



SECTION B

ACCOUNTABILITY

Governance statement

Governance overview by Lord Grade of Yarmouth, Chair

I am pleased to present our corporate governance report for 2022/23, having completed just over one year as Chair of Ofcom. This report details how Ofcom approaches governance, including the operation of the Board and the Board Committees.

The Board has adopted a new, medium-term strategic planning approach through the approval of Ofcom's first Three-Year Plan. The Three-Year Plan underpins Ofcom's approach to operational matters, including budgeting, and informs policy priorities and the creation of each annual Plan of Work.

The Board continues to focus on ensuring that Ofcom's structure and resources support the introduction of new responsibilities in online safety. The People Committee of the Board approved the creation of the new Online Safety Group to be headed by the first Online Safety Group Director.

The Board has retained its focus on supporting effective competition while ensuring fairness for consumers. We have reviewed the competitive framework in the telecoms market and looked at the cost-of-living for consumers. We plan our agendas through the year to ensure we give sufficient attention to all the sectors in our remit, as well as our operational and corporate responsibilities.

The Board continued its tradition of visiting Northern Ireland, Scotland or Wales each year for a stakeholder event and Board meeting. This year the Board visited Edinburgh and took the opportunity to visit the School of Informatics and the Bayes Centre at the University of Edinburgh, as well as meeting with industry stakeholders from across Scotland at an informal reception.

The Board held workshops on a variety of subjects during the year to further understand the new and evolving nature of the industries we regulate. Topics covered included online safety, media literacy, media plurality and age verification. Our annual Board strategy day also gave us the opportunity to look in more depth at industry trends and to hear from service users and external industry experts.

Board members attended seven informal lunches with colleagues from across Ofcom during this year. We welcome the opportunity this gives us to strengthen our understanding of Ofcom's culture and the experiences of our teams as they deliver our programme of work.

Governance continues to be a high priority in Ofcom and a review of Governance arrangements was undertaken during the year. The review built on strong foundations but with a look to the future. Changes were introduced to reflect the introduction of the new Online Safety Group and to facilitate a more agile and responsive organisation, and to align governance processes more closely with the UK Corporate Governance Code.

Each year, our People Committee reviews the structure, size and composition (including the skills, knowledge, experience and diversity) of our Board, so that it can make recommendations to improve Board effectiveness.

I am pleased to welcome Will Harding who was appointed by DCMS as a Member of the Ofcom Board in October 2022. Will has extensive experience across a range of global media organisations and platforms, and has been a pioneer in the media sector for many years.

Several Board Members took on new responsibilities, and I would especially like to thank Karen Baxter and Will Harding, who both joined the Risk and Audit Committee and Maggie Carver, who took on the role of the Chair of the Content Board. I would also like to place on record my thanks to Maggie Carver for steering the Board through the challenges resulting from the pandemic and early preparations for Online Safety as Interim Chair from 1 January 2021 to 30 April 2022.

In February 2023, we said farewell to Graham Mather. Our sincere thanks are due to Graham for his significant and valuable contribution to Ofcom.

I am extremely grateful to Dame Melanie Dawes, the Board, Senior Management and all staff for their support as I have settled into my role as Chair.

Lord Grade, Chair

This Governance Report summarises Ofcom’s governance arrangements, including the composition of our Board, how our governance framework operates in practice (including our governance structure and Board roles and responsibilities) and our main areas of focus in 2022/23.

Our Governance

As a statutory corporation, Ofcom’s principal governance compliance requirements are governed by the relevant legislation (namely, the Office of Communications Act (2002), the Communications Act (2003), the Postal Services Act (2011), the Digital Economy Act (2010), the Digital Economy Act (2017) and any other relevant supplementary legislation or Orders thereto) which determines matters such as the purposes of the organisation and the appointment of our Members.

Ofcom’s Board Members are also subject to the Code of Conduct for Board Members of Public Bodies. Our overall corporate governance approach is informed, but not bound by the 2018 UK Corporate Governance Code (“the UK Code”) and its related guidance, subject to where certain principles are considered to be disproportionate or less relevant in Ofcom’s case and/or there are other requirements placed on Ofcom by statute.

How our approach is informed by the 2018 UK Corporate Governance Code

Examples of how our approach has been informed by certain principles of the UK Code include:

Board Leadership & Purpose

Our Board has a clear purpose, values and strategy and is able to satisfy itself that these and its culture are aligned. Our Board, which is made up of a majority of Non-Executive Members, provides independent thinking and objective challenge to our strategic aims.

Division of Responsibilities

The Chair of our Board provides strategic leadership of the Board. Our Non-Executive Members are considered to be independent of management and free of any business or other relationship which could materially interfere with them exercising their judgement. However, should special circumstances arise, appropriate action is taken to ensure that independence is maintained.

Composition, Succession & Evaluation

Appointments to our Board follow a rigorous and transparent procedure, with our Chair and Non-Executive Members appointed by the

Secretary of State for Digital, Culture, Media and Sport (DCMS)⁸. As new Members are appointed to the Board, we will be actively working with the Department for Science, Innovation and Technology (DSIT) and the devolved Governments to increase our Board’s diversity. Our People Committee seeks to ensure that we have effective succession plans in place and that we properly identify and manage our talent pipeline.

Audit, Risk & Internal Control

Our Risk and Audit Committee oversees the structures and processes in place to manage our risks and ensure that appropriate controls are in place.

Remuneration

Our Remuneration Report sets out how we ensure that our remuneration policies and practices support our strategic aims and that the remuneration we pay to our colleagues promotes Ofcom’s success.

8. The newly created Department for Science, Innovation and Technology became Ofcom’s sponsor department in March 2023.

Our Board: Activities & Purpose

The Board is responsible for setting the strategic direction and risk appetite of the organisation and is the ultimate decision-making body for matters of Ofcom-wide strategic, regulatory or reputational significance. Effective governance facilitates the delivery of Ofcom's purpose and strategy particularly in challenging times. The Board is committed, through its governance framework, to appropriate decision making at the correct level within Ofcom ensuring there is accountability, long term value and fulfilling our purpose of furthering the interests of consumers and citizens. The Board has adopted and implemented a bespoke Corporate Governance Framework which contains a statement of governance principles that guide the activities of the Board. This covers key responsibilities of the Board and matters reserved for the Board's decision and includes the following:

- approval of Ofcom's Plan of Work, long-term objectives and overall strategic policy framework;
- approval of Ofcom's annual budget, overall financial policy and Financial Authorities Framework;
- approval of Ofcom's annual report and accounts;
- risk management, internal controls and compliance; and
- undertaking a formal regular review of the Board's own performance and that of Board Committees and individual Members.

Board Appointments

The Chair and the majority of the Non-Executive Members of the Board are appointed by the Secretary of State for DCMS, for periods of four years. The Scotland Member, the Wales Member and the Northern Ireland Member have been appointed by Scottish Ministers, the Welsh Government and the Department for the Economy respectively, following consultation with the Secretary of State. Executive Members of the Board are appointed by the Chair and the Non-Executive Members of the Ofcom Board, with the Chief Executive's appointment requiring approval by the Secretary of State for DCMS. We recognise that the current balance of the Board is not representative of the UK population. We are working with DSIT and the devolved Governments to align future recruitment with our strategic commitment to be a diverse and inclusive organisation. Having a Board that is representative of the different perspectives within our society will allow us to make the best decisions for all UK citizens and consumers. Efforts are ongoing to further complement the current range of skills on the Board to take account of our new regulatory duties.



Board roles

The Chair

The Chair of the Board is responsible for chairing and providing leadership of the Board. Other responsibilities include:

- leading the Board in formulating Ofcom’s strategy for discharging our statutory duties;
- encouraging high standards of propriety;
- providing an assessment of the performance of individual Board Members;
- ensuring Ofcom meets regularly throughout the year and that minutes of meetings accurately record decisions taken; and
- representing the views of Ofcom externally.

Non-Executive Board Members

Our Board has a majority of Non-Executive Board Members, all of whom bring extensive skills and experience to the Board. This ensures a good balance of skills is available to Ofcom in discharging our duties and responsibilities, in addition to establishing Ofcom’s policy and strategic direction and its resourcing framework.

The Chief Executive

The Board has delegated responsibility for the day-to-day running of Ofcom to the Chief Executive and the Executive, namely the Senior Management Team (“SMT”) which consists of Ofcom’s Chief Executive, Group Directors, People & Transformation Director, Communications Director and Public Policy Director. The SMT, through the Policy Management Board (PMB), ensures that the strategy, policies and behaviours set at Board level are effectively communicated and implemented across Ofcom.

The Permanent Secretary for DCMS has designated the Chief Executive as Ofcom’s Accounting Officer. This appointment carries duties of responsibility in respect of regularity, propriety, value for money and good financial management, and the safeguarding of public funds. The Chief Executive has specific responsibilities for ensuring compliance with the terms of the Framework Document with DCMS. She must also ensure that proper accounting records are maintained, and she must sign the accounts.

As a Member of the Board, the Chief Executive must ensure that her accountability responsibilities do not conflict with her responsibilities as a Board Member. The Chief Executive may be called upon by the Committee of Public Accounts and other Parliamentary Committees to give evidence on the discharging of her duties.

Board members



Lord Grade of Yarmouth, CBE Chair and Non-Executive Board Member, and People Committee Member

Appointed to the Ofcom Board as Chair on 1 May 2022

Michael Grade has had a long career in broadcasting, encompassing London Weekend Television, the BBC, ITV and Channel 4. He has chaired the BBC, ITV and Pinewood/Shepperton Film Studios. He is co-founder of the GradeLinnit company, which produces for the theatre. He is Chairman of the Arora Group's Heathrow Expansion Advisory Board and has also been Chairman of Ocado, First Leisure Corporation, Camelot, the Charity Fundraising Regulator and Bradford's Media Museum, as well as being a member of the former Press Complaints Commission and a trustee of the Science Museum. Michael Grade sits in the House of Lords as a non-affiliated Peer.

Tenure 1 year

Membership

P



Karen Baxter Non-Executive Board Member (Board Member for Northern Ireland), and Risk and Audit Committee Member

Appointed to the Ofcom Board on 28 March 2022

Karen has a distinguished 30-year policing career, retiring as Commander from the City of London Police in 2020. She commenced her service as an officer in Northern Ireland, where she gained a strong understanding of the unique needs of communities in Northern Ireland. Karen's more recent roles have included Commander and National Coordinator for Economic Crime, Police Executive Lead, Managing Director for Intelligence Strategy at UK Finance. In September 2022 Karen joined the Financial Conduct Authority (FCA) as Director of Strategy, Policy, International and Intelligence in the Enforcement Team. In this role, Karen leads the specialised functions that support the breadth of the FCA's enforcement and market oversight activities.

