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# Proposed Annual Plan 2019/20

Making communications work for everyone

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**CONSULTATION:**

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# 1. Overview

- 1.1 Ofcom's principal duty is to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition. This document sets out our plans for the next financial year. Our final Annual Plan, published in March 2019, will take into account responses from stakeholders to this document. The closing date for consultation responses to our proposed Annual Plan is 8 February 2019.
- 1.2 During the coming year, we expect continued growth in the use of online services, including increasing consumption of video content online. We also expect the reach and quality of broadband and mobile networks to continue to improve, through a combination of commercial investment and government support. Our work will reflect these themes.

## **Our priorities for the next financial year**

### **Moving towards universal availability of high quality and secure communication networks**

We will ensure the universality of broadband services by designating broadband universal service provider(s) (USPs) and setting out the conditions that will apply to them. We also want to achieve universal mobile coverage and will work with governments and industry to progress this.

We will work to improve the quality of broadband by supporting long-term investment in fibre networks. We will publish a statement on our assessment of the market for physical infrastructure, with a view to introducing an unrestricted duct and pole access remedy. For mobile networks, we will prepare for the future award of spectrum bands (700 MHz and 3.6 – 3.8 GHz) as they are cleared and released.

We will build our capability to ensure communications providers are making their networks secure and resilient. We will put in place requirements under the Network and Information Systems (NIS) regulations, which place legal obligations on providers to protect UK critical services, while continuing to support the UK Government on matters of cyber security assurance.

### **Maintaining high quality broadcast content for audiences**

We will maintain and strengthen public service broadcasting, considering prominence of public service broadcasters' content and the implications of changes in audience demographics. We will also publish our annual reports on diversity and equality of opportunity in the UK TV and radio industries.

We will publish a review of how the BBC is adapting to the changing news and current affairs environment to ensure it remains a trusted destination for audiences. Our review will look at how the BBC provides a range of content and depth of analysis across TV, radio and online.

**Protecting consumers from harmful pricing practices**

We have a significant programme of work, which includes ensuring fairer, more transparent prices for consumers who pay for mobile handsets and airtime within the same contract and assessing the fairness of pricing practices in the fixed broadband market, where consumers can end up paying more for communications services due to their contract status or consumer characteristics.

**Continuing to innovate in our approach to regulation**

We will take part in the debate around potential regulation of harmful online content, providing research and working with other regulators to inform policy-makers as part of our existing media literacy duties. We will provide input to Government, as required, as any proposals are developed for legislation in this area. We will also focus on the shift towards the online delivery of communications services in relation to our existing duties. This will include exploring how to maintain the prominence of public service broadcasting content and services in an online world.

## 2. Market context

2.1 Innovation and the changing needs of consumers and businesses are driving rapid change in communications markets. In setting out this plan, we have looked at how the market is changing and how these changes affect people. This section highlights some of the cross-cutting issues that have influenced our approach.

### **The internet plays a key role in most people's lives, providing benefits while also raising concerns for consumers**

2.2 Almost 9 in 10 UK adults are now online, with 64% saying it is an essential part of their life.<sup>1</sup> As the internet becomes more important to people, the time they spend online has increased. Ofcom research showed that adults who use the internet spend an average of 24 hours a week online, almost double the time spent in 2007.<sup>2</sup>

2.3 Consumers are accessing a wide range of online services through different smart devices. The take-up of smart TVs and mobile handsets (now the device most commonly used to access the internet in the UK) has steadily increased.<sup>3</sup> This has improved access to content through catch up, video on demand (VOD), streaming and social media platform services. More internet users now listen to audio streaming sites,<sup>4</sup> and podcast listening is increasing in popularity.<sup>5</sup> Web-based messaging through platforms like Facebook and WhatsApp has also increased as SMS and MMS messaging falls.

2.4 People are benefitting from the range of online services available to them. There is greater choice and diversity of entertainment online, allowing people to find content they want. New communication methods also help people stay in touch with others and work more flexibly.

2.5 However, there are growing concerns around protecting people online. A recent study commissioned by Ofcom and the ICO suggests that people are most concerned about issues like: child protection; exposure to harmful content or interactions; and the use of data and privacy online.<sup>6</sup> There are further concerns that those who are unable, or less able, to access and use the internet effectively may be deprived of its benefits and have less choice as services move online. They may also be more vulnerable online.

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<sup>1</sup> Ofcom, *Communications Market Report 2018*, p.14:

[https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0022/117256/CMR-2018-narrative-report.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0022/117256/CMR-2018-narrative-report.pdf)

<sup>2</sup> Ofcom, *Adult media use and attitudes report 2018*, p.41:

[https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0011/113222/Adults-Media-Use-and-Attitudes-Report-2018.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0011/113222/Adults-Media-Use-and-Attitudes-Report-2018.pdf)

<sup>3</sup> Since the advent of the iPhone and the launch of the BBC iPlayer in 2007, there has been a steady increase in the penetration of connected devices across the UK population, with smartphones owned by four of every five UK consumers and smart TVs in almost half of all households.

<sup>4</sup> Ofcom, *Adult media use and attitudes report 2018*, p.112.

<sup>5</sup> Ofcom, *Communications Market Report 2018*, p.44.

<sup>6</sup> Ofcom, *Internet user's experience of online harms research*: <https://www.ofcom.org.uk/research-and-data/internet-and-on-demand-research/internet-use-and-attitudes/internet-users-experience-of-harm-online>

## Growth in online services is enabled by telecoms infrastructure, which requires further investment

- 2.6 People increasingly expect to be able to access the internet wherever they are. The average mobile phone used 1.9GB of data per month in 2017, up from 1.3GB in 2016, while fixed broadband data use rose from 132GB per household per month to 190GB over the same period.<sup>7</sup> Operators will need to continue to increase the reach and quality of their networks for their customers and also improve the management and security of traffic on their networks.
- 2.7 Fixed line operators are investing in superfast and ultrafast broadband. However, take-up has been relatively low compared to the availability of those services. As a result, prices have been reduced to drive interest in these services.<sup>8</sup> Operators have been able to monetise the increasing use of mobile data more effectively. The proportion of people accessing the internet on mobile phones grew from 66% to 72% in 2018.<sup>9</sup> This has enabled operators to generate revenue by offering more data for higher prices. They have seen further growth by offering contracts which include deals for online services such as Spotify and Netflix.
- 2.8 The prospect for further investment is improving. Full-fibre<sup>10</sup> operators such as CityFibre and Gigaclear have won new investors and Hyperoptic raised £250m in new debt funding. CityFibre has since said it will invest £2.5bn to support its commitment to connect five million UK homes to full fibre broadband. Ofcom also conducted a successful auction of 2.3 and 3.4 GHz radio spectrum in 2018 to support improvements in mobile services.

## TV content is widely viewed and broadcasters are adapting as audiences increasingly view content online

- 2.9 Broadcast TV remains widely viewed, but the market is challenging, particularly for local TV.<sup>11</sup> Broadcast content makes up 71% of total TV viewing (a fall of 4% from last year).<sup>12</sup> TV advertising revenues have been broadly flat over the past five years, showing a decline of 7.5% in real terms in 2017.<sup>13</sup> The prospect for 2018 advertising revenues remains uncertain due to concerns about consumers' disposable income.

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<sup>7</sup> Ofcom, *Connected Nations Report 2017*, p.8: [https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0024/108843/summary-report-connected-nations-2017.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0024/108843/summary-report-connected-nations-2017.pdf)

<sup>8</sup> This has allowed many consumers to access cheaper services, but some consumers who find it harder to access the best deals, or who live in areas where superfast and ultrafast services are not yet available, may pay higher prices as a result.

<sup>9</sup> Ofcom, *Communications Market Report 2018*, p.11.

<sup>10</sup> Full fibre networks use a fibre optic cable from the exchange right to the customer's home or office and are capable of delivering speeds in excess of 1Gbit/s.

<sup>11</sup> Ofcom, *Media Nations: UK 2018*, p.6: [https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0014/116006/media-nations-2018-uk.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0014/116006/media-nations-2018-uk.pdf)

<sup>12</sup> Ofcom, *Media Nations: UK 2018*, p.20.

<sup>13</sup> Ofcom, *Media Nations: UK 2018*, p.34.

- 2.10 Online media players have increased competition in producing and delivering content. This year video on-demand subscriptions overtook traditional pay-TV subscriptions for the first time. People now watch an average of 88 minutes of non-broadcast content on their TV each day. Live broadcast TV viewing has declined as the use of smartphones, connected TVs and on-demand services has increased. Audiences are also attracted by emerging mobile content and streaming services (such as live sports on social media and video-sharing platforms).<sup>14</sup>
- 2.11 Traditional broadcasters are innovating to compete in this changing landscape. Many have developed - and are investing in - digital strategies. These have included improvements in how they provide content online (such as the BBC publishing boxsets on iPlayer) and collaborating with other broadcasters (such as the cross-platform deal between Sky and Channel 4). Broadcasters may also choose to invest in new on-demand services.

