

# B



## SECTION B

# Accountability Report

This section sets out governance arrangements and the lines of accountability to ensure delivery of our objectives and duties.

## 9. Governance

### Chair's Governance Overview

On behalf of the Ofcom Board, I am pleased to introduce the Corporate Governance Report for the period 1 April 2019 to 31 March 2020. Corporate Governance continues to be a high priority in Ofcom and goes beyond adherence to a set of prescribed rules and guidelines. It is intrinsic to the way we are run and sets the tone for the organisation.

This year we have established and embedded a well-structured Corporate Governance Framework and we are constantly seeking to develop our practices to ensure that we remain at the forefront of governance best practice and are well placed to anticipate the ever-evolving communications sectors we regulate. The tone is set from the top and, as a Board, we set the strategic direction and risk appetite, and provide oversight and control of management in the day-to-day running of the organisation.

As Chair, it is my job to ensure that adequate time is set aside at Board meetings for open and challenging discussions of significant issues and, in particular, on our strategic priorities.

The next few pages detail how Ofcom approaches governance, including the operation of the Board and Board Committees. In April 2019, we carried out an externally facilitated formal evaluation of the Board and Board Committees' effectiveness. Our review established that Ofcom's governance arrangements are working well, with the structure of Board packs, management of meetings, focus of meetings and the Board's oversight of stakeholder, strategic and operational issues having been rated highly.

The top priorities identified for the Board over the 12 month period following the review were greater Board cohesion, improved agenda management, greater external engagement, more focus on the organisational structure and people priorities and greater engagement with the Executive.

A series of actions have been taken across all of these areas and a further externally facilitated evaluation was conducted in March 2020, which has enabled the Board to track improvements and changes year on year.

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

We have also established a new People Committee (in place of our Remuneration Committee and Nomination Committee) which has enabled us to provide a broader people and culture oversight role, as recommended by the Chartered Institute of Personnel Development (CIPD) in their guidance on the future role of Remuneration Committees published in January 2019. This also ensures we have the correct focus on our talent development and succession planning which are essential components of a well governed organisation.

**“ Our key priority is clear: to create long term sustainable value in all that we do for consumers and to excel in serving our other stakeholders. The Board’s role is to set Ofcom’s strategic aims, provide the right leadership to achieve these and ensure consistent delivery by monitoring performance against these strategic aims.”**

**Lord Burns**

I am committed to keeping these matters at the forefront of our agenda, with regular updates to the Board as we work to develop a strong talent pipeline for the future.

Over the past year, we have developed the composition of the Board and, as new Members are appointed to the Board, we will be seeking to improve the diversity on our Board. David Jones was appointed as our first Board Member for Wales in April 2019 and we are currently working with colleagues in the Northern Ireland Assembly and the Department for Digital, Culture, Media and Sport (DCMS) on the appointment of a new Board Member for Northern Ireland.

We have also seen a change of Chief Executive during the reporting period, with Jonathan Oxley having taken over as Chief Executive on an interim basis from Sharon White in late November 2019. We are deeply grateful to Sharon for all that she has done in developing Ofcom’s progressive approach and real sense of direction. Sharon’s contribution is also recognised by her well-deserved award of a damehood in this year’s New Year’s Honours list. We are also grateful to Jonathan for the stability he gave to Ofcom as interim Chief Executive pending Dame Melanie Dawes joining us as our new Chief Executive in early March 2020. The Board will continue to support Ofcom’s leadership and colleagues over the coming year. I am confident that Melanie will ensure Ofcom continues to support a thriving communications sector, putting the consumer interest at the heart of Ofcom’s work.

**Lord Burns**

Ofcom Board Chair

3 July 2020

**2019/20 was a significant year for Ofcom and the Ofcom Board. I am pleased with the progress we have made in delivering a number of our key objectives, including:**

- **July 2019** – the publication of measures to ensure Public Service Broadcasters continue to deliver high quality content to listeners and viewers;
- **October 2019** – the publication of our plans to release crucial airwaves to meet the growing demand for mobile broadband and support the roll-out of 5G;
- **December 2019** – the implementation of new rules to improve mobile coverage to make broadband switching easier;
- **January 2020** – the publication of our Fixed Telecoms Access Review, while also continuing to strengthen consumer rights with our Fairness for Consumers publication.

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

## 10. Our Board

We recognise that the current balance of the Board is not representative of a diverse UK population. We are working with DCMS to align future recruitment with our strategic commitment to be a diverse, inclusive and equal organisation. Having a Board that is representative of the different perspectives within our society will allow us to make the best decisions for all UK citizens and consumers. .

We are constantly looking for new ways to extend our reach so that we can attract applicants from a diverse range of backgrounds. We recognise that our Boards, Committees and Panels need to reflect the diversity of UK society and we have taken and will continue to take positive steps to address this.

### Board Diversity

The diversity of our Board at the close of the reporting period ending 31 March 2020 was as follows:

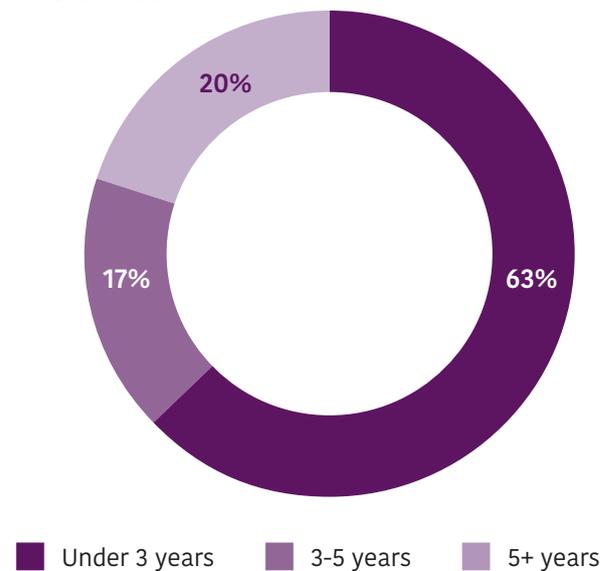
Gender



Ethnicity



Tenure in role



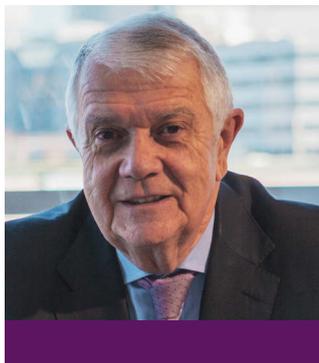
### Board Appointments

The Chair and Non-Executive Members of the Board are appointed by the Secretary of State for Digital, Culture, Media & Sport (DCMS), for periods of four years. The Scotland Member and the Wales Member are appointed by Scottish Ministers and the Welsh Ministers respectively, following consultation with the Secretary of State for DCMS.

Executive Members of the Board are appointed by the Chair and the Non-Executive Members, with the Chief Executive’s appointment requiring approval by the Secretary of State for DCMS. Members’ roles and responsibilities are set out in a Corporate Governance Framework and [Members’ Code of Conduct](#)<sup>1</sup>. A [Register of Members’ Interests](#)<sup>2</sup> is also maintained.

1 [https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0019/55045/members\\_code\\_of\\_conduct.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0019/55045/members_code_of_conduct.pdf)

2 <https://www.ofcom.org.uk/about-ofcom/how-ofcom-is-run/register-disclosable-interests>

**Appointment**

Appointed as Chair of the Ofcom Board on 1 January 2018

**Tenure** 2 years

**Membership** P

**Lord Burns, GCB****Chair and Non-Executive Board Member**

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

**Appointment**

Appointed to the Ofcom Board as Deputy Chair on 30 September 2018

**Tenure** 1 year

**Membership** P R

**Maggie Carver****Deputy Chair and Non-Executive Board Member**

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

**Key to Board and Committee Membership**

People Committee P

Content Board C

Election Committee E

Risk & Audit Committee R



## Dr Angela Dean

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

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Angela is currently Chair of International House Trust, a member of Council of King's College London, and a trustee of York Museums Trust. She is a Senior Independent Panel Member for Public Appointments. She was a former Managing Director of Morgan Stanley where she headed its global technology research team. She was a member of the Working Group of the United Nations Global Compact for corporate social responsibility issues in investment, a trustee of the Heritage Lottery Fund and a member of the Museums, Archives and Libraries Council.

#### Appointment

Appointed to the Ofcom Board on 30 September 2018

**Tenure** 1 year

**Membership** **P** **R**



## Bob Downes

### Non-Executive Board Member (Board Member for Scotland)

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Bob is the current chairman of the Scottish Environment Protection Agency and of CENSIS. He also chairs the Commission for Communications Regulation's Independent Oversight Body, which will oversee the implementation and operation of an enhanced Regulatory Governance Model in Northern Ireland by Eircom. Bob is a trustee of the Mackintosh Campus Renewal Appeal for Glasgow School of Art and is an advisor to a number of small technology businesses, including Kube Networks and Cryptic.

#### Appointment

Appointed to the Ofcom Board in February 2018

**Tenure** 2 years

**Membership** **P** **C**

In addition to his role as the Board Member for Scotland, Bob ensures appropriate attention and focus is given to those special characteristics and challenges unique to Northern Ireland pending the appointment of a Board Member for Northern Ireland.



## David Jones

### Non-Executive Board Member (Board Member for Wales)

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David is currently a non-executive director of Aneurin Bevan University Health Board and is Chair of the Information Governance Committee. David is also Non-Executive Director of the Welsh Revenue Authority and is a member of the Board of Qualifications Wales. In addition, he owns Public Services Digital.

