electronic media and communication networks

B1 Drive digital TV and radio

Background
As more efficient digital technologies have emerged and been assimilated in radio and television, the Government has identified a need to drive towards switchover from analogue to digital TV broadcasting as a means of capitalising on this efficiency and releasing spectrum for other uses. The development of digital radio is also a priority area.

Objectives
To support switchover from analogue to digital TV as a key element of Government policy and inform the overall approach to switchover by drawing on Ofcom expertise in the relevant key areas, such as strategic and economic analysis, frequency planning and market monitoring.

To facilitate the switchover of analogue to digital technologies in television broadcasting.

To secure the release of spectrum at switchover to increase choice and quality available to citizen-consumers.

To review, monitor and support the development of digital radio.

Key operating priorities
Support the overall planning for switchover from analogue to digital TV broadcasting through a mix of research, analysis, economic incentives and frequency planning initiatives.

Take forward other related operating priorities, including:
• UK representation at the 2004 regional radio conference in Geneva;
• ensure linkages to other Ofcom work including Channel 3 licence terms, PSB review, digital licensing, spectrum pricing and spectrum trading; and
• a comprehensive review of digital radio.

Ensure the appropriate involvement of Ofcom’s Consumer Panel, with particular regard to those consumers who may feel adversely affected by the move towards switchover.

Lead groups/contacts
Strategy and Market Developments
Lead: Jim Egan, Head of Strategy Development (jim.egan@ofcom.org.uk)
Other contact: Andrew Stirling (andrew.stirling@ofcom.org.uk),
Digital Radio
Peter Davies (peter.davies@ofcom.org.uk)
Claire Davenport (claire.davenport@ofcom.org.uk)

Timing of key outputs

spring 2004 – issue digital TV switchover progress report

spring – continue work on finalisation of spectrum frequency plan

summer – input to forthcoming Government consultation on switchover

autumn and beyond – continuing support work

winter – digital radio review report
**B2 Advance broadband development**

**Background**

Broadband is rolling out across the UK, but uptake, rollout and usage levels would need to increase significantly to match the highest levels in other countries and meet stated Government targets.

**Objectives**

To promote effective and sustainable competition in the broadband market at both the retail and wholesale level, encouraging (the often substantial) investment that will be necessary for continued roll-out and upgrading infrastructure;

To create an environment where making these significant and risky investments can be appropriately rewarded; and

To ensure Ofcom has an integrated and coherent approach across our different areas of work which could impact on broadband development.

**Key operating priorities**

Co-ordinate Ofcom’s strategy for broadband and support-related activities;

Establish a coherent framework for policy in areas such as wholesale broadband access and related areas; and

Study the impact of broadband uptake and take appropriate actions, in areas such as:

- responding to market demands for broadband spectrum access in areas such as the recent release of spectrum at 5.8GHz Band C;
- competition in fixed broadband networks;
- next-generation telecommunications networks;
- mobile broadband networks;
- develop understanding of moves towards more effective digital rights management; and
- keep watching brief on citizenship concerns.

**Lead groups/contacts**

Competition and Markets (with support from Strategy and Market Developments)

Lead: Sean Williams, Partner, Competition and Investigations (sean.williams@ofcom.org.uk)

Other contacts: Andrew Heaney, Competition Policy Director (andrew.heaney@ofcom.org.uk)

Brian Last, Head of Mobile and Broadband (spectrum issues) (brian.last@ofcom.org.uk)

Joe Sonke, Wireless Broadband Manager (joe.sonke@ofcom.org.uk)

**Timing of key outputs**

*spring/summer 2004* – Wholesale Broadband Access Market review statement and remedy

*spring/summer 2004* – Retail Minus remedy related to market review

*summer* – publish broadband consumer guide
5.7 Support the need for innovators, creators and investors to flourish via promoting competition

C1 Promote competition

Background
Effective and sustainable competition is needed across the communications sector if innovation and investment are to flourish. This requires the continued involvement of Ofcom in key areas, to reduce entry barriers and ensure appropriate access to essential facilities.

Objectives
To encourage innovation and investment through ensuring effective, sustainable competition in all communications markets where possible and regulating to protect consumers where competition is yet to emerge.

Key operating priorities
Promotion of competition in all communications markets, via:

- a variety of interventions, including wholesale line rental and carrier pre-selection (already underway), for example; and
- Number Translation Services (NTS) policy review;
- market review of fixed local access (Local Loop Unbundling);
- leased lines market review and associated price controls for partial private circuits;
- market review of calls to mobile telephones;
- network charge control (current controls due to expire in September 2005).

Compare approaches in other countries to promoting competition in communications industries.

Further monitoring and review of performance of 118 directory enquiry services (in conjunction with the Independent Committee for Supervision of Standards of Telephone Information Services – ICSTIS).

Lead groups/contacts
Competition and Markets

Lead: Sean Williams, Partner, Competition and Investigations (sean.williams@ofcom.org.uk)
Philip Rutnam, Partner, Competition and Strategic Resources (philip.rutnam@ofcom.org.uk)

Other contacts: Andrew Heaney, Competition Policy Director (andrew.heaney@ofcom.org.uk)
Caroline Wallace, Competition Policy Director (caroline.wallace@ofcom.org.uk)
Jim Niblett, Competition Policy Director (jim.niblett@ofcom.org.uk)
Steve Unger, Head of Telecoms Technology, Competition and Markets (steve.unger@ofcom.org.uk)
Heather Clayton, Director of Investigations (heather.clayton@ofcom.org.uk)

Timing of key outputs

- Spring 2004 – launch of wholesale line rental product
- Autumn 2004 – NTS review
- Spring/Summer 2004 – first LLU consultation document (second in the late summer)
- Autumn/Winter 2004 – LLU statement
- Spring/Summer 2004 – Leased lines market review statement
- Spring/Summer 2004 – calls to mobile market review statement
- Autumn/Winter – network charge control: consultation document
C2 Conduct investigations

Background
Ofcom investigates:

• complaints about anti-competitive behaviour;

• complaints about breaches of general conditions and Significant Market Power (SMP) conditions imposed on communications providers;

• breaches of the Communications Act (for example complaints about persistent misuse of networks and services); and

• complaints in areas of consumer protection covered by the Enterprise Act.

