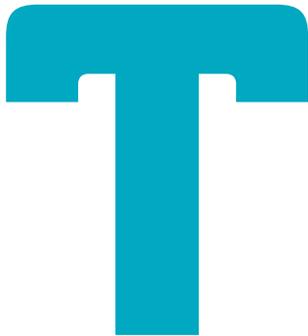


SECTION B

Accountability Report



Governance



The last 12 months have been very challenging for Ofcom and our colleagues, but they have shown ofcom at its best in terms of who we are, what we do and how quickly we can get things done. Effective governance facilitates our providing sensible and supportive regulation, particularly in these challenging times

Maggie Carver



Governance Overview by the Interim Chair

On behalf of the Ofcom Board, I am pleased to introduce the Corporate Governance Report for the period 1 April 2020 to 31 March 2021. Corporate Governance continues to be a high priority in Ofcom and goes beyond applying a set of prescribed rules and guidelines. It is vital to the way we are run and sets the tone for the organisation. Over the past year, the challenges presented by the pandemic have reinforced for the Board the importance of our aim to make communications work for everyone. We have seen that high-quality, reliable communications services have been more important than ever to people's lives. As efforts continue to overcome the pandemic, we will seek to provide sensible, supportive regulation – while holding communications providers to account and ensuring they serve their customers and audiences to the best possible standard. Looking forward, we recognise that our communications sectors are changing fast. For us to respond effectively to this requires long-term focus, as well as speed and agility in our approach. The Board has also focused on protecting the health and wellbeing of our colleagues, while at the same time maintaining the operational integrity of Ofcom.

The next few pages detail how Ofcom approaches governance, including the operation of the Board and Board Committees. In March/April 2020, we organised an external evaluation to be carried out of the Board and Board Committees' effectiveness. The review found that Ofcom's governance arrangements continue to work well, although as a Board we thought that more time could be spent on strategy and longer-term issues. We are working to change this through our Board agenda planning and strategic work programmes. The top priorities identified for the Board over the 12 month period following the review were online and digital; our people; longer term focus; transition to a new Ofcom Board Chair; organisational structure; and establishing greater credibility. A series of actions are happening across all of these areas and we will continue to measure improvements and changes in these areas year on year. More detail is provided in the Governance Report on pages 75 and 78.

We have tried to be even more responsive in the way we work with the communications providers we regulate. We arranged for an independent stakeholder review to enable us to judge our effectiveness as a regulator from the viewpoint of key external stakeholders. We have responded to recommendations made in that review to improve our approach to regulation. Further information is set out in the Governance Report.

We also reviewed and enhanced our Corporate Governance Framework; we are always looking for ways to improve our practices so that we remain at the leading edge of governance best practice and can anticipate new challenges in the communications sectors we regulate. The tone is set from the top and, as a Board, we set strategic direction and risk appetite, and provide oversight of the Executive's day-to-day running of the business. As Ofcom's Interim Chair, it is my job to make sure that enough time is available at Board meetings for open and challenging discussions of significant issues and, in particular, on our strategic priorities.

Our corporate governance arrangements continue to be informed by the UK Corporate Governance Code (the "Code") with respect to business and corporate practices, matters reserved to the Board, our Financial Authorities Framework and terms of reference for each of our Board Committees. While Ofcom is not subject to the Code, we have looked to see if any of the principles and provisions set out in the Code could inform our approach, as a matter of best practice.

Over the past year, we have strengthened the executive makeup of the Board with the appointment of Lindsey Fussell, Group Director, Network & Communications. We also said farewell to Lord Terry Burns, Ofcom Board Chair, at the end of 2020. We are deeply grateful to Terry for all that he did in developing Ofcom's progressive approach and for his excellent leadership, both strategically and personally. The Government is recruiting a new Chair. Tim Suter resigned from the Board in May 2021. As Head of Broadcasting Policy at DCMS, Tim was responsible for the Communications Act 2003 and the creation of Ofcom. He served as Ofcom's Partner, Content and Standards until 2008. He joined the Ofcom Board as a Non-Executive Director in 2017 and was appointed Chair of the Content Board. Our sincere thanks are due to Tim for his significant and valuable contribution to Ofcom. We are continuing to work with colleagues in the Northern Ireland Assembly and the Department for Digital, Culture, Media and Sport (DCMS) on the appointment of a new Board Member for Northern Ireland. Each year, our People Committee reviews the structure, size and composition (including the skills, knowledge, experience and diversity) of our Board, so that we can make recommendations

about the improvements to the Board that could be made. This is important, bearing in mind our new online duties.

Dame Melanie Dawes joined us as Chief Executive in March 2020. She has made a tremendous start in this role, despite the difficulty of leading an organisation mainly based at home. She has brought new energy and perspective and, alongside the Senior Management Team, has ably led the organisation through a period of significant change.

2020/21 was a significant and challenging year for Ofcom and the Ofcom Board. Despite the impact of the COVID-19 pandemic, I am pleased with the progress we have made in delivering a number of our key objectives, including:

- **July 2020** – the publication of best practice guidance for telephone, broadband and pay TV providers to ensure that vulnerable consumers are treated fairly.
- **August 2020** – confirmation of plans to proceed with the 700 MHz and 3.6-3.8 GHz Spectrum Auction in early 2021.
- **December 2020** – the publication of our review of public service broadcasting (PSB) "Small Screen : Big Debate" and launch of a consultation on proposals for how PSB can stay relevant and reach everyone in the future.
- **February 2021** – approved the One Ofcom transformation programme which will deliver Ofcom's new vision and which will transform and strengthen Ofcom in the years ahead, given the expansion of our role and the changes in the markets we regulate.
- **March 2021** – the publication of the final statement on the Wholesale Fixed Telecoms Market Review 2021-2026, implementing our strategy to facilitate the widespread deployment of fibre and the smooth transition from the legacy copper network.

Throughout the year, we have also supported the communications sector in its preparedness for Brexit.

Maggie Carver
Ofcom Board Interim Chair

Governance Statement

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 key areas of focus in 2020/21. It also sets out how we keep our Board and Board Committees informed and updated and summarises the outcome of our last Board Effectiveness Review and also our review of stakeholders' opinions of our work. How we manage conflicts of interest and the main functions of our Board Committees and Statutory Boards are set out towards the end of the Report.

Our Governance

As a statutory corporation, Ofcom's principal governance compliance requirements are governed by the relevant legislation (including, the Ofcom 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 is also subject to the Code of Conduct for Board Members of Public Bodies.⁷ Our overall corporate governance approach is informed by the 2018 UK Corporate Governance Code ("the UK Code") and its related guidance⁸, 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 being appointed by the Secretary of State for Digital, Culture, Media and Sport (DCMS). As new Members are appointed to the Board, we will be actively seeking to improve 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.

7. The Code of Conduct for Board Members of Public Bodies applies to all non-executive members on the Boards of government departments, non-ministerial departments, executive agencies, non-departmental public bodies (NDPBs) and national public corporations.

8. The UK Code sets out the governance rules which apply to all UK companies with a Premium listing of equity shares on the London Stock Exchange.

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 making sure 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 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 annual plan, 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 and the Wales Member are appointed by Scottish Ministers and the Welsh Government respectively, following consultation with the Secretary of State for DCMS. 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 DCMS 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. Increasing the diversity of the Board remains at the forefront of our minds during this recruitment.

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 its 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.

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 and General Counsel. The SMT, through the Policy Management Board (PMB), ensure 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 with it 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 has to 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.

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 Ofcom's duties and responsibilities, in addition to establishing the policy and strategic direction including the resourcing framework for the operation of Ofcom.

Board Members

Maggie Carver CBE

Interim Chair and
Non-Executive Board Member



Appointment

Appointed to the Ofcom Board as Deputy Chair on 30 September 2018 and interim Chair from 1 January 2021.