## **Radio is adapting to an increase in online listening**

- 2.12 Radio is still popular despite competition from online audio services. Nine in ten adults in the UK listen to radio every week for an average of nearly 21 hours a week, and 75% of all audio listening is to live radio.<sup>15</sup> Reported commercial radio revenues grew by 1% in real terms between 2016 and 2017, to £557m.
- 2.13 Traditional radio is continuing to embrace digital formats. Over 50% of all radio listening is now digital. Despite this, analogue listening remains strong, particularly in cars, for older audiences and in Wales and Northern Ireland.
- 2.14 The radio industry continues to adapt to consumer expectations around online content. Podcast listening has increased, particularly among young people, and many traditional radio broadcasters have now introduced their own podcasts. As broadcasters continue to deliver content online they will need to consider how to make it easy to find, how to create services designed to work with new technologies (such as smart speakers and verbal search) and how to develop advertising models for online formats.

## **eCommerce is driving growth in parcel delivery while electronic communications are causing letter volumes to decrease**

- 2.15 The UK is an important market for eCommerce. Some 72% of UK internet users now shop online, up by three percentage points since 2017. The top two retail sites, Amazon and eBay, were used by 89% and 69% of UK online users respectively. Online sales of books, music, and DVDs/videos are well-established in the UK. Free return services have also helped to increase sales of online clothing, accessories and jewellery, with the number of

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<sup>14</sup> Ofcom, *Media Nations: UK 2018*.

<sup>15</sup> Ofcom, *Media Nations: UK 2018*, p.75.

people purchasing these products online increasing by seven percentage points to 40% during the first six months of 2018.<sup>16</sup>

- 2.16 Parcel delivery firms are investing to deal with larger parcel volumes. These volumes grew by 12% between 2016 and 2017 to 2,342 million items. In response, parcel delivery firms in the UK are investing in new equipment and facilities. For example, Royal Mail plans to build a new mail centre in Inverness, UPS has been granted permission to expand its parcel operations at East Midlands Airport, and DPD plans to build a new UK parcel hub in Leicestershire. Previous investment by Hermes in an automated parcel distribution hub in Rugby is reported to have increased the company's processing capacity by 45%.
- 2.17 Meanwhile letter volumes and revenues are in decline. Addressed letter volumes fell by 5% to 11.2 billion items in 2017. Overall letter revenues fell by 6% to £4,082m over the same period. This reflects decreases in mail such as bills and statements, which are increasingly delivered electronically, and advertising mail. Delivery firms are looking at new revenue streams through services such as mailroom management, printing and tracking.<sup>17</sup>

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<sup>16</sup> Ofcom, *Communications Market Report 2018*, p.87.

<sup>17</sup> Ofcom, *Communications Market Report 2018*, p.83.



## 3. Our goals and project highlights for 2019/20

- 3.1 Ofcom's purpose is to make communications work for everyone. Consumers are at the heart of this work. To achieve this, we focus on three high-level, long-term strategic goals:
- **Promote competition and ensure that markets work effectively for consumers.** Our aim is to ensure consumers and businesses benefit from a range of communications products and services, with the market providing a range of choice, price, quality, investment and innovation. We do this by ensuring that markets work effectively, through regulation where appropriate, so consumers can benefit from competition and investment.
  - **Secure standards and improve quality for consumers.** Our aim is to secure the widespread availability, affordability and accessibility of good quality communications and broadcast services for consumers and customers across the UK. While competition is at the heart of our approach to delivering for consumers, we recognise that competition cannot deliver this alone. Where appropriate, we intervene to improve outcomes.
  - **Protect consumers from harm.** Our aim is to ensure consumers do not face harmful practices and to ensure vulnerable consumers are protected from specific harm. We do this by intervening directly to protect consumers, especially vulnerable groups at risk of harm. We put in place additional measures where there is a risk of exposure to harmful behaviour by firms, or to address offensive content on television and radio.
- 3.2 This year we will prioritise work which moves the UK towards a universal availability of high quality and secure communication networks, maintains high quality broadcasting content and protects consumers from harmful pricing practices. We will also continue to engage with changes to UK legislation and innovate our approach to regulation.
- 3.3 Below, we set out our key work areas for 2019/20,<sup>18</sup> including details of specific projects and what we expect them to deliver. Our wider work plan, including these highlighted areas of work, can be found in Annex 2.

### Moving towards universal availability of high quality and secure communication networks

- 3.4 **Moving towards universality of broadband and mobile services.**
- We have an ambition to see universal coverage of communications services, working with others, including governments and industry where necessary, to progress this. We will ensure the universality of broadband services by designating broadband universal service provider(s) (USPs) and setting out the conditions that will apply to them. This

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<sup>18</sup> This is for the financial year; Q1 starts in April.

will help those who cannot currently get decent broadband. We will publish a statement on this in Q1.

- In the coming year and in addition to our planned award of radio spectrum, we will explore a range of technologies and policy options that could help improve mobile coverage, particularly for consumers in rural areas. We will publish a statement in Q2 on potential spectrum-based solutions to improving coverage both indoors and in rural communities. We will also look at how mobile coverage can be measured and reported more clearly to consumers.

- 3.5 **Promoting investment in fibre networks.** This will include work to support long-term investment in fibre networks to encourage competition and innovation. We will publish a statement in Q2 regarding our assessment of the market for physical infrastructure, with a view to introducing an unrestricted duct and pole access remedy.
- 3.6 **Supporting improvement in the quality of mobile services.** We will prepare to award spectrum bands (700 MHz and 3.6 - 3.8 GHz) as they are cleared and released. We will continue to develop proposals for new licence obligations that would require improvements in mobile coverage in rural areas, linked to the award of the 700 MHz spectrum band. A statement will be published in Q3, with auction applications expected to begin in December 2019.
- 3.7 **Preparing for the launch of 5G mobile services.** We will improve our understanding of the regulatory implications of introducing 5G technologies. This will include understanding the implications of implementing network slicing under net neutrality regulations, to explore using 5G technologies to provide fixed wireless services and engaging with consumers and businesses on the benefits of 5G services. We will also work to understand the signal strengths required to deliver good coverage across the full range of 5G services. We will provide regulatory support for industry testing and early deployments throughout the year, to ensure good outcomes for UK industry and consumers.
- 3.8 **Building cyber-security capability and continuing to ensure communication providers are managing security risks and achieving appropriate levels of resilience.** We will implement the Network and Information Systems (NIS) Regulations, which place legal obligations on providers to protect UK critical services. DCMS are completing their two pilots of the 'TBEST' scheme – a threat intelligence-led penetration scheme which assesses how well a company stands up to a concerted attack based on the techniques known to be used by cyber criminals and hostile nation states. Once these are complete, we will launch our TBEST scheme in early-2019. In addition, we plan to launch a security compliance assessment framework in early 2019.

## Maintaining high-quality broadcast content for audiences

- 3.9 **Maintaining public service broadcasting.** We will continue our work to maintain and strengthen public service broadcasting. This includes considering policy questions arising from the prominence of PSB content and the implications of changes in audience

demographics and challenges posed by new competitors. We will also publish our annual reports on diversity and equality of opportunity in the UK TV and radio industries.

- 3.10 **Publishing a review of the BBC's news and current affairs output.** Our review will look at how the BBC is adapting to the changing news environment to ensure it remains trusted by audiences. We will look at how it provides a range of content and depth of analysis across TV, radio and online. We will also look at how the BBC delivers impartiality, assessing the tools and techniques it uses to do this.

## Protecting consumers from harmful pricing practices

- 3.11 **Improving pricing for bundled mobile airtime and handset contracts.** We will work to ensure fairer, more transparent prices for customers who pay for mobile handsets and airtime within the same contract. We will publish a statement in Q3.
- 3.12 **Considering differential pricing practices.** We will assess the fairness of pricing practices which result in consumers paying more for communications services due to their contract status, length of tenure or other characteristics.

## Engaging during changes to UK legislation

- 3.13 As the UK's media and telecoms regulator – neutral and independent of government and of the companies that we regulate – Ofcom takes no view on the means or merits of Brexit. But we fully support the Government's desire for continued effective regulation, delivered through close collaboration with European partners. We continue to advise the Government on topics related to the sectors we regulate.
- 3.14 Where appropriate and necessary, we will work with the Government to transpose relevant European legislation into national law. We will work to ensure that legislation is proportionate, appropriate, reflects the challenges facing the sector and meets consumers' needs.

