



Annual Plan 2016/17

Making communications work for everyone

Statement

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About this document

Ofcom exists to make communications markets work for everyone. To achieve this we have three main goals: to promote competition and ensure that markets work effectively for consumers; to secure standards and improve quality; and to protect consumers from harm. Our Annual Plan highlights some of the key work areas that we will seek to deliver in order to meet these goals, across the UK and its nations, in 2016/17. We also outline our broader ongoing work to support these goals, and how we will work for consumers across the UK nations.

This Annual Plan takes into account stakeholder responses to our consultation on the proposed Plan. It also builds in actions arising from the initial conclusions of our Strategic Review of Digital Communications. We have updated a number of the highlighted areas (in Section 3) to reflect our initial conclusions. Our work plan (Annex 1) sets out the new projects to implement the Digital Communications Review strategy.

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Section 1

What we do

- 1.1 We regulate fixed-line and mobile telecoms, TV, radio and video-on-demand services, post, and the airwaves used by wireless devices. We help UK businesses and individuals get the best from communications services and protect them from sharp practices. Where appropriate, we support competition as the basis for delivering good consumer outcomes.
- 1.2 We act independently from governments and commercial interests to deliver our duties. However, we are accountable to Parliament, and to perform our role effectively we need to engage openly and constructively with governments. We provide technical advice to governments (for example, our regular reviews of public service broadcasting) and in some cases we act as a formal representative of government (for example, in international negotiations on spectrum).

Our principal duty is to further citizen and consumer interests

- 1.3 Ofcom was established under the Office of Communications Act 2002, and operates under a number of Acts of Parliament¹. The Communications Act 2003 states that our principal duty is to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition. In postal services, our duty is to carry out our functions in a way that we consider will secure provision of a universal postal service in the UK. We implement and enforce communications, competition and consumer protection laws, and Ofcom's competition powers are outlined in Section 4 below.

Our main legal duties guide the direction of our work

- 1.4 Our main legal duties are to ensure that:
- the UK has a wide range of electronic communications services;
 - radio spectrum is used in the most effective way;
 - a wide range of high quality television and radio programmes are provided by a range of different organisations, appealing to a range of tastes and interests;
 - people are protected from harmful or offensive material, unfair treatment and invasion of privacy on the television and radio; and
 - the universal service obligation on postal services is secured in the UK.
- 1.5 Ofcom can enforce consumer law on behalf of consumers, but does not have the power to resolve individual consumer complaints about telecoms or postal services, unlike in TV and radio. We provide advice to complainants and refer them to the alternative dispute resolution (ADR) schemes that we have approved.

¹ These include the Communications Act 2003, the Wireless Telegraphy Act 2006, the Broadcasting Acts 1990 and 1996, the Digital Economy Act 2010 and the Postal Services Act 2011.

Section 2

Changes in the markets we regulate

- 2.1 In setting our goals and Annual Plan we have considered the rapidly changing environment in which we operate. Communications markets are fast-moving, with changing consumer and business needs, new and evolving network, device and service technologies, and significant activity in mergers and acquisitions. This section briefly examines the key factors currently influencing communications markets.

Changing consumer and business needs

Connected users demand higher speeds and improved quality of service

- 2.2 Changing consumer and business needs are driving demand for bandwidth on fixed and mobile networks. Businesses are adopting cloud-based IT services, and consumers are using multiple connected devices simultaneously, for services including data-hungry ones such as video streaming. Two-thirds of UK adults own a smartphone, and over half of UK households have a tablet.² In 2015, UK mobile data use grew by 64% and household/small businesses' fixed data use grew by 40%.³
- 2.3 Industry analysts forecast that data demand will continue to grow, underlining the importance of resilient, reliable, and high-quality networks for all types of user.

Different communications services meet a range of users' needs

- 2.4 IP-based services operating 'over the top' (OTT) of broadband and mobile data connections are becoming increasingly common. OTT offerings include video content, text messaging and voice call services that were traditionally offered over distinct networks designed for each service.
- 2.5 Service bundling has increased over the last few years, starting with voice and broadband services ('dual-play'); then adding content ('triple-play'); and mobile ('quad-play'). Sixty-seven per cent of UK customers now take some form of bundle, with 27% opting for triple-play.⁴ Bundles benefit consumers, offering convenience, lower prices, and new functionality. However, bundling can also make it harder for consumers to choose between complex offerings and to switch providers, particularly if the switching processes or contract end-dates of the bundled services differ.
- 2.6 The array of services on offer at different prices, with different tariff structures and contractual terms, may reduce price transparency and complicate user decisions.
- 2.7 The growth of IP-based services presents particular opportunities and challenges to businesses as they seek to benefit fully from the digital economy. The convergence of IT and communications services is creating more choice, but also more complexity. Trends such as the migration towards unified (fixed and mobile) IP-based communications and cloud-based services are putting increasing demands on the quality and resilience of underlying network connectivity.

² *Ofcom Technology Tracker*, H2, 2015, Table 24/39.

³ *Ofcom Connected Nations 2015*, pp. 6, 34.

⁴ *Ofcom Technology Tracker*, H1, 2015, Table 138/143/145; H2, 2015, Table 100.

New and evolving network technologies

New technologies offer increased speeds and improved quality of experience

- 2.8 Fixed network operators are seeking to increase the speeds of existing networks, combining fibre with copper or cable. They are also investing in new technologies, including the use of fibre to the premises (FTTP), to provide higher speeds. 'Superfast' broadband speeds of at least 30Mbit/s are available to 83% of UK premises.⁵ Communications providers have a number of plans and investments underway to deliver more fibre networks and ultrafast broadband services.
- 2.9 Mobile network operators are also upgrading networks, rolling out 4G, and using WiFi and small cells to improve mobile data coverage, and exploring options for greater network and spectrum sharing to reduce costs. Research is under way on future 5G networks, which could provide speeds far in excess of those presently available.

As speeds increase, underlying network technologies are converging

- 2.10 Fixed and mobile networks are converging, combining fibre and wireless connections. At home, consumers use wireless devices connected to a fixed broadband network via WiFi. Outside the home, the same devices connect to mobile networks which increasingly use fixed fibre backhaul. If these trends continue, fixed and mobile networks will start to look increasingly similar; both using fibre to transport data to the edge of the network, and using wireless technologies to connect to consumer devices.

While new technologies develop, others may be nearing retirement

- 2.11 With fixed and mobile network convergence, and the increasing use of IP-based technologies over these networks, a number of legacy technologies may be nearing retirement. For example, communications providers including BT and Virgin Media, are planning to switch off their public switched telephone networks. Any such transitions will need to be carefully managed to ensure that important services are migrated safely to newer technologies and vulnerable users are suitably protected.

Mergers and acquisitions (M&A)

Significant M&A activity has implications for the regulatory landscape

- 2.12 Significant M&A activity has been proposed and implemented in communications markets in recent years. Examples include in-market mergers (e.g. the proposed acquisition of O2 UK by 3UK), cross-market mergers (e.g. the acquisition of EE by BT), and international mergers (e.g. the acquisition of Virgin Media by Liberty Global). International companies have also acquired UK broadcasters, content producers, and commercial radio stations.
- 2.13 Consolidation offers benefits. Increased scope enables operators to offer bundled services and combine different parts of their networks. Increased scale spreads development costs and network investment over larger subscriber bases. However, in-market consolidation may entail risks for consumer choice, and if it reduces competitive intensity, it may impact on investment, innovation and consumer prices.

⁵ Ofcom analysis of operator data, May 2015.

Section 3

Our goals and highlights for 2016/17

- 3.1 Ofcom exists to make communications markets work for everyone. To achieve this, we have three high-level, long-term goals:

Promote competition and ensure that markets work effectively for consumers

Secure standards and improve quality

Protect consumers from harm

- 3.2 To achieve our goals, we need to address specific challenges within our sectors.
- 3.3 Below, we explain our aim for each goal and our overall proposed approach to achieving this aim. We also provide context on the specific considerations guiding our work in 2016/17, and highlight some of the key proposed areas in our 2016/17 work plan which will contribute to the delivery of our goals.
- 3.4 Further detail on our wider work plan, including these highlighted areas of work, can be found in Annex 1. In addition to these specific areas, our broader programmatic work supports these aims on an ongoing basis (Section 5).

1. Promote competition and ensure that markets work effectively for consumers

- 3.5 **Our aim** is to ensure that consumers and businesses benefit from a range of communications products and services, and that the market can provide good outcomes in terms of choice, price, quality, investment and innovation.
- 3.6 **We do this by** ensuring that markets can work effectively, through regulation where appropriate, so that consumers can gain from the benefits of competition.
- 3.7 **This year** sees potential material change for regulation and policy frameworks, which will significantly define our work plan in 2016/17. Our Strategic Review of Digital Communications is ongoing. At the same time, the European Commission is reviewing the wider European regulatory framework. Across our sectors is the prospect of material market consolidation. In this context, we need to ensure consumers and businesses continue to benefit from competition and choice, and have accurate, comparable and accessible information to make informed decisions.