Tenure 1 year

Membership

R

P People Committee

C Content Board

E Election Committee

R Risk and Audit Committee



Maggie Carver, CBE

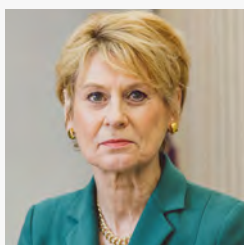
Deputy Chair, Chair of the Content Board, Interim Chair of the Election Committee, and People Committee Member

Appointed to the Ofcom Board as Deputy Chair on 30 September 2018. Interim Chair from 1 January 2021 to 30 April 2022

Maggie has extensive experience as a non-executive director on the boards of 19 companies, public, private and not-for-profit. These include chairing news and programme provider ITN, multiplex operator SDN, the British Board of Film Classification and the RCA, as well as being a director on the boards of Channel 5 Television, RDF Media plc, Satellite Information Services, armed forces broadcaster BFBS, British Waterways and the British Horseracing Authority. Maggie's executive career was in investment banking, television production, broadcasting and retail.

Tenure 4 years

Membership



Dr Angela Dean

Non-Executive Board Member and Chair of the Risk and Audit Committee, and People Committee Member

Appointed to the Ofcom Board on 30 September 2018

Angela is currently a trustee of York Museums Trust and Chair of its Capital Projects Board. She is a Senior Independent Panel Member for Public Appointments. She has been non-executive director of several not-for-profit organisations including Chair of International House Trust, Vice Chair of the Council of King's College London, trustee of the National Lottery Heritage Fund and a member of the Museums, Archives and Libraries Council. Angela's executive career was in international finance, mainly as a Managing Director of Morgan Stanley where she headed its global technology research team. She was a member of the Working Group of the United Nations Global Compact for corporate social responsibility issues in investment.

Tenure 4 years

Membership



Bob Downes

Non-Executive Board Member (Board Member for Scotland), Content Board Member, and People Committee Member

Appointed to the Ofcom Board on 1 February 2018; Re-appointed on 1 February 2022

Bob is the current Chairman of the Scottish Environment Protection Agency. He also chairs the Commission for Communications Regulation's Independent Oversight Body, which will oversee the implementation and operation of an enhanced Regulatory Governance Model in Ireland by Eir. Bob is an advisor to a number of small technology businesses, including Kube Networks. Formerly, he was a senior executive with BT Group.

Tenure 5 years

Membership



P People Committee

C Content Board

E Election Committee

R Risk and Audit Committee



Will Harding

Non-Executive Board Member, and Risk and Audit Committee Member

Appointed to the Ofcom Board on 3 October 2022

Will has almost 30 years' experience in the media industry. He spent five years at BBC Worldwide, then helped to launch ask.com in the UK before becoming Commercial and Operations Director of Sky's new media business. He joined GCap Media plc in 2006 as Group Strategy Director and later became Chief Strategy Officer and Board Member at Global Media & Entertainment Ltd, where he established the Global Academy, a state school for young people from all backgrounds wanting to start a career in the creative industries. Will stood down from the Global board in December 2020. He is a Non-Executive Director of Primedia, the leading Africa-focused media and advertising group, and a Trustee of the Baker Dearing Educational Trust.

Tenure <1 year

Membership

R



David Jones

Non-Executive Board Member (Board Member for Wales), Risk and Audit Committee Member, and People Committee Member

Appointed to the Ofcom Board on 8 April 2019

David is a technology and cyber security expert with vast experience in the fields of regulation and public sector governance. He spent a decade as Chief Technology Officer for a European airline and large leisure group then founded and grew a successful travel software business, which he later sold. David then spent a decade as an angel investor, consultant and mentor to several tech businesses. He regularly lectures on cyber security for institutions and was the joint founder of the cyber security software business Enclave. He is a Non-Executive Director for Ofwat. Aside from cyber security, his areas of specialism are the strategic impact of technology across the wider economy, including the public and private sectors.

Tenure 4 years

Membership

P

R



Ben Verwaayen

Non-Executive Board Member, and Chair of the People Committee

Appointed to the Ofcom Board on 1 January 2016, Re-appointed on 1 January 2020

Ben is currently a General Partner at investment fund Keen Venture Partners and holds various Board positions, including at Akamai in the US and Renewi Ltd, a major player in the circular economy in BeNeLux and the UK. He is a former Chief Executive of BT, KPN in the Netherlands, and Alcatel Lucent. He has also served as Chairman of Endemol, as a Board Member of AkzoNobel in the Netherlands and of the mobile operator Bharti Airtel in India.

Tenure 7 years

Membership

P

P People Committee

C Content Board

E Election Committee

R Risk and Audit Committee

Executive board members



Tenure 3 years

Dame Melanie Dawes

Executive Board Member and Chief Executive

Appointed to the Ofcom Board on March 2020

Prior to joining Ofcom, Melanie was the Permanent Secretary at the Ministry of Housing, Communities and Local Government. She has held a range of senior roles across the Civil Service, working in partnership across public and private sectors. She started her career as an economist and spent 15 years at the Treasury, including as Europe Director between 2002 and 2006. She was Director General of the Economic and Domestic Affairs Secretariat at the Cabinet Office between 2011 and 2015. Before that she served on the Board of HMRC and as a Commissioner. Melanie has held various non-executive roles including with the consumer body Which? and is a trustee of the Patchwork Foundation, which helps under-represented young people engage in democracy.



Tenure 3 years

Kevin Bakhurst

Executive Board Member, and Group Director for Broadcasting and Media

Appointed to the Ofcom Board in April 2020

Kevin joined Ofcom in October 2016 and is Group Director for Broadcasting and Media, overseeing our broadcast and media regulation and policy. From 2018-23, Kevin led the strategic planning and recruitment of Ofcom's Online Safety team. Prior to joining Ofcom, Kevin was Managing Director, News and Current Affairs, Deputy Director General, and then Acting Director General with Ireland's national broadcaster, RTÉ. After graduating from Cambridge University, Kevin worked at Price Waterhouse before joining the BBC as a researcher in 1989. He went on to edit the Ten O'Clock News, becoming Deputy Head of the BBC Newsroom and Controller of the BBC News channel and BBC News at One. Outside work, Kevin was a Magistrate from 2000 until 2006. Kevin resigned from the Ofcom Board on 19 April 2023.



Tenure 3 years

Lindsey Fussell

Executive Board Member, and Group Director for Networks and Communications

Appointed to the Ofcom Board in December 2020

Lindsey Fussell joined Ofcom in 2016 and is Group Director for Networks and Communications, leading Ofcom's work in the telecoms, post and network sectors. Before joining Ofcom, Lindsey held a range of senior leadership roles in the Civil Service. She was Public Services Director at HM Treasury, where she led on devolution, education and culture, defence and criminal justice, and was responsible for delivering important aspects of the 2013 and 2015 Spending Reviews. Lindsey is also a lay member of York University's governing Council.

Members who left during the year



Graham Mather, CBE

Non-Executive Board Member, and People Committee Member

Appointed to the Ofcom Board on 1 June 2014; Re-appointed on 1 June 2018.
Term ended on 28 February 2023.

Graham was a member of Ofcom's Consumer Panel from 2004 to 2008. He served as a member of the Monopolies and Mergers Commission and, between 2000 and 2012, was a member of the Competition Appeal Tribunal, the body that deals with appeals from UK regulators. Graham is currently the President of the European Policy Forum, Infrastructure Forum and Regulation Forum. He was appointed CBE for services to economic regulation, competition and infrastructure development and served as a member of the Board of the Office of Rail and Road from 2016 to 2021.

Tenure 8 years

Membership

P

P People Committee

C Content Board

E Election Committee

R Risk and Audit Committee

Governance at a glance

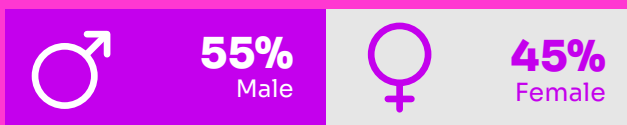
Board Committees



The Policy and Management Board (PMB) has been set up to act as the executive committee for the management of the organisation and the performance of its regulatory functions. It is chaired by the CEO.

Diversity of the Ofcom board

Gender



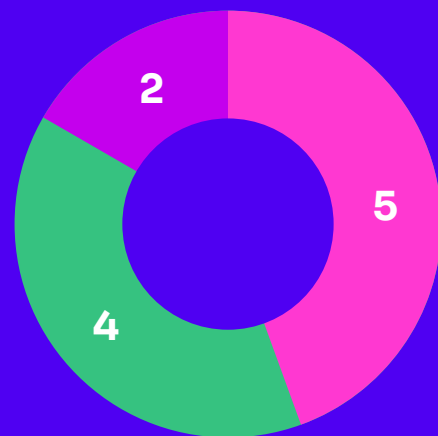
Ethnicity



Disability



Tenure in role



■ Under 3 years
 ■ 3-5 years
 ■ 5+ years

Attendance at the Board during the 2022/23 Financial Year

	Ofcom Board
Number of meetings	10
Michael Grade CBE	9 (out of 9)
Maggie Carver CBE	10
Karen Baxter	10
Dr Angela Dean	10
Bob Downes	10
Will Harding	5 (out of 5)
Graham Mather CBE	9 (out of 9)
Ben Verwaayen	9
David Jones	10
Dame Melanie Dawes DCB	10
Kevin Bakhurst	10
Lindsey Fussell	10

Michael Grade joined the Board on 1 May 2022. Will Harding joined on 3 October 2022. Graham Mather's term ended on 28 February 2023.

Management Information

The Board and Board Committees are provided with regular management information to enable them to review Ofcom's performance and capability. This includes regular performance and finance reports, review of delivery against Ofcom's Budget and Plan, review on the delivery of Ofcom's Strategy and Plan of Work, the strategic risk register, status on the Board/ Board Committee effectiveness review outcomes and other corporate data.

The Board had ten scheduled meetings during the year. The scheduled meetings were held each month, except for August and January. The Board also undertakes a Strategy Session in October of each year, where medium to long-term strategy is examined and discussions take place on strategic and material issues. The Board papers relevant to the agenda of each Board and Board Committee meeting are distributed to Board and Committee Members, as appropriate, approximately one week in advance of the meeting via a secure digital portal.