## Continuing to innovate our approach to regulation

- 3.15 We will continue to adapt and innovate in light of changes in regulation and policy. We will embed our new cyber security duties into our work programme. We will also contribute to the debate around the potential for regulating harmful online content, providing research and carrying out work under our existing media literacy duties. We will continue to advise Government as any new legislation is delivered in this area. We will also focus on the implications of the shift towards delivering communications services online. For instance, we will continue to explore how best to maintain the prominence of PSB content and services online.

- 3.16 Ofcom often collaborates with other regulators. One way we do this is through the UK Regulators Network.<sup>19</sup> This collaboration helps to share best practice in areas such as economic regulation, competition and consumer policy. For example, we will contribute to joint policy work to improve outcomes for vulnerable consumers. Ofcom is committed to providing resources to the UK Regulators Network.
- 3.17 We will seek to innovate and improve our own services to keep pace with new technologies. In 2019/20 we will implement an approach to enable Ofcom to make better use of data analytics. This will support policy development and make the data we hold more easily usable and accessible. We will improve our skills and understanding in data analytics and improve our tools and processes.

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<sup>19</sup> UK Regulators Network: <http://www.ukrn.org.uk/>

## 4. Ongoing work to achieve our goals and fulfil our duties

- 4.1 In Section 3 we have highlighted key areas of work that will help us meet our goals in 2019/20. Our broader programme of ongoing work, summarised in this section, plays an equally important role in achieving these goals.
- 4.2 Much of Ofcom's ongoing work programme is non-discretionary and is set in legislation. This includes monitoring the BBC, enforcing regulatory standards and monitoring the radio spectrum for interference. Alongside this, we carry out discretionary work to ensure that we are well placed to help make communications work for everyone.

### Promoting competition and ensuring that markets work effectively for consumers

- 4.3 **Allocating and managing telephone numbers.** Ofcom allocates telephone numbers to communications providers, who then issue these to consumers. We ensure efficient use of numbers, reducing disruption and cost.
- 4.4 We will investigate the use of a common, centralised numbering database (or other technology) that could be used to support number management, authentication of calls and number portability in the future. One aspect of this work is a collaborative project, with funding from the Regulators' Pioneer Fund, to explore the use of innovative blockchain technology to test a new, future-proofed approach to number management.
- 4.5 **Monitoring the postal market and Royal Mail's performance.** We will continue to monitor Royal Mail's performance on efficiency and quality of service, the financial performance of the universal service network, and competition in parcels and letters. We will also monitor consumers' experiences in the postal sector. In addition, we will complete our work on reviewing Royal Mail's regulatory financial reporting and cost modelling of its delivery network. We plan to publish a report in Q3.
- 4.6 **Monitoring pay TV.** Ofcom tracks market developments across pay TV to understand consumer experience and competition as the sector evolves. We will continue to monitor any concerns in relation to access to pay TV content (including supply of premium sports content) and TV platforms, enabling us to intervene quickly when necessary.
- 4.7 **Future of consumer data.** We are working to ensure consumers have the right information on availability, speeds and own usage of communications services so they can make informed decisions about the products and services that best suit their needs. We will consider how to implement this in our sectors and will work with stakeholders to deliver it.

## Securing standards and improving quality

### Broadcast TV and radio content

- 4.8 **PSB programming.** We will scope our programme of work to maintain and strengthen the PSB system, including duties relating to the next PSB Review.
- 4.9 **BBC monitoring.** To protect fair and effective competition and to assess the BBC's performance against its requirements, we monitor the BBC's activities and proposed changes to its public service and commercial activities, including through considering complaints and engaging with stakeholders.
- 4.10 **Enforcing requirements for access services.** We ensure that broadcasters provide a proportion of their programming with access services (subtitling, signing and audio-description) for people who are visually or hearing impaired. We report bi-annually on broadcast channels and on on-demand programme services (ODPS). We are working with Government to introduce regulations on the accessibility of ODPS. We continue to work with broadcasters and ODPS providers to address other issues such as the quality and usability of access services.
- 4.11 **Enforcing programme standards.** We ensure programmes broadcast on TV and radio meet the standards set out in the Broadcasting Code. These include rules on harm and offence, crime, religion, due accuracy and due impartiality, fairness and privacy and commercial references. We assess complaints from viewers and listeners. We also check for, and identify, breaches of our rules through ongoing targeted monitoring. If a breach is serious or repeated, we can impose a statutory sanction on the broadcaster which can include a financial penalty, and, in the most serious cases, revocation of its licence to broadcast.
- 4.12 With regard to the BBC, we regulate content on the BBC's TV channels, radio stations, the iPlayer and the BBC website. Ofcom considers complaints referred to us if the complainant is not satisfied with its resolution by the BBC, but we can also step in earlier if necessary. For online material on the BBC website and apps, complaints can be referred to Ofcom for its opinion.
- 4.13 We also regulate video-on-demand services established in the UK. These must meet a set of editorial standards which cover the protection of children, hate speech and commercial references.
- 4.14 Audience expectations for standards on broadcast and on-demand services evolve over time. Research on expectations for standards across different platforms will ensure that we are appropriately and proportionately applying rules that reflect changing viewing behaviours and audience expectations.
- 4.15 **Listed events.** We will update the list of channels which may show major sporting and other events of national interest, considering the changing ways in which viewers watch television. We plan to publish a statement in Q1.
- 4.16 **Licensing TV and radio broadcast services.** We issue licences for all UK national and local commercial TV services, and all analogue, digital commercial and community radio

services. This helps secure a range and diversity of services available across the UK. Ofcom can impose penalties when licence requirements are not complied with, and, in serious cases, can revoke licences.

## Managing the radio spectrum

- 4.17 **Analysing and releasing information on spectrum use.** We release spectrum information in an open format, including interactive geographical spectrum maps to enable stakeholders to better understand how spectrum is used.
- 4.18 **Authorising spectrum use.** Ofcom advises and assists spectrum users to make efficient use of the UK's spectrum and to help resolve harmful interference. Our Spectrum Technology, Engineering and Enforcement Teams handle reports of interference and carry out activities to protect and manage the spectrum. These include technical analysis, licensing and coordination of spectrum use and investigating cases of interference (including to safety-of-life communications). We prevent unauthorised use of spectrum by identifying and addressing unlicensed use including the sale or use of non-compliant equipment. We work with stakeholders to raise awareness of the Government's Radio Equipment Directive requirements and develops strategies for the enforcement of its provisions.
- 4.19 **Managing spectrum and planning for future requirements.** Ofcom ensures UK radio spectrum is used in the most efficient way. This includes planning for future spectrum requirements, such as for mobile data and fixed wireless backhaul. We will analyse use of spectrum across specific sectors to support our strategic reviews and inform our policy.

## Network quality, performance and security

- 4.20 **Monitoring quality of wholesale telecoms services.** Ofcom will continue to monitor the provision and repair of copper and fibre-based wholesale telecommunications services. This will ensure compliance with conditions imposed as a result of our market reviews.
- 4.21 **Ensuring network operators comply with guidance on security and resilience.** Ofcom is building the capability to ensure that the management of security risks and appropriate levels of resilience are being achieved by communication providers.
- 4.22 We will implement the Network and Information Systems (NIS) Regulations, which place legal obligations on providers to protect UK critical services. DCMS are completing their two pilots of the 'TBEST' scheme - a threat intelligence-led penetration scheme which assesses how well a company stands up to a concerted attack based on the techniques known to be used by cyber criminals and hostile nation states. Once these are complete, we will launch our TBEST scheme in early-2019. In addition, we plan to launch a security compliance assessment framework in early-2019.
- 4.23 **Publishing our Connected Nations report.** We will continue to report on the availability and estimated speeds for superfast and ultrafast fixed broadband and mobile networks. Data will be published in our annual Connected Nations Report, periodic Connected Nations updates and accompanying visualisation tools and mobile apps. We will also report on broadband universal service and on the security and resilience of communications

services. We plan to publish updates in the spring and summer, and then the main report in Q3. We will work to make our information more relevant to, and usable by, consumers.