Areas to highlight from our 2016/17 work plan:

- 3.8 **Creating the opportunity for large-scale deployment of more ultra-fast networks.** Following the *Initial Conclusions* of our Strategic Review of Digital Communications, we will open up and improve access to Openreach's telegraph poles and ducts, to allow competing operators to deploy their own fibre networks.
- 3.9 **Implementing our proposals to increase Openreach's independence.** While the opportunity for more ultra-fast networks is created, competition based on access to Openreach's network remains critical for good consumer and business outcomes. We will reform Openreach's governance, strengthening independence from BT, for example, by creating a wholly-owned subsidiary. We will prepare a proposal to the European Commission that secures the necessary independence for Openreach.

- 3.10 **Ensuring that European regulatory frameworks work for the UK**, as they adapt to market changes in terms of convergence, consolidation, new technologies and new consumer behaviour. We will play a leading role, with the UK Government, in European initiatives under the Digital Single Market Strategy, in particular in the review of the European Framework for Electronic Communications Networks.
- 3.11 **Supporting competition in fixed-line services, through our market reviews**, to ensure that consumers and businesses benefit fully from choice, price, investment, innovation and quality of service, as markets evolve.
- 3.12 **Improving consumers' and businesses' ability to make informed choices** by providing more granular, clear accessible information, including more detail on mobile broadband coverage, fixed broadband speeds and quality of service. We will continue our work on switching and deliver our commitment to improve SMEs' ability to engage in the market.
- 3.13 **Monitoring price increases, providing advice and information on pricing, and making sure all consumers receive value from their communications providers**, including protecting consumers who are not engaged with the market.

2. Secure standards and improve quality

- 3.14 **Our aim** is to secure widespread availability, affordability and accessibility of communications and services, of good quality, for end-users across the UK.
- 3.15 **We do this by** recognising that while competition is at the heart of our approach to ensuring good outcomes for consumers, competition alone cannot deliver the full range of desirable outcomes. Where this is the case, we make targeted interventions to improve consumer and citizen outcomes.
- 3.16 **This year**, we will continue our work to ensure that everyone in the UK can access high-quality communications services that are vital for engagement in society. Our work across fixed and mobile services will aim to ensure that all consumers and businesses can benefit from connectivity. Developments in content services will continue to drive our work to ensure that end-users benefit from high standards.

Areas to highlight from our 2016/17 work plan:

- 3.17 **Supporting the implementation of a new broadband universal service obligation (USO)** giving everyone the right to a decent broadband service.
- 3.18 **Delivering a step-change in the quality of telecoms services**, through more demanding service targets on Openreach, rigorous enforcement and fines for underperformance, new performance league tables for all operators, and automatic compensation for consumers and businesses when things go wrong.
- 3.19 **Implementing conclusions of BBC Charter Renewal**, where relevant. The current charter expires 31 December 2016. The outcomes of renewal may result in changes to Ofcom's regulatory role around the BBC, with implications for our work plan.

3. Protect consumers from harm

- 3.20 **Our aim** is to ensure that consumers do not face sharp practice and that vulnerable consumers are protected from specific harms from which they are at risk.

- 3.21 **We do this by** protecting consumers, especially vulnerable groups at risk of harm. We implement additional measures where there is a risk of exposure to harmful behaviour by firms, or to offensive content on television and radio.
- 3.22 **This year**, our work will continue to recognise that effective markets may still deliver poor citizen and consumer outcomes in some cases. Our investigation and enforcement work will continue to be driven by issues emerging or changing during the year. This approach is the best way to address the issues that are important to consumers. In particular, we anticipate a continued focus on nuisance calls.

Areas to highlight from our 2016/17 work plan:

- 3.23 **Addressing nuisance calls** by working with UK communications providers to monitor and block problematic call traffic; working with the Information Commissioner's Office (ICO) and other bodies to reduce such calls; and taking enforcement action against those generating silent and abandoned calls.
- 3.24 **Continuing to respond to emerging consumer issues** through our protection programme, including investigations. Current investigations that may continue in 2016/17 include our work on cancellation processes and on complaints handling.

Our approach to regulation in 2016/17

- 3.25 To deliver our purpose of making communications work for everyone, it is essential that the regulations which apply to the communications markets remain appropriate. Under the Communications Act 2003, Ofcom is required to minimise the burden it places on the companies it regulates. The Act requires us to keep regulation under review to ensure that it does not bring about (a) the imposition of burdens that are unnecessary; or (b) the maintenance of burdens that have become unnecessary. Ofcom is required to remove or reduce unnecessary burdens where it finds them. These requirements inform all of our regulatory work, including our market review programme. In addition, there are some activities in 2016/17 which will look specifically at the scope for removing or amending the regulation we apply.
- 3.26 Our Strategic Review identified further potential areas for deregulation and targeted regulation. Our new strategic focus on network competition will create opportunities to target regulation more effectively over time. Our forthcoming market review programme will consider how far we can deregulate traditional voice telephony, while maintaining suitable protections for vulnerable and landline-dependent users.
- 3.27 Ofcom's consumer protection regulation is underpinned by the "General Conditions of Entitlement", a set of legal obligations to which electronic communication providers or networks must adhere. In 2016/17 we will review these General Conditions, and consider the extent to which each of them remains appropriate. This review may lead to the removal of elements of the General Conditions, or to the modification of existing Conditions. We will consult on any proposals for change in the usual way.
- 3.28 In addition, we will work with the UK Government in 2016/17 to implement any outcomes from our review of radio regulation, including any potential deregulation. The review considers both localness and music formats.

Section 4

Delivering our goals across the UK

- 4.1 We need to deliver on our goals for consumers and businesses across the UK's nations. National and regional differences have implications for how we work and how we secure good outcomes for consumers and businesses. We take these differences into account across our work plan.

The needs of rural users and SMEs present challenges across the nations

- 4.2 The provision of postal, mobile, and broadband services to rural areas presents particular challenges, given their economic geography. These areas fall disproportionately within Northern Ireland, Scotland and Wales as well as some English regions. Good quality communications services are critical to consumer experiences, citizen participation and access to public services, and to SME success.
- 4.3 In 2016/17 Ofcom will continue its review of the Royal Mail, including the parcel market and parcel surcharging in the Scottish Highlands and Islands, and Northern Ireland. Our *Connected Nations* and *Communications Markets* reports will provide information on mobile and broadband coverage, take-up, use and consumer experience of communications services across and within the nations, including variations between rural and urban consumers.
- 4.4 Our broader work plan includes prioritising our support of the Government on the implementation of the broadband USO, and providing more detailed information on coverage and speeds. Our Strategic Review set out our work to enable further investment into fixed networks, and to explore options for extending mobile coverage by seeking to include new coverage obligations on spectrum, especially in rural areas. This work will actively consider the needs of consumers in each nation. Action will be required to ensure consumers in more remote areas in each of the nations remain included.
- 4.5 Our ongoing SME action plan will continue to consider the specific needs of SMEs in each nation. We will continue to monitor public service broadcasters' (PSB) compliance with licence conditions regarding programmes made outside London and England, as well as considering how best to ensure the ongoing production and broadcast of local content, taking into account the outcome of BBC Charter renewal.
- 4.6 While these challenges are common to all the nations, each nation also faces its own particular issues. In addition, further devolution of powers to the nations' governments and legislatures is ongoing, as are proposals for devolution of powers within England. Below, we set out our planned work for each nation, and describe how we will engage with devolved bodies across the UK.

England

- 4.7 The most recent *PSB Review* raised concerns from audiences that people from black, Asian or minority ethnic (BAME) backgrounds are under-represented in and under-served by PSB TV content. In 2016/17, Ofcom will continue to work with the Equality and Human Rights Commission and the Creative Diversity Network to provide guidance on promoting diversity in broadcasting across the UK.

- 4.8 As well as the question of connectivity in rural areas, high population density in England's urban areas (and London in particular) presents different challenges for network operators. Our work on mobile broadband speeds, and consumer research on reception and ease of access, will help us to identify network and quality-of-service problems, including any potential issues for urban users.

Northern Ireland

- 4.9 Northern Ireland's border with the Republic of Ireland presents unique challenges, including the risk of international roaming charges when consumers' mobile phones pick up an Irish network. We will continue our strong working relationships with the Irish regulatory authorities, co-ordinating our approach to a range of cross-border challenges, taking into account the new European legislation on roaming charges.
- 4.10 The model of separation between BT and Openreach that currently exists in Great Britain does not apply in Northern Ireland. Instead, BT Ireland's wholesale division operates and maintains the network on behalf of BT Group. We will consider whether existing differences in BT's structure and governance across the UK remain appropriate as we develop proposals on a new model of separation. Our starting position is that the same model should apply across the UK, so long as we are satisfied that such an arrangement would not be disproportionate.
- 4.11 We will continue to work with the Northern Ireland Executive, the Assembly and the newly-formed local councils. We will offer regulatory and technical advice, particularly in support of improved broadband roll-out and mobile coverage.