In addition, Ofcom can be asked to resolve certain types of disputes between Communications Providers. Investigating complaints and resolving disputes often requires Ofcom to undertake detailed evidence-based analysis.

Objectives
To facilitate appropriate and prompt resolution of complaints and disputes.

To enable Ofcom to pinpoint and deal with non-compliance effectively.

To target Ofcom’s resources at the most significant areas of complaint to maximise outcomes for citizen-consumers.

Key operating priorities
Comprehensive investigations programme to facilitate high quality and timely resolution of non-compliance.

Publication of guidance notes on new Ofcom complaints and disputes procedure.

Update procedures to take account of impact of new EU legislation which comes into force 1 May 2004.

Lead group/contacts
Competition and Markets

Lead: Heather Clayton, Director of Investigations (heather.clayton@ofcom.org.uk)

Other contacts: Richard Thompson, Competition Policy Manager (richard.thompson@ofcom.org.uk)

Adam Kilgour, Competition Policy Manager (adam.kilgour@ofcom.org.uk)

Claire Pointing, Competition Policy Manager (claire.pointing@ofcom.org.uk)

Keith Loader, Project Manager (keith.loader@ofcom.org.uk)

Timing of key outputs
as they arise – publish case decisions

spring – publish guidance on Ofcom complaints and disputes procedures

summer/winter – publish Complaints and Compliance Report

autumn – publish draft guidance on non-discrimination for consultation
C3 Enable value-added use of spectrum

Background
Ofcom is charged with ensuring optimal use of the radio spectrum, and in particular with taking forward market-based approaches to spectrum management. At the same time Ofcom aims to secure the best possible outcome for the UK in international spectrum management negotiations.

Objectives
To ensure the most efficient and effective use of spectrum, via:

• designing and implementing an effective system for spectrum trading and change of use;
• removing unnecessary restrictions on spectrum use;
• updating and extending the system of spectrum pricing;
• releasing spectrum into the marketplace in ways that maximise economic efficiency; and
• implementing licence exemption wherever objectively justified.

To maximise the value of spectrum available to the UK through lobbying and negotiations at the national and international levels.

Key operating priorities
Complete design and implementation of an effective system for spectrum trading and change of use.

Design and implement an updated and more coherent system of administrative incentive pricing of spectrum.

Agree UK position on key spectrum management issues, including future 2G migration and 3G expansion, and participate in international discussions and negotiations to achieve agreed objectives.


Lead groups/contacts
Lead: Philip Rutnam, Partner, Strategic Resources: (philip.rutnam@ofcom.org.uk)

Other contacts: Graham Louth, Director of Spectrum Markets (graham.louth@ofcom.org.uk)

Mike Goddard, Director, Spectrum and International Policy (mike.goddard@ofcom.org.uk)

Peter Bury, Director, Strategic Resources (peter.bury@ofcom.org.uk)

Brian Last, Head of Mobile and Broadband (brian.last@ofcom.org.uk)

Roger Stewart, Head of Spectrum Licensing Policy (roger.stewart@ofcom.org.uk)

Timing of key outputs
Spectrum trading:

spring 2004 – statement following November consultation
spring/summer – further consultation on details
autumn – trading and register regulations; start of trading

Spectrum pricing:

summer 2004 – consultation document
autumn/winter – statement and fees regulations
April 2005 – new fees regulations come into force

Update of Wireless Telegraphy Act licensing regulations:

summer 2004 – consultation document
autumn – statement and regulations
C4 Spectrum licensing, monitoring and enforcement

Background
In order to enable value-added use of spectrum, effective spectrum management is required via licensing, monitoring of spectrum and taking appropriate action against spectrum abuse.

Objectives
To control spectrum use via issuing licences.
To monitor spectrum use across the UK closely, and quickly identify misuse.
To take appropriate action against spectrum misuse e.g. penalty fine regime.

Key operating priorities
Spectrum access programme to secure legal spectrum access via issuing 100,000 licences a year.
Field Operations and Baldock radio monitoring station providing constant spectrum monitoring and enforcement.
Policing of spectrum use, through:
• monitoring systems (remote and unattended); and
• proportionate enforcement action, including compliance checks, warnings, audits and legal action.
Technology computer modelling and research support.

Lead groups/contacts
Operations
Lead: Hazel Canter, Partner, Licensing (hazel.canter@ofcom.org.uk)
Other contact: Mike Hailstone, Head of Fixed Wireless Services Unit (mike.hailstone@ofcom.org.uk)
Lead: Barry Maxwell, Head of Field Operations (barry.maxwell@ofcom.org.uk)
Other contact: Colin Richards, Head of Enforcement and Interference Policy (colin.richards@ofcom.org.uk)

Timing of key outputs
Revised approach to licensing (spectrum access):
  spring 2004 – consultation document
  summer – statement
  winter – review scope to improve speed and flexibility of licence issue and responses to demands for licence change – introduce improved system (if recommended by review)

Changed arrangements for field operations:
  summer – Produce statement about the revised role of field operations following a recent consultancy review

Penalty Fines:
  summer – Consultation on penalty fines regime
  winter – Initial penalty fines regime to enter into force
5.8 Foster plurality, inform and protect citizen-consumers and promote cultural diversity

D1 Develop new broadcasting licensing regime to support new regulatory framework and broaden citizen-consumer choice

Background
The Communications Act requires Ofcom to update the licensing regimes for commercial TV to incorporate new legislation, and to maintain the development of commercial radio while also establishing a new community radio sector. In television, this will implement self-regulation for public service broadcasters and facilitate the development of digital broadcasting, while in radio it will facilitate the continuing provision of new services which broaden choice for citizen-consumers. As part of this process we shall also review the procedures for licensing analogue local television.

Objectives
To foster self-regulation by public service broadcasters and progress toward digital switchover through changes to the PSB licensing regime.