Tenure 2 Years **Membership** ● ●

Maggie is Chair of the Racecourse Association and a Director of the British Horseracing Authority. She has extensive experience as a non-executive director on the boards of 18 companies, public, private and not-for-profit. These include chairing news and programme provider ITN, multiplex operator SDN, and the British Board of Film Classification, as well as being a director on the boards of Channel 5 Television, RDF Media plc, Satellite Information Services, armed forces broadcaster BFBS, and British Waterways. Maggie's executive career was in investment banking, television production, broadcasting and retail.

Bob Downes

Non-Executive Board Member
(Board Member for Scotland)



Appointment

Appointed to the Ofcom Board on 1 February 2018

Tenure 3 Years **Membership** ● ●

Bob is the current chairman of the Scottish Environment Protection Agency and of the Independent Oversight Board in Dublin. He is an investor and independent director with small technology businesses and led the establishment of CENSIS, an innovation centre for sensors and imaging systems. Bob was trustee of the Mackintosh Campus Renewal Appeal for Glasgow School of Art and presently chairs Cryptic an international arts production house. Formerly, he was a senior executive with BT Group. In addition to his role as the Board Member for Scotland, Bob ensures appropriate attention and focus is given to those special characteristics and challenges unique to Northern Ireland pending the appointment of a Board Member for Northern Ireland

Dr Angela Dean

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



Appointment

Appointed to the Ofcom Board on 30 September 2018

Tenure 2 Years **Membership** ● ●

Angela is currently Chair of International House Trust, Vice-Chair of Council of King's College London, and a trustee of York Museums Trust. She is a Senior Independent Panel Member for Public Appointments. She was a former 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, a trustee of the Heritage Lottery Fund and a member of the Museums, Archives and Libraries Council.

David Jones

Non-Executive Board Member
(Board Member for Wales)



Appointment

Appointed to the Ofcom Board on 8 April 2019

Tenure 2 Years **Membership** ● ●

David is currently a non-executive of Ofwat and Qualifications Wales. He was the founder of Travelink Systems Limited until 1995 and Executive Chair of TigerBay Software from 2011 to 2015. He is an occasional guest lecturer on Digital and Cyber security at Cardiff University.

Ben Verwaayen

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



Appointment

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

Tenure 5 Years Membership ●

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 the BeNeLux and the UK. He is a former Chief Executive of BT, KPN in the Netherlands, and Alcatel Lucent. He has also served as a Chairman of Endemol, and as a Board Member of AkzoNobel in the Netherlands and of the mobile operator Bharti Airtel in India.

Graham Mather, CBE

Non-Executive Board Member



Appointment

Appointed to the Ofcom Board on 1 June 2014; Re-appointed on 1 June 2018

Tenure 7 Years Membership ●

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 and Chairman of its Regulatory Best Practice Group. He is a member of the Board of the Office of Rail and Road.

Tim Suter

Non-Executive Board Member and Chair of the Board Election Committee and the Content Board



Appointment

Appointed to the Ofcom Board on 2 October 2017 and left Ofcom on 21 May 2021

Tenure 3 Years Membership ●●●

Tim was a BBC producer, editor and senior manager and Head of Broadcasting Policy in the Department for Culture, Media and Sport in 2002, responsible for the Communications Act of 2003 and the creation of Ofcom. He joined Ofcom at its inception and left to found Perspective Associates, advising on media policy and regulation. He has been a special advisor to the House of Lords Communications Committee and is the chair of an expert panel advising the Council of Europe. Tim is the chairman of the Intellectual Property Office Steering Board and is a founding partner in Communications Chambers.

Lord Burns, GCB

Former Chair and Non-Executive Board Member until December 2020



Appointment

Appointed as Chair of the Ofcom Board on 1 January 2018 and left Ofcom on 31 December 2020

Tenure 3 Years Membership ●

Lord Burns is a Senior Adviser to Banco Santander SA, Chairman of the Young Classical Artists Trust and Vice Chairman of the Hay Festival of Literature and the Arts Ltd. In addition, Lord Burns is Chairman of the Welsh Government's South East Wales Transport Commission, Chairman of the Mid Wales Music Trust and Vice President of the Royal Academy of Music. He is a former Chief Economic Advisor and Permanent Secretary to HM Treasury, Chairman of Santander UK plc, Chairman of Channel Four Television, Chairman of Marks and Spencer plc and Chairman of Welsh Water and was an Independent Adviser to the Secretary of State on the BBC Charter Review.

Executive Board Members

Dame Melanie Dawes DCB

Executive Board Member
and Chief Executive



Appointment

Appointed to the Ofcom Board In March 2020

Tenure 1 Year

Dame Melanie was appointed Chief Executive in March 2020. Before joining Ofcom, Melanie was the Permanent Secretary at the Ministry of Housing, Communities and Local Government. She held senior roles across the Civil Service, working in partnership across the public and private sectors. She started her career as an economist and spent 14 years at the Treasury, including as Europe Director. She was Director General of the Economic and Domestic Affairs Secretariat at the Cabinet Office between 2011 and 2015. She has held a number of non-executive roles including with the consumer body Which? and is a trustee of the Patchwork Foundation, which promotes the participation of under-represented young people in democracy.

Lindsey Fussell

Executive Board Member and
Group Director for Networks and
Communications



Appointment

Appointed to the Ofcom Board
in December 2020

Tenure <1 Year

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, where we aim to protect consumers' interests and promote competition. 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 key aspects of the 2013 and 2015 Spending Reviews. Lindsey is also a lay member of York University's governing Council.

Kevin Bakhurst

Executive Board Member and
Group Director for Broadcasting
and Online



Appointment

Appointed to the Ofcom Board in April 2020

Tenure 1 Year **Membership** C E

Kevin joined Ofcom in October 2016 as Group Director for Content and Media Policy, overseeing our broadcast and online regulation and policy. 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. During his time editing BBC news bulletins, the programmes won awards from organisations including BAFTA and the Royal Television Society. Outside work, Kevin was a Magistrate from 2000 until 2006.

Jonathan Oxley

Former Executive Board Member
& Interim Chief Executive and
Group Director



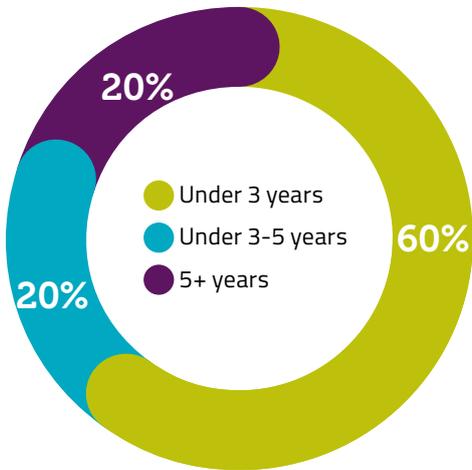
Appointment

Appointed to the Ofcom Board in January 2015
and left Ofcom in June 2020

Tenure 5 Years

Jonathan joined Ofcom as Group Director, Competition in November 2014 and was appointed as Interim Chief Executive in November 2019 until March 2020. Before joining Ofcom, he was a Partner in PwC's Strategy and Economics practice, specialising in telecoms, media and technology. Jonathan is also the Chief Executive of the UK Regulators' Network, a position he has held since December 2018.

Tenure in role



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 key responsibilities. The pandemic required the Board to consider how to balance decisions in a way that continued to progress our key purpose whilst considering the challenges faced by our stakeholders, consumers, citizens and colleagues.