Scotland

- 4.12 The proposals agreed by the Smith Commission and the Scotland Bill before the UK Parliament provide a new context for our work in Scotland. We will prepare for the appointment of an Ofcom Board member for Scotland, and the development of a new Memorandum of Understanding for our relationship with the UK Government and Parliament and the Scottish Government and Parliament. We will also coordinate with Scottish Government colleagues in the Competition and Consumer Policy Unit, to support their role in relevant markets.
- 4.13 We will continue to provide support to the Scottish Government and Parliament Committees, including by providing technical advice, undertaking more granular research, and supporting digital participation initiatives.
- 4.14 We will increase our visibility and presence in Scotland in 2016/17, including through increased resourcing of our Edinburgh office.

Wales

- 4.15 We will continue to implement a new Welsh Language Standards legislative framework, which will soon replace the existing Welsh Language Scheme.
- 4.16 Devolution is ongoing and we will continue to work with the Welsh Government and National Assembly for Wales to improve communication services across Wales, by offering regulatory and technical advice, particularly in support of improved broadband roll-out and mobile coverage. We will also work with the Welsh Government to appoint an Ofcom Board member for Wales, and develop a Memorandum of Understanding with the Government and the National Assembly.

Section 5

Ongoing work to fulfil our duties

- 5.1 Above, we highlight key areas of work that will help us to meet our goals in 2016/17. These are areas of work which have particular relevance in 2016/17, as they have specific, significant deliverables in the next year, distinct to those in other years.
- 5.2 Alongside these work areas sits our broader programme of ongoing work, which also helps us achieve our goals. Typically, our approach to delivering this work does not change substantially from year to year. It includes many important activities that are key to ensuring that consumers experience good outcomes in the communications markets. Much of this work is non-discretionary, as it is required by statute.

Promote competition and ensure that markets work effectively for consumers

Allocating numbers

- 5.3 Ofcom has a duty to allocate geographic telephone numbers to communications providers, who then issue these to consumers. We ensure efficient use of numbers, minimising the need for disruptive and costly measures to address shortages.

Monitoring pay TV

- 5.4 Ofcom tracks market developments across the pay TV value chain. Our objectives are to ensure we have a good understanding of the consumer experience and retail competition as the sector evolves, and to monitor any concerns in relation to access to pay TV content (including supply of premium sports content) and TV platforms, enabling us to intervene quickly, if necessary.

Secure standards and improve quality

Technical studies to inform future requirements for spectrum

- 5.5 Ofcom is responsible for ensuring that radio spectrum in the UK is used in the most efficient way. This aim includes planning for future spectrum requirements for mobile data and fixed wireless backhaul, among other services. Our programme of work will include technical studies for candidate bands identified for 5G at the World Radiocommunications Conference 2015. It will also include exploring and implementing opportunities for spectrum sharing, including propagation modelling and application, and furthering our understanding of the use of spectrum in the satellite and space science sectors.

Spectrum authorisation

- 5.6 Ofcom plans efficient use of radio spectrum in the UK in ways which limit interference between users and maximise the benefits to consumers. We authorise the use of spectrum by issuing licences, or by making rules to allow use without a licence.

Spectrum assurance and enforcement

- 5.7 Ofcom provides advice and assistance to help resolve harmful interference to spectrum users. Our Spectrum Engineering and Enforcement Team handle reports of interference and carry out a range of activities to protect and manage the UK's spectrum. Activities include reacting to interference to safety-of-life communications and preventing unauthorised use of spectrum. We use enforcement that is proportionate, in accordance with our statutory duties and regulatory principles.

Radio and TV broadcast licences

- 5.8 Ofcom is responsible for licensing all national and local UK commercial TV services. We are responsible for licensing all analogue and digital commercial and community radio services. In serious cases of non-compliance with licence requirements, Ofcom can revoke licences.

Programme standards enforcement

- 5.9 Ofcom is required to ensure that the content of TV and radio services meets certain standards. Members of the public can complain to Ofcom directly about broadcast content on TV and radio programmes if they believe that these programmes fail to meet these standards. Ofcom considers all of the complaints it receives against the Broadcasting Code, and other relevant codes and guidelines.

On-demand programme services

- 5.10 Ofcom has a duty to ensure that content provided by on-demand programme services meets the relevant rules and guidelines designed to provide protection to audiences.

Network security and resilience

- 5.11 Ofcom has a duty to ensure that network operators design and operate networks in line with good security practice, and we work to ensure compliance with our guidance. We have an additional, related duty to collate reports on network failures, which we provide to the European Commission. We follow up incidents of concern to understand the cause and steps taken to respond, in order to minimise future risk.

Protect consumers from harm

Competition enforcement and consumer protection

- 5.12 Ofcom has a role in enforcing the regulatory conditions it imposes on communications providers, as well as enforcing general consumer law in its areas of responsibility. Ofcom also determines disputes between providers of electronic communications networks and services. Our investigations teams assess complaints and disputes and ensure that we respond quickly, firmly and effectively. In addition, we work closely with consumer bodies and advocacy groups, including the Communications Consumer Panel.

Monitoring the operation of next-generation text relay services

- 5.13 Ofcom will monitor the operation and take-up of the 'next-generation' text relay service introduced in 2014. Text relay enables people with hearing or speech

impairments to communicate with others over the telephone. We will ensure that communications providers offer consumers access to the service, and work with stakeholders to understand user experience, to be sure it is meeting its objectives.

Other work across our goals

Market research

- 5.14 Ofcom undertakes a broad programme of research into communications markets and consumer preferences and behaviour. This research helps inform how we meet our wider duties, and ensures that we have an up-to-date and thorough understanding of consumers in the markets we regulate. Our [Statistical Release Calendar](#) provides links to key publications and data.

Promoting diversity and equality of opportunity in broadcasting

- 5.15 Ofcom's statutory duties include the promotion of equality of opportunity. This duty extends to employment, and the development of training opportunities, in the television and radio broadcasting industries, to support women and people from ethnic minorities. Ofcom also has a duty to promote equality of opportunity for disabled people. We continue to work with those communities to improve equality of opportunity throughout the broadcasting sector across the whole of the UK.

Engaging with UK governments and other bodies on audience protection

- 5.16 Ofcom continues to engage with governments, industry and media regulators to explore options to deliver more consistent protection for audiences across traditional and online media. In addition, Ofcom continues to play an active role in supporting the Government's UK Council for Child Internet Safety, which includes continuing our work to promote best practice by social media companies.

Engaging with UK governments and other bodies on technical matters

- 5.17 Ofcom engages with governments and a range of other bodies across the UK, advising on technical issues. We advise UK governments on availability issues through our work as part of the Digital Infrastructure and Inclusion Task Force, and we provide support for the implementation of the Civil Infrastructure Directive and for improving mobile coverage on trains. We also advise the UK Government's central management unit, to enable public sector spectrum to be released or shared for civil use. We will work with the Information Commissioner's Office and other organisations on issues such as reducing problematic call traffic, and exploring solutions to data privacy issues for the Internet of Things.

Engaging with international stakeholders

- 5.18 Ofcom engages with a range of international stakeholders in the field of communications regulation, to learn from their experiences and to help shape policy thinking in the interests of UK consumers. We actively participate in European regulatory networks, such as the Body of European Regulators for Electronic Communications, the Radio Spectrum Policy Group and the European Regulatory Group for Audiovisual. We represent the UK, under Ministerial Direction, in the International Telecommunications Union, and as part of this, lead the UK delegation at the World Radiocommunications Conference and World Telecommunication Standardisation Assembly.

Ofcom's competition law powers

5.19 Our programmatic work, outlined above, ensures that we meet our regulatory responsibilities, as set out in Section 1. In addition to our regulatory responsibilities, we have powers in relation to communications matters;⁶ to:

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

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

5.21 Our competition powers also have implications for our work. The cases we are currently investigating under our competition law powers are:

- a complaint from Whistl UK Limited in relation to the prices, terms and conditions on which Royal Mail Group Limited is offering to provide access to certain letter delivery services; and
- a complaint from Virgin Media Limited relating to the sale of live UK audiovisual media rights to Premier League matches.

⁶ The term 'communications matters' covers various aspects of electronic communications, as well as broadcasting and the provision of postal services. We exercise these powers concurrently with the CMA.

Section 6

Ensuring value for money

We will continue to deliver efficiencies and savings

- 6.1 The Government set out its plans in the November 2015 Spending Review to reduce the deficit in public finances. Further substantial savings are expected to be achieved by public sector bodies.
- 6.2 Ofcom will play its part in meeting the challenge facing public finances. Our proposals for 2016/17 build on Ofcom's track record of reducing our budget; Ofcom has delivered 11 consecutive years of like-for-like real-terms budget reductions, and we will continue to reduce our spending where we can.

Our budget for 2016/17

- 6.3 Our 2016/17 Annual Plan builds on previous efficiencies and reflects our ongoing commitment to provide value for money. We have identified areas where we think we can do things differently, responding to new challenges in the markets we regulate. In light of this, we have set our budget at £114.3m, the same as our 2015/16 budget, which represents a 1.5% real-term reduction from 2015/16⁷.
- 6.4 Costs for 2016/17 by stakeholder sector are published in our [Tariff Tables](#) alongside this document. Our work plan is reflected in the tariffs we have set, and there is no change to the method we have used to calculate these charges.