## Protecting consumers from harm

- 4.24 **Nuisance Calls.** To help reduce nuisance calls, we work with UK communications providers to disrupt and prevent them. We also work alongside other enforcement agencies such as the Information Commissioner's Office (ICO) and consumer interest bodies. We have also recently strengthened the requirements on providers in relation to calling line identification (CLI), the process by which the person receiving the call can see who is calling them.
- 4.25 **Vulnerable consumers.** We support and protect the needs of consumers whose circumstances make them vulnerable. We are monitoring the impact of our General Condition on vulnerability (GC C5) and will identify examples of best practice. We are also working closely with UKRN and other regulators to deliver a programme of work looking at minimum standards to support customers with mental ill health, cognitive impairments and dementia and at best practice in supporting vulnerable consumers.
- 4.26 **Strengthening the consumer voice in telecoms.** From April, we will strengthen the Communication Consumer Panel, the independent consumer body for the telecoms sector, to advocate on behalf of consumers with a stronger voice.
- 4.27 **Comparing quality of service.** Ofcom's annual Comparing Service Quality report provides consumers and industry with comparative metrics on communications providers' quality of service. We will monitor the providers' implementation of automatic compensation for service failures. We will continue to produce quarterly publications on complaints made to Ofcom against the largest telecoms and pay TV providers.
- 4.28 **Migration to voice over IP services.** As fibre-based services are rolled out and as communications providers develop plans to retire the Public Switched Telephone Network (PSTN), consumers will increasingly be migrating to voice over IP services. We will work with providers to help ensure issues raised by this migration are identified and addressed with the aim of protecting consumers from harm and minimising disruption.

## Other work across our goals

- 4.29 To help make communications work for everyone, we have ongoing areas of work that span across our three strategic goals. This work includes enforcing regulatory conditions, building on our market research and intelligence, understanding developments in the market, and building relationships and engaging with stakeholders.

## Enforcement

- 4.30 **Regulatory enforcement.** We enforce the regulatory conditions that we impose on communications providers, as well as general consumer and competition law. We monitor complaints, analyse evidence and take action where we see harm, including opening



enforcement programmes and formal investigations, issuing penalties and seeking redress where appropriate. Over the coming year key priorities include monitoring and enforcing the rules relating to:

- tackling nuisance calls;
- protecting vulnerable consumers and end-users with disabilities;
- the requirement to offer contracts with minimum terms (including early termination charges); and
- the measures that communications providers have in place to protect the security and resilience of their networks.

4.31 **Effective Openreach reform.** We monitor progress following the legal separation of Openreach from BT and report annually on BT and Openreach's compliance with their new commitments. We believe that the extent to which the new model is delivering for consumers and businesses will become clear within three years of implementation. We therefore plan to publish a report on overall outcomes in 2020/21 which will assess the effectiveness of actions taken to: benefit consumers, address our competition concerns and encourage new investment in networks.

4.32 **Monitoring and enforcing the BBC charter.** Where appropriate, we will enforce competition-related requirements that apply to the BBC under its Charter and Agreement and under the Operating Framework set by Ofcom.

4.33 **Improving compliance by stakeholders when responding to formal information requests.** We aim to improve stakeholders' compliance when responding to our formal requests for information under statutory powers. We have announced investigations into the timeliness, completeness and accuracy of responses received to our statutory requests for information.

## Forward-looking strategy

4.34 **Market research and market intelligence.** We undertake research into communications markets and consumer preferences and behaviour. This provides an up-to-date and thorough understanding of consumers in the markets we regulate. We collect data directly from industry stakeholders and makes it available through publications and our website.

4.35 **Media literacy.** We will publish annual reports on media use, attitudes and understanding of adults and children.

4.36 **Monitoring and analysing technical and commercial developments to prepare for the future.** We monitor technical developments, changes in the sectors we regulate, and changes in consumer behaviour and expectations. This informs our policy work and decision-making and helps us anticipate and respond to relevant developments.

## External engagement

- 4.37 **Working with the UK Government, devolved governments and administrations, and other bodies, on audience protection.** We engage with governments, industry and other bodies to protect audiences, across traditional and online environments. We sit on the Government's UK Council for Internet Safety (UKCIS) and work closely with other regulators across Europe, through the European Regulators' Group for Audiovisual Media Services (ERGA), to improve protection of audiovisual services.
- 4.38 **Working with the UK Government, devolved governments and administrations, and other bodies, on network infrastructure.** We engage with governments and administrations, and a range of other bodies across the UK, advising on technical issues. We advise the UK Government and devolved governments and administrations on availability issues such as through our work with the UK Government on their Future Telecoms Infrastructure Review, or in the support we provide for improving mobile coverage across the UK.
- 4.39 **Engaging with international stakeholders.** We engage with a range of international stakeholders in communications regulation, to learn from their experiences and ensure that emerging policy thinking, and relevant legislation meets the needs of the UK communications sector. We will maintain existing relationships and build new ones with stakeholders both in Europe and in the rest of the world.
- 4.40 Where appropriate, Ofcom will continue to participate in European regulatory networks, as well as representing the UK, under ministerial direction, in international bodies such as the International Telecommunication Union (ITU) and the European Conference of Postal and Telecommunications Administrations (CEPT). We also have an active programme of bilateral engagements with stakeholders and regulatory counterparts from Europe, the US, and around the world.

## 5. Delivering our goals across the UK

- 5.1 Ofcom's regulation of telecoms, postal services and broadcasting is important for people and businesses across the UK. Good quality communications services are critical to people and businesses regardless of location. This section highlights our work for the coming year which is common to all nations, alongside specific work in individual nations.
- 5.2 We are committed to delivering for people across all nations and regions of the UK. We take account of national and regional diversity by engaging with a range of stakeholders in each nation through our national offices, and by working closely with Ofcom's four National Advisory Committees. These represent the interests and opinions of people in each of the four nations of the UK.
- 5.3 Recent developments around devolution have resulted in changes in Ofcom's governance. Memoranda of Understanding (MOU) between the devolved administrations, the Department for Digital, Culture, Media and Sport and Ofcom set out the process for how Ofcom consults with devolved governments and legislatures on our Annual Plan, the frequency of engagement between Ofcom and devolved governments and Ofcom's duty to provide evidence to Parliamentary and Assembly Committees. There are currently MOU in place between Ofcom and the Scottish and UK Governments and Scottish Parliament,<sup>20</sup> and between Ofcom and the Welsh and UK Governments and the National Assembly for Wales.<sup>21</sup> A similar MOU is expected to be agreed with the administration in Northern Ireland in due course.
- 5.4 The administrations in Edinburgh, Cardiff and Belfast are now responsible for appointing a new Ofcom Board member in consultation with the Secretary of State for Digital, Culture, Media and Sport. In February 2018, the Scottish Government appointed Bob Downes as the first Ofcom Board Member for Scotland. Recruitment for the Wales member of the Ofcom Board is underway, and appointment of a member for Northern Ireland is expected to follow when the devolved government is restored. These Board members have direct input into Ofcom priorities and work, ensuring we can deliver our goals across the UK.

### Common challenges

- 5.5 Providing fixed broadband, mobile, and postal services that meet the needs of consumers and businesses in rural and remote areas presents particular challenges. These areas fall disproportionately within Northern Ireland, Scotland and Wales, though similar challenges also affect some English regions. National, regional and local broadcasting services should also meet the needs, and reflect the diversity, of audiences across all UK regions and

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<sup>20</sup> *Memorandum of Understanding between the UK Government, Scottish Government, Scottish Parliament and the Office of Communications*, April 2017: <https://www.gov.uk/government/publications/memorandum-of-understanding-between-the-uk-government-scottish-government-scottish-parliament-and-the-office-of-communications>

<sup>21</sup> *Memorandum of Understanding between the UK Government, Welsh Government, Welsh Assembly and the Office of Communications*, July 2018: <https://www.gov.uk/government/publications/memorandum-of-understanding-between-the-uk-government-welsh-government-welsh-assembly-and-the-office-of-communications>

nations. We are currently in a period of change that will impact all UK nations, with large debates around the future of online regulation, developments in cyber regulations, and questions arising on the impact of leaving the EU.