Board Administration

The administration of the Board is the responsibility of the Corporation Secretary, who maintains and keeps up to date the main procedures and policies of the Board, corporate records and the terms of reference of our Board Committees and Matters Reserved for the Board. The Corporation Secretary also maintains and keeps under review Ofcom's Corporate Governance Framework (including the Delegations of Authority and Board Committee terms of reference) and, in consultation with the Finance Director, the Financial Authorities Framework.

Our board activities

The core activities of the Board and the Board Committees are recorded and planned through our work programme and forward agendas. The Board's annual agenda follows the strategic priority areas agreed in our annual Plan of Work plus the additional areas required to meet Board's main responsibilities.

The following chart shows how the Board allocated its agenda during the reporting period.

	Corporate governance	14.6%
	Regulatory, finance, risk and legal	13.1%
	Getting everyone connected	12.6%
	Supporting and Developing UK Media	14.6%
	Establishing Regulation of Online Safety	14.6%
	Fairness for customers	6%
	Investment in strong, secure networks	6.5%
	Serving and Protecting Audiences	3%
	Enabling Wireless Services in the Broader Economy	4.5%
	Strengthening Ofcom for the future	10.5%

Examples of some of the agenda items and activities undertaken by the Board in each of these areas during the reporting period are outlined below:

Examples of some of the activities undertaken by the board

Corporate Governance

▪ Reviewed and updated our Corporate Governance Framework, including the Code of Conduct for Board Members	March
▪ Approved Ofcom's three-year business plan	June, December
▪ Reviewed delivery against the Plan of Work; and	November
▪ Approved 2023/34 Plan of Work	March
▪ Evaluated the effectiveness of the Board, Committees, our Board Members and the Chair; and	March
▪ Reviewed progress against actions of previous evaluation	July
▪ Approved the process for and initial response to the Public Bodies Review	September, February
▪ Approved/recommended non-executive appointments to the Ofcom Board, Ofcom's Panels and Committees and the Content Board	April, June, September, November, February

Regulatory, Finance, Risk & Legal

▪ Reviewed Ofcom's Strategic Risks	June, December, March
▪ Reviewed and approved Ofcom's : - Risk Appetite Statements - Business Continuity Management; and - Organisational Resilience Policy and Risk Management Policy, including assurance on the system of internal controls	March September December
▪ Approved Ofcom's: - Budget 2023/24; - Annual Report and financial statements; and - Financial Authorities Framework	March June December
▪ Reviewed Ofcom's annual health and safety report	October
▪ Reviewed Ofcom's litigation position	April
▪ Reviewed the scope and impact of regulation on industry sectors	February

Getting Everyone Connected

▪ Published annual Online Nation report on use of the internet and the service of providers	May
▪ Reviewed Ofcom's: - Strategic approach to regulating postal services over the next five years; and - Developments in the postal market	June December, February
▪ Approved Ofcom's strategic approach to ensure effective competition in digital communications markets including Cloud and net neutrality	June
▪ Reviewed Ofcom's international strategy and priorities for international engagement	July
▪ Reviewed Ofcom's approach to promoting online media literacy	September

Supporting and Developing UK Media

▪ Reviewed: - The future of BBC regulation; - The BBC programme of work and annual report; and - The BBC Operating Licence	April October March
▪ Reviewed market performance of main broadcasting and telecoms stakeholders	May
▪ Monitoring progress of Broadcasting White Paper and Media Bill	May
▪ Reviewed preparations for introductions of regulations on HFSS advertising	May
▪ Reviewed platforms' response to live streaming of mass shooting in Buffalo	July
▪ Reviewed rules on TV advertising	March

Examples of some of the activities undertaken by the board

Establishing regulation of online safety

<ul style="list-style-type: none"> ▪ Approved: <ul style="list-style-type: none"> – ‘Roadmap to Regulation’ and Ofcom’s strategy for initial years of the Online Safety regime; and – Approach to evaluation 	<p>June</p> <p>December</p>
<ul style="list-style-type: none"> ▪ Reviewed organisational and operational preparedness for the Online Safety regime 	October, February
<ul style="list-style-type: none"> ▪ Reviewed progress following the first year of the Video-Sharing Platform regime and revised strategic priorities for Year 2 	September
<ul style="list-style-type: none"> ▪ Reviewed the approach to the Phase 1 online safety consultation, including planned governance processes and timelines for publication 	November
<ul style="list-style-type: none"> ▪ Monitored progress with the Online Safety Bill, including the timetable, proposed amendments and any associated risks 	December

Fairness for customers

<ul style="list-style-type: none"> ▪ Reviewed Ofcom’s approach to consumer protection 	April
<ul style="list-style-type: none"> ▪ Reviewed actions of the Enforcement Team 	May, December
<ul style="list-style-type: none"> ▪ Reviewed the impact of cost-of-living increases on Ofcom’s regulated sectors and consumers 	September
<ul style="list-style-type: none"> ▪ Received updates on the work of the Communications Consumer Panel/ACOD 	September
<ul style="list-style-type: none"> ▪ Reviewed activity of the Digital Regulation Cooperation Forum and proposals for the 2023/24 DRCF work programme 	March

Investment in strong, secure networks

<ul style="list-style-type: none"> ▪ Reviewed broadcast incidents at the Bilsdale transmitter and in the Red Bee Media Centre 	April
<ul style="list-style-type: none"> ▪ Reviewed developments in fixed telecoms markets, including scenario planning 	May, December
<ul style="list-style-type: none"> ▪ Reviewed the Openreach Equinox 2 FTTP Pricing Offer and Ofcom’s strategy to promote investment in networks 	February

Serving and protecting audiences

<ul style="list-style-type: none"> ▪ Received regular reports on activities of the Content Board; and 	April, July, February
<ul style="list-style-type: none"> ▪ Approved the Content Board work programme 	February

Enabling wireless services in the broader economy

<ul style="list-style-type: none"> ▪ Reviewed conclusions to consultations on Ofcom’s approach to mobile markets and the future demand for mobile 	November
<ul style="list-style-type: none"> ▪ Reviewed preparations for the World Radio Conference 	November
<ul style="list-style-type: none"> ▪ Reviewed proposals for enabling use of millimetre wave bands for 5G 	December

Strengthening Ofcom for the future

<ul style="list-style-type: none"> ▪ Reviewed Ofcom’s Communications Strategy 	July
<ul style="list-style-type: none"> ▪ Reviewed Ofcom’s workplace strategy; and 	July, October
<ul style="list-style-type: none"> ▪ Approved a new lease for premises in Edinburgh 	October
<ul style="list-style-type: none"> ▪ Reviewed progress with Ofcom’s Diversity and Inclusion Strategy 	July
<ul style="list-style-type: none"> ▪ Reviewed findings of the Ofcom Colleague Survey 	September
<ul style="list-style-type: none"> ▪ Approved One Ofcom programme priorities for 2023/24 	February

Keeping the Board informed

Ofcom is firmly committed to the ongoing development of its Board Members and we recognise the need to continually evolve their knowledge to enable them to effectively fulfil their duties. All newly appointed Board Members are provided with a comprehensive and bespoke induction programme upon joining Ofcom. The induction also includes Members' duties and Board procedures, internal control processes, strategy and planning, measures used to monitor performance, the Risk Management Policy and the Internal and External Audit.

In addition, presentations and interactive workshops on different aspects of Ofcom's Plan of Work are regularly made to the Board, facilitated by Ofcom colleagues with professional advisers and/or external stakeholders, throughout the course of each year.

Board Performance and Effectiveness Review

Each year, the Board conducts an effectiveness review to evaluate the performance of the Board and Board Committees. As an externally facilitated review was undertaken in the 2021/22 year and there were significant changes to Board membership, including the appointment of Michael Grade as Chair, the 2022/23 review was internally facilitated.

The Board considered the outcomes of the review and its recommendations at its March 2023 Board meeting and agreed key areas of priority and focus for the 2023/24 financial year. The review concluded that Ofcom's governance arrangements continue to work well.

Encouragement of open discussion, balanced contributions and constructive challenge, Board relationships, and quality of support from the organisation were all highly rated. The review highlighted an improvement in a number of the areas of focus identified in the 2021/22 review, specifically in relation to Board dynamics, monitoring employee sentiment / culture and oversight of risk.

The Board noted that increasing its understanding of, and expertise in, online safety remains a key priority for the Board, notwithstanding the regular and helpful briefings from the executive in this area reflecting the challenge of the task and that there are no non-executive members currently with online safety expertise.

Further areas for focus identified through the review included:

- Board agendas and meeting support: agenda time to be focused on discussion of the most critical items, assisted by shorter and more concise papers and presentations.
- Board composition: as identified in 2021/22, the Board would benefit from greater diversity to strengthen its level of support and challenge. Since the Board does not appoint its members, it can seek to influence its composition but cannot control it, or the timing of appointments.
- Nation specific items: more time to be spent focusing on Nation specific items, reflecting the scope of Ofcom's remit.
- People Committee: the Committee continues to settle into its revised remit and there needs to be sufficient time for the Committee to provide input at the most appropriate time.

A series of actions responding to the focus areas have been agreed with the Chair and status updates will be reviewed periodically by the Board.

Conflicts of Interest

It is essential that Ofcom maintains a reputation for impartiality, integrity and high professional standards in all that it does. Ofcom is subject to the Code of Conduct for Board Members of Public Bodies and, in support of this, Ofcom has established a Code of Conduct for Board Members that contains provisions regarding Members' interests.

Ofcom manages, sensibly and appropriately, potential conflicts of interest that Board Members may have, or that may arise from time to time, to ensure that the actions of Members do not bring into question Ofcom's impartiality and objectivity. Members must also ensure that their conduct accords with the 'Seven Principles of Public Life'.

Ofcom maintains a register of Members' interests which is updated annually. This ensures that Ofcom has a current record of Members' interests and relevant information is published on Ofcom's website. Between annual declarations, Members are required to notify the Corporation Secretary when their interests change, so that the Register can be amended accordingly and, where necessary, any potential conflicts can be raised with the Chair and/or the full Ofcom Board.

Board Committees and Statutory Boards

In the exercising of Ofcom's duties under the relevant legislation, the Board delegates certain responsibilities to the Executive within Ofcom and certain responsibilities to Board Committees, in accordance with clearly defined authorities and terms of reference.

Ofcom also has a number of other bodies with a governance or advisory role to the Board. The activities and main functions of these committees and bodies are described on pages 87-89.