How we will manage our resources in 2016/17

- 6.5 We will continue to look at how we carry out our work, to make sure that what we do is aligned to our aim to make communications markets work for everyone. Where resources are limited, we will make choices, guided by our goals and our duty to promote citizen and consumer interests. We have undertaken an internal review to look at the challenges Ofcom faces, and how we should respond to these challenges, to ensure that we are as effective as possible in the future.
- 6.6 Our internal review has assessed our property requirements, looking at where our teams are located, and at more agile working arrangements for colleagues, to help reduce our London footprint and deliver further efficiencies. We are relocating Ofcom's Customer Contact Team away from our London office to the North-West of England. As we move some spectrum licensing services online, this function will also move from London. We have reviewed how we manage our properties, consolidating and simplifying our approach, to bring greater efficiencies and cost savings.
- 6.7 As part of our ICT Strategy, some of our functions and systems are moving to cloud-based platforms, which will allow more collaborative working and save money. Bringing programme-making and special events (PMSE) licensing in-house in 2015/16 will bring savings in 2016/17. Bringing regulation of video-on-demand services in-house will provide a more effective, streamlined service and reduce the overall cost of regulation in this area.

⁷ [Based on HM Treasury's Gross Domestic Product \(GDP\) deflator](#)

Annex 1

Work plan for 2016/17

A1.1 Below, we set out our proposed work plan for 2016/17. We provide detail on the projects underpinning our key work areas, as set out in Section 3, as well as our wider work plan to achieve our goals.

Promote competition and ensure that markets work effectively for consumers

Creating the opportunity for large-scale development of ultra-fast networks

Project details	Project director	Milestone
<p>Improving access to Openreach's telegraph poles and ducts: We will ensure effective operational processes are in place for other communications providers using Openreach duct and telegraph poles. We will also require Openreach to establish an online duct and pole access database. We will consider these issues in the context of the Wholesale Local Access market review.</p>	Paul Jacobus	WLA consultation Q3 16/17
<p>Supporting the implementation of the Government's Broadband Cost Reduction Directive: Broadly, this Directive will give a right of access to civil infrastructure to deploy high speed broadband networks on reasonable terms and establish a dispute resolution process. The Government has proposed that Ofcom is the dispute resolution body. If this is confirmed, we expect to issue guidance on our role.</p>	Timothy Cross	Implementation of Directive Q2 16/17

Implementing our proposals to increase Openreach's independence

<p>Reforming Openreach governance and strengthening its independence from BT: We will develop detailed proposals to bring about greater independence and autonomy of Openreach for discussion with the European Commission.</p>	Clive Carter	Proposals for discussion in Q3 16/17
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Ensuring European regulatory frameworks adapt

<p>The European Commission has indicated that it will publish legislative proposals for a review of the Electronic Communications Framework legislation in 2016. We will work with the European institutions and with the UK Government to contribute to the debate, to ensure that</p>	Camilla Bustani	European Commission's Legislative proposals Q2/3
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any new legislation is proportionate, reflects the challenges facing the sector and meets the needs of consumers now and in the future.		16/17
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Supporting competition in fixed line services through market reviews

<p>Conducting the narrowband market review: The narrowband market review considers the products and services that underpin the delivery of retail fixed telephony services in the UK. We will conclude our review of the narrowband market in 2016/17. This review is broader in scope than our last review, in 2013; it now includes three narrowband access markets (wholesale fixed analogue exchange lines, wholesale ISDN2 and wholesale ISDN30) in addition to wholesale call origination, wholesale call termination and interconnection circuits.</p>	Louise Marriage	Consultation Q2 16/17
<p>Conducting the mobile call termination market review: Mobile call termination (MCT) is a wholesale service provided by a mobile communications provider (MCP) to connect a call to a recipient on its network. When fixed or mobile communications providers enable their customers to call a UK mobile number, they pay the terminating MCP a wholesale charge, called a mobile termination rate (MTR). MTRs are set on a per-minute basis and are currently subject to regulation. We will begin our review in 2016/17 with a consultation to follow in 2017/18.</p>	Brian Potterill	Consultation Q1 17/18
<p>Conducting the wholesale broadband access market review: The wholesale broadband access market relates to the wholesale broadband products that communications providers provide for themselves and sell to each other. These services are one of the building blocks of the retail broadband offers that consumers buy. A key decision for us in this review is whether we should continue with <i>ex ante</i> regulation in this market.</p>	Caroline Longman	Consultation Q3 16/17
<p>Conducting the wholesale local access market review: The wholesale local access (WLA) market concerns access to the fixed telecommunications infrastructure. WLA is the local connection between the end-user's premises and the local exchange or access node. This connection can be copper, cable and/or fibre-based and is used to provide fixed-line services such as voice calls and broadband internet. In this review we will consider what is the appropriate regulation, if any, for fibre products, copper products, and passive access (ducts and poles).</p>	Markham Sivak	Consultation Q3 16/17

Improving consumers' and businesses' ability to make informed choices

<p>Improving information on fixed broadband speeds and availability: We will seek to provide more granular information to consumers regarding availability and estimated speeds for superfast and ultrafast fixed broadband and for 4G mobile networks. For fixed networks, our aim is to provide data at household level. These data will be published in our <i>Connected Nations</i> reports and will also be available via interactive maps. In addition, we will continue to provide updates to the government's Digital Infrastructure and Inclusion Task Force on broadband speeds.</p>	Gary Clemo	Publication of <i>Connected Nations</i> reports Q3 16/17
<p>Improving mobile coverage maps: We will undertake field tests to understand how we can extend our mobile coverage maps to show additional information, including reflecting the quality of mobile data and 4G voice.</p>	David Harrison	Field testing Q1 & 2 16/17
<p>Publishing consumer information: We will continue to publish comparable information, including on complaints data, broadband speeds and quality of customer service. Where we identify there is a need, we will look to publish more comparative information to inform consumer choice and incentivise industry performance.</p>	Sean O'Hara/ Nick Collins	Mobile and fixed broadband reports Q4 16/17
<p>Improving consumers' ability to switch: Following our work to improve switching processes on BT and KCom's copper networks, we are considering whether we need to improve processes for switching mobile and triple-play services. If we identify a need to improve processes, we will publish our decision and start to implement changes in 2016/17. In addition, we will continue our work to identify and address non-process barriers to switching, e.g. in-contract terms.</p>	Justin Le Patourel Katie Morrison	Mobile: statement Q3/4 16/17 following consultation in 15/16 Triple play: Consultation Q2 16/17
<p>Helping SMEs to engage in communications markets: Following the 2015 SME action plan, we will continue to improve SMEs' ability to engage in communications markets. In addition to considering the specific needs of SMEs across our programme of work, in 2016/17 we will: undertake further research on SMEs' needs and experiences; work with industry on the implementation of the voluntary SME broadband code of practice for communications providers; keep our business portal up-to-date; and continue to engage with the UK Government to meet the needs of SMEs, including in relation to superfast broadband availability to SME premises.</p>	Priya Sinha	Implementation of voluntary SME broadband code Q2 16/17; Research published Q2 16/17

Monitoring price increases, providing advice and information on pricing, and making sure all consumers receive value from their communications providers

<p>Monitoring price increases: In the past year there have been significant increases in standard tariff prices, from several communications providers, while new customers have been able to achieve significantly lower prices by taking advantage of introductory discounts. It is our view that all consumers, not just those engaged with the market and actively switching supplier or tariff, should receive value for money from their communications service provider. We will assess changes in communications tariff prices and structures, how they are advertised, and how they affect different consumer segments, taking action if necessary.</p>	Ian Macrae	Information published Q2/3 16/17
<p>Improving price information for consumers. It is essential that the prices of communications services are structured and presented so that consumers can easily understand the overall price and make comparisons between providers. We will work with industry and third parties, such as price comparison websites, to improve information available to consumers. We will monitor the effect of providers' adherence to the Advertising Standards Authority's new rules on broadband advertising. We will explore requiring providers to publish a standard cost comparison measure, such as a measure of the average monthly cost of the core elements of a service over the contract period, alongside their tariffs.</p>	Ian Macrae	Research and assessment Q3 16/17
<p>Assessing outcomes for standalone landline customers: There may be particular issues for those customers wanting to buy a standalone landline service (i.e., not part of a bundle). These customers face a reduction in choice (some of the largest providers no longer actively offer landline services without broadband), and line rental price increases. The majority of landline-only households are elderly and on low income. We will assess this issue alongside the narrowband market review, and take action as necessary to promote competition, and/or ensure that consumers are appropriately protected from harmful price increases.</p>	Priya Sinha	Assessment published Q3 2016/17