To promote citizen-consumer choice in radio through the award of new commercial radio licences and the development of community radio.

Key operating priorities
Television
* Introduce new digital licences for all public service broadcasting.
* Agree and implement approach for reviewing licence terms for Channel 3 licences.

Radio
* Publish Ofcom’s licensing process for the allocation of the remaining analogue licences.
* Facilitate development of community radio in the UK.

Lead groups/contacts
Competition and Markets
Lead: Philip Rutnam, Partner, Competition and Strategic Resources (philip.rutnam@ofcom.org.uk)

Other contacts:
Peter Bury, Director, Strategic Resources (peter.bury@ofcom.org.uk)
Dave Toman, Head of Television Planning and Licensing (dave.toman@ofcom.org.uk)
Neil Stock, Head of Radio Planning & Licensing (neil.stock@ofcom.org.uk)

Timing of key outputs
PSB digital replacement licences including self-regulation conditions (Tier 3):
* autumn – consultation document
* winter – issue licences

Radio ‘localness’ including any implications for radio formats:
* summer – consultation document
* autumn – statement

Community radio:
* spring – statement
* summer – invite first applications

FM commercial radio licensing review:
* spring – statement on licensing process
* summer – start to advertise new licences

Channel 3 licence valuation methodology:
* summer – consultation document on methodology
* autumn – statement
D2 Implement changes to broadcasting content regulation to deliver additional citizen-consumer benefits

**Background**
Ofcom has a core responsibility under the Communications Act to implement a more focused approach to content regulation which underpins high quality production and broadcasting in the UK and which broadens access for people with sensory disabilities.

**Objectives**
- Quality production, television access services.
- Broadcasting access for people with sensory disabilities to Electronic Programme Guides (EPGs) and television services.
- Reviewing broadcast standards to ensure they appropriately reflect community standards and the way citizen-consumers now think about, understand and make use of broadcasting.
- Ensure content complaints are dealt with effectively and efficiently.

**Key operating priorities**
- To work with public service broadcasters to implement new programming quotas and to devise a flexible self-regulatory regime which underpins quality public service broadcasting.
- To work with UK broadcasters and other stakeholders to ensure that requirements as regards standards, access for people with sensory disabilities and EU quotas are fulfilled.

**Lead groups/contacts**
Content and Standards
- **Lead:** Chris Banatvala, Head of Standards (chris.banatvala@ofcom.org.uk)
- **Other contacts:** Ian Blair, Head of Advertising Standards (ian.blair@ofcom.org.uk)
- Steve Perkins, Manager TV Programmes (steve.perkins@ofcom.org.uk)
- Fran O’Brien, Programme Standards Policy Manager (fran.obrien@ofcom.org.uk)

**Timing of key outputs**
- New broadcasting codes for television and radio on standards, fairness and privacy, and sponsorship (Tier 1):
  - **Summer 2004** – consultation document
  - **Winter** – statement
- Review of original and regional programming quotas (Tier 2):
  - **Summer** – consultation document
  - **Winter** – statement
- Draft guidance on statements of programme policy (Tier 3):
  - **Summer** – consultation document
  - **Autumn** – statement
- Broadcasting complaints – review procedures for handling broadcasting complaints:
  - **Summer** – consultation document
  - **Winter** – statement
- Training and regulatory requirements: guidance on licensing schemes:
  - **Summer 2004** – consultation document
  - **Winter** – statement
- Equality regulatory requirements (Tier 1):
  - **Winter** – consultation document
  - **2005/6** – statement
D3 Develop, implement and extend co-regulation of:
  broadcast advertising
  premium rate services

Background
The Communications Act provides for Ofcom to establish co-regulatory schemes with suitable bodies.

Ofcom has approved proposals for the co-regulation of broadcast advertising, which are likely to be implemented in Autumn 2004 (subject to Parliamentary approval).

Objectives
Subject to consultation, to design a new co-regulatory approach to broadcast advertising that is easy for audiences to access, is effective in preventing or addressing problems and is a cost-effective means of regulating.

To ensure that there are satisfactory arrangements in place for regulating the provision, content, promotion and marketing of premium rate services, and to provide statutory support to the work of ICSTIS, the industry-funded body for premium rate telecommunications services which has a mixture of co- and self-regulatory initiatives.

Key operating priorities
Take forward results of Ofcom’s consultation on moving to a system of broadcast advertising co-regulation.

Further develop Ofcom’s relationship with ICSTIS on premium rate services.

Lead groups/contacts
Content and Standards
Lead: Kip Meek, Senior Partner (kip.meek@ofcom.org.uk)

Other contacts: Neil Buckley, Head of Consumer Policy (neil.buckley@ofcom.org.uk)
Sarah Thane, Advertising Co-Regulation (sarah.thane@ofcom.org.uk)
Ian Blair, Head of Advertising Standards (ian.blair@ofcom.org.uk)

Timing of key outputs
Memorandum of Understanding (MOU) with Advertising Standards Authority for implementation of broadcast advertising co-regulation, and basis for DCMS deregulation/contracting-out order:

  spring 2004 — publish MOU

Notification of approval of ICSTIS Code for premium rate services:

  winter — statement
5.9 **Serve interests of citizen-consumers**

All of Ofcom’s work must be to the ultimate benefit of citizen-consumers. However, we believe there are specific initiatives we can take, in addition to the activities set out in A1 to D3 above, which can provide direct additional citizen-consumer support and protection.

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**E1 Protect the interests of citizen-consumers**

**Background**

Ofcom will place a special emphasis on a range of citizen-consumer initiatives to support effective competition and to offer protection where competition has not yet developed, or may not deliver wider policy aims.

**Objectives**

To ensure that suitable support and protection measures are in place for relevant groups of citizen-consumers including young people, those in rural/remote areas, small to medium-sized enterprises and the economically disadvantaged.

To encourage the communications sector to focus on the interests of the citizen-consumer and particular vulnerable groups.