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

	Chair, NED & Chief Executive updates (including issues across the other categories)	26%
	Supporting UK broadcasting	13%
	Continuing to innovate in regulation & data to help people and businesses	13%
	Corporate Governance	8%
	Ensuring online communications work for people and businesses	8%
	Regulatory, Finance, Risk and Legal	4%
	Better broadband & mobile – wherever you are	4%
	Sustaining the universal postal service	4%
	Fairness for customers	3%
	Ensuring strong, secure networks	2%
	Increasing diversity & inclusion	2%
	Support through EU exit transition & continued international relationships	1%
	Other (including Covid-19 pandemic, market research & briefings)	12%

Set out below are examples of some of the activities undertaken by the Board in each of these areas during the reporting period.

Corporate Governance

- Reviewed and updated our Corporate Governance Framework
- Approved & monitored delivery against Ofcom's Budget and Plan
- Considered recommendations by stakeholders for strengthening Ofcom's approach to regulation
- Evaluated the effectiveness of the Board, Committees, our Board Members and the Chair

Regulatory, Finance, Risk & Legal

- Reviewed Ofcom's Strategic Risks each quarter
- Reviewed and approved Ofcom's Risk Appetite Statements
- Approved Ofcom's Budget 2021/22.

Better Broadband and Mobile

- Approved proposals in the Wholesale Fixed Telecoms Broadband Review
- Approved updated spectrum auction plans to meet growing demand and to support the rollout of 5G (700 MHz and 3.6–3.8 GHz spectrum bands)
- Approved the approach for Industry migration to IP based services.

Supporting UK Broadcasting

- Reviewed the BBC Annual Performance Review
- Reviewed the Channel 4 Corporation Statement of Media Content Policy
- Approved the consultation on the future of public service in media in the UK – "Small Screen: Big Debate" – looking at the future for Public Service Broadcasters services and their sustainability given the rise of digital consumption

Ensuring Online communications work for people and business

- Oversight of Ofcom's Online Work Programme
- Reviewed the preparatory work for regulating Video Sharing Platforms and potential wider online harm responsibilities
- Reviewed online misinformation and disinformation and approaches to content moderation

Fairness for Customers

- Reviewed the implementation of the broadband universal service obligation
- Reviewed proposals to support fair treatment and easier switching for broadband and mobile customers
- Reviewed other fairness projects including end of contract notifications and a ban on handset locking

Enabling Strong Secure Networks

- Approved and received updates on Ofcom's work programme for network security and resilience
- Reviewed updates on the development of the Telecoms Security Framework

Sustaining the Universal Post Service

- Ongoing consideration of Royal Mail's strategy and, in light of that, the sustainability of the postal universal service obligation

Supporting Consumers and Industry through Brexit

- Regularly reviewed both Ofcom's and stakeholder's plans for Brexit preparedness
- Received regular reports on Ofcom's engagement with industry, consumer groups and other regulators to understand any emerging concerns or risks

Increasing Diversity and Inclusion

- Reviewed Ofcom's Diversity and Inclusion Strategy including setting new workforce and Board and Committee diversity targets
- Reviewed reports on diversity in broadcasting and programme of industry engagement to promote diversity and inclusion across broadcasting

Continuing to innovate our approach to regulation

- Considered the approach to regulating online harm, focusing first on Video Sharing Platforms

Other

- Covid-19 pandemic response including state of the market updates; impact on stakeholders and consumers and Ofcom's response as an employer
- Considered the results of Ofcom's colleague survey

We believe that a positive culture, supported by effective leadership and a consistent ‘tone from the top’, is crucial to our success. As such, the organisation’s culture remains a core focus for the Board. Although the pandemic limited the scope for ‘in-person’ meetings due to restrictions introduced during the course of the year, we were able to continue our extensive engagement programme with stakeholders through a range of ‘virtual’ formats.

Management Information

The Board and Board Committees are provided with regular management information to enable it 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 Annual Plan of Work, the strategic risk register, status on the Board / Board Committee Effectiveness Review outcomes and other corporate data.

Board Administration

The administration of the Board is the responsibility of the Corporation Secretary, who maintains and keeps up to date the key 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.

The Board had ten scheduled meetings during the year and one ad-hoc meeting. The scheduled meetings were held each month, with the exception of 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. Due to the measures and restrictions put in place in response to the pandemic, our Board meetings and Strategy Session were all held remotely in the reporting year. All Board and Board

Committee meetings are pre-scheduled on a rolling calendar year’s notice. 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.

Attendance at the Board during the 2020/21 Financial Year

	Ofcom Board
Number of meetings	11
Lord Burns ¹ GCB	8
Maggie Carver	11
Dr Angela Dean	11
Bob Downes	11
Graham Mather CBE	11
Tim Suter	11
Ben Verwaayen	11
David Jones	11
Dame Melanie Dawes	11
Kevin Bakhurst	11
Lindsey Fussell ²	3
Jonathan Oxley ³	2

1. Lord Burns left Ofcom at the end of December 2020. He attended all eight Board meetings held between April and December 2020.

2. Lindsey joined the Ofcom Board in December 2020.

3. Jonathan resigned as an Executive Board Member in May 2020.

Keeping the Board Informed

Ofcom is firmly committed to the on-going 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 on joining Ofcom, which includes sessions with each member of the Senior Management Team and other key senior directors. These sessions are intended to ensure familiarisation with Ofcom's Plan of Work and the challenges, opportunities and risks that Ofcom may face. The induction also includes Members' duties and Board procedures, internal control processes, strategy and planning, measures used to monitor performance and 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, Board Committees and individual Board Members. In March 2020, an external review was commissioned, with questions set by the Chair (assisted by the Corporation Secretary).

The Board considered the outcomes of the review and its recommendations at its April 2020 Board meeting. The review concluded that Ofcom's governance arrangements continue to work well, although as noted in the Interim Chair's Governance Overview and in the next section of this Governance Report, some respondents thought that more time could be spent on strategy and longer-term issues. To address this, a series of 'deep dives' into strategy areas in our sectors have been built into our agenda forward planning, enabling the Board to spend a greater proportion of its time considering longer-term thinking and strategic issues.

There were some recommended areas for change, relating to the following:

- Online and Digital – planning for online & shaping the organisational strategy, broadening of the Board's understanding of the new industries of cyber security / social media / entertainment and looking at digital media services;
- People – focusing on people and talent management, ensuring that the People Plan sufficiently takes account of online responsibilities and establishing credibility with stakeholders across Ofcom's new range of responsibilities;
- Longer-term Focus – spending more time on longer-term thinking, strategic issues and horizon scanning and maintaining a clear focus on future challenges and understanding of international developments;
- Transition to a new Ofcom Board Chair;
- Organisational Structure – focusing on organisational development and ensuring that Ofcom has an organisational structure equipped to meet future challenges;
- Establishing Credibility – ensuring trust and credibility, including credibility with Ofcom's stakeholders across its new range of responsibilities and increasing the "brand value" so that Ofcom remains a trusted regulator; and
- Other Areas – prioritising the Board agenda; maintaining the right balance of strategic oversight and operational review, maintaining the emphasis on high standards and professionalism and staying engaged & informed

A series of action areas were identified by the Board in response to the recommendations and status updates were reviewed by the Board.

The Board has agreed that, given a new permanent Chair is to be appointed later in 2021, a light touch and internally led review should be conducted for the 2021/22 review year, although similar questions will be asked to those asked in the reviews in the previous two years, to enable the Board to track any improvements and changes year on year.

Stakeholder Review

As noted in the previous section, establishing credibility with Ofcom's stakeholders across its new range of responsibilities and increasing the "brand value" so that Ofcom remains a trusted regulator was one of the recommended priorities for change arising out of the annual Board Effectiveness Review conducted in 2020. The Board agreed to conduct an externally facilitated, anonymised survey in 2020 with thirty of Ofcom's senior stakeholders, mainly from companies regulated by Ofcom. The objective was to gather perspectives from external stakeholders on how Ofcom's approach to regulation could be further strengthened in a structured and transparent way. This review was conducted between June and August 2020. The outcomes were presented in an anonymised report which acknowledged Ofcom's strengths but also identified a number of areas where stakeholders considered there was potential for improvement.