Further projects to promote choice and ensure that markets work effectively

<p>Reporting on the UK communications market: This suite of annual reports looks at the communications sector across the UK and in Northern Ireland, Wales and Scotland. The reports contain data and analysis on broadcast television and radio, fixed and mobile telephony, internet take-up and consumption, and post.</p>	Steve Cape	Published Q2 16/17
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<p>Reporting on the international communications market: This annual report provides comparative international data on the communications sector. The aim of the report is to benchmark the UK communications sector against a range of comparator countries in order to assess how the UK is performing in an international context.</p>	Jane Rumble	Published Q3 16/17
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Secure standards and improve quality

Enforcing a step-change in the quality of telecoms services

<p>Landline and fixed broadband quality of service: We will continue to monitor Openreach's quality of service in the fixed access market. Following the publication of the initial conclusions of our <i>Strategic Review of Digital Communications</i>, we plan to set and enforce more demanding minimum standards on the Openreach network through the <i>Wholesale Local Access market review</i>. We will consider extending minimum standards to new areas, as required, and we will explore the potential of using price controls to incentivise service quality improvements. In addition to our work on the market review, we will consider how to encourage communications providers to share information and to pass this information on to consumers to improve outcomes.</p>	Ali Abbas-Ali	WLA consultation Q3 16/17
<p>Ethernet quality of service: We will establish a new Ethernet quality of service monitoring and compliance framework, subject to the conclusions of <i>the Business Connectivity Market Review (BCMR)</i> which examines the markets for the provision of leased lines (high-quality, dedicated, point-to-point data transmission services) to businesses in the UK.</p>	Gideon Senensieb	Framework established Q2 16/17
<p>Reporting on quality of service in the fixed and mobile sectors: We will establish a new annual report, covering a range of network and customer service quality measures for all providers in the communications sector.</p>	Ian Macrae	Q4 16/17
<p>Considering arrangements for automatic consumer and small business compensation: We will design and consult on a requirement for retail communications providers to provide compensation automatically when they fail to provide a service to designated standards.</p>	Selina Chadra	Q4 16/17

Supporting the implementation of a new broadband universal service obligation (USO)

<p>We will support the implementation of a broadband USO, which was announced by Government in 2015. Our work will include technical advice and regulations, including making regulations for the designation of universal service provider/s and appointing universal service provider/s as required. We will establish a funding mechanism if necessary.</p>	Liz Bates	Ongoing
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Implementing conclusions of BBC Charter Renewal

<p>The BBC's constitution is set out in a Royal Charter, while the detailed framework under which it operates is described in an Agreement between the BBC and Secretary of State for Culture, Media & Sport. The current Charter is due to expire on 31 December 2016, and the Government is currently reviewing the future of the BBC in order to set a new Charter. Ofcom already performs a number of regulatory duties in relation to the BBC, and we will support the Government's work on how these regulatory responsibilities might evolve, and to implement any relevant outcomes flowing from the Charter Review process.</p>	Richard Wronka	TBC – current Charter expires 31 December 2016
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Further projects to secure standards and improve quality

<p>The Audiovisual Media Services Directive: We will provide advice to the Commission as it prepares to issue legislative proposals for a new Audiovisual Media Services Directive in the first half of 2016. Following publication of the legislative proposals, we will work with the European institutions and with the UK Government to contribute to the debate, to ensure that the regulatory framework continues to deliver the protection that audiences expect and to promote a vibrant European content market in the digital age.</p>	Jeremy Olivier	European Commission's legislative proposals in Q1 16/17
<p>Promoting diversity and equality of opportunity in broadcasting: We will continue to fully support the implementation of the Creative Diversity Network's (CDN) on- and off-screen diversity monitoring system, Diamond. We will continue to work with the CDN and the Equality and Human Rights Commission to further develop best practice guidelines for the industry, as part of an integrated online tool, due to be published in spring 2016, and to encourage relevant broadcasters to have regard to these when devising their arrangements for promoting equality of opportunity in employment and training. The guidelines will consider how to lay the</p>	Tony Close	Best practice guidelines Q1/2 16/17

foundations for a diversity strategy, from recruitment to training.		
Clarifying the rules prohibiting the broadcast of extremist content: Ofcom takes the broadcasting of content that incites crime or disorder extremely seriously, in line with our statutory duty in this area. We will publish our decision, following a review of the Broadcasting Code, to ensure that our rules and guidance make explicit to broadcasters the full range of content that is prohibited in this area.	Tony Close	Statement Q1/2 16/17
Reviewing how we approach the regulation of editorial content for on-demand programme services: Following our decision to act as a sole regulator in this area, alongside our linear broadcasting work, we will publish the findings of our review regarding how we approach the regulation of editorial content for on-demand programme services.	Tony Close	Statement Q1/2 16/17
Deciding whether to change the rules and guidance for live subtitling: We will improve the quality of the viewing experience for people relying on subtitles to enjoy live or near-live programmes. Ofcom will decide during 2016/17 whether to make changes to the rules and guidance applying to the broadcasters that are required to provide subtitling.	Tony Close	Consultation Q1 16/17
Preparing for the future of radio regulation: Following completion of our review of radio regulation in February 2016, which looks at localness and the simplification of radio formats, we understand that the UK Government will consult on options for change, including a potential new statutory framework. We will work with the UK Government to implement the conclusions of this consultation.	Neil Stock	Government consultation Q1 16/17
Supporting Government in the expansion of digital radio: We will support Government and local radio multiplex operators in the expansion of local DAB coverage, through our technical work for the Local DAB Funding Advisory Panel. In addition, we will continue to work with the UK Government to develop a potential digital solution for small-scale commercial and community radio stations.	Peter Madry/ Neil Stock	Government consultation Q1 16/17
Awarding the 2.3 and 3.4 GHz spectrum bands: we will proceed with an auction of the 2.3 and 3.4 GHz spectrum - released to Ofcom under the Government's Public Sector Spectrum Release (PSSR) programme – once the outcome of the European Commission inquiry into the	Andrew Hudson	TBC - following the EC decision

acquisition of O2 by Hutchison Whampoa (H3G) is known.		
Implementing the strategy for 700MHz change of use: We will publish a statement on the timing and details of changes for existing users of the 700MHz band (digital terrestrial television (DTT), PMSE, white space devices) and the timing of the availability of the band for mobile use. Specific activities of this multi-year programme that will continue in 2016/17 include developing the next level of detail of the DTT frequency plan, overseeing the DTT infrastructure changes and running the associated grant scheme.	Brice Le Cannu	Statement on the timing and details for changes for existing users Q2/3 16/17
Implementing the conclusions of the programme-making and special events (PMSE) review: Following publication of our statement in Q4 2015/16, we will assess the implementation requirements of the PMSE Review 2016/17.	Helen Hearn	TBC
Implementing spectrum policy for existing licensed use: We will conclude spectrum fee reviews for the fixed link and satellite earth station sectors, and for the DECT guard band licences. As part of the latter, we will consider the longer-term options for reconfiguring spectrum in the 1800MHz band, given the changes in technology since its original configuration.	Charles Jenne/ Russell Kent-Smith/ Alex Dixon/ Helen Hearn/ Paul Jarvis	DECT guard bands and 1800 MHz statement Q1 2016/17 Fixed link and satellite earth station fee review consultation Q1 2016/17
Reviewing the regulation of Royal Mail: Following a period of consultation on proposals, we will publish the results of our fundamental review into the regulation of Royal Mail, to ensure that it continues to secure the efficient and financially sustainable provision of the universal postal service. The review is comprehensive, looking at a range of areas, including efficiency, access and parcel delivery.	Chris Rowsell	Statement Q3/4 16/17
Reporting on the status of the UK's electronic communications networks and services: The <i>Connected Nations</i> suite of annual reports looks at the fixed broadband, mobile and WiFi networks, digital television, digital radio and internet infrastructure across the UK and in England, Northern Ireland, Scotland and Wales. In addition, we will publish a summary report for the UK Government.	Gary Clemo	Report published Q3 16/17
Reporting on adults' and children's media use and attitudes: These reports are published as part of our media literacy duties. They provide data on adults' and	Alison Preston	Adults' report published Q1 16/17;

children's media use and attitudes across TV, radio, games, mobile and the internet, with a particular focus on online use and attitudes.		children's Q3 16/17
Reporting on audience attitudes towards broadcast media: This annual research report looks at audiences' attitudes towards content on TV and radio. It includes levels of perceived harm and offence.	Jane Rumble	Report Q1 16/17
Producing the <i>Public Service Broadcasting Annual Report 2016</i>: This annual report summarises the evidence base for assessing delivery of the purposes of public service television broadcasting (PSB) by the public service broadcasters (PSBs) on the PSB channels.	Jane Rumble	Report Q2 16/17

Protect consumers from harm

Addressing nuisance calls

Enforcement action against silent and abandoned calls: We will take enforcement action against those making silent and abandoned calls, in line with our revised statement of policy which will be published in Q1 2016/17.	Lynn Parker	Ongoing
Monitoring and blocking problematic call traffic: We will work with UK communications providers to monitor and block problematic call traffic, under the memorandum of understanding agreed in November 2015, and with international partners on enforcement and caller line identification authentication, as agreed in 2014.	Nihal Newman	Agreement in principle with providers to commence implementation by Q1 16/17