#### Appointment

Appointed to the Ofcom Board on 8 April 2019

**Tenure** 1 year

**Membership** **P** **R**



## Graham Mather, CBE

### Non-Executive Board Member

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Graham was a member of Ofcom's Consumer Panel from 2004 to 2008. He served as a member of the Monopolies and Mergers Commission and, between 2000 and 2012, was also a member of the Competition Appeal Tribunal. Graham is currently the President of the European Policy Forum and Chairman of its Regulatory Best Practice Group. He is a member of the Board of the Office of Rail and Road and is the Director of both the Greenham Trust and the Pelican Cancer Foundation.

#### Appointment

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

**Tenure** 5 years

**Membership** **P**



## Tim Suter

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

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

#### Appointment

Appointed to the Ofcom Board in October 2017

Tenure 2 years

Membership **P** **C** **E**



## Ben Verwaayen

### Non-Executive Board Member & Chair of the Board People Committee

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

#### Appointment

Appointed to the Ofcom Board in January 2016, Re-appointed in July 2019

Tenure 4 years

Membership **P**

## Executive Board Members



### Appointment

Appointed to the Ofcom Board in March 2020

**Tenure** 1 year

### Dame Melanie Dawes

#### Executive Board Member & Chief Executive from March 2020

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Melanie was appointed Chief Executive in March 2020. Before joining Ofcom, Dame Melanie was the Permanent Secretary at the Ministry of Housing, Communities and Local Government. She has held senior roles across the Civil Service, working in partnership across the public and private sectors. She started her career as an economist and spent 15 years at the Treasury, including as Europe Director. She was Director General of the Economic and Domestic Affairs Secretariat at the Cabinet Office between 2011 and 2015. She has held a number of non-executive roles including with the consumer body Which? and is a trustee of the Patchwork Foundation, which promotes the participation of under-represented young people in democracy.



### Appointment

Appointed to the Ofcom Board in January 2015

**Tenure** 4 years

### Jonathan Oxley

#### Executive Board Member & Interim Chief Executive from November 2019 to March 2020

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



### Appointment

Appointed to the Ofcom Board in March 2015 and resigned in November

**Tenure** 4 years

## Dame Sharon White

### Executive Board Member & Chief Executive until November 2019

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Before joining Ofcom, Sharon had a long career in the civil service. She was Second Permanent Secretary at HM Treasury, responsible for overseeing the public finances. Before that, she held Board-level positions at the Ministry of Justice and the Department for International Development and worked in the Prime Minister's Policy Unit and in Washington DC as a senior economist at the World Bank. Sharon is an independent Non-Executive Director of Barratt Developments plc and a Trustee of Sadler's Wells Theatre.



### Appointment

Appointed to the Ofcom Board in April 2020

**Tenure** 1 year

## Kevin Bakhurst

### Executive Board Member & Group Director for Content and Media Policy

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Kevin joined Ofcom in October 2016 as Group Director for Content and Media Policy, overseeing our broadcast and online regulation and policy. Prior to joining Ofcom, Kevin was Managing Director, News and Current Affairs, Deputy Director General, and then Acting Director General with Ireland's national broadcaster, RTÉ. After graduating from Cambridge University, Kevin worked at Price Waterhouse before joining the BBC as a researcher in 1989. He went on to edit the Ten O'Clock News, becoming Deputy Head of the BBC Newsroom and Controller of the BBC News channel and BBC News at One. During his time editing BBC news bulletins, the programmes won awards from organisations including BAFTA and the Royal Television Society.

Outside work, Kevin was a Magistrate from 2000 until 2006.

## 11. Governance Statement

As a statutory corporation, Ofcom's principal governance compliance requirements are governed by the relevant legislation (namely, the Ofcom Act (2002), the Communications Act (2003), the Postal Services Act (2011), the Digital Economy Act (2010), the Digital Economy Act (2017) and any other relevant supplementary legislation or Orders thereto) which determines matters such as the purposes of the organisation and the appointment of our Members. Ofcom is also subject to the Code of Conduct for Board Members of Public Bodies.<sup>1</sup> Our overall corporate governance approach is informed by the 2018 UK Corporate Governance Code ("the UK Code") and its related guidance<sup>2</sup>.

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

The Board is fully committed to high standards of corporate governance. Ofcom's approach has been informed by certain principles set out in the UK Code being mindful that a number of these are considered disproportionate or less relevant in Ofcom's case and that there are other requirements placed on Ofcom by statute. Examples of how our approach has been informed by certain principles of the UK Code include:

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

**Division of Responsibilities** – the Chair of our Board provides strategic leadership of the Board and our Non-Executive Members are considered to be independent of management and free of

any business or other relationship which could materially interfere with them exercising their judgement. However, should special circumstances arise, appropriate action is taken to ensure that independence is maintained.

**Composition, Succession & Evaluation** – appointments to our Board follow a rigorous and transparent procedure, with our Chair and Non-Executive Members being appointed by the Secretary of State for Digital, Culture, Media and Sport (DCMS). As new Members are appointed to the Board, we will be actively seeking to improve our Board's diversity. Our People Committee seeks to ensure that we have effective succession plans in place and that we properly identify and manage our talent pipeline.

**Audit Risk & Internal Control** – our Risk and Audit Committee oversees the structures and processes in place to manage our risks and ensure that appropriate controls are in place.

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

<sup>1</sup> The Code of Conduct for Board Members of Public Bodies applies to all non-executive members on the Boards of government departments, non-ministerial departments, executive agencies, non-departmental public bodies (NDPBs) and national public corporations.

<sup>2</sup> The UK Code sets out the governance rules which apply to all UK companies with a Premium listing of equity shares on the London Stock Exchange.

## Our Board: Activities & Purpose

The Board’s annual agenda follows the strategic priorities and themes set out in our Annual Plan of Work, plus our regulatory, risk and governance obligations.

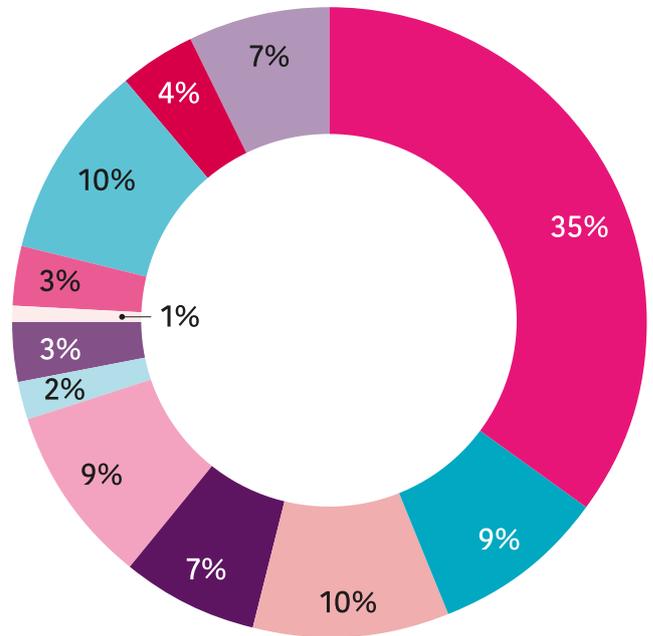
The core activities of the Board and the Board Committees are documented and planned on an annual basis through our work programme and forward agendas, but this only forms the basic structure within which the Board operates.

The Board has adopted and implemented a Corporate Governance Framework which contains a statement of governance principles that guide the activities of the Board. This covers key responsibilities of the Board and matters reserved for the Board’s decision and includes the following:

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

The Board’s annual agenda principally falls under eleven main areas. The following chart shows how the Board allocated its agenda during the reporting period.

Allocation of Board Time



- Chair and Chief Executive Updates (incl. issues across the other categories)
- Corporate Governance
- Regulatory, Finance, Risk and Legal
- Better Broadband and Mobile
- Supporting UK Broadcasting
- Enabling strong, secure networks
- Supporting consumers and industry through Brexit
- Increasing Diversity and Inclusion
- Fairness for Customers
- Raising awareness of online harms
- Sustaining the Universal Postal Service
- Other (including market updates and research)

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

### **Corporate Governance**

- Approved Ofcom’s Corporate Governance Framework
- Approved & monitored delivery against Ofcom’s Budget and Plan
- Evaluated the effectiveness of the Board, Committees, our Board Members and the Chair

### **Supporting UK Broadcasting**

- Reviewed the BBC Annual Performance Review
- Reviewed BBC News and Current Affairs
- Reviewed the five-yearly report on Public Service Broadcasting (PSB)
- Reviewed the launch of “Small Screen: Big Debate” looking at the future for Public Service Broadcasters services and their sustainability given the rise of digital consumption

### **Enabling Strong Secure Networks**

- Reviewed Ofcom’s work programme of network security and resilience

### **Increasing Diversity and Inclusion**

- Noted progress against and gave guidance on Ofcom’s Diversity and Inclusion Programme to deliver diversity, inclusion and equality objectives as an employer and regulator
- Reviewed reports on diversity in broadcasting and programme of industry engagement to promote diversity and inclusion across broadcasting
- Retained focus on diversity in the recruitment to Ofcom’s Boards/Panels/Committees

### **Regulatory, Finance, Risk & Legal**

- Reviewed Ofcom’s Strategic Risks each quarter
- Reviewed and approved Ofcom’s Risk Appetite Statements
- Approved Ofcom’s Annual Report & Accounts 2018/19
- Approved Ofcom’s Budget 2019/20