Risk and Audit Committee

The membership of the Risk and Audit Committee changed during the year. During the third quarter of the year Karen Baxter and Will Harding joined the Committee and Maggie Carver stood down. The membership is comprised of the following Non-Executive Members of the Board: Angela Dean (Chair), Karen Baxter, David Jones and Will Harding. The Chair of the Ofcom Board, the Chief Executive, the Chief Operating Officer, the Finance Director, the Financial Controller, the Head of Risk Management & Insurance and the Head of Governance are invited to attend Committee meetings, as are the Internal and External Auditors.

The role and responsibilities of the Risk and Audit Committee, together with the Committee's activities during the reporting period, are set out in the Report of the Chair of the Risk and Audit Committee on pages 94-98.



The People Committee

The People Committee is made up of Non-Executive Members of the Ofcom Board. The principal purpose of the People Committee is to provide an early, long-term and strategic perspective on Ofcom's People and Workforce related areas and to periodically evaluate (in consultation with the Chief Executive) and challenge (where considered appropriate), the progress of Ofcom's People and Transformation Strategy. The Committee seeks assurance from Ofcom Management that there are effective measures and plans in place for talent management, talent development and succession planning, performance management, culture and values and colleague engagement and other people-related areas to support Ofcom's performance, skills and expertise.

The People Committee also sets the over-arching principles and parameters of performance and the remuneration policy across Ofcom and considers and approves individual terms and conditions of service, including the remuneration arrangements of the Chief Executive, the Senior Management Team and other "key" colleagues. The Committee also oversees the process on appointments of Executive Board Members and other Group Directors of the Senior Management Team and approves the succession plans for the Ofcom Board, the Senior Management Team and critical colleagues. The People Committee met four times during 2022/23.

The Election Committee

Section 333 of the Communications Act 2003 requires Ofcom to ensure that party political broadcasts, (including party election broadcasts) and referendum campaign broadcasts are included in every licensed public service television channel, every local digital television programme service, every national (i.e. UK-wide, commercial) analogue radio service, and their digital simulcast services.

Unresolved disputes between any licensee and any political party, concerning the length, frequency, allocation or scheduling of broadcasts are brought to Ofcom for resolution. The Ofcom Board has delegated the adjudication on such disputes to the Election Committee. The Election Committee also has delegated authority to make decisions on complaints in relation to the standards set by Ofcom about due impartiality in programmes broadcast during an election or referendum period.

The Committee consists of up to five members. The Chair of the Election Committee is appointed by the Ofcom Board. The current Interim Chair is Maggie Carver, Deputy Chair of the Ofcom Board and Chair of the Content Board. The remaining members are selected from the Content Board and/or Ofcom colleagues, as decided by the Chair of the Committee, with a quorum of three members (two of which need to be Content Board Members).

The Content Board

The Content Board is set up under Section 12(1) of the Communications Act 2003. The Content Board fulfils an advisory role for the Ofcom Board on content-related aspects of decisions or matters reserved for the Board.

During 2022/23 the Content Board continued its work to understand, analyse and champion the voices and interests of the viewer, the listener and citizen. It examined issues where the citizen interest extended beyond the consumer interest, including a focus on the public interest. Members considered and provided input to Ofcom's policy development at its formal meetings, sometimes in subgroups or individually. In addition, Members continued to assist Ofcom to set and enforce quality and standards for television and radio. The Content Board also performed an advisory role in relation to online safety.

The Board is made up of the following Non-Executive Members: Maggie Carver (Chair), Dekan Apajee, Jonathan Baker, Rachel Coldicutt, Maggie Cunningham, Bob Downes, Peter Horrocks, Tobin Ireland, Maria McCann, Ruth McElroy, Stephen Nuttall, Monisha Shah and Kim Shillinglaw and Executive Members: Kevin Bakhurst and Ali Marsden.

The Board met five times in 2022/23

The Advisory Committees for the Nations

Section 20 of the Communications Act 2003 requires Ofcom to establish Advisory Committees for each of the UK nations. The function of each Committee is to provide advice to Ofcom about the interests and opinions, in relation to communications and postal matters, of people living in parts of the UK for which the Committee has been established. In addition to the appointed Members of the Advisory Committees, the Ofcom Board Member, the Content Board Member and the Communications Consumer Panel (CCP) Member for the respective nations attend the Advisory Committee meetings as observers.

The role of the National Advisory Committees, together with those of the Nations' Members of the Content Board and the Communications Consumer Panel is immensely valuable in helping Ofcom take into account specific issues in the devolved nations of the UK in our policy formulation and implementation.

The Advisory Committees each met four times in 2022/23. Information on the areas of focus for each of the Advisory Committees during the year can be found on the Ofcom website at <https://www.ofcom.org.uk/about-ofcom/how-ofcom-is-run/committees>.

At the end of the reporting period the Advisory Committee Members and observers were:

Advisory Committee for England

Members: Paula Carter (Chair), Aaqil Ahmed, Caroline Gardner, Matthew Littleford, Alan Nunn and Mark Smith.

Observers: Angela Dean (Ofcom Board), Monisha Shah (Content Board) and Richard Spencer (CCP).

Advisory Committee for Northern Ireland (recruitment is currently underway for an additional Member)

Members: Carrie Matchett (Chair), John Ellison, Alan Meban, Aodhan O'Donnell, Colm Murphy, and Michael Wilson.

Observers: Karen Baxter (Ofcom Board), Maria McCann (Content Board) and Rick Hill (CCP).

Advisory Committee for Scotland

Members: Elizabeth Partyka (Chair), Gerry Crawley, Ashe Hussein, Jessica McBeath, Stephen Speirs and Polly Tolley.

Observers: Bob Downes (Ofcom Board), Maggie Cunningham (Content Board) and Amanda Britain (CCP).

Advisory Committee for Wales

Members: Hywel Wiliam (Chair), Robert Andrews, Tom Crick, Aled Eirug and Angharad Evans.

Observers: David Jones (Ofcom Board), Ruth McElroy (Content Board) and Dr Sian Phipps (CCP).

The Communications Consumer Panel and the Advisory Committee on Older and Disabled People

Section 16 of the Communications Act 2003 requires Ofcom to establish a Consumer Panel. The Communications Consumer Panel (CCP) represents the interest of consumers, citizens and microbusinesses in communications. It provides advice that is robust and independent but, at the same time, pragmatic and constructive. Ofcom shares information and ideas with the CCP at the early stages of policy development, allowing us to provide advice to ensure that the consumer voice is taken into account from the outset.

The Advisory Committee on Older and Disabled People (ACOD) advises Ofcom about communications sector issues relating to older and disabled people.

To take advantage of the synergy between the CCP and ACOD, and to avoid potential duplication, cross membership of the two bodies was established in 2012. The remits of the bodies, however, remain unchanged.

Independent of Ofcom, the CCP consists of up to twelve experts, including representatives from Scotland, Wales, Northern Ireland and England, with experience in many different fields. Further information can be found at www.communicationsconsumerpanel.org.uk. The current Members of the Communications Consumer Panel and ACOD are Rick Hill (Chair and Member for Northern Ireland), Kay Allen, Amanda Britain (Member for Scotland), Helen Froud, Clifford Harkness, Dr Sian Phipps (Member for Wales), Richard Spencer (Member for England), Michael Wardlow and Rick Williams. We are in the process of appointing additional Members to the Panel and ACOD.

The Communications Consumer Panel and ACOD met formally eleven times in 2022/23. The Panel and ACOD continued their work to strengthen the voices of consumers, citizens and microbusinesses in communications. Focusing on their strategic priorities of universal availability of communications services as a right for all; excellent standards of service and of customer service; and listening to the consumer voice, the Panel has delivered a wide-ranging programme of expert policy advice, research inputs and extensive stakeholder engagement across the UK.

Key interventions have included wide ranging engagement with Ofcom and consumer bodies on the affordability of communications services, working closely with Ofcom, DCMS and industry on the VOIP switchover programme; advising Ofcom and industry on the implications for consumers of 3G switch-off; and engagement with Royal Mail to ensure its stamp swap scheme was inclusive and met consumers' needs.

The Ofcom Spectrum Advisory Board

The Ofcom Spectrum Advisory Board (OSAB) was established in 2004 to provide independent advice to Ofcom on strategic spectrum management issues.

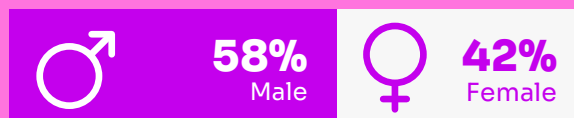
Further information can be found on the Ofcom website at: <https://www.ofcom.org.uk/about-ofcom/how-ofcom-is-run/committees/ofcom-spectrum-advisory-board>

The Members of OSAB are Gavin Young (Chair), Greg Bensberg, Wassim Chourbaji, Professor Mischa Dohler, Peter Hadinger, Alastair Macpherson, David Meyer, Niall Murphy, Robert Pepper, Peter Pitsch, Ros Singleton, Holly Creek (DCMS) (ex-officio Member) and Cristina Data (ex officio Member).

OSAB met four times in 2022/23.

Diversity of the Non-executive population

The diversity of our wider Non-executive population across the Content Board, National Advisory Committees and the Communications Consumer Panel/ACOD at the end of the reporting period was as follows:

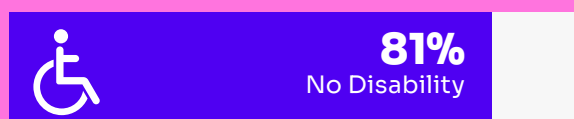


Ethnicity



12% Minority Ethnic

Disability



19% Disability Declared

Policy and Management Board

The Policy and Management Board (PMB) has been set up to act as the executive committee for the management of the organisation and the performance of its regulatory functions.

The PMB is chaired by the CEO and made up of Group Directors, the People & Transformation Director and the Finance Director. The Corporation Secretary attends and other senior executives attend by invitation. The Policy and Management Board met ten times in 2022/23.

At the end of the reporting period the membership of PMB was as follows:

Name	Role
Dame Melanie Dawes DCB	Chief Executive
Luisa Affuso	Chief Economist, Group Director Economics
Kevin Bakhurst ⁹	Group Director, Broadcasting and Media
Martin Ballantyne	General Counsel, Group Director Legal
Lindsey Fussell	Group Director, Networks and Communications
Aneen Blackmore	Finance Director
Kerri-Ann O'Neill	People and Transformation Director
Melissa Tatton CBE	Chief Operating Officer, Group Director Corporate
Sachin Jogia	Chief Technology Officer, Group Director Technology, Data and Innovation
Yih-Choung Teh	Group Director, Strategy and Research
David Willis	Group Director, Spectrum
Former PMB Members	
Helen Hearn (to September 2022)	Interim Group Director, Spectrum

Gill Whitehead started a period of induction from February 2023 and took up her role as Group Director, Online Safety on 1st April 2023, joining PMB and SMT.