Continuing to respond to emerging consumer issues

Cancellation and termination arrangements: Ofcom has an ongoing programme to assess the cancellation and termination arrangements of communications providers, and the impact these have on consumers' ability to exit their communications service contract quickly, conveniently and without error. Areas that we will continue to investigate include, but are not limited to: customer service concerns; for example, long call centre waiting times while trying to cancel a service; difficulties in securing mobile porting authorisation codes (PAC); billing continuing after a contract has ended; and problems unlocking handsets post-contract.	Justin Le Patourel	Ongoing
Complaints handling: Communications providers must have, and comply with, procedures that conform to the Ofcom-approved <i>Code of Practice for Complaints</i>	Gavin Daykin	Ongoing

<p><i>Handling.</i> Ofcom has an ongoing programme to drive improvements in this area, including ensuring that providers make consumers aware of alternative dispute resolution (ADR) and in particular, to address concerns that consumers are not receiving letters informing them of the right to go to ADR at eight weeks if the complaint remains unresolved. We have secured action plans from providers to deliver improvements within six months (by March 2016), which we will monitor and assess, and we will consider individual investigations if we do not see significant improvements. We currently have one ongoing investigation into Vodafone.</p>		
<p>Responding to issues as they emerge: As part of our ongoing programme of investigations, Ofcom will continue to respond to consumer issues as they emerge throughout the year.</p>	Lynn Parker	N/A

Further projects to protect consumers from harm

<p>Considering the watershed and other tools designed to protect children from inappropriate content: We will consider whether it is appropriate to update rules in the Broadcasting Code relating to the protection of children. Specifically, we will examine whether or not it is appropriate to allow broadcasters to show content more suitable for adults before the watershed, provided that robust access controls, such as PIN protection, are in place. As part of this we will examine the effectiveness of these tools and their interaction with the watershed, alongside any potential benefits to broadcasters and audiences.</p>	Tony Close	Statement Q1/2 16/17
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Annex 2

Responses to the Proposed Annual Plan

A2.1 We received 28 written responses to our Proposed Annual Plan from companies active in a range of communications markets, as well as from trade bodies, consumer interest organisations, and individuals. We have considered all responses in setting our Annual Plan and have published all non-confidential responses in full on our website.⁸ Below, we provide our response to key points raised by stakeholders during the consultation.

Promote competition and ensure that markets work effectively for consumers

Mobile backhaul

Stakeholder response key points	Ofcom response
<p><u>Three</u> and the <u>Welsh Government</u> highlighted the competitive bottlenecks faced by mobile operators, including the lack of competition in the fibre backhaul market. They proposed a range of interventions, including passive access remedies such as dark fibre and access to duct infrastructure.</p>	<p><i>Ofcom has recently set out its views on opening access to ducts and poles, alongside other passive remedies in its Strategic Review.⁹ In addition, the Business Connectivity Market review has consulted on proposals to introduce dark fibre, including potentially for use in backhaul to mobile base stations, with conclusions to be published in April 2016.</i></p>

International roaming

<p><u>Three</u> submitted that the EU decision to scrap retail roaming surcharges in the EU from June 2017 risks distorting competition at a European level, if there is no corresponding reduction in wholesale rates. It argued that this will particularly harm net out-payers, including smaller operators and providers in countries with low mobile termination rates, including the UK.</p>	<p><i>European regulation sets a date of 15 June 2017 for the elimination of intra-EU roaming surcharges. However, this is subject to new rules on the wholesale roaming market being in place by then. The European Commission is currently developing legislative proposals on the wholesale market, which it is required to present by 15 June 2016. As part of this, it is assessing risks of distortion to competition and investment incentives as a result of the operation of “roam like at home”.</i></p> <p><i>Ofcom is working within BEREC to provide advice and assistance to the European Commission in its review of the wholesale roaming market. On 12 March 2016, BEREC published its views on key issues for the wholesale roaming market.¹⁰</i></p>
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⁸ Ofcom, [Proposed Annual Plan Consultation Responses](#).

⁹ Ofcom, [Making communications work for everyone: Initial conclusions from the strategic review of digital communications](#), 26 February 2016.

¹⁰ BEREC, [Report on the wholesale roaming market](#), 12 February 2016.

Localised remedies

<p>The Scottish Government and the Welsh Government encouraged Ofcom to undertake more regional market analysis with a view to introducing localised remedies. The Scottish Government added that the viability of small-scale community projects was often undermined by the cost of connecting to suitable backhaul.</p>	<p><i>We consider potential geographic differences in competition and the appropriateness of geographic markets in our market reviews. For example, we have previously found separate geographic markets for Ethernet regulations as part of our BCMR (where less regulation applies to competitive areas of London) and our WBA review (where we apply specific regulation to locations across the UK to protect consumers in areas where there is no or limited competition). We will again consider the appropriateness of geographic markets in the upcoming Narrowband, WBA, and WLA reviews.</i></p>
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Information provision

<p>Three and BT raised concerns about inconsistencies, discrepancies, and lack of clarity in the industry data which Ofcom collects and publishes, which may mislead consumers.</p>	<p><i>We strive to ensure that any research we publish is consistent and robust, and to address perceived methodological issues. For example, our research measuring mobile broadband performance sets out to identify mobile providers' performance by publishing metrics relevant to the typical consumer experience.¹¹ For the latest wave of research, we used a handset with a high take-up among UK consumers. Our report will clarify that the choice of handset can affect performance. Where industry standards for publishing data are not available, we share our approach and methodology with operators and seek their views.</i></p>
<p>Ordnance Survey submitted that a single data-set of all utility infrastructure would be useful to support the USO and assist broadband deployment. It recommended that mobile coverage mapping should combine infrastructure-based mapping with crowd-sourced information regarding quality of experience.</p>	<p><i>We will continue to evolve and develop the tools we make available to consumers to check the coverage and quality of fixed and mobile networks. We will reflect the availability of new technologies and infrastructure in these tools as they become established in the market. We will measure network coverage and quality using a variety of methodologies, including 'crowd sourced' consumer panels. Our annual Connected Nations report will set out in detail the infrastructure and service availability across the UK.</i></p>

Switching and number portability

<p>Multiple stakeholders suggested that switching should be simplified and harmonised across different communications services.¹² ITSPA</p>	<p><i>Removing barriers to switching is a priority for Ofcom. We recently published proposals to make mobile switching and number porting quicker and easier for consumers.¹³ We expect to publish next</i></p>
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¹¹ Ofcom, [Measuring mobile broadband performance in the UK](#), 2 April 2015.

¹² [Consumer Forum for Communications](#), p. 3; [Communications Consumer Panel and ACOD](#), p. 6; [SSE](#), p. 1; [Three](#), p. 7; [Ombudsman Services](#), p. 7; [TalkTalk Group](#), pp. 2-3.

<p>urged Ofcom to review number portability and argued that the current system is inefficient, and non-compliance with portability processes creates significant consumer harm.</p>	<p><i>steps on switching triple play services, including proposals for change if we believe they are necessary, later this year. Ofcom recently addressed fixed number porting in its Strategic Review.¹⁴</i></p>
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Bundling

<p>Stakeholders submitted that providers should be prohibited from marketing retail bundles in misleading ways, for instance, by advertising low headlines prices for popular services, while burying the high cost of less popular services in the small print.¹⁵</p>	<p><i>A number of work areas in 2016/17 are aimed at improving pricing information available to consumers. We are supportive of the proposals of the Advertising Standards Authority (ASA) that broadband adverts should provide the total one-off costs and full monthly price of the service including line rental, and give equal prominence to the monthly price after any time limited discount has expired. We will monitor the impact of providers' adherence to the ASA's broadband price advertising rules. In addition, as outlined in our Strategic Review, we will actively explore requiring providers to publish a standard cost comparison measure alongside their tariffs. We will also work with industry and third parties, such as price comparison websites, to improve the information available to consumers.</i></p>
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Pay TV

<p>BT submitted that there is no effective competition in the pay TV market and urged Ofcom to set out its plans for monitoring the pay TV market and wider value chain.</p>	<p><i>Our work on tracking market developments across the pay TV value chain is set out in Section 5 above. We are engaging with stakeholders on the information that we will seek to collect for the monitoring programme.</i></p>
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OTT services

<p>Three urged Ofcom to ensure that the regulation of OTT services protects consumers and does not disadvantage traditional service providers.</p>	<p><i>Ofcom has recently set out its views on regulation of OTT services in its Strategic Review.¹⁶</i></p>
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Number charging

<p>BT urged Ofcom to prioritise its review of the effectiveness of the number charging pilot scheme in 2016/17.</p>	<p><i>We will soon publish a consultation on our review of charging for geographic telephone numbers in certain areas and proposals for charging for</i></p>
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¹³ Ofcom, [Consumer switching](#), 23 March 2016.

¹⁴ Ofcom, [Making communications work for everyone: Initial conclusions from the strategic review of digital communications](#), 26 February 2016, [Annex 1 Summary of stakeholder responses](#).