### **Raising Awareness of Online Harms**

- Reviewed Ofcom’s Future of Online Work Programme
- Reviewed the preparatory work for regulating Video Sharing Platforms and potential wider online harm responsibilities
- Reviewed the wide-ranging Media Literacy - Making Sense of Media Programme

### **Sustaining the Universal Postal Service**

- Reviewed Royal Mail’s strategy and, in light of that, the sustainability of the universal post service

### **Continuing to innovate our approach to regulation**

- Approved proposals in the Wholesale Fixed Telecoms Broadband Review
- Considered the approach to regulating online harm, focusing first on Video Sharing Platforms
- Approved the promotion of competition and investment in fibre communications: measures to support Openreach’s trial in Salisbury

## **Better Broadband and Mobile**

- Approved updated spectrum auction plans to meet growing demand for mobile broadband and to support the roll out of 5G (700 MHz and 3.6-3.8 GHz spectrum bands)
- Steered the approach taken to the Wholesale Fixed Telecoms Market Review

## **Fairness for Customers**

- Reviewed the Broadband USO Proposals and the work to support fair treatment and easier switching for broadband and mobile customers
- Reviewed other fairness projects including end of contract notifications and a ban on handset locking

## **Supporting Consumers and Industry through Brexit**

- Received regular reports on Ofcom's engagement with industry, consumer groups and other regulators to understand any emerging concerns or risks

## **Other**

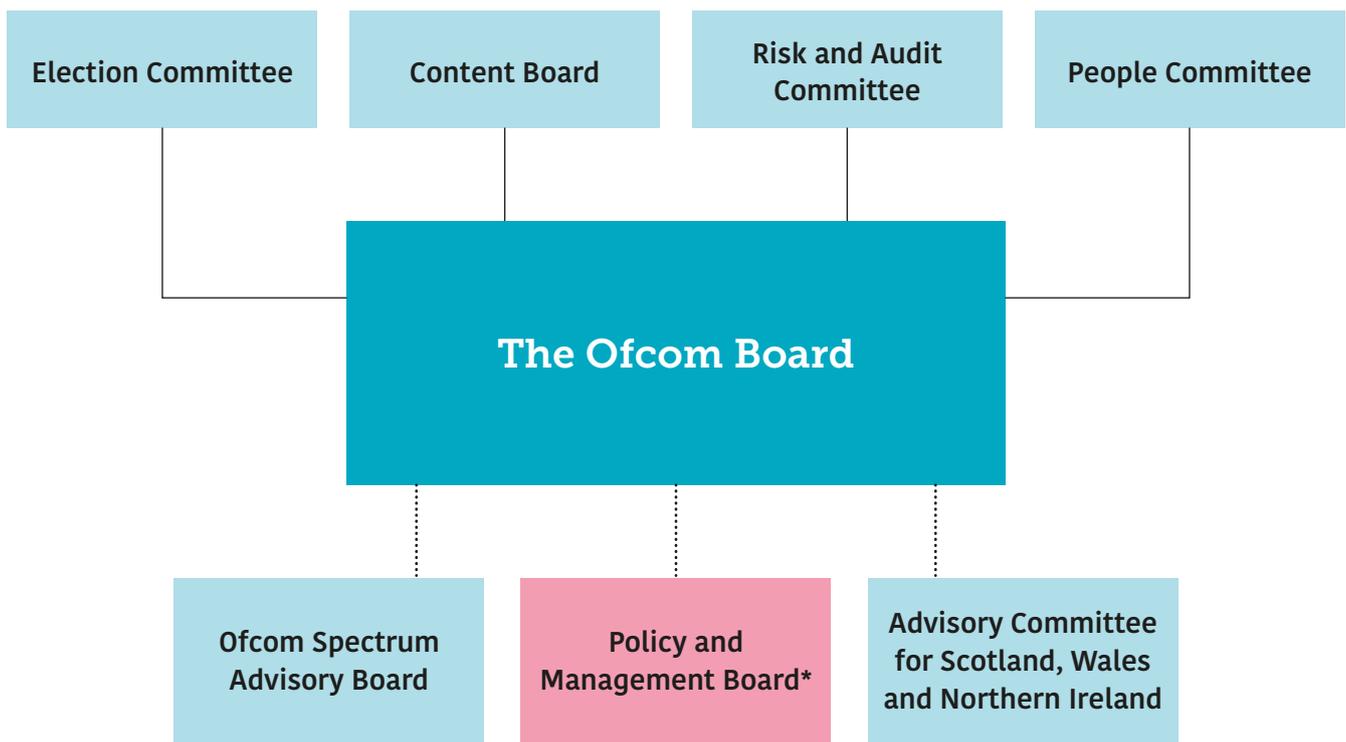
- Regularly reviewed both Ofcom's and Stakeholders' plans for Brexit preparedness
- Considered the results of Ofcom's colleague survey.

## The Role of the Board

The Board has a central governance function, with oversight over the fulfilment of Ofcom’s general duties and specific statutory responsibilities and also its overall funding and expenditure. The Board is also responsible for approving the strategic objectives and priorities for Ofcom, agreeing an appropriate level of risk appetite and ensuring that management maintains an effective system of internal control.

Specific responsibilities have been delegated to Board Committees (the Risk and Audit Committee, the People Committee and the Election Committee) and the Content Board (which was created under statute) and each has its own terms of reference.

## Our Governance Structure



\* The Policy and Management Board is the senior executive committee in Ofcom; its role and membership are set out on page 86.

## Board Roles

### The Chair

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

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

The Chair's main responsibility is to lead and manage the work of the Board to ensure that it operates effectively and fully discharges its legal and statutory duties and responsibilities. This includes setting the Board agendas to ensure that adequate time is available for substantive discussion on strategy, performance and key value issues. The Chair also facilitates and encourages the informed and critical contribution of Board Members in discussion and decision-taking on matters of risk and strategy and promotes effective communication between Executive and Non-Executive Board Members.

### Non-Executive Board Members

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

### The Chief Executive

The Board has delegated responsibility for the day to day running of Ofcom to the Chief Executive and the Executive, namely the Senior Management Team ('SMT') which consists of Ofcom's Chief Executive, Group Directors, People and Transformation Director and General Counsel. The Chief Executive and SMT, through the Policy and Management Board (PMB), ensure that the strategy, policies and behaviours set at Board level are effectively communicated and implemented across Ofcom.

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

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

## Conflicts of Interest

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

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

Ofcom maintains a register of Board Members' interests which is updated annually.<sup>1</sup> This ensures that Ofcom has a current record of Board Members' interests and relevant information is published on Ofcom's website. Between annual declarations, Board Members are required to notify the Corporation Secretary when their interests change, so that the Register can be amended accordingly and, where necessary, any potential conflicts can be raised with the Chair and/or the full Ofcom Board.

## Board Members' Training and Keeping the Board Informed

Ofcom is firmly committed to the on-going development of its Board Members and the need to continually evolve their knowledge to enable them to effectively fulfil their duties.

All newly appointed Board Members are provided with a comprehensive and bespoke induction programme on joining Ofcom, which includes sessions with each member of the Senior Management Team and other key senior directors. These sessions are intended to ensure familiarisation with Ofcom's Plan of Work and the challenges, opportunities and risks that Ofcom may face. The induction also includes Members' duties and Board procedures, internal control processes, strategy and planning, measures used to monitor performance and the Risk Management Policy and the Internal and External Audit.

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

## Management Information

The Board and Board Committees are provided with regular management information to enable the Board to review Ofcom's performance and capability. This includes regular performance and finance reports, review of delivery against Ofcom's Budget and Plan, review on the delivery of Ofcom's Plan of Work, the strategic risk register, status on the Board / Board Committee Effectiveness Review outcomes and other corporate data. The Governance & Accountability Team (reporting to the Corporation Secretary) oversees this information and ensures that both the format of papers and data quality complies with Ofcom's guidance on writing Board / Board Committee papers, thereby facilitating informed discussion and decision making.

<sup>1</sup> <https://www.ofcom.org.uk/about-ofcom/how-ofcom-is-run/register-disclosable-interests>

## Board Administration

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

The Board had ten scheduled meetings during the year. These were held each month, with the exception of August and January. The Board also undertakes a Strategy Session in October of each year, where medium to long-term strategy is examined and discussions take place on strategic and material issues.

All Board and Board Committee meetings are pre-scheduled on a rolling calendar year's notice. The Board papers relevant to the agenda of each Board and Board Committee meeting are distributed to Board and Committee Members, as appropriate, approximately one week in advance of the meeting via a secure digital portal.

## Attendance at the Board during the 2019/20 Financial Year

	Ofcom Board
<b>Number of meetings</b>	<b>10</b>
Lord Burns GCB	9
Maggie Carver	10
Dr Angela Dean	10
Bob Downes	10
Graham Mather CBE	10
Tim Suter	10
Ben Verwaayen	10
David Jones	10
Dame Sharon White DBE <sup>1</sup>	7
Jonathan Oxley	10
Dame Melanie Dawes DCB <sup>2</sup>	1

<sup>1</sup> Sharon left Ofcom at the end of November 2019

<sup>2</sup> Melanie joined Ofcom at the beginning of March 2020

## Board Performance and Effectiveness

Each year, the Board conducts an effectiveness review to evaluate the performance of the Board, Board Committees and individual Board Members. In late April 2019, an externally facilitated review was conducted, with questions set by the Chair (assisted by the Corporation Secretary), with an external facilitator being responsible for the distribution and collation of questionnaire responses and the preparation of a report of key recommendations arising from the analysis of the responses received.