5.6 In 2019/20 we will:

- Publish our **Connected Nations** report, and updates, on broadband and mobile coverage and speeds, including variations between rural and urban consumers and in different areas of the UK. We will make this information available to consumers through applications and tools to encourage use and informed choice.
- Take steps to **improve mobile coverage** through proposed licence obligations linked to the award of the 700 MHz spectrum bands. We will also explore a range of other policy options and new technologies to improve mobile coverage, in particular in rural areas.
- Progress the **broadband universal service obligation (USO)** project. A higher percentage of people in Scotland, Wales and Northern Ireland cannot access a decent broadband service. We plan to publish a statement in Q1.
- Publish a statement on the guidance to PSBs in meeting their licence conditions for programmes **made outside London** and in the nations.
- Publish Ofcom's **annual report on the BBC's performance** against the requirements in its Operating Licence, including the requirements for the BBC to deliver in each of the UK's nations.
- Continue to monitor and engage with stakeholders on **parcel surcharging** in Northern Ireland, the Highlands and Islands of Scotland, and other parts of the UK.
- **Promote diversity and equality of opportunity in broadcasting** by publishing reports on the TV and radio industries and the TV industry and their performance towards 2020 targets on equality of opportunity, diversity and inclusion in employment.
- Take part in the debate on the **future of online regulation** and provide advice to policy-makers. We will publish the first annual report outlining trends in the online sector and assessing how people are served by online content and applications. We will also research audience views and expectations for standards across TV, radio, on-demand and online.
- Build the capability to **ensure communication providers manage security risks and achieve appropriate levels of resilience**. We will put in place requirements under the Network and Information Systems (NIS) Regulations, which place legal obligations on providers to protect UK critical services. DCMS are completing their two pilots of the 'TBEST' scheme – a threat intelligence-led penetration scheme which assesses how well a company stands up to a concerted attack based on the techniques known to be used by cyber criminals and hostile nation states. Once these are complete, we will launch our TBEST scheme in early-2019. In addition, we plan to launch a security compliance assessment framework in early-2019.

- Where appropriate and necessary, **work with the UK Government to transpose relevant European legislation into national law**. We will work to ensure that legislation is proportionate, appropriate, and reflects the challenges facing the sector and meets the needs of consumers.

## England

- 5.7 England has a diverse range of communities and we aim to ensure that our policy making considers the interests of all communities within England. Some issues will continue to be important, from mobile coverage and the broadband universal service obligation to the diversity of broadcasters on-screen and off-screen. We will continue to work with UK Government, local MPs and local authorities across England, as well as participating in groups such as the Local Full-fibre Investment Board.

## Northern Ireland

- 5.8 As the UK leaves the European Union, we will continue to work closely with our counterparts in the Republic of Ireland, ComReg and the Broadcasting Authority of Ireland, to coordinate and preserve cross-border telecommunications and broadcasting services.
- 5.9 We will offer regulatory and technical advice, particularly in support of Project Stratum<sup>22</sup> and mobile coverage, to Northern Ireland government departments and local councils.

## Scotland

- 5.10 We will continue to work closely with the Scottish Government, Committees and Members of the Scottish Parliament as well as the Office of the Secretary of State for Scotland in delivering on our 2019/20 work programme. We will continue to provide technical advice and relevant data where it is appropriate, for example helping to ensure smooth interaction between the Scottish Government's 'Reaching 100%' programme and the broadband USO, and providing mobile coverage data to inform the Scottish Government's 4G Mobile Infill Programme.
- 5.11 We will also support our wider stakeholder network in Scotland in our role as Secretariat to the Scottish Parliament's Cross-Party Group on Digital Participation. Ofcom has also developed a policy and operations hub in Edinburgh to help ensure that we can effectively consult with stakeholders, including industry, and represent the interests of people, not just in Scotland, but on issues that apply across the UK.
- 5.12 As part of our responsibilities for reviewing the BBC's performance, we will monitor the new BBC Scotland channel to ensure it meets the requirements of the BBC's Operating Licence. We will also continue to deliver our statutory duties in relation to MG ALBA,<sup>23</sup> for

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<sup>22</sup> This project is the planned £150m public investment in broadband as part of the Confidence and Supply agreement between the Conservatives and the DUP.

<sup>23</sup> MG ALBA is the Gaelic Media Service

example in respect of any appointments to the MG ALBA Board and ensuring timely responses to any operational changes that support their strategic objective of ensuring high quality television programmes in Gaelic are made available to people in Scotland.

## Wales

- 5.13 We will co-operate with the Welsh Government to help improve voice and data mobile connectivity to levels that match the UK average. We will also advise organisations and communities throughout Wales who are working to improve coverage.
- 5.14 We will seek opportunities to collaborate with interested parties such as the proposed National Spectrum Centre and the recently-established 5G Advisory Group to help Wales play its part in developing and delivering 5G technology.
- 5.15 We will work with the Welsh Government to help bring faster broadband services to premises in Wales that don't have access to it.
- 5.16 We will work with businesses, organisations and other stakeholders to address the communications needs of Wales' small and medium sized enterprises (SMEs).
- 5.17 We will work with the Welsh Language Commissioner to promote the Welsh language in an innovative and purposeful manner, encouraging people to engage with Ofcom in their preferred language, be it English or Welsh, while maintaining our track record in implementing our Welsh Language Standards.

## 6. Ensuring value for money

### We will continue to deliver efficiencies and savings

- 6.1 Since the beginning of the UK Government's 2015 Spending Review we remain committed to achieving real terms savings consistent with the public sector as well as our own drive to be an efficient and effective regulator for a fast-paced communications sector.
- 6.2 Over this period, on a like-for-like basis, our budget has remained flat in cash terms (£115.7m), only adjusted for additional duties in respect of USO and BBC regulation. In real terms, this represents a 7% reduction. Ofcom continues to deliver like-for-like real-terms budget reductions and will continue to increase efficiency where we can.

### Spending cap for 2019/20

- 6.3 We have agreed a spending cap of £124.2m with DCMS and Treasury for 2019/20, which includes capacity for our responsibilities regulating the BBC, work on the broadband universal service obligation and cyber security. This represents a real efficiency saving of 2% compared with 2018/19. We will confirm our budget in the final version of the Annual Plan.
- 6.4 Our costs are allocated to stakeholder sectors and the split will be published in our Tariff Tables alongside the final Annual Plan. The work plan is reflected in the tariffs we set, and there is no change to the method we have used to calculate these charges.

### How we will manage our resources in 2019/20

- 6.5 A continual review of how we work helps us to act efficiently and effectively. Where resources are limited, we will make choices, guided by our goals and our duty to promote people's interests.
- 6.6 Our resource and skills are aimed at delivering our plans and duties through strategic planning and an integrated approach to our budgets and forecasts. We regularly review priorities, capacity and demand to ensure we can meet our objectives. We also continue to maximise savings through our commercial work in delivering the best price and quality from our suppliers.
- 6.7 Improving our offices has allowed a more flexible and agile working environment for our workforce and has reduced our London footprint. This will ultimately lead to savings of at least £3m per year while providing the best possible work environment. This now gives us a more collaborative workspace and improves our ability to respond to any reactive work during the year.

## A1. What we do

- A1.1 Ofcom's purpose is to make communications work for everyone. To achieve this, we have three main goals:
- to promote competition and ensure that markets work effectively for consumers;
  - to secure standards and improve quality; and
  - to protect consumers from harm.
- A1.2 We regulate fixed-line and mobile telecoms, TV, radio, video-on-demand services, post, and the airwaves used by wireless devices. We help UK businesses and individuals get the best from communications services and protect them from harmful treatment and practices. Where appropriate, we support competition as the basis for delivering good consumer outcomes.
- A1.3 We act independently from governments and commercial interests to deliver our duties. However, we are accountable to Parliament, and to perform our role effectively we need to engage openly and constructively with the UK and devolved governments. We provide technical advice to governments (for example, our work regarding the implementation of a UK broadband universal service provider) and in some cases, we act as a formal representative of the UK Government (for example, in international negotiations on spectrum).

### **Our principal duty is to further citizen and consumer interests**

- A1.4 Ofcom was established under the Office of Communications Act 2002 and operates under a number of Acts of Parliament.<sup>24</sup> The Communications Act 2003 states that our principal duty is to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition. In postal services, our duty is to carry out our functions in a way that we consider will secure provision of a universal postal service in the UK. We implement and enforce communications, competition and consumer protection laws; our competition powers are outlined later in this section.

### **Our main legal duties guide the direction of our work**

- A1.5 Our main legal duties are to ensure that:
- the UK has a wide range of electronic communications services;
  - optimal use is made of the radio spectrum;

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<sup>24</sup> These include the Communications Act 2003, the Wireless Telegraphy Act 2006, the Broadcasting Acts 1990 and 1996, the Digital Economy Acts 2010 and 2017 and the Postal Services Act 2011.



- a wide range of high quality television and radio programmes are provided by a range of different organisations, appealing to a range of tastes and interests;
- people are protected from harmful or offensive material, unfair treatment and invasion of privacy on television and radio;
- the BBC is held to account on its compliance with appropriate content standards, its performance against its Mission and Public Purposes, and the impact of its activities on fair and effective competition; and
- the universal service obligation on postal services is secured in the UK.

A1.6 Ofcom can enforce consumer law on behalf of consumers but does not have the power to resolve individual consumer complaints about telecoms or postal services, unlike in TV and radio. Where appropriate, we provide advice to complainants and refer them to the alternative dispute resolution (ADR) schemes that we have approved.