¹⁵ **Three**, pp. 10-11; [Welsh Government](#), p. 6; [TalkTalk Group](#), p. 4.

¹⁶ Ofcom, [Making communications work for everyone: Initial conclusions from the strategic review of digital communications](#), 26 February 2016.

	<i>geographic numbers going forward.</i>
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Secure standards and improve quality

Quality of Service

<p>Stakeholders addressed a number of issues relating to QoS, including Openreach's performance in remote and rural areas, the effect of low charge control prices on long-term network investment, and the implementation of information remedies.¹⁷</p>	<p><i>The Wholesale Local Access (WLA) review will review our approach to minimum standards for Openreach's performance, including measures to ensure that Openreach does not discriminate between regions in meeting national minimum standards. We will also consider how to address 'long tails' of incomplete orders, which are likely to affect remote and rural areas disproportionately. The WLA review will further consider how to ensure that Openreach is incentivised to make long-term investments in service quality.</i></p> <p><i>We have recently set out our views on QoS information remedies in our Strategic Review.¹⁸ We will consider how to ensure that our information remedies are accessible to consumers. We plan to publish an annual Service Quality Report from early 2017.</i></p>
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Alternative Dispute Resolution (ADR)

<p>Stakeholders raised concerns that communications providers were referring a low level of complaints to ADR services and recommended publishing ADR complaints data to highlight recurring issues in communications markets and providers' performance.¹⁹</p>	<p><i>Ofcom has a monitoring and enforcement programme to secure improved performance by communications providers in relation to complaints handling and to monitor their compliance with Ofcom's rules to advise eligible customers of their right to use ADR. Ofcom is in discussions with ADR schemes to ensure effective use is made of their data and to consider its publication.</i></p>
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Mobile coverage

<p>Stakeholders encouraged Ofcom to take action on mobile coverage, including by monitoring MNOs' 4G coverage and collecting information on future network planning to identify remaining not-spots.²⁰ BT encouraged Ofcom to research consumers' preferences for mobile coverage and the causes of poor coverage.</p>	<p><i>We will continue to monitor roll out of 4G networks and regularly update the coverage maps on our website. In the Connected Nations report we will provide statistics on mobile coverage and mobile not-spots in each of the nations. We will continue to conduct testing, work with the mobile operators and analyse consumer feedback with a view to improving the accuracy of the map.</i></p>
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¹⁷ [Advisory Committee for Scotland](#), p. 1; [CWU](#), p. 4; [SSE](#), p. 2; [Welsh Government](#), p. 4.

¹⁸ Ofcom, [Making communications work for everyone: Initial conclusions from the strategic review of digital communications](#), 26 February 2016.

¹⁹ [Communications Consumer Panel and ACOD](#), p. 9; [Ombudsman Services](#), pp. 6, 8.

²⁰ [Communications Consumer Panel and ACOD](#), p. 4; [Scottish Government](#), p. 2.

Mobile repeaters

<p>The Advisory Committee for Scotland encouraged Ofcom to explore and promote the development of repeaters to improve signal quality in remote, rural areas.</p>	<p><i>As set out in our recent statement, mobile repeaters are particularly suited to improve coverage inside buildings, vehicles, trains, and in more remote rural locations.²¹ We are keen for industry stakeholders to submit to Ofcom devices whose use is not likely to involve undue interference to other mobile users. This would open the way for Ofcom to identify repeaters of particular descriptions that could be used by consumers in the UK on a licence exempt basis.</i></p>
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AVMS

<p>COBA and A+E Networks UK urged Ofcom to prioritise defending the country of origin principle. They argued that the principle benefits the UK as well as other markets across Europe.</p>	<p><i>In our response to the EU Consultation on the AMVS Directive, we noted that the Country of Origin principle (CoO) has broadly enabled regulators to pursue their duties and policy objectives while at the same time, crucially, protecting and enabling cross-border content provision and the plurality of voices and views necessary for a democratic society in Europe. In our EU engagement on the revision of the AVMS, and in our work with the European Regulators Group for Audiovisual Media services, Ofcom will strongly support the CoO principle.</i></p>
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Promoting diversity in broadcasting

<p>The Welsh Government submitted that promoting diversity in broadcasting should encompass the cultural diversity of the nations and regions of the UK. It noted that the UK media's portrayal of Wales does not reflect its cultural diversity.</p>	<p><i>Ofcom's work promoting diversity in broadcasting is focussed on our duty to take appropriate steps for promoting equality of opportunity in employment and training in TV or radio. This duty directs us to promote equality in these areas specifically with respect to gender, disability, and ethnic background.</i></p> <p><i>As part of our recent PSB Review, we considered the performance of PSB in the Nations and Regions of the UK.²² It concluded that, in general, representation and portrayal is a continuing issue for audiences. Nonetheless, research indicated that audiences in Scotland, Wales and Northern Ireland were more likely than most other areas to think that people from their nation were portrayed positively. We do not presently plan to undertake further work in this area in 2016/17.</i></p>
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²¹ Ofcom, [Improving mobile coverage](#), 18 March 2016.

²² Ofcom, [Public service broadcasting in the internet age: the Nations of the UK and their regions](#), 2 July 2015.

Content standards

<p>COBA and A+E Networks UK submitted that broadcasters should be given more flexibility to schedule post-watershed content on linear channels before 9pm, provided a system of PIN protection is in place. COBA noted that this system is well-established in VOD and premium linear film services, where it has proven effective.</p>	<p><i>We are currently considering whether the Broadcasting Code rules for the protection of children remain appropriate, in light of changes to viewing habits and technological advances. We are seeking industry views through a Call for Inputs on the potential risks and benefits of allowing broadcasters to show a wider variety of content more suitable for adults pre-watershed, provided a mandatory PIN system is in place. We are also conducting consumer research to examine audience use of, and confidence in, PIN protection systems, and the appetite for such potential changes. The Call for Inputs and consumer research will inform any proposals Ofcom may consult on later in 2016.</i></p>
<p>A+E Networks UK raised concerns that instead of deregulating linear media delivery platforms, Ofcom appeared to be heading towards increasing the regulation of on-demand services.</p>	<p><i>The recent change from a co-regulatory model to Ofcom becoming the sole regulator of on demand programme services was not designed to change the level of regulation for this sector. Rather, it was to ensure the existing statutory framework is applied as effectively and efficiently as possible in the interests of consumers, audiences and on-demand providers alike.</i></p>
<p>The CWU urged Ofcom to prioritise child internet safety, including exposure to online dangers such as bullying, hackers, sexual predators, and harmful content.</p>	<p><i>Promoting children’s safety in both traditional and online environments will continue to be a key priority for Ofcom. Our media literacy research is an important aspect of this work, including our research on children’s media use and teens’ concerns about online video content. Ofcom’s research is widely used by our stakeholders and we will continue to support UKCCIS to promote key safety messages to parents.</i></p>

Content investment

<p>COBA submitted that Ofcom had under-reported levels of non-PSB funding of UK content. It argued that Ofcom’s figures for content spend failed to take full account of funding by producers, smaller and overseas channels, and VOD services, as well as tax reliefs and investment in sports production (as opposed to rights).</p> <p>A+E Networks UK encouraged Ofcom to reflect the contributions of commercial broadcasters in its next PSB review.</p>	<p><i>In the last PSB Review, we set PSB performance in the context of broader market provision. The PSBs are required to submit substantially more detailed annual information than other commercial operators. We therefore requested the largest UK broadcasters to provide information on spend on UK originations to the same definitions as PSBs. All stakeholders were offered the opportunity to provide any information they felt relevant during an extensive period of public consultation. Ofcom took account of all information provided. We would be happy to work with industry to ensure that in future we are able to include comparably detailed information from the multichannel sector in our work as we are from the PSBs.</i></p>
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Radio regulation

<p>The Welsh Government submitted that listeners in some parts of Wales have difficulty accessing BBC Radio Wales and BBC Radio Cymru.</p>	<p><i>The availability of BBC Radio Cymru and Radio Wales is primarily a matter for the BBC. Radio Cymru's FM coverage is 95%, but as things stand Radio Wales lags behind at 81%. We understand that the BBC is currently considering options for improving Radio Wales FM coverage. Ofcom has discussed possible solutions with the BBC and DCMS and made it clear that there are no reasons why capacity on the BBC's UK-wide multiplexes cannot be re-configured for use by Radio Cymru and Radio Wales on 14 transmitters in mid-Wales. It is a matter for the BBC to decide on moving forward with these proposals.</i></p>
<p>The Welsh Government argued against deregulation of localness rules for radio, and in favour of extending the regulatory regime for news and local content to DAB.</p>	<p><i>On 23 February 2016, we wrote to the Secretary of State, advising on the options for reform of the current regulatory requirements for radio, including with regard to local content.²³ We will work with the UK Government to implement any outcomes following its consideration of our advice.</i></p>

Spectrum

<p>O3B Ltd raised a number of issues concerning spectrum allocated for use by the satellite industry, including regulatory certainty for satellite operators in certain frequency bands and national implementation of the ECC Decision regarding Earth Stations on Mobile Platforms (ESOMPs).</p>	<p><i>As part of our Space Spectrum Strategy, we are proposing to prioritise work that supports improved satellite broadband services for UK citizens and consumers.²⁴ This work includes consideration of regulatory actions that could enable greater use of NGSO networks and ESOMPs. We will consider O3B's specific requests as part of that work.</i></p>
<p>Three and BT encouraged Ofcom to work with Government to identify opportunities for the release of public sector spectrum. BT urged Ofcom to set out a new timetable for the 2.3/3.4 GHz spectrum auction process and prepare a UK position for international discussions of the 5 GHz band.</p>	<p><i>We have submitted advice to Government on a revised target for public sector spectrum release, including identification of particular 'target bands' for sharing or release. We will continue to work with Government on technical studies to take this forward. A revised timetable for the 2.3/3.4 GHz award will be determined after the European Commission's merger decision on the proposed 3UK acquisition of O2 has been made. We will continue engaging with stakeholders about our future strategy for the 5 GHz band.</i></p>
<p>BT urged Ofcom to prioritize publishing a statement on the Wireless Telegraphy Regulations, since the</p>	<p><i>Ofcom has been giving careful consideration to the responses it has received to its consultation on the Wireless Telegraphy (Control of Interference</i></p>

²³ Ofcom, [Letter to Ed Vaizey MP](#), 23 February 2016.