The Board reviewed and considered the outcomes of the review at its May 2019 Board meeting. The review established that Ofcom's governance arrangements are working well, with the structure of Board packs, management of meetings, focus of meetings and the Board's oversight of stakeholder, strategic and operational issues having been rated highly.

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

- ensuring Board cohesion following recent changes in Board composition;
- agenda and meeting management (essentially greater clarity of key issues where Board input / discussions are required, with a clear timetable and more focused reports);
- increased external engagement with regulated entities and stakeholders;
- organisational structure (shaping of the Ofcom organisational structure in response to any new statutory duties) and people issues (more focus on the people agenda and talent development and succession planning issues);
- engagement with the Executive (SMT) outside of Board meetings; and
- increasing Board understanding of the SMT and additional training / updates to aid greater understanding of the scope of Ofcom's role.

A series of action areas were identified by the Board in response to the recommended priorities for change and status updates were reviewed by the Board at Board meetings held in July and December 2019. At the December 2019 meeting, the Board noted that most of the recommended priorities for change were either complete or on track for completion and that there had been a marked improvement across all recommended priority areas. The Board also agreed to undertake a similar external review in March 2020 to that conducted in 2019, one of the key benefits of this being that the Board will be able to track any improvements and changes year on year.

## Board Committees and Statutory Boards

In the exercising of Ofcom's duties under the Ofcom Act (2002), the Communications Act (2003), The Postal Services Act (2011), the Digital Economy Act (2010), the Digital Economy Act (2017) and any other relevant supplementary legislation or Orders, the Board delegates certain of its responsibilities to the Executive within Ofcom and certain responsibilities to Board Committees, in accordance with clearly defined authorities and terms of reference. Ofcom also has a number of other governance bodies with a governance or advisory role to the Board. The activities and main functions of these committees and bodies are described below:

## Board Committees

### Risk and Audit Committee

The Risk and Audit Committee comprises three Non-Executive Members of the Board, namely Angela Dean (Chair), Maggie Carver and David Jones. The Chief Executive, the Group Director for Corporate Services, the Finance Director, the Financial Controller and the Head of Risk Management & Insurance are invited to attend Committee meetings, as are the Internal and External Auditors.

The role and responsibilities of the Risk and Audit Committee, together with the Committee's activities during the reporting period, are set out in the Report of the Chair of the Risk and Audit Committee on pages 90 to 94.

### The People Committee

In May 2019, the Board created the People Committee to replace the former Nominations Committee and the Remunerations Committee. The Committee comprises all Non-Executive Members of the Ofcom Board.

The People Committee oversees and periodically evaluates the appropriateness of Ofcom's People & Workforce Strategy, providing the necessary challenge on the strength and effectiveness of the plans in place to support Ofcom in the achievement of its strategic and statutory purpose and duties, both in the short and long term. The Committee seeks assurance from Ofcom Management that there are effective talent management, talent development and succession planning, performance management, culture and values and colleague engagement and other such people measures and plans in place which will meet Ofcom's performance, skills and expertise.

The People Committee also sets the over-arching principles and parameters of the remuneration policy across Ofcom and considers and approves individual terms and conditions of service, including the remuneration arrangements of the Chief Executive, the Senior Management Team (SMT) and such other colleagues as agreed between the Chair of the Committee and the Chief Executive. The Committee also leads the process on appointments of Executive Board Members and the SMT and approves the succession plans for the Ofcom Board, the SMT and such other colleagues, as agreed between the Chair of the Committee and the Chief Executive.

The People Committee met eight times during 2019/20.

### The Election Committee

Section 333 of the Communications Act 2003 requires Ofcom to ensure that party political broadcasts, (including party election broadcasts) and referendum campaign broadcasts are included in every licensed public service television channel (regional Channel 3, Channel 4, Channel 5), every local digital television programme service, and every national (i.e. UK-wide, commercial) analogue radio service, and their digital simulcast services (Classic FM, Talksport and Absolute Radio AM).

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

The Committee comprises three Non-Executive Members (Tim Suter, Jonathan Baker and Maggie Cunningham) and two Executive Members (Kevin Bakhurst and Ali Marsden), all of whom are Members of the Content Board. The Committee met once during 2019/20.

### The Content Board

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

The Content Board serves as Ofcom's primary forum for the regulation of television and radio quality and standards. It is charged with understanding, analysing and championing the voices and interest of the viewer, the listener and the citizen.

The Board comprises the following Non-Executive Members: Tim Suter (Chair), Jonathan Baker, Maggie Cunningham, Bob Downes, Aled Eirug, Robin Foster, Angelina Fusco, Sophie Morgan, Stephen Nuttall, Monisha Shah and Janey Walker and Executive Members: Kevin Bakhurst and Ali Marsden.

The Board met seven times in 2019/20.

### The Advisory Committees for the Nations

Section 20 of the Communications Act 2003 requires Ofcom to establish Advisory Committees for each of the UK nations. The function of each Committee is to provide advice to Ofcom about the interests and opinions, in relation to communications and postal matters, of people living in parts of the UK for which the Committee has been established. This engagement in the devolved nations of the UK is increasingly important, where the role of the Nations' Members of the Content Board, the Communications Consumer Panel and the National Advisory Committees is immensely valuable in helping Ofcom take into account

specific issues in its policy formulation and implementation.

In-addition to the appointed Members of the Advisory Committees, the Content Board Member and the Communications Consumer Panel (CCP) Member for the respective nations are invited to attend the Advisory Committee meetings as observers.

### The currently appointed Advisory Committee Members and observers are:

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**Advisory Committee for England** - Paula Carter (Chair), Emma Davison, Mark Smith, Alan Nunn, Aaqil Ahmed, Matthew Littleford.

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Caroline Roberts-Cherry's term expired on 31 January 2020.

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Observers: Monisha Shah (Content Board) and Richard Spencer (CCP).

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**Advisory Committee for Northern Ireland** - Carrie Matchett (Chair), John Ellison, Kathy Graham, Alan Meban, Paul Wilson and Phil Flanagan.

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Observers: Angelina Fusco (Content Board) and Rick Hill (CCP).

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**Advisory Committee for Scotland** - Liz Leonard (Chair), Carmel Teusner, David Connolly, Laura Anderson and Stephen Speirs (Stephen receives no remuneration for this position).

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Julie Pirone resigned on 6 November 2019.

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Observers: Maggie Cunningham (Content Board) and Amanda Britain (CCP).

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**Advisory Committee for Wales** - Hywel William (Chair), Robert Andrews, Andrew Board, Dr Ruth McElroy, Rem Noormohamed and Peter Trott.

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Observers: Aled Eirug (Content Board) and Dr Sian Phipps (CCP).

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The Advisory Committees each met four times in 2019/20.

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

Section 16 of the Communications Act 2003 requires Ofcom to establish a Communications Consumer Panel. The Panel acts to provide advice that is robust and independent but, at the same time, pragmatic and constructive.

Independent of Ofcom, the CCP consists of up to twelve independent experts, including representatives from Scotland, Wales, Northern Ireland and England, with experience in many different fields. Further information can be found at [www.communicationsconsumerpanel.org.uk](http://www.communicationsconsumerpanel.org.uk). Ofcom shares information and ideas with the CCP at the early stages of policy development, allowing it to provide robust and independent advice to ensure that consumer, citizen and micro-business interests are taken into account from the outset.

The Advisory Committee on Older and Disabled People (ACOD) advises Ofcom about both general and specific issues concerning the communications and postal sectors relating to older and disabled people.

To take advantage of the synergy between the CCP and ACOD, and to avoid potential duplication, cross membership of the two bodies was established in 2012. The remits of the bodies, however, remain unchanged. The current Members of the Communications Consumer Panel and ACOD are Rick Hill (Chair and Member for Northern Ireland), Kay Allen, Amanda Britain (Member for Scotland), Dr David Holden, Dr Sian Phipps (Member for Wales), Richard Spencer (Member for England), Craig Tillotson, Clifford Harkness and Rick Williams. We are in the process of appointing an additional new Member to the Panel and ACOD.

Chris Holland’s term expired on 30 July 2019 and Karen Lewis resigned on 31 December 2019.

The CCP and ACOD met eleven times in 2019/20.

### The Ofcom Spectrum Advisory Board

The Ofcom Spectrum Advisory Board (OSAB) was established in 2004 to provide independent advice to Ofcom on strategic spectrum management issues. Further information can be found on the OSAB website at: [www.osab.org.uk](http://www.osab.org.uk)

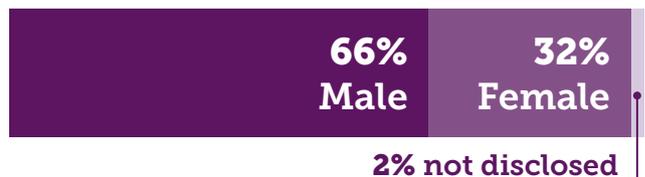
The Members of OSAB are Professor Linda Doyle (Chair), Greg Bensberg, Wassim Chourbaji, Professor Mischa Dohler, Peter Hadinger, Alastair Macpherson, David Meyer, Niall Murphy, Robert Pepper, Peter Pitsch, Ros Singleton and Gavin Young.