## Ofcom's competition law powers

A1.7 In addition to our regulatory responsibilities set out above, we have powers in relation to communications matters to:

- enforce the prohibitions on anti-competitive agreements and abuse of a dominant position, set out in the Competition Act 1998, and the corresponding provisions under the Treaty on the Functioning of the European Union; and
- investigate markets and make references under the Enterprise Act 2002 to the Competition and Markets Authority (CMA).

A1.8 Ofcom considers whether it is more appropriate to exercise Competition Act or sectoral powers in any given case, subject to the specific legislative requirements.

## A2. Work plan for 2019/20

A2.1 Below, we set out our work plan for 2019/20. We provide detail on the projects underpinning our priority work areas as well as our wider work plan to achieve our goals. Since the proposed Plan, we have added several projects following recent regulatory announcements and have also confirmed our key market research publications.

### Promote competition and ensure that markets work effectively for consumers

Project details	Milestone
<b>07 number use:</b> We will continue our programme to address anomalies in the use of and charges for calls to 07 numbers.	Status update Q3 2019/20
<b>BBC Commercial and Trading Activities:</b> Ongoing information gathering, monitoring of the BBC's compliance with our requirements & policy development on BBC's commercial and trading activities.	Ongoing
<b>BBC Studios Review – Consultation:</b> Following a call for inputs in Q4 2018/19, we intend to consult on issues relating to the activities of BBC Studios.	Consultation Q2 2019/20
<b>Future of consumer data:</b> We want to ensure consumers have the right information to make informed decisions about the products and services that best suit their needs. We are considering how best to ensure data is available on availability, speeds and own usage of communications services.	Ongoing
<b>Future of numbering policy review:</b> We will undertake a strategic review of the telephone numbering plan to ensure that it provides what consumers understand, want and need from numbers for the coming decade.	Consultation Q3 2019/20
<b>Future regulatory financial reporting:</b> We will consult on proposals to ensure BT's financial reporting obligations support our broader regulatory objectives.	Consultation Q3 2019/20
<b>Narrowband and Call Termination Review:</b> We will review regulation in fixed narrowband markets to facilitate replacement of PSTN services by VoIP, including any necessary consumer safeguards.	Consultation Q4 2019/20
<b>Number Portability:</b> We will set out our initial proposals for a strategic solution to fixed number portability, to address inefficient call routing and the level of failures in business porting.	Consultation Q1 2019/20

<p><b>Physical Infrastructure Market Review:</b> We will complete our competition assessment of the market for physical infrastructure, with a view to introducing an unrestricted duct and pole access remedy.</p>	<p>Statement Q2 2019/20</p>
<p><b>Prepare for future awards of spectrum bands as they are cleared and released:</b> This will include the design of auctions, any obligations, and measures to promote competition as part of a licence award for the 700 MHz and 3.6 to 3.8 GHz bands. (now FSA) In addition, we are continuing to develop proposals for new licence obligations that would require improvements in mobile coverage in rural areas, linked to the award of the 700 MHz spectrum band. A Statement to follow in line with the auction.</p>	<p>Statement published Q3 2019/20, Auction applications c. Dec 2019</p>
<p><b>Review of Interconnection:</b> We will provide guidance on how we expect to regulate interconnection and call termination in an all-IP future and during the transition to IP. Any changes to regulation are likely to come into effect in April 2021 following the completion of a review of narrowband and call termination markets.</p>	<p>Consultation Q1 2019/20</p>
<p><b>Royal Mail cost allocation review:</b> We will complete our assessment of the approach used by Royal Mail to allocate costs to different markets it serves.</p>	<p>Statement Q1 2019/20</p>
<p><b>Royal Mail Cost Model:</b> We will extend our bottom up cost modelling work of Royal Mail’s delivery network to cover other parts of Royal Mail’s operations. This work will support our assessment of Royal Mail’s efficiency.</p>	<p>Stakeholder workshops Q2 2019/20</p>
<p><b>Single Fixed Telecoms Market Review:</b> We will consult on market assessment and remedies proposals for fixed telecoms services. This will cover wholesale voice/broadband connections and wholesale leased lines. Any remedies would come into effect in April 2021.</p>	<p>Consultation Q3 2019/20</p>
<p><b>Testing a new approach to improve UK telephone number management:</b> Number portability enables consumers to change service provider while keeping their existing number, fostering choice and effective competition without cost or inconvenience. However, in the UK there is no comprehensive database of all allocated numbers and many current solutions may not scale in the future as networks migrate to all-IP (Internet Protocol) infrastructure). A collaboration with industry, this project uses innovative blockchain technology to test a new future-proofed approach to number management.</p>	<p>Status update Q3 2019/20  Beta ready for testing Q4 2019/20</p>

## Secure standards and improve quality

Project details	Milestone
<p><b>700 MHz clearance - PMSE support:</b> In support of PMSE clearance, we will manage a grant scheme to fund a proportion of the costs PMSE users incur as a result of loss of access to the 700 MHz band. We will continue to promote and enable the use of additional spectrum already made available for PMSE in the 960-1164MHz band.</p>	<p>Complete registration for the Grant Scheme and commence equipment surrender and payment of grants Q1 2019/20</p>
<p><b>700 MHz spectrum clearance:</b> We will continue to work to clear digital television services from the 700 MHz band in order to release this spectrum for mobile data. We will continue to administer a grant scheme to fund incremental costs broadcasters incur as a result of the infrastructure changes associated with 700 MHz clearance. Our plan is to make the 700 MHz band available for mobile services by May 2020.</p>	<p>Clearance events continue in areas in Wales, the West Country, Northern England, Northern Ireland, the Isle of Man and Channel Isles in 2019/20</p>
<p><b>Advertising policy and regulation:</b> The Government announced its intention to consult before the end of 2018 on additional restrictions on TV advertising for food and drinks high in fat, salt and sugar (HFSS), including a pre-watershed ban. If tighter restrictions were introduced, Ofcom and its co-regulators (BCAP and the ASA) would be required to administer this.</p>	<p>Subject to Government consultation/ statement</p>
<p><b>Analogue Community Radio:</b> We will undertake the necessary spectrum planning to maximise access for community radio and support the fourth round of licensing for analogue community radio</p>	<p>Round complete Q2 2019/20</p>
<p><b>Audience expectations in a digital world:</b> How people consume media is constantly evolving in a rapidly changing world – and, with that, expectations around content can differ vastly across multiple platforms.</p> <p>We will carry out research to examine audience views and expectations for standards across TV, radio, on-demand and online. Ofcom has responsibility for regulating broadcast and on-demand services and it is important that the rules that apply to these services are appropriate and proportionate and reflect changing viewing behaviours and audience expectations.</p>	<p>Report Q3/4 2019/20</p>

<p><b>AVMSD Implementation:</b> We will continue to engage with DCMS on its plans for implementation for the new Audiovisual Media Services Directive (AVMSD) and the potential impact on Ofcom. New requirements in the Directive include for Video-Sharing Platforms (VSPs) to protect children from potentially harmful content and to protect the general public from content containing incitement and hate speech.</p>	<p>Q2 2020/21 (20 month implementation period)</p>
<p><b>Broadband Universal Service Obligation (USO):</b> Ofcom will implement a broadband universal service obligation. In particular Ofcom will: designate one or more Universal Service Providers to deliver the service; establish the obligations that Universal Service Provider must meet to deliver the scheme in accordance with the legislation; and determine how the costs incurred by a Universal Service Provider may be compensated. In implementing the USO, our objectives are: to deliver the USO as quickly as possible, so consumers benefit as soon as possible; to ensure any designated provider can deliver services that meet the USO requirements; and to ensure the cost of delivery, and therefore impact on industry and consumers, is minimised.</p>	<p>Statement Q1 2019/20</p>
<p><b>Cross-sector data on the Communications market:</b> In place of our annual written report into the communications market we will publish an interactive data portal which will contain all the key datasets Ofcom collects across television and audio-visual, radio and audio, fixed and mobile telephony, internet take-up and consumption, and post. We will keep this updated to ensure that Ofcom’s most current data is easily accessible.</p>	<p>Interactive data portal Q2 2019/20</p>
<p><b>Data strategy:</b> We will implement an approach to enable Ofcom to make better use of data analytics and artificial intelligence to support policy development and make the data we hold more easily usable by and accessible to others. This will include developing skills and understanding in data analytics and improving tools and processes.</p>	<p>Implement approach based on audit of our current capabilities and future requirements Q1 2019/20</p>
<p><b>Developing an updated spectrum strategy:</b> We will continue our work to develop our spectrum strategy, gathering information from stakeholders to ensure that spectrum is made available to meet changing requirements.</p>	<p>Stakeholder engagement workshops Q2 2019/20</p>