²⁴ Ofcom, [Space Spectrum Strategy](#), 1 March 2016.

existing regulations have been superseded by technical developments.	<i>from Apparatus) Regulations and has recently published its decision on this matter.²⁵</i>
BEIRG submitted that Ofcom should prioritize the allocation of viable alternative spectrum bands for audio PMSE and highlighted the importance of Government funding for audio PMSE users to encourage research, development, and uptake of new equipment for the band.	<i>Finding alternative spectrum for audio PMSE, and the detailed analysis involved, has been a priority for Ofcom. We have now concluded this work and decided to allow audio PMSE access to the 960-1164MHz band.²⁶ We note the importance of funding to the sector. Any decisions in relation to public funding to support PMSE clearance are a matter for Government, which is considering the case for providing public funding. We will continue to liaise with Government on this issue.</i>
BEIRG submitted that white space devices (WSD) are a new and largely untested technology which present a risk of interference for PMSE users, and urged Ofcom to monitor the rollout of WSDs carefully.	<i>In setting the coexistence rules for white space devices, Ofcom undertook extensive testing, including of white space devices in West End theatres. We are confident that the coexistence rules we have set will ensure a low probability of harmful interference to PMSE users. As noted in our Statement, we will carefully monitor the use of WSDs.²⁷ We also intend to undertake proactive compliance checks by visiting operational users of WSDs during the first year or so of operation.</i>

The universal postal service

Stakeholders raised concerns about the continuing decline in mail volumes, the absence of end-to-end competition, Royal Mail's efficiency, and the sustainability of the universal postal service. ²⁸ Royal Mail argued that its revenues should not be put at risk by regulatory intervention.	<i>Our review of the regulation of Royal Mail will look at how best to secure a financially sustainable and efficient universal postal service in the future. We intend to consult on proposals for changes to the regulatory framework in Q1 2016/17 and conclude the review by the end of this year.</i>
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The parcel market

Royal Mail and the CWU urged Ofcom to monitor the parcel market closely to protect consumers. The Advisory Committee for Northern Ireland urged Ofcom to address parcel surcharging.	<i>Ofcom is working with Citizens Advice Scotland and the General Consumer Council for Northern Ireland to better understand the causes and effects of surcharging for parcels in Northern Ireland and the Highlands and Islands of Scotland.</i>
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²⁵ Ofcom, *Decision to make the Wireless Telegraphy (Control of Interference from Apparatus) Regulations*, 24 March 2016.

²⁶ Ofcom, *New Spectrum for Audio PMSE*, 10 March 2016.

²⁷ Ofcom, *Implementing TV White Spaces*, statement, February 2015.

²⁸ *Consumer Forum for Communications*, p. 5; *Royal Mail*, p. 2; *Communications Consumer Panel and ACOD*, p. 5; *BBC Licence Fee Unit*, pp. 3-4; *CWU*, p. 9-10.

PSTN and battery back-up

<p>Stakeholders highlighted that PSTN closure would raise major issues for network users, particularly vulnerable consumers.²⁹</p>	<p><i>The retirement of legacy PSTN and the migration of services to new platforms is expected to take a number of years, particularly for larger networks. We intend to monitor providers' progress in developing new services to ensure that essential products, particularly those that are likely to be relied upon by more vulnerable consumers, are adequately replicated in terms of functionality, availability and price.</i></p>
<p>BT raised concerns about the application of legacy regulations to fibre, in particular battery back-up, which may affect fibre investment decisions.</p>	<p><i>We will continue actively to consider the appropriateness of battery back-up regulations in view of market developments, including investment in new network technologies, while ensuring suitable protection for consumers.</i></p>

Protect consumers from harm

Nuisance calls and scams

<p>Stakeholders highlighted the consumer irritation, anxiety, and distress caused by nuisance calls and scams.³⁰</p>	<p><i>Addressing nuisance calls is one of the work areas highlighted in Section 3 above. Given that nuisance calls often have an international dimension, and that the most serious can involve deception and fraud, Ofcom will also work with our regulatory counterparts in other countries, as well as with criminal law enforcement on scams.</i></p>
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Vulnerable consumers

<p>The Communications Consumer Panel and ACOD and the CWU raised concerns that disabled and elderly consumers are unable to participate fully in digital communication services and encouraged Ofcom to run an e-literacy campaign to promote inclusivity.</p>	<p><i>We will continue our work to protect consumers and citizens, especially those in vulnerable circumstances, through our policy work and protection programme, including our investigations. We agree that media literacy is important and will continue to develop our research programme to highlight issues of digital inclusion and participation. We regularly talk to stakeholders about our findings, and sit on various bodies/committees to promote these issues.</i></p>
<p>The Communications Consumer Panel and ACOD and the Consumer Council raised concerns that vulnerable consumers (including disabled, chronically sick, and low income consumers) typically pay more for services since they are not as engaged</p>	<p><i>Ofcom highlighted these concerns in the Consumer Experience Report 2015. A highlighted work area for Ofcom in 2016/17 is to monitor price increases, provide advice and information on pricing, and seek to make sure all consumers receive value from their communications providers. A particular area of focus is that</i></p>

²⁹ [Consumer Forum for Communications](#), p. 3; [Communications Consumer Panel and ACOD](#), p. 2; [SSE](#), p. 2.

³⁰ [Communications Consumer Panel and ACOD](#), pp. 7-8; [National Trading Standards Scams Team](#), pp. 1-2; [TalkTalk Group](#), p. 3.

in the market as frequent users.	<i>consumers taking standalone landline services are protected from harmful price increases.</i>
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Consumers with hearing impairments

Action on Hearing Loss urged Ofcom to promote the needs of people with hearing loss, including by setting and enforcing higher standards for live subtitling and extending subtitle requirements to VOD services.	<i>Ofcom aims to improve the quality of live or near-live subtitling, and will be looking at the rules and guidance applying to broadcasters (see Section 5 above). We will also consult this year on what more we can do to encourage accessibility of on-demand programme services, and we will continue to engage with industry and advocacy groups on these issues.</i>
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Other submissions across our goals

Nations and regions

Stakeholders submitted that Ofcom should aim to have a Board member for Northern Ireland, since consumers deserve equal representation across the nations and regions. ³¹	<i>The appointment of Board members to represent Scotland and Wales will be made possible by legislative changes in the Scotland Bill and Wales Bill. Government has now announced its intention to bring forward similar legislation to allow the appointment of a Board member to represent Northern Ireland.³²</i>
The Welsh Government asked Ofcom to provide further details of its plans to increase visibility and presence in Scotland and set out its intentions for any comparable expansion in other devolved nations, to ensure parity.	<i>Ofcom is planning to build on our engagement in the nations, beginning in Scotland where we will move from Glasgow to Edinburgh and grow our office/recruit for a number of new roles. We continue to be very actively engaged in the other devolved nations and will consider any of the lessons learned in Scotland. However, we have no current plans to expand our office in Wales.</i>

Impact assessments

Sky submitted that Ofcom should review and update its guidance to impact assessments, which it published ten years ago.	<i>Impact Assessments form a key part of our analysis of any regulatory proposals and it is important to us to ensure that our approach reflects developments in best practice. To that end, Ofcom welcomes the opportunity to engage with stakeholders on this issue and discuss areas where our approach might need to be updated.</i>
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Standard of appeals

TalkTalk Group argued that the standard of appeal makes it too easy to challenge Ofcom decisions.	<i>We note that reform of the appeals regime is a matter for Government.</i>
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³¹ [Advisory Committee for Northern Ireland](#), p. 2; [Communications Consumer Panel and ACOD](#), p. 3.

³² John Whittingdale MP, [Letter to Jonathan Bell and Carál ní Chuilín](#), 17 March 2016.