We have taken a pragmatic approach to building our Plan of Work 2021/22 in response to this feedback, prioritising a number of key cross-cutting strategic issues, namely the speed and agility of our work; the depth and breadth of our commercial insight and digital skills; and articulating our vision for consumer outcomes in the markets we regulate.

These issues have informed and underpinned our work to strengthen Ofcom for the future to ensure that we are well positioned to carry out our duties both now and in the future. We recognise that with the increased use of online services and as our sectors continue to change rapidly, Ofcom needs to keep pace. As we assume duties in new areas - such as regulating VSPs and in relation to the Telecommunications (Security) Bill - it is important that we evolve our digital and commercial skills and develop innovative working practices. To achieve this, we will:

- **Bring about a step change in in our skills and capabilities in digital markets, online and emerging technologies and data analytics.** In the coming year we will significantly increase our digital skills and capabilities with a focus on external recruitment of data and technology experts, starting with the recruitment of a new

Chief Technology Officer. We will introduce a bigger programme of secondments and partnerships, bring in training programmes for data and technology professions as well as new tools and platforms.

- **Strengthen our understanding of the commercial priorities and incentives of the businesses and markets we regulate now and in the future.** As our sectors grow and develop, we will ensure we have a deep commercial understanding of the markets we regulate and the commercial drivers of online platforms. We will focus on these capabilities by recruiting colleagues with commercial experience, using more secondments, and significantly investing in our programme of commercial and consumer research.
- **Continuing to innovate in data and regulation to help people and businesses.** Through our forward-looking work programme, including in data innovation, emerging technology, strategy & research, and economics, we will continue to develop a deep understanding of innovation in the sectors we regulate and consider the implications for our work. We will continue our programme to equip colleagues with the skills, training and tools to extract insights from increasingly complex data sets, in order to deliver improved policy and operational outcomes. We will identify projects in which we can trial creative and innovative approaches and techniques, especially focused on the challenges of delivering work quickly where needed.

As our sectors face broad challenges, we will also look to stimulate debate in emerging areas of interest, through our economic and technology publications, such as our Technology Futures Report published in January 2021.

Also, we will both build on our existing – and develop new – domestic and international partnerships with regulators, academia, governments, industry and organisations across the sectors we regulate to enhance our understanding and promote consumer benefits.

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 Non-Executive 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 below:



Risk and Audit Committee

The Risk and Audit Committee is made up of three Non-Executive Members of the Board: Angela Dean (Chair), Maggie Carver and David Jones. The Chief Executive, the Chief Operating Officer, the Finance Director, the Financial Controller and the Head of Risk Management & Insurance 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 page 88.

The People Committee

The People Committee is made up of all Non-Executive Members of the Ofcom Board. The People Committee oversees and evaluates the appropriateness of Ofcom's People & Workforce Strategy, providing the necessary challenge on the strength and effectiveness of the plans in place to support Ofcom in the achievement of its strategic and statutory purpose and duties, both in the short and long term. 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 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 such other colleagues as agreed between the Chair of the Committee and the Chief Executive.

The Committee also leads the process on appointments of Executive Board Members and the Senior Management Team and approves the succession plans for the Ofcom Board, the Senior Management Team and any other colleagues agreed between the Chair of the Committee and the Chief Executive.

The People Committee met six times during 2020/21.

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, and 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 Chair is Bob Downes, a member of the Ofcom Board and Interim 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.

The Content Board serves as Ofcom's primary forum for the regulation of television and radio quality and standards. Its role is to understand, analyse and champion the voices and interest of the viewer, the listener and the citizen.

The Board is made up of the following Non-Executive Members: Bob Downes, (Interim Chair), Dekan Apajee, Jonathan Baker, Rachel Coldicutt, Maggie Cunningham, Aled Eirug, Robin Foster, Anna-Sophie Harling, Peter Horrocks, Tobin Ireland, David Jones, Sophie Morgan, Stephen Nuttall, Monisha Shah and Kim Shillinglaw and Executive Members: Kevin Bakhurst and Ali Marsden.

The Board met six times in 2020/21.

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 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 its policy formulation and implementation.

The Advisory Committees each met four times in 2020/21. The currently appointed Advisory Committee Members and observers are:

Advisory Committee for England

Members	Paula Carter (Chair), Aaqil Ahmed, Emma Davison, Matthew Littleford, Alan Nunn and Mark Smith.
Observers	Monisha Shah (Content Board) and Richard Spencer (CCP).

Advisory Committee for Northern Ireland

Members	Carrie Matchett (Chair), John Ellison, Phil Flanagan, Kathy Graham, Alan Meban and Paul Wilson.
Observers	Angelina Fusco (Content Board) and Rick Hill (CCP).

Advisory Committee for Scotland

(recruitment is currently underway for an additional Member)

Members	Elizabeth Partyka (Chair), Laura Anderson, Gerry Crawley, Jessica McBeath and Stephen Speirs (Stephen receives no remuneration for this position). Liz Leonard and Carmel Teusner's terms ended in January 2021. David Connolly resigned on 9 December 2020.
Observers	Maggie Cunningham (Content Board) and Amanda Britain (CCP).

Advisory Committee for Wales

Members	Hywel Wiliam (Chair), Robert Andrews, Andrew Board, Dr Ruth McElroy, Rem Noormohamed and Peter Trott
Observers	Aled Eirug (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 it 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 David Holden, Dr Sian Phipps (Member for Wales), Richard Spencer (Member for England), Michael Wardlow and Rick Williams. Craig Tillotson’s term expired on 31 October 2020. 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 2020/21.

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

OSAB website at: www.osab.org.uk

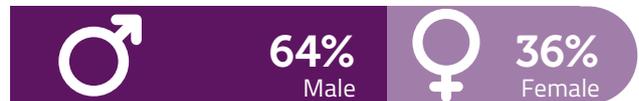
The Members of OSAB are Professor Linda Doyle (Chair), Greg Bensberg, Wassim Chourbaji, Professor Mischa Dohler, Peter Hadinger, Alastair Macpherson, David Meyer, Niall Murphy, Robert Pepper, Peter Pitsch, Ros Singleton, Gavin Young, Holly Creek (DCMS) (ex-officio Member), Cristina Data (ex officio Member)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

OSAB met four times in 2020/21.

Diversity of our Non-Executive Members

The diversity of the Ofcom Board is as follows:

Gender



Ethnicity



Disability



Diversity statistics are calculated as at 31 March 2021

0% Minority Ethnic

0% Disabled

The diversity of our 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:

Gender



2% not disclosed

Ethnicity



11% Minority Ethnic

Disability



Diversity statistics are calculated as at 31 March 2021

13% Disabled
2% not disclosed

Our Senior Management Team

Our Senior Management Team is made up of the following individuals:

Name	Role
Dame Melanie Dawes DCB	Chief Executive
Luisa Affuso	Chief Economist and Group Director, Economics
Kevin Bakhurst	Group Director, Broadcasting and Online
Martin Ballantyne	General Counsel and Group Director, Legal
Lindsey Fussell	Group Director, Networks and Communications
Philip Marnick	Group Director, Spectrum
Kerri-Ann O'Neill	People and Transformation Director
Melissa Tatton CBE	Chief Operating Officer and Group Director, Corporate
Yih-Choung Teh	Group Director, Strategy and Research and interim Chief Technology Officer

The diversity of our Senior Management Team for the reporting period ending 31 March 2021 was as follows:

Gender



Ethnicity



Disability



Diversity statistics are calculated as at 31 March 2021

Policy Management Board

The Chief Executive has established a Policy Management Board (PMB) as the main forum through which she exercises her delegations of authority, as delegated to her by the Ofcom Board. The PMB oversees the internal development of Ofcom’s agenda, the operations and management of Ofcom, as well as Ofcom’s regulatory duties.