**Key operating priorities**

Furthering interests of citizen-consumer via:

- Consumer Panel to provide Ofcom Board with informed advice;
- promotion of easy-to-use equipment;
- telephone numbering programme and projects; and
- consumer protection initiatives.

**Lead groups/contacts:**

Competition and Markets/Content and Standards/Strategy and Market Developments

Neil Paterson, Consumer Protection (neil.paterson@ofcom.org.uk)

Julie Myers, Advisor, Consumer Panel (julie.myers@ofcom.org.uk)

Nicholas Good, Numbering Manager – Allocations (nicholas.good@ofcom.org.uk)

Warwick Izzard, Numbering Manager – Portability (warwick.izzard@ofcom.org.uk)

Liz Greenberg, Numbering Manager – Projects (liz.greenberg@ofcom.org.uk)

**Timing of key outputs**

- **spring 2004** – issue contract for the provision of managed fax and telephone registers under EC Directive
- **summer** – report from Consumer Panel on progress to date
- **summer** – statement on use of geographic numbering for Voice over Broadband services
- **summer** – statement on corporate numbering
- **summer** – statement on a future solution for UK number portability
- **summer** – consultation on single non-emergency number (dependent on Home Office consultation)
- **autumn** – statement on single non-emergency number (dependent on Home Office consultation)
- **spring** – consultation on protecting consumers from mis-selling of fixed-line telecoms services
- **summer** – statement on protecting consumers from mis-selling of fixed-line telecoms services
E2 Promote informed citizen-consumers

Background
Informed citizen-consumers can take advantage of their right to choose in increasingly competitive markets and can more effectively seek redress when things go wrong.

Objectives
To encourage the provision of timely, relevant, accessible and accurate information to citizen-consumers and enable them to make informed decisions.

Key operating priorities
Review current citizen-consumer information initiatives to assess their effectiveness, working with suppliers and others best placed to provide relevant information to citizen-consumers.

Development of a strategy for fulfilling Ofcom’s specific media literacy duties. To inform and empower citizen-consumers in the digital age by:

- working with broadcasters and others to explore the possibility of creating a common labelling framework for electronic audio visual material;
- signposting, connecting and partnering work across the media literacy sector particularly relating to advice and guidance for citizen-consumers on matters of safety and best practice; and
- undertaking research into media literacy issues.

Lead groups/contacts:
Content and Standards
Lead: Neil Buckley, Head of Consumer Policy (neil.buckley@ofcom.org.uk)
Robin Blake, Manager, Media Literacy (robin.blake@ofcom.org.uk)

Timing of key outputs
summer 2004 – publish telecoms consumer information strategy including leaflets for consumers
summer – quality of service information. Statement on co-regulatory schemes for mobile and fixed telecoms providers
spring – consultation on media literacy priorities
summer – statement on media literacy priorities and strategy
E3 Deal effectively with citizen-consumer complaints

**Background**
Citizen-consumers should be able to direct complaints straight to their communications provider. Ofcom has a back-stop role in receiving complaints should the route back to the supplier have been explored fully but without satisfactory redress. The Ofcom Contact Centre has been set up to deal with enquiries from citizen-consumers.

Where suppliers break licence conditions or conditions of entitlement which affect citizen-consumers directly, Ofcom has powers to take appropriate action against this behaviour.

**Objectives**
To set up, run effectively and continually improve the Ofcom Contact Centre, whilst putting pressure on suppliers to resolve complaints directly and first time with their customers.

To investigate and take enforcement action where necessary.

**Key operating priorities**
Operation and continuous improvement of Ofcom Contact Centre.

Exerting influence to ensure communications companies recognise it is in their interest to address citizen-consumer complaints.

Investigate citizen-consumer complaints where necessary.

**Lead groups/contacts:**
Operations

Lead: Jackie Caspary, Head of Ofcom Contact Centre (jackie.caspary@ofcom.org.uk)

**Timing of key outputs**
*summer 2004* – review of complaints publication data

*weekly publication* – broadcasting complaints (advertising and programmes on alternate weeks)
E4 Reviewing the Universal Service Obligation in telecoms

Background

The Universal Service Obligation (USO) covers a range of policy initiatives to ensure that all consumers can have access to basic telecommunications services. DTI’s USO Order sets the scope of the USO that Ofcom must implement. With the emergence of the digital age new questions are raised about the concept and operation of the USO and Ofcom needs to make sure its implementation continues to meet citizen-consumer needs.

Objectives

To ensure that the implementation of the USO takes account of changing needs of the citizen-consumer in the digital age.

To provide input to the strategic telecoms review on longer-term USO issues.

Key operating priorities

Use consumer research and data from providers to assess current operation of the USO.

Address specific issues e.g:

• revising procedures for the removal and installation of public payphones;
• reviewing the level of services provided to customers with disabilities; and
• ensuring disconnection procedures provide adequate opportunities for customers to pay and to retain service.

Lead groups/contacts

Content and Standards (Strategy and Market Developments, Competition and Markets)
Lead: Alan Pridmore, Consumer Manager (alan.pridmore@ofcom.org.uk)

Timing of key outputs

Review of the Universal Service Obligation:

summer 2004 – consultation document
winter – statement

Review of public payphones provision as part of the Universal Service Obligation:

summer – consultation document
winter – statement
5.10 Overall framework and processes of regulation

F1 Provide best-in-class research and market intelligence

**Background**
Ofcom’s decisions need to be evidence-based so that they are well-formed and robust.
The evidence base for decision-making encompasses consumer and audience research, market data, market intelligence and technology research.

**Objectives**
To provide timely, accurate and relevant evidence to support analysis of policy options, proposals and case decisions, particularly in terms of changes to citizen-consumer perspectives, markets, technologies and other developments.

To provide a forward look to feed into Ofcom’s strategy-setting process.

**Key operating priorities**
Rolling and ad hoc programmes of consumer, audience and technology research that are primarily driven by policy and operational demands but also reflect the strategic, forward-looking needs of Ofcom.

Intelligence on market and technological developments (including international benchmarking) that is accurate, up-to-date, relevant to policy and strategy, analytical and influential.