<p><b>Enabling additional spectrum for mobile including 5G services:</b> We will engage internationally at both European and Global level to ensure spectrum technical conditions for the priority bands are appropriate for mobile, including 5G services. We will continue our work to understand future spectrum demand.</p>	<p>Contribution to World Radiocommunications Conference -19</p>
<p><b>Review of EPG Code and the Future of PSB Prominence:</b> In 2018/19, we consulted on updates to the prominence section of Ofcom’s EPG Code, alongside proposals for extending the prominence regime to online services. We will publish our conclusions of this work in early 2019 [Q4 18/19 or Q1 19/20].</p>	<p>Statement Q4 2018/19 or Q1 2019/20</p>
<p><b>Improve mobile coverage (spectrum solutions):</b> We are taking action to enable spectrum based solutions that could be used to improve coverage both indoors and in rural communities. For example, enabling self-installed small cells, or releasing spectrum that could be used at low power in particular locations, or amending spectrum access rules to enable solutions to be developed.</p>	<p>Statement Q2 2019/20</p>
<p><b>Improving consumer information on fixed and mobile coverage and performance:</b> We continue to provide consumers with accurate and comparable information on fixed and mobile networks via our online checker tools and app. We intend to provide the same metrics provided through the maps and apps via an Application Programming Interface (API). This will allow external organisations to use Ofcom coverage data in their own offerings and services, driving improvement in consumer information.</p>	<p>Ongoing</p>
<p><b>Improving mobile coverage:</b> We continue to explore ways in which mobile coverage can be improved, particularly in rural areas and in support of the on-going award of the 700MHz spectrum band. The work also explores ways in which mobile coverage can be measured and reported, in ways which are meaningful to consumers.</p>	<p>Ongoing</p>
<p><b>Increasing the accessibility of TV and on-demand programme services (ODPS):</b> Once Government have set new regulations in this area (based on our recommendations), we will consult on a new Code on Access Service requirements for on-demand services.</p>	<p>Consultation Q2 2019/20</p>
<p><b>Monitoring diversity and equality of opportunity in broadcasting:</b> We will continue to report on diversity in the UK TV and radio industry to provide a comprehensive picture of how well individual broadcasters – and the industry as a whole – are promoting equality of opportunity, diversity and inclusion within their organisations.</p>	<p>Publish 2nd Radio industry report Q1 2019/20  Publish 3rd TV industry</p>

	report Q2 2019/20
<b>News report:</b> We will continue to provide an overview of news consumption habits and attitudes across the UK, based on our annual survey data.	Report Q1 2019/20
<b>Postal monitoring report:</b> Sets out key data and trends in the postal sector as part of our statutory duty of securing a universal postal service, having regard to financial sustainability and efficiency.	Annual report Q3 2019/20
<b>Publish a review of the BBC's news and current affairs output:</b> Ofcom's review will look at how the BBC is adapting to the changing news environment to ensure it remains a trusted destination for audiences. In particular we will look at how it seeks to provide both a range of content and depth of analysis across its TV, radio and online platforms. It will also look at how the BBC delivers impartiality, including an assessment of the tools and techniques it uses to achieve impartiality.	Report Q3 2019/20
<b>Publish Ofcom's annual report on the BBC:</b> We will set out how we have carried out our duties and assess the BBC's compliance with the specified requirements in the Operating Framework and Operating Licence. We will also publish a separate report measuring the BBC's performance in meeting the mission and public purposes across its public services.	Report Q3 2019/20
<b>Report on how consumers and citizens are being served by online content and applications:</b> We will publish a new annual report outlining trends in the online sector and assessing how consumers and citizens are being served by online content and applications.	Report Q1 2019/20
<b>Report on quality of service in the fixed and mobile sectors:</b> We will provide consumers and industry with comparative metrics on communications providers' quality of service.	Report Q1 2019/20
<b>Reporting on adults' media literacy:</b> We will publish our annual Adults' Media Use and Attitudes report, looking at media literacy among UK adults. It will include data on the media use, attitudes and understanding of adults aged 16 and over, and how these change over time.	Report Q1 2019/20

<p><b>Reporting on children’s media literacy:</b> We will publish our annual Children’s Media Use and Attitudes report, providing detailed evidence on media use, attitudes and understanding among children and young people aged 5-15, as well as detailed information about the media access and use of young children aged 3-4. The report will also include parents’ views about their children’s media use, and the ways parents monitor or limit children’s use of different types of media.</p>	<p>Report Q3 2019/20</p>
<p><b>Reporting on consumers’ mobile experience:</b> We will publish a report on the performance delivered to consumers’ smartphones. This will include an assessment of the performance of mobile connections for voice and data services and how these vary by a range of factors including technology, geography and time of day.</p>	<p>Report Q3 2019/20</p>
<p><b>Reporting on home broadband performance:</b> We will report on data collected from a panel of residential broadband users who have monitoring units connected to their router. It will include assessments of how speeds and other performance metrics vary by technology, provider, time of day and geography.</p>	<p>Report Q1 2019/20</p>
<p><b>Reporting on outcomes for UK audiences:</b> We will publish our second Media Nations Report, which takes a broad look at how UK audiences are served by video and audio content. This will assess the take-up and use of broadcast television and radio services and the impact of on-demand and streaming audio and video services and will examine the threats and opportunities presented to public service broadcasters.</p>	<p>Report Q2 2019/20</p>
<p><b>Reporting on pricing trends:</b> We will report on trends in the pricing of fixed, mobile and pay-TV services. This will include a review of the prices available to consumers buying different types of services and a summary of what, on average, consumers are paying. It will also look at tariff structures and how ‘discounted’ prices vary from standard or ‘list’ prices.</p>	<p>Report Q3 2019/20</p>
<p><b>Responding to Channel 4 Corporation’s annual Statement of Media Content Policy:</b> We will publish an analysis of, and our response to, Channel 4 Corporation’s delivery of its media content duties and plans for the following year as set out in its statement.</p>	<p>Report Q2 2019/20</p>
<p><b>Review of children’s content:</b> We will publish the response of broadcasters to our review of the quantity, range and quality of content available to children.</p>	<p>Report on broadcaster responses Q2 2019/20</p>



<p><b>Review the guidance to public service broadcasters for production outside London:</b> We will review the guidance to public service broadcasters (PSBs) in meeting their licence conditions for programmes made outside London and in the nations, and consider if this remains fit for purpose in supporting and strengthening production across the UK's nations and regions.</p>	<p>Consultation Q3 2018/19</p> <p>Statement Q1 2019/20</p>
<p><b>Small Scale DAB:</b> We will consult on a proposed licensing framework for Small Scale DAB multiplexes, including award criteria, licence conditions and frequency plan, to support a first round of licensing of small scale multiplexes and services.</p>	<p>Statement Q1 2019/20</p> <p>Licence adverts Q3 2019/2020</p>
<p><b>Spectrum Sharing:</b> Explore opportunities to maximise efficient use of the spectrum, by opening up spectrum access to new players and businesses where spectrum is not being used, through increased sharing where appropriate. Initial focus on:</p> <ul style="list-style-type: none"> <li>- Opening up access to additional users in the 3.8-4.2GHz, 2.3GHz and 1800MHz guard band.</li> <li>- Third Party Access to Mobile Spectrum</li> </ul> <p>We will confirm our approach, including consideration of the appropriate authorisation mechanism and fees.</p>	<p>Statement Q2 2019/20</p>
<p><b>World Radiocommunications Conference (WRC-19):</b> Working closely with Government, Ofcom will engage with UK stakeholders and European partners to develop UK and European regional positions to take into the World Radio Council -19 with the aim of achieving outcomes which are best aligned with UK interests.</p>	<p>Updates in lead up to WRC in 2019</p>

## Protect consumer from harm

Project details	Milestone
<p><b>Bundled mobile airtime and handset contracts:</b> We are working to ensure fairer, more transparent prices for mobile customers who pay for handsets and airtime within the same contract.</p>	<p>Consultation Q1 2019/20</p>
<p><b>Differential Pricing Practices:</b> Considering the fairness of pricing practices which result in consumers paying more for communications services due to their contract status, length of tenure or other characteristics.</p>	<p>Ongoing</p>