The PMB is made up of the Senior Management Team and the Finance Director. Other senior executives attend by invitation.

The Policy Management Board met eleven times in 2020/21.

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 Secretaries of State for Business, Energy & Industrial Strategy and for Digital, 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 accuracy, 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

How Ofcom manages the public funds it receives, and its 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 its publication scheme and to make a wide range of information readily accessible on its website. Wherever possible, Ofcom makes the data it collects and creates available to the public following open data principles. Ofcom's open data is available in one public portal on the Ofcom 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 2020/21, Ofcom received 541 requests (386 requests in 2019/20) 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 80% of cases. Information is only withheld if it is exempt from disclosure under legislation.

During 2020/21, Ofcom also received 41 Subject Access Requests under the Data Protection Act 2018 (43 requests in 2019/20). Where Ofcom held relevant information, this was provided.

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, Ofcom also engages 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 its major strategic priorities before making decisions. Details about Ofcom's method of consultation, and the consultations that took place during 2020/21, are set out in Annex 2.

Physical and personal security arrangements

The UK threat level for terrorism was downgraded from “Severe”(an attack is highly likely) to “Substantial” (an attack is likely) in January 2021. The Ofcom Board risk appetite statement for Health & Safety and Physical Security has changed from “Averse” to “Minimal”.

The programme for implementing physical security enhancements at all of our offices was completed in 2020. Threat assessments are a continual occurrence using external consultancy and internal audit. This maintains a consistent and stable approach to physical security management. A process for assessing personal security “Risk by Role” has been completed across all Ofcom Groups and work continues to document the mitigating controls that can be put in place. These measures are consistent with the Ofcom Board’s risk appetite for physical and personal security.

Major incident/disaster recovery/ business continuity planning

Remote working, in line with Government pandemic guidance, has continued over the reporting period. Ofcom operated effectively with minimal impact on operations.

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 unsuccessful 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 nations 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.

We investigated 47 breaches of data protection during the year, none of which were reportable to the ICO. From a governance perspective, there was a successful re-certification against the UK National Cyber Security Centre (NCSC) Cyber Essentials Scheme and the process for certification to the international standard for information security management (ISO27001) was completed in March 2021.

Whistleblowing policy and hotline

Following a review of our internal whistleblowing policy, we have made it easier for colleagues to make disclosures under the policy and to navigate their way through the process. We 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 2020/21 Ofcom did not receive any disclosures under the Public Interest Disclosure Act 1998 or otherwise.

Statement of Accounting Officer's Responsibilities

As Chief Executive and Accounting Officer I have overall responsibility for reviewing the effectiveness of the system of internal control. Group Directors have responsibility for the development and maintenance of the internal control framework. This framework informs the work of internal audit and comments made by external auditors in their management letter and other reports.

The Board has maintained strategic oversight and review of internal control and risk management arrangements through regular reports by Directors on their areas of responsibility and through specific reports for discussion at Risk and Audit Committee and Board meetings.

During the year, the Risk and Audit Committee has considered:

- individual internal audit reports, management responses and progress against any actions raised;
- the internal auditor's annual report and opinion on the adequacy of our internal control system;
- National Audit Office reports and recommendations;
- regular reports on Ofcom's strategic risk register, including the identification of risks to the organisation's system of internal control and information about the controls that have been put in place to mitigate these risks; and
- any additional assurance reports that have been requested by the Risk and Audit Committee.

As far as I am aware, I confirm that there is no relevant audit information of which the auditors are unaware. I have also taken all steps necessary in order to make myself aware of all relevant information and have established that the auditor is aware of that information.

I am confident that Ofcom will continue to operate as a viable, successful and well-governed organisation going forward. While there will be inevitable challenges in the medium term, I believe the governance arrangements we have in place are robust and sufficient to manage those challenges.

As the Accounting Officer, I 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.

Dame Melanie Dawes,
Chief Executive and Accounting Officer

23 June 2021

The Report of the Chair of the Risk and Audit Committee

Attendance of Members during 2020/21

The Members of the Committee during 2020/21 have served for the following periods of time:

Angela Dean	2 years, 6 months (as Chair)
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Maggie Carver	2 years, 4 months
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David Jones	1 year, 9 months
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The Committee met five times in 2020/21, with all three Members in attendance.

Overview

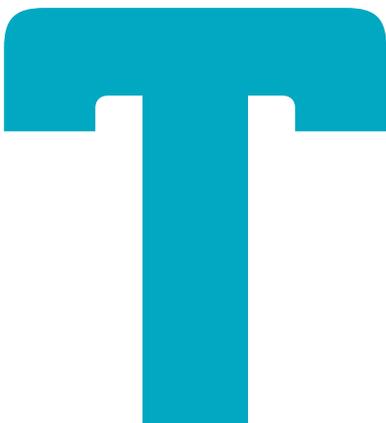
On behalf of the Board, I am pleased to provide an overview of the operation and scope of the Risk and Audit Committee for the financial period ended 31st March 2021.

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 their fees and the scope of their audit of Ofcom's financial statements. This covers their assessment of the risks of material misstatement and material irregularity, their independence, resources and the effectiveness of the audit process.

The Committee also works with Ofcom's internal auditor 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 three 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 & NHMF 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.



The Committee has maintained its focus in 2020/21 on our risk reporting, particularly on the organisation's strategic risks. We have focussed closely on the associated mitigations and actions to ensure that Ofcom remains resilient with proportionate and appropriate controls.

Angela Dean, Chair of Risk and Audit Committee



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 recommend Ofcom's risk appetite to the Board and to ensure Ofcom has appropriate processes in place to identify the key Strategic Risks including, but not limited to, any operational, reputational and financial risks;
- 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;
- 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;
- Review the External Auditors' independence and agree the nature and scope of the internal audit of Ofcom's financial statements.

The work of the Committee follows an agreed annual work programme, with the Committee allocating its time in 2020/21 as follows:

- Financial Reporting and Related Matters
- Annual Report & Accounts
- Governance and Risk Management
- Internal Audit
- External Audit
- Cyber, ICT, Physical & Personal Security
- Other (e.g. litigation, bribery & fraud etc)

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 Audit Team
- Representatives of Ofcom's Internal Auditor

Financial Statements and Accounting Policies

In conjunction with Ofcom Management and 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 placed particular emphasis on the fair presentation and the reasonableness of the judgement of factors and appropriateness of significant accounting policies used in their preparation.

We have recognised the need for a prior year adjustment in relation to Telecoms Security funding. Details of this prior period adjustment are outlined in note 2 and note 24 of the financial statements. The Risk and Audit Committee have fully considered the issue and are content with the actions taken in regard to this matter

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. To ensure that our risk management framework is effective and aligned to our requirements, a review of our risk management framework is undertaken periodically. During 2020/21, the Committee oversaw the development of a more focused Strategic Risk Register based on the ten foundations of the One Ofcom vision. In March 2021 the Ofcom Board undertook a review and update of the Ofcom Risk Appetite Statements. Ofcom's Strategic Risk Register is reviewed quarterly by the Ofcom Policy and Management Board and by 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 each meeting:

Strategic Risk Deep Dives undertaken by the Committee in 2020/21

- Spectrum, the 5G issues and the Auction, under the lens of COVID-19
- Ofcom's Operational Response to COVID-19 Pandemic
- Cyber Risk at Ofcom
- Leading Thinking

The Committee has continued to engage with Senior Management regarding any identified risk areas and the Committee has reviewed the controls and mitigating actions. At the start of the pandemic, Ofcom's Head of Risk Management and Insurance created a COVID-19-specific Risk Register, and regular updates have been provided to the Committee on the steps Ofcom has taken to ensure continuous operation.

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 69..

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 and Safety Committee and the Business Continuity Group.