**Lead groups/contacts:**
Strategy and Market Developments
Lead: Helen Normoyle, Director of Market Research (helen.normoyle@ofcom.org.uk)
William Webb, Head of Technical Research and Development (william.webb@ofcom.org.uk)

**Timing of key outputs**
Market research:
*spring/summer and autumn 2004* – publish research supporting major reviews and initiatives on PSB, telecoms strategic review and digital switchover.
*throughout the year* – publish ad hoc research commissioned by projects and programmes across Ofcom.
*quarterly* – publish residential, business and corporate tracker surveys
*quarterly* – publish key market indicators and trends
*regular* – market updates on telecoms, TV and radio

Technology research:
*spring 2004* – publication of first year spectrum efficiency scheme findings
*throughout 2004/5* – ongoing publications across a range of issues
**F2 Establish effective network for external relations**

**Background**
We must engage effectively with our external stakeholders if we are to develop soundly based and predictable regulation which benefits citizen-consumers.

**Objectives**
To create a climate amongst stakeholders and in the Nations and Regions within which Ofcom’s innovative approach to regulation can best flourish;

To communicate Ofcom to its stakeholders and the views and concerns of stakeholders to Ofcom; and

To manage the wide range of Ofcom’s external interfaces.

**Key operating priorities**
Establish Ofcom presence in the Nations and Regions and via the advisory committee structure.

Hold Ofcom roadshows.

Interact with industry, consumer groups and political contacts, and assess stakeholder satisfaction.

Implement a programme of relationship management across the fields of National and Regional relations, public and political relations and international relations.

**Lead groups/contacts**
External Relations

Lead: Tony Stoller, External Relations Director (tony.stoller@ofcom.org.uk)

Daniella Goldman, Head of Industry Relations (daniella.goldman@ofcom.org.uk)

Roger Lowry, Head of Public and Political Relations (roger.lowry@ofcom.org.uk)

Director, Scotland: Dr Vicky Nash (vicky.nash@ofcom.org.uk)

Director, Wales: Rhodri Williams (rhodri.williams@ofcom.org.uk)

Director, Northern Ireland: Denis Wolinski (denis.wolinski@ofcom.org.uk)

Director, England: Simon Crine (simon.crine@ofcom.org.uk)

**Timing of key outputs**
spring 2004 — initial meetings of Advisory Committees for the Nations and Regions

spring — initial meeting of Advisory Committee on Older and Disabled People

summer and winter — publication of stakeholder research

autumn/winter 2004/spring 2005 — Ofcom roadshows
F3 Deliver ongoing strategy planning, framework for policy development and independent reviews

**Background**

Ofcom’s approach to regulation influences stakeholders’ actions. We therefore need to set our plans out clearly to show how we will combine our different duties in a coherent way to deliver benefits to citizen-consumers.

Ofcom works within policy frameworks set by Government, the EU and others. We need to ensure we participate and contribute to those frameworks.

**Objectives**

To articulate Ofcom’s longer-term strategy and Annual Plan to our stakeholders.

To help implement this strategy and to measure and evaluate our progress in achieving our mission.

To be influential in relevant policy-setting frameworks in the UK and EU; and to develop (and apply if necessary) the public interest test for media mergers.

**Key operating priorities**

Establish and set out Ofcom strategic priorities and plans for the first full year of operation.

Develop and encourage use of regulatory best practice across Ofcom.

Set out how we will assess policy options and introduce a system of peer and independent review for our policy decision-making.

Develop and undertake measurement and evaluation of Ofcom’s performance and effectiveness.

Ensure Ofcom’s views are taken into account in UK and the EU regarding Television Without Frontiers, broadband developments and DTI guidance on the public interest test for media mergers.

**Lead groups/contacts**

Strategy and Market Developments Group

Lead: Geoff Delamere, Head of Strategy Planning (geoff.delamere@ofcom.org.uk)

Alex Blowers, Head of Policy Development (alex.blowers@ofcom.org.uk)

Peter Davies, Head of Market Intelligence & Analysis (contact for newspaper mergers) (peter.davies@ofcom.org.uk)

**Timing of key outputs**

*spring 2004 – publish statement on Ofcom Annual Plan 2004/5*

Ofcom Annual Plan 2005/6:

*autumn – consultation document*

*winter – statement*
F4 Improve efficiency of Ofcom’s services to stakeholders

Background
Ofcom is responsible for delivering a substantial set of services to its stakeholders, especially in relation to its spectrum management responsibilities. These services are resource-intensive and need to be assessed to identify opportunities for more efficient delivery.

Objectives
To identify and implement more efficient methods of delivery of services to stakeholders whilst maintaining Ofcom’s commitment to ensuring service delivery.

Key operating priorities
Introducing more efficient means of monitoring spectrum interference via improved remote monitoring and direction finding and unattended monitoring systems.

Lead groups/contacts:
Operations and Competition and Markets
Lead: Hazel Canter, Partner, Licensing (hazel.canter@ofcom.org.uk)
Other contact: Vic Brashko, Operations Director (vic.brashko@ofcom.org.uk)
Tony Harris, Head of Monitoring (tony.harris@ofcom.org.uk)

Timing of key outputs
Re-engineering licensing functions. Establish a one-to-one link between a Broadcasting Act or BBC service and a Wireless Telegraphy Act licence as part of spectrum pricing:
- autumn – consultation document
- winter – statement

Possible deregulation of Citizen Band (CB), Maritime, Aeronautical and other licence classes:
- spring – completion of CB radio deregulation
- autumn – plans agreed with stakeholders re Maritime and Aeronautical licences
- winter – consultation on changes for Maritime and Aeronautical, and plans for other licence classes

Review of arrangements for test and development activities:
- spring – review current system
- autumn – plan changes
- winter – consult on arrangements

Recognised Spectrum Access (RSA):
- autumn 2004 – consultation on RSA for radio astronomy and timetable for other uses
- winter – statement
- spring/summer 2005 – regulations on RSA for radio astronomy
F5 Provide effective internal support processes

**Background**
Ofcom’s policy-making and operational services need high quality support if their outcomes are to be delivered effectively.