<p><b>Harmful online content:</b> Contributing to policy debates around addressing harmful online content, including initial research on audience expectations for standards across different media.</p>	Ongoing
<p><b>Migration to voice over IP services:</b> We will work with communications providers to help ensure issues raised by their migration to voice over IP services, including the potential future switch-off of the PSTN, are identified and addressed with the aim of protecting consumers from harm and minimising disruption.</p>	Ongoing
<p><b>Building cyber security capability and continuing to ensure communications providers are managing security risks and appropriate levels of resilience:</b> We will implement the requirements under the Network and Information Systems (NIS) Regulations, which place legal obligations on providers to protect UK critical services. DCMS are completing their two pilots of the 'TBEST' scheme – a threat intelligence-led penetration scheme which assesses how well a company stands up to a concerted attack based on the techniques known to be used by cyber criminals and hostile nation states. Once these are complete, we will launch our TBEST scheme in early-2019. In addition we plan to <b>launch a security compliance assessment framework in early-2019.</b></p>	Security compliance assessment framework Q1 2019/20
<p><b>Participation and vulnerability:</b> Ofcom's work to support the needs and interests of those who are disabled, elderly, on low incomes or living in rural areas, as well as the vulnerability of any others whose circumstances appear to put them in need of special protection. Ofcom will contribute to joint policy work with the UK Regulators Network to improve outcomes for vulnerable consumers.</p>	Ongoing
<p><b>Personalised Pricing:</b> Considering the potential competition and consumer issues arising from personalised pricing, including the use of 'Big Data' and algorithms to facilitate personalised pricing.</p>	Ongoing
<p><b>Review of the General Conditions and Universal Service Conditions to implement the European Electronic Communications Code:</b> We will review the General Conditions of Entitlement (the regulatory conditions that provide protections to consumers and small businesses), considering what may need to be revised to comply with the new Code.</p>	Review Q3 2019/20
<p><b>Supporting consumers in communications markets:</b> We will monitor the effectiveness of schemes which Ofcom approves or oversees, that directly support consumers. This includes Ofcom's price accreditation schemes and ADR schemes.</p>	Ongoing

## Engage during changes to European legislation

Project details	Milestone
<p><b>Implementation of relevant European legislation:</b> Where appropriate and necessary, we will work with the UK Government to transpose them into national law. In doing this, we will work to ensure that legislation is proportionate, appropriate, and reflects the challenges facing the sector and meets the needs of consumers now and in the future.</p>	<p>Ongoing</p>
<p><b>Strategic implications of the changing nature of our relationship with the EU:</b> Ofcom takes no views on the means or merits of Brexit. We will provide advice to Government as required to support its discussions with the EU on the detail of our future relationship. Where relevant, we will also provide advice on any legislative changes needed to underpin the future relationship between the UK and EU. As the process evolves, we will continue to engage with our stakeholders to understand their positions and priorities.</p>	<p>Ongoing</p>

## A3. Responding to this consultation

### How to respond

- A3.1 Ofcom would like to receive views and comments on the issues raised in this document, by 5pm on 8 February 2019.
- A3.2 You can download a response form from <https://www.ofcom.org.uk/consultations-and-statements/category-1/annual-plan-2019-20>. You can return this by email or post to the address provided in the response form.
- A3.3 If your response is a large file, or has supporting charts, tables or other data, please email it to [Annualplan2019@ofcom.org.uk](mailto:Annualplan2019@ofcom.org.uk), as an attachment in Microsoft Word format, together with the cover sheet (<https://www.ofcom.org.uk/consultations-and-statements/consultation-response-coversheet>). This email address is for this consultation only, and will not be valid after April 2019.
- A3.4 Responses may alternatively be posted to the address below, marked with the title of the consultation:  
Annual Plan Team, Strategy and Policy Team  
Ofcom  
Riverside House  
2A Southwark Bridge Road  
London SE1 9HA
- A3.5 We welcome responses in formats other than print, for example an audio recording or a British Sign Language video. To respond in BSL:
- Send us a recording of you signing your response. This should be no longer than 5 minutes. Suitable file formats are DVDs, wmv or QuickTime files. Or
  - Upload a video of you signing your response directly to YouTube (or another hosting site) and send us the link.
- A3.6 We will publish a transcript of any audio or video responses we receive (unless your response is confidential)
- A3.7 We do not need a paper copy of your response as well as an electronic version. We will acknowledge receipt if your response is submitted via the online web form, but not otherwise.
- A3.8 It would be helpful if your response could include a reference to the section and paragraph your response refers to. It would also help if you could explain why you hold your views, and what you think the effect of Ofcom's proposals would be.
- A3.9 If you want to discuss the issues and questions raised in this consultation, please contact send an email to [Annualplan2019@ofcom.org.uk](mailto:Annualplan2019@ofcom.org.uk).

## Confidentiality

- A3.10 Consultations are more effective if we publish the responses before the consultation period closes. In particular, this can help people and organisations with limited resources or familiarity with the issues to respond in a more informed way. So, in the interests of transparency and good regulatory practice, and because we believe it is important that everyone who is interested in an issue can see other respondents' views, we usually publish all responses on our website, [www.ofcom.org.uk](http://www.ofcom.org.uk), as soon as we receive them.
- A3.11 If you think your response should be kept confidential, please specify which part(s) this applies to, and explain why. Please send any confidential sections as a separate annex. If you want your name, address, other contact details or job title to remain confidential, please provide them only in the cover sheet, so that we don't have to edit your response.
- A3.12 If someone asks us to keep part or all of a response confidential, we will treat this request seriously and try to respect it. But sometimes we will need to publish all responses, including those that are marked as confidential, in order to meet legal obligations.
- A3.13 Please also note that copyright and all other intellectual property in responses will be assumed to be licenced to Ofcom to use. Ofcom's intellectual property rights are explained further at <https://www.ofcom.org.uk/about-ofcom/website/terms-of-use>.

## Next steps

- A3.14 Following this consultation period, Ofcom plans to publish a statement in March 2019.
- A3.15 If you wish, you can register to receive mail updates alerting you to new Ofcom publications; for more details please see <https://www.ofcom.org.uk/about-ofcom/latest/email-updates>

## Ofcom's consultation processes

- A3.16 Ofcom aims to make responding to a consultation as easy as possible. For more information, please see our consultation principles in Annex 4.
- A3.17 If you have any comments or suggestions on how we manage our consultations, please email us at [consult@ofcom.org.uk](mailto:consult@ofcom.org.uk). We particularly welcome ideas on how Ofcom could more effectively seek the views of groups or individuals, such as small businesses and residential consumers, who are less likely to give their opinions through a formal consultation.
- A3.18 If you would like to discuss these issues, or Ofcom's consultation processes more generally, please contact the corporation secretary:

Corporation Secretary  
Ofcom  
Riverside House  
2a Southwark Bridge Road  
London SE1 9HA  
Email: [corporationsecretary@ofcom.org.uk](mailto:corporationsecretary@ofcom.org.uk)

## A4. Ofcom's consultation principles

### Ofcom has seven principles that it follows for every public written consultation:

#### Before the consultation

- A4.1 Wherever possible, we will hold informal talks with people and organisations before announcing a big consultation, to find out whether we are thinking along the right lines. If we do not have enough time to do this, we will hold an open meeting to explain our proposals, shortly after announcing the consultation.

#### During the consultation

- A4.2 We will be clear about whom we are consulting, why, on what questions and for how long.
- A4.3 We will make the consultation document as short and simple as possible, with a summary of no more than two pages. We will try to make it as easy as possible for people to give us a written response. If the consultation is complicated, we may provide a short Plain English / Cymraeg Clir guide, to help smaller organisations or individuals who would not otherwise be able to spare the time to share their views.
- A4.4 We will consult for up to ten weeks, depending on the potential impact of our proposals.
- A4.5 A person within Ofcom will be in charge of making sure we follow our own guidelines and aim to reach the largest possible number of people and organisations who may be interested in the outcome of our decisions. Ofcom's Consultation Champion is the main person to contact if you have views on the way we run our consultations.
- A4.6 If we are not able to follow any of these seven principles, we will explain why.

#### After the consultation

- A4.7 We think it is important that everyone who is interested in an issue can see other people's views, so we usually publish all the responses on our website as soon as we receive them. After the consultation we will make our decisions and publish a statement explaining what we are going to do, and why, showing how respondents' views helped to shape these decisions.

## A5. Consultation coversheet

### BASIC DETAILS

Consultation title: Annual Plan 2019/20

To (Ofcom contact):

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

### CONFIDENTIALITY

Please tick below what part of your response you consider is confidential, giving your reasons why

Nothing

Name/contact details/job title

Whole response

Organisation

Part of the response

If there is no separate annex, which parts? \_\_\_\_\_

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If you want part of your response, your name or your organisation not to be published, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

### DECLARATION

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that Ofcom can publish. However, in supplying this response, I understand that Ofcom may need to publish all responses, including those which are marked as confidential, in order to meet legal obligations. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom seeks to publish responses on receipt. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

Name

Signed (if hard copy)