Cyber & Network Resilience

The Committee recognised that the new duties of Online Safety and Telecommunications (Security) Bill have increased Ofcom's attractiveness as a target for malicious actors. During 2020/21, the Committee monitored the work undertaken by the Risk, ICT and Technology Group functions to manage cyber risk and network resilience. Recommendations have been made to further strengthen Ofcom's IT processes, other systems and response plans as a result of this work. Further action will be taken in this area during 2021/22, with regular progress updates to be provided to the Committee.

The Committee also reviewed physical and personal security at Ofcom – focusing on a comprehensive plan of work to strengthen our security and align the organisation with the requirements of the Information Security standard ISO27001, in preparation for undertaking certification in this area.

Annual Internal Audit Plan and Focus of Reviews in 2020/21

Given the unprecedented challenges presented by the pandemic, and the pressures it has placed on Ofcom, the internal audit provider developed a rolling Internal Audit Plan for 2020/21, to enable an agile response to the evolving risk landscape presented by the pandemic. Ofcom's Internal Audit Plans for the second six months of 2020/21 and the proposed Internal Audit Plan for the first

half of 2021/22 were reviewed and approved by the Committee, with the internal audit provider continuing with its presentation of the Internal Audit Plan half yearly to support a more agile approach.

Areas of Internal Audit covered during 2020/21

- Key Financial Controls
- Cyber Security
- Organisational Resilience
- People, Organisational Design and Change,
- Risk Management and Cost Allocation and Tariff Setting.

In addition, reviews were undertaken of Ofcom's approach to the Telecommunications (Security) Bill and the People and Finance System Replacement Project.

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

Other Areas of Review

Ofcom's Whistleblowing Fraud and Anti-Bribery Policies are reviewed by the Committee in December of each year. 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 and colleagues have been reminded that they can raise matters anonymously with Ofcom's whistleblowing hotline provider. While a number of cases were referred through the whistleblowing external hotline in 2020/21, none of these related to incidents of malpractice as defined under Ofcom's Whistleblowing Policy.

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, anti-fraud and anti-bribery, significant conflicts of interest and data protection act conformance. An annual review was undertaken of Ofcom's Business Continuity Planning, Disaster Recovery and Crisis Management, with the Committee reviewing and approving a new Ofcom Resilience Policy in December 2020.

Reporting to the Board

As Chair of the Risk and Audit Committee, I provide regular updates to the Board on the key issues discussed at Committee meetings. The Committee reviewed and updated its terms of reference in 2020, recommending these to the Board for approval.

Committee Performance and Effectiveness

An externally facilitated review of the Committee's performance and effectiveness was conducted as part of the Board Evaluation Review. The outcome was very positive, with the effectiveness of the Risk and Audit Committee rated highly by Members and, in particular, the Committee's communication of its activities and decisions to the Ofcom Board. The Committee Chair was considered to have brought robustness and rigour to the Committee. It was noted that continued work was required on the Risk Register, in particular, making this more meaningful and timely, leading to the Committee's continued focus on improving this in 2020/21.

Angela Dean

Chair of the Risk and Audit Committee

23 June 2021

Our Employees

Evolving the way we work

Last year we launched an internal change programme (One Ofcom), to make the most of our growth and ensure we transform our capabilities for the future. We recognise the need to significantly build on our expertise in digital markets, online and emerging technologies and data analytics. We also want to ensure our people in Ofcom continue to have strong commercial experience. And we will rebalance our footprint across the UK, as part of our wider strategy to become a more diverse organisation that fully represents the UK.

To that end we will open a new hub in Manchester later in the year which will initially serve as a base for our new work on online safety and telecoms network security. We will take steps to ensure we are well positioned to carry out our duties both now and in the future. As our sectors and our duties are increasingly shaped by online services, we will invest in our skills, develop innovative working practices and build a diverse workforce that reflects the whole of the UK.

Ofcom's values

Our five values are excellence, collaboration, agility, empowerment and respect. Created by Ofcom colleagues they reflect our desire to create a culture where we can do great work, look after one another and attract the best people. We encourage and support behaviours that demonstrate these values.

Diversity and inclusion

Our purpose is to 'make communications work for everyone'. In order to do that diversity, equality and inclusion must be at the heart of our work. Our diversity and inclusion strategy reflects our ambition to value the skills and contributions of

every member of society, providing opportunities for people of all characteristics and backgrounds to succeed in their career.

The strategy sets out our plans to be a better regulator through a diverse and inclusive workforce that can better oversee the UK's TV, radio, telecoms and postal sectors, and in our new role to protect people from harmful content. It also sets out our commitments to making us a fantastic place to work in order to attract and retain the best and most diverse talent. We want Ofcom to have:

- A truly diverse workforce
- A naturally inclusive culture
- Process, systems and policies that are fair
- Colleagues who take personal responsibility for diversity and inclusion
- Leaders who are role models and
- Stronger connections to the communities we serve.

Our closing position on our 2015-2020 workforce targets are set out in Figure 6, alongside our starting position for 2021-2026. We achieved our overall gender target of an equal gender split in 2020 and surpassed our senior female target of 40% ahead of time (44% at the end of 2020). Disappointingly, we did not meet our target for minority ethnic representation at senior levels, ending 2 percentage points short of our 13% target. We remain committed to increasing the ethnic diversity of our senior team and this is reflected in our new, stretching ambition of 16%. This will be supported by transformation in our recruitment, performance management and career progression processes.

Alongside our new targets are a focus on expanding our diversity of thought, particularly by ensuring we have socio-economic diversity, and increasing our presence outside London. We also want to increase the representation and improve the experiences of our Black and minority ethnic colleagues. We are also committed to ensuring that our trans and non-binary colleagues feel included and supported at work.

We foster a culture in which everyone feels they are valued and can be themselves at work. This doesn't mean 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.

Monitoring and reporting

We monitor our policies and practices and processes through data analysis and internal reporting, colleague surveys, consulting with colleague network and groups, external benchmarking and a regular equal pay audit and pay gap reporting.

In Spring 2021 we published the outcomes of our regular pay auditing covering both gender and ethnicity and for the first time, disability. The pay gap analysis shows that our gender pay gap widened slightly as did our ethnicity pay gap after remaining largely static. Our disability pay gap was 10%, setting our starting position for tracking our progress towards disability pay parity over time. Our new workforce targets, particularly on increasing senior representation for gender and ethnicity, will help us in our aim to reduce our pay gaps.

We will publish our first progress update on our diversity and inclusion strategy in July 2022.

Figure 6: Workforce targets

2015-2020 targets	Starting position Mar 2015	Closing position 2020
Gender – 50% female	41%	50%
Senior gender	31%	44%
Senior ethnicity	9%	11%

2021-2026 targets	Starting position Mar 2021	End ambition 2026
Equal gender balance at senior levels	44%	balanced
Minority ethnic representation at senior levels	11%	16%
15% Ofcom-wide on disability	12%	15%

Base: all colleagues as at end of March 2021
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. Our regular formal methods for informing and consulting colleagues include:

- the Ofcom Colleague Forum, a consultation forum made up of elected representatives of colleagues across Ofcom which meets regularly with senior management at Joint Consultative Group meetings (which include members from the 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

Professional development

This year we continued to support colleagues in their careers through training and development opportunities including our targeted development programme, Ofcom Rise, aimed at creating a diverse talent pipeline into our senior leadership community. It targets at least 50 high performing Senior Associates and Principals from under-represented groups focusing on (but not exclusively) women, colleagues from a minority ethnic background and colleagues who are disabled.

Employment policies and processes

We are committed to ensuring that all colleagues are treated fairly, with dignity and respect. We keep our people policies and processes under review to ensure they are up to date, reflect best practice and our values, as well as with the requirements of employment law.

