Annual Plan 2014/15

Publication date: 31 March 2014

Contents

Section 1

Executive summary

Ofcom's Annual Plan sets out our 2014/15 work programme

1.1   This Annual Plan sets out Ofcom's strategic purposes, its priorities and work programme for the 12 months from 1 April 2014 to 31 March 2015.

1.2   Our plan has been further developed following consultation with stakeholders. We have responded in detail to the points raised in Annex 1 of this statement and have amended the Draft text where necessary. Alongside the Annual Plan we have also published a table on our website that sets out our programme of work for the forthcoming year[1].

Our strategic purposes have not changed since 2013/14, although we have re-balanced the focus of our work, as reflected in our 2014/15 priorities

1.3   Ofcom's principal duties are to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate, by promoting competition.

1.4   In post, our primary duty is to secure the provision of a universal postal service. Where we are carrying out our functions in relation to postal services, we are required to give priority to this primary duty if it appears to us that it conflicts with our principal duties.

1.5   In 2013, we defined an overarching strategy, set out below, which we believe best delivers consumer and citizen benefits in the light of these duties.

Ofcom's strategy

We will work for consumers and citizens by promoting effective competition, informed choice and the opportunity to participate in a wide range of communications services, including post. We will secure the optimal use of spectrum, through market mechanisms where possible and regulatory action where necessary. We will provide proportionate protection for consumers and help maintain audiences' confidence in broadcast content. We will contribute to public policy defined by Parliament, including high quality public service broadcasting and plurality of media ownership.

To achieve these aims, we will be consultative, transparent and proportionate. We will be informed through high quality research and information, which we will share widely. We will be mindful of the diversity of the UK and its nations. We will aim to be innovative, responsive and effective in everything we do.

---

[1] http://www.ofcom.org.uk/files/2013/03/Programme-of-Work-2014-15.pdf

1.6   This strategy continues to be relevant. Further details, including the strategic purposes and strategic approaches that support it are found in Ofcom's 2013/14 Annual Plan[2].

1.7   In addition to this strategy statement, Ofcom's regulatory principles[3] continue to remain relevant in describing our approach to regulation. They include:

- operating with a bias against intervention, but with a willingness to intervene firmly, promptly and effectively where required;

- striving to ensure that our interventions will be evidence-based, proportionate, consistent, accountable and transparent in both deliberation and outcome; and

- seeking the least intrusive regulatory mechanisms to achieve our policy objectives.

1.8   We first developed our strategic purposes in 2011 and reviewed them in 2013 to reflect our strategy and frame our programme of work over the coming years. These purposes remain unchanged for 2014/15.

Figure 1: Strategic purposes

Promote effective competition and informed choice	Secure optimal use of spectrum	Promote opportunities to participate	Protect consumers from harm	Maintain audience confidence in broadcast content
Contribute to and implement public policy defined by Parliament				

1.9   Ofcom's work programme for 2014/15 is underpinned by these strategic purposes and informed by:

- last year's priorities and our progress in delivering them;

- wider market developments, including the changing consumer use of communications services;

- legislative changes to our duties; and

- areas where Ofcom provides technical and industry expertise and advice to government.

We have delivered a number of our 2013/14 priorities, and have made significant progress with many others

1.10   There are a number of priorities that featured in the Annual Plan 2013/14 which we have already delivered:

- **Timely spectrum clearance in the 800MHz and 2.6GHz bands, to enable new awards while mitigating coexistence issues:** clearance of the 800MHz and 2.6GHz bands was completed successfully in July, and in October 2013

---

respectively. This allowed all four MNOs to launch 4G mobile services by the start of 2014 while ensuring no significant detriment to DTT services.

- **Work in collaboration with government and industry to promote the widespread availability of superfast broadband:** availability of fixed superfast broadband is on track to reach 95% of premises, as a result of both commercial investment and public funding. In mobile, there are positive prospects for 98% indoor coverage as a result of O2's 4G coverage obligation.

- **Develop approaches to future content regulation:** we have contributed to the government's work in relation to the reform of content regulation through the Communications Review process. This includes areas such as EPG regulation reform, R18 content and approaches to keeping audiences safe online, particularly children. We have also worked with other regulators to establish ParentPort, and have reviewed, and where appropriate amended, the rules relating to audience protection.

- **Re-licensing of Channels 3, 4 & 5:** revised content obligations for the Channel 3 and Channel 5 licences were set out in July 2013. We have now concluded the re-licensing of these channels, and Channel 4.

1.11 There are several areas where we have made significant progress, but where the final outcome will be delivered beyond 2013/14:
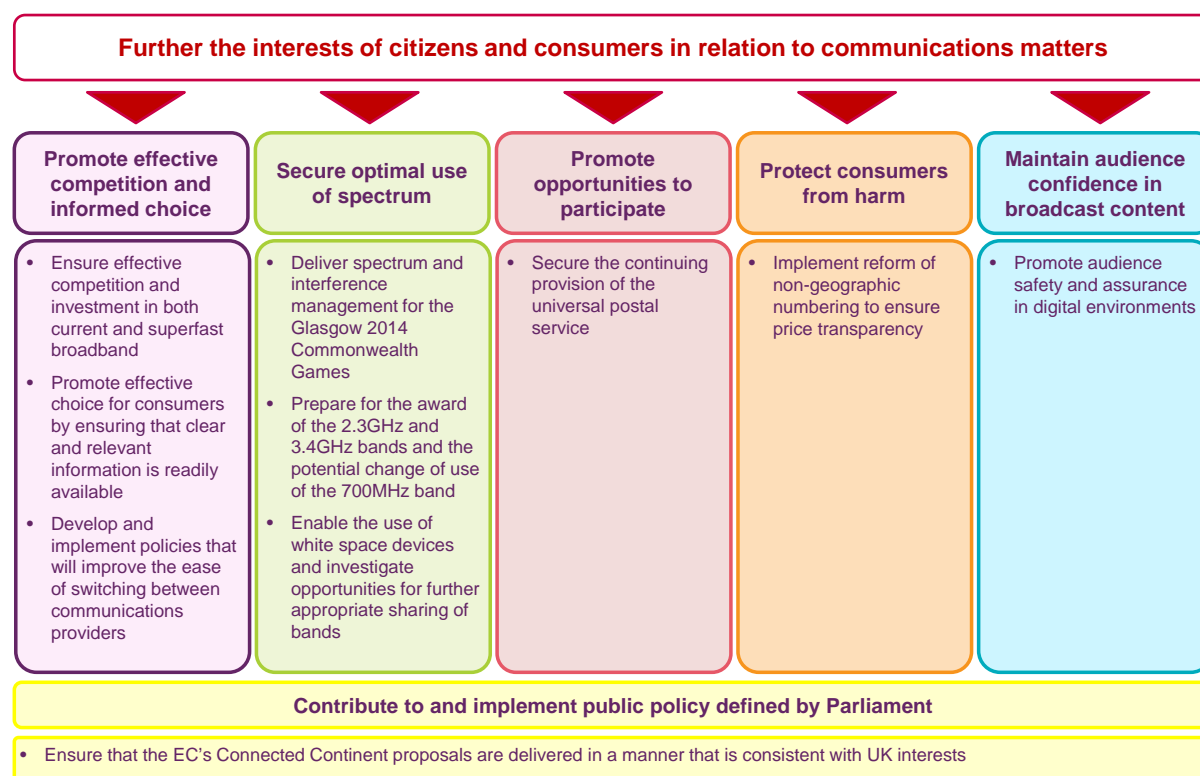
- **Effective competition and investment in broadband:** our review of the markets for fixed voice and broadband connections and local access will be key to ensuring competition and investment. We published our consultation proposals in July 2013 and our final conclusions are due to be published in mid-2014.

- **Develop and implement policies that will improve the ease of switching between communications providers:** we have published a policy statement requiring a move to harmonised gaining-provider-led (GPL) switching on the Openreach copper network. We will work towards implementation in 2014/15.

- **Potential change of use of the 700MHz band:** we are preparing our consultation on a cost-benefit-analysis of a potential change of use of the 700MHz band and associated implementation issues. We will continue to work with government on this issue.

- **Release of 2.3GHz and 3.4GHz bands to meet spectrum demand:** following the Ministry of Defence's announcement that Ofcom would manage this award, we have progressed with our preparations to consult on the award of this spectrum.

- **Secure the provision of the universal postal service:** we continue to monitor market developments and Royal Mail's performance, following privatisation, to ensure that our regulatory objectives are met. We have extended regulatory protection to all UK delivery points and we have begun to review the two industry codes of practice.

- **Implement reform of non-geographic numbering to ensure price transparency:** we have recently published our final statement on non-geographic numbering[4] and will now move ahead to implement the recommendations.

- **Protect consumers in a range of priority areas, including silent calls and mid-contract price increases:** we continue to identify areas of consumer harm through our monitoring and enforcement programmes, and by using data from our contact centre.

Our work programme for 2014/15

1.12   The work we undertake each year falls into three categories: (i) priorities, (ii) major work areas and (iii) programmatic activity. Each is discussed in turn in the main sections of this document (sections 3, 4, and 5).

1.13   Our priorities for 2014/15 are set out in Figure 2 under their respective strategic purpose.

1.14   We will assess the successful delivery of these priorities against the outcomes we are seeking to secure for citizens and consumers. To do this, we have identified interim and final outcomes for each priority (see pp.29-30) and we will measure our progress towards delivering these outcomes in our 2014/15 Annual Report.
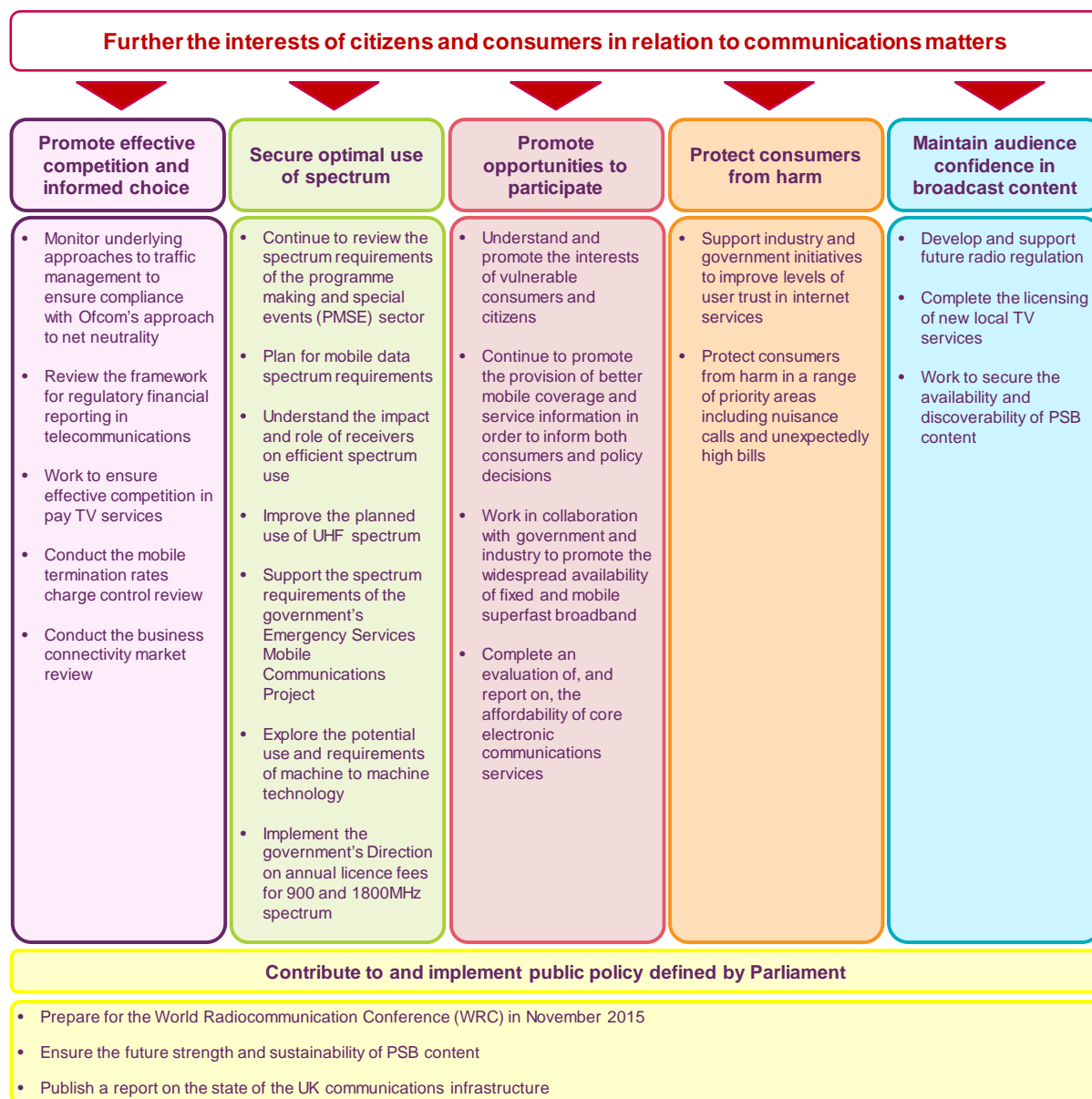
Figure 2: Annual Plan 2014/15 priorities

Further the interests of citizens and consumers in relation to communications matters				
Promote effective competition and informed choice	**Secure optimal use of spectrum**	**Promote opportunities to participate**	**Protect consumers from harm**	**Maintain audience confidence in broadcast content**
• Ensure effective competition and investment in both current and superfast broadband • Promote effective choice for consumers by ensuring that clear and relevant information is readily available • Develop and implement policies that will improve the ease of switching between communications providers	• Deliver spectrum and interference management for the Glasgow 2014 Commonwealth Games • Prepare for the award of the 2.3GHz and 3.4GHz bands and the potential change of use of the 700MHz band • Enable the use of white space devices and investigate opportunities for further appropriate sharing of bands	• Secure the continuing provision of the universal postal service	• Implement reform of non-geographic numbering to ensure price transparency	• Promote audience safety and assurance in digital environments
Contribute to and implement public policy defined by Parliament				
• Ensure that the EC's Connected Continent proposals are delivered in a manner that is consistent with UK interests				

1.15   In addition to these priorities we have a number of major work areas as set out in Figure 3. These are additional specific areas of work for Ofcom to deliver in the

---

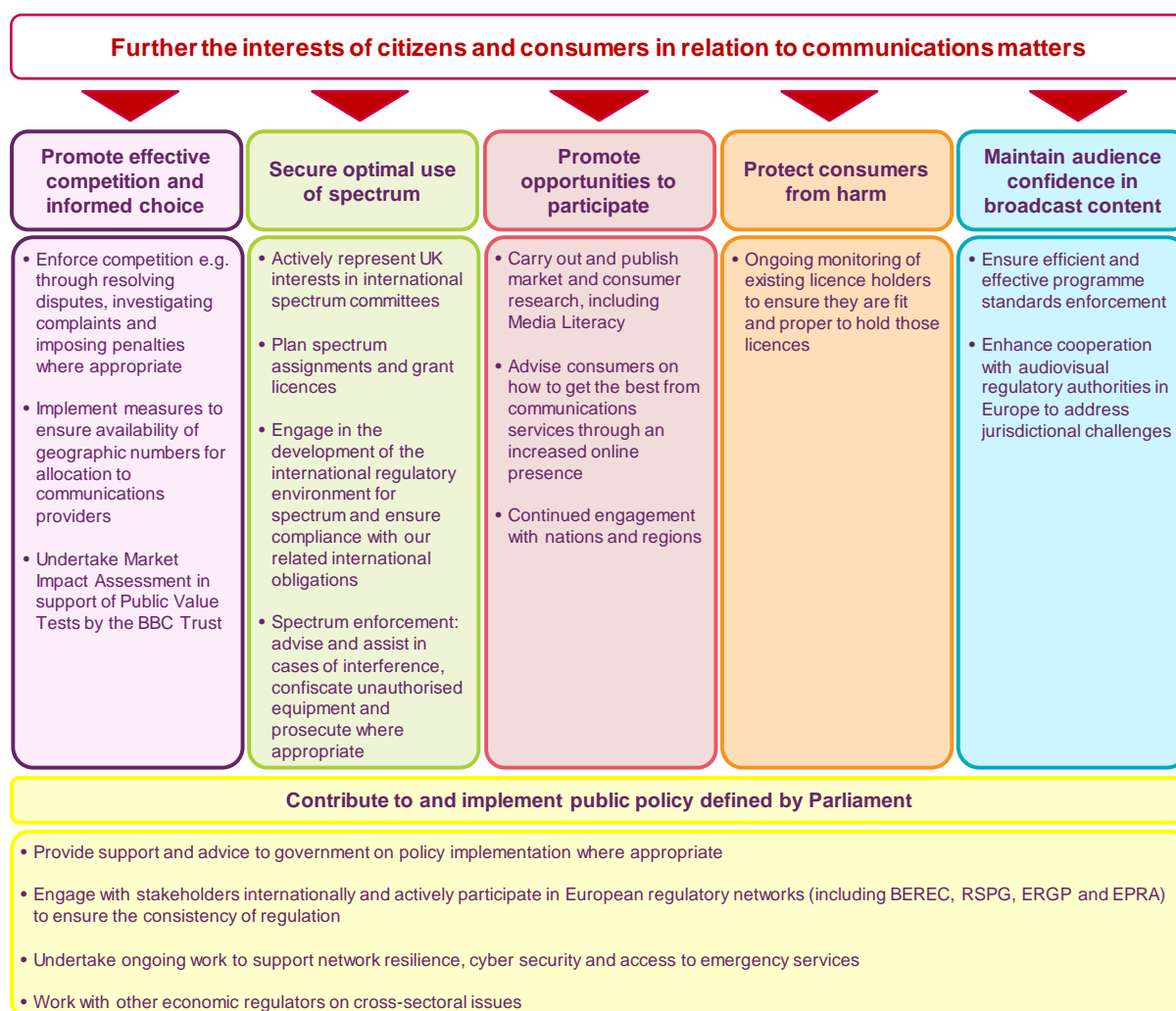[4]http://stakeholders.ofcom.org.uk/consultations/simplifying-non-geo-no/final-statement

forthcoming year. Details of our major work areas can be found in *Section 4 - Major work areas for 2014/15*.

Figure 3: Annual plan 2014/15 major work areas

Further the interests of citizens and consumers in relation to communications matters

Promote effective competition and informed choice	Secure optimal use of spectrum	Promote opportunities to participate	Protect consumers from harm	Maintain audience confidence in broadcast content
• Monitor underlying approaches to traffic management to ensure compliance with Ofcom's approach to net neutrality • Review the framework for regulatory financial reporting in telecommunications • Work to ensure effective competition in pay TV services • Conduct the mobile termination rates charge control review • Conduct the business connectivity market review	• Continue to review the spectrum requirements of the programme making and special events (PMSE) sector • Plan for mobile data spectrum requirements • Understand the impact and role of receivers on efficient spectrum use • Improve the planned use of UHF spectrum • Support the spectrum requirements of the government's Emergency Services Mobile Communications Project • Explore the potential use and requirements of machine to machine technology • Implement the government's Direction on annual licence fees for 900 and 1800MHz spectrum	• Understand and promote the interests of vulnerable consumers and citizens • Continue to promote the provision of better mobile coverage and service information in order to inform both consumers and policy decisions • Work in collaboration with government and industry to promote the widespread availability of fixed and mobile superfast broadband • Complete an evaluation of, and report on, the affordability of core electronic communications services	• Support industry and government initiatives to improve levels of user trust in internet services • Protect consumers from harm in a range of priority areas including nuisance calls and unexpectedly high bills	• Develop and support future radio regulation • Complete the licensing of new local TV services • Work to secure the availability and discoverability of PSB content

Contribute to and implement public policy defined by Parliament

• Prepare for the World Radiocommunication Conference (WRC) in November 2015

• Ensure the future strength and sustainability of PSB content

• Publish a report on the state of the UK communications infrastructure

1.16   Alongside our priorities and major work areas, we will also continue to deliver important programmatic services to stakeholders, citizens and consumers as set out in Figure 4. This represents Ofcom's 'business as usual work' that helps deliver our strategic purposes. Details of this programmatic work can be found in *Section 5 – Programmatic work and services to stakeholders*.

Figure 4: Ofcom's ongoing programmatic work

| Further the interests of citizens and consumers in relation to communications matters |

Promote effective competition and informed choice	Secure optimal use of spectrum	Promote opportunities to participate	Protect consumers from harm	Maintain audience confidence in broadcast content
• Enforce competition e.g. through resolving disputes, investigating complaints and imposing penalties where appropriate • Implement measures to ensure availability of geographic numbers for allocation to communications providers • Undertake Market Impact Assessment in support of Public Value Tests by the BBC Trust	• Actively represent UK interests in international spectrum committees • Plan spectrum assignments and grant licences • Engage in the development of the international regulatory environment for spectrum and ensure compliance with our related international obligations • Spectrum enforcement: advise and assist in cases of interference, confiscate unauthorised equipment and prosecute where appropriate	• Carry out and publish market and consumer research, including Media Literacy • Advise consumers on how to get the best from communications services through an increased online presence • Continued engagement with nations and regions	• Ongoing monitoring of existing licence holders to ensure they are fit and proper to hold those licences	• Ensure efficient and effective programme standards enforcement • Enhance cooperation with audiovisual regulatory authorities in Europe to address jurisdictional challenges

| Contribute to and implement public policy defined by Parliament |

• Provide support and advice to government on policy implementation where appropriate

• Engage with stakeholders internationally and actively participate in European regulatory networks (including BEREC, RSPG, ERGP and EPRA) to ensure the consistency of regulation

• Undertake ongoing work to support network resilience, cyber security and access to emergency services

• Work with other economic regulators on cross-sectoral issues

Our priorities and major work areas for 2014/15 can be summarised into seven themes

1.17   These themes either draw directly on one of the strategic purposes (set out in Figure 1) or are cross-cutting across our strategic purposes:

- **promote effective competition and informed choice –** this is an important element of Ofcom's strategy to deliver competitive markets, we will deliver by, for example, providing information to people in those service areas that lack transparency;

- **secure optimal use of spectrum –** as in 2013/14, spectrum issues make up a significant part of our 2014/15 work programme, covering, for example, a programme of potential future spectrum release including 2.3GHz, 3.4GHz and 700MHz bands;

- **maintain audience confidence in broadcast content –** Ofcom will continue to make an important contribution to the government's priority of improving outcomes for audiences and online consumers. This includes work on child protection online, and contributing to a common media standards framework;

- **availability –** ensuring the availability of communications services, and in particular fixed and mobile broadband and superfast broadband, continues to be an important part of Ofcom's work programme. A combination of commercial investment, spectrum release, regulatory policy and government intervention is helping to deliver widespread availability of these services. These remain significant areas of activity for Ofcom, mainly in supporting further commercial investment and public sector intervention;

- **quality of service** – quality of communications services matters as much as availability, and is increasingly important for consumers. In mobile we will conduct work on the provision of consumer information regarding the quality of experience and broadband speeds. We will also continue our work in the area of traffic management and will also continue to monitor the quality of postal services;

- **cost and value –** we have seen broadly positive outcomes for communications services in this area. Our work will continue to target issues including the affordability of core services and the adoption and use of services by disabled consumers. We published our most recent work on affordability, and more generally on the cost and value of communications services, in the *Consumer Experience* report[5] in January 2014; and

- **adoption –** in this area, commercial provision, supported by policy, continues to deliver positive outcomes. Take-up of services continues to rise, with services such as broadband and mobile broadband now enjoying widespread adoption and use by consumers.

1.18   We will also remain responsive to new issues, emerging concerns that affect consumers across the UK, and new government requests. We will focus on those areas where we can make the most difference.

1.19   In addition to responding to requests from the government, and helping it to implement its policies in respect of communications matters, we will aid devolved administrations in the UK nations, to ensure that consumer and citizen benefits are available across and within all the nations of the UK. Details of our work in this area are set out in section 5.

1.20   We have also identified areas of potential future relevance to Ofcom. These include possible future priorities for the organisation, and emerging issues on which Ofcom may be required to have a view in the foreseeable future. Both are areas over which Ofcom will continue to maintain a watching brief, but where it is too early to undertake work in the financial year 2014/15. Details can be found in section 7.

Ofcom budget for 2014/15

1.21   Ofcom has set a budget for 2014/15 at £117m, with no increase on the 2013/14 budget and representing a 2.6% real term reduction. In setting the budget at this level, we will have delivered a 28.6% real term budgetary reduction compared to 2010/11, exceeding our original commitment to deliver total savings of 28.2% by 2014/15.

---

[5]http://stakeholders.ofcom.org.uk/binaries/research/consumer-experience/tce-13/TCE_Research_final.pdf

Section 2

Consultation responses and amendments to the Draft Annual Plan

We have identified a number of core themes from the consultation responses made to our Draft Annual Plan

2.1   We received 30 responses to our Draft Annual Plan, which are summarised in Annex 1. Within these responses, a number of key themes emerge. The majority of these themes are addressed in our work programme for 2014/15. As such the consultation process was helpful in confirming the broad outline, and many of the specific work areas, of the Draft Annual Plan.

2.2   The key themes are outlined below. References to relevant areas in our strategy and work programme are shown in italics.

Competition in superfast broadband	**There were calls for fibre to be regulated in a similar manner to the copper network, including a call for wholesale fibre products to be made available on a basis equivalent to wholesale line rental.**
	We are in the process of completing our fixed access market review (FAMR). This will play a key role in ensuring that competition and investment in the provision of broadband services, in particular, continues to be effective as consumers migrate to higher-speed services.
	During 2014/15 we will continue to ensure that BT meets all reasonable demands for both the NGA access remedies and other regulated services such as wholesale line rental and local loop unbundling. We have considered alternatives to virtual unbundled local access in the FAMR and we will continue to monitor the progress and outcomes of industry processes in this regard.
Openreach quality of service (QoS)	**Respondents were supportive of our work on Openreach QoS. There were calls for this work to go beyond the fixed access market.**
	Openreach QoS is an important consideration in our review of the fixed access markets. We continue to focus on incentivising Openreach to deliver a standard of service that meets the requirements of its wholesale customers.
	Outside of market reviews, Ofcom is committed to ongoing monitoring of the performance of regulated companies, ensuring that consumers and businesses have appropriate information on service outcomes. We will consider, where necessary and proportionate, options for additional intervention.
Switching	**There was broad support for our work on consumer switching, with calls to apply gaining-provider-led processes to other networks and technologies beyond the Openreach copper network.**
	In 2013 Ofcom published its decision to harmonise to a single gaining-provider-led (GPL) notification of transfer (NoT) process for switching fixed voice and broadband services delivered over the Openreach copper network.
	We are now considering how to prioritise future phases of our work on switching and will publish a document on the roadmap for future work in spring 2014.

700MHz change of use	**A number of respondents expressed some concerns over the potential change of use of the 700MHz band. In particular, they called for Ofcom to give due regard to current users of the spectrum, including PMSE and the emergency services.**
	We are currently undertaking a range of studies to help us understand how a change of use of the 700MHz band might practically be implemented, and what the associated costs and benefits would be. This analysis will inform a consultation on the potential change of use of the band, which we aim to publish in spring 2014.
	We will continue our work on reviewing PMSE spectrum access, to understand the nature of any future challenges and the measures that might be required to address these challenges.
	In addition, Ofcom is supporting the government's Emergency Services Mobile Communications Programme and will focus on ensuring that the emergency services can access the spectrum they need to fulfil their functions in the future.
Post USO and end-to-end competition	**Respondents broadly accepted our proposed post work programme. However, Consumer Futures, Royal Mail and the CWU raised concerns about the interaction of end-to-end competition with the universal postal service and urged us to do further work in this area in 2014/15.**
	Ofcom's primary duty in relation to post is to secure the provision of a universal postal service. Ensuring the financial sustainability and efficient provision of the universal service is therefore a priority area for us.
	Ofcom published guidance in March 2013 which described the circumstances under which we would undertake a review of the need for intervention in relation to end-to-end competition. This set out that we would undertake any such review if there was a potential material threat to the universal service identified through our monitoring regime, or on the basis of the notifications that postal operators with new or expanding delivery operations are required to provide to Ofcom. In addition, we committed to undertaking a review of the impact of end-to-end competition on the universal service towards the end of 2015 if one has not already been opened as a result of our monitoring.
Mobile coverage	**While there was support for our high-level objective with respect to promoting better mobile coverage, respondents called for different solutions, including small-cell technology and support for investment in mobile sites**.
	This is a key area of focus for Ofcom, and in November 2013 we published our five-point action plan to address coverage issues[6].We will assess all available options to help consumers with mobile coverage challenges. We will also continue to provide technical support to government in relation to planning and other issues that may impact the availability of mobile services.
Review of the General Conditions (GCs)	**Several respondents called for Ofcom to undertake a review of the GCs, with others asking us to look at specific GCs.**
	Ofcom will continue to review the content of GCs as and when the need arises in connection with work in pursuance of our powers and duties. We do not plan a wholesale review of all the GCs, but would be happy to discuss representations from stakeholders on any areas which they think we should address.

---

[6]http://consumers.ofcom.org.uk/2013/11/five-point-plan-to-improving-mobile-coverage/

Following responses and other developments, we have made a number of changes to the Annual Plan for 2014-15

2.3   Substantive changes to the Plan are shown below; in addition, we have also made textual changes to the Draft Annual Plan which do not affect our work programme for the year.

Spectrum annual licence fees

2.4   We will continue our work in relation to the implementation of the government's Direction regarding the revision of annual licence fees for 900MHz and 1800MHz spectrum.

2.5   We have recently conducted a consultation on revised fees which closed in January 2014. We are currently considering responses and will publish a statement in 2014.

Pay TV

2.6   In 2010 we published our Pay TV Statement, setting out our decision under section 316 of the Communications Act that Sky should be required to offer to wholesale Sky Sports 1 and 2 (SS1&2) to other pay TV retailers. The decision reflected two concerns: (a) that Sky was restricting wholesale supply of its SS1&2 channels in negotiations with rival pay TV retail platforms; and (b) that entrant pay TV retail platforms could not make a profit at the rate-card price for SS1&2.

2.7   Our decision was appealed to the Competition Appeal Tribunal (CAT) by various parties. In 2012 the CAT decided our decision should be set aside based on an analysis of whether Sky had actively restricted supply of SS1&2 in negotiations. The CAT did not directly consider the rate-card issue, but decided it was not necessary to do so as Sky might offer penetration discounts to the rate-card under commercial negotiations.

2.8   The CAT's decision was appealed to the Court of Appeal by BT, and the appeal was supported by Ofcom. In February 2014 the Court of Appeal issued its judgment. It found that the CAT had failed to interpret correctly the Ofcom decision, that it had not dealt with the rate-card and penetration discount issues, and that its reasons for not dealing with them were inadequate. It therefore found that the CAT had failed to deal with matter "on the merits" and its decision to set aside the wholesale must offer was based on an incomplete set of conclusions. It ordered the case to be remitted back to the CAT.

2.9   The Court of Appeal also rejected cross-appeals from Sky and the FA Premier League which argued that Ofcom did not have jurisdiction under section 316 to regulate competition in broadcasting at the retail level of the market. The Court of Appeal clarified that section 316 allows Ofcom to impose conditions to ensure fair and effective competition in the wholesale and retail provision of broadcasting services to consumers generally.

Post

2.10   Through our consultation stakeholders outlined the importance of an effective consumer complaints handling process for postal services.

2.11   In addition to the work in the postal sector that we noted in the Draft Plan, we intend to undertake a review of the complaints handling and redress schemes.

2.12   The work that we noted in the Draft Plan, relating to the cost orientation of universal service prices, has been deferred in the light of internal prioritisation of resources.

Public Bodies Order

2.13   In July 2013, the government laid a draft Order in Parliament under the Public Bodies Act. This Order was intended to amend some of Ofcom's duties, as we noted in our Draft Annual Plan.

2.14   The government has confirmed that it has withdrawn this Order. As such, we will continue to act according to our duties.

Public service broadcasting review

2.15   Ofcom is required by Parliament to perform reviews of public service broadcasting (PSB). Ofcom's duties in conducting these reviews are:

- to review the extent to which the public service broadcasters have delivered the purposes of PSB;

- to report on PSB with a view to maintaining and strengthening its quality in the future; and

- to review the extent to which material included in media services has contributed towards the fulfilment of public service objectives.

2.16   Our review will build on our substantial base of existing research and analysis. We will highlight the changes that have occurred in the sector over the past five years and explore the trends that are likely to shape the next five years. We will focus in greater depth on the key strategic challenges facing the industry to assess how the needs of citizens and consumers can best be delivered.

2.17   We will be conducting such a review throughout 2014/15 and intend to publish our report by the summer of 2015.

2.18   This work is shown as a new major work area entitled: 'Ensure the future strength and delivery of PSB content'.

2.19   Under this item we have also included our work relating to our legislative duty to conduct a review of Channel 4's media content duties.

Infrastructure report

2.20   Ofcom is required by Parliament to report every three years on the state of the UK communications infrastructure. This year we will publish our second full report to meet this statutory requirement. In recognition of our duty we have identified the infrastructure report as a major work area under the strategic purpose: 'Contribute to and implement public policy defined by Parliament'.

Communications review

2.21   As our work supporting the government's Communications Review has progressed, we are now focused on a number of specific policy areas. We have included our work on these issues under the relevant policy areas, rather than under a separate item. These specific areas include our work supporting the development of a common framework for media standards, switching and our work relating to the availability and discoverability of PSB content.

Work with other economic regulators on cross-sectoral issues

2.22   Following the formation of the UK Regulators' Network (UKRN), we will continue to work collaboratively with other economic regulators to ensure a coherent and efficient approach to issues that are of common interest, or involve cross sectoral boundaries. We have included this as part of our programmatic work.

2.23   Ofcom will lead on two of the priority workstreams that the UKRN has identified: (i) cross-sector resilience issues and cyber-security; and (ii) how regulatory regimes can ensure the quality of regulated services.

2.24   We will also work bilaterally with other regulators where appropriate. One example of this is the emerging use of communications networks and services in new types of electronic payments and digital commerce. As the boundary between communications services and payments services blurs, we need to understand the potential implications for consumers and any issues that may arise. In doing this, we will work collaboratively with the Financial Conduct Authority (FCA) and other relevant organisations.

Section 3

Priorities for 2014/15

Our strategic purposes and approaches guide our priorities

3.1   The Annual Plan for 2014/15 splits our work programme into three categories:

- **Priorities:** the most important, specific areas of work for Ofcom to deliver in the forthcoming year to ensure we further the interests of citizens and consumers. To help measure their delivery, we have identified the interim and final outcomes associated with each priority (see Figure 6, pp.29-30 for these outcomes).

- **Major work areas:** other important areas where we plan to undertake further work during 2014/15 (section 4).

- **Programmatic work:** that which we carry out on an ongoing basis, providing important services to stakeholders, citizens and consumers. This represents much of the 'business as usual' work that helps deliver our strategic purposes (section 5).

3.2   In response to market developments and relating to our current duties, our priorities balance new work with ongoing commitments. They are guided by our six strategic purposes.

Figure 5: Strategic purposes and priorities

Further the interests of citizens and consumers in relation to communications matters

Promote effective competition and informed choice	Secure optimal use of spectrum	Promote opportunities to participate	Protect consumers from harm	Maintain audience confidence in broadcast content
• Ensure effective competition and investment in both current and superfast broadband • Promote effective choice for consumers by ensuring that clear and relevant information is readily available • Develop and implement policies that will improve the ease of switching between communications providers	• Deliver spectrum and interference management for the Glasgow 2014 Commonwealth Games • Prepare for the award of the 2.3GHz and 3.4GHz bands and the potential change of use of the 700MHz band • Enable the use of white space devices and investigate opportunities for further appropriate sharing of bands	• Secure the continuing provision of the universal postal service	• Implement reform of non-geographic numbering to ensure price transparency	• Promote audience safety and assurance in digital environments

Contribute to and implement public policy defined by Parliament

• Ensure that the EC's Connected Continent proposals are delivered in a manner that is consistent with UK interests

Strategic purpose 1: promote effective competition and informed choice

3.3   Effective competition and informed choice are elements of well-functioning communications markets and are likely to result in efficient prices for consumers, support innovation and drive incentives for efficient investment in new and existing networks and services.

3.4   The characteristics of communications markets include strong network effects, scale benefits and complexity. We anticipate an ongoing role for *ex ante* regulation, including regulation to promote competition between suppliers and to support the exercise of choice by consumers.

3.5   We have identified three priorities for 2014/15 which respond to market developments and are intended to deliver significant benefits to citizens and consumers.

Promote effective competition and informed choice	• Ensure effective competition and investment in both current and superfast broadband • Promote effective choice for consumers by ensuring that clear and relevant information is readily available • Develop and implement policies that will improve the ease of switching between communications providers

Ensure effective competition and investment in both current and superfast broadband

3.6   The deployment and adoption of superfast broadband services continues. Such services are available to 73% of premises, with nearly a quarter of broadband customers taking a superfast service. The government's target is to ensure that superfast broadband services will be available to 95% of premises by 2017, and it is providing public funding to supplement private investment to help achieve this target.

3.7   In 2010 Ofcom established a clear regulatory framework for investment in next generation access (NGA) and competition in superfast broadband. This framework requires BT to offer virtual unbundled local access (VULA) to its next generation fibre infrastructure, so that other providers can compete with BT in the supply of superfast broadband services to consumers; this is considered important in supporting competition for superfast broadband services in the wholesale local access market. The framework also provides BT with general pricing flexibility over what it charges for VULA, thereby supporting its incentive to invest in NGA infrastructure.

Fixed access market review

3.8   In late 2012, in line with the European framework for electronic communications, we began a review of the markets for fixed voice and broadband connections and local access. We published our consultation proposals in July 2013[7] and our final conclusions are due to be published in mid-2014. The outcome of these market reviews will play a critical role in ensuring that competition and investment in the provision of broadband services, in particular, continues to be effective as consumers migrate to higher-speed services.

---

[7]http://stakeholders.ofcom.org.uk/consultations/fixed-access-market-reviews/

3.9   During 2014/15 we will continue to ensure that BT meets all reasonable demands for both the NGA access remedies and other regulated services (such as wholesale line rental and local loop unbundling), allowing other providers to use them effectively.

Openreach quality of service

3.10   An important consideration in our review of the fixed voice and broadband markets is ensuring that Openreach is incentivised (either through regulation or market-based mechanisms) to deliver services to the quality expected by its wholesale customers and their respective end-users.

3.11   We continue to focus on incentivising Openreach to deliver a standard of service that meets the requirements of its wholesale customers and the residential and business consumers served by them. This is closely related to our work on introducing a new framework for regulating Openreach's wholesale local access services.

3.12   By mid-2014 we will have proposed new regulations designed to increase the incentives on Openreach to improve its quality of service delivery. These include new key performance indicators and new regulatory obligations to meet standards for service delivery, as well as a series of operational improvement initiatives facilitated by the Office of the Telecommunications Adjudicator. A final statement will be issued in mid-2014.

3.13   Once we have completed our work on introducing new regulatory obligations on Openreach in the fixed access markets, we will monitor Openreach's compliance with its new obligations. We will also continue to monitor Openreach's performance in the delivery of Ethernet services and consider whether we might need to take further action.

Promote effective choice for consumers by ensuring that clear and relevant information is readily available

3.14   We believe that for communications markets to work well, consumers must be able to make informed choices. It is important that relevant, clear, accurate and understandable information is available to them. This enables them to make decisions and act on them; for example, by switching provider to get a better deal.

3.15   During 2014/15, Ofcom's priority work on consumer information will focus on gathering information in a number of new areas of increasing importance:

Mobile quality of experience

3.16   In 2014 Ofcom will carry out new research into the quality of mobile reception and coverage, which may include information such as the percentage of 'dropped' calls, as well as the sound quality of calls.

Mobile broadband speeds

3.17   We will publish the average mobile broadband speeds received by 3G and 4G customers. We believe this information will help consumers make the right choices and encourage providers to improve their performance.

3.18   Mobile consumer information is one part of Ofcom's five point plan to improve mobile coverage,[8] which we discuss further in section 4.60.

Traffic management practices

3.19   We continue to consider the transparency of information on traffic management to ensure that people can access the information they need to make informed choices.

3.20   In the 2011 statement, we provided our views on the level of consumer information that we want to see the market deliver, and the circumstances that might warrant the development of a minimum standard of quality of service. During 2013, we undertook research to determine the effectiveness of the voluntary code of practice adopted by the industry in 2012, which made commitments to ensuring transparency to consumers about network policies that might affect the consumer experience, including the publication of key facts indicators (KFIs).

3.21   The research demonstrated that most consumers have very little knowledge about how the internet works. This awareness gap means that consumers are also unfamiliar with issues such as traffic management, with only around one in ten aware of the term. Furthermore, of the few consumers that were aware of the term and its meaning, less than a third of these were aware that traffic management processes were currently being applied by internet providers. Overall, this suggests that most UK internet users do not understand the potential relevance of traffic management to their product choices.

3.22   However, the research also found that the traffic management information provided by ISPs (KFIs and supporting material) is broadly transparent. For example, 73% of consumers that were aware of their ISP's traffic management policy believed that the KFI information was easy to understand.

3.23   While we would expect that competition between operators would resolve some key concerns related to traffic management practices, we recognise that competition cannot be effective if consumers are not well informed. We are working with industry, via the Broadband Stakeholders Group, to explore ways in which this situation can be improved.

3.24   Our work in the above areas will be complemented by our ongoing programme of measurement and consumer information publication in the following areas:

- consumer complaints;

- consumer satisfaction with quality of service; and

- fixed broadband speeds.

Develop and implement policies that will improve the ease of switching between communications providers

3.25   It remains a priority for Ofcom to make further progress in ensuring the effectiveness of switching procedures, to deliver on the goals of effective competition, informed choice, and to protect consumers. To achieve this we are continuing our review of

---

[8]http://consumers.ofcom.org.uk/2013/11/five-point-plan-to-improving-mobile-coverage/

switching processes for electronic communications services. We are focusing on delivering two key outcomes:

- an easy and convenient consumer experience of switching, both now and in the future. We want to ensure that there are no undue process barriers to switching, for single services or for bundles; and

- ensuring that switching processes deliver efficient competitive outcomes.

Review of switching processes

3.26   The first stage of our review has addressed the switching processes for services using the Openreach copper-based network. This network supports the largest number of switches for fixed voice and broadband services, and we identified it as the area of greatest potential consumer harm.

3.27   In August 2013 Ofcom published its decision that CPs must harmonise to a single gaining-provider-led (GPL) notification of transfer (NoT) process for switching fixed voice and broadband services delivered over the Openreach copper network.

3.28   We considered that harmonisation to a GPL process would (i) be less disruptive than to a losing-provider-led process (which is currently used for around 10% of switches) (ii) would support a more positive consumer switching experience, and (iii) would be more likely to support competitive outcomes.

3.29   We plan to work with industry and the Office of the Telecoms Adjudicator (OTA) in 2014/15 on implementation of harmonisation.

3.30   We also consulted on four key improvements to the NoT process for implementation:

- requiring a record of customer consent to switch, to protect against slamming;

- mandating the use of systems and processes to minimise loss of service when switching bundles;

- the provision of better information on the implications of switching; and

- mandating that providers place 'working line takeover' orders only where they have an exact match for the line, and also that they must notify end-users that their line is due to be taken over.

3.31   In December 2013 we published our statement on the NoT process. This set out our decisions on enhancements to the NoT process that we had consulted on in August 2013. It also set out the changes to the General Conditions required to bring harmonisation into effect.

3.32   We will progress to a further stage of work in 2014 to consider whether it would be appropriate to make further changes. Key considerations will be:

- **Erroneous transfers** (ETs) - improving the quality of Openreach address data (a major cause of ETs); evaluation of industry initiatives to enable accurate identification of the correct line to switch; and assessing the risks to consumers of ETs as new technologies (e.g. fibre-to-the-premises ('FTTP')) emerge.

- **Whether to extend switching processes to include other technologies and networks** to ensure that consumers have a similar end-to-end experience of switching, regardless of the underlying networks or wholesale service.

<u>Government is seeking to give Ofcom a duty in relation to switching of bundles</u>

3.33   Finally, in its July 2013 publication *Connectivity, Content and Consumers*, DCMS announced that it planned to legislate to give Ofcom a duty to ensure a consistent and effective experience for consumers switching between bundles, and that it would work towards a system of gaining-provider-led switching across the board. We will work with government as appropriate to assist in progressing its objectives in relation to switching.

<u>Early termination charges in contracts for communications services</u>

3.34   During 2013/14, we continued enforcing the Unfair Terms in Consumer Contracts Regulations in the fixed voice and broadband sector, under the Additional Charges Enforcement Programme. We focused particularly on ensuring that consumer contract terms relating to early termination charges (ETCs) are fair.

3.35   We intend to continue monitoring complaints about unfair contract terms, including ETCs, in 2014/15. We will take action as appropriate on a case by case basis. We will also be monitoring compliance with GC9, and our GC9.6 guidance, taking action as appropriate. Although complaints about ETCs have fallen significantly since we started this programme, the fairness of consumer contract terms remains an important consumer protection concern for Ofcom.

3.36   This will help us identify what our priorities should be under this programme. This may include enforcement action against specific providers, and any such decisions will be announced via the Competition and Consumer Enforcement Bulletin (CCEB).

Strategic purpose 2: secure optimal use of spectrum

3.37   Ofcom is responsible for securing the optimal use of the electromagnetic spectrum. While not itself a consumer outcome, optimal use of spectrum is a key input into delivering good consumer and citizen outcomes in terms of delivery of services, competition, choice and widespread availability.

Secure optimal use of spectrum	• Deliver spectrum and interference management for the Glasgow 2014 Commonwealth Games • Prepare for the award of the 2.3GHz and 3.4GHz bands and the potential change of use of the 700MHz band • Enable the use of white space devices and investigate opportunities for further appropriate sharing of bands

Deliver spectrum and interference management for the Glasgow 2014 Commonwealth Games

3.38   Ofcom is responsible for organising a full spectrum plan for the Glasgow Commonwealth Games 2014. This includes licensing wireless users and managing any cases of interference. Our contribution to the success of the event will be ensuring that spectrum is used effectively, with the least disruption to existing users.

3.39   We are working closely with Arqiva PMSE, which manages programme making and special events (PMSE) spectrum services on our behalf. This work is to establish and operate licensing processes and effective coordination arrangements between

Games Family and other PMSE users in the Glasgow area. We have sought to meet the UK government's spectrum guarantees, with minimum disruption to other, day-to-day users.

3.40   During 2014/15 we will:

- continue to work with Arqiva PMSE to undertake technical assignments of spectrum for Games users and co-ordinate these with assignments for non-Games users;

- deploy a network of sensors, both within key Games venues and outside the venues, to help us to locate the position of interfering radio signal sources;

- in advance of the Games, monitor spectrum use in key locations to ensure that frequencies are free of harmful interference;

- in advance of the Games, run a process for commissioning fixed radio installations, and a testing and tagging validation service for all wireless equipment, to ensure that it complies with the licensed conditions for use in Games venues; and

- at Games time, deploy dedicated skilled resources to ensure that harmful interference to wireless services is managed appropriately.

Prepare for the award of the 2.3GHz and 3.4GHz bands and for the potential change of use of the 700MHz band

Prepare for the award of the 2.3GHz and 3.4GHz bands

3.41   The Ministry of Defence (MoD) has decided to release 40 MHz of spectrum within the 2.3GHz band (2350 to 2390MHz) along with 150 MHz within the 3.4GHz band (between 3410 and 3600MHz) for civil use. On 13 September 2013, the MoD announced that Ofcom would make the award. Ofcom expects to award this spectrum to potential new users by means of an auction. Prior to doing so, we have a number of preliminary activities to undertake.

3.42   On 16 October 2013 we published a document consulting on a 3.4GHz band plan and called for inputs on other aspects of the 2.3 and 3.4GHz band award. We invited stakeholders likely to have an interest in acquiring access to the available frequencies to give views on some aspects of the award, particularly about how they would use the spectrum. We also outlined our initial policy views on the award.

3.43   On 19 February 2014 we issued a consultation, *Public Sector Spectrum Release (PSSR) - Technical coexistence issues for the 2.3 and 3.4 GHz award*[9]. The consultation focuses in particular on future coexistence between potential new users of the spectrum and existing users of adjacent frequencies. In June 2013 we consulted specifically on the impact of the release on amateur radio, and we expect to make a statement on future amateur radio use of the bands in spring 2014.

3.44   We expect a final decision in March 2014 from the EU Radio Spectrum Committee on a legally binding European harmonisation measure for the 3.4GHz band. We will monitor ongoing initiatives within Europe in relation to the 2.3GHz band.

---

[9]http://stakeholders.ofcom.org.uk/consultations/pssr-2014/

3.45   We will consult on our proposals for the award, including our policies towards the award and the design of the auction in summer 2014. The earliest we are likely to be able to make the award is in the financial year 2015/16.

Prepare for a potential change of use of the 700MHz band

3.46   Our UHF spectrum strategy statement set out our plans to enable a potential change of use and release of 700MHz for harmonised mobile use. At the same time the strategy aims to ensure that the DTT platform can retain longer term access to the 600MHz band in the event of a change of use of the 700MHz band. Our strategy seeks to deliver consumer and citizen benefits in the face of both growing demand for mobile data and the continued value consumers place on free to view broadcast TV.

3.47   Free to view TV services are likely to remain of critical importance for a range of economic and social policy objectives, such as supporting PSB reach and consumer choice. DTT provides the cornerstone of free to view TV in the UK, therefore our decision-making on the potential change of use of the 700MHz spectrum band will be informed by a strategic analysis of the potential impacts on DTT. This includes understanding the potential implications of a change of use of the 700MHz band for services currently accommodated within the interim multiplexes at 600MHz.

3.48   Our strategic approach will also help to secure the ongoing delivery of other licensed services in the band, such as wireless microphone links, and allow the deployment of services based on white space technology. The PMSE sector delivers important benefits to citizens and consumers. We are developing a strategy aimed at ensuring that the PMSE sector can continue to deliver these benefits, following any change of use of the 700MHz band. This is discussed further on page 35.

3.49   We are currently undertaking a range of studies to help us understand how a change of use of the 700MHz band might practically be implemented, and what the associated costs and benefits would be. This analysis will inform a consultation on the potential change of use of the band, which we aim to publish in spring 2014. We plan to publish a statement in autumn 2014. We will work closely with government to consider the implications of our analysis.

3.50   In parallel to this, we will continue to engage in international discussions on harmonisation of the 700MHz band – including discussions on the development of a mobile band plan. We will also represent the UK's interests on behalf of government in international discussions on the potential co-ordination of a revised DTT frequency plan.

Enable the use of white space devices and investigate opportunities for further appropriate sharing of bands

3.51   Progressing our initiative on white spaces to extend the scope of spectrum sharing will be a key part of our work over the coming year. In addition, we will support the MoD's work on new spectrum sharing in the context of the government's public sector spectrum release programme and, separately, progress our own work on dynamic spectrum access.

3.52   The term 'white space spectrum' refers to frequencies that are not being used by existing licensees at all times or at all locations. TV white spaces are the frequencies in the spectrum band 470MHz to 790MHz (also known as the UHF band) that are not being used at particular times or particular locations by the existing licensed users of digital terrestrial television (DTT) and PMSE for wireless microphones.

3.53   Location-aware wireless devices, assisted by databases that provide information on white space availability, taking into account existing licensed use, offer the promise of opportunistic access to under-utilised frequency bands around the UK for innovative and useful services. We believe that this database-based approach could be used to support dynamic sharing of spectrum in other spectrum bands in the future.

3.54   We have been working to deliver a pilot of the framework for accessing TV white spaces, which commenced in December 2013. Earlier in the year we published a consultation on coexistence between white space devices (WSDs) and other services in and adjacent to the UHF band.

3.55   Our work in the area of TV white spaces will continue in the following areas:

- **Pilot trials** – we expect the pilot to run during the first half of 2014, although we will facilitate trials continuing beyond this point if there is stakeholder demand. We expect a number of industry trials, supported by databases, to be conducted in different parts of the country, exploring different uses of TV white space spectrum. We will test the framework during these trials.

- **Coexistence testing** – we also expect to run a programme of coexistence testing with stakeholders during the first half of 2014. This will consist of a mixture of tests at the pilot trials and bespoke tests. This testing programme is designed to enable us, to the extent practicable, to check that our approach to allowing access to TV white spaces will ensure a low probability of harmful interference to the existing users of the spectrum, i.e., DTT and wireless microphones. Alongside our testing we will be considering the responses to our consultation on coexistence. We expect that the pilot trials will prove the concept of database-supported spectrum sharing and that testing will provide useful evidence on how to define coexistence parameters appropriately.

3.56   Approaches to sharing spectrum could also be relevant to other bands, beyond TV white spaces. For example, we will continue to work with the MoD on its plans to share a range of frequencies between 4800MHz and 4900MHz and between 1427MHz and 1452MHz. Ofcom will continue a programme of work through 2014/15 to identify coexistence challenges and take the necessary steps towards enabling this spectrum to be made available for new civil use, in line with our regulatory duties.

3.57   On 9 August 2013 we published the consultation: *The future role of spectrum sharing for mobile and wireless data services - Licensed sharing, WiFi, and dynamic spectrum access*[10], to which we invited responses by 9 November. We will consider these responses in progressing our spectrum work. We will publish our final statement in the first half of 2014.

3.58   The aim of this consultation was to develop a better understanding of the role that shared spectrum could play in the mobile broadband and machine to machine (M2M) sectors, alongside other cleared spectrum bands. We want to understand the role that spectrum shared on a licensed, licence-exempt and dynamic basis could play in opening up access to more spectrum. We are interested to understand how this might support innovation, and what disadvantages it might bring, such as making it harder to manage interference between spectrum users.

---

[10] http://stakeholders.ofcom.org.uk/consultations/spectrum-sharing/

3.59   In 2014/15 we will start to consider more broadly the scope for more spectrum sharing. We will explore the suitability of a range of frequency bands for shared access in order to increase the amount of spectrum available for a range of services, including M2M. We will also continue to examine approaches for improving access to shared spectrum, such as geo-location databases and spectrum sensing. We will need to consider whether new regulatory authorisation mechanisms are required, to enable and support spectrum sharing. This work will include (i) continuing to support the European Commission Radio Spectrum Policy Group, to develop a conceptual approach to a new Licence Shared Access regulatory framework, and (ii) supporting work being undertaken by the European Conference of Postal and Telecommunications Administrations (CEPT).

Strategic purpose 3: promote opportunities to participate

3.60   Communications services continue to grow, both in prevalence and in their importance to consumers and citizens, enabling consumers to participate in society. In support of this, we focus on promoting opportunities to participate – seeking to ensure the wide availability of services and seeking to reduce barriers to their adoption and effective use by consumers.

Promote opportunities to participate	• Secure the continuing provision of the universal postal service

Secure the continuing provision of the universal postal service

3.61   The universal service obligation requires Royal Mail to, among other things, collect and deliver letters six days a week[11] at an affordable and geographically uniform price to every address in the UK[12]. These minimum requirements of the universal postal service can be changed by the government only following approval from Parliament[13].

3.62   Our primary duty in relation to post is secure the provision of a universal postal service. Ensuring the financial sustainability and efficient provision of the universal service is therefore a priority for Ofcom.

3.63   Since taking over responsibility for the regulation of the postal sector in October 2011, we have undertaken a number of important actions in support of this duty. This has included putting in place a new regulatory framework, giving Royal Mail greater pricing freedom to enable it to return the universal service to financial sustainability, subject to key safeguards.

3.64   As we noted in the annual monitoring update, published in November 2013, the prospect of privatisation was recognised in the development of this regulatory framework and we did not consider that there would be any need for substantial change to the framework, regardless of the outcome of the privatisation process[14]. We also noted that we will continue to monitor market developments and Royal Mail's performance to ensure that our regulatory objectives are met.

---

[11]Five days for parcels
[12]Or as otherwise approved by Ofcom
[13]This requirement can only be amended by the Secretary of State by Order subject to approval from Parliament by affirmative resolution (subject to any changes proposed retaining uniformity of provision in relation to the minimum requirements).
[14]http://stakeholders.ofcom.org.uk/binaries/post/post/Annual_monitoring_update_2012-13.pdf, page 6

3.65   After a review and consultation regarding the regulation of the provision of post boxes, Ofcom extended the regulatory protection to all UK delivery points. We now require Royal Mail to have a post box within 0.5 miles[15] of 98% of delivery points, and to provide sufficient access points for the remaining 2% of delivery points to meet the reasonable needs of users. We also made the delivery and collections exceptions Directions in December 2013 to ensure that the rules and procedures for exceptions from the six-day-per-week requirement for collecting mail from access points and delivering it to recipients are clearly set out and sufficiently protect consumers.

3.66   We have begun reviews of the two industry codes of practice relating to the security and integrity of mail and common operational procedures. We expect to complete this exercise during 2014/15.

3.67   During 2014/15 we will progress our approach to the economic regulation of post, by undertaking a range of work to secure the continued provision of a universal postal service. This will include:

- our ongoing monitoring regime, which includes regular internal reporting and an annual update to the market on the financial sustainability of the universal service, quality of service, the evolution of competition and Royal Mail's progress towards improving its efficiency;

- further development of the appropriate metrics to measure efficiency, and methodologies to assess what might be a reasonable rate of efficiency improvement for Royal Mail;

- reviewing our approach to protecting competitors from margin squeeze with respect to access services, including the appropriate cost base for any future measures;

- undertake a review of the complaint handling and redress schemes for consumers;

- completing a review of the postal common operational procedures code of practice. This protects consumers from the risk of mis-posted, mis-directed and mis-collected mail not being returned to the correct regulated postal operator; and

- reviewing the minimum standards that regulated postal operators must meet so that the potential for mail to be subject to loss, theft, damage or interference can be minimised.

Strategic purpose 4: protect consumers from harm

3.68   As the communications landscape continues to evolve, new forms of potential consumer harm emerge. Our overall approach to consumer protection is to focus on those issues that generate a significant scale of consumer harm, and where we have the ability to address the issue. Much of this work is ongoing and falls into Ofcom's major work areas outlined in the next section. However, we have identified one priority for 2014/15.

---

[15]Based on the straight line distance – see http://stakeholders.ofcom.org.uk/consultations/provision-post-boxes/statement/

Protect consumers from harm   •   **Implement reform of non-geographic numbering to ensure price transparency**

Implement reform of non-geographic numbering to ensure price transparency

3.69   We define non-geographic calls as those made to 03, 05, 070/076, 080, 0845, 0870, 083/4, 0871, 09, 116 and 118 numbers. Consumers use these numbers to call businesses and government agencies, to get information, make payments for services and to vote on radio and television shows. In 2010/11, we proposed a simpler approach to the provision and regulation of non-geographic calls, including exploring the option for simpler number ranges and more standardised charges.

3.70   We have recently published our final statement on non-geographic numbering and will now move ahead with the implementation of our recommendations, including changes to pricing structures and transparency requirements.

3.71   This year we have reformed the regulations applying to the Freephone ranges 080/116 and to the revenue sharing ranges 084/087/09/118. The changes will be implemented in 2015. We issued a consultation on the withdrawal of the 0500 range in December 2013[16].

3.72   In 2014/15 we will finalise the review of the 0500 range and consider the need for regulatory changes to the 055/56, 070/76 and other non-geographic ranges. We want to ensure that these ranges continue to offer benefits to consumers and that there are adequate safeguards to protect consumers from harm caused by confusion or fraud. We also need to ensure that we adhere to our duty to ensure that the numbering system is used efficiently.

Strategic purpose 5: maintain audience confidence in broadcast content

3.73   Given consumer expectations of assurance on broadcast content standards, we will continue to develop and deliver efficient, effective and future-proofed ways to ensure audience confidence in broadcast content.

Maintain audience confidence in broadcast content   •   **Promote audience safety and assurance in digital environments**

Promote audience safety and assurance in digital environments

3.74   This priority brings together a range of work which, in combination, seeks to maintain and update the audience protection and assurance framework for audio-visual content. This is necessary to meet the challenges posed by convergence and by audiences' expectations.

Targeted licensing and enforcement to ensure effective protection for audiences

3.75   We will continue to ensure that we focus on assuring audience confidence, by conducting a wide-ranging review of the process for licensing broadcast services. In 2014 we will develop and implement a 'smarter' approach to licensing and enforcement that will better enable us to identify and respond to potential compliance

---

[16] http://stakeholders.ofcom.org.uk/consultations/re-consultation-0500-freephone/

failures. This work will allow us to construct a more effective licensing regime with the potential to remove some regulatory burdens on stakeholders and reduce the administrative load on Ofcom.

Address the challenges of regulating IP-delivered linear services on EPGs

3.76   Today, linear IP-delivered television channels not regulated within the European Economic Area (EEA) are potentially available via EPGs and red-button services. Providers of IPTV services may be based anywhere in the world. Where services originate from outside the EEA, they may not be subject to regulation by any member state, and so not subject to the minimum standards set by the AVMS Directive. We will seek to address this in a way that balances our various duties, to find a solution which protects consumers from harm, but still allows for technological innovation and the development of new television services.

Work to develop a common framework for media standards

3.77   In its communications strategy paper: *Connectivity, Content and Consumers: Britain's digital platform for growth*, the government asked Ofcom to work with industry and other regulators to deliver a framework that sets out a consistent approach to media standards regulation, building on existing standards that already apply in many places. We have already started to engage with the government and media regulators to discuss how we can deliver this work. We aim to ensure that consumers have a clear understanding of the protections that apply to different types of content accessed online, and know which regulatory body to turn to if they have a concern.

Report on approaches to protecting the safety of children online

3.78   The government stated in its communications strategy paper that it expects companies across the internet value chain to ensure that all internet-enabled devices are supplied with child safety tools as a standard feature.

3.79   As part of this, we have been asked by the Secretary of State to assess the implementation of filters in the UK and report on parental awareness of, confidence in, and take-up of parental controls. We will deliver three reports by the end of 2014.

3.80   In December 2013 we delivered the first report, measuring take-up, and parents' awareness of and confidence in parental controls. The report was published in January 2014, and covered the broader strategies that parents adopt to improve children's online safety; the levels of parental awareness of, and confidence in, the safety measures which may be in place on sites regularly visited by children, including, but not restricted to, content providers, search engines and social networking sites; and, as far as possible, why parents choose not to apply parental control tools. We will deliver a follow-up report in December 2014 to track developments on the range of measures outlined above.

3.81   Ofcom will publish a report in spring 2014 on the measures put in place by BT, Sky, TalkTalk and Virgin Media to meet their commitments to implement network-level filtering for new customers by the end of 2013.

Continue to support UKCCIS

3.82   We will also continue to play an active role in supporting the government's UK Council for Child Internet Safety (UKCISS). We are able to inform the work of UKCISS through our market research into awareness and use of online media,

particularly through our media literacy reports. In addition, we will continue to contribute to European debates on the protection of minors, as appropriate.

Strategic purpose 6: contribute to and implement public policy defined by Parliament

Contribute to and implement public policy defined by Parliament	• Ensure that the EC's Connected Continent proposals are delivered in a manner that is consistent with UK interests

Ensure that the EC's Connected Continent proposals are delivered in a manner that is consistent with UK interests

3.83   On 11 September 2013 the European Commission tabled a draft Regulation on the 'Connected Continent'; part of a larger package of measures aimed at "completing" the digital single market. The draft Regulation covers a wide range of issues within our regulatory remit, including (i) a reform of the rules on international roaming, (ii) proposals to change the way operators are authorised to operate in national markets, (iii) greater harmonisation around the timing and form of spectrum auctions and assignments, and (iv) the introduction of new, harmonised EU-wide rules on net neutrality and open internet access, and changes to the consumer rules which we enforce through the General Conditions.

3.84   We have been working closely with government to understand the implications of the proposals and to help develop the UK's negotiating position. We have also been working closely with BEREC, which has a statutory role in advising the European legislators (the European Parliament and Council), and expect to continue to do so throughout the legislative process. Finally, we have been providing our technical expertise directly to members of the European Parliament, to help inform their own consideration of the proposals. Although the European Commission had originally indicated an ambition to see the legislation adopted before the European Parliament elections in May 2014, current expectations are that the legislative negotiations will continue at least until autumn 2014. We therefore expect to continue this work and engagement well into 2014.

3.85   Our goal is to support the European Commission's high level objective to promote the development of the European single market and improve conditions for investment in our sector, ultimately for the benefit of European (including UK) consumers. However, we are keen to ensure that any new rules are proportionate and workable in practice.

3.86   Our engagement over the course of the next 12-18 months will be focused on these goals, and on ensuring that Ofcom is well-equipped to fulfil its statutory obligations to promote the interests of UK consumers and citizens.

To help with measurement against these priorities, we have set interim and final outcomes

3.87   We will judge the success of our work to deliver our priorities for 2014/15 against the positive outcomes we are seeking to secure for citizens and consumers.

3.88   We have identified outcomes for each of our priorities, as shown in Figure 6 below. We will assess our progress towards delivering these at the end of the financial year, within Ofcom's Annual Report.

3.89   We have divided our outcomes into interim and final outcomes:

- **Interim outcomes** are events in the market that result from a decision taken by Ofcom; for example, enabling third parties access to a particular network or service. These play a part in delivering final outcomes.

- **Final outcomes** describe wider benefits for citizens and consumers; for example, a consumer being able to choose from a range of competitive and innovative retail offerings. We intend to do what can reasonably be done to judge our success in securing final outcomes, while acknowledging that these outcomes will also be influenced by wider market developments.

Figure 6: Annual Plan 2014/15 priorities and outcomes

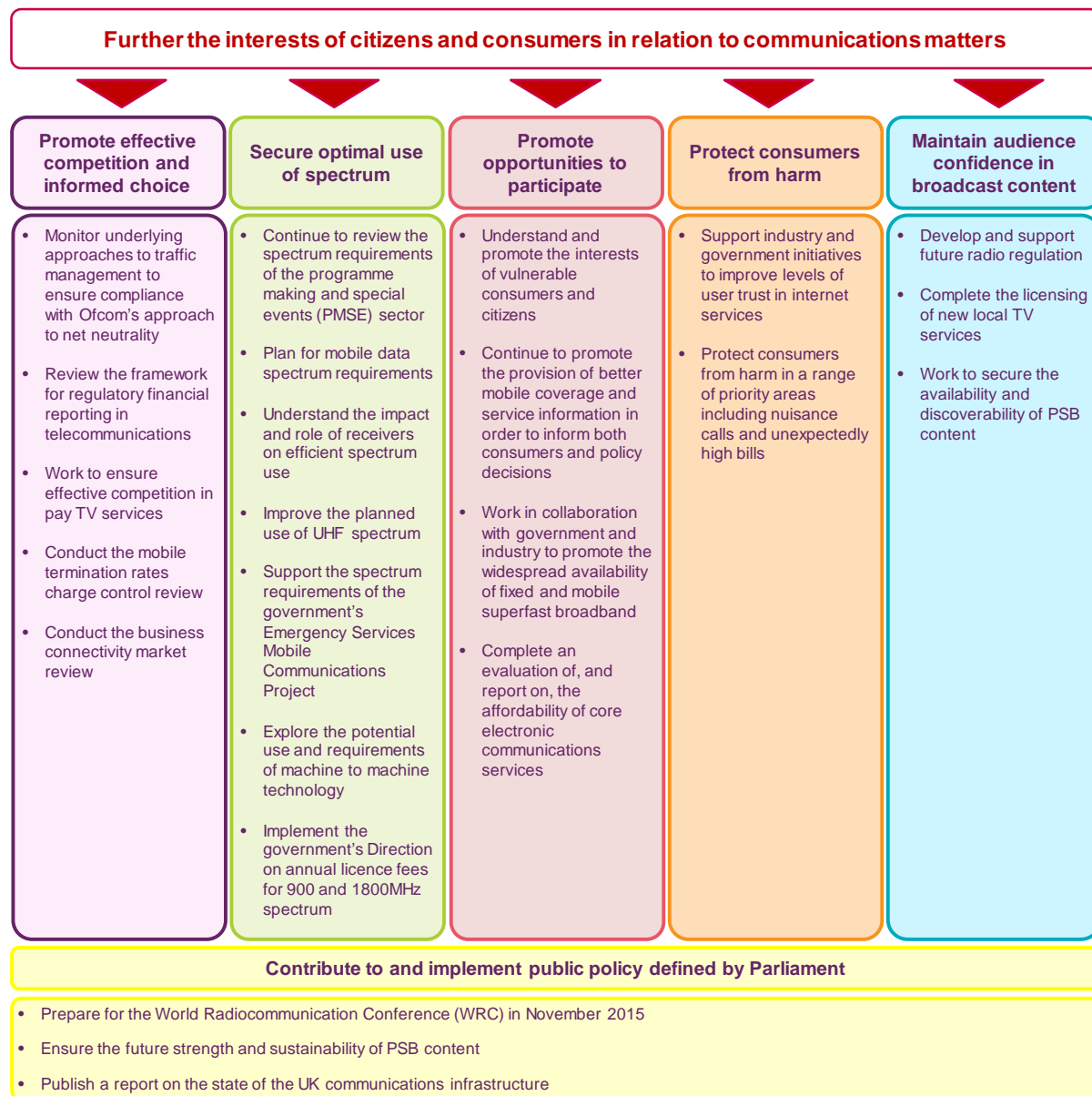|	STRATEGIC PRIORITIES	INTERIM OUTCOMES	FINAL OUTCOMES
Promote effective competition and informed choice	Ensure effective competition and investment in both current and superfast broadband	Complete a set of market reviews which cover fixed voice and broadband and local access and, where necessary, introduce remedies, including new charge controls, into these markets	Maintain innovation and competition in the supply of current generation voice and broadband to consumers and create the conditions that will allow the market to retain these favourable supply conditions as it transitions to superfast broadband
	Promote effective choice for consumers by ensuring that clear and relevant information is readily available	Understand areas in which information provided commercially in markets falls short of what consumers need in order to engage in the market and, particularly, make effective choices	Consumers are able to make choices and decisions in the market based on clear and complete information. This information is accessible, understandable, verifiable, and comparable
	Develop and implement policies that will improve the ease of switching between communications providers	Ensure switching processes for communications services across a range of technologies and products do not lead to barriers to switching for consumers	Consumers can switch easily between communications providers without hassle, and barriers to switching do not result in harm to the competitive process
Secure optimal use of spectrum	Deliver spectrum and interference management for the Glasgow 2014 Commonwealth Games	All requirements for Ofcom's responsibilities for the Games in place and tested on schedule	Successful delivery of Commonwealth Games spectrum plan with minimal disturbance to users or viewers
	Prepare for the award of the 2.3GHz and 3.4GHz bands and the potential change of use of the 700MHz band	*Prepare for the award of the 2.3GHz/3.4GHz bands:* Coexistence issues with existing civil users understood and where possible resolved. Technical conditions developed for the spectrum to be released conducive to its use for mobile data services. Auction policy and design proposals made	*Prepare for the award of the 2.3GHz/3.4GHz bands:* Increase in the total amount of spectrum available and used to match growing demand for wireless services delivering wider consumer and citizen benefits
		Potential change of use of the 700MHz band: Complete analysis of costs, benefits and ways in which the change of spectrum use could be implemented. Completion of pre-WRC-15 international discussions on harmonisation of the 700MHz band	*Potential change of use of the 700MHz band:* Subject to consultation, outcomes may include a change of use of the 700MHz band for mobile broadband consistent with future international harmonisation and continued widespread availability of DTT services
	Enable the use of white space devices and investigate opportunities for further appropriate sharing of bands	As part of the pilot framework, complete trials of geo-location database approach and coexistence testing for the use of white space devices. Explore extension of geo-location approach to other frequency bands to help increase the future supply of shared spectrum, in particular for small cell and M2M applications	New services and/or increased service quality from authorising devices which are able to share spectrum with other uses without adversely impacting on the existing use and so increase the intensity of the use of spectrum

	STRATEGIC PRIORITIES	INTERIM OUTCOMES	FINAL OUTCOMES
Promote opportunities to participate	Secure the continuing provision of the universal postal service	On the basis of robust evidence define the universal postal service so that it meets the reasonable needs of users now and in the future	Financially sustainable universal postal service which meets the needs of business and residential customers
Protect consumers from harm	Implement reform of non-geographic numbering to ensure price transparency	Subject to consultation responses, apply the recommendations on improving price transparency contained in our final statement	Measurable improvements in consumer understanding of non-geographic calls pricing and a reduction in associated bill shock
Maintain audience confidence in broadcast content	Promote audience safety and assurance in digital environments	The licensing and enforcement of services is appropriately targeted. Emerging IP-delivered linear services are addressed by standards regulation. Industry and regulators deliver a consistent approach to media standards regulation	Consumers have a clear understanding of the protections that apply to different types of content accessed online, and know which regulatory body to turn to if they have a concern
Contribute to and implement public policy defined by Parliament	Ensure that the EC's Connected Continent proposals are delivered in a manner that is consistent with UK interests	Contribute to the development of the national negotiating position by working with the UK government. Contribute our technical expertise to discussions at European level by engaging with the European institutions and with/through BEREC	Any adopted legislation is proportionate and practical, supporting investment in the sector and delivering benefits to consumers including through competition

Section 4

Major work areas for 2014/15

4.1   In addition to the priorities set out in section 3, we plan to undertake work in a number of other major areas during 2014/15.

Figure 7: Annual Plan 2014/15 major work areas

Further the interests of citizens and consumers in relation to communications matters				
Promote effective competition and informed choice	**Secure optimal use of spectrum**	**Promote opportunities to participate**	**Protect consumers from harm**	**Maintain audience confidence in broadcast content**
• Monitor underlying approaches to traffic management to ensure compliance with Ofcom's approach to net neutrality • Review the framework for regulatory financial reporting in telecommunications • Work to ensure effective competition in pay TV services • Conduct the mobile termination rates charge control review • Conduct the business connectivity market review	• Continue to review the spectrum requirements of the programme making and special events (PMSE) sector • Plan for mobile data spectrum requirements • Understand the impact and role of receivers on efficient spectrum use • Improve the planned use of UHF spectrum • Support the spectrum requirements of the government's Emergency Services Mobile Communications Project • Explore the potential use and requirements of machine to machine technology • Implement the government's Direction on annual licence fees for 900 and 1800MHz spectrum	• Understand and promote the interests of vulnerable consumers and citizens • Continue to promote the provision of better mobile coverage and service information in order to inform both consumers and policy decisions • Work in collaboration with government and industry to promote the widespread availability of fixed and mobile superfast broadband • Complete an evaluation of, and report on, the affordability of core electronic communications services	• Support industry and government initiatives to improve levels of user trust in internet services • Protect consumers from harm in a range of priority areas including nuisance calls and unexpectedly high bills	• Develop and support future radio regulation • Complete the licensing of new local TV services • Work to secure the availability and discoverability of PSB content

Contribute to and implement public policy defined by Parliament

• Prepare for the World Radiocommunication Conference (WRC) in November 2015

• Ensure the future strength and sustainability of PSB content

• Publish a report on the state of the UK communications infrastructure

Strategic purpose 1: promote effective competition and informed choice

Promote effective competition and informed choice	• **Monitor underlying approaches to traffic management to ensure compliance with Ofcom's approach to net neutrality** • **Review the framework for regulatory financial reporting in telecommunications** • **Work to ensure effective competition in pay TV services** • **Conduct the mobile termination rates charge control review** • **Conduct the business connectivity market review**

Monitor underlying approaches to traffic management to ensure compliance with Ofcom's approach to net neutrality

4.2   In the publication *Ofcom's Approach to Net Neutrality*[17] in November 2011, we set out our position on net neutrality and traffic management.

4.3   Essentially, our position has not changed since that publication, as competition seems to be delivering effective choice to consumers and we currently see no convincing case for regulatory intervention. We would, however, note that net neutrality is one of the policy areas covered by the proposed EU Connected Continent initiative, and this may result in changes to our regulatory powers and obligations during 2014.

4.4   We will continue to monitor actual traffic management approaches as part of our infrastructure reporting duty. We updated our position in the *Infrastructure Report: Update 2013*, published in October 2013. In that report we considered whether the use of traffic management practices appears to be consistent with the principles we set out in our net neutrality statement. Our view of the current position is that:

- There are currently no substantive concerns in relation to the traffic management practices used by fixed ISPs and indeed there is some evidence of lower levels of active traffic management compared with previous years.

- Although some mobile operators block services, such as Skype's VoIP service on certain packages, all operators now offer packages with no blocking. This is an improvement on the previous year's position indicating that competitive pressures may be having an effect on mobile operators' traffic management practices. We have not identified any traffic management practices that are in use by mobile operators and which are not publicly reported.

4.5   Our next traffic management update will be published in the *Infrastructure Report,* due to be published at the end of 2014.

4.6   Finally, we will work closely with DCMS in its engagement with the EU over the proposed Single Market Regulation, which, as currently drafted, will include new net neutrality obligations on network operators and new monitoring duties on regulators. As the likely direction, and text, of the Regulation becomes clearer, we will consider implementation issues, as appropriate.

---

[17]http://stakeholders.ofcom.org.uk/consultations/net-neutrality/statement/

Review the framework for regulatory financial reporting in telecommunications

4.7   BT and KCOM provide Ofcom with financial information in relation to their regulated services. Additionally, both companies must publish some of this information in their annual regulatory financial statements.

4.8   We are currently reviewing BT's regulatory financial reporting obligations.

4.9   In December 2013, we consulted on a range of proposals to ensure that these regulatory reporting obligations provide relevant and reliable regulatory financial information, in a way that is understood by the users of the information, and are proportionate to the benefits it provides[18].

4.10   We intend to notify the European Commission of our decision in relation to regulatory reporting obligations in 2014, and formally to implement the changes to relevant markets as they are reviewed in the course of future market reviews.

Work to ensure effective competition in pay TV services

4.11   In recent years, one area of focus for our competition work has been competition in pay TV, and its implications. This work aims to ensure that consumers benefit from improved access to key content, increased choice, and in the longer term, investment, leading to a range of innovative new services.

4.12   The two significant investigations in this area in recent years have been Ofcom's 2010 pay TV review and the Competition Commission's 2012 investigation into movies on pay TV.

Ofcom's pay TV review

- In 2010 we published our Pay TV Statement, setting out our decision under section 316 of the Communications Act that Sky should be required to offer to wholesale Sky Sports 1 and 2 (SS1&2) to other pay TV retailers. The decision reflected two concerns: (a) that Sky was restricting wholesale supply of its SS1&2 channels in negotiations with rival pay TV retail platforms; and (b) that entrant pay TV retail platforms could not make a profit at the rate-card price for SS1&2.

- Our decision was appealed to the Competition Appeal Tribunal (CAT) by various parties. In 2012 the CAT decided our decision should be set aside based on an analysis of whether Sky had actively restricted supply of SS1&2 in negotiations. The CAT did not directly consider the rate-card issue, but decided it was not necessary to do so as Sky might offer penetration discounts to the rate-card under commercial negotiations.

- The CAT's decision was appealed to the Court of Appeal by BT, and the appeal was supported by Ofcom. In February 2014 the Court of Appeal issued its judgment. It found that the CAT had failed to correctly interpret the Ofcom decision, that it had not dealt with the rate-card and penetration discount issues, and that its reasons for not dealing with them were inadequate. It therefore found that the CAT had failed to deal with matter "on the merits" and its decision to set aside the WMO was based on an incomplete set of conclusions. It ordered the case to be remitted back to the CAT.

---

[18]http://stakeholders.ofcom.org.uk/consultations/bt-kcom/financial-reporting-1314

- The Court of Appeal also rejected cross-appeals from Sky and the FA Premier League which argued that Ofcom did not have jurisdiction under section 316 to regulate competition in broadcasting at the retail level of the market. The Court of Appeal clarified that section 316 allows Ofcom to impose conditions to ensure fair and effective competition in the wholesale and retail provision of broadcasting services to consumers generally.

Competition Commission investigation into movies on pay TV

- In 2012, the Competition Commission concluded that there was no basis to take action in relation to pay TV movies, but nevertheless found that there remains a lack of effective competition in the pay TV retail market as a whole.

4.13   We have a duty to ensure fair and effective competition in this sector. During 2014/15, we will continue to monitor developments in the market, such as commercial negotiations for content and the emergence of new platforms and services and consider whether further action may be required to promote competition.

4.14   During 2013/14 we have been considering Sky's request to remove the regulation that applies to its satellite platform and which requires Sky to provide access for interactive services such as red-button services and two-way interactive services such as gaming. We expect to conclude this work in the early part of 2014/15.

Conduct the mobile termination rates charge control review

4.15   The charge controls for the mobile call termination market are due to expire at the end of March 2015. We have begun the market review process to establish the regime that will replace the current system. This is one of the regular market reviews that are carried out under the EU Framework, under which Ofcom is required by statute to review certain markets every three years.

4.16   During Q1 2014/15 we will publish a consultation setting out our analysis of the mobile call termination market and proposed remedies. After considering the responses to the consultation, we expect to notify the European Commission, and publish a final statement, in time to implement the new regime by 1 April 2015.

Conduct the business connectivity market review

4.17   The business connectivity market review (BCMR) is a regular review of the state of competition in the provision of leased line services in the UK. This is also one of the regular market reviews that are carried out under the EU Framework, under which Ofcom is required to review specific markets every three years.

4.18   In March 2013 we published the BCMR statement setting out our decisions about the extent of competition in the provision of leased lines in the UK. We have started our work on the next BCMR, gathering data from stakeholders to inform our analysis of the market. We will shortly be publishing a document explaining our plan for this work in more detail, and asking for stakeholders' views on some of the questions we intend to consider early in the work.

4.19   In 2014/15 we will review the evidence about competition in leased line markets in the UK, to develop proposals for market definition, assessment of market power and remedies. We will consult on those findings and proposals for the next BCMR decision which we intend to conclude before April 2016.

Strategic purpose 2: secure optimal use of spectrum

Secure optimal use of spectrum	• Continue to review the spectrum requirements of the programme making and special events (PMSE) sector • Plan for mobile data spectrum requirements • Understand the impact and role of receivers on efficient spectrum use • Improve the planned use of UHF spectrum • Support the spectrum requirements of the government's Emergency Services Mobile Communications Programme • Explore the potential use and requirements of machine to machine technology • Implement the government's Direction on annual licence fees for 900 and 1800MHz spectrum

4.20   The five items below are likely areas of work, subject to the conclusions of the consultation on our *Spectrum management strategy*[19].

Continue to review the spectrum requirements of the programme making and special events (PMSE) sector

4.21   We will continue our work on reviewing PMSE spectrum access, in order to understand the nature of any future challenges and to investigate the range of measures that might be required to address these challenges. The work distinguishes between wireless camera applications (which use spectrum predominantly in the 2-4GHz range) and wireless microphones and other audio devices (which use UHF spectrum below 1GHz).

4.22   We have completed a detailed analysis of the spectrum access options for wireless camera use, and proposed a spectrum plan to meet short to medium-term demand. We will continue to engage with stakeholders to validate our analysis and to identify how new technology (among other things) might impact future spectrum demand.

4.23   We have also conducted supply and demand analysis for PMSE use of UHF spectrum as part of Ofcom's preparations for the possible release of the 700MHz band. We are engaged with the audio PMSE community to discuss the options to respond appropriately to these challenges.

4.24   Our future work will include:

- continuing to work closely with stakeholders to identify the impact on spectrum access, and appropriate actions to mitigate that impact where possible; and

- participation in international forums where spectrum proposals will impact the PMSE sector.

4.25   We aim to complete our review of PMSE spectrum issues during 2014/15.

Plan for mobile data spectrum requirements

4.26   Our activities in 2014/15 in this area will include contributing to relevant international decisions and developing our mobile data strategy. This is in addition to related work on supporting the government's Public Sector Spectrum Release Programme,

---

[19]http://stakeholders.ofcom.org.uk/consultations/spectrum-management-strategy/

progressing our work on spectrum sharing (see 3.510) and on mobile coverage (see 4.60).

4.27   Only bands that are internationally harmonised are likely to be economically viable for the delivery of mobile data services, as this enables the economies of scale required for the development and production of network and consumer equipment.

4.28   A key milestone for international harmonisation will be the next World Radiocommunication Conference in 2015 (WRC-15) which will include consideration of additional spectrum for wireless broadband applications. Over the next year we will develop our position and work closely with other European administrations in CEPT on preparation for the WRC-15 discussions.

4.29   We will continue to develop our longer-term mobile data strategy. The objective of our consultation, which closed in January 2014, was to identify actions that Ofcom can undertake to facilitate continued long-term growth in consumer and citizen benefits from mobile data services.

4.30   We proposed a number of spectrum bands where we think further work should be done to consider their potential future availability for mobile data use, while recognising the many other competing demands for spectrum. Details of the bands under consideration for mobile data use can be found in our recent *Mobile Data Strategy* consultation[20].

4.31   We will publish a statement in Q1 2014/15 to confirm the specific bands where we will prioritise further work. This will also inform our preparations for WRC-15, as discussed above.

Understand the impact and role of receivers on efficient spectrum use

4.32   Growing demand for wireless and mobile data emphasises the need to use spectrum more efficiently. This could be achieved either by changing the use of a band, such as introducing 4G services at 800MHz, or by making more intensive use of spectrum through increased sharing. While these approaches increase the supply of spectrum, they also make it more challenging to manage coexistence between different users in the same or neighbouring spectrum bands.

4.33   In principle many coexistence issues could be mitigated or avoided entirely if the performance of transmitters and receivers in devices operating in the same or adjacent bands could be better co-ordinated. Historically however the performance of transmitters and receivers are often dealt with separately.

4.34   In considering whether regulatory engagement in this area is appropriate we will need to weigh the potential benefits that would arise from improving equipment performance and achieving more efficient use of spectrum, against the potential costs associated with regulatory burdens, and the risks of unintended consequences.

4.35   In future there may be a role for us to become more involved in coordinating standardisation activities given the importance of the international dimension, particularly in relation to highly contended bands; for example, where we foresee coexistence challenges that may become problematic. An alternative approach may

---

[20]http://stakeholders.ofcom.org.uk/binaries/consultations/mobile-data-strategy/summary/MDS_Condoc.pdf

be for us to engage with other national administrations within CEPT in developing mandates to the standards bodies.

4.36   We recently sought the views of stakeholders on our potential role in supporting improvements in the performance of transmitters and receivers as part of our spectrum management strategy. Our work in this area will include:

- a study to assess options to improve the potential impact of 4G transmissions on DTT receivers in order to protect them from future radio services, including 4G and white space devices;

- participation in a joint ETSI-CENELEC working group to identify the impact on standards arising from the introduction of 4G services in the 800MHz band;

- participation in a standardisation body to develop a new standard for receivers for high-reliability short-range devices, such as social alarms; and

- promoting the inclusion of receivers generally, in the revised Radio Equipment Directive.

4.37   The overall goal of this work is that consumer equipment will become more resilient to interference. This will be increasingly important as spectrum becomes more densely used.

Improve the planned use of UHF spectrum

4.38   The UHF spectrum used by DTT services is under increasing demand by a range of other services including mobile broadband, PMSE and white space devices. In addition changes of spectrum use in adjacent bands, such as the use of the 800MHz band by LTE services, need to be carefully managed so that they do not cause harmful interference.

4.39   This places increasing importance on being able to effectively plan the use of UHF spectrum to deliver the required level of DTT coverage, and to maximise its use by other services without causing harmful interference.

4.40   The UK planning model (UKPM) that is currently used to plan DTT coverage was developed specifically to meet the policy objectives for digital switchover (DSO). It included a requirement that digital coverage after switchover should substantially match analogue terrestrial coverage without the need for aerial upgrades. The UKPM has been successful in achieving this objective, but some of the planning assumptions it used may not be suited to other policy objectives – such as maximising the use of UHF spectrum by other services without harmful interference occurring.

4.41   We are currently exploring the potential to procure new planning models and tools for the UHF and VHF bands[21]. In parallel, we will work closely with industry stakeholders to review the planning assumptions used in our present and future models with the objectives of:

- improving the accuracy of DTT coverage predictions;

---

[21]http://stakeholders.ofcom.org.uk/consultations/uhf-vhf-spectrum-planning/

- being able to use these more accurate coverage predictions to input into other computer simulation tools which are better able to predict, for example, coexistence with other services including mobile, white space devices and PMSE; and

- providing sufficient transparency in the documentation of any revised planning approach to allow third parties to understand and peer-review its conclusions.

Support the spectrum requirements of the government's Emergency Services Mobile Communications Programme

4.42   The government is engaged in a major programme to design, develop and procure the capabilities needed to meet the future mobile communications needs of the emergency services (the Emergency Services Mobile Communications Programme). Ofcom is supporting the government to ensure that the emergency services can access the spectrum they need to fulfil their functions in the future.

4.43   As the spectrum requirements for the emergency services (ES) become clearer, we are likely to get more closely involved in advising the government on spectrum options and their implications for the wider spectrum landscape.

4.44   Ofcom will support the government programme by:

- identifying and advising on spectrum requirements for ES;

- understanding the implications of using regulatory and market mechanisms to facilitate ES access to meet their capacity requirements; and

- representing UK interests in international forums.

Explore the potential use and requirements of machine to machine technology

4.45   'Machine to machine (M2M) communications' refers to a large body of current and potential future wireless applications involving devices not normally associated with consumer-led wireless data consumption. Rather than involving smartphones or tablets, 'M2M' refers to wireless devices such as health monitors, transport sensors and electricity meters.

4.46   M2M could become an important future source of spectrum demand, driven by the widespread diffusion of M2M applications and devices, all of which connect to the internet. This was highlighted by a number of respondents to our recent consultations on our spectrum management strategy[22] and spectrum sharing for mobile and wireless data[23]. In particular some respondents took the view that that access to spectrum with good propagation characteristics might be important for future M2M applications that will need to transmit data over long distances.

4.47   We will conduct preliminary studies aimed at assessing the prospects for emerging M2M applications over the coming years, and understanding how the technical characteristics of different types of M2M applications could have different implications for their communications requirements. This will help us understand whether there

---

[22] http://stakeholders.ofcom.org.uk/consultations/spectrum-management-strategy/
[23] http://stakeholders.ofcom.org.uk/consultations/spectrum-sharing/

are regulatory barriers that we should seek to remove to enable the development and diffusion of M2M applications.

Implement the government's Direction on annual licence fees for 900 and 1800MHz spectrum

4.48   In December 2010 the government made a Direction to Ofcom which instructed Ofcom to revise the annual licence fees payable for 900MHz and 1800MHz spectrum to reflect full market value, having particular regard to the sums bid for licences in the 800MHz and 2.6GHz auction.

4.49   We have recently conducted a consultation on revised fees which closed in January 2014. We are currently considering responses and will publish a statement in 2014.

Strategic purpose 3: promote opportunities to participate

Promote opportunities to participate	• Understand and promote the interests of vulnerable consumers and citizens • Continue to promote the provision of better mobile coverage and service information in order to inform both consumers and policy decisions • Work in collaboration with government and industry to promote the widespread availability of fixed and mobile superfast broadband • Complete an evaluation of, and report on, the affordability of core electronic communications services

Understand and promote the interests of vulnerable consumers and citizens

4.50   Ofcom has a duty under section 3(4) of the Communications Act to have regard for the needs of disabled people, elderly people, those living in rural areas and those on low incomes, when making and implementing regulatory decisions. Ofcom takes account of these needs as it considers and implements each of its policies.

4.51   Ofcom also has specific programmatic work that considers the needs and experiences of such consumers, and seeks to understand other aspects of consumer vulnerability. This includes regular research, notably through our media literacy and *Consumer Experience* publications, our work to promote the development and availability of easy-to-use consumer equipment and our monitoring of the universal postal service.

4.52   We work closely with the Communications Consumer Panel[24], which helps Ofcom in its understanding of consumer issues and concerns. These include issues affecting rural consumers, older people, people with disabilities and those who are on low incomes or otherwise disadvantaged.

Ensure the adequate provision of services for consumers with hearing impairments

4.53   The European Universal Service Directive enables national regulators to set requirements for communications providers to ensure that disabled end-users have access to electronic communications services equivalent to that enjoyed by the majority of end-users.

4.54   In addition to Ofcom's duty under the Act to have regard to the needs of older and disabled people, the Universal Service Order (set by the government) requires us to

---

[24] http://www.communicationsconsumerpanel.org.uk/

secure the provision of one or more text relay services. General Condition 15.3 requires communications providers to provide their customers with access to a relay service approved by Ofcom.

4.55   Relay services enable people with hearing and/or speech impairments to communicate with others through telephone or textphone equipment. Under the current system a relay assistant acts as an intermediary to convert speech to text and vice versa for the two parties.

4.56   We have carried out a review of relay services to consider the regulatory case for introducing new or improved relay services. We have taken account of changes in user requirements and technological developments since the service was first introduced over 30 years ago. In October 2012 we published our statement to improve communications services for people with hearing and/or speech impairments. On 6 March 2014, following a period in which it made an application for approval on which we publicly consulted, Ofcom approved BT's 'next generation' text relay service.

4.57   Our decisions mean that all UK landline and mobile providers must provide their customers with access to a 'next generation' text relay service, approved by Ofcom, and which can be BT's, by 18 April 2014. The new service will offer significant improvements to users, including:

* parallel two-way speech, which makes use of an internet connection to allow users to interject, instead of having to wait until the end of a message. Conversation flows much more quickly and naturally as a result; and

* a wider range of equipment for accessing the service, including easier use of text relay on the move, via mobile phones.

4.58   During 2014/15 we will monitor the implementation of the new relay service by communications providers. This will include research among users of the service to ensure it is bringing about the desired improvements.

4.59   In addition, Deaf Access to Communications (DAC) is leading an initiative to encourage the provision of video relay (VR) services by communications providers, businesses and other organisations on a voluntary basis. We continue to work with DAC, government and industry where appropriate to assist this.

Continue to promote the provision of better mobile coverage and service information in order to inform both consumers and policy decisions

4.60   In November 2013, we published our five-point plan for improving mobile coverage[25] in which we committed to:

* pave the way for near-universal 4G coverage;

* improve existing 3G coverage;

* extend coverage into hard-to-reach areas;

* drive up the quality of service through better consumer information; and

---

[25]http://consumers.ofcom.org.uk/2013/11/five-point-plan-to-improving-mobile-coverage/

- improve road and rail coverage.

4.61   We will gather data and undertake research on the coverage and quality of mobile networks and services. This will include the performance of 3G and 4G data services and the reliability of voice calls. This information will help consumers when choosing a mobile service and encourage operators to invest in improving their networks.

4.62   We will also carry out a study into mobile coverage on roads and rail routes. Once completed, we will offer technical advice to the Department for Transport and Network Rail on how coverage might be improved and we will consider whether any regulatory or government intervention is required to achieve wider coverage.

Work in collaboration with government and industry to promote widespread availability of fixed and mobile superfast broadband

4.63   This is an area where significant progress is being made through a combination of progress delivered by the market and work to encourage roll-out, both by Ofcom and government.

4.64   Availability of fixed superfast broadband is on track to reach 95% of premises as a result of commercial investment and public funding. Take-up of these services has been strong in the past year.

4.65   In mobile the prospects for very widespread premises coverage look good. O2 has publically stated its intention to provide indoor coverage to 98% of consumers at speeds of 2Mbit/s by 2015, with at least 95% coverage in each of the nations as a result. This is in line with the obligations associated with the 800MHz spectrum that O2 has licensed to run its 4G service. We will however continue to monitor this situation.

4.66   The government has had, for some time, the stated aim of ensuring that the UK has the best broadband networks in Europe. The government has an objective of ensuring that at least 95% of households have access to superfast broadband services by 2017 and is exploring whether this target can be increased to 99%. The UK is currently in a phase of significant investment in new networks and technologies. Over the past year notable infrastructure developments have included:

- strong growth in availability and take-up of superfast broadband;

- the initial deployment of new 4G mobile broadband networks;

- significant increase in the availability and use of public WiFi hotspots; and

- preparation for the launch of new HD and local TV services on terrestrial TV.

4.67   Most of these developments have been driven by private sector investment. However, the business case for building communications networks in some of the more rural parts of the UK can be challenging. In recognition of this, the government has intervened to substantially extend the reach of superfast broadband, and Ofcom has included a demanding coverage obligation in one of the 4G spectrum licences.

4.68   Broadband Delivery UK (BDUK) is responsible, within the Department for Culture, Media and Sport, for allocating the £530m of public funds that the government has ear-marked to support its superfast broadband coverage goals, to be supplemented with additional funding from local authorities and devolved administrations. BDUK

has also been responsible for putting in place a procurement framework that will allow local authorities to efficiently run superfast broadband procurements to address specific local needs. By the end of September 2013, 42 of the local authority-led procurement contracts covered by the main scheme had been signed, with only two outstanding. Additional funding of £250m has now been allocated by government, to be matched by local authorities, in order to extend coverage from 90% to 95% by 2017. The government is currently exploring how coverage could be extended to 99%.

4.69   As a result, we expect there to be near-universal availability to UK households of next generation fixed and mobile services. The precise date is difficult to predict at this stage, but we expect it to be significantly before the target date of 2020 that has been set by the European Commission, with many of the most rural households seeing improved availability between 2015 and 2017.

4.70   Ofcom has already played an active role in advising government in these areas, and we will continue to provide expertise and advice to help the government and the devolved administrations meet their extended objectives. One particular area of focus will be on mobile coverage, where there are concerns about the availability of services for a small number of households, and on parts of the UK's road and rail networks. In particular, we will continue to provide technical support to DCMS in relation to its Mobile Infrastructure Project, which aims to bring mobile services to some of the premises and sections of main roads which have not previously been served.

4.71   Some targeted interventions are already in place to address these concerns, and we will carry out further analysis to consider whether these are likely to be sufficient. We will also continue to gather and publish data to help the government benchmark the UK's broadband infrastructure against the rest of Europe, through a 'Best in Europe Scorecard'. The latest scorecard was published on 12 March 2014[26].

Complete an evaluation of, and report on, the affordability of core electronic communications services

4.72   The Universal Service Directive requires member states to ensure that specific universal services, including fixed-line telephony with basic functional internet access, are universally available at affordable prices. Article 9 of the Directive requires the monitoring of retail tariffs for universal services, "in particular in relation to national consumer prices and income".

4.73   Since universal services, such as fixed telephony, were first included in the Directive, the ways in which consumers and citizens communicate with each other have changed, with increased use of mobile communications and the internet. Ofcom has a number of duties relating to affordability in relation to this potentially broader category of core services. In particular, Ofcom has a general duty under section 3(1) of the Communications Act to further the interests of citizens and consumers. In carrying out this duty we must have regard, under section 3(4)(i), to "the needs of persons with disabilities, of the elderly and of those on low incomes" while under section 3(5) we must have regard to the interests of "consumers, in respect of choice, price, quality of service and value for money".

---

[26]http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/bbresearch/scorecard-14

4.74   In the light of these duties, Ofcom is running a project, which we aim to complete in 2014/15, to understand if there are situations where the affordability of core services is a barrier to participation in the use of these services.

4.75   We will use a variety of analytical techniques to better understand how to define core services, and whether there may be situations where those are not affordable. This will include:

- commissioning qualitative and quantitative research;

- gathering information on consumer spending on telecoms;

- reviewing existing information; and

- research into the costs of communications services, consumers' telecoms use, and stakeholders' views.

4.76   Ofcom's work on the affordability, and more generally on the cost and value of core communications services, featured in the *Consumer Experience Report for 2013[27],* which was published in January 2014.

Strategic purpose 4: protect consumers from harm

Protect consumers from harm	• Support industry and government initiatives to improve levels of user trust in internet services • Protect consumers from harm in a range of priority areas, including nuisance calls and unexpectedly high bills

Support industry and government initiatives to improve levels of user trust in internet services

4.77   The internet is a platform that can both disrupt traditional business models, and at the same time present new business development opportunities, stimulating innovation and creativity and driving cost efficiencies.

4.78   Ofcom will continue to support industry measures to improve people's trust in using the internet. We will intervene directly where it is apparent that there are significant barriers to industry-led solutions, as in our work on broadband speeds.

4.79   We will continue to research market developments that may influence how consumers and citizens engage with audio-visual and communications services delivered over the internet. For example, we will seek to build on our understanding of the role played by connected devices in promoting participation and engagement, and in providing additional sources of revenue for investment in content and infrastructure.

4.80   In May we published a study into the implications of smartphone operating system security[28]. This identified a number of issues of possible concern in relation to the vulnerabilities of consumers with regard to smartphones. To address those concerns we are talking to other regulators; the Information Commissioner's Office, the Competition and Markets Authority (previously the Office of Fair Trading) and

---

[27]http://stakeholders.ofcom.org.uk/market-data-research/market-data/consumer-experience-reports/consumer-experience/
[28]http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/smartphone-os/

PhonepayPlus, to identify what can be done across agencies, in order to most effectively protect the interests of citizens and consumers.

4.81   We will also work closely with stakeholders to better understand the potential opportunities presented by DNS Security Extensions for improving levels of security for users engaged in e-commerce. We will look to work closely with Nominet, and support initiatives to roll out the service more widely.

4.82   In November we published the *Internet Citizens 2013*[29] report on online participation in citizen-orientated content and services, which we intend to update every year. We will continue our engagement with stakeholders to ensure that we remain informed on issues pertaining to furthering the interests of citizens in relation to internet use.

Protect consumers from harm in a range of priority areas including nuisance calls and unexpectedly high bills

4.83   We will continue to focus on key areas of consumer harm that we have identified through our monitoring and enforcement programmes. We will also respond to data coming into our contact centre, taking action that is effective and proportionate, including investigations where necessary. Areas of work for 2014/15 are as follows, although we will also undertake unplanned work as we respond to unexpected new issues:

- **Nuisance calls** – this programme of work includes enforcement against silent and abandoned calls, where appropriate, and other measures to help tackle nuisance calls and messages as a whole. The principal pieces of work we are undertaking include (i) enforcement (ii) joint regulator action (for example with the ICO and the Ministry of Justice) including research on the impact of registering with the Telephone Preference Service (iii) working with industry to identify ways to trace companies originating nuisance calls where they try to hide their identity, and to prevent such calls, and (iv) improving advice for consumers.

- **Unexpectedly high bills** (UHBs) – we will continue to monitor UHBs and engage with providers as necessary, which includes engagement on compliance with the Roaming Regulations.

Strategic purpose 5: maintain audience confidence in broadcast content

Maintain audience confidence in broadcast content	• Develop and support future radio regulation • Complete the licensing of new local TV services • Work to secure the availability and discoverability of PSB content

Develop and support future radio regulation

Potential changes to the regulation of music formats on analogue radio services

4.84   Over the past few years the range of sources and the availability of different types of music have increased dramatically. Many radio services are now delivered through

---

[29]http://stakeholders.ofcom.org.uk/market-data-research/other/telecoms-research/internet-citizens-2013/

the internet and digital radio; the current radio regulation regime was designed in the analogue era.

4.85   Some elements of that regime remain important to listeners, such as the provision of local material made in the area. But there is a case for looking again at the regulation of music formats to see if this should be relaxed to give industry greater freedom to adapt to changing consumer tastes, and to encourage competition. We plan to review music formats in the New Year, with the aim of consulting on a revised framework that could be in place by summer 2014.

Conduct examination of analogue licence lengths

4.86   Ofcom may license analogue radio services for up to 12 years, although licence duration is currently set at seven years. This length was set so as to maintain flexibility in licensing in the light of government plans regarding digital radio.

4.87   We have previously stated that we would review the duration of new and re-advertised licences following the publication of the government's Green Paper and a statement by government regarding digital radio switchover.

4.88   The DCMS published its strategy document in the summer[30], and Minister Ed Vaizey outlined the next stages of the development of digital radio on 16 December.

4.89   We are currently consulting on whether to change the duration of new and re-advertised licences[31]. Ofcom has no power to change the duration of licences already in existence.

Support the government's digital radio programme

4.90   Following the government's announcement regarding the next steps in the development of digital radio, we will:

- **advertise, in spring 2014, a licence for the second national commercial digital radio multiplex licence** to increase the range of choice of radio services for consumers across many parts of the UK, and to provide new opportunities for broadcasters to offer new national services; and

- **undertake technical work to test the opportunities for getting small-scale commercial and community radio stations onto DAB** in a flexible and cost-effective manner. We will also consider the possible licensing regime for such stations to support government thinking about possible new legislation in due course.

Complete the licensing of new local TV services

4.91   We will complete the advertisement and award of L-DTPS (local TV service) licences for all locations in the second phase of our local television licensing programme during the course of the year.

---

[30]https://www.gov.uk/government/publications/connectivity-content-and-consumers-britains-digital-platform-for-growth
[31]http://stakeholders.ofcom.org.uk/consultations/local-radio-durations/

4.92 This will conclude the licence awards for all locations that the local multiplex licensee has undertaken to cover. We will continue to support this emerging sector through assistance with its regulatory and compliance obligations, and we will begin to collect data on the newly launched services so that we can advise government on its policy's success.

Work to secure the availability and discoverability of PSB content

4.93 The Communications Act gives Ofcom a duty to draw up, and from time to time review, a code giving guidance on the provision of electronic programme guides (EPGs). The code includes guidance regarding the prominence of public service broadcasting (PSB) channels on electronic programming guides.

4.94 Following the publication of the government's consultation and subsequent statement on EPG prominence, we will support the government in developing new legislation and will consider how the existing EPG code should be revised.

Strategic purpose 6: contribute to and implement public policy defined by Parliament

Contribute to and implement public policy defined by Parliament	• **Prepare for the World Radiocommunication Conference (WRC) in November 2015** • **Ensure the future strength and sustainability of PSB content** • **Publish a report on the state of the UK communications infrastructure**

Prepare for the World Radiocommunication Conference (WRC) in November 2015

4.95 Ofcom is required under Ministerial Direction to represent UK interests in the spectrum committees of the ITU, CEPT and the EU.

4.96 A key aspect of this is to lead the UK delegation to World Radiocommunication Conferences (WRCs) which take place every three to four years to review the Radio Regulations that govern the international use of spectrum and satellite orbits. As well as heading the UK delegation, Ofcom is responsible for leading the extensive UK preparatory work for these conferences.

4.97 WRC-15 will be held in Geneva in November 2015 and work is already well underway to prepare the UK and European positions for this conference. The highest profile, and potentially most contentious, issue to be addressed at the conference is likely to be agenda item 1.1, which addresses the future availability of spectrum for mobile broadband. This item requires careful balancing of the needs of the mobile community with the needs of other spectrum users, and will have implications for the use of critical spectrum in the UK for many years. Other important agenda items deal with the 700MHz band, a range of satellite services, public protection and disaster relief, amateur radio, scientific use of spectrum and a potentially controversial issue covering the use of leap seconds.

4.98 Throughout 2014/15 Ofcom will continue to work closely with government and with UK stakeholders to develop UK positions in relation to each of the agenda items.

4.99 We will actively engage in relevant international forums. These include the committees of the CEPT, which are responsible for developing European positions for the conference and in the ITU Joint Task Group (JTG), which is leading the

international work on the mobile broadband agenda items. Ofcom is seeking to maintain a high profile and to maximise UK influence in these discussions, taking on chairmanships and other key positions where appropriate.

Ensure the future strength and sustainability of PSB content

Conduct a public service broadcasting review

4.100   Ofcom is required by Parliament to perform reviews of public service broadcasting. Ofcom's duties in conducting these reviews are:

- to review the extent to which the public service broadcasters have delivered the purposes of public service television broadcasting;

- to report on it with a view to maintaining and strengthening the quality of public service broadcasting in the future; and

- to review the extent to which material included in media services contributed towards the fulfilment of the public service objectives.

4.101   Our review will build on our substantial base of existing research and analysis. We will highlight the changes that have occurred in the sector over the past five years and explore the trends that are likely to shape the next five years. We will focus in greater depth on the key strategic challenges facing the industry to assess how the needs of citizens and consumers can best be delivered.

4.102   We will be conducting such a review throughout 2014/15 and intend to publish our report by the summer of 2015.

Review of Channel 4's media content duties

4.103   Ofcom will perform a review, as per our statutory duty, to assess the extent to which Channel 4 has fulfilled its duties with regard to media content, as set out in the Digital Economy Act.

Publish a report on the state of the UK communications infrastructure

4.104   The Digital Economy Act 2010 introduced the requirement for Ofcom to report every three years to the Secretary of State for Culture, Media and Sport on the state of the UK communications infrastructure. This year we will publish our second full report on the UK's infrastructure, in line with this statutory requirement.

4.105   We will report on communications networks and services in the UK, including:

- descriptions of the types of networks and services;

- geographic and population coverage of services;

- the degree of infrastructure sharing;

- wholesale access and capacity; and

- the availability and resilience of networks and services.

The report will draw on data collected from operators and existing Ofcom data where appropriate. We will seek to place the report's findings in the context of emerging technological developments and policy debates.
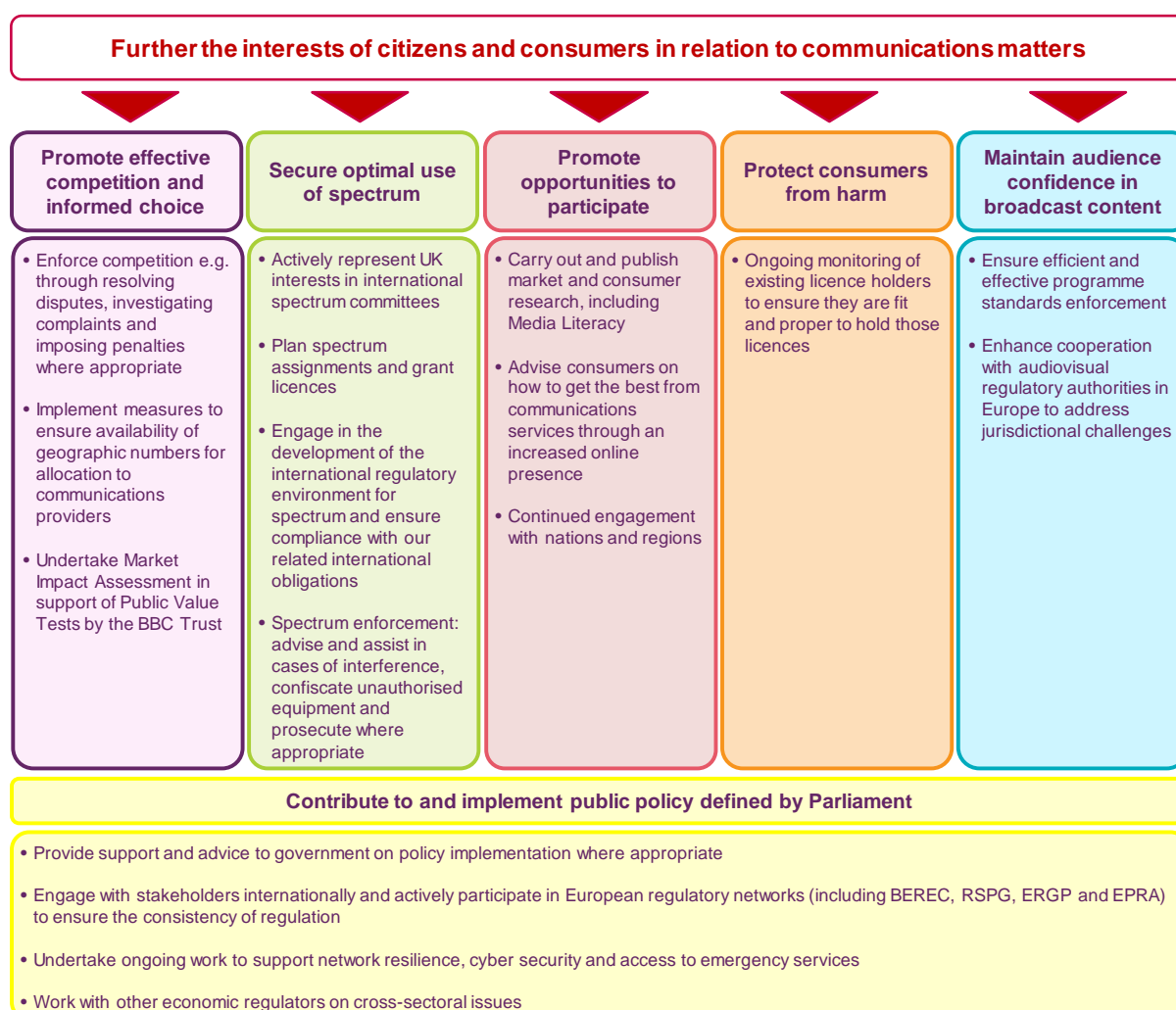
Section 5

Programmatic work and services to stakeholders

Ofcom delivers a number of essential services for consumers and other stakeholders

5.1   We have a range of responsibilities which we fulfil by undertaking and completing particular projects in specific areas (as set out in sections 3 and 4).

5.2   Our ongoing programmatic work is equally important in delivering our strategic purposes, as set out below.

Figure 8: Ofcom's ongoing programmatic work

Further the interests of citizens and consumers in relation to communications matters				
Promote effective competition and informed choice	**Secure optimal use of spectrum**	**Promote opportunities to participate**	**Protect consumers from harm**	**Maintain audience confidence in broadcast content**
• Enforce competition e.g. through resolving disputes, investigating complaints and imposing penalties where appropriate • Implement measures to ensure availability of geographic numbers for allocation to communications providers • Undertake Market Impact Assessment in support of Public Value Tests by the BBC Trust	• Actively represent UK interests in international spectrum committees • Plan spectrum assignments and grant licences • Engage in the development of the international regulatory environment for spectrum and ensure compliance with our related international obligations • Spectrum enforcement: advise and assist in cases of interference, confiscate unauthorised equipment and prosecute where appropriate	• Carry out and publish market and consumer research, including Media Literacy • Advise consumers on how to get the best from communications services through an increased online presence • Continued engagement with nations and regions	• Ongoing monitoring of existing licence holders to ensure they are fit and proper to hold those licences	• Ensure efficient and effective programme standards enforcement • Enhance cooperation with audiovisual regulatory authorities in Europe to address jurisdictional challenges

Contribute to and implement public policy defined by Parliament
• Provide support and advice to government on policy implementation where appropriate • Engage with stakeholders internationally and actively participate in European regulatory networks (including BEREC, RSPG, ERGP and EPRA) to ensure the consistency of regulation • Undertake ongoing work to support network resilience, cyber security and access to emergency services • Work with other economic regulators on cross-sectoral issues

Engaging with the nations

5.3   Our duties require us to discharge our responsibilities towards citizens and consumers across the whole of the UK. In particular, we must have regard to the

interests of persons in the different parts of the UK, to the different ethnic communities within the UK and towards people living in rural and urban areas.

5.4   We will actively promote the interests of the four nations of the UK:

- through our work in the priority areas set out in Section 3, specifically:

  o   securing the provision of the universal postal service;

- through our work in the major areas in Section 4, specifically:

  o   completing evaluation of, and reporting on, affordability of core electronic communications services;

  o   working in collaboration with government and industry to promote the widespread availability of fixed and mobile superfast broadband;

  o   completing the licensing of new local TV services, following advertising of licences in Aberdeen, Ayr, Dundee, Falkirk and Inverness;

  o   continuing to promote the provision of better mobile coverage and service information in order to inform both consumers and policy decisions; and

  o   supporting industry and government initiatives to improve levels of user trust in internet services.

- through our ongoing research, sharing:

  o   the findings of our research into the availability of communications services in Belfast, Birmingham, Cardiff, Glasgow, London and Manchester;

  o   the findings of our research into the use of, and attitudes towards, communications services by SMEs; and

  o   the findings of our research into broadband speed differences between rural and urban areas.

- through our work in relation to plurality, specifically through public interest tests or through any additional responsibilities we receive; and

- through our engagement with devolved institutions and other stakeholders.

5.5   In **Northern Ireland** we will:

- provide appropriate regulatory advice to the Northern Ireland Executive, the Assembly, local government and industry, to help measure and improve the quality of mobile coverage and broadband availability across Northern Ireland;

- improve people's understanding of mobile roaming, so they can protect themselves from the cost of inadvertent roaming; and

- run industry forums in broadcasting, postal services and telecoms, to allow local service providers to raise relevant consumer and competition issues.

5.6   In **Scotland** we will:

- liaise with the Scottish government and other stakeholders over preparations and support for the Glasgow 2014 Commonwealth Games;

- continue to track broadband take-up and digital participation in Glasgow and the surrounding area;

- continue to track differences in broadband speeds and digital participation between rural and urban areas;

- ensure that the amended licence for the ITV Border region provides for enhanced coverage of current affairs for Scottish viewers;

- aim to inform ongoing discussions about broadcasting and connectivity issues including the Scottish government's Scotland's Digital Future Plan;

- monitor efforts to improve the signposting and positioning of TV channels on the EPG with particular reference to Scotland;

- keep under review changes in access to regulated and unregulated content and to note any specific regulatory consequences for Scotland; and

- contribute as appropriate to broader discussions about the communications sector and its regulation.

5.7   In **Wales** we will:

- provide appropriate regulatory and technical advice to the Welsh government in support of its Digital Wales policy commitments, in particular the Access Broadband Cymru scheme and the Next Generation Broadband Wales project; and

- ensure that the needs of people in Wales are considered in any work we undertake on DAB radio technology and migration.

5.8   In addition to the programmatic work shown above, we provide a number of essential services to stakeholders and consumers, to fulfil our duties as the regulator for the communications sector.

Addressing the needs of business consumers

5.9   As with our engagement with the nations, the needs of business consumers are a constant thread in our work. We appreciate that these needs can differ from those of residential consumers and are likely to require a different regulatory approach.

5.10   In a rapidly-changing communications market, we want to ensure that services are available to support the needs of businesses, both small and large. We also want to ensure that communications providers have what they need in order to provide services to businesses.

5.11   We have commissioned research into understanding SMEs' use of, and attitudes towards, communications services. The objectives of the research are to update our understanding of:

- the communications devices and services that SMEs are using;

- reasons why SMEs might not adopt devices and services;

- SMEs' satisfaction with the services they receive;

- engagement with the market (access to, awareness of choice, supplier switching); and

- the prevalence of any problems with services required by SMEs.

5.12   The research will be completed in spring 2014; it may highlight areas for work that we would then undertake during 2014/15.

5.13   During 2014/15 we will remain responsive to the broader needs of business consumers and ensure that providers are able to compete to offer effective services to business end-users.

Responding to consumer enquiries and complaints from the public

5.14   Our central operations team deals with enquiries and complaints from consumers about telecommunications services, TV and radio services and use of the radio spectrum. We aim to help consumers resolve their enquiries and complaints by directing them to useful sources of advice and by liaising with service providers.

5.15   Additionally, people often complain to us directly about TV and radio programmes. We consider complaints relating to a number of areas such as the protection of people under 18, harm and offence, fairness and privacy, and impartiality and accuracy in news. However, we do not consider issues relating to impartiality and accuracy in BBC programmes, as these are the responsibility of the BBC Trust. We also manage complaints about programme sponsorship and alleged commercial influence.

5.16   Ofcom's Consumer Contact Team can provide an early warning of consumer concerns, evidenced by the growing volumes of complaints that we receive about specific issues.

Keeping the radio spectrum free from interference

5.17   We monitor the radio spectrum and take appropriate action to prevent harmful spectrum interference. The increasing demand for and use of spectrum leads to a corresponding increase in the risk of interference. Ofcom will continue to take action to prevent interference and to mitigate it when it occurs.

5.18   Our Spectrum Engineering and Enforcement Team handles over 5,000 cases per year, taking action to:

- protect safety-of-life communications, including emergency services and air traffic control;

- prevent illegal use of the radio spectrum;

- enable legitimate use of spectrum by, for example, providing advice and assistance to spectrum users; and

- ensure that non-compliant equipment is not put into the market.

Licensing access to the radio spectrum

5.19   Ofcom controls access to the radio spectrum by issuing, renewing and revoking licences. Where necessary, we make frequency assignments, perform site clearances and coordinate the use of spectrum internationally. In the past year we have issued around 5000 spectrum licences (excluding renewals) covering satellite, fixed links, private business radio, amateur, maritime and other uses.

5.20   We will deliver these services in the most efficient and effective way possible, improving our processes and customer service to minimise revocations and prevent unlicensed use of spectrum.

Providing information services

5.21   We provide information to the public about use of the radio spectrum. This is an important element in the efficient co-ordination of spectrum use. We also facilitate the trading of spectrum licences by stakeholders.

Corporate responsibility

5.22   Ofcom is committed not only to being a responsible employer but also to managing its impact on the wider community.

5.23   Our corporate responsibility objectives are:

- to treat all colleagues with dignity and respect in an inclusive and fair working environment, promoting equality of opportunity for all;

- to reduce our carbon footprint, provide value for money and ensure that Ofcom's practices are environmentally sustainable; and

- to engage, inspire and develop colleagues while proactively seeking to support our local community.

5.24   In 2011 we published our Single Equality Scheme (SES) which brings together and strengthens Ofcom's commitment towards diversity and equality. The SES sets out clearly the work we have done so far and what we hope to achieve in the future. As part of this we have set ourselves equality objectives that we hope to achieve by October 2014. We report annually on the progress we make against our equality objectives.

5.25   In 2013/14 we made good progress towards achieving all our equality objectives, set out in our SES. Key developments included:

- introducing apprenticeships to Ofcom;

- improvement to text relay services for disabled consumers;

- completion of accessibility audits of our nations' offices; and

- extension of our colleague volunteering programmes to include digital inclusion work with older people in the local community.

5.26   The 2011 SES met the new requirements of the Equality Act 2010 and covers the protected characteristics of age, disability, gender reassignment, pregnancy and

maternity, race, religion or belief, sex, marriage and civil partnership, and sexual orientation.

5.27   The 2011 SES will expire in October 2014, and we are currently working to produce a refreshed scheme which will cover the period November 2014 to 2017.

5.28   Since 2012, we have published an annual report on the diversity profile of colleagues to fulfil part of our public sector duty under the Equality Act 2010. We use the findings of this report to inform our diversity and equality work and will continue to provide updated reports annually. We also carry out benchmarking to ensure that we operate in line with diversity and equality best practice.

5.29   We were recently named, again, in the list of top ten public sector employers by Business in the Community with regard to race and gender, and were featured in The Times Top 50 places to work for women.

5.30   We have signed the 'Time to Change' pledge to tackle mental health stigma and discrimination in the workplace, and have been undertaking a series of awareness-raising activities including lunch-time talks and mindfulness workshops.

Section 6

Ofcom's competition powers

6.1   In addition to its regulatory responsibilities, Ofcom has powers in relation to communications matters:

- to enforce the prohibitions in the Competition Act 1998 and the corresponding provisions under the EU Treaty; and

- to make market investigation references under the Enterprise Act 2002 to the Competition and Markets Authority (CMA).

6.2   'Communications matters' cover various aspects of electronic communications, as well as broadcasting and the provision of postal services. Ofcom exercises these powers concurrently with the CMA.

6.3   Ofcom considers whether it is appropriate to exercise Competition Act or sectoral powers in any given case, subject to the specific requirements of the legislation. In some cases, Ofcom does not have discretion as to the powers it uses, and is required to use its sectoral powers.

6.4   The cases Ofcom is currently considering under our competition law powers are:

- A complaint from British Telecommunications plc ("BT") against British Sky Broadcasting Group plc ("Sky") alleging abuse of a dominant position regarding the wholesale supply of Sky Sports 1 and 2 ("SS1&2"); and,

- A complaint from TalkTalk Telecom Group plc against BT Group plc about alleged margin squeeze in superfast broadband pricing.

Details of these cases can be found at the link below[32].

---

[32] http://stakeholders.ofcom.org.uk/enforcement/competition-bulletins/open-cases/open-competition-act-cases/

Section 7

Potential priorities/work areas beyond the scope of this Plan

7.1   This document sets out Ofcom's plans for 2014/15 that will deliver consumer and citizen benefits. However, we expect the communications sector to continue to develop and change over time, which may give rise to a range of future policy issues. This section identifies these developments and the potential longer-term issues they may prompt.

7.2   The inclusion of these issues does not automatically suggest that Ofcom will undertake work in these areas as a priority in future Annual Plans. Their nature is such that it is unclear whether the market will develop in such a way that we may be required to have a view on any of these issues in the future.

7.3   Some might become active priorities in 2014/15, as a result of unanticipated external events, or spare capacity becoming available internally. But until then, Ofcom will continue to monitor the market and/or undertake small-scale internal work to prepare for the future.

7.4   It is important to note that this is not a closed list – new priorities and issues will emerge, but these are ones that we have identified at the time of writing.

Emerging issues that might inform future Annual Plans

The increasing use of consumer data and information

7.5   As a result of the opportunities offered by the internet and IP-based services, companies within the communications sector value chain might increasingly collect and use information about their customers.

7.6   This poses a number of potential issues, including prospective competition, consumer protection and privacy concerns. While not an issue exclusively for Ofcom, this is a sensitive and emerging area where we will need to work with other regulators as appropriate, to safeguard the interests of consumers and citizens.

New competition bottlenecks and gateways

7.7   As the communications sectors evolve, the range and number of players, networks and services that could emerge as competition gateways or bottlenecks may change. With our focus on supporting effective competition and informed choice, we will continue to monitor risks of potential new competition concerns that may emerge as the communications value chain evolves. We may also have to understand the scope of potential risks, and identify market and regulatory remedies to the competition and public policy concerns that could arise.

A wider review of business telecommunications

7.8   Building on the recent *Business Connectivity Market Review*, a future priority may be to undertake a more in-depth review of the impact of converging networks, products

and services, the changing needs of businesses that require data connectivity, and how well suppliers are responding to these changes.

Supporting further public sector spectrum release

7.9   As new sources of spectrum for commercial uses become increasingly important, a future priority might entail supporting further public sector spectrum release beyond 2.3 and 3.4GHz.

An expanding role for NRAs in securing resilient critical national infrastructure

7.10   Article 13a of the Framework Directive was transcribed into the Communications Act in 2011. This gives Ofcom new powers in relation to ensuring that public networks and services are resilient and secure.

7.11   To date, our activity has focused on ensuring that the largest communications providers can demonstrably follow industry best practice.

7.12   However, as communications services become increasingly important to consumers, citizens and the economy, there may be increasing calls for Ofcom to adopt a more proactive role, beyond our regular infrastructure reports, in securing a resilient critical national infrastructure.

Understanding the role of intermediary liability in future policy making

7.13   In future, internet intermediaries such as ISPs may play more or less formal roles in securing policy goals as diverse as copyright protection and the protection of minors. If necessary, we will ensure that we have a good understanding of the relevant UK and European legislation, the potential for regulatory obligations and the development of relevant voluntary initiatives by such intermediaries, as debates on this issue continue.

The risks to consumers posed by malware

7.14   In collecting private data without a user's knowledge, and attacking computer systems, malware could pose a real risk to online users. It may become important for us to be aware of developments in this area, and to understand possible future consumer protection issues related to online services, in order to ensure a trusted online environment for UK citizens and consumers.

Section 8

Delivering our duties and value for money

Ofcom is now in the fourth year of its Treasury Spending Review

8.1   2014/15 represents the final year of Ofcom's current four-year Treasury Spending Review. Within this timeframe Ofcom has responded to the wider challenges facing public expenditure by reviewing how it delivers effective, targeted regulation in the interests of citizens and consumers, while maintaining value for money for its stakeholders.

8.2   The 2014/15 Annual Plan builds on our achievements within the context of the efficiencies set out within the 2011/12, 2012/13 and 2013/14 Annual Plans, following our internal Expenditure Review Project.

Delivering our internal Expenditure Review Project

8.3   Our Expenditure Review Project enabled the organisation to deliver on its duties and obligations despite funding reductions. It gave the organisation greater strategic focus and improved its effectiveness.

8.4   This comprehensive review of all of our financial requirements produced a clear set of measures to enable delivery of all of our commitments within a 28.2% real term reduction target (over 4 years).

8.5   Ofcom has set a budget for 2014/15 at £117m, with no increase on the 2013/14 budget and representing a 2.6% real term reduction. In setting the budget at this level, we will have delivered a 28.6% real term budgetary reduction compared to 2010/11, exceeding our original commitment to deliver total savings of 28.2% by 2014/15.

8.6   2014/15 costs, by stakeholder sector, have been finalised. Specific sector fees and charges for stakeholders have been published on 31 March 2014 in our Tariff Tables alongside this Annual Plan.

Managing our resources effectively

8.7   Ofcom's employees and their development are fundamental to the success of the organisation. During 2013/14 we launched a management development programme which, alongside our existing leadership programme and graduate intake scheme, enables us to develop skills at all levels of the organisation.

8.8   Ofcom continues actively to review its property requirements, disposing of, or sub-letting space that is identified as surplus to our ongoing needs. During 2013/14 a further floor of our London office was vacated and has been sub-let. Sub-letting surplus space makes a material contribution to reducing our costs and the achievement of our savings commitment.

8.9   In addition to property savings, over the four year spending review period we have achieved savings through other initiatives, including:

- reducing headcount, implementing pay freezes and using fewer temporary and contract employees;

- cutting our expenses and regularly reviewing our expenses policies;

- more effective procurement and supplier management;

- streamlining back-office and overhead costs; and

- reforming regulatory and enforcement processes, deregulating or simplifying where appropriate (section 9).

8.10   To enable Ofcom to make the best use of its available financial resources, we engage with other regulatory bodies to share best practice, with a view to keeping total costs as low as possible.

Facilitating and reporting on outcomes for citizens and consumers

8.11   The 2014/15 Annual Plan clearly articulates our strategic priorities and the outcomes from our work that we wish to secure on behalf of citizens and consumers.

8.12   Outcomes are the effect of behavioural and/or structural changes brought about by Ofcom's actions. We define two levels of outcome. Interim outcomes are events in the market that result from a decision taken by Ofcom; for example, enabling third parties access to a particular network or service through which they offer a downstream service, increasing competition and choice in a market. Final outcomes describe wider benefits for citizens and consumers, including, for example, a consumer not only being able to choose from a range of competitive and innovative retail offerings, but enjoying widespread availability, lower prices and better quality of service.

8.13   Our performance measurement framework captures and reports on outcomes. It includes, for each activity we undertake, a clear articulation of the desired outcome and the associated internal actions required. These outcomes set out the positive benefits we seek to deliver to citizens and consumers as a result of our work. Progress against delivery of outcomes of our work is set out in our Annual Report.

8.14   We have identified interim and final outcomes to assess the successful delivery of our priorities in this year's Annual Plan. We will report on how effective we have been in delivering against these outcomes and on how successful our work has been, in our 2014/15 Annual Report.

Reducing the burdens and complexity of regulation

9.1   The Communications Act 2003 requires Ofcom to place a minimal burden on those it regulates. Further to this, the Act requires us to keep regulation under review to ensure it does not involve (a) the imposition of burdens that are unnecessary; or (b) the maintenance of burdens that have become unnecessary. Where unnecessary burdens are found, Ofcom is required to remove or reduce them.

9.2   We have reviewed Ofcom's activities with the aim of identifying areas in which we may be able to remove or reduce burdens, and are proposing more detailed reviews of those areas.

9.3   This chapter sets out the areas for review, as well as reporting on deregulatory initiatives that have been taking place over the past year.

Simplification initiatives that promote effective competition and informed choice

We have removed obligations and *ex ante* regulation in some areas of the fixed narrowband market

9.4   In September 2013 we published a final statement on the *Fixed Narrowband Market Review*, which covers the retail and wholesale markets for voice calls in the UK. We imposed remedies on BT and KCOM where we determined they had significant market power in specific markets. We also removed regulation where it was no longer warranted to ensure competition in particular markets. This included:

- the removal of the respective obligations of BT and KCOM to offer carrier pre-selection (CPS) and indirect access (IA) where each operator's retail arm provides the retail access line;

- the removal of *ex ante* regulation in the relevant markets at retail level in the Hull area; and

- for single transit, we consider that *ex ante* regulation is no longer appropriate on the basis that *ex post* competition law is sufficient to address any competition concerns that might arise. We therefore removed all remaining *ex ante* SMP regulation in this market.

We have imposed lighter regulation in areas of greater competition in the business connectivity market

9.5   In March 2013 we published a final statement on our *Business Connectivity Market Review*. Our decisions were designed to promote competition and to help ensure that the UK has a backbone of high-speed networks capable of supporting the future data demands of businesses and consumers.

9.6   While maintaining and extending some existing regulation on BT, we decided to impose lighter regulation in the London area, where BT faces greater competition

from other providers. This involves safeguard caps on products up to and including 1Gbit/s, and no regulation on very high bandwidth products, where there is effective competition.

9.7   We also decided to deregulate the market for longer-distance trunk segments of legacy leased lines.

Simplification initiatives that secure the optimal use of spectrum

We continue to explore new, more efficient approaches to spectrum management

9.8   Dynamic spectrum access (DSA) is a term used to describe a number of approaches for managing spectrum on a more responsive, efficient basis. Under this approach, spectrum is made available to devices based on the type of service they need to access and the spectrum available in their location. This approach allows devices to more easily identify and use frequencies that would otherwise be unused, effectively sharing the band with other users at certain times or locations.

9.9   One of the key benefits of DSA is that it has the potential to increase the supply of spectrum. This is likely to be particularly relevant to providing the additional spectrum needed to meet the future growth in demand for mobile data services, alongside existing approaches such as the full clearance of frequency bands for mobile data use.

9.10   Making white space spectrum available in the TV UHF band represents an important first step in enabling dynamic access to spectrum through a geolocation database. We have consulted on access to white spaces in the frequencies from 470 to 790MHz (the UHF TV band), currently used for DTT and by PMSE users. This is the first set of frequencies in which we have decided to allow DSA. However, we see significant scope to enable it more widely, and we are currently consulting on the future role of spectrum sharing for mobile and wireless data services.

9.11   In 2013 Ofcom announced which organisations would take part in Europe's first major pilot of white spaces in the TV UHF band. About 20 public and private organisations will be participating in the Ofcom pilot, running trials to test a variety of innovative applications – ranging from sensors that monitor the behaviour of cities, to dynamic information for road users and rural broadband in hard-to-reach places.

We have allowed mobile phone operators to use their existing 2G and 3G radio spectrum for superfast 4G services

9.12   We have decided to proceed with the variations that permit the use of 4G technology in each of the 900MHz, 1800MHz and 2100MHz licences, and to increase the maximum permitted power in the 900MHz licences by 3dB. At the same time we have updated a number of terms and conditions in these licences in order to align them more closely with the equivalent terms and conditions in the recently awarded 800MHz and 2.6GHz licences.

9.13   This decision delivers a long-standing objective to liberalise all mobile licences so as to remove the regulatory barriers to deployment of the latest available mobile technology. Even though operators may not seek to deploy 4G services in all of the newly liberalised bands in the immediate future, the interests of consumers will be served by the fact that these bands have been liberalised now, ahead of a market-led transition to their use for 4G technology in future. As a result, operators can plan and

implement a transition to 4G technology in these bands without having to engage in a further regulatory process.

We will explore the potential to reduce the detailed technical regulations which affect broadcasters

9.14   Technical regulation is still a significant area of regulation that is potentially unnecessarily prescriptive. Since digital switchover finished in 2012 we have tried to remove some of the more detailed technical regulation imposed on DTT. We will now examine whether we can go further, and will also turn our attention to radio.

9.15   In order to reduce the burden on the broadcast industry we plan to: identify which aspects of the applicable technical codes are still relevant; identify where measures yield benefits and if these could be delivered in other non-regulatory ways; determine where approaches differ for radio and television and whether there are still good reasons for that difference. Specifically, we intend to review detailed provisions in the technical codes such as bit-rate requirements on radio, and picture quality requirements on television. We will also look at technical performance reporting requirements to ensure they reflect the realities of the current broadcast infrastructure.

9.16   We have begun examining existing arrangements and, intend to consult upon our proposals during 2014.

Simplification initiatives associated with protecting consumers from harm

We will review mail integrity rules

9.17   Regulated postal operators such as Royal Mail are required to minimise the exposure of mail to the risk of loss, theft, damage and/or interference, and to maintain and improve their performance in respect of mail integrity. The steps that operators must take to minimise the risks to mail integrity are detailed in a Code of Practice, which was introduced by Postcomm in 2006 to create a level playing field in the mail market as it was opened up to full competition.

9.18   We are looking at the options for improving the effectiveness of the current regulatory arrangements, and are considering the removal of much of the detailed guidance in the current code. We intend to issue a consultation in spring 2014.

We have proposed the simplification of regulation around the metering and billing Direction

9.19   In 2013 we reviewed a Direction put in place in 2008, which ensures that communications providers' billing systems meet certain technical standards for accuracy. The Direction applies to those providers with a turnover in the provision of fixed and mobile voice services of over £40m a year. Such providers must have their 'Total Metering and Billing Systems' approved by an Ofcom-appointed third party against the requirements set out in the Direction. The Direction imposes maximum error rates for providers' billing systems and also includes monitoring and reporting obligations.

9.20   Our review considered whether its scope and requirements remain appropriate, given market changes in recent years. We proposed certain changes to the Direction that

would reduce the burden of regulation on communications providers while ensuring that its scope and requirements remain appropriate and fit for purpose, and that consumer charges are accurately calculated. In particular, we sought views on:

- whether the requirements in respect of fixed and mobile voice services for households and small and medium-sized businesses should remain unchanged;

- whether fixed and mobile should remain voluntary provisions;

- whether the accuracy and tolerance limits should be removed for services to large businesses; and

- whether wholesale services should be removed from the Direction.

9.21   We have considered stakeholders' views and are currently consulting further on the proposals[33].

We plan to simplify telephone charges for consumers

9.22   In December 2013, we confirmed that we would implement major changes to how telephone numbers are to be charged from mid-2015. This will make the cost of calling businesses and services clearer for consumers.

9.23   Over the past three years we have undertaken a detailed review of non-geographic call services, which consumers use to interact with businesses and organisations. We have proposed a number of options for addressing concerns about the complexity of the consumer experience; particularly how the regulatory framework might be reformed to simplify call charges.

9.24   While some organisations may benefit from the confusion, as it potentially generates revenue, for the most part consumers, and those being called, would benefit from a clearer, more transparent and predictable system. Specifically, we propose:

- to introduce maximum retail prices for some number ranges, including making 080 and 116 numbers free for consumers to call from all telephones; and

- a new tariff structure for other non-geographic calls, to ensure greater transparency for consumers and enhanced competition among communication providers and businesses that offer services using those numbers.

9.25   Taken together, these changes will simplify the UK's numbering system and allow consumers to gain a better understanding of what different numbers mean, as well as their cost. The changes will be implemented in 2015.

---

[33]http://stakeholders.ofcom.org.uk/consultations/metering-billing-2014/

Simplification measures that will help maintain audience confidence in broadcast content

We have reviewed the obligations for the Channel 3 and Channel 5 licences ahead of a new licensing period

9.26   In July 2013 we published a statement regarding the amendments to obligations for the Channel 3 and Channel 5 licensees, ahead of a new licensing period. The licensees told us that, in broad terms and with some amendments, their existing PSB obligations would continue to be sustainable during the next licence period. We approved proposals for a more localised Channel 3 news service across England which will see ITV provide regional news in 14 separate news regions, compared to the eight news regions it currently operates.

9.27   In all but two of ITV's licences, the requirement for a weekday regional news bulletin in the early evening will be reduced from 30 minutes to 20 minutes. The overall effect of this set of changes is deregulatory, with most English regions moving from a quota requirement of four hours per week of regional programming, to two and a half hours per week. At the same time these changes will benefit viewers, because they will result in a more localised news service.

We will continue with our targeted review of broadcast licensing and enforcement

9.28   In 2013 we scoped, and have begun to carry out, a wide-ranging review of the process for licensing broadcast services. We have identified that a 'smarter' approach to licensing and enforcement will enable us better to identify and respond to potential compliance failures. In the long term it will allow us to construct a more streamlined licensing regime, which has the potential to remove some regulatory burdens on stakeholders.

We will review detailed regulation of radio music formats

9.29   Over the past few years, listeners have seen both the sources and availability of different types of music increase dramatically, such as through the internet and digital radio. Analogue radio format regulation was designed for a different era.

9.30   While some elements of that regime remain very important to listeners, such as the provision of local material made in the area, there is a case for looking again at the regulation of music formats to see if this should be relaxed to give industry greater freedom to adapt to changing consumer tastes and to encourage competition.

9.31   We are currently undertaking a review of music formats, with the aim of consulting on a revised framework in due course.

We will consult on clarifying and simplifying some aspects of advertising regulation

9.32   In 2014, Ofcom will consult on aspects of its Code on the Scheduling of Television Advertising ('COSTA'). This is a targeted review which focuses on clarifying and simplifying our approach to measuring the length of programming (known as 'scheduled duration'). As part of this review we will seek to codify policy decisions that we have already taken (including the removal of limitations on advertising minutage on local television services, and the relaxation of restrictions on internal

breaks in particular genres on PSB services) in order to provide broadcasters with a single, clear set of rules to follow.

Annex 1

Summary of consultation responses

Introduction

A1.1   We received 30 written responses from a range of stakeholders, including private individuals, consumer interest organisations, companies and trade bodies.

A1.2   Overall, we received broad support for our work programme, although some stakeholders raised issues on specific aspects of our 2014/15 work programme. We have summarised, and provided responses to, the main points raised by stakeholders below. All non-confidential consultation responses are available in full on our website[34].

A1.3   This summary groups the consultation responses under our six strategic purposes, or under 'deregulation and simplification', as appropriate.

General comments from stakeholders

A1.4   The Welsh government called for the strategic purpose 'Contribute to and implement public policy defined by Parliament' to be extended to include policy defined by the devolved administrations, including the Welsh government.

A1.5   *Although this strategic purpose refers to 'Parliament', the work that falls under it refers to the support we give to the public policy work of governments at an EU, UK or devolved administration level.*

A1.6   EE urged Ofcom to ensure that the fee announcement this year does not contain significant surprises for the sector.

A1.7   *Ofcom charges stakeholders based on relevant turnover and in accordance with the Communications Act 2003 (the Act) and our Statement of Charging Principles[35].*

A1.8   *We publish our final Annual Plan and Tariff Tables at the end of March, setting out both our plan of work for the forthcoming year and fees and charges due, by sector, to fund this work. We are unable to discuss these charges with individual stakeholders before this time, due to the nature of the consultation process, but we acknowledge that this may not coincide with individual companies' budgetary cycles.*

A1.9   *In response to concerns raised in 2013/14, we published the overall budgetary position for 2014/15 in the Annual Plan Consultation Document. Where there is a variation in the amount of costs we seek to recover from a regulatory sector compared to the previous charging year, we have provided a brief explanation in our tariff tables.*

---

[34]http://stakeholders.acmpub.intra.ofcom.local/consultations/draft-annual-plan-2014-15/?showResponses=true
[35]http://stakeholders.ofcom.org.uk/binaries/consultations/statement-charging-principles/statement/Statement-final.pdf

A1.10   Verizon urged coordination between Ofcom teams so that consultation documents are staggered in a manner that does not overload Ofcom's stakeholders.

A1.11   *We are conscious of the work undertaken by our stakeholders in response to our consultations. We have to find a balance between the policy priorities we can plan for, the new issues that arise within the year, and delivering value for money through our own cost base. As a consequence there may be times when we cannot avoid placing several concurrent requirements on stakeholders.*

> **Promote effective competition and informed choice**

Ensure effective competition and investment, in both current and superfast broadband

A1.12   The CWU supported Ofcom's commitment to ensuring investment in both current and superfast broadband. It called on Ofcom to incentivise further private investment and innovation, in order to bring superfast broadband services to the final 5% of premises.

A1.13   We will continue to ensure that the regulatory framework is supportive of further investment and innovation in superfast broadband. It is a matter for private companies as to whether they make investments. We note that Broadband Delivery UK (BDUK) is continuing to assess the possibility of further intervention to help incentivise investment.

A1.14   Sky considered that ensuring BT meets all reasonable demands, both for next generation access (NGA) and for other regulated services, is essential to ensuring that new market initiatives in superfast broadband are given the chance to flourish.

A1.15   *We are supportive of new products that enable innovation and retail product differentiation. We proposed a requirement on BT to provide network access on reasonable request, and a requirement to publish guidelines on how it will deal with new requests for network access (and deal with any requests in accordance with those guidelines) alongside virtual unbundled local access (VULA), in our Fixed Access Market Review (FAMR). We will continue to monitor the progress and outcomes of industry processes in this regard.*

A1.16   SSE plc considered that the FAMR should not be confined to the existing copper technology, but that remedies for fibre fixed-line access should also be considered.

A1.17   *Ofcom will continue to ensure that wholesale access products, which can be used to deliver voice and broadband services to consumers, are available both on copper and fibre access networks.*

A1.18   *We have explicitly considered the issue of fibre voice access products in the FAMR, noting the projected low volumes of premises in fibre-only areas.*

A1.19   Respondents were broadly supportive of our work on Openreach quality of service (QoS), although a number of specific points were raised:

- the CWU considered that charge controls should reflect such costs as BT's Transition Centre, as well as take into account factors out of Openreach's control including extreme weather;

- the Federation of Communications Services (FCS) considered that Ofcom's currently proposed key performance indicators (KPIs) do not go as far as they should;

- UKCTA called for a comprehensive review of the service level agreement (SLA) regime across all regulated products; and

- Sky and Vodafone called for Ofcom to commit to an ongoing review of Openreach QoS after the conclusion of the FAMR.

A1.20   *In our review of Openreach's QoS and fault rates we will base our decision on the evidence presented by all stakeholders on the costs of service provision, and the technical and environmental challenges to the delivery and maintenance of services to consumers and business. Our objective is to set regulations and related charge controls which fully reflect our understanding of these challenges and costs.*

A1.21   *We have consulted on our proposals to improve the incentives on Openreach to enhance its QoS. Part of this consultation is our proposal to significantly expand the range of KPIs that Openreach is required to submit to us and to industry. We are considering the responses to this consultation.*

A1.22   *In addition, we are currently proposing to recommend a process for industry to engage with Openreach on changes and additions to service level agreements in contracts, facilitated by the Office of the Telecommunications Adjudicator. We have also proposed that, in the event that there are issues that cannot be resolved through this process, we will consider the need for our direct intervention. We also note that we will shortly be commencing the next BCMR, which will consider in more detail the QoS issues in the Ethernet market.*

A1.23   *Outside of market reviews, Ofcom is committed to ongoing monitoring of the performance of regulated companies; ensuring that consumers and businesses have appropriate information on service outcomes. We will consider, where necessary and proportionate, options for additional intervention.*

Promote effective choice for consumers by ensuring that clear and relevant information is readily available

A1.24   The Welsh government and the CWU supported our research into mobile quality of experience and broadband speeds.

A1.25   The FCS considered that quality and reliability of broadband services is of crucial importance to business customers, for whom upload speeds are far more important than they are to most consumers.

A1.26   *Ofcom will continue to focus on the availability of accurate and transparent service information for consumers. Our own research (published every six months) measures download and upload speeds, and other performance parameters, for the main broadband providers.*

Monitor underlying approaches to traffic management, to ensure compliance with Ofcom's approach to net neutrality

A1.27   BT considered that Ofcom should persuade all the big players in the internet access market to sign up to the open internet code of practice. BT considered that should

Ofcom fail to secure this, over the coming six months, it should dedicate resources within the coming year to explore all the other available regulatory options.

A1.28   *While we support the open internet code of practice and would welcome more communication providers participation, our November 2013 Infrastructure Report[36] found that there are no substantive concerns in relation to the traffic management practices used by fixed ISPs, and there is evidence of lower levels of active traffic management, compared with previous years, on mobile services. Some mobile operators are blocking VOIP on some of their packages, but all mobile operators now offer packages with no blocking. EE does not block on any packages, a shift in policy from the approaches of T-Mobile and Orange.*

A1.29   *While we will continue to monitor and report on the traffic management practices of fixed and mobile operators, our current view remains that competition between operators should continue to be an effective means of addressing the problem, as long as consumers are made aware of these practices and are able to switch providers. Facilitating switching, and making sure providers communicate clearly what their policies are to consumers, is our primary area of focus, rather than other regulatory options.*

Develop and implement policies that will improve the ease of switching between communications providers

A1.30   The CCP welcomed Ofcom's continued focus on unfair terms in consumer contracts.

A1.31   The FCS, BT and the CCP urged Ofcom to apply gaining-provider-led (GPL) switching processes across other technologies and networks.

A1.32   *In August 2013 Ofcom set out its policy decision to harmonise all switches for fixed voice and/or broadband services over the Openreach network to a single GPL model, and we expect that this will be implemented by June 2015. We now intend to move to a second stage of work for switching and plan to publish in spring 2014 details and timelines for carrying this out.*

A1.33   SSE plc requested that Ofcom seeks to ensure that there are no process barriers, rather than no 'undue' barriers, to switching services and bundles.

A1.34   *In July 2013 DCMS announced that it planned to legislate to give Ofcom a duty to ensure a consistent and effective experience for consumers switching between bundles.*

A1.35   *We will continue to work to address process barriers to switching, including ensuring that the right governance mechanisms are in place to ensure coordination where needed.*

Work to ensure effective competition in pay TV services

A1.36   The CWU called for Ofcom to develop a more proactive agenda to fulfil its duty to ensure fair and effective competition in pay TV.

---

[36] http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/infrastructure-report/IRU_2013.pdf

A1.37   BT considered that our work in this area should be a priority.

A1.38   *There have been a number of market developments in the sector in recent years which we are considering. Our objective is to ensure fair and effective competition in pay TV to the benefit of consumers.*

Conduct the business connectivity market review

A1.39   The FCS called for the next business connectivity market review (BCMR) to include a study of leased line/fibre substitution.

A1.40   *We intend to consider the scope for substitution of leased lines with broadband products which use fibre-to-the-cabinet (FTTC) technology, as part of our market analysis in the next BCMR.*

A1.41   Vodafone considered that effective competition in business markets urgently requires better 'fit for purpose' regulated products, to improve switching.

A1.42   EE considered that the BCMR will need to cover whether physical infrastructure access (PIA) should be introduced, alongside active remedies, to promote longer-term competition.

A1.43   *We will consider which remedies we should impose to address any competition concerns we may identify in leased lines markets, in the next BCMR.*

A1.44   BT called for Ofcom to ensure that the BCMR is properly resourced, so that Ofcom bases it decision on complete data and has the capability to carry out a comprehensive analysis to underpin its proposals.

A1.45   *We have already started work to gather the data required for the next BCMR. We will devote sufficient resources to the BCMR to ensure that the proposals we develop are based on comprehensive analysis of the evidence.*

Other competition responses

A1.46   The FCS and BT raised concerns that while mobile operators can use regulated fixed-access products to enter the fixed retail market, fixed operators have no equivalent regulated wholesale products to provide mobile services.

A1.47   *The national wholesale mobile market remains competitive, with four national wholesalers which compete to provide services to independent mobile virtual network operators (MVNOs) as well as to provide services to their respective retail divisions. MVNOs have a significant presence in the market, and contribute to a competitive retail market; they provide services to 15% of mobile customers in the UK. Any fixed operators wishing to provide mobile services can negotiate the commercial terms for the provision of wholesale mobile products with the competitive national wholesale mobile providers.*

A1.48   *Maintaining competition between national mobile wholesalers was a key consideration in the design of the combined spectrum auction that took place in 2013, and which resulted in the four national mobile operators each securing a portfolio of spectrum. In addition, a new entrant, Niche Spectrum Ventures (a wholly-owned subsidiary of BT), was also able to secure spectrum through the award. Furthermore, spectrum trading offers a potential route for new entrants to compete in the future.*

A1.49   BT called for Ofcom to review the dispute resolution process and guidelines and how they work in practice.

A1.50   We keep our dispute processes under review and have made changes to our processes (for example, by inviting comments at the end of the enquiry phase) since we issued those guidelines. If stakeholders have specific suggestions as to how the dispute process can be improved, we would welcome discussion in that regard.

A1.51   BT considered that Ofcom should direct its efforts at ensuring an international 'level playing field' through the EU/US trade discussions (TTIP), where there is an opportunity to remove the asymmetry between wholesale access regimes in the US and the EU.

A1.52   Ofcom will engage actively in a range of international forums across the communications sector. We will use such opportunities to advance best practice in terms of promoting competition and delivering benefits for citizens and consumers.

A1.53   BT called for Ofcom to work with industry to understand how the existing regulatory framework would apply to new services replacing public switched telephone network (PSTN) services, and to identify and initiate any changes that will be required.

A1.54   Ofcom recognises that the technology for delivering voice services is changing. Our regulatory approach is technology-neutral. We consider that it is for industry to migrate customers to new technologies, with Ofcom intervening should particular competition or consumer issues arise. If stakeholders consider that there are elements of our current regulation that may need to be adapted, we welcome engagement on such issues.

A1.55   Three requested that Ofcom open up a dialogue around the equitable regulation of some forms of OTT services competing in the mobile space.

A1.56   Ofcom, as part of its general market monitoring, observes trends in OTT provision, and were we to have specific concerns we would consider whether any intervention might be required. Stakeholders can also bring their specific concerns to us.

A1.57   Vodafone, the UKCTA and SSE plc called for a review of the BT Undertakings.

A1.58   At present we do not consider that a review of the BT Undertakings is necessary but we will continue to monitor this as market circumstances evolve.

A1.59   Vodafone called for Ofcom to undertake a general appraisal of how BT is performing as a regulated entity. Vodafone proposed that the appraisal should assess whether:

- the regulated prices for these services are at an appropriate level;

- regulation creates the right incentives upon BT to invest in services and provide the service quality other CPs, and ultimately consumers, rely on; and

- the right regulated services are available to deliver competitive outcomes.

A1.60   Under the EU Framework, Ofcom is obliged to carry out triennial reviews of the economic markets in telecoms susceptible to ex ante competition. In the context of

each review, Ofcom considers what remedies, including charge controls, are appropriate to impose on BT, where it is found to be dominant. Our remedies are designed to strike the right balance between encouraging investment and competition.

A1.61   *Furthermore, in the context of our current FAMR, we are proposing to set more specific obligations as to the quality standard against which Openreach must deliver services in this market. We will also be considering service quality in the context of the forthcoming BCMR.*

A1.62   *We are also proposing that in future, when designing new BT charge controls, we will aim to be more explicit on how BT has performed against its previous charge controls in the relevant market.*

A1.63   *We have also set out proposals to increase industry confidence in BT's regulatory financial reporting[37].*

A1.64   UKCTA raised concerns regarding specific services that it believes require investigation in relation to BT's pricing: text relay services, payphone access charges, and emergency call handling services.

A1.65   *As set out in our enforcement guidelines, it is open to all stakeholders to bring a complaint if they have competition concerns. We are happy to meet stakeholders to discuss their specific concerns.*

<div style="border:1px solid green; text-align:center;">

Secure optimal use of spectrum

</div>

Prepare for the award of the 2.3GHz and 3.4GHz bands and the potential release of the 700MHz band

A1.66   The Welsh government urged Ofcom to define minimum population coverage targets, at a regional level, for any future release of spectrum in the 2.3GHz and 3.4GHz bands, in order to guarantee mobile services across the nation.

A1.67   *The existence of mobile not-spots, alongside other coverage issues, is an area of citizen and consumer concern, and we have considered whether obligations should be placed on 2.3GHz and 3.4GHz licensees. In the 800MHz and 2.6GHz spectrum auction in 2013, we imposed coverage obligations (including obligations at nation level) on one of the 800MHz licensees. This was because 800MHz, being lower-frequency spectrum, is well suited to providing wide area coverage. We did not impose any obligation on the 2.6GHz band, because this is spectrum better suited to providing additional network capacity, rather than coverage. The 2.3GHz and 3.4GHz bands have similar characteristics to the 2.6GHz band. We are therefore minded not to include any coverage obligations in licences issued as part of this award (as indicated in our consultation and call for inputs on these bands, published in October 2013), but we will consider this response in our future work on award design.*

A1.68   The FCS called for Ofcom to ensure that what constitutes 'optimal' use of spectrum includes a clear measure of the societal benefits accruing from certain uses of

---

[37]http://stakeholders.ofcom.org.uk/binaries/consultations/bt-transparency/summary/BTRFS.pdf

spectrum, rather than simply a measure of what commercial players might be willing to pay for it at auction. The FCS considered that this subject is of crucial concern, given the interests of the emergency services and other critical national infrastructure users in the UHF bands, and the forthcoming 700MHz release.

A1.69   *When making spectrum management decisions, Ofcom gives due consideration to the interests of all citizens and consumers. We recognise that use of the 700MHz band for emergency services could potentially confer benefits to citizens. We understand that the government is conducting a review of the emergency services' future spectrum requirements. We are engaging closely with the government on this issue and will be mindful of its emerging thinking on emergency services spectrum when formulating our proposals for the future of the 700MHz band.*

A1.70   The CWU called for Ofcom to perform a rigorous cost-benefit analysis (CBA) to ensure that digital terrestrial television (DTT) viewers are not adversely affected by a change of use of the 700MHz band, and to ensure that the DTT platform can continue at an equal or improved level of service on an alternative bandwidth.

A1.71   The CCP raised concerns that any change of use of the 700MHz band might most adversely affect people on low incomes, and vulnerable people. The CCP encouraged Ofcom to develop contingency plans to mitigate against this possibility.

A1.72   *Ofcom is conducting a detailed CBA assessing the case for change of use of the 700MHz band. A core element of this CBA will be an assessment of the impact that a change of use of the band would have on UK citizens and consumers, including DTT viewers.*

A1.73   *As set out in our November 2012 UHF statement, one of our strategic objectives in relation to spectrum in UHF bands IV and V (which includes the 700MHz band) is to secure the ongoing delivery of benefits provided by DTT. To this end, we are investigating a range of DTT planning options with a view to securing, in the event of a future re-plan of the frequencies associated with DTT, the ongoing delivery of benefits associated with near-universal public service broadcasting (PSB) coverage and the provision of a range of other DTT services to sustain DTT viewers' choice.*

Enable the use of white space devices, and investigate opportunities for further appropriate sharing of bands

A1.74   Sky considered that further WiFi spectrum allocation (particularly in the 5GHz band) should be one of Ofcom's top spectrum priorities.

A1.75   *Investigating opportunities for further appropriate sharing of bands is a priority for Ofcom in 2014/15. Work in this area is already under way, and in August 2013 we published a consultation on the future role of spectrum sharing for mobile and wireless data services.*

A1.76   *In the consultation, we recognised the important role that WiFi, based on access to licence-exempt spectrum, plays in the UK communications infrastructure. The extension of the 5GHz band to provide further licence-exempt spectrum for WiFi use is a key agenda item for the World Radio Conference in 2015 (WRC-15).*

A1.77   *We are currently considering responses to this consultation and will publish our final statement on the future role of spectrum sharing, including the future supply of licence-exempt spectrum for WiFi use, in spring 2014.*

Provide sufficient bandwidth to support the requirements of the programme making and special events (PMSE) sector

A1.78   The British Entertainment Industry Radio Group raised a number of concerns in relation to PMSE, calling for Ofcom to:

- ensure that its proposed spectrum planning model fully recognises and supports the requirements of PMSE;

- favour incumbent users of spectrum, especially PMSE, as part of its intentions to secure optimal use of spectrum;

- encourage telecommunications companies to farm their already-held spectrum more effectively, to help reduce demand for spectrum;

- identify alternative bands for long-term use by PMSE; and

- take account of the cost of PMSE equipment that will be lost as part of future clearances, and design a compensation scheme to alleviate this.

A1.79   EE also agreed that Ofcom should work to find a solution for PMSE. However, it calls for a solution that is not overly burdensome for other spectrum users.

A1.80   *The PMSE spectrum review is working with PMSE stakeholders to identify and work towards viable options to provide a sustainable future for the sector. This work includes looking to identify alternative spectrum options for PMSE. In carrying out this work it is important to balance the competing needs of spectrum users, and to be proportionate and evidence-based in our approach and conclusions.*

A1.81   *The introduction of white space devices (WSDs) is also a strategic priority for Ofcom, but it is important that any such introduction does not negatively affect incumbent users, including PMSE. We are working closely with PMSE stakeholders to determine the appropriate coexistence criteria to enable successful sharing of white space spectrum between PMSE and WSDs.*

A1.82   *Ofcom encourages all users of spectrum to make efficient use of the spectrum they hold, and to limit their demand for additional spectrum as far as possible, compatible with the citizen and consumer interest. Ofcom operates a number of policies intended to promote and facilitate the achievement of these ends, including the charging of administered incentive prices (AIP) and a policy of spectrum liberalisation. We will continue to work with all spectrum users to identify opportunities for further improvements in spectrum efficiency, and to promote and facilitate the changes necessary for any benefits to be realised.*

Understand the impact and role of receivers on efficient spectrum use

A1.83   The Joint Radio Company Ltd supported our proposed work in this area.

A1.84   The Digital TV Group (DTG) considered that television receivers will need to operate effectively and be better coordinated with mobile and wireless receivers.

A1.85   *We are considering television receivers, as well as mobile and wireless receivers, in the context of potential future work on RF performance. We expect to look at opportunities to promote more efficient spectrum use through improved receiver and transmitter standards, and better coordination between adjacent spectrum*

users, which includes looking at the potential for improving DTT receiver system performance.

Improve the planned use of UHF spectrum

A1.86   DTG called for the UK planning model (UKPM) to be made freely and easily available. In addition, DTG called for an option to increase the precision of modelling the impact of technologies such as 4G and WSDs on DTT to be included in any future versions of the UKPM.

A1.87   *Ofcom recognises the potential value of making access to the UKPM and its outputs more openly available than at present. Openness is one of the principles underpinning our current review of our approach to planning the UHF spectrum, and we are considering the various mechanisms by which this might be achieved in the future. We are also actively developing proposals for the technical characteristics that a planning model should possess in order for it to be effective for a range of applications.*

Support the spectrum requirements of the government's Emergency Services Mobile Communications Project

A1.88   The FCS called for a workstream on the need to set UK 999 services in readiness to cope with the new data/voice functionality required by eCall.

A1.89   *The introduction of pan-European eCall will have implications across a range of sectors. When the government has determined the overall plan for how eCall will be introduced within the UK, and has instructed Ofcom accordingly, we will consider how any elements falling under our regulatory remit might best be addressed. We note that the requirement for member states to have made eCall adaptations to their public service answering points (PSAP) regime; one of the elements most likely to have an impact on telecoms, is currently expected to come into force at the end of 2016.*

Explore the potential use and requirements of machine-to-machine technology

A1.90   The Joint Radio Company Ltd supported our proposed work in this area.

A1.91   EE considered that it is important for Ofcom to allow the secondary spectrum market an opportunity to provide a solution for machine-to-machine (M2M) by not creating an early impression that Ofcom will intervene to make spectrum available specifically for M2M.

A1.92   *Our key objective in this area is to ensure that there are no regulatory barriers to innovation and the efficient operation of spectrum markets. Over the next year we plan to focus on improving our understanding of the emerging M2M landscape. We note that many M2M wireless applications are already delivered through various means, including public mobile networks and access to spectrum on a licence-exempt basis. Should future M2M developments imply growing spectrum requirements, we would expect market mechanisms to continue to play a role in meeting them. Consistent with our general spectrum management approach, we would consider the case for regulatory action only in the presence of factors preventing market forces from delivering optimal spectrum use.*

Other spectrum responses

A1.93   Vodafone welcomed Ofcom's activity regarding high-frequency e-band links, but considered that regulatory certainty depends on the satisfactory conclusion of the review of fixed-link fees.

A1.94   *Our Annual Plan sets out our intention to review fixed-link fees in the 2014/15 period. In relation to the 70/80GHz (e) band, in our recent statement on the future management approach for this band we set out interim fee proposals for the newly facilitated coordinated access arrangement. In doing so, we recognised that there was a need for stability regarding licence fees and, noting the interim nature of our proposals due to the upcoming fixed link fees review, we indicated that we would fix fees for a period of five years from the date of publication of that statement irrespective of any upward change following the review.*

A1.95   EE called for Ofcom to understand whether the regulatory regime in the UK and across Europe supports the best use of spectrum for wireless backhaul, to produce cost-effective backhaul solutions. The specific questions that EE would like addressed include:

- would the regulatory regime for fixed links benefit from more European harmonisation, to create a single market for microwave equipment?; and

- how can the wireless backhaul regime properly support and enable the developing use of small cells?

A1.96   *In general, a wide range of fixed-link bands (extending to the mm wave spectrum of 70/80GHz) are available that can be used for wireless backhaul, including backhaul provision for small cells.*

A1.97   *'Soft harmonisation' is already supported across CEPT (e.g. CEPT channel plans / ETSI standards etc.) and work is being conducted within the ITU-R to look at technology trends in the fixed service, and the spectrum issues around fixed service transport networks for IMT and other terrestrial networks.*

A1.98   *The questions set out by EE raise a number of issues on the degree of harmonisation that is required for wireless backhaul. Ofcom would be interested in receiving more information from industry in order to consider what specific actions might be required.*

A1.99   O3b Ltd raised a number of concerns in relation to satellite users. Among other things, it called for Ofcom to:

- recognise satellite users as being potentially affected by agenda item 1.1 (AI 1.1) of WRC-15;

- prioritise support for the development of a European regulatory framework for ESOMPs operations using NGSO satellites; and

- introduce a work area to enhance coordination between Ofcom and the UK Space Agency (UKSA).

A1.100   *Ofcom recognises that all incumbent spectrum users, including satellite users, could potentially be affected by proposals to find more spectrum for IMT under WRC-15*

AI 1.1. Ofcom supports compatibility studies to identify potential frequency bands for IMT as well as mitigation techniques for the protection of incumbent users.

A1.101 *Ofcom will continue to support the development of an appropriate harmonised regulatory framework for ESOMPs.*

A1.102 *A strong relationship between the UKSA and Ofcom exists today, through Ofcom's Space and Science Services unit. UKSA and Ofcom meet to discuss matters related to national and international space and science matters as and when necessary.*

Promote opportunities to participate

Secure the continuing provision of the universal postal service

A1.103 The CWU was supportive of our work programme in relation to post. However, it called for an independent review of Royal Mail's performance and relative efficiency.

A1.104 *We do not consider it is appropriate at this point in time to undertake an independent review of Royal Mail's performance and relative efficiency. The NERA and WiK reports were commissioned to inform our view of the advantages and disadvantages of different methodologies for assessing efficiency, and to better understand the efficiency initiatives undertaken by comparable European universal service providers. This work will help to inform our view of the appropriate metrics for measuring efficiency, which will be discussed in the next annual monitoring update. It will also feed into any future efficiency review that may be undertaken as part of a review of the need for intervention in relation to end-to-end competition, or the regulatory framework, if we identify concerns about Royal Mail's progress in reducing its costs in the monitoring regime.*

A1.105 TNT UK Post Ltd raised a number of concerns in relation to Royal Mail:

- publication of revisions to Royal Mail's wholesale terms should not be possible until such time as their compatibility with regulatory conditions has been scrutinised;

- TNT UK Post Ltd called for Ofcom to consider imposing tighter regulations on the movement of zonal pricing and, in particular, the increase of delivery prices in rural areas; and

- TNT UK Post Ltd called for Ofcom to carry out work to assess whether different bases for calculating access prices are compatible with the prohibition of undue discrimination, and to investigate whether there should be a single basis for cost-oriented access pricing for all customers, instead of the current situation.

A1.106 *In March 2012 we gave Royal Mail greater commercial and operational freedom in the setting of prices, and terms and conditions, for its universal service and access products, so that it could return the universal service to financial sustainability. In relation to access this included a requirement for such terms and prices to be fair and reasonable, and conditions to ensure that Royal Mail does not compete unfairly with its access customers.*

A1.107 As with all our postal regulations, we continue to monitor the appropriateness of the regulatory conditions to ensure that they are consistent with our duties to protect the universal service and, where appropriate, promote competition for the benefit of consumers.

A1.108 We also note that on 21February 2014 Ofcom opened an investigation in relation to certain prices, terms and conditions offered by Royal Mail for D + 2 access.

A1.109 Royal Mail and the CWU called for Ofcom to bring forward a review of end-to-end competition in post.

A1.110 Ofcom published guidance in March 2013 which described the circumstances under which we would undertake a review of the need for intervention in relation to end-to-end competition. This set out that we would undertake any such review if there was a potential material threat to the universal service, identified through our monitoring regime, or on the basis of the notifications that postal operators with new or expanding delivery operations are required to provide to Ofcom. In addition, we committed to undertaking a review of the impact of end-to-end competition on the universal service towards the end of 2015, if one has not already been opened as a result of our monitoring.

A1.111 As we noted in the annual monitoring report on the postal industry, published in November 2013, given that end-to-end competition accounts for less than 1% of total market volumes, and as Royal Mail's financial position was improving, there was no need to open a review of the need for intervention. However, we will continue to monitor the situation.

A1.112 The CCP and Consumer Futures called for close monitoring of QoS targets and robust enforcement action if these are not met.

A1.113 Consumer Futures also called for:

- investigations into cases where Royal Mail does not adhere to the post box density criteria;

- monitoring and publishing of market data on domestic and cross-border parcel movements;

- a comprehensive review and assessment of the consumer complaints handling and redress framework; and

- prior to the formal review of end-to-end competition in 2015, Ofcom should continue to consider alternative mechanisms in the appropriate regulatory framework, including, potentially tendering out loss-making elements, state aid or compensation fund arrangements.

A1.114 One of the key areas of work in relation to the postal sector will continue to be the monitoring regime. This will include close monitoring of Royal Mail's achieved QoS results in relation to its regulatory targets, its ability to finance the universal service, progress on efficiency, and the impact of the regulatory regime on universal service customers, including adherence to the post box density criteria.

A1.115 In addition, we intend to collect more detailed data on the packet and parcels market, and report aggregate market information in the annual monitoring update and the Communications Market Report.

A1.116 We also intend to review the effectiveness of the current complaint handling and redress arrangements during 2014-15.

A1.117 We also note that the Postal Services Act 2011 prevents us from undertaking a review of the net cost of the universal service (which would be required to put a compensation fund in place) until October 2016, unless directed by the Secretary of State (SoS). In addition, it prevents us from tendering out the universal service until October 2021 unless this is agreed by Royal Mail.

A1.118 The Ofcom Advisory Committee for Northern Ireland (ACNI) urged Ofcom to investigate the issue of cross-border mail, in terms of cost and time taken for mail to be delivered from Northern Ireland to the Republic.

A1.119 Royal Mail is subject to minimum QoS targets for its universal service cross-border mail. For example, it is required to deliver at least 85% of its EU cross-border mail within three days. It publishes quarterly reports on its performance in relation to all universal service quality targets.

A1.120 Royal Mail called for Ofcom to consider requiring other postal operators to provide greater transparency across areas such as QoS standards, and other requirements.

A1.121 Royal Mail's requirements to meet certain QoS standards and publish its performance are only in relation to universal service products. It does not have similar requirements for the products used by larger business customers, where other access and end-to-end operators are competing. We do not have any evidence that there is a need for additional conditions in relation to quality or transparency for these customers.

Understand and promote the interests of vulnerable consumers and citizens

A1.122 Vivienne Pozo, an individual, considers that an equivalent has to be provided for those who will not expect to use next generation text relay (NGTR) but still have difficulty with voice calls.

A1.123 Ofcom research has shown the value of services such as SMS and email for consumers with hearing impairments. We have shared these findings with government and agencies, and we will continue to work with them to help ensure that the needs of consumers with hearing impairments are understood and appropriately addressed.

Continue to promote the provision of better mobile coverage and service information in order to inform consumers and assist policy decisions

A1.124 In addition to Ofcom's work on the role of mobile networks in providing coverage, EE called on Ofcom to look at the antenna performance of handsets, in particular smartphones.

A1.125 As part of our work on mobile coverage we intend to consider how consumers can maximise mobile reception. This will include the impact that choice of device and location of use (such as in-home and in-car) has on performance.

A1.126 The Welsh government asked to see progress in introducing national mobile roaming. In addition, it would like to see research on the coverage and quality of mobile networks and services to be made available on a regional/sub-regional basis.

A1.127 Our work on mobile coverage will consider coverage and QoS in all parts of the UK. Roaming is one potential solution to help address issues of coverage, and we are willing to consider all options to help address this challenge.

A1.128 Vodafone urged Ofcom to continue with its role in addressing planning and other issues which prevent, or unnecessarily delay, the deployment or upgrade of mobile base stations.

A1.129 We will continue to provide technical support to government in relation to planning and other issues that may affect the availability of mobile services. We await the government's response to the Law Commission's recommendations, following its review of the Electronic Communications Code, published in February 2013.

Complete evaluation of, and report on, the affordability of core electronic communications services

A1.130 BT called for Ofcom to review the current universal service obligation (USO) provisions.

A1.131 We will consider implications for the USO when we complete our research on the affordability of core services.

Work in collaboration with government and industry to promote the widespread availability of fixed and mobile superfast broadband

A1.132 The FCS raised a concern that public money is being used to subsidise an incumbent monopoly operator to roll out fibre to UK households, with no concomitant requirement to prioritise or equip business areas in the same geographic locations.

A1.133 Ofcom does not have any jurisdiction over state aid matters. It is for the government/local authorities to decide whether state interventions are necessary and if so what form they should take.

A1.134 Ofcom will be starting the next BCMR this year, and within this, will consider the availability of business connectivity throughout the UK.

Other participation responses

A1.135 The CCP, the CWU and BT called for Ofcom to place greater emphasis on encouraging broadband, and superfast broadband, take-up.

A1.136 Ofcom has a key focus on promoting opportunities to participate. We seek to ensure the widespread availability of services, and to reduce barriers to their adoption and effective use by consumers. A key activity in this area includes actively promoting the understanding of availability and take-up among policy makers in the UK, in order to stimulate debate and policy development with the aim of delivering governments' availability and inclusion goals.

A1.137 In addition, Ofcom has a statutory duty to promote media literacy, which it discharges primarily through the provision of in-depth and incisive research. This research enables stakeholders who have direct relationships with consumers and citizens to target their resources on the most relevant aspects of media literacy, including take-up of digital media. We talk regularly to these stakeholders about

their work, and provide robust research findings that help in their campaign planning.

<div style="border:1px solid orange; text-align:center;">

Protect consumers from harm

</div>

Implement reform of non-geographic numbering to ensure price transparency

A1.138   The CCP welcomed our work on non-geographic call services (NGCS).

A1.139   The FCS raised concerns regarding a lack of price transparency for business users.

A1.140   *Ofcom's regulation of NGCS is focused on ensuring that consumer callers are protected from the adverse effects of poor price transparency and related market failures. The intervention explicitly excludes business callers, as Ofcom has no authority under the Communications Act 2003 to set maximum prices or set tariff principles for such callers.*

A1.141   *However, we would expect businesses, when selecting and negotiating tariff structures, to be aware of those which apply to consumers, and to seek out tariffs that preserve the aspects of consumer tariffs that they consider beneficial. To support this, the wholesale access condition for calls to 080 and 116 numbers will ensure that if a communications provider (CP) offers these calls free of charge to its business customers it is able to recover a fair and reasonable origination payment.*

A1.142   EE urged Ofcom to carry out a detailed risk assessment of the implementation phase of non-geographic numbering reform.

A1.143   *Ofcom has set up a dedicated project team to support the implementation phase of the non-geographic numbering reforms. This implementation team is working with the industry to monitor CPs' implementation plans, and to identify and manage associated risks for implementation. Implementation workstreams include, among other things, a communication plan for consumers, service providers and CPs, and the establishment of a system for service charge price points.*

Other consumer protection responses

A1.144   Dr Nesrine Abdel-Sattar, an individual, called for Ofcom to conduct studies into the risks to consumers from smartphone apps, including fraud and spy apps.

A1.145   *Ofcom published a study in May 2013 which looked at the emerging risks to users of smartphones. Based on the findings, Ofcom published a consumer guide: 'Safer smartphones – a guide to keeping your device secure'.*

A1.146   EE called for Ofcom to provide greater detail and clarity on how it sets administrative priorities in the area of protecting consumers from harm, as well as reasons for opening or extending a monitoring programme.

A1.147   *Ofcom's criteria for taking enforcement action, in line with its administrative priorities, are set out in its published enforcement guidelines. Reasons for opening or extending compliance monitoring and enforcement programmes are also provided in the updates to the Competition and Enforcement Bulletin on Ofcom's website.*

A1.148   The ACNI welcomed Ofcom's work to tackle the issue of inadvertent roaming in Northern Ireland. The Committee urged Ofcom to continue to raise awareness among consumers, through regular engagement with stakeholders.

A1.149   *We plan to continue discussions with the MNOs and monitor any developments on the steps they are taking to protect consumers. We will also update our consumer information leaflet on inadvertent roaming and actively promote this information to consumers.*

A1.150   The CWU and the CCP considered that Ofcom should maintain focus on complaints handling. The CCP called for a review of the alternative dispute resolution (ADR) process.

A1.151   *Ofcom reviewed the ADR schemes in 2012, and in 2013 worked with the schemes to introduce reforms to ensure consistent outcomes for consumers. We have previously reduced the period during which consumers can take their complaints to ADR; from 12 to eight weeks. Nevertheless, we remain concerned about the low level of take-up of ADR by consumers, and are looking at this as part of our ongoing investigation into compliance by CPs with the requirements of GC14. In the meantime, we continue to work with the schemes to ensure that their processes are consistent and work well for consumers.*

> **Maintain audience confidence in broadcast content**

Promote audience safety and assurance in digital environments

A1.152   Paul Ferguson, an individual, requested clarification on the proposals for regulation of non-EEA linear IP-delivered TV channels.

A1.153   *Ofcom is currently exploring the challenges of regulating to protect audiences where IP delivery means that linear TV services are not covered by a regulatory regime.*

A1.154   DTG considered that it could work with industry to introduce a technical solution to the digital terrestrial television specification (D-Book) in order to address the challenges of regulating IP-delivered linear services on EPGs.

A1.155   *In considering the challenges of regulating connected TV platforms to protect audiences, Ofcom will work with stakeholders to understand technological developments and explore technological solutions. DTG's offer to explore this area is welcome, and we will contact the Group for further discussions.*

A1.156   EE urged Ofcom not to view the effectiveness of technical e-safety tools in isolation. It considered that the best way to protect children from accessing inappropriate content is by a combination of parental controls and education.

A1.157   *Ofcom was asked by DCMS last November to provide a series of reports on internet safety measures. Three reports will be published. The first, published in January 2014, examined parental use, awareness of, and confidence in, a wide range of parental mediation strategies, ranging from monitoring the child and setting rules for internet use, to the use of technical tools. The second report will focus on the implementation of home network filtering, and the third report will return to the wider topic of mediation strategies, tracking developments in these areas.*

Develop and support future radio regulation

A1.158   RadioCentre called for Ofcom to:

- consider *de facto* speech quotas that exist for a number of formats for local commercial radio stations; for example, where required to provide a 'full service' format; and

- examine local production quotas for radio.

A1.159   *There are no speech quotas on commercial radio and only a handful of stations have a full-service format. These stations are in areas where there are competing music services and tend to be in places which have a strong local identity. We see the speech element as being closely linked to localness provision. Under statute, any station may apply to Ofcom to change its format and we will consider such requests against the statutory criteria.*

A1.160   *Last year we undertook a major research project to ascertain whether audiences are satisfied with the services they are now receiving. In particular we asked about local provision. The results revealed that audiences are generally satisfied with the level of provision that exists today and continue to value local material on commercial radio, believing it important that presenters are rooted in their local area. While local material made outside of the approved area can provide a useful complement, we do not believe that it is an adequate substitute for programming which is locally made.*

A1.161   *We regularly consider the competitive environment for radio and the financial health of the sector in determining whether the level of regulation remains appropriate.*

A1.162   The Welsh government stated that it would not be in favour of digital switchover for radio until there was a guarantee of at least 97% coverage for DAB throughout Wales. It urged Ofcom to continue to liaise with the BBC and other stakeholders in order to attain the best service for consumers throughout Wales.

A1.163   The FCS urged Ofcom to encourage government to make an early announcement of a radio switchover deadline.

A1.164   *Any switchover decision is a matter for government, not Ofcom. Coverage of the BBC national multiplex is a matter for the BBC. Government, the BBC and commercial operators have agreed to build out local DAB coverage to match FM commercial coverage and Ofcom has been asked to manage the plan to implement this. We will liaise with all parties to achieve this.*

A1.165   The Ofcom Advisory Committee for Scotland (ACS) called for Ofcom to keep under review the consequences for local content in Scotland of the switchover to DAB.

A1.166   *Ofcom recognises the continuing importance of local radio throughout the UK and we have a specific duty to ensure localness on analogue (FM and AM) radio. We do not currently have a specific duty as regards localness on digital radio. At present, local services broadcast on digital radio by virtue of being simulcasts of analogue services.*

A1.167   *Should government take a decision on switchover, it will be for Parliament to consider whether Ofcom's localness duties should be extended to digital radio to ensure continued local radio provision after any switchover.*

A1.168 An individual called for Ofcom to look at decoupling analogue licences from DAB, allowing commercial operators the freedom of choice to broadcast on DAB when it is commercially viable to do so.

A1.169 *Under the existing legislation it is not possible to decouple the FM and DAB transmission requirements where a station has taken up the option of having its analogue licence renewed by virtue of providing a service on a relevant DAB multiplex. The requirement that the holder of a renewed analogue licence must do all it can to continue to provide a relevant DAB service is set out in statute (see section 104A(12) of the Broadcasting Act 1990). All licences renewed in this way include a condition to this effect. A failure to comply is liable to be a breach of the licence.*

A1.170 An individual requested that Ofcom explore the regulation of pricing of DAB carriage; in particular where there is a monopoly supplier in any given market, and with additional scrutiny where that monopoly supplier is also a competing commercial operator.

A1.171 *As set out in our enforcement guidelines, it is open to all stakeholders to bring a complaint if they have competition concerns. We are happy to meet with stakeholders to discuss their specific concerns.*

Other broadcast content responses

A1.172 Saon Group called for Ofcom to prioritise regulation of cross-promotional activity by channel 3 licence-holders.

A1.173 *Regulation of the cross-promotion of broadcasting-related services by licensees remains one of Ofcom's standing duties, and we will assess alleged breaches where there is appropriate evidence of an impact on competition or an adverse effect on consumers. The European Commission, rather than Ofcom, is exclusively responsible for enforcing European rules on the provision of state aid.*

A1.174 Dr Nesrine Abdel-Sattar, an individual, called for Ofcom to review:

- the level of gambling and credit/lending adverts and their effects on British society; and

- the advertising minutage rules.

A1.175 *Ofcom published research on the amount and frequency of gambling and payday loan advertising at the end of 2013. We will continue to monitor advertising of these products and work with other regulators and government to ensure that viewers are protected from advertising which may be misleading, harmful or offensive.*

A1.176 *Ofcom has examined the amount of advertising permitted on licensed services in detail on a number of occasions, most recently during 2011-12 when we concluded that the potential outcomes of further interventions were not clear enough to justify amendments to the existing rules. We will continue to review developments in this sector.*

> **Contribute to and implement public policy defined by Parliament**

Ensure that the EC's Connected Continent proposals are delivered in a manner that is consistent with UK interests

A1.177   A number of respondents expressed support for our engagement in this area, although a few specific issues were raised:

- the CWU believed that Ofcom should introduce a set of proposals along the lines of the EC's proposals on net neutrality;

- the FCS urged Ofcom to push for early implementation of the proposal for a single supplier registration process, and equivalent and accessible wholesale pricing across all member states; and

- Verizon considered it vital that the EC ensures that its decisions take business providers' requirements into account.

A1.178   Ofcom is working closely with the UK government to ensure that UK interests are properly reflected in the development and implementation of the EC's Connected Continent proposals. We will seek to minimise burdens on industry and ensure that the proposals reflect the interests of UK citizens and consumers, including in relation to traffic management policies.

Other public policy responses

A1.179   The Library Campaign called for Ofcom to express an opinion on the ongoing closure of public libraries.

A1.180   *Library closures fall outside Ofcom's remit.*

Deregulation and simplification

A1.181   DTG welcomed Ofcom's commitment to review detailed provisions in the technical codes; for example, bit-rate requirements on radio, and picture quality requirements on television.

A1.182   A number of respondents called for either a partial or full review of the General Conditions of Entitlement (GCs).

A1.183   Ofcom will continue to review the content of GCs as and when the need arises in connection with work in pursuance of our powers and duties. We do not currently plan to review all 24 GCs together, but would be happy to discuss representations from stakeholders on any areas which they think we should address.