Our Senior Management Team

Our Senior Management Team fulfils a wider day-to-day leadership role across Ofcom and consists of all Group Directors, our Public Policy Director, our People & Transformation Director and our Communications Director.

Diversity of Policy and Management Board

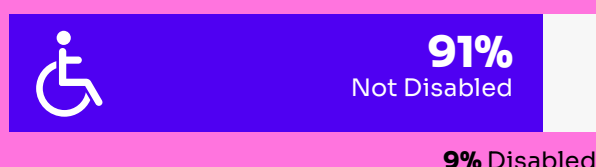
Gender



Ethnicity



Disability



9. Kevin Bakhurst resigned from Ofcom, and left PMB and the Ofcom Content Board on 19 April 2023

Accountability

Under the Office of Communications Act 2002, the Board is required to prepare a Statement of Accounts for each financial year. This conforms to the Accounts Direction issued by the Secretary of State for Department of Culture, Media and Sport. The Board is also responsible for sending a copy of the Statement of Accounts to the Comptroller and Auditor General. The Statement of Accounts is prepared, as far as applicable, in accordance with the Companies Act 2006 and the International Financial Reporting Standards (IFRS) as well as the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), and on an accruals basis. It must give a true and fair view of the state of affairs of Ofcom as at the end of the financial year and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In addition, Ofcom's Annual Report and Accounts is sent to the DCMS which lays copies of it before both Houses of Parliament and in Scotland, Wales and Northern Ireland. The Board is responsible for ensuring that proper records are maintained, which disclose accurately, at any time, the financial position of Ofcom, and enable it to ensure that the Statement of Accounts complies with the Communications Act 2003. In addition, the Board is responsible for safeguarding Ofcom's assets and therefore for taking reasonable steps for the prevention and detection of fraud and other irregularities.

How Ofcom manages the public funds we receive, and our relationship with DCMS in this regard, is set out in the Framework Document.

The Board confirms that in preparing this Statement of Accounts it has observed the relevant accounting and disclosure requirements, applied suitable accounting policies on a consistent basis, made judgements and estimates on a reasonable basis, followed applicable accounting standards and prepared the Statement of Accounts on a going concern basis.

Transparency

Ofcom continues to review our publication scheme and to make a wide range of information readily accessible on our website. Wherever possible, Ofcom makes the data we collect and create available to the public following open data principles. Ofcom's open data is available in one public portal on our website and on the data.gov.uk portal, alongside datasets from all central Government departments and many other public sector bodies and local authorities.

During 2022/23, Ofcom responded to 395 requests (431 requests in 2021/22) for information under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Where we held relevant information, we provided all, or part of the information requested in 84% of cases. Information is only withheld if it is exempt from disclosure under legislation.

During 2022/23, Ofcom also received 62 Subject Access Requests under the Data Protection Act 2018 (31 requests in 2021/22). Where we held relevant information, we provided this.

Engagement

Ofcom aims to take into account the views of a wide range of interested parties when making policy decisions. In addition to engaging with the CCP/ACOD, the Content Board and the National Advisory Committees, we also engage with other national regulatory authorities (including via participation in the UK Regulators' Network), European Institutions and global bodies. This also ensures that decisions taken in international fora are practical, proportionate and reflect the interests of citizens and consumers in the UK.

Consultation also plays an important role in Ofcom's decision making. It allows those who could be affected by or concerned about a particular issue to give us their views before we decide on a particular course of action.

Consequently, Ofcom consults publicly on all our major strategic priorities before making decisions. Details about Ofcom's method of consultation, and the consultations that took place during 2022/23, are set out in Ofcom's Regulatory Principle's section on pages 56–58 in the Performance Report.

Physical and personal security arrangements

The current threat level set by the Joint Terrorism Analysis Centre (JTAC) and MI5 for terrorism in Great Britain and in Northern Ireland is substantial (an attack is likely). The Ofcom Board risk appetite statement for Health & Safety and Physical Security is set as “Minimal”. Threat assessments to ISO27001 standards are a continual occurrence using external consultancy and internal audit. This maintains a consistent and stable approach to physical security management.

Major incident/disaster recovery/business continuity planning

The Pandemic allowed Ofcom to test its Business Continuity Plans (BCP) in a live situation and the plans proved to be robust. A fully remote approach to working was adopted, in line with Government guidance and Ofcom continued to operate effectively. During the 2022/23 year we continued our programme of BCP testing and created a Major Incident Checklist for all Group Directors to further enhance our resilience.

Information Security

The management of Information/Cyber security risk is an ongoing process that is aligned to the Ofcom Board’s risk appetite of “Averse/Minimal”. Protecting Ofcom’s information systems against internal and external risks continues to be a priority. Attempts by external parties to breach Ofcom security continue, but these have been successfully dealt with, as a result of the security controls in place. The new responsibilities for online safety, video-sharing platforms and in relation to network security, could attract interest from nation states and hacktivists who would like to bring about social, political or ideological change and we continue to improve monitoring to detect potential attacks or vulnerabilities. Testing has included the use of simulated phishing attacks to improve user awareness and technical penetration testing against the Information and Communication Technology (ICT) and physical infrastructure. A nation state could infiltrate our systems and we have, therefore, increased our focus on testing and improving our ability to recover should such an attack occur. We have retained our certification to the international standard for information security management (ISO27001).

We investigated 48 breaches of data protection during the year, one was reportable to the Information Commissioner’s Office (ICO) although no further action was taken by the ICO. In May 2023 a third-party file transfer service used by Ofcom, MOVEit, suffered a widescale cyber-attack. Some Ofcom data, including some personal data, was on their server at the time it was attacked which resulted in breach of both external stakeholder data and colleague data accessed. Ofcom’s internal systems were not compromised during the attack. The breach was reported to the ICO.

Whistleblowing policy and hotline

Our whistleblowing policy is reviewed annually to ensure it remains fit for purpose and aligned with best practice guidance. We have designated Whistleblowing Officers but also use an externally hosted and administered whistleblowing hotline that allows colleagues to make anonymous disclosures.

Public interest disclosure

The Public Interest Disclosure Act 1998 gives legal protection to employees against being dismissed or penalised by their employers as a result of disclosing information which is considered to be in the public interest. Ofcom is a ‘prescribed person’ as defined under the Public Interest Disclosure (Prescribed Persons) Order 2014. As such, individuals working outside Ofcom, but in the communications sector, may contact Ofcom if they have concerns about possible wrongdoing at their own organisation. During 2022/23 Ofcom received 38 disclosures under the Public Interest Disclosure Act 1998.



Statement of Accounting Officer's Responsibilities

The accounts are prepared on an accruals basis and give a true and fair view of the state of affairs of the organisation and of its income and expenditure, Statement of Financial Position and cash flows for the financial year.

In preparing the accounts, as the principal Accounting Officer, I am required:

- to observe the Accounts Direction issued by the Secretary of State for the Department of Culture, Media and Sport, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- to make judgements and estimates on a reasonable basis;
- to state whether applicable accounting standards have been followed, and disclose and explain any material departures in the accounts;
- to prepare the accounts on a going concern basis; and
- to confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

The Secretary of State for Department of Culture Media and Sport has designated the Chief Executive as Ofcom's Accounting Officer.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding Ofcom's assets, are set out in Managing Public Money published by HM Treasury.

I take personal responsibility for the annual report and accounts and confirm that they are as a whole, fair, balanced and understandable, as are any judgements used to determine this view.

As the Accounting Officer, I have taken all the necessary steps to make myself aware of any relevant audit information and to establish that Ofcom's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware.

"I am confident that Ofcom will continue to operate as a viable, successful and well-governed organisation."



Dame Melanie Dawes DCB
Chief Executive and Accounting Officer

03 July 2023

The report of the Chair of the Risk and Audit Committee

The Committee has maintained its focus in 2022/23 on our risk reporting, particularly on the organisation's strategic risks. We have verified that our risk targets are appropriately scored, and align with our risk appetite, and we have evaluated the associated mitigations and actions. This ensures that Ofcom continues to be resilient with proportionate and effective controls. We have also sharpened our focus this year on Ofcom's performance against its budget and on budget drafting.

Attendance of Members during 2022/23

The Committee met five times in 2022/23. The Members of the Committee during 2022/23 and their attendance is set out below:

Number of meetings	5
Angela Dean (Chair)	5
Karen Baxter (from December 2022)	2
Maggie Carver (until November 2022)	3
Will Harding	2
David Jones	5

All Members were in attendance for the meetings held whilst they were a Member of the Committee.

Overview

On behalf of the Board, I am pleased to provide an overview of the operation and scope of the Risk and Audit Committee for the financial period ended 31 March 2023.

The Committee has responsibility, on behalf of the Ofcom Board, for oversight of the appropriateness and effectiveness of Ofcom's risk management, risk governance, internal systems and controls and financial statements. The Committee also maintains the relationship with the National Audit Office (NAO), Ofcom's external auditors, including a review of its fees and the scope of its audit of Ofcom's financial statements. This covers their assessment of the risks of material misstatement and material irregularity, its independence, resources and the effectiveness of the audit process. The Committee also works with Ofcom's internal audit provider to establish an Annual Plan for the audit of specific areas of Ofcom, and then monitors the progress and outcomes of those reviews.

The four Non-Executive Members of the Committee are independent and are considered to have the relevant skills and experience at a senior level. More than one Member of the Committee has recent and relevant financial experience and the Committee as a whole has competence relevant to the communications sector in which Ofcom operates. In addition to my experience as a financial analyst, I was Chair of the Audit & Risk Committee of the National Lottery Heritage Fund & National Heritage Memorial Fund and I am a member of the Audit Committees of York Museums Trust and The Postal Museum.

The Committee has private sessions annually with the Finance Director and the Head of Risk Management and Insurance, in addition to the internal audit provider and the NAO. As part of my role as Chair of the Committee, I met regularly with the NAO and the internal audit provider in the reporting period, without Ofcom Management being present. Both the internal audit provider and the NAO have direct access to me in the event that they wish to raise anything which they feel is not appropriate to raise directly with Ofcom Management.