**Objectives**
To provide value-added support services underpinning Ofcom’s stakeholder-facing activities.

To exercise necessary controls over Ofcom’s use of resources to ensure value for money.

**Key operating priorities**
Provide building environments and Information Services which enhance productivity.

Provide Human Resources services to enable recruitment, retention, reward and development of colleagues to deliver Ofcom’s mission.

Manage flow of information on Ofcom’s activities and budget.

**Lead groups/contacts**
Commercial, Human Resources

Lead: Kate Stross, Commercial Director (kate.stross@ofcom.org.uk)

Other contact: Sue Roffey-Jones, Head of Professional Development (sue.roffey-jones@ofcom.org.uk)
F6 Communicate effectively

**Background**
Ofcom needs to communicate clearly, effectively and consistently, both within the organisation and externally.

**Objectives**
To provide an efficient and effective service to facilitate all Ofcom communications.

**Key operating priorities**
Delivering high quality communications services including media relations, publications, events and internal communications.

Ensure communications outputs are targeted at the most appropriate channels for relevant audiences.

**Lead groups/contacts:**
Communications

Matt Peacock, Director of Communications (matt.peacock@ofcom.org.uk)
Annexes

Annex 1  Ofcom’s key publications calendar for 2004/5
Annex 2  Consultation responses – a list of respondents
Annex 3  A detailed summary of responses and Ofcom comments (web only)
Annex 4  Ofcom’s performance measurement – key indicators
# Ofcom key publications calendar 2004/5

The main outputs planned for 2004/5 are listed below. These are approximate timings given that this is Ofcom’s first year and that events in the year may lead to changes in timings.

## Spring 2004

<table>
<thead>
<tr>
<th>A1</th>
<th>Public service broadcasting review</th>
<th>Phase 1 report and consultation document</th>
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<tbody>
<tr>
<td>A2</td>
<td>Telecoms strategic review</td>
<td>First consultation document/research</td>
</tr>
<tr>
<td>B1</td>
<td>Drive digital TV and radio</td>
<td>Issue switchover progress report</td>
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<tr>
<td>C1</td>
<td>Promote competition</td>
<td>Local loop unbundling market review consultation</td>
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<tr>
<td>C2</td>
<td>Conduct investigations</td>
<td>Publish guidance notes on Ofcom complaints and disputes procedures</td>
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<tr>
<td>C3</td>
<td>Enable value-added use of spectrum</td>
<td>Statement following November 2003 consultation Spectrum trading: consultation on further details</td>
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<tr>
<td>C4</td>
<td>Spectrum licensing, monitoring and enforcement</td>
<td>Revised approach to licensing (spectrum access): consultation document</td>
</tr>
<tr>
<td>D1</td>
<td>Develop new broadcasting licensing regime to support new regulatory framework and broaden choice</td>
<td>Community radio: statement FM commercial radio licensing review: statement on licensing process</td>
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<tr>
<td>D3</td>
<td>Develop, implement and extend co-regulation</td>
<td>Memorandum of Understanding (MOU) with Advertising Standards Authority for implementation of broadcast advertising co-regulation, and basis for DCMS deregulation/contracting-out order: publish MOU</td>
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<tr>
<td>E1</td>
<td>Protect interests of citizen-consumers</td>
<td>Consultation on protecting consumers from mis-selling of fixed line telecoms services</td>
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<tr>
<td>E2</td>
<td>Promote informed citizen-consumers</td>
<td>Media literacy priorities: consultation</td>
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<tr>
<td>F1</td>
<td>Provide best-in-class research and market intelligence</td>
<td>Market research Publish research supporting major reviews and initiatives on PSB, telecoms strategic review and digital switchover Quarterly – publish residential, business and corporate tracker surveys, key market indicators and trends Technology research Publication of first year spectrum efficiency scheme findings</td>
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<tr>
<td>F3</td>
<td>Deliver strategic planning and independent reviews</td>
<td>Ofcom Annual Plan 2004/5: statement</td>
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<tr>
<td>F4</td>
<td>Improve efficiency of Ofcom’s services to stakeholders</td>
<td>Review of current arrangements for test and development activities</td>
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## Summer 2004

<table>
<thead>
<tr>
<th>A1</th>
<th>Public service television broadcasting review</th>
<th>Phase 2 report/consultation document</th>
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<tr>
<td>A2</td>
<td>Telecoms strategic review</td>
<td>Second consultation document (policy options)</td>
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<tr>
<td>B2</td>
<td>Advance broadband development</td>
<td>Wholesale broadband access market review statement/remedy Retail minus remedy related to market review Broadband consumer guide</td>
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<tr>
<td>C1</td>
<td>Promote competition</td>
<td>Local loop unbundling: 2nd consultation Leased lines market review statement Calls to mobile market review statement</td>
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<tr>
<td>C2</td>
<td>Conduct investigations</td>
<td>Publish Complainants and Compliance report</td>
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<tr>
<td>C3</td>
<td>Enable value-added use of spectrum</td>
<td>Spectrum trading – further consultation on details Spectrum pricing: consultation document Update of WT Act licensing regulations consultation document</td>
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<td>C4</td>
<td>Spectrum licensing, monitoring and enforcement</td>
<td>Revised approach to licensing (spectrum access): statement Revised role of field operations: statement Consultation on penalty fines</td>
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<td>D1</td>
<td>Develop new broadcasting licensing regime to support new regulatory framework and broaden choice</td>
<td>Radio ‘localness’ including any implications for radio formats: consultation FM commercial radio licensing review: advertise new licences Channel 3 licence valuation methodology: consultation</td>
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<tr>
<td>D2</td>
<td>Implement changes to broadcasting content regulation to deliver additional citizen-consumer benefits</td>
<td>New broadcasting codes for television and radio on standards, fairness and privacy, and sponsorship (Tier 1): consultation Review of original and regional programming quotas (Tier 2): consultation Draft guidance on statements of programme policy (Tier 3): consultation Training and regulatory requirements: guidance on licensing schemes; consultation Review procedures for handling broadcasting complaints: consultation</td>
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<tr>
<td>E1</td>
<td>Protect interests of citizen-consumers</td>
<td>Report from Consumer Panel on progress to date Use of geographic numbering for Voice over Broadband services Corporate numbering: statement Single non-emergency number: consultation (dependent on Home Office consultation) UK number portability: statement Protecting consumers from miselling: statement</td>
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<tr>
<td>E2</td>
<td>Promote informed citizen-consumers</td>
<td>Publish telecoms consumer information strategy including leaflets for consumers Co-regulatory quality of service information schemes for mobile and fixed telecoms providers: statement Media literacy priorities and strategy: statement</td>
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<tr>
<td>E3</td>
<td>Deal effectively with citizen-consumer complaints</td>
<td>Review of complaints publication: report</td>
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<tr>
<td>E4</td>
<td>Review the Universal Service Obligation in telecoms</td>
<td>Review of the Universal Service Obligation: consultation Review of public payphones provision as part of the Universal Service Obligation: consultation</td>
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<tr>
<td>F1</td>
<td>Provide best-in-class research and market intelligence</td>
<td>Market research Publish research supporting major reviews and initiatives on PSB, telecoms strategic review and digital switchover Quarterly – publish residential, business and corporate tracker surveys, key market indicators and trends</td>
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<tr>
<td>F2</td>
<td>Establish effective network for external relations</td>
<td>Publication of stakeholder research</td>
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### Autumn 2004