OSAB met four times in 2019/20.

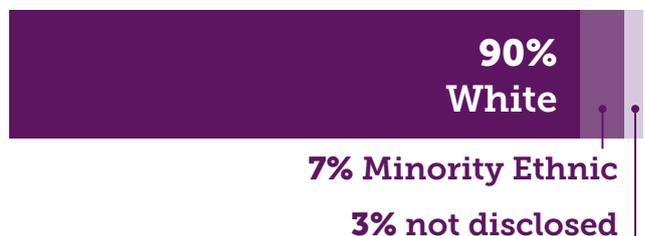
### Diversity of Our Non-Executive Members

As at 31 March 2020

#### Gender



#### Ethnicity



#### Disability



## Our Senior Management Team

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

### Current SMT members

Name	Role
Dame Melanie Dawes	Chief Executive <sup>1</sup>
Kevin Bakhurst	Group Director, Content and Media Policy
Lindsey Fussell	Group Director, Consumer and External Relations (and interim Group Director, Corporate Services)
Philip Marnick	Group Director, Spectrum
Dave Clarkson	Interim Group Director, Competition
Yih-Choung Teh	Group Director, Strategy and Research (and interim Chief Technology Officer)
Luisa Affuso	Chief Economist Officer
Martin Ballantyne	Interim General Counsel
Kerri-Ann O'Neill	People & Transformation Director <sup>2</sup>

### SMT members during 2019/20 (now resigned)

Name	Role
Dame Sharon White	Chief Executive <sup>3</sup>
Jonathan Oxley	Interim Chief Executive and Group Director, Competition <sup>4</sup>
Alison Crosland	Group Director, Corporate Services <sup>5</sup>
Mansoor Hanif	Chief Technology Officer <sup>6</sup>
Polly Weitzman	General Counsel <sup>7</sup>

1 Melanie was appointed Chief Executive in March 2020

2 Kerri-Ann O'Neill joined the Senior Management Team in April 2020

3 Sharon resigned as an SMT Member in November 2019

4 Jonathan was interim Chief Executive from November 2019 to March 2020. He resigned as an SMT Member in June 2020

5 Alison resigned as an SMT Member in January 2020

6 Mansoor resigned as an SMT Member in November 2019

7 Polly Weitzman resigned as an SMT Member in June 2020 and Martin Ballantyne was appointed Interim General Counsel from that date

The diversity of our Senior Management Team at the close of the reporting period ending 31 March 2020 was as follows:

### Gender



### Ethnicity



## Policy and Management Board

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

The Policy and Management Board is made up of the Senior Management Team and the Finance Director (Curtis Juman). Other senior executives attend by invitation.

The Policy and Management Board met eleven times in 2019/20.

## Accountability

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

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

How Ofcom manages the public funds it receives, and its relationship with DCMS in this regard, is set out in the Framework Document.

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

## Transparency

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

During 2019/20, Ofcom received 386 requests (332 requests in 2018/19) for information under the Freedom of Information Act 2000 and the Environmental Information Regulations 2004. Where we held relevant information, we provided all, or part of the information requested in 66% of cases. Information is only withheld if it is exempt from disclosure under legislation.

During 2019/20, Ofcom also received 43 Subject Access Requests under the Data Protection Act 2018 (38 requests in 2018/19). Where Ofcom held relevant information, this was provided.

## Engagement

Ofcom recognises that it needs to take into account the views of those that have an interest in the outcome when making decisions. In addition to engaging with the CCP/ACOD, the Content Board and the National Advisory Committees, Ofcom also engages with other national regulatory authorities (including participation in the UK Regulators' Network), European Institutions and global bodies, so that decisions taken in international fora are practical, proportionate and reflect the interests of citizens and consumers in the UK.

Consultation also plays an important role in Ofcom's decision making. It allows those who could be affected by or concerned about a particular issue to give us their views before we decide on a particular course of action. Consequently, Ofcom consults publicly on all its major strategic priorities before making decisions. Details about Ofcom's method of consultation, and the consultations that took place during 2019/20, are set out on pages 50 and 51, and in Annex 2.

### **Physical and personal security arrangements**

The UK threat level for terrorism was downgraded from "Severe" (an attack is highly likely) to "Substantial" (an attack is likely) on 14 November 2019. The Ofcom Board risk appetite statement remains at "Averse" for Health and Safety, Physical security.

Following threat assessments undertaken at all our Nations' and Regions' offices in the previous year, a programme for implementing physical security enhancements to mitigate the risk from external physical attacks, is nearing completion. The remaining items from this programme of work are expected to be completed by September 2020. This is a delay in completion due to the impact of the Coronavirus. A process for assessing personal security is underway and expected to be completed across all Ofcom Groups by the end of 2020. This "Risk by Role" process will document the risk factors that are associated with each role and the mitigating controls that have been put in place. These measures are consistent with the Ofcom Board's risk appetite for physical and personal security.

### **Major incident/disaster recovery/business continuity planning**

Our major incident management plans were tested in a desktop exercise in 2019. The tests that were planned for 2020 have been superseded by the invocation of a Major Incident for Covid-19. Plans will be reviewed and amended, as necessary, later in the year.

The implementation of flexible/agile working and moving services into the cloud has facilitated a smooth transition to remote working for all Ofcom colleagues when premises were closed following the Covid-19 lockdown. Almost all of Ofcom's employees, with the exception of key workers, moved to complete remote working in the middle of March, in line with Government guidance.

## Information Security

Protecting Ofcom information systems against the increasing risk of cyber threats continues to be a priority. Attempts by external parties to breach Ofcom security are prevalent. These have been unsuccessful as a result of the security controls in place and we continue to improve monitoring to detect potential attacks or vulnerabilities. Testing has included the use of simulated phishing attacks to improve user awareness and technical penetration testing against the Information and Communication Technology (ICT) and physical infrastructure. A new security eLearning and mandatory reading of security policies were introduced in January 2020.

The move to remote working for all colleagues as a result of Covid-19 has been done without the need to remove or reduce the existing security controls. This maintains a consistency in the management of Information/ICT security risk that is aligned to the Ofcom Board risk appetite of “Averse”

From a governance perspective, work has continued with alignment to the international standard for information security management (ISO27001). The ISO27001 certification process has begun with the procurement of external audit services. The start of the certification audit was due in March but has been delayed until later in 2020, due to Covid-19. There was a successful re-certification against the UK National Cyber Security Centre (NCSC) Cyber Essentials Scheme.

## Whistleblowing policy and hotline

Following a review of our internal whistleblowing policy, we have made it easier for colleagues to make disclosures under the policy and to navigate their way through the process. We have introduced an externally hosted and administered whistleblowing hotline that allows colleagues to make anonymous disclosures.

## Public interest disclosure

The Public Interest Disclosure Act 1998 gives legal protection to employees against being dismissed or penalised by their employers as a result of disclosing information which is considered to be in the public interest. Ofcom is a ‘prescribed person’ as defined under the Public Interest Disclosure (Prescribed Persons) Order 2014. As such, individuals working outside Ofcom, but in the communications sector, may contact Ofcom if they have concerns about possible wrongdoing at their own organisation. During 2018/19 Ofcom did not receive any disclosures under the Public Interest Disclosure Act 1998 or otherwise.

## 12. The Report of the Chair of the Risk and Audit Committee



**“ The Committee has been fully engaged in 2019/20, with continued focus on our risk reporting, particularly on Ofcom’s strategic risks and associated mitigating controls and actions, as well as the strengthening of our internal control systems.”**

**Angela Dean** Chair of Risk and Audit Committee

### Attendance of Members during 2019/20

The Committee met five times in 2019/20:

Angela Dean (Chair)	5/5
Maggie Carver	5/5
David Jones <sup>1</sup>	3/3
Graham Mather <sup>2</sup>	1/2

<sup>1</sup> Joined as a member in June 2019

<sup>2</sup> Resigned as a member in June 2019

Each member has served for the following periods of time:

- Angela Dean – 1 year (as Chair)
- Maggie Carver – 1 year
- David Jones – 9 months
- Graham Mather – 3 months

### Committee Activities

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

- Review and recommend to the Board Ofcom’s risk appetite and to ensure Ofcom has appropriate processes in place to identify the key Strategic Risks including, but not limited to, any operational, reputational and financial risks;
- Monitor financial reporting, including the accounting and financial reporting process of Ofcom’s financial statements;
- Ensure the effectiveness of Ofcom’s internal control framework and risk management policy and systems;
- Review and monitor the whistleblowing, business continuity planning and disaster recovery arrangements, bribery and fraud arrangements and any significant conflicts of interest across Ofcom;

- Oversee the appointment of the Internal Auditors, including any proposals for tender, internal audit fees, Internal Audit performance, capability and effectiveness;
- Review the External Auditors' independence and agree the nature and scope of the internal audit of Ofcom's financial statements.

The work of the Committee followed an agreed annual work programme, with the Committee allocating its time in 2019/20 as follows:

- Financial Reporting and related matters
- Governance and Risk Management
- Internal Audit
- External Audit
- Cyber & Network Resilience
- ICT, Physical & Personal Security
- Other Items (e.g. litigation, bribery & fraud etc)

### **How our approach is informed by the UK Corporate Governance Code**

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

- Ofcom – Ofcom Chair, Chief Executive, Finance Director, Financial Controller, Head of Risk & Insurance Management, Group Director Corporate Services
- National Audit Office (NAO): representatives of Ofcom's External Audit Team
- Representatives of Ofcom's Internal Audit Team (this was KPMG in 2019/20)

## Overview

On behalf of the Board, I am pleased to provide an overview of the operation and scope of the Risk and Audit Committee for the financial period ended 31st March 2020.