Committee Activities

The Committee operates under formal terms of reference, which are reviewed annually, and which are set out in Ofcom's Corporate Governance Framework. The Committee has been delegated authority by the Board to:

- review and advise the Board on Ofcom's risk appetite to ensure Ofcom has appropriate processes in place to identify the main strategic risks and any changes to the Strategic Risk Register;
- monitor financial reporting, including the accounting and financial reporting process of Ofcom's financial statements;
- ensure the effectiveness of Ofcom's internal control framework and Risk Management Policy and systems, and consider the implications of changes to legislation or regulations;
- review and monitor the whistleblowing, business continuity planning and disaster recovery arrangements, bribery and fraud arrangements and any significant conflicts of interest across Ofcom;
- oversee the appointment of the Internal Auditors, including any proposals for tender, Internal Audit fees, Internal Audit performance, capability and effectiveness; and
- review the External Auditors' independence and agree the nature and scope of the external audit of Ofcom's financial statements.

The work of the Committee follows an agreed annual work programme, with the Committee allocating its time in 2022/23 as follows:

- financial reporting and related matters;
- annual report and accounts;
- governance, including updates to Committee Terms of Reference and the Financial Authorities Framework;
- risk management;
- internal audit;
- external audit;
- cyber, ICT, physical & personal security; and
- other (e.g. litigation, bribery & fraud).

How our approach is informed by the UK Corporate Governance Code

The Committee is committed to discharging its responsibilities with transparency and integrity. In addition to the appointed Members of the Committee, the following have standing invitations to attend Committee meetings:

- Ofcom: Ofcom Chair, Chief Executive, Finance Director, Financial Controller, Head of Risk & Insurance Management, Group Director Corporate
- National Audit Office (NAO): representatives of Ofcom's External Audit Team
- Deloitte: representatives of Ofcom's Internal Auditor

Financial Statements and Accounting Policies

In conjunction with Ofcom Management, the internal audit provider and the NAO, the Committee reviewed the Financial Statements and associated documentation to establish if these were free from material misstatement and prepared in accordance with the applicable financial reporting framework. The Committee also challenged the judgements made by Ofcom Management and the assumptions and estimates on which they were based.

The Committee considered and approved minor changes to accounting policies and discussed in detail with the NAO, Ofcom's approach to revenue recognition and related reporting.

During the year, the Committee considered Ofcom's financial accounting policies and the treatment of various assets in the accounts and the accounting assumptions applied to the results, including the assessment undertaken at the year end.

The Risk & Control Framework and Risk Management

The management of risk is an important part of Ofcom's internal control framework and encompasses both strategic and operational risks within a Risk Management Policy, which is reviewed and approved annually by the Committee and the Chief Executive, as the Accounting Officer. The existing internal control and risk management framework was in place for the reporting year and includes business continuity, financial controls and mechanisms to ensure compliance with laws and regulations. To ensure that our Risk and Control Management Framework is effective and aligned to our requirements, a review of our Risk Management Framework is undertaken periodically.

During 2022/23, the Committee continued to oversee the Strategic Risk Register and challenged changes to risk scores where it thought appropriate. In March 2023 the Committee considered updated Risk Appetite Statements and challenged the Executive to be especially clear on the risk appetite in areas such as cyber security. The Committee subsequently approved the updated Risk Appetite Statements for submission to the Ofcom Board. Ofcom's Strategic Risk Register is reviewed quarterly by the Ofcom Policy and Management Board, the Risk and Audit Committee and Ofcom Board. An oral update on matters considered by the Committee is provided to the next following Ofcom Board meeting. The Committee conducts a deep dive into a specific strategic risk at most meetings.

Strategic Risk Deep Dives undertaken by the Committee in 2022/23

- Horizon Scanning: Future Legal Risks
- Network Security – Telecommunications Security Regime
- Spectrum

Internal Controls

Responsibility for operating and monitoring the internal control system is delegated by the Ofcom Board to specific individuals and committees. The Committee reported to the Board on the effectiveness of Ofcom's internal control systems and encouraged improvements in their effectiveness, where appropriate. A description of the organisation's system of internal control is included in the Corporate Governance Report on page 71.

In 2022/23 the Committee met with the Finance team to test the assumptions and controls behind the budget planning process, to provide assurance to the Board. The Committee also held a separate meeting with the Finance team to look ahead at the financial planning for the next few years. The Committee strengthened its Terms of Reference concerning its responsibility to monitor progress against the agreed budget, and to review the draft budget before submission to the Board. This provides assurance around Ofcom's commitment to offer value for money.

Additionally, assurance is taken from the work carried out by specialist teams across Ofcom, including the Security Committee, the Data Protection Steering Group, the Health, Safety, and Environmental Committee and the Business Continuity Group. A new Policy Framework is being introduced in 2023/24 which will provide further assurance to the Committee. The Committee has also been monitoring an Ofcom-wide programme to strengthen data management and retention processes.

Cyber & Network, Physical, Information and Personal Security

The Committee continued to monitor Ofcom's preparedness against cyber threats and other threats to its secure networks, in particular the Committee sought assurance that Ofcom's risk appetite in respect to cyber security was clear and set appropriately.

The Committee made recommendations in 2021/22 to help strengthen Ofcom's security processes and system. Building on this, during 2022/23 it received regular updates at each meeting on cyber & network, physical, information and personal security to ensure that work continued to be aligned with the requirements of the Information Security standard ISO27001.

Annual Internal Audit Plan and Focus of Reviews in 2022/23

The reviews undertaken as part of the Internal Audits comprised a risk-based programme of work across a range of key control areas, discussed with management and approved by the Committee on a half yearly basis. The Committee received quarterly reports from the internal audit provider on the progress of its audits, final internal audit reports, including Ofcom Management's response to the findings (where appropriate) and the progress made in addressing any issues identified during the audits.

Areas of Internal Audit covered during 2022/23

- Broadcasting complaints management
- Third party contract management
- Payroll
- Video-sharing platforms
- Recruitment
- Business Continuity Management
- Spectrum & Technology: System Security

Other areas of review

Ofcom's Whistleblowing, Anti-Fraud and Bribery Policies are reviewed by the Committee in December of each year.

During 2022/23 the Committee approved a revised Policy combining Ofcom's Anti-Fraud, Bribery and Corruption policies in to one The Whistleblowing policy covers all of the necessary matters required under the Public Interests Disclosure Act 1998. This policy has been communicated to all colleagues who have been reminded that they can raise matters anonymously with Ofcom's whistleblowing hotline provider. There have been no cases of whistleblowing referred or reported since the annual review conducted in November 2021.

The Committee also received reports on Ofcom's Financial Authorities Framework (prior to Board approval being sought on changes to the Framework), Ofcom's accounting policies and data protection act compliance.

Reporting to the Board

As Chair of the Risk and Audit Committee, I provide regular updates to the Board on the main issues discussed at Committee meetings.

The expansion of Ofcom's remit, predominantly relating to powers gained through the Online Safety Bill remained an area of focus throughout the year. The Board sought reassurance on the potential impacts on budgets and revenue collection, noting that there remained uncertainties around the legislation, and ensured that the risks were properly scored in the Strategic Risk Register.

The Board has welcomed that a full review of Ofcom's risk register will be undertaken during the 2023/24 year. The current strategic risk register has served us well over the last three years and promoted high-quality discussions, but a review is timely, particularly in the light of Ofcom's new three-year plan.

As part of a wider review of governance, the Committee reviewed and updated its terms of reference. The changes formalised what happened in practice and aligned the role of the Committee more closely with the UK Corporate Governance Code and Corporate Governance Code for Central Government Bodies. The changes were approved by the Board in March 2023.

Committee Performance and Effectiveness

An internally facilitated review of the Committee's performance and effectiveness was conducted as part of the Board Evaluation Review. The outcome was positive, with no average score below 'good'. The encouragement of open debate and constructive challenge at meetings were highlighted as areas in which the Committee was particularly effective. Making the financial reporting more strategic and transparent, and linking deep dive into key risk areas back to the Strategic Risk Register were identified as areas of focus for the future.



Angela Dean

Chair of the Risk and Audit Committee

Our employees

Ofcom is growing as we take on new duties, and as a result, we are transforming our capabilities for the future.

Many roles are unique to Ofcom in the UK and joining us provides an exciting opportunity to develop new skills and career paths. Our internal change programme, One Ofcom, helps us to coordinate this effectively and make the most of our growth.

We are making progress in building in-house expertise in digital markets, online and emerging technologies and data analytics, as well as advanced techniques such as algorithmic design, machine learning and artificial intelligence. We also want to ensure our people bring a diversity of background and have a strong mix of commercial and industry experience to ensure effective regulation. As part of our wider strategy to become a more diverse organisation, we are recruiting people from across the UK.

We continued to grow our new hub in Manchester, and we are expanding our footprint in Edinburgh, as we prepare for our work on online safety.

As we grow, we are also modernising our People and Finance policies, processes and systems. This makes it easier for people to do their jobs more efficiently, but also provides better organisational data which informs our strategies and supports work to become more agile.

We have now completed a full year of our new performance management approach (which was launched in March 2022), which provides a streamlined management structure, underpinned by individually defined goals which are future focused and based on colleague-led discussions on personal performance and career development. We have provided a comprehensive package of leadership learning for all our performance conversations, for both colleagues and Career and Performance Managers. This will strengthen quality leadership capability and help us attract grow and retain the talent we need to carry out our responsibilities.

Diversity, inclusion and wellbeing

Our five-year diversity and inclusion strategy supports Ofcom to deliver its mission – To make Communications Work for Everyone. To deliver on this, we will increase the diversity of our workforce and we will foster a culture in which everyone feels they are valued and can be themselves at work.

The strategy sets out our plans to create:

- a diverse workforce
- an inclusive culture
- processes, systems and policies that are fair
- colleagues who take personal responsibility for diversity and inclusion
- leaders who are role models
- stronger connections to the communities we serve

Underpinning this vision are our five values of excellence, collaboration, agility, empowerment and respect.

This year, we have made substantial progress. We transformed our approach to recruitment to ensure we maximise the opportunities to diversify our organisation as we grow. We have partnered with an external recruitment company which provides up-to-date information on our diversity recruitment outcomes and supports our hiring managers to consider diversity all the way through the process. As a result, we have met and exceeded our 2026 senior ethnicity target three years ahead of schedule and we are now in the process of revising the target.

In addition to this we have put more focus on our early careers hiring and have new partnerships to reach out to under-represented communities for our work experience, intern and apprenticeship / graduate opportunities.

We aim to foster a culture in which everyone feels they are valued and can be themselves at work. This doesn't mean that we agree all the time. It means we listen to each other, seek and give challenge, and treat each other with professionalism, respect and kindness. We measure inclusion through regular reporting across our diversity and inclusion indices. Our internal inclusion index, which is measured by an external company, went up this year. The results are shared with senior leaders to shape the culture and workplace of Ofcom.

Our policies and working practices are continuously reviewed, and through collaborative working with our colleague diversity networks, we remain committed to ensuring that they are aligned with the values of inclusivity and diversity.

Wellbeing support

We refreshed our popular Thrive@Ofcom wellbeing programme to focus on the importance of taking preventative and proactive measures that support wellbeing at work. This is particularly important as we take on additional duties to regulate online safety. We set up regular reminders on support mechanisms such as our Employee Assistance Service, open 24 hours a day; virtual GP service, available 365 days a year; private medical cover, which provides access to trained counsellors and therapists; and a free Headspace meditation and mindfulness app for all.

We strengthened the inclusiveness of our wellbeing provision for colleagues from under-represented communities. We boosted the number of trained mental health first aiders to 95 employees, as well as 19 trained domestic abuse allies and 9 domestic abuse advisors and continued to provide information and tips on how to manage physical health and mental wellbeing.

Monitoring and reporting

We monitor our policies, practices and processes through data analysis and internal reporting, annual and 'pulse' colleague surveys. We use external diversity and inclusion benchmarking, conduct a regular equal pay audit and publish a pay gap report annually.

In 2022, we were recognised as a Times Top 50 Employer for Women and received a bronze award within the Stonewall Workplace Equality Index and continue to benchmark highly. We are a Disability Confident Level 2 employer and have Carer Confident Accomplished (Level 2) accreditation.

Table A: Diversity targets

	Year one starting position (March 2021)	Closing position at year two (March 2023)	End ambition (March 2026)
Gender at senior levels	44% female	45% female	Balanced
Minority ethnic representation at senior levels	11%	17%	16% (exceeded)
Disabled representation	12%	13%	15%

Base: All colleagues as at end of March 2023. By gender we mean legal sex. Senior levels = Principal and senior managers and specialists (SMS).

Colleague involvement and consultation

Ofcom colleagues play an important role in ensuring that the organisation has a diversity of perspectives in its work and its approach in the workplace. Our regular formal and informal methods for informing and consulting colleagues include:

- the Ofcom Colleague Forum, an information and consultation forum made up of elected representatives of colleagues across Ofcom which meets regularly with senior management at Joint Consultative Group meetings (includes members from Prospect Union)
- colleague surveys, inviting colleagues to share their views anonymously on a wide range of topics and which directly link to our diversity and inclusion strategy. The outcomes of these surveys provide a foundation for our organisational development and work
- our colleague diversity networks, of which we have eight covering a range of issues and communities
- open forums with the Chief Executive and the senior management team
- the Ofcom intranet, which is available to all colleagues in all of Ofcom's offices
- regular group meetings, to speak to and hear from colleagues.

Ofcom recognises Prospect Union as its only trade union.

Employment policies and processes

At Ofcom, we believe that leaders and colleagues should work together to create an inclusive and empowering work environment. To support this, we have fit for purpose policies which make Ofcom an attractive employer. Our people policies and processes are always under review to ensure they are up to date with the requirements of employment law, reflect best practice and our values.

We launched a new connected working framework which set out our localised approach on working together in our offices and for remote working. In addition, we have this year introduced a new career break policy.

Finally, we introduced a Domestic Abuse support policy, with an allyship program to support any colleague facing domestic abuse at home.

Engagement and turnover

We track levels of employee engagement at Ofcom through an engagement index in an independent annual colleague survey. In June 2022, this was at 72% (same as previous year). We have high levels of pride in Ofcom and this score has been consistently over 80% for this year and previous years. We correlate this with a monthly deep dive of our turnover data where we report the level of turnover and explore the reasons, which we gain through exit data. For 2022/23 our Ofcom wide turnover is 12.4% which is in line with previous years and within our established tolerance level.

Absence

Our aim is to treat people who are unwell with compassion and fairness and, where possible, provide them with support to enable them to recover and attend work regularly. In 2022/23, 4.3 working days were lost per year per employee (2021/22 = 4.6 days) at Ofcom in comparison to the public sector average of 7.9 days per year as of end of March 2022.

Off-payroll arrangements

In line with the Financial Reporting Manual and the Public Expenditure System (PES) guidance from HM Treasury, we have disclosed all off-payroll engagements for the financial year 2022/23 to the Department for Culture, Media and Sport (DCMS).

Remuneration report

This report has been prepared to be compliant so far as is practicable and appropriate with Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, though Ofcom is not required to comply with the regulations.

The approach taken by the Board has been informed by certain principles of the UK Corporate Governance Code and fulfils the requirements of the Government Financial Reporting Manual only where appropriate and applicable.

Constitution of the People Committee

The People Committee is a sub-committee of the Ofcom Board. It consists of the following Members:

- Ben Verwaayen, Chair
- Maggie Carver
- Angela Dean
- Bob Downes
- Michael Grade
- David Jones

The Committee would also normally expect the Chief Executive, the Chief Operating Officer, the People and Transformation Director and the Corporation Secretary to attend meetings. Where necessary and appropriate, the People Committee will also take advice and/or obtain services from Ofcom colleagues or specialist external organisations. No individual is present for any discussion about their own remuneration.

Remuneration Policy

In setting Ofcom's remuneration policy, the People Committee believes that Ofcom should, with consideration of it being a public body, provide a stable reward framework that will attract and retain the high-calibre people necessary to enable Ofcom to achieve its strategic priorities and to fulfil its statutory remit and responsibilities. Ofcom does not provide a long-term incentive plan scheme for any of its employees, nor does it pay sign-on bonuses.

Components of remuneration

The main components of the remuneration for the Group Directors and the Chief Executive are in line with our approach to all colleague remuneration which includes basic salary, an all colleague defined contribution pension scheme and a range of flexible benefits which includes life assurance, group income insurance, private medical insurance, and an annual health check as standard elements.

1. Basic salary

2. Standard and flexible benefits

- Private medical insurance
- Life assurance
- Group income protection
- Annual health check
- Allowance to buy additional benefits (flexible)

3. Annual Bonus scheme

4. Pension

- All colleague defined contribution scheme
- Pension allowance as % of salary

Basic salary

The basic salary for all colleagues is determined by considering each colleague's responsibilities, skills and experience, together with relevant market benchmarking analysis. All basic salaries are considered annually, and any changes are made effective from 1st July each year. We conduct an annual equal pay audit for gender, ethnicity, and disability.



Flexible Benefits

Ofcom offers a flexible benefits allowance to colleagues based on their grade. For the purposes of the remuneration tables, only the value of private medical insurance is included. The total value of group income protection, life assurance and annual health checks is not disclosed under benefits in kind as these are not treated by HM Revenue & Customs as a taxable emolument.

Annual Bonus Scheme

We have an annual bonus scheme in place for all colleagues which awards colleagues if Ofcom achieves its organisational priorities set at the beginning of the year. The People Committee approve the budget, priorities and awards. The annual bonus is paid in July for the prior financial year. The bonus figure is accrued annually.

Eligible colleagues will receive an award as a fixed amount per grade and on a pro-rated basis. Colleagues will not be eligible if they are going through a performance improvement process, or a live disciplinary sanction.

Pension

Ofcom provides the option of a stakeholder (Defined Contribution) pension to all. All Ofcom colleagues are provided with a pension allowance, determined as a % of base salary. This can either be invested within one of two pension schemes – the Master Trust and Group Pension Plan (which allows deductions to be made via salary sacrifice) or taken as additional salary. No current Non- Executive Member received a pension benefit from Ofcom during the year under review.

Fair pay disclosure (audited)

Ofcom believes in Fair Pay. We track this through monitoring a fair pay ratio, comparing the highest-paid individual in the organisation and the median remuneration of the rest of the organisation. The calculation of, and presentation of, the data is in line with the Government Financial Reporting Manual.

For comparison purposes, the remuneration figure is taken as of 31 March annually and includes base salary, annual benefits allowance, and taxable benefits in kind.

	2022/23	2021/22	2020/21	2019/20
Band of highest-paid individual's total remuneration (£000)	345-350	330-335	330-335	330-335
Median remuneration (£)	60,422	56,665	58,439	59,031
Remuneration ratio	5.78	5.88	5.69	5.64

The median remuneration excludes the highest-paid individual and is based on annualised, full-time equivalent remuneration as at the end of the financial year.

The remuneration change for the highest paid individual from the previous year was 4.9% and the remuneration median change for all employees from the previous year was 6.6%.

The highest paid individual as of 31 March 2023 was the Chief Executive. At this date, the remuneration ranged from £20,461 to £349,191 (2021/22 range: £18,272 to £332,920).

Year	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2022/23	8.09	5.75	4.07



Remuneration tables

Details of the remuneration received by members of the Board, the Content Board and the Group Directors have been audited by the Comptroller and Auditor General and are set out in the following tables and notes.

The tables reflect the remuneration for the part of the year during which individuals were either permanent members of the Board or the Content Board only, or Group Directors.

Those individuals marked with '+' against their name were in role for only part of financial year 2022/23 or 2021/22.

Where individuals are members of more than one Board or Committee (as set out on pages 74-78) they appear only once in the remuneration tables.

The Non-Executive Members of the Ofcom Board and Content Board Members received no additional remuneration beyond their fees. The Non-Executive Members of the Ofcom Board additionally have provision of IT equipment if required.

Table 1: Ofcom Non-Executive, Board Member remuneration

	Guidance note reference	Fees 2022/23 £	Fees 2021/22 £
Karen Baxter +	1	42,519	616
Maggie Carver +	1, 2	74,167	120,000
Angela Dean	1	42,519	42,519
Bob Downes	1	42,519	42,519
Michael Grade +	1, 2	130,625 (142,500)	-
Will Harding+	1, 2	21,260 (42,519)	-
David Jones	1	42,519	42,519
Graham Mather+	1, 2	38,976	42,519
Tim Suter +	1, 2	-	7,087
Ben Verwaayen	1	42,519	42,519
Total		477,623	340,298

Guidance Note 1:

The fees for all the Non-Executive Members of the Ofcom Board are fixed in agreement with DCMS, for the duration of their appointment.

The fees shown in Table 1 represent the amount paid during the period under review. The fee of the Non- Executives of the Ofcom Board (excluding the Chair and Deputy Chair) has remained at £42,519 per annum since 1 April 2008.