<table>
<thead>
<tr>
<th>A1</th>
<th>Public service broadcasting review</th>
<th>Phase three report, incorporating conclusions and recommendations</th>
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<tr>
<td>C1</td>
<td>Promote competition</td>
<td>NTS review</td>
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<tr>
<td>C2</td>
<td>Conduct investigations</td>
<td>Publish draft guidance on non-discrimination for consultation</td>
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<tr>
<td>C3</td>
<td>Enable value-added use of spectrum</td>
<td>Spectrum trading and register regulations: start of trading</td>
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<td>Spectrum pricing autumn/winter: statement and fees regulations</td>
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<td>Update of WT Act licensing regulations: statement and regulations</td>
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<td>D1</td>
<td>Develop new broadcasting licensing</td>
<td>Radio ‘localness’ including any implications for radio formats:</td>
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<td>regime to support new regulatory</td>
<td>statement</td>
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<td>framework and broaden choice</td>
<td>Channel 3 licence valuation methodology: statement</td>
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<td>PSB digital replacement licences, including self-regulation</td>
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<td>conditions (Tier 3): consultation</td>
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<td>D2</td>
<td>Implement changes to broadcasting</td>
<td>Draft guidance on statements of programme policy (Tier 3):</td>
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<td>content regulation to deliver</td>
<td>statement</td>
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<td>additional citizen-consumer benefits</td>
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<td>E1</td>
<td>Protect interests of citizen-</td>
<td>Single non-emergency number: statement</td>
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<td>F1</td>
<td>Provide best-in-class research and</td>
<td>Market research</td>
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<td>market intelligence</td>
<td>Publish research supporting major reviews and initiatives on</td>
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<td>PSB, telcos strategic review and digital switchover</td>
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<td>Quarterly – publish residential, business and corporate tracker</td>
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<td>surveys, key market indicators and trends</td>
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<td>F3</td>
<td>Deliver strategic planning and</td>
<td>Ofcom Annual Plan 2005/6: consultation</td>
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<td>independent reviews</td>
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<td>F4</td>
<td>Improve efficiency of Ofcom’s</td>
<td>Establish a one-to-one link between a Broadcasting Act or BBC</td>
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<td>services to stakeholders</td>
<td>service and a Wireless Telegraphy Act licence: consultation</td>
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<td>Recognised Spectrum Access (RSA) for radio astronomy and</td>
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<td>timetable for other uses: consultation</td>
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### Winter 2004/5

<table>
<thead>
<tr>
<th>Category</th>
<th>Task Description</th>
<th>Notes</th>
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<tr>
<td>A2</td>
<td>Telecoms strategic review</td>
<td>Statement of conclusions and next steps</td>
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<tr>
<td>A3</td>
<td>Strategic review of spectrum framework</td>
<td>Initial consultation document</td>
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<td>B1</td>
<td>Drive digital TV and radio</td>
<td>Digital radio review report</td>
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<td>C1</td>
<td>Promote competition</td>
<td>Network charge control: consultation document&lt;br&gt;LLU statement</td>
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<td>C2</td>
<td>Conduct investigations</td>
<td>Publish case decisions and publish Complaints and Compliance Report</td>
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<tr>
<td>C3</td>
<td>Enable value-added use of spectrum</td>
<td>Spectrum pricing: statement and fees regulations</td>
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<tr>
<td>C4</td>
<td>Spectrum licensing, monitoring and enforcement</td>
<td>Initial penalty fines regime to enter into force</td>
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<td>D2</td>
<td>Implement changes to broadcasting content regulation to deliver additional citizen-consumer benefits</td>
<td>New broadcasting codes for television and radio on standards, fairness and privacy, and sponsorship (Tier 1): statement&lt;br&gt;Review of original and regional programming quotas (Tier 2): statement&lt;br&gt;Broadcasting complaints –review of procedures for handling broadcasting complaints: statement&lt;br&gt;Training and regulatory requirements: guidance on licensing schemes: statement&lt;br&gt;Equality regulatory requirements (Tier 1): consultation</td>
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<td>D3</td>
<td>Develop, implement and extend co-regulation</td>
<td>Notification of approval of ICSTIS Code for premium rate services: statement</td>
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<td>E4</td>
<td>Review the Universal Service Obligation in telecoms</td>
<td>Review of the Universal Service Obligation: statement&lt;br&gt;Review of public payphones provision as part of the Universal Service Obligation: statement</td>
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<td>F1</td>
<td>Provide best-in-class research and market intelligence</td>
<td>Quarterly – publish residential, business and corporate tracker surveys, key market indicators and trends</td>
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<td>F2</td>
<td>Establish effective network for external relations</td>
<td>Publication of stakeholder research</td>
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<td>F3</td>
<td>Deliver strategic planning and independent reviews</td>
<td>Ofcom Annual Plan 2005/6: statement</td>
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<tr>
<td>F4</td>
<td>Improve efficiency of Ofcom’s services to stakeholders</td>
<td>Re-engineer licensing functions. Establish a one-to-one link between a Broadcasting Act or BBC service and a Wireless Telegraphy Act licence: statement&lt;br&gt;Consultation on deregulation of Maritime and Aeronautical, and plans for other licence classes&lt;br&gt;Review of arrangements for test and development activities: consultation&lt;br&gt;Recognised Spectrum Access (RSA) for radio astronomy and timetable for other uses: statement</td>
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Annex 2