During 2020, building on our commitment to help colleagues to thrive while supporting their family or taking on caring responsibilities, we undertook a review of all our family policies (such as maternity, adoption and shared parental leave policies). We made extensive changes including introducing a new Carer's Policy, helping us to achieve Carers UK/Employers for Carers. Changes also included a Fertility Statement for colleagues undergoing IVF treatment or other medical procedures for fertility treatment, bereavement support and an extension of paternity pay, among others.

Absence

Our aim is to treat people who are ill with sympathy and fairness and, where possible, to provide them with support which will enable them to recover their health and attend work regularly. In 2020/21, the number of working days lost was 3.1 days per annum per employee (2019/20, 4.3 days) This compares favourably to the public sector average of 5.4 days per annum.

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 2020/21 to DCMS.

Supporting our colleagues throughout the pandemic

We closed most of our offices in late March 2020, until early summer 2020. Most colleagues worked exclusively from home, while some on-site working arrangements were made for key workers performing vital functions, such as spectrum engineering.

With 46% of colleagues identified as parents or carers, we adopted a 'maximum flexibility' and 'families first' philosophy throughout the lockdown. We established a package of practical and wellbeing support for colleagues, as well as enhancing existing measures. These included:



Practical support

- Financial support for workstation equipment to enable safe and comfortable home-working
- Paid dependant leaves for home-schooling and parental and/or caring responsibilities where people need some extra help.
- Flexibility for everyone on hours and patterns.
- Occupational health, maternity risk-assessments, virtual display screen equipment evaluations and specialist support (e.g. for neurodiverse conditions).
- Workplace adjustments for the home environment (e.g. the same equipment at office in home, or for new assistive technology).

Wellbeing support

- More resource and investment through our Thrive wellbeing programme.
- Regular reminders on support mechanisms such as 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 the Headspace app for all.
- Access to 52 mental health first aiders.
- Tips on physical health, mental wellbeing and relaxation.
- Undertook a risk-assessment before re-entry to our offices in March and for continued home-working, in consultation with our employee networks.
- The re-prioritisation of non-essential projects to reduce pressure, for our colleagues but also our external stakeholders.
- Enhanced volunteering leave specifically for pandemic related activities in local communities and for the NHS.
- The creation of forums for sharing concerns or worries about the pandemic including our peer-to-peer Listening Network.

Our extensive support is signposted through a new information hub of pandemic guidance on our intranet covering topics like managing school closures, government updates, working from home advice, dependant leave, policies, wellbeing support, line managers toolkit and FAQs.

Staying connected

Staying in touch with colleagues has never been more important. For new joiners in particular (including our CEO) fostering a clear sense of Ofcom's culture without being together was essential.

As well as information and formal internal communications, we kept colleagues connected informally via Microsoft Teams, our intranet and many Yammer interest group chats which include those created by our vibrant colleague networks. Our colleague networks have run virtual yoga, live cook-along to try new recipes, crochet and more.

Our CEO's weekly vlog has kept colleagues informed, supported by written updates and all colleague broadcasts.

Measuring the impact of Covid

To make sure that our support was utilised and to gauge the wellbeing impacts of the pandemic so that we respond appropriately, we launched colleague pulse surveys, covering topics like mental health, line management support, maintaining work/life balance and feeling able to take dependant leave support.

By making sure colleagues were well-supported, we were able to deliver an extensive programme of work in 2020 across all the sectors we regulate. Our colleagues also reacted very positively to the efforts we made, with 96% of our colleagues telling us we have offered them the support they need.

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 Board also gives consideration to, and adopts the provisions of, the UK Corporate Governance Code, and complies with the Government Financial Reporting Manual where appropriate and applicable.

Constitution of the People Committee

The People Committee comprises all non-executive members of the Ofcom Board, as determined by the Ofcom Board, details of which are set out on pages 72 to 73.

The Committee would also normally expect the Chief Executive, the COO, 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.

Components of remuneration

The main components of the remuneration of the Senior Management Team (SMT) are in line with our approach to all colleague remuneration and include the elements shown:

1. Basic Salary

2. Pension

- All colleague Defined Contribution Scheme
- Pension allowance a % of salary

3. Standard Benefits

- Private Medical Insurance
- Life Assurance
- Group Income Protection
- Annual Health Check

4. Flexible Benefits

- Allowance to buy additional benefits

5. Performance related payments

Basic Salary

The basic salary for all colleagues is determined by taking into account each colleague's responsibilities, performance and experience, together with relevant market benchmarking analysis. All basic salaries are considered annually, and any changes are made effective from 1 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. With respect of benefits 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 they are not treated by HM Revenue & Customs as a taxable emolument.

Annual Bonus Scheme

Ofcom does not provide a long-term incentive plan scheme for any of its employees. All colleagues are considered under the remit of an annual performance bonus scheme, which allows for recognition of high performers in any year without raising base salary levels. Payments will not be made to all colleagues. This is capped as a percentage of salary (non-pensionable) based on the individual's grade and performance, up to a maximum of 20% for our Senior Management Team.

Pension

Ofcom provide 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 the Ofcom 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

Ofcom believes in Fair Pay. We track this through monitoring a fair pay ratio, comparing the highest-paid individual in their 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, performance-related pay, flexible benefits allowance and taxable benefits in kind.

The latest fair pay disclosure data is shown below:

	2020/21	2019/20	2018/19	2017/18
Band of highest-paid individual's total remuneration (£000)	330-335	330-335	390-395	380-385
Median remuneration (£)	58,439	59,031	57,548	56,704
Remuneration ratio	5.69	5.64	6.80	6.78

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

The highest paid individual as at 31 March 2021 was the Chief Executive. At this date the remuneration ranged from £18,272 to £332,663 (2019/20 range: £17,426 to £332,663).

Covid-19 and Remuneration Impact

Due to the ongoing impact of the pandemic a decision was taken by the People Committee, on recommendation from the Policy and Management Board, that for 2021 no pay review would be carried out for those who earn over £24,000 FTE and no annual bonus awards under the Annual Bonus

scheme would be made to any colleague during 2021 in respect of performance in 2020/21.

In 2020, additionally, members of the senior management team voluntarily waived their bonus for performance year 2019/20.

Remuneration tables

Details of the remuneration received by members of the Board, the Content Board and the SMT have been audited by the National Audit Office 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 members of the SMT.

Those individuals marked with '+' against their name were in role for only part of financial year 2020/2021 or 2019/20.

Where individuals are members of more than one Board or Committee (as set out on page 72) 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:

Name	Guidance note reference	Fees Paid 2020/21	Fees 2019/20
		£	£
Lord Terry Burns +	1,2	90,000	120,000
Maggie Carver +	1,2	82,500	70,000
Angela Dean	1	42,519	42,519
Bob Downes	1	42,519	42,519
David Jones +	1	42,519	41,714
Graham Mather	1	42,519	42,519
Tim Suter	1	42,519	42,519
Ben Veerwayan	1	42,519	42,519
Total		427,613	444,309

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 basic fee of the Non-Executives of the Ofcom Board (excluding the Chairman and Deputy Chair) has remained at £42,519 per annum since 1 April 2008.

Guidance note 2:

Lord Terry Burns left the position of Ofcom Chair on 31 December 2020. Maggie Carver was appointed as Interim Chairman in January 2021 and received three months of additional pay in line with the Interim Chair fees of £120,000 per annum on the basis of 3 days per week. Prior to this the full year fees for her role as Deputy Chair were £70,000.