Guidance Note 2:

Maggie Carver continued as Interim Chair until 30 April 2022 and received fees of £120,000 per annum based on 3 days per week up to this point. She then resumed her role as Deputy Chair at full year fees of £70,000. Michael Grade joined as the Chair on 1 May 2022 and receives fees of £142,500 per annum based on 3 days per week.

Will Harding joined as an Ofcom Non-Executive Board Member October 2022.

Tim Suter and Graham Mather stepped down from the Ofcom Board in May 2021 and February 2023 respectively.

Table 2: Ofcom Non-Executive, Content Board Member remuneration:

Name	Guidance note reference	Actual fees 2022/23	Fees 2021/22
Dekan Apajee	3	16,800	16,800
Jonathan Baker	3	16,800	16,800
Rachel Coldicutt	3	16,800	16,800
Maggie Cunningham	3	16,800	16,800
Aled Eirug +	3	-	11,200
Robin Foster +	3	-	12,600
Angelina Fusco +	3	-	2,800
Anna-Sophie Harling +	3	-	5,600
Peter Horrocks	3	16,800	16,800
Tobin Ireland	3	16,800	16,800
Maria McCann +	3	6,109 (16,800)	-
Ruth McElroy +	3	16,800	1,400
Sophie Morgan +	3	-	9,800
Stephen Nuttall	3	16,800	16,800
Monisha Shah	3	16,800	16,800
Kim Shillinglaw	3	16,800	16,800
Janey Walker +	3	-	2,013
Total		174,109	196,613

Guidance Note 3:

The fees for Non-Executive Members of the Content Board are fixed by Ofcom.

The basic fee of the Content Board Members is £16,800 per annum.

The values shown represent the full-year amount paid or, where appropriate, part of the year (+), where the Non-Executive Member joined or left the Content Board.

Table 3: Ofcom Executive, Board Member remuneration

Name	Guidance note reference	Months of reporting period	Total salary paid £	Pension entitlement/ allowance £	Flexible benefits allowance £	Benefits in kind £	Annual performance bonus ¹⁰ £	2022/23 Total remuneration paid £	2021/22 Total remuneration £
Melanie Dawes	4	12	322,088	64,418	15,000	3,091	8,500	413,097	395,727
Kevin Bakhurst	4	12	253,888	38,083	15,000	3,091	6,500	316,562	303,272
Lindsey Fussell	4	12	253,888	38,083	15,000	3,091	6,500	316,562	303,272
Total								1,046,221	1,002,271

10. Performance bonus awarded for FY 2021/22, paid in July 2022.

Table 4: Ofcom Executive member, Content Board remuneration

Name	Guidance note reference	Months of reporting period employed	Total salary paid (full year equivalent in brackets where part year worked)	Pension entitlement/ allowance £	Flexible benefits allowance £	Benefits in kind £	Annual performance bonus £	2022/23 Total remuneration paid £	2021/22 Total remuneration £
Alison Marsden	4	12	153,375	23,006	15,000	3,091	4,000	198,472	179,773

Table 5: Ofcom Group Directors remuneration

Name	Guidance note reference	Months of reporting period	Total salary paid (full year equivalent in brackets where part year worked) £	Pension entitlement/ allowance £	Flexible benefits allowance £	Benefits in kind £	Annual performance bonus £	2022/23 Total remuneration paid £	2021/22 Total remuneration paid £
Luisa Affuso	4	12	237,987	35,698	15,000	3,091	6,500	298,276	285,389
Martin Ballantyne	4	12	230,063	34,509	15,000	3,091	6,500	289,163	276,477
Sachin Jogia	4	12	270,962	40,644	15,000	3,091	2,708 ¹¹	332,405	159,602
Melissa Tatton	4	12	230,063	34,509	15,000	2,473	6,500	288,545	275,932
Yih-Choung Teh	4	12	230,063	34,509	15,000	3,091	6,500	289,163	276,477
Gillian Whitehead +	4,5	2	42,506 (285,000)	6,376	2,292	240	-	51,414	-
David Willis +	4,5	7	137,083 (235,000)	20,562	8,750	1,207	-	167,602	-
Total								1,716,568	1,273,877

11. Sachin Jogia joined in October 2021 and bonus for the year was prorated accordingly.

Guidance Note 4:

The total annual remuneration is shown for Ofcom executives who are, or were, Group Directors for the reporting period 2022/23. This figure is remuneration entitled to for the reporting period so will be less than the full year equivalent if a full year was not worked as a Group Director.

The total annual remuneration includes basic salary, annual performance bonus, flexible benefits allowance, a percentage of basic salary paid as a pension allowance and taxable benefits in kind reflecting the cost to Ofcom of the provision of private medical insurance for each executive.

Guidance Note 5:

David Willis joined as Group Director, Spectrum in September 2022. He relocated from Canada and was paid relocation expenses of £38,000 in accordance with our policy.

Gillian Whitehead joined Ofcom in November 2021 to lead the Digital Regulators Cooperation Forum (DRCF). She stood down as Chief Executive, DRCF on 20 February 2023 and commenced a period of induction with Ofcom prior to taking up her new role as Ofcom's Group Director, Online Safety in April 2023.

Table 6: Interim Group Directors and leavers during the reporting period:

Name	Guidance note reference	Months of reporting period	Total salary paid £	Pension entitlement/ allowance £	Flexible benefits allowance £	Benefits in kind £	Annual performance bonus £	2022/23 Total remuneration paid £	2021/22 Total remuneration £
Helen Hearn +	6	5	63,250 (150,000)	9,488	6,250	1,217	6,500	86,705	47,605
Phillip Marnick +	6	0							236,817
Jonathan Oxley +	6	0							27,827
Total								86,705	312,249

Guidance Note 6:

Helen Hearn was temporarily Interim Group Director, Spectrum following Phillip Marnick's departure in January 2022. Helen returned to her substantive post in September 2022 on appointment of David Willis.

Jonathan Oxley left Ofcom in April 2021 following a period of contractual gardening leave.

Table 7: Annual Total Remuneration costs for all Ofcom Executives in reporting period:

Total actual salary paid £	Pension entitlement/ allowance £	Flexible benefits allowance £	Benefits in kind £	Annual performance bonus £	Total remuneration paid 2022/2023 £	Total remuneration paid 2021/2022 £
2,425,216	379,885	152,292	29,865	60,708	3,047,966	2,768,170

The table above is an arithmetic total of the tables 3–6 above.

The bonus paid to Group Directors and the Chief Executive represents 2.5% of the total bonus paid in 2022/23 to all colleagues.

Contract of employment

The Chief Executive has a notice period of 12 months. No other Executive Member of the Ofcom Board or other Ofcom colleague has a contract of employment containing a notice period exceeding nine months.

The Non-Executive Members are all on fixed-term appointments with a time commitment to Ofcom of up to two days per week (except for the Chair who commits up to 3 days a week and the Deputy Chair who commits up to two and a half days a week).

Compensation for early termination

The arrangements for early termination of a contract of employment for an Executive Member of the Ofcom Board, or Group Directors are decided by the People Committee and will be made in accordance with the contract of employment of the relevant Executive Member or Group Director. Across all colleagues we have a policy in place where no ex-gratia payments in relation to early termination exceed £95,000. Each contract of employment provides for a payment in lieu of notice on early termination at Ofcom's discretion.

Non-Executive Members have no entitlement to compensation in the event of early termination.

Outside directorships

Details of our approach to conflicts of interest including outside interests for Non-Executives and Colleagues is referenced in the Governance section of the Annual Report and Accounts.

On behalf of Ofcom,

Dame Melanie Dawes DCB
Chief Executive and Accounting Officer
03 July 2023

Ben Verwaayen
Chair of the People Committee
03 July 2023



The certificate and report of the Comptroller and Auditor General to the Houses of Parliament, Scottish Parliament, Senedd Cymru and Northern Ireland Assembly

Opinion on financial statements

I certify that I have audited the financial statements of the Office of Communications for the year ended 31 March 2023 under the Office of Communications Act 2002.

The financial statements comprise the Office of Communications’

- Statement of Financial Position as at 31 March 2023;
- Statement of Income and Expenditure, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted International Accounting Standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Office of Communications’ affairs as at 31 March 2023 and its surplus after tax for the year then ended; and
- have been properly prepared in accordance with the Office of Communications Act 2002 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022). My responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council’s Revised Ethical Standard 2019. I am independent of the Office of Communications in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Office of Communications’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Office of Communications’ ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises the information included in the Annual Report, but does not include the financial statements nor my auditor's certificate. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the Office of Communications Act 2002.

In my opinion, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report subject to audit have been properly prepared in accordance with Secretary of State directions made under the Office of Communications Act 2002; and
- the information given in the Performance and Accountability Reports for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Office of Communications and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance and Accountability Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by Ofcom, and returns adequate for my audit have not been received from any third parties;
- I have not obtained all the information and explanations which we consider necessary for the purposes of my audit;
- a material uncertainty exists related to events or conditions which may cause doubt on Ofcom's ability to continue as a going concern for a period of at least 12 months from the date of the approval of the financial statements; and
- the Governance Statement does not reflect compliance with HM Treasury's guidance. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of corporate governance procedures or its risk and control procedures.

Responsibilities of the Board and Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and Accounting Officer are responsible for:

- maintaining proper accounting records;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;
- preparing Ofcom financial statements, which give a true and fair view, in accordance with the Office of Communications Act 2002 and with directions made by Secretary of State;
- preparing the Annual Report, which includes the Remuneration Report, in accordance with the Office of Communications Act 2002 and with directions made by Secretary of State.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Office of Communications Act 2002. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Office of Communications' accounting policies.
- inquired of management, the Office of Communications' head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Office of Communications' policies and procedures on:
 - » identifying, evaluating and complying with laws and regulations;
 - » detecting and responding to the risks of fraud; and
 - » the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the controls relating to the Office of Communications' compliance with the Office of Communications Act 2002;

- inquired of management, the Office of Communications' head of internal audit and those charged with governance whether:
 - » they were aware of any instances of non-compliance with laws and regulations;
 - » they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the relevant internal specialists, including pensions experts regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Office of Communications for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Office of Communications' framework of authority and other legal and regulatory frameworks in which the Office of Communications operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Office of Communications. The key laws and regulations I considered in this context included the Office of Communications Act 2002, the Wireless Telegraphy Act 2006, the Postal Services Act 2011, the Digital Economy Act 2010 & Digital Economy Act 2017, employment law, tax legislation and pension legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Risk and Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies

7 July 2023

Comptroller and Auditor General

National Audit Office

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Victoria

London

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