Consultation Responses

Each of the organisations or individuals listed below has provided a response to Ofcom’s 2004/5 Annual Plan consultation document. We also received two confidential responses. All responses can be viewed in full on Ofcom’s website, except where confidential.

Organisation

1. Ability Media
2. Association of Communication Services Providers (ACSP)
3. Belfast City Council
4. Black & Minority Ethnic TV Film & Media (BMETVFM)
5. BT
6. Capital TV
7. Cardiff Chamber of Commerce
8. Catholic Bishops’ Conference of England and Wales
9. Channel 4
10. CC4 web
11. Centrica
12. Children’s Charities Coalition for Internet Safety
13. Chrysalis Radio
14. Christian Broadcasting Council (CBC)
15. Churches Media Council
17. Church of Ireland
18. Civil Aviation Authority
19. Community Arts Forum
20. Community Media Network
21. Communications Management Association (CMA)
22. Community Media Association
23. Commercial Radio Companies Association (CRCA)
24. Ofcom Consumer Panel
25. Craigavon Borough Council
26. Crown Castle International
27. Disability Action
28. East Belfast Community Development Agency
29. EMAP
30. Energy Networks Association
31. Equality Commission for Northern Ireland
32. Gaelic Media Service
33. GWR Group plc
34. Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS)
35. Institution of Electrical Engineers (IEE)
36. Internet Services Providers Association (ISPA)
37. Joint Radio Company (JRC)
38. Local Commercial Television Licensees
39. Media Watch UK
40. National Air Traffic Service Ltd
41. National Institute of Adult Continuing Education (NIACE)
42. Northern Ireland Council for Voluntary Action (NICVA)
43. Northern Visions
44. Ordnance Survey
45. Presbyterian Church in Ireland
46. Public Utilities Access Forum
47. Public Voice
48. Q Radio Network
49. Radio Cracker
50. Radio Jackie
51. Radio Regen
52. Royal National Institute of the Blind (RNIB)
53. Saga Radio
54. Scottish Consumer Council
55. SDN Ltd
56. Scottish Executive – Education Department Tourism, Culture & Sport
57. Scottish Media Group (SMG)
58. Scottish Southern Energy plc
59. Skillset
60. T-Mobile
61. Telecommunications Users Association (TUA)
62. UKRD Group
63. UK Competitive Telecommunications Association (UKCTA)
64. UK Water Industry
65. Voice of the Listener & Viewer
66. Vixen 87 FM (Market Weighton Community)
67. Wheelworks
68. Women in Film & Television (WFTV)
69. Wythenshawe Voices
70. Welsh Assembly Government

**Responses from elected representatives**

71. Gregory Campbell MP, MLA (Democratic Unionist Party)
72. Pat Docherty MP, MLA (Sinn Fein)
73. Phil Gallie, Member of the Scottish Parliament (Conservative)
74. Alderman William Hay MLA (Democratic Unionist Party)
75. John Hume MP, MEP (Social Democratic and Labour Party)
76. David McClarty MLA (Ulster Unionist Party)
77. Martin McGuinness MP, MLA (Sinn Fein)
78. John Thurso MP (Liberal Democrats)

**Citizen-consumer/Academics**

79. Chris Booth
80. Dr James T Farquhar
81. Ivor Gaber, Emeritus Professor of Broadcast Journalism
82. Richard Lewis
83. Professor Alan F. Newell, University of Dundee
84. Philip Olson
85. Stephen Read
86. Mark Robinson
87. Dave Rushton
88. Peter Woods
89. Feedback from stakeholder events: www.ofcom.org.uk/consultations/past/plan/inputs/?a=87101
Annex 3

Detailed summary of responses and Ofcom comments (website only)

1. While Section 3 of this document gives a summary of the responses received, a more detailed summary is available on the website which:

   • looks at the responses received about each part of the Plan from different stakeholders and summarises the points made; and

   • provides an Ofcom comment on the responses to indicate how the planned work takes them into account as appropriate.

2. This annex is quite lengthy and has not therefore been included in the printed document to keep the Plan statement to a manageable scale.

3. Annex 3 can be found at:
   www.ofcom.org.uk/about_ofcom/annual_plan/
Annex 4

Ofcom performance measurement – key indicators

There are a range of key indicators which Ofcom will track. These can be categorised as follows:

**External indicators**

- Report annually on headline market indicators.
- Stakeholder attitudes e.g. availability and relevance of information, transparency.
- Surveys of citizen-consumer awareness of Ofcom and its areas of responsibility, in particular in relation to complaint handling.

**Implementation of regulatory principles and planned work programme**

- Best practice followed in terms of regulatory approach adopted e.g. in use of Regulatory Impact Assessments, consultation process, consistency with strategy.
- Peer review and independent review panel.
- Delivery of Plan work programme.

**Internal efficiency indicators**

- Meeting targets for dispute and complaint resolution incorporating statutory requirements.
- Consumer complaints handled within target timescales.
- On-time delivery of projects and programmes.
- Media evaluation reports.
- Service level agreements for Information Systems.
- Accuracy of budgets.