The Committee has responsibility, on behalf of the Ofcom Board, for oversight of the appropriateness and effectiveness of Ofcom's risk management, risk governance, internal systems and controls and financial statements. The Committee also maintains the relationship with the National Audit Office (NAO), Ofcom's external auditors, including a review of their fees and the scope of their audit of Ofcom's financial statements. This covers their assessment of the risks of material misstatement and material irregularity, their independence, resources and the effectiveness of the audit process. The Committee also works with Ofcom's internal auditors (KPMG during 2019/20), to establish an Annual Plan for the audit of specific areas of Ofcom, and then monitors the progress and outcomes of those reviews. As part of my role as Chair of the Committee, I met regularly with the NAO and KPMG in the reporting period, without Ofcom Management being present.

The Corporation Secretary assists in planning the Committee's work and ensures the Committee receives information and papers in a timely manner and in the appropriate format.

Each Member of the Committee brings relevant skills and experience at a senior level. The Risk and Audit Committee currently comprises three Non-Executive Directors, all of whom are independent. More than one Member of the Committee has recent and relevant financial experience and the Committee as a whole has competence relevant to the communications sector in which Ofcom operates.

In addition to my experience as a financial analyst, I was Chair of the Audit & Risk Committee of the National Lottery Heritage Fund & NHMF and I am a member of the Audit

Committees of York Museums Trust and The Postal Museum.

The Committee has a private session annually with each of the Finance Director and the Head of Risk Management and Insurance, in addition to Internal Audit (KPMG in 2019/20) and our External Auditors the NAO. Both the Internal Auditors and External Auditors have regular discussions with me between Committee meetings and have direct access to me in the event that they wish to raise anything which they feel is not appropriate to raise directly with Ofcom Management.

## Financial Statements and Accounting Policies

In conjunction with Ofcom Management and the Internal and External Auditors, the Committee reviewed the Financial Statements and associated documentation to establish if these were free from material misstatement and prepared in accordance with the applicable financial reporting framework. The Committee also challenged the judgements made by Ofcom Management and the assumptions and estimates on which they were based. The Committee placed particular emphasis on the fair presentation and the reasonableness of the judgement of factors and appropriateness of significant accounting policies used in their preparation.

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

## The Risk & Control Framework and Risk Management

The management of risk is an important part of Ofcom's internal control framework and encompasses both strategic and operational risks within a risk management policy, endorsed and approved by the Ofcom Board and the Chief Executive as the Accounting Officer. To ensure that our risk management framework is effective and aligned to our requirements, a review of

our risk management framework is undertaken periodically. In February 2020 the Ofcom Board undertook a review and update of the Ofcom Risk Management Policy and Risk Appetite Statements.

Ofcom's Strategic Risk Register is reviewed monthly by the Ofcom Policy and Management Board and quarterly by the Risk and Audit Committee. The Committee conducts a deep dive into a specific strategic risk at each meeting. An oral update on matters considered by the Committee is provided to the next Ofcom Board meeting.

The Committee has continued to engage with Senior Management regarding any identified risk areas and the Committee has reviewed the controls and mitigating actions. Since the start of the Covid-19 crisis, regular updates have been provided to the Committee on the steps Ofcom have taken to ensure continuous operation.

### Internal Controls

Responsibility for operating and monitoring the internal control system is delegated by the Ofcom Board to specific individuals and committees. The Committee reported to the Board regarding the effectiveness of Ofcom's internal control systems and encouraged continuous improvements in their effectiveness, where appropriate. A description of the Company's system of internal control is included in the Corporate Governance Report on page 74.

Additionally, assurance is taken from the work carried out by specialist teams across Ofcom, including the Security Committee, the Health and Safety Committee and the Business Continuity Group.

### Cyber & Network Resilience

During 2019/20, the Committee monitored the work undertaken by the Risk, ICT and Technology Group functions to manage cyber risk and network resilience. Recommendations have been made to further strengthen Ofcom's IT processes, other systems and response plans as a result of this work. Further action will be taken in this area during 2020/21, with regular updates to be provided to the Committee.

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

### Annual Internal Audit Plan and Focus of Reviews in 2019/20

Internal Audit's 2019/20 Annual Plan was reviewed and approved by the Committee in March 2019. The Internal Auditors have reported on progress against the Plan at each quarterly Committee meeting and the Committee approved any amendments considered necessary to the Plan. The reviews undertaken comprised a risk-based programme of work across a range of key control areas, agreed with management and approved by the Committee. The Committee received quarterly reports from KPMG on the audits carried out, Ofcom Management's response to the findings and the progress made in addressing any issues identified during the audits. Areas of internal audit during the year included Key Financial Controls, Network Security & Resilience, Brexit Response and Quality of Risk Reporting, in addition to focussed audits of particular areas.

Ofcom has undertaken a tender exercise for Internal Audit services. Deloitte have been appointed as Ofcom's new Internal Auditors with effect from April 2020 for a period of 3 years, with the option to extend for a further 1 year. The Committee would like to thank our former internal auditors, KPMG, for their support over many years.

### **Other Areas of Review**

Ofcom's Whistleblowing Fraud and Anti-Bribery Policies are reviewed by the Committee in November of each year. The Whistleblowing policy covers all of the necessary matters required under the Public Interests Disclosure Act 1998. This policy has been communicated to all colleagues and colleagues have been reminded of the policy and that they can raise matters anonymously with Ofcom's whistleblowing hotline provider, Expolink. While a number of cases were referred through the whistleblowing hotline in 2019/20, none of these related to incidents of malpractice as defined under Ofcom's Whistleblowing Policy.

The Committee also received reports on bribery, fraud, significant conflicts of interest, data protection act conformance and the outcome of the Crisis Management exercise carried out in September 2019.

### **Reporting to the Board**

As Chair of the Risk and Audit Committee, I provide regular updates to the Board on the key issues discussed at Committee meetings. The Committee reviewed and updated its terms of reference in 2019, recommending these to the Board for approval. A further review was undertaken in March 2020 and no changes proposed.

### **Committee Performance and Effectiveness**

An externally facilitated review of the Committee's performance and effectiveness in respect of 2019/20 was conducted in late March / early April 2019, as part of the Board Evaluation Review, with each Ofcom Board Member asked to rate the overall effectiveness of the Committee. The outcome was very positive, with the effectiveness of the Risk and Audit Committee having been rated highly and, in particular, the communication of its activities and decisions to the Ofcom Board.

### **Angela Dean**

Chair of the Risk and Audit Committee  
3 July 2020

## 13. Remuneration report

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

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

### Constitution of the People Committee

The People Committee comprises all non-executive members of the Ofcom Board, as determined by the Ofcom Board, details of which are set out on page 83. Only members of the Committee have the right to attend Committee meetings.

The Committee receives advice from Ofcom's People and Transformation Director and would normally expect the People and Transformation Director and the Chief Executive to attend all meetings of the Committee. Where necessary and appropriate, the People Committee will also take advice and/or obtain services from Ofcom colleagues or specialist external organisations.

No individual is present for any discussion about his or her own remuneration.

### General policy

In setting Ofcom's Remuneration Policy, the People Committee believes that Ofcom should, with consideration of it being a public body, provide a stable reward framework that will attract and retain the high-calibre management necessary to enable Ofcom to achieve its strategic priorities and to fulfil its statutory remit and responsibilities.

### Components of remuneration

The main components of the remuneration of the Senior Management Team (SMT) and Executive Members are:

#### Salary

The basic salary for the SMT and Executive Members is determined by taking into account each colleague's responsibilities, performance and experience, together with relevant market benchmarking analysis. All basic salaries are reviewed each year and any changes are effective from 1 July each year.

#### Standard and flexible benefits

Each Executive Member and Member of the SMT receives certain standard benefits: specifically, private medical insurance, life assurance, group income protection and the opportunity to undertake an annual health check. The total value of group income protection, life assurance and annual health checks is not disclosed in the remuneration tables because it is not treated by HM Revenue & Customs as a taxable emolument.

In addition, a flexible benefits allowance is made available from which the individual concerned may purchase certain benefits.

## Pension

Ofcom provide the option of a stakeholder (Defined Contribution) pension to all colleagues, the provider of this scheme changed from Prudential to Aviva in April 2020.

All Ofcom colleagues are provided with a pension allowance, determined as a % of base salary. This can either be invested within the Ofcom Pension plan which allows deductions to be made via salary sacrifice or taken as additional salary.

No current Non-Executive Member received a pension benefit from Ofcom during the year under review.

## Performance-related payments

Ofcom does not provide a long-term incentive plan scheme for its employees. Each Executive Member and Member of the SMT participates in an annual performance bonus scheme, which allows for recognition of high performers in any year without raising base salary levels. This is calculated as a percentage of salary (non-pensionable) based on the individual's performance, up to a maximum of 20%.

For this performance year, in light of the Covid-19 pandemic, a decision was unanimously taken by the SMT to voluntarily waive any performance bonuses for the period 1 April 2019 to 31 March 2020 which the People Committee may have been minded to offer members of the SMT.