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

Name	Guidance Note Reference	Actual Fees 2020/21	Fees 2019/20
		£	£
Dekan Apajee +	3	7,000	-
Jonathan Baker	3	16,800	16,800
Rachel Coldicutt +	3	7,000	-
Maggie Cunningham	3	16,800	16,800
Aled Eirug	3	16,800	16,800
Robin Foster	3	16,800	16,800
Angelina Fusco	3	16,800	16,800
Anna Harling +	3	7,000	-
Peter Horrocks +	3	7,000	-
Tobin Ireland +	3	7,000	-
Sophie Morgan	3	16,800	16,800
Stephen Nuttall	3	16,800	16,800
Monisha Shah	3	16,800	16,800
Kim Shillinglaw +	3	7,000	-
Janey Walker	3	24,150	24,150
Total		200,550	158,550

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 exception being the fee paid to Janey Walker of £24,150 per annum to reflect her additional work and responsibilities for standards work).

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

Table 3 : Ofcom Executive, Board Member remuneration:

Name	Guidance Note reference	Months of reporting period employed in SMT	2020/21				2019/20			
			Total Salary paid	Pension entitlement /allowance	Flexible benefits Allowance	Benefits In kind	Annual Performance Bonus	Total remuneration paid	Total remuneration paid	Total remuneration paid
			£	£	£	£	£	£	£	
Dame Melanie Dawes	4	12	315,000	63,000	15,000	2,663	-	395,663	32,972	
Kevin Bakhurst	4	12	246,475	36,971	15,000	2,663	-	301,109	293,035	
Lindsey Fussell	4,6	12	245,625	36,844	15,000	2,663	-	300,132	279,091	

Table 4: Ofcom Executive member, Content Board remuneration:

Name	Months of reporting period employed	Total actual Salary paid (Full year equivalent in brackets where part year worked)	2020/2021				2019/20		
			Pension entitlement /allowance	Flexible benefits Allowance	Benefits In kind	Annual Performance Bonus	Total remuneration paid	Total remuneration paid	Total remuneration paid
			£	£	£	£	£	£	
Alison Marsden	11	119,136 (150,000)	20,578	11,971	2,441	-	154,126	-	

Table 5: Non-Executive Board, Senior Management Team remuneration:

Name	Guidance Note reference	Months In reporting period where part of SMT	2020/21					2019/20		
			Total Salary paid (Full Year equivalent in Brackets)	Pension entitlement /allowance	Flexible benefits Allowance	Benefits In kind	Annual Performance Bonus (for FY 2019/20)	Total remuneration paid	Total remuneration paid	Total remuneration paid
			£	£	£	£	£	£	£	
Luisa Affuso	4	12	231,187	34,678	15,000	2,663	-	283,528	267,591	
Martin Ballantyne +	4,5	10	167,083 (225,000)	25,062	12,500	2,219	-	206,865	-	
Phillip Marnick	4	12	230,775	34,616	15,000	2,530	-	282,921	276,504	
Kerri-Ann O'Neill	4, 5	12	143,150	21,473	15,000	2,663	-	182,286	-	
Melissa Tatton +	4,5	7	125,000 (220,000)	18,750	8,523	1,065	-	153,338	-	
Yih – Choung Teh	4,6	12	208,750	31,312	15,000	2,663	-	257,725	244,575	

Guidance note 4:

The total annual remuneration is shown for Ofcom executives who are, or were, confirmed members of Ofcom's SMT during the reporting period 2020/2021. This figure is remuneration entitled to for the reporting period so will be less than the full time equivalent if a full year was not worked as a member of the Senior Management Team.

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:

Martin Ballantyne joined the SMT as General Counsel on an interim basis in June 2020 and was confirmed in post in January 2021. The full year equivalent salary reflects his pay as a member of the SMT in both of these roles.

Kerri-Ann O'Neill joined the SMT as People and Transformation Director in April 2020 having been a member of the senior leadership group prior to this.

Melissa Tatton joined the SMT as Group Director, Corporate on an interim basis in September 2020 and was confirmed in post as Chief Operating Officer in April 2021.

Guidance note 6:

Yih-Choung Teh took up additional responsibilities alongside his role as Group Director, Strategy and Research as interim Group Director, Technology in November 2019, and Lindsey Fussell had a period of additional responsibilities as interim Group Director Corporate Services Group from February 2020 until September 2020. Both received a temporary 5% salary uplift for the period of additional duties.

Table 6: Interim members and leavers of Senior Management Team & Executive Content Board during the reporting period

Name	Guidance Note reference	Months of reporting period employed	Total Actual Salary paid (Full Year equivalent in Brackets)	Pension entitlement /allowance	2020/21		Annual Performance Bonus	2019/20	
					Flexible benefits Allowance	Benefits In kind		Total remuneration paid	Total remuneration paid
			£	£	£	£	£	£	£
David Clarkson+	4,7	5	93,466 (190,000)	14,020	7,500	1,331	-	116,317	79,380
Tony Close+	7	4	55,000 (165,000)	8,250	5,000	888	-	69,138	205,908
Jonathan Oxley	7	12	273,625 (275,000)	41,044	15,000	2,663	-	332,332	343,783
Polly Weitzman+	7	10	196,032 (260,000)	29,405	11,310	2,219	-	238,966	313,736

Guidance note 7:

David Clarkson completed his SMT position as Acting Group Director, Competition in September 2020, the full year equivalent salary reflects his pay for this interim role only.

Tony Close stepped down as an Executive member of the Content Board and left Ofcom in July 2020 following a period of contractual garden leave.

Jonathan Oxley stepped down from the SMT in April 2020 and left Ofcom in April 2021 following a period of contractual Garden leave. He was also an Executive Member of the Ofcom Board until June 2020.

Polly Weitzman stepped down from the SMT in May 2020 and left Ofcom in January 2021 following a period of contractual Garden leave.

Table 7: Annual Total Remuneration costs for all Senior Management Team & Executive Content Board Members in reporting period

Total Actual Salary paid	Pension entitlement / allowance	Flexible benefits Allowance	Benefits In kind	Annual Performance Bonus	Total remuneration paid 2020/2021	Total remuneration paid 2019/2020
£	£	£	£	£	£	£
2,650,303	416,003	176,804	31,334	-	3,274,445	2,336,576

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 for a set time commitment to Ofcom of approximately two days per week (with the exception of the Chair who commits up to 3 days a week and the Deputy Chair who commits up to two and a half days per week).

Compensation for early termination

The arrangements for early termination of a contract of employment for an Executive Member of the Ofcom Board, Content Board or member of the SMT are decided by the People Committee and will be made in accordance with the contract of employment of the relevant Executive Member or member of the SMT. 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 Code of Conduct 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

23 June 2021

Ben Verwaayen

Chair of the People Committee

23 June 2021

The certificate and report of the Comptroller and Auditor General to the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Office of Communications for the year ended 31 March 2021 under the Office of Communications Act 2002. The financial statements comprise: The Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Equity and the related notes, including the significant accounting policies. The financial statements have been prepared under the accounting policies set out therein. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union.

In my opinion, the financial statements:

- give a true and fair view of the state of the Office of Communication's affairs as at 31 March 2021 and of the Office of Communication's 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 (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. 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 have also elected to apply the ethical standards relevant to listed entities. 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 Board and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises information included in the annual report but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's certificate thereon. The Board and 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. In connection with my audit of the financial statements, 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, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited 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.

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 reports. 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 or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

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 the Accounting Officer, is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Board and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Office of Communications' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board and the Accounting Officer either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring 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 relating to:

- identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Office of Communications' controls relating to the Communications Act 2003, Wireless Telegraphy Act 2006 & Digital Economy Act 2017
- discussing among the engagement team and involving relevant internal specialists, including Pension experts regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition and posting of unusual journals; and;
 - obtaining an understanding of the Office of Communications' framework of authority as well as other legal and regulatory frameworks that the Office of Communications operates in, focusing on those laws and regulations that had a direct effect on 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, Employment Law, tax Legislation, Pension Legislation.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board; and
- in addressing the risk of fraud through

management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams 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.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions 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 that I identify during my audit.

Report

I have no observations to make on these financial statements

Gareth Davies

7 July 2021

**Comptroller and Auditor General National
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