



Simplification Plan

Reducing regulation and minimising administrative burdens

Statement

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Simplification Plan

Introduction

- 1.1 Ofcom is committed to reducing regulation and minimising administrative burdens on its stakeholders. We have a bias against regulatory intervention and, where we do need to intervene, we seek to use the least intrusive mechanisms. We also recognise the importance of keeping under review, and minimising, the burdens imposed by existing regulation. A key part of this is ensuring that our operational processes are efficient and user friendly.
- 1.2 This Simplification Plan sets out what Ofcom has done to reduce regulation since publishing our last Simplification Plan in December 2006, and outlines the further initiatives we will be taking over the coming year. For the purpose of consistency, any reference to “simplification initiatives” includes initiatives that are aimed at reducing regulatory burdens on our stakeholders, including administrative burdens associated with regulatory compliance.
- 1.3 The Government sees Simplification Plans as an important way of reducing the stock of existing regulation. It is committed to ensuring that it tackles unnecessary regulatory burdens on the private, public and third sectors in an increasingly competitive and global environment. Regulators and government departments will be reporting on the progress of their deregulatory initiatives by updating their Simplification Plans on an annual basis. Notwithstanding our status as an independent regulator, we welcome the Government’s initiative in this area.
- 1.4 Section 6 of the Communications Act 2003 (“section 6”) places a duty upon Ofcom not to impose burdens which are unnecessary or maintain burdens which have become unnecessary. It also requires Ofcom to publish a statement every 12 months, showing how it has fulfilled this duty. Our Simplification Plan shows explicitly how we have complied with section 6.
- 1.5 Ofcom published its last Simplification Plan in December 2006. This included an analysis of planned initiatives which were expected to lead to deregulation or reduced regulatory (including administrative) burdens on Ofcom’s stakeholders. However, in line with the principle of proportionality, it focused on the areas where the cost savings would be most significant such as spectrum liberalisation of Citizens’ Band Radio, Amateur Radio, Ships’ Radio and Business Radio.
- 1.6 The detailed table annexed to this Simplification Plan provides information on completed, new and ongoing initiatives, and the extent to which these have reduced – or are expected to reduce – regulatory burdens by removing, reducing or simplifying regulation.
- 1.7 Better regulation will continue to be a priority that cuts across all our work. Our Draft Annual Plan 2008/09 (to be published next week) sets out Ofcom’s strategic policy framework which shows what our key areas of focus are. In some areas, such as spectrum liberalisation, we have already announced proposals to make further significant reductions in regulation and administrative burdens. Furthermore, increased competition and convergence are likely to create further opportunities to remove formal regulation and extend co- and self-regulation. In other areas, new rules may be needed, but we will seek the least intrusive mechanisms available.

Ofcom's duties

- 1.8 Ofcom is the independent regulator and competition authority for the UK communications industries, with responsibilities across television, radio, telecommunications and wireless communications services.
- 1.9 Ofcom operates within a statutory framework created primarily by the Communications Act 2003 (the Act). Our principal duty is to:
- further the interests of citizens in relation to communications matters; and
 - further the interests of consumers in relevant markets, where appropriate by promoting competition.
- 1.10 The Act specifies certain outcomes which we must aim to achieve:
- a) the optimal use for wireless telegraphy of the electro-magnetic spectrum;
 - b) the availability throughout the United Kingdom of a wide range of electronic communications services;
 - c) the availability throughout the United Kingdom of a wide range of television and radio services which (taken as a whole) are both of high quality and calculated to appeal to a variety of tastes and interests;
 - d) the maintenance of a sufficient plurality of providers of different television and radio services;
 - e) the application, in the case of all television and radio services, of standards that provide adequate protection to members of the public from the inclusion of offensive and harmful material in such services;
 - f) the application, in the case of all television and radio services, of standards that provide adequate protection to members of the public and all other persons from both:
 - i) unfair treatment in programmes included in such services; and
 - ii) unwarranted infringements of privacy resulting from activities carried on for the purposes of such services.
- 1.11 There are also a number of outcomes which the Act specifies as desirable for Ofcom to achieve:
- promoting the fulfilment of the purposes of public service television broadcasting in the United Kingdom;
 - promoting competition in relevant markets;
 - promoting and facilitating the development and use of effective forms of self-regulation;
 - encouraging investment and innovation in relevant markets;

- encouraging the availability and use of high speed data transfer services throughout the United Kingdom; and
 - preventing crime and disorder.
- 1.12 Ofcom also has a large number of specific statutory duties which we are required to fulfil (over 250 separate functions are mandated by the Communications Act, and over a hundred by the Broadcasting Acts).

International context

- 1.13 The regulatory framework that governs the UK's communications sector is determined, to a large extent, internationally, particularly in Europe. Working with the UK Government, Ofcom can seek to influence how the regulatory framework evolves but ultimately we have to implement the legislation that is agreed. Of particular importance is the legislation that originates from the European Commission.
- 1.14 In the course of the last financial year the European Commission published a White Paper analysing its proposals on European regulations for the telecommunications sector. Ofcom responded by calling on the Commission to significantly reduce and simplify the regulatory burdens on the UK telecommunications sector. In particular, Ofcom asked for a simplified process for conducting and scrutinising market reviews and a reduction in the total number of market reviews to be conducted.
- 1.15 The Commission also proposed to examine the scope for simplifying and reducing the burdens associated with radio spectrum licenses. Ofcom expressed its support for these measures and intends to work with the Commission to develop its ideas in this area.
- 1.16 The Commission published its final proposals in autumn 2007 and negotiations in relation to these proposals will take place during 2008.

How Ofcom regulates

- 1.17 The Communications Act was one of the first major pieces of legislation to incorporate the better regulation principles developed by the Better Regulation Task Force (now Better Regulation Commission). These principles require Ofcom to act in a way which is transparent, accountable, proportionate, consistent and targeted. We must also have regard to any other principles representing best regulatory practice. This reflects Parliament's recognition that regulatory thinking would evolve.
- 1.18 Furthermore, as mentioned above, we have a duty to ensure that regulation does not impose burdens which are unnecessary, or maintain burdens which have become unnecessary. We are also required to carry out impact assessments, a process which helps promote better policy-making.
- 1.19 In analysing costs and benefits during impact assessments, it is necessary to apply the principle of proportionality, which means it will often be appropriate to focus on the most significant costs and benefits and not spend a disproportionate amount of time considering costs and benefits which are relatively minor. The application of the proportionality principle is evident in the way we have presented our list of initiatives, in the table annexed to this document; we have not considered it proportionate to quantify burdens including administrative burdens in every case. Our position is further elaborated in Ofcom's Impact Assessment guidelines (http://www.ofcom.org.uk/consult/condocs/ia_guidelines/condoc.pdf) stating that:

“we will normally quantify costs and benefits where possible, while recognising that we will rarely be able to do this precisely and that it will not always be proportionate to quantify all costs and benefits. Where precise quantification or valuation is not possible, we should aim to provide estimates or set out ranges of costs and benefits”.