## Fair pay disclosure

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

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

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

The remuneration of the highest-paid director in Ofcom as at 31 March 2020, was the Chief Executive, and was in the band £330,000-£335,000 (£390,000-395,000 in 2018/19). This was 5.64 times (6.80 times in 2018/19) the median remuneration of £59,031 for Ofcom's workforce (2018/19: £57,548). The remuneration of the new Chief Executive is lower than the previous, as set out in Table 4.

As at 31 March 2020, annual remuneration ranged from £17,426 to £332,000 (2018/19 range: £17,537 to £395,000). This reflects the full-year equivalent remuneration of an individual as at the 31 March rather the total amount paid to any individual during the financial year.

The remuneration figure includes base salary, performance-related pay, flexible benefits allowance and benefits in kind. It excludes severance payments, any employer pension contributions and cash equivalent transfer values.

As at 31 March 2020, no employee had a remuneration package in excess of the highest-paid director.

## Guidance to the remuneration tables

Details of remuneration received for the Board, the Content Board and the SMT, which have been audited by the National Audit Office, and are set out in the following tables and notes.

The tables reflect the remuneration for that part of the year during which individuals were either members of the Board or the Content Board only, or members of the SMT. Those individuals marked with '+' against their name (in Tables 1 and 4) were in role for only part of financial year 2019/20 or 2018/2019, in this case their full year equivalent salary is shown in brackets).

Where individuals are members of more than one Board or Committee (as set out on pages 81 to 86) they appear only once in the remuneration tables. All Executive Members are listed under the SMT in Table 4.

The guidance note reference numbers shown against the names of individuals refer to the notes on the remuneration tables on pages 100 and 101.

**Table 1: Ofcom Non-Executive Board Member remuneration**

Name	Guidance note reference	Fees 2019/20 £	Fees 2018/19 £
Lord Terence Burns	1	120,000	120,000
Maggie Carver	1	70,000	35,000
Angela Dean	1	42,519	21,259
Bob Downes	1	42,519	42,519
David Jones +	1,2	41,714	-
Graham Mather CBE	1	42,519	42,519
Baroness Noakes +		-	11,667
Nick Pollard +		-	4,930
Tim Suter	1	42,519	42,519
Ben Verwaayen	1	42,519	42,519
		<b>444,309</b>	<b>362,932</b>

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

Name	Guidance note reference	Fees 2019/20 £	Fees 2018/19 £
Jonathan Baker	1,3	16,800	16,800
Maggie Cunningham	1,3	16,800	8,400
Aled Eirug	1,3	16,800	16,800
Robin Foster	1,3	16,800	16,800
Angelina Fusco	1,3	16,800	14,000
Sophie Morgan	1,3	16,800	7,000
Stephen Nuttall	1,3	16,800	5,267
Monisha Shah	1,3	16,800	16,800
Janey Walker	1,3	24,150	24,150
		<b>158,550</b>	<b>126,017</b>

**Table 3 Ofcom executive member Content Board remuneration**

Name	Guidance Note reference	Months of reporting period on Content Board	2019/20					2018/19	
			Salary paid £	Pension entitlement /allowance £	Flexible benefits Allowance £	Benefits In kind £	Annual Performance Bonus £	Total remuneration paid £	Total remuneration paid £
Tony Close	3,4	12	163,737	24,561	15,000	2,610	-	205,908	213,077
<b>Total</b>			<b>163,737</b>	<b>24,561</b>	<b>15,000</b>	<b>2,610</b>	<b>-</b>	<b>205,908</b>	<b>213,077</b>

**Table 4 : Ofcom Senior Management Team remuneration****Members as 31 March 2020**

Name	Guidance Note reference	Months of reporting period employed in SMT	2019/20					2018/19	
			Salary paid £	Pension entitlement /allowance £	Flexible benefits Allowance £	Benefits In kind £	Annual Bonus remuneration £	Total remuneration paid £	Total remuneration paid £
Luisa Affuso	4,5	12	217,375	32,606	15,000	2,610	-	267,591	113,600
Kevin Bakhurst	4,5	12	239,500	35,925	15,000	2,610	-	293,035	304,405
David Clarkson +	4,8	4	63,911 (190,000)	9,587	5,000	882	-	79,380	-
Dame Melanie Dawes +	4,9	1	26,250 (315,000)	5,250	1,250	222	-	32,972	-
Lindsey Fussell	4,5,8	12	227,375	34,106	15,000	2,610	-	279,091	275,131
Philip Marnick	4,5	12	225,125	33,769	15,000	2,610	-	276,504	280,449
Jonathan Oxley	4,5,8	12	280,042	46,131	15,000	2,610	-	343,783	339,193
Yih-Choung Teh	4,5,8	12	197,361	29,604	15,000	2,610	-	244,575	177,070
Polly Weitzman	4,5	12	257,500	38,625	15,000	2,610	-	313,735	321,655
<b>Total</b>			<b>1,734,439</b>	<b>265,603</b>	<b>111,250</b>	<b>19,374</b>		<b>2,130,666</b>	<b>1,811,503</b>

**Leavers during the reporting period 2019 / 2020**

Alison Crosland	4,6,7	12	202,250	30,338	15,000	1,044	-	248,632	245,462
Mansoor Hanif +	4,6	11	190,950 (226,500)	28,642	13,250	2,389	-	235,231	127,775
Dame Sharon White +	4,6	10	270,570 (350,000)	54,114	11,685	2,167	-	338,536	459,623
<b>Total</b>			<b>663,770</b>	<b>113,094</b>	<b>39,935</b>	<b>5,600</b>		<b>822,399</b>	<b>832,860</b>

<b>Annual Total for all Senior Management Team in reporting period</b>			<b>2,398,209</b>	<b>378,697</b>	<b>151,185</b>	<b>24,974</b>	<b>-</b>	<b>2,953,065</b>	<b>2,644,363</b>
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## Notes to the remuneration tables

1. The fees for all the Non-Executive Members of the Ofcom Board are fixed in agreement with DCMS for the duration of their appointment. The fees shown represent the amount paid during the period under review. The basic fee of the Non-Executives of the Ofcom Board (except for the Chairman and Deputy Chair) has remained at £42,519 per annum since 1 April 2008.

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

The basic fee of the Content Board Members is £16,800 per annum (the exception being the fee paid to Janey Walker of £24,150 per annum to reflect her additional work and responsibilities for standards work). The values shown represent the full-year amount paid or, where appropriate, part of the year, if the relevant Non-Executive Member joined or retired from the Ofcom Board or the Content Board, or took on additional responsibilities, during the period under review.

The Non-Executive Members of the Ofcom Board and Content Board Members received no additional remuneration beyond their fees, other than the entitlement for the Non-Executive Members of the Ofcom Board only, to the provision of IT equipment. Not all Non-Executive Members of the Ofcom Board took up the entitlement during the period under review.

2. The values shown in Table 1 reflect the amount paid out to Board members in 2019/20.

The full-year equivalent annual fees are:

- Maggie Carver £70,000
- Non-Executive Members of the Board £42,519

David Jones joined the Ofcom Board on 8 April 2019 as the first Ofcom Board Member for Wales, his full year equivalent fee is in line with other board members.

3. There were no changes to Non-Executive members of the Content Board during the reporting period 2019/2020.

For Executive Members of the Content Board, Tony Close has been an Executive Member of the Content Board throughout the reporting period. Tony Close will leave Ofcom in the Summer 2020. This will be reflected in next year's remuneration tables.

Ofcom announced that Alison Marsden, Director of Content Standards, Licensing and Enforcement joined the Content Board as an Executive Member in May 2020.

4. The total annual remuneration is shown for Ofcom executives who are, or were, members of the Ofcom's SMT during the reporting period 2019/2020.

The total annual remuneration includes basic salary, annual performance bonus, flexible benefits allowance and a percentage of basic salary paid as a pension allowance and benefits in kind.

The 'benefits in kind' column reflects the cost to Ofcom of the provision of private medical insurance for each executive.

To note, in light of the Covid-19 pandemic, all SMT members voluntarily opted to waive any potential bonus payments for the performance year 2019/2020.

5. Luisa Affuso, Kevin Bakhurst, Lindsey Fussell, Philip Marnick, Jonathan Oxley, Yih-Choung Teh and Polly Weitzman have all been members of the Senior Management Team throughout the period.

6. Dame Sharon White left Ofcom in January 2020. Mansoor Hanif left Ofcom in February 2020. Alison Crosland left Ofcom at the end of April 2020.

7. Following Alison Crosland's departure and three-month gardening leave from Ofcom, and in line with Ofcom's policies set by the People Committee, she received compensation for

the loss of office in the form of contractual pay in lieu of notice for three months and a termination payment of £70,074. This compensation equates in total to £124,574 and was accrued in the 2019/2020 financial year and paid in 2020/21.

8. Jonathan Oxley was Interim Ofcom Chief Executive from November 2019 to February 2020 and during this time received a temporary annual salary uplift to £315,000 and a temporary pension allowance uplift to 20% of base salary.

David Clarkson commenced his position as Acting Group Director, Competition in November 2019, the full year equivalent salary reflects his pay for this interim role only.

Yih-Choung Teh has taken up additional responsibilities as interim Technology Officer since November 2019, and Lindsey Fussell additional responsibilities as interim Group Director for Corporate Services since February 2020, both have been in receipt of a customary temporary 5% salary uplift for the period of additional duties.

9. Dame Melanie Dawes commenced employment as Ofcom Chief Executive in March 2020

## Contract of employment

The Chief Executive and Jonathan Oxley, Group Director of Competition, have a notice period of 12 months. No other Executive Member of the Ofcom Board or other Ofcom colleague has a contract of employment containing a notice period exceeding nine months.

The Non-Executive Members are all on fixed-term appointments for a set time commitment to Ofcom of approximately two days per week (with the exception of Lord Burns (Ofcom Board Chairman) and Maggie Carver (Ofcom Board Deputy Chair) who committed up to three days per week and two and a half days per week respectively).

## Compensation for early termination

The arrangements for early termination of a contract of employment for an Executive Member of the Ofcom Board, Content Board or member of the SMT are decided by the People Committee and will be made in accordance with the contract of employment of the relevant Executive Member or member of the SMT. Each contract of employment provides for a payment in lieu of notice on early termination at Ofcom's discretion.

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

## Outside directorships

No Executive Member of the Ofcom Board may accept a non-executive appointment without the prior approval of the Board, to ensure that it does not give rise to conflicts of interest. Any fees paid to the Executive Member for such an appointment may only be retained by the Executive at the discretion of the People Committee.

During the financial year, Dame Sharon White DBE held an independent non-executive Director role for Barratt Developments Plc; a role she has held since January 2018; fees totalling £56,547 were paid directly to Ofcom in 2019/20 and Sharon White received no part of this during her tenure.

On behalf of Ofcom,

### **Dame Melanie Dawes DCB**

Chief Executive and Accounting Officer  
17 July 2020

### **Ben Verwaayen**

Chair of the People Committee  
3 July 2020

## 14. Our employees

### Ofcom's values

Our values are central to the way we operate, shaping how we engage with our stakeholders and work together to achieve our priorities. We have four core values that reflect our desire to work in an open, effective and people-driven way.

They are:

- **Excellence**
- **Collaboration**
- **Agility**
- **Empowerment**

### Diversity and inclusion

Our fourth diversity and inclusion strategy was published in March 2018 and reflects our ambition to put a sharp focus on diversity and inclusion in all our work, creating a culture where colleagues are valued on merits and talents and making us a more effective and responsible employer and regulator.

Ofcom's Diversity and Inclusion Programme (DIP) explains how diversity and equality are essential to how we operate, both as an employer and as the UK's communications regulator. It builds on the progress we have made since publishing our Single Equality Scheme in 2014 and sets out our objectives and actions.

These are to:

- build a diverse and inclusive workforce to better reflect the UK population we serve;
- ensure that diversity and inclusion are central to our work practices and culture, so everyone understands, supports and is accountable for diversity; and

- ensure that the differing needs and interests of all individuals are considered when carrying out our regulatory work.

An updated strategy for our internal diversity and inclusion work will be published in October 2020 and we will also confirm new five-year diversity targets for Ofcom, as the current targets which were set in 2015 expire at the end of 2020.

As an employer, we are committed to treating all colleagues with dignity and respect in an inclusive and fair working environment. We want all colleagues to feel that they can be themselves at work and to be able to fully participate and contribute to our work. We are determined to promote equality of opportunity for all colleagues, irrespective of race, disability, gender, gender identity, age, religion or belief, or sexual orientation. This commitment sits at the heart of our employment policies and our approach to recruitment and career development.

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

We reported the first of our yearly progress updates in July 2019 and set out our key areas of focus across 2019/2020 which we identified by looking at our data. These included increasing disability inclusion; improving the outcomes and experiences of colleagues from a minority ethnic background; focusing on wellbeing particularly around mental health and wellbeing; reviewing our family-friendly policies and building an inclusive culture so that colleagues can say 'I can be me'.

In March 2020 we published the outcomes of our regular pay audit covering both gender and ethnicity. The pay gap analysis again shows that we have narrowed our gender pay gap but our ethnicity pay gap has remained largely static. Our audit did find a high level of consistency within different professional categories indicating that pay decisions are made taking into account internal relativities and that we continue to act on any pay gaps that are uncovered.

A continued area of focus is on achieving our current workforce targets by the end of 2020. In 2015 we set ourselves targets for increasing the representation of women across Ofcom as a whole, and in senior roles and minority ethnic representation at senior levels.

We achieved and surpassed our senior female target ahead of time and we have made steady, but slower, progress on our overall gender target. Progress against our minority ethnic target was static compared to last year (see table below).

Looking ahead, we will publish our next set of five year diversity targets covering 2021-2025 later in the year.

Our next progress update on our DIP will be published in the autumn.

## Gender

Current Ofcom composition		Economically active <sup>1</sup>		Targets: By 2020	
48% female	52% male	47% female	53% male	50% female	50% male
Principal/SMS					
43% female	57% male	N/A		40% female	60% male

## Ethnicity

Current Ofcom composition				Economically active	Targets: By 2020
20% minority ethnic	74% white ethnic	0% not known	5% preferred not to say	13% minority ethnic	No target
Principal/SMS					
10% minority ethnic	85% white ethnic	0% not known	4% preferred not to say	N/A	13% to be from a minority ethnic background

Base: all colleagues as at end of March 2020.

Due to rounding, the totals may fall below 100%.

<sup>1</sup> 'Economically active' covers those who were in full- or part-time employment (2011 Census)

### Colleague involvement and consultation

Colleagues are encouraged to help ensure Ofcom has a diversity of perspectives in its work. Our regular formal methods for informing and consulting colleagues include:

- the Ofcom Colleague Forum, a consultation forum comprising representatives of colleagues across Ofcom which meets regularly with senior management at Joint Consultative Group meetings (which include two members from the union);
- colleague surveys, which invite colleagues to share their views anonymously on a wide range of topics. The outcomes of these surveys provide a foundation for our organisational development work.
- our colleague diversity networks;
- interactive group meetings with the Chief Executive and chair of the Ofcom Board, which provide a forum for colleagues to ask them questions directly;
- the Ofcom intranet, which is available to all colleagues in all of Ofcom's offices;
- regular group meetings, to speak to and hear from colleagues.

### Professional development

The quality and commitment of our people are central to our ability to fulfil our duties. During 2019 we continued to support colleagues in their careers through a wide variety of training and development opportunities. We rolled out our targeted development programme, Ofcom Rise, aimed at enhancing and improving the diversity of our senior leadership community. It targets high performing Senior Associates and principals from under-represented groups focusing on

(but not exclusively) women, colleagues from a minority ethnic background and colleagues who are disabled. We have taken an intersectional approach to the programme wherever possible and development is tailored, to meet the individual needs of our colleagues.

### Employment policies and processes

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

During 2019, building on our commitment to create an inclusive workplace, we undertook a review of our family-friendly policies (such as maternity, adoption and shared parental leave policies) to ensure that they were inclusive and reflective of modern families. We also adopted language that was non-gender specific. We worked to best practice guidelines from an external LGBT organisation as part of this.

We launched our refreshed workplace adjustments policy and process, replacing our previous reasonable adjustments policy. The revised policy extends beyond our legal duty to make changes at work to remove barriers for disabled people to include colleagues with parental responsibilities, caring responsibilities, those experiencing life events or trauma and colleagues who have religious or cultural observances. We placed emphasis on colleague and line manager having good quality conversations about any barriers faced (without needing to disclose any specific personal information) and for line managers to be supportive of their direct reports. As part of the refresh we introduced a workplace adjustments 'passport' which records any adjustments that have been agreed and which colleagues can take with them around the organisation.

## Absence

We encourage a culture where good attendance is expected and valued. However, we recognise that, from time to time, absences for medical reasons may be unavoidable.

Our aim is to treat staff who are ill with sympathy and fairness and, where possible, to provide them with support which will enable them to recover their health and attend work regularly. In 2019/20, the number of working days lost was 6.1 days per annum per employee (2018/19, 4.3 days).

## Off-payroll arrangements

In line with the Financial Reporting Manual and the Public Expenditure System (PES) guidance from HM Treasury, we have disclosed all off-payroll engagements for the financial year 2019/20 to DCMS.

## 15. Statement of Accounting Officer's Responsibilities

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

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

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

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

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

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

As the Accounting Officer, I confirm that the Annual Report and Accounts as a whole, is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable.

**Dame Melanie Dawes DCB**

Chief Executive and Accounting Officer

17 July 2020

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

### Opinion on financial statements

I certify that I have audited the financial statements of the Office of Communications for the year ended 31 March 2020 under the Office of Communications Act 2002. The financial statements comprise: the Statements of Comprehensive Net Income, Financial Position, Cash Flows, Changes in Equity, and the related notes, including the significant accounting policies. The financial statements have been prepared under the accounting policies set out therein. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Office of Communications' affairs as at 31 March 2020 and of the surplus after tax for the year then ended; and
- the financial statements have been properly prepared in accordance with Office of Communications Act 2002 and the Secretary of State directions issued thereunder.

### Opinion on regularity

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

### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Office of Communications in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Office of Communications' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Office of Communications have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Office of Communications' ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Responsibilities of the Board and Accounting Officer for the financial statements**

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Board and the Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Office of Communications Act 2002.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Office of Communications' internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- conclude on the appropriateness of the Office of Communications' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Office of Communications' ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the Office of Communications to cease to continue as a going concern.

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

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

### Other Information

The Board and the Accounting Officer are responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Remuneration Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### Opinion on other matters

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with the Secretary of State directions made under the Office of Communications Act 2002;
- in the light of the knowledge and understanding of the Office of Communications and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and

- the information given in the Performance Report or the Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

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

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

### Report

I have no observations to make on these financial statements.

**Gareth Davies**

**20 July 2020**

Comptroller and Auditor General

National Audit Office  
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Victoria  
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