- 1.20 Furthermore the depth of analysis we undertake and the amount of information we request from stakeholders in order to carry out the analysis must also be proportionate.
- 1.21 It is important to note, however, that the policy costs and benefits which result from our regulatory activities tend to be very significantly greater than the administrative burdens on stakeholders. For example, our current proposals to liberalise the use of spectrum would enable spectrum to be used more flexibly, paving the way for the development of innovative new applications. We estimate that the benefits of this approach could be several billion pounds in net present value.
- 1.22 In addition to carrying out impact assessments for the great majority of our policy decisions, we also consult widely with our stakeholders before making changes to regulation. By observing regulatory best practice, we aim to ensure that our decisions take account of the interests of all our stakeholders, and specify how the interests of citizens and consumers will be ultimately served.
- 1.23 In order to carry out our functions in accordance with best practice we have developed a set of regulatory principles, which are set out in figure 1.1.
- 1.24 In line with these principles, we operate with a bias against intervention and where intervention is necessary, use the least intrusive mechanism available. We have already taken substantial steps to reduce and simplify regulation and these activities have been highlighted each year in our Annual Report.

Figure 1.1: Ofcom’s regulatory principles

When we regulate

- Ofcom will operate with a bias against intervention, but with a willingness to intervene promptly and effectively where required.
- Ofcom will intervene where there is a specific statutory duty to work towards a public policy goal that markets alone cannot achieve.

How we regulate

- Ofcom will always seek the least intrusive regulatory methods of achieving our policy objectives
- Ofcom will strive to ensure that our interventions are evidence-based, proportionate, consistent, accountable and transparent in both deliberation and outcome.
- Ofcom will regulate with a clearly articulated and publicly reviewed annual plan with stated policy objectives.

How we support regulation

- Ofcom will research markets constantly and will aim to remain at the forefront of technological understanding.
- Ofcom will consult widely with all relevant stakeholders and assess the impact of regulatory action before imposing regulation on a market.

Ofcom's strategic approach

- 1.25 An important element of Ofcom's approach to regulation has been to conduct major strategic reviews; for example of telecoms, spectrum and public service broadcasting. In these reviews, we have considered how these sectors are likely to evolve and the key issues requiring regulatory action. In this way, we can target regulation more effectively and remove regulation which is no longer necessary, with any such reduction generally leading to a reduction in the administrative burdens on stakeholders. For example, our strategic review of telecoms led to targeted regulation of BT to promote competition from other operators, and de-regulation in the form of the lifting of BT's retail price control.
- 1.26 As figure 1.2 (below) shows, spectrum liberalisation is a major ongoing project for Ofcom. Our objective is to maximise the value created by use of the radio spectrum while at the same time protecting existing users. Value will be maximised by encouraging innovation, by removing barriers to entry for new companies or technologies, and by minimising the time that spectrum sits unused.
- 1.27 We also seek to use the least intrusive means of achieving our objectives. With this principle in mind, we have established adjudicators to speed up decision-making and facilitate industry-led solutions. For example, the telecoms adjudicator has reduced the number of disputes about local loop unbundling and has helped deliver improved processes. The adjudicator for the television advertising market has also proved successful in resolving disputes between ITV and its advertising customers. Another example is our co-regulatory approach to handling complaints about TV and radio advertising. Responsibility for dealing with such complaints has been transferred to the Advertising Standards Authority. This had the effect of streamlining regulation, with all complaints about advertising now being handled by one body.
- 1.28 It is worth noting, however, that in order for us to perform our regulatory functions we have to impose some administrative burdens on our stakeholders, for example, by gathering the evidence needed to support our decisions. Furthermore, responding to consultation documents does place a significant burden on our stakeholders, but consulting widely and transparently is important for two main reasons: to ensure that stakeholders have a chance to comment on and influence our decisions; and because stakeholders often have the information we need to make robust, evidence-based decisions. Nevertheless, we are exploring ways in which we can improve the way we consult and minimise the administrative burdens on stakeholders.

The administrative burden Ofcom imposes

- 1.29 The Better Regulation Executive (BRE) estimated last year that the cost of the administrative burden imposed on Ofcom's stakeholders was around £6m. The BRE is a Unit within the Department for Business, Enterprise and Regulatory Reform (BERR) responsible for providing guidance on regulatory impact assessments and better regulation. In reaching this amount, the BRE considered the obligations to both provide information directly to Ofcom and to provide information to third parties, for example, to publish price information. The BRE did not conduct a similar exercise this year, and it would have been disproportionate for Ofcom to revise the estimated figure by going through again the impact of every one of our regulations, given the relatively small amount of administrative burdens compared with the policy costs and benefits of our work.

- 1.30 We believe, as we stated last year, that there may be additional administrative burdens on our stakeholders which the BRE's approach did not identify. For example:
- where obligations are imposed through sectoral regulation (rather than being linked to a specific legislative clause), the associated administrative burden may not have been taken into account; and
 - it focuses on the burdens imposed by specific legislative provisions, so the burden on stakeholders of responding to the wide range of consultations which Ofcom carries out may not have been reflected in full.
- 1.31 As a result, we believe that the figure of £6m does not fully reflect the total administrative burden on our stakeholders.
- 1.32 Ofcom has undertaken a number of simplification initiatives to either reduce the regulatory burdens imposed on its stakeholders or the administrative burdens associated with regulatory compliance, and we discuss these below.

Progress update for last year's main simplification initiatives

- 1.33 Ofcom estimates that four of the most significant simplification initiatives during the last year will between them allow stakeholders to reduce their administrative burden by £0.78m and achieve total cost savings of £3.48m. This amount reflects the combined effect of our work in liberalising:
- i) Citizens' Band Radio; we have made all Citizens' Band (CB) radio use licence exempt. This has reduced the administrative burden for approximately 17,000 CB radio users by about £0.08m, as they are no longer required to apply for a Wireless Telegraphy Act licence in order to operate CB radio equipment. Furthermore, we estimate that CB radio users can achieve further cost savings of at least £0.3m through the removal of licence fees.
 - ii) Amateur Radio; Ofcom migrated approximately 60,000 amateur radio licensees from annual licences to lifetime licences. We estimate that this will reduce the cost to amateur users by as much as £0.9m while a reduction in administrative burden of £0.2m could be achieved by the fact that licensees will now have to contact the regulator once every five years in order to maintain the lifetime licence, and not every year.
 - iii) Ships' Radio; Ofcom migrated approximately 70,000 ships' radio licensees (65,000 ships' radio and 5,000 portable ships' radio) from annual to lifetime licences reducing the licensees' costs by as much as £1.3m. Furthermore, licensees are now required to contact the regulator once every ten years in order to maintain the lifetime licence (instead of annually). We estimate this will reduce their administrative burden by £0.3m per year.
 - iv) Business Radio; As figure 1.2 (below) shows, following our liberalisation of business radio, licence holders will be able to change the way they use spectrum, or trade it, without Ofcom's approval. Furthermore, through improvements to our operational systems, we have simplified the process of applying for, or renewing a licence, hence reducing the administrative burdens on users of business radio by an estimated 50% (£0.2m). Additional cost savings of £0.2m will be achieved by the fact that licensees will now have to renew their licences less frequently.

1.34 We have also completed a number of other simplification initiatives that have reduced the administrative burdens on stakeholders. In these cases however it would not have been proportionate to quantify the reductions. The most significant of these initiatives are summarised below and more details are given in Part A of the table annexed to this document:

- We have reviewed the financial reporting obligations on BT in order to maximise the value of the financial information we obtain and minimise the burden on BT. In addition to the changes made to the audit requirements in 2006, audit requirements relating to the published Long Run Incremental Costs (LRIC) data have now been removed.
- We no longer apply the requirement on BT to publish the charges for its communications services to the extent that these charges applied to businesses spending in excess of £1m per annum on those services. We have also relaxed the regulation of BT's business exchange lines, to allow them to be included in bespoke bundles of business services, subject to certain pricing rules.
- We lifted the regulation of BT's wholesale international call services to 235 international destinations and we are also currently consulting on plans to remove regulation on BT's wholesale broadband services in some parts of the country.
- We are in the process of introducing a permanent scheme for Community Audio Distribution Services (CADS) with minimum licensing requirements, providing local communities with a useful facility that has not been previously available. For example we expect religious communities to use CADS to provide housebound members of congregations with the means to listen to local religious services.

1.35 Underpinning many of these policy changes is substantial investment in our Information Systems (IS) in order to streamline and improve the services that we offer to stakeholders. In particular, we are enabling spectrum users to apply for and receive their licences on-line and encouraging as many users as possible to use this facility. At the same time we are maintaining a manual, paper-based system for those who prefer to make their applications by post.

Figure 1.2 - Case Study: Liberalisation of Business Radio

Case Study: Liberalisation of Business Radio

During 2007 Ofcom has implemented major changes to the way that business radio is regulated. This has substantially reduced the administrative burdens on small businesses.

Ofcom currently issues over 50,000 licences to business radio users such as high street taxis and couriers. As a result of liberalising business radio, licence holders will be able to change the way they use spectrum, or trade it, without Ofcom's approval. They will also have to renew their licences less often. For example, some taxi firms will now have to renew their licences every 5 years and not every 1-3 years. And by investing in improvements to our operational systems, the process of applying for, or renewing a licence, is much easier and quicker. What used to be a 45-section paper application form has now been reduced to a 2-section online form. We estimate that these changes will reduce the administrative burdens on users of business radio by 50%, leading to cost savings of £0.4m.

New and on-going simplification initiatives

- 1.36 As well as completing the simplification initiatives mentioned above, we are carrying out a range of new initiatives that will reduce the administrative burdens on our stakeholders. It is often difficult to quantify in advance the extent to which burdens will be reduced until the exact policy has been decided. It is also sometimes disproportionate, because burdens are often small. However, we have quantified the expected cost reductions in two substantial policy areas, and believe the total of these could be as much as £13.1m.:
- i) '*Future of Radio*' proposals: Ofcom is consulting on proposed changes to the radio licensing regime including (a) new standardised guidelines for locally made programmes on commercial radio; (b) simplified format requirements; (c) simplified ownership rules while protecting plurality and (d) revisiting the licence length and funding restrictions for community radio. Subject to the outcome of our consultation, some of these proposed changes could require amendments to legislation. Our proposals could potentially allow stakeholders to save as much as £11.7m in costs to their businesses which result from regulation.
 - ii) Spectrum Information: Information is an essential pre-requisite for the establishment of a functioning market. Ofcom is developing further its IS systems to facilitate self-coordination and interference management amongst spectrum users. Consequently, the locus of spectrum management will be transferred from the regulator to spectrum users. By providing information on UK spectrum use to the European Frequency Information System (EFIS), we estimate that stakeholders could potentially reduce their associated administrative costs by as much as £1.4m.
- 1.37 As discussed above, the expected policy costs and benefits of our regulations, to society and the economy as a whole, massively exceed the administrative costs and benefits. We estimate two of our main initiatives currently underway will bring about policy benefits to citizens and consumers of £7.15bn:
- i) The liberalisation of spectrum currently used by Mobile Network Operators for 2G services; Ofcom is proposing that restrictions on the use of 900MHz band should be removed, allowing it to be traded or to be used for new services and technologies. Wider access to the 900 MHz band is needed to ensure that competition and innovation continue to thrive in the UK mobile sector. We estimate that the proposed changes will lead to benefits for citizens and consumers in the order of £6.25bn.
 - ii) Allowing neighbouring spectrum usage rights (SUR) holders to negotiate between themselves any changes of their use of spectrum, with reduced involvement from the regulator; Under the existing regime, licence holders have rarely requested a change in licence terms. The main benefits of the changed policy come from the ability to use spectrum for new innovative applications more widely than would otherwise be possible. In our consultation document we estimated these as being potentially £0.9bn a year.
- 1.38 Some of our other initiatives include:
- Reducing restrictions on the use of spectrum, for example:
 - Ofcom is consulting on proposals to enable airlines to offer mobile communications services on UK-registered aircraft if they wished to do so.

- Facilitating innovation by providing greater certainty, improved clarity and a clearer process for the evaluation of 'non-standard' spectrum requests.
- In the context of the Next Generation Access ("NGA") networks Ofcom published a consultation paper analysing the outlook for future broadband with proposals for future regulation of this new communications infrastructure. Ofcom's aim is to provide regulatory clarity for investors and to facilitate timely and efficient investment in very high speed broadband networks. We recognise the risk that regulating prematurely could impose unnecessary burdens and could stifle competition and innovation. In the consultation paper, Ofcom specifically proposes that:
 - regulation must reflect the significant commercial investment risk associated with deployment of these networks in order to ensure incentives for investment are retained; and
 - investment in these networks requires regulatory clarity. It is important that the regulatory regime remains in place for a sufficient time to allow investors the long-term clarity they need to invest with confidence.
- In the light of the new Audio Visual Media Services ("AVMS") Directive, Ofcom is investigating the scope for changes to the Rules on Amount & Distribution of Advertising ("RADA"). The AVMS Directive, which sets minimum standards for broadcasting, will remove a number of existing rules about ad-break insertion and distribution, as well as liberalise the rules relating to the number of permitted minutes of advertising.
- Ofcom is improving its Market Intelligence Database where annual data for Telecoms operators and licensees are stored. Greater efficiency and a quicker process of data collection will ensure compliance from an increasing number of operators and licensees.
- Our market review on Geographic Leased Lines: A discussion document on disaggregated markets was published in March 2006 and a summary of the responses to this discussion document was published in November 2006. We are now in the process of the market review of leased lines and expect to consult on the review in Q3 2007/08. Ofcom's approach to defining non-national geographic markets, where appropriate, may lead to regulation being imposed in a more targeted way.
- Reviewing and simplifying Ofcom's General Conditions: We will be producing a simplified set of General Conditions, offering streamlined and more accessible guidance for Communications Providers (CPs), such as small Internet Service Providers (ISPs), on how to comply. Clearer rules will reduce their cost of compliance by CPs and may even do away with their potential need to seek legal advice on compliance issues. Improved compliance of the General Conditions by CPs will also allow consumers to benefit from an overall improved service.

Figure 1.3 - Case Study: 'Future of Radio' proposals on localness

Case Study: 'Future of Radio' proposals on localness

Ofcom has announced plans to change the way local commercial radio is regulated. Small radio stations will be allowed to share premises with other stations in the same region rather than being based in the local area that they serve.

Ofcom is required by statute to regulate local analogue commercial radio to secure diversity of output and a suitable amount of local material. Having conducted a public consultation and deliberative research with citizens, we decided to simplify the rules.

Around 100 small stations are under common ownership and we decided that it would be possible for such stations to remain in touch with their local communities while being co-located with other stations in a regional centre. This will lead to significant economies of scale and enable stations to reduce administrative costs by as much as £11.7m. These cost savings will help local commercial radio to remain economically viable and continue to provide a diverse range of local programming.

- 1.39 Part 'A' of the annexed table below provides details of all the simplification initiatives that Ofcom has recently completed ("Completed"), whereas Part 'B' of the table focuses on those initiatives that Ofcom is implementing ("Ongoing"); has further advanced recently ("Further Advanced") and/or is in the course of implementing due course ("New").
- 1.40 For all the initiatives listed below, the name of the person to contact for more information is shown. They can be emailed in the following way (firstname.secondname@ofcom.org.uk) or contacted via the Ofcom switchboard on 020 7981 3000.

Part A. Table of Simplification initiatives (completed)						
Issue & planned simplification work	Policy objective & stakeholders who will benefit	Reasons for examining issue	Update on progress & key milestones	Estimated impact on regulatory burdens and/or benefits to be realised	Contact	Current status
Citizens' Band – to reduce the regulatory burden on users of Citizens' Band	To reduce regulatory burdens for users of Citizen's Band (CB) radio equipment.	Part of wider review of spectrum licensing aimed at reducing administrative burdens.	<p>A consultation proposing to make CB, and Community Audio Distribution Services (CADS-see below), exempt from the need for a Wireless Telegraphy Act licence ended in September 2006.</p> <p>A second consultation, on the draft Wireless Telegraphy Act Exemption Regulations, closed in November 2006, with the requisite statutory regulations being adopted on 8 December 2006.</p> <p>It is now no longer necessary to hold a Wireless Telegraphy Act licence in order to operate CB radio equipment, provided that the equipment is operated in accordance with the Wireless Telegraphy (Exemption) (Amendment) Regulations 2006.</p>	<p>Reduction in administrative burdens</p> <p>Ofcom has made all CB radio use (including CADS) licence exempt. This has reduced the administrative burden for approximately 17,000 CB radio users who are no longer required to hold a Wireless Telegraphy Act licence in order to operate CB radio equipment.</p> <p>We estimate that the cost to CB radio users has reduced by at least £0.3m through the removal of licence fees.</p> <p>Furthermore, it is no longer necessary for CB radio users to contact the regulator in order to apply for or maintain a CB radio licence. This compares with the previous system of annual licensing that required the licensee to contact the regulator (at least) once a year. We estimate that this has resulted in an additional saving of £0.08m per year (assuming that applying for/renewing a licence previously</p>	Steve Roper	Completed

Part A. Table of Simplification initiatives (completed)						
Issue & planned simplification work	Policy objective & stakeholders who will benefit	Reasons for examining issue	Update on progress & key milestones	Estimated impact on regulatory burdens and/or benefits to be realised	Contact	Current status
				<p>took around 0.5 hours and valuing this at £9.48 /hour).</p> <p>The reform also resulted in a significant reduction in Ofcom's operational costs.</p>		
Extending licence exemption – a broad range of exemptions beyond Citizens' Band (e.g. "micro" FM transmitter, High Density Fixed Satellite Service terminals, Short Range Radar and Radar level gauges)	To reduce regulatory burden and enable access to spectrum for new equipment. (e.g. "micro" FM transmitter, High Density Fixed Satellite Service terminals, Short Range Radar and Radar level gauges). Will bring benefits to spectrum users and consumers.	Reducing regulatory burdens and enabling the use of innovative new technologies form part of implementing Ofcom's Spectrum Framework.	Consultation closed in September 2006. New regulations have come into force in December 2006.	<p>Reduction in administrative burdens</p> <p>The result of our planned approach is that many users (the estimated numbers of users for each service is detailed in the impact assessment at http://www.ofcom.org.uk/consult/condocs/exemption/) will have access to a range of radio equipment without any requirement for licensing. This will result in lower costs for Ofcom, consumers and the industry and will encourage innovation. These estimated costs are detailed in the impact assessment at http://www.ofcom.org.uk/consult/condocs/exemption/</p>	Anirban Roy	Completed
Amateur radio – implement a lighter licensing regime	To reduce administrative burdens for	Part of wider review of spectrum	The initial consultation ended in August 2005 and the policy statement was published in	Reduction in administrative burdens	Steve Roper	Completed

Part A. Table of Simplification initiatives (completed)						
Issue & planned simplification work	Policy objective & stakeholders who will benefit	Reasons for examining issue	Update on progress & key milestones	Estimated impact on regulatory burdens and/or benefits to be realised	Contact	Current status
for amateur radio use.	amateur radio licensees.	licensing aimed at reducing administrative burdens.	<p>February 2006.</p> <p>The consultation on licence fee proposals ended in May 2006 and a policy statement was published the following July. A Notice of Ofcom's Proposal to Amend the Wireless Telegraphy (Exemption) Regulations 2003 was published in October 2006 and the new fee structure was implemented on 1 December 2006, when the online licensing system went live.</p>	<p>Ofcom migrated approximately 60,000 amateur radio licensees from annual licences to lifetime licences as planned. Lifetime licences were mailed to existing licensees free of charge. There is now no charge for an amateur radio licence, providing the application is made on-line.</p> <p>We estimate that this will reduce the cost to amateur users by as much as £0.9m through the removal of licence fees (depending on the number of users that choose to use the on-line licensing system).</p> <p>Furthermore, it will only be necessary for the licensee to contact the regulator once every five years in order to maintain the lifetime licence. This compares with the previous system of annual licensing which required the licensee to contact the regulator once each year. We estimate that this has resulted in an additional saving of £0.2mper year (assuming that applying for / renewing / validating a licence</p>		

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				<p>takes around half an hour and valuing this at £9.48 /hour).</p> <p>The reform has also resulted in a significant reduction in Ofcom's operational costs.</p>		
Ships' radio – implement lighter licensing regime for ships' radios.	To reduce administrative burdens for ships' radio licensees.	Part of wider review of spectrum licensing aimed at reducing administrative burdens.	<p>The initial consultation ended in August 2005 and the policy statement was published in February 2006.</p> <p>The consultation on licence fee proposals ended in May 2006 and a policy statement was published the following July. A Notice of Ofcom's Proposal to Amend the Wireless Telegraphy (Exemption) Regulations 2003 was published in October 2006 and the new fee structure was implemented on 1 December 2006, when the online licensing system went live.</p>	<p>Reduction in administrative burdens</p> <p>Ofcom migrated approximately 70,000 ships' radio licensees (65,000 ships' radio and 5,000 portable ships' radio) from annual to lifetime licences as planned. Lifetime licences were mailed to existing licensees free of charge. There is now no charge for a ship radio licence providing that the application is made on-line.</p> <p>We estimate that this will reduce the cost to ships' radio and portable ships' radio users by as much as £1.3m due to the removal of licence fees (depending on the number of users that choose to use the on-line licensing system).</p> <p>Furthermore, it will only be necessary for the licensee to</p>	Steve Roper	Completed

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				<p>contact the regulator once every ten years in order to maintain the lifetime licence. This compares with the previous system of annual licensing which required the licensee to contact the regulator once each year. We estimate that this has resulted in an additional saving of £0.3m per year (assuming that applying for, renewing or validating a licence takes around half an hour and valuing this at £9.48 per hour).</p> <p>The reform has also resulted in a significant reduction in Ofcom's operational costs.</p>		
<p>Wireless Telegraphy Act consolidation – simplifying the legislation which governs wireless telegraphy</p> <p>NB This measure was initiated by the government (HMG) but is included here</p>	<p>To simplify and codify the law to make it more transparent, and easier to understand and interpret.</p> <p>All spectrum users and Ofcom will benefit from consolidating all legislation related</p>	<p>The relevant legislation was spread over 6 separate statutes dating back to 1949. Multiple amendments since then had made the legislation unwieldy and difficult to follow.</p>	<p>The Wireless Telegraphy Act 2006 was passed on 8 November 2006 and came into force on 8 February 2007. It consolidated the legislation from six statutes into a single, logically ordered comprehensive Act. Ofcom played a major role in preparing the legislation and supporting the Department of Trade and Industry (DTI) - now Department for</p>	<p>The main benefit of consolidating the Act is the fact that businesses and Ofcom will now find it easier to understand and comply with the relevant provisions applicable to them.</p> <p>The burden of compliance with the Act will therefore be reduced.</p>	Laurence Green	Completed

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Issue & planned simplification work	Policy objective & stakeholders who will benefit	Reasons for examining issue	Update on progress & key milestones	Estimated impact on regulatory burdens and/or benefits to be realised	Contact	Current status
because it formed part of Ofcom's work to reduce regulatory burden.	to wireless telegraphy in one place.		Business, Enterprise & Regulatory Reform (BERR) - during the parliamentary process. The transition to the new Act was successfully managed so that Ofcom's processes operated seamlessly.			
Higher power for licence-exempt spectrum in rural areas – exploring the potential for removing regulation	Allow higher power use of licence-exempt spectrum in areas with little broadband infrastructure to enable increased availability of broadband.	Stakeholders have asked to be able to use higher power and there is evidence that consumers are using higher power illegally with apparently few problems.	Consultation published in July 2006. As a result of the responses decided not to proceed with this initiative for the bands studied apart from proposals to increase power in the 5.8GHz band. Statement published Q1 2007 informing users that increased powers in the 5.8GHz band were allowed.	Business case to provide broadband services in rural areas using the 5.8GHz band was enhanced. In addition, consumers throughout the UK may gain the benefits of reduced equipment costs from economies of scale due to the alignment of UK regulations with the ECC Recommendation for use of the band.	William Webb	Completed
Community Audio Distribution Services – to introduce a lighter licensing or licence-exempt regime for Community Audio	To introduce a permanent scheme for Community Audio Distribution Services (CADS) with minimum licensing requirements.	Part of wider review of spectrum licensing aimed at reducing administrative burdens.	A consultation proposing to make CB (and also CADS) exempt from the need for a Wireless Telegraphy Act licence ended in September 2006. A second consultation on the draft Wireless Telegraphy Act Exemption Regulations closed in	CADS will provide local communities with a useful facility that has not been previously available. The demand for CADS has arisen primarily from religious communities. Such services provide a way for housebound	Steve Roper	Completed

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Distribution Services (CADS).	CADS allow live onward transmission of a community event (using CB radio equipment).		<p>November 2006.</p> <p>The requisite statutory regulations were adopted on 8 December 2006, after which it was no longer necessary to hold a Wireless Telegraphy Act licence in order to operate CB (or CADS) radio equipment, providing that the equipment is operated in accordance with the Wireless Telegraphy (Exemption) (Amendment) Regulations 2006.</p> <p>A separate consultation proposing to make CADS exempt from the need for a Broadcasting Act licence was published in April 2006. The subsequent policy statement was published in September 2006.</p> <p>The DCMS consultation proposing to make CADS exempt from the need for a Broadcasting Act licence was published in October 2006 and closed on 5 December</p>	<p>members of congregations to hear local religious services.</p> <p>This significant social benefit, particularly for vulnerable people, was the main reason for Ofcom making CADS permanently available.</p> <p>While we expect that initially mainly religious communities will use CADS, we expect other community groups to also make use of these facilities for similar purposes.</p>		

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			2006. CADS subsequently became exempt from the requirement to hold a Broadcasting Act licence on 19 March 2007.			
Review of site clearance and National Frequency Assignment Panel (NFAP) procedures – review procedures relating to site clearance and NFAP in order to streamline the authorisation process.	To further reduce regulatory burdens on spectrum users by exempting certain classes of users or automating IS processes.	Long-standing processes have been criticised as over-cautious and resource-intensive.	A thorough review of the previous NFAP and Site Clearance procedures, and other mechanisms for coordinating frequency use, meant that the provisional target to implement the changes by the end of 2006/7 was not met. However this work has now been completed, agreement reached through the relevant government committee and the NFAP and Site clearance processes ceased on 31 August 2007. Notices have been placed on the Ofcom website, including details of the ongoing frequency band and radio service specific mechanisms for frequency coordination.	Significant reduction in workload for all Wireless Telegraphy Act Licensees subject to frequency and site clearances i.e. Mobile, Satellite, Amateur, Maritime, Broadcasting, Fixed, Business Radio, Broadband, Non-operational users. Ofcom does not have the information available to estimate the cost saving to licensees. However the removal of the requirement for licensees to adhere to these processes will reduce the licence turnaround times/approval to use sites by 14-28 days.	Mike Goddard	Completed
Charging for	To mitigate or	The Numbering	Consultation document on	No existing burdens reduced, but	Stephen	Completed

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<p>numbers – consider whether market mechanisms might be used to avoid or reduce the need for more intrusive regulatory intervention</p>	<p>avoid interventions (e.g. overlay codes in specific geographic areas) that would be visible to consumers, in line with our Numbering Principles. This would reduce confusion among consumers and administrative inconvenience for telecoms operators.</p>	<p>Strategy suggested that it was possible that overlay codes could be required in 6-11 geographic areas.</p>	<p>charging Q4 2006/7. Statement on charging 2007/8.</p> <p>Ofcom decided not to pursue the subject further</p>	<p>the extent of future interventions to increase the supply of numbers might be reduced. The legal requirement not to discriminate between operators meant that the level of charge that could be levelled would not have been sufficient to significantly affect behaviour. Given the other competing priorities for Ofcom resources it was decided not to proceed with the project</p>	<p>Gibson</p>	
<p>Appeals for donations – possible removal of ban preventing commercial TV broadcasters from broadcasting appeals for donations to make programmes or fund services.</p>	<p>To consider whether to allow commercial TV broadcasters to use this extra source of revenue. This would create a level playing field for commercial TV and commercial radio</p>	<p>In line with Ofcom's duty to look for ways of removing unnecessary burdens on broadcasters. Also potential benefits for viewers if removing the ban allowed</p>	<p>Consultation closed in June. Policy statement was published in Q3 2006/07.</p>	<p>The consultation document provided a range of estimates for the value of appeals and suggested that the most likely outcome was towards the bottom end of these i.e. £50,000 p.a. for a local/community channel, £150,000 p.a. for a religious/ethnic channel and £1.9m p.a. for Channel 4. However, Channel 4 has said that it has no plans to broadcast appeals and not many</p>	<p>Mike Johnson</p>	<p>Completed</p>

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	(which is already allowed to broadcast such appeals). The main beneficiaries are likely to be religious, ethnic, local and community broadcasters.	broadcasters to provide programmes or services which would not otherwise be available, e.g. more religious programming.		other channels have said that they would be interested in doing so either. Also, some new safeguards will be needed to protect viewers from fraud and exploitation which may add to the cost of administration for Ofcom and broadcasters.		
Channel sponsorship – proposal to remove the prohibition on the sponsorship of television channels and radio stations.	To remove unnecessary regulation. Funding opportunities for broadcasters will be increased.	Desire of broadcasters to broaden broadcast sponsorship opportunities.	Consultation published in February 2006 and closed in April 2006. Policy statement published in October 2006	Greater freedom for broadcasters to create sponsorship opportunities that best fit their service.	Suzanne Wright	Completed
BT financial reporting – review of BT's financial reporting regime, including scope for reducing obligations	To maximise the value of regulatory financial information and minimise the burden in meeting regulatory	Changes in markets have prompted a review of the information needed.	Following a statement on audit obligations published in Aug 2006, Ofcom consulted on changes to BT's financial reporting obligations. The requirements for a new format for the regulatory financial report were set out in a statement published in May 2007 and incorporated	The simplification of the reporting requirements and the ending of the requirement to procure an audit opinion on the LRIC data is likely to result in a small cost saving to BT.	David Brown	Completed

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	obligations.		in the 2006/07 financial statements, published in September 2007. The stated objectives included simplifying reporting and aiding understanding. In addition to the changes made to the audit requirements in 2006, audit requirements relating to the published Long Run Incremental Costs (LRIC) data have now been removed.			
International strategy on content/ broadcasting – work with industry stakeholders to lead the debate on regulatory approaches and on scope for effective self-regulatory and co-regulatory models.	To promote effective, light-touch and low-cost self-regulation of audiovisual content. Such an approach has been proven to provide more effective protection for consumers than government or regulator-	The new Audiovisual Media Services Directive did not provide for a correct legal framework for co and self-regulation.	The Audiovisual Media Services Directive was successfully negotiated throughout 2006/2007. The scope of application was narrowed and clear articles in favour of implementation through self/co-regulation and media literacy were introduced.	Thanks to the narrower scope, the direct costs of imposing new regulation in this area across the EU have been significantly reduced, from original estimations made by Ofcom which ranged from £54m to £3,6bn The UK Government and Ofcom have repeatedly stated their preference for a light touch implementation essentially through self and co-regulation, building up on existing UK systems. The Directive also introduces the possibility to liberalise advertising	Alex Blowers	Completed

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	imposed regulation and also provides a less risky and more transparent framework for innovation and investment in new media services.			rules with potential increased benefits for broadcasters.		
Reducing regulation of digital terrestrial TV platform – considering the scope for de-regulation	To review the restrictions on digital terrestrial TV (DTT) multiplexes. Consumers, DTT multiplex operators and broadcasters will benefit.	The DTT platform is currently subject to a high level of regulation compared to other TV platforms.	Removed Pay TV restrictions in March 2006.	Removal of the Pay TV restriction will allow the relevant multiplex operator to provide capacity for pay TV services.	Justin Moore	Completed
			Guidance on DTT data limits published in December 2007.	Guidance for DTT data limits increases the clarity of existing regulation and hence reduces the uncertainty and regulatory costs of complying with it.	Justin Moore	Completed
			Considering widening the range of technical compression and transmission standards that can be used by DTT mix operators (possible consultation Q4 07/08)	A wider range of permitted technical standards could increase the range of services that could be offered on the DTT platform.	Peter Madry	Ongoing

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Aeronautical radio – identify ways to reduce the regulatory burden of spectrum licensing in the aeronautical sector.	To review aeronautical radio licensing policy to determine whether it is consistent with the level of regulatory intervention required to ensure the efficient use of aeronautical radio spectrum. Ofcom will consider the impact of any proposed reforms on both industry and on the regulator.	Part of wider review of spectrum licensing aimed at reducing administrative burdens.	This work has been put on hold to allow for the implementation of the Independent Audit of Spectrum Holdings (Cave Audit) analysed on p.27 below.	Where appropriate, we will recommend and implement aeronautical radio licensing reforms. The extent to which regulatory burdens will be reduced will be determined during the feasibility study stage.	Steve Roper	On hold - pending the Cave Audit.
Business radio – simplifying current licensing arrangements	To simplify current licensing arrangements, reduce regulatory burdens on	The proposals form part of Ofcom's phased approach to introducing the	Consultation launched in July 2006 with Ofcom's intention to proceed with measures confirmed by statement in	The current 21 licence types will be reduced to three basic types. 35,000 licences will be simplified. Licensees will benefit from the	Russell Kent-Smith	Part-completed/ Ongoing

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	<p>stakeholders, increase technical flexibility, and extend the spectrum market in this sector.</p> <p>Specifically Ofcom is proposing to:</p> <p>a) introduce significant additional liberalisation to the sector through the adoption of more flexible licences and spectrum management techniques;</p> <p>b) extend the ability to trade spectrum to a considerably increased range of licence classes</p>	<p>recommendations of the Spectrum Framework Review (SFR).</p> <p>The proposals also exploit the opportunities offered by new IS systems which we are introducing. They will enable simplification and the provision of better services to stakeholders.</p>	<p>January 2007.</p> <p>Expectation is that implementation programme will commence in quarter 1 2008.</p> <p>Strong inter-dependencies with IS development may affect delivery timescales.</p>	<p>ability to trade spectrum and from increased flexibility, e.g. the ability to change the use of the spectrum without Ofcom approval.</p> <p>15,000 licences will be streamlined even further, through a 'light licensing' regime in which Ofcom will not make any assignment, instead the user will manage his own allocation. This process extends the renewal cycle from the existing 1 or 3 years to a standard 5 years, therefore reducing administrative burdens by around 50%. A 45-section (10-page) application form will be reduced to a 2 section online form.</p> <p>The cost to users of these categories of business radio licences should reduce by £0.2m due to reduced requirements for licence fees.</p> <p>Licensees will also benefit from simpler and less frequent licence application or renewal. Assuming that the time per application is reduced from two hours to one</p>	Paul Jarvis	

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	<p>and licensees; and</p> <p>c) simplify and rationalise our licensing arrangements to make them simpler and more flexible, adopting more deregulatory approaches to authorisation where appropriate.</p> <p>The business radio sector encompasses a wide range of services and users from high street taxis and couriers to large businesses and the emergency services. Ofcom currently issues over 50,000 radio</p>			<p>hour, and valuing this at £16 per hour, an additional saving of around £0.2m could be achieved.</p>		

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	licences in this sector.					
Mobile spectrum trading and liberalisation – extending trading and liberalisation to mobile spectrum	To apply the policies of spectrum trading and liberalisation to licensed spectrum that is already used, or could be used, for the provision of mobile services. Will benefit users of spectrum and consumers.	To secure more efficient use of the radio spectrum, promote competition and innovation, and thereby bring benefits to consumers.	Ongoing programme of work. Consultation on liberalisation of 2G bands and 2.1GHz published in September 2007. Statement and further publications due in 2008.	The liberalisation of the 2G spectrum should lead to significant benefits to consumers and citizens, which Ofcom has estimated could be in the order of £6.25bn. The application of trading to this spectrum will make the process for changing ownership of the spectrum simpler and more market based in future.	Tim Cross	Ongoing
Implementation of the Independent Audit of Spectrum Holdings (Cave Audit) – encouraging more efficient use of public sector spectrum holdings	To achieve more efficient use of the radio spectrum. The main stakeholders are public sector spectrum users, aeronautical and maritime users, and other private	This is a HM Treasury initiative to improve spectrum efficiency across public sector holdings through the wider use of market mechanisms including Administered	Work is progressing well in line with the Government's response to the Cave Audit. Government stakeholders are engaged and committed to achieving the goals set out in the response. The Government Forward Look 2007 was published in March, setting out plans for future management and use of public sector spectrum	HMT estimate that £1bn in benefits will accrue from implementation of the Cave Audit's recommendations. In some cases new regulations will be required to deliver these benefits. Ofcom will conduct an impact assessment and consult before introducing any new regulations.	Jeremy Cain	Ongoing

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	sector users. Main beneficiaries will be UK spectrum users, public sector bodies and UK taxpayers.	Incentive Pricing (AIP), trading and liberalisation.	holdings. Ofcom has consulted on proposals for a framework to allow trading of public sector holdings and also published a report into the application of AIP to aeronautical and maritime spectrum. We expect to consult on this matter in late 2007 or early 2008. Technical studies supporting spectrum efficiency initiatives are also progressing.			
Review of policy on licence-exemption – As shown by various initiatives elaborated above, Ofcom is considering whether more spectrum could be made licence-exempt	To allow more applications and users to share the licence exempt spectrum without excessive interference. This will benefit all users of the spectrum, i.e. most people in the UK.	The need to gather evidence to inform future decisions about the designation of spectrum as licence-exempt.	Consultation published April 2007 suggesting licence exempted bands on a “commons” model with politeness protocols mandated. Responses were all supportive. Statement published in December 2007	If it allows spectrum users to use licence-exempt spectrum rather than applying for a licence, then the regulatory burden will be almost completely removed for these users. If the applications are widespread this may be many thousands of entities.	William Webb Reza Karimi	Ongoing

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<p>Regulation of mobile communications on aircraft (MCA) –considering the scope for de-regulation</p>	<p>To promote efficient use of the radio spectrum and encourage innovation by enabling new services to be provided.</p> <p>Mobile network operators, the airline industry and consumers will benefit.</p>	<p>Among the airline and telecoms industries, there is considerable commercial interest in introducing public mobile communications on aircraft.</p> <p>Opening of new markets based on the existing GSM subscriber base is likely to generate consumer benefits and wider economic activity.</p>	<p>After publishing a discussion document in April 2006 Ofcom issued a summary of stakeholder views in October.</p> <p>Since then, the EU has progressed pan-European proposals for a common technical and authorisation approach to MCA. Ofcom has published a consultation in October 2007 with proposals to enable airlines to offer mobile communication services on UK-registered aircraft, if they wish to do so. The consultation closed on 30 November 2007.</p>	<p>Licensing the use of mobile phones on aircraft will remove a regulatory restriction on when and where people can use their mobile phones. The extent to which regulatory burdens will be reduced will depend on the approach that Ofcom decides to take. There are three main options:</p> <p>a) Licence-exemption: no additional burden on operators (but not clear how this fits with other aircraft licences).</p> <p>b) Licensed to the aircraft operator as part of the existing aircraft Wireless Telegraphy Act licence – minimal extra burden on existing aircraft licensees.</p> <p>c) Licensed to operators of airborne systems – creating an additional licensed entity.</p>	Peter Bury	Ongoing
<p>Other review of spectrum policy: facilitating innovation</p>	<p>To facilitate access to spectrum for innovators (e.g. Tarsier Radar,</p>	<p>Need a framework for addressing requests.</p>	<p>Initial process designed and implemented as planned however a requirement for a more detailed process has</p>	<p>We will identify regulatory obstacles (i.e. the lack of clarity on how a request for non-standard spectrum use will be addressed leads to a reduction in the</p>	Anirban Roy	Ongoing

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	Blighter Radar, Nomad rail, NERC) and to provide a clear process for the evaluation of requests.		been identified More detailed process to be developed by Q1 2008. Possible publication Q2 2008.	incentives for innovators to know how to innovate. This can be removed by providing greater clarity) and, where possible, remove them. A defined process will give innovators greater certainty.		
Spectrum usage rights – reducing restrictions on the use of spectrum	Ofcom's objectives in liberalising the spectrum are to maximise the value created by use of the radio spectrum while at the same time protecting existing users. Value will be maximised by encouraging innovation, by removing barriers to entry for new companies or technologies, and by minimising the time that	Specifying licence restrictions in terms of spectrum usage rights (SUR) could bring additional gains through extra flexibility of use and by making a technology or usage change easier, while continuing to ensure that significant interference does not occur.	Consultation setting out options and a proposed way forward published 2006. SURs put forward in the 2.6GHz licence award and L-Band award in 2007. As a result of feedback, a decision was taken not to use them for 2.6GHz but to proceed for L-Band. Statement on SURs likely late 2007 or early 2008.	Currently users are able to ask Ofcom to change their licence, for example to remove a restriction on the technologies which can be used, and Ofcom considers each request on its merits. Under these proposals, changes of use may be negotiated between neighbouring SUR holders with reduced involvement from the regulator. Under the existing regime, licence holders have rarely requested a change in licence terms. The main benefits of the changed policy come from the ability to use spectrum for new innovative applications more widely than would otherwise be possible. In our consultation document we estimated these as being	Joe Butler William Webb	Ongoing

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	<p>spectrum sits unused.</p> <p>Stakeholders with spectrum holdings or who seek to acquire spectrum holdings could potentially benefit from the measures.</p>			potentially £0.9bn a year.		
Broadcasting standards – review of the procedures for handling broadcasting standards cases.	To review Ofcom's process for handling standards complaints and cases and the process for imposing sanctions in relation to broadcasting standards (including fairness and privacy), and consider the scope for	We carried out a short consultation before the vesting of Ofcom's powers and said that we would carry out a full consultation at a later date in the light of the experience of running the complaints handling system.	Consultation document was published and we expect to publish a statement in Q3 2007/8, in relation to the imposition of sanctions.	<p>The new procedures should offer a streamlined but transparent, consistent and proportionate approach to the handling of complaints and the imposition of sanctions.</p> <p>Subject to consultation, it is likely that a fast track sanctions process will be proposed for cases where we perceive there is potential for consumer detriment. This will result in a swifter resolution for the complainant and broadcaster.</p>	Chris Banatvala	Ongoing

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	streamlining. Broadcasters in particular will benefit from any reduction in burdens which will result. Viewers and listeners will also benefit in that complaints will be handled more efficiently.					
Product placement – possible deregulation of prohibition on product placement in commercial television programmes.	To consider whether it is possible to allow TV broadcasters to use product placement to generate extra revenue while protecting editorial integrity. The main beneficiaries are likely to be broadcasters, advertisers and independent	In line with Ofcom's duty to look for ways of removing unnecessary burdens on broadcasters. Also anticipates possible changes in EU legislation. Allows the views of UK stakeholders, including viewers, to be fully rehearsed and	Consultation closed in March 2006. Statement published in October 2006. Awaiting Government's direction as to timing for adopting EU legislation.	Impact assessment suggested the value of the product placement market could be around £25m - 35m after around five years of deregulation. In terms of administrative burdens, permitting even a limited and controlled amount of product placement will still require rules to govern its use. However, the concepts likely to be included in any rules are already familiar to UK broadcasters. Statement was published in [September] 2006. The statement showed that views for and against	Suzanne Wright	Ongoing

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	producers.	considered before the Government negotiates revisions to EU legislation.		product placement are very finely balanced and Ofcom did not make a policy recommendation but put the evidence in front of the government so that it could take this into account in light of the developments from the AVMS directive. However the directive is unclear in this area and until the implementation plans for the Directive are fully formed it is unclear whether there is any scope for deregulation.		
Convergent media – considering how content regulation should evolve, including the scope for greater self-regulation	To consider what form of content regulation is appropriate in a convergent world. Existing regulation is likely to be unsustainable so the aim is to develop a framework for reduced content regulation in certain areas, relying more	Existing regulation of content on traditional media will become increasingly difficult as similar services are provided – possibly to common devices – via new unregulated platforms.	Consultation published Thinking on convergent media put on hold whilst resources are concentrated on the implementation of the AVMS Directive.	An increased emphasis on self-regulation by consumers would mean reduced regulatory burdens on broadcasters, but until we have consulted on proposed changes and considered the responses, it is too early to say precisely what will be the impact of any changes.	Peter Davies	Ongoing

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	upon media literacy to allow consumers to protect their own interests.					
Future of Radio proposals – looking at how the licensing regime could be simplified	To consider the future use of existing FM and AM spectrum with a view to releasing spectrum and migrating all radio listening to digital radio. This requires a rethink about how we re-license existing stations when their licences expire. We will also consider how we can relax analogue regulation as digital radio listening increases. Such changes would	Existing FM licences begin to expire in 2009. New legislation may be required if we wish to take a different approach.	Consultation document published and responses received. Statement to be published in November 2007	<p>Simplified licensing process and less content regulation</p> <ul style="list-style-type: none"> • New standardised guidelines for local material and locally made programmes on commercial radio • Simplified Format requirements to provide commercial radio industry with greater flexibility • Suggestions to Government on simplified ownership rules to allow greater consolidation while protecting plurality • Ability to license radio stations in a technology and platform neutral way • Suggestions to Government 	Peter Davies	Ongoing

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	benefit broadcasters and ultimately consumers.			<p>on simplification of statutory licensing criteria for community radio, ownership rules, licence length and funding restrictions</p> <p>Subject to the outcome of our consultation, some of these proposed changes could require amendments to legislation.</p> <p>Ofcom has recently begun to consider requests for co-location (i.e. where two or more radio stations serving different local areas with different programming are based in a single location). In considering such requests, Ofcom may take into account the financial viability of the stations, their size, the distance and the affinity between the areas concerned. In addition to presentation cost-savings, radio stations seeking to co-locate, can benefit from further savings in administrative, premises and office costs, bringing total possible savings up to £11.7m.</p>		

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Wholesale broadband access market review —to review the wholesale broadband access market and consider the scope for reducing regulation.	To review the Wholesale Broadband Access market to ensure any remedies properly reflect the prevailing competitive conditions. Ensuring appropriate regulation is in place will ultimately benefit consumers.	Part of Ofcom's approach to deregulation signalled in the Telecoms Strategic Review. There have been significant developments in the market since the last review, making it appropriate to carry out a further review.	Market review in progress. First consultation was published on 21 November 06, and a second consultation was published in November 2007. The planned statement date is March 2008.	The review will define the market(s) (in terms of both product and geographic extent) and within each market identified will consider whether any operator(s) has significant market power (SMP). Where SMP is found Ofcom will consider what remedies are necessary to counter it. In line with Ofcom's strategic principles the review will consider whether there is scope for reducing regulation. The benefits of promoting wholesale services in some underserved parts of the market clearly outweigh the potential administrative costs of e.g. not having a single 'national' retail price control.	Dave Clarkson	Ongoing
Business pricing – review the scope for further deregulation of retail business markets in the context of	To ensure regulatory restrictions on BT as an operator with significant market power (SMP) are appropriate in the	Part of Ofcom's approach to deregulation signalled in the Telecoms Strategic Review.	On 12 April 2006, Ofcom published the statement <i>The replicability of BT's regulated retail business services and the regulation of business retail markets</i> which stated that should BT address deficiencies with wholesale	We no longer apply the requirement on BT to publish charges for its communications services to the extent that it applied to businesses spending in excess of £1m per annum on those services. Ofcom also stated that mixed services bundles	Michael Galvin	Ongoing

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replicability	light of market changes. Greater pricing freedom as a result of increased competition should lead to reduced prices for business consumers.		<p>line rental (WLR), carrier pre-selection (CPS) and low bandwidth leased lines, Ofcom would consent to the non-application of the SMP regulations for large businesses (spending >£1m on communications services). On 1 March 2007, in <i>Replicability: the regulation of BT's retail business exchange line services</i> Ofcom noted that BT had resolved the WLR deficiencies and suspended related regulations for the larger businesses.</p> <p>We have also relaxed the regulation of BT's business exchange lines, to allow them to be included in bespoke bundles of business services, subject to certain pricing rules.</p> <p>We lifted the regulation of BT's wholesale international call services to 235</p>	<p>involving digital and analogue exchange line products and non-SMP products would no longer be presumed to be unduly discriminatory.</p> <p>The policy benefit of BT's greater pricing freedom and the reduced prices for business consumers as a result of increased competition, outweigh the slight increase in BT's administrative costs emanating from their requirement to submit quarterly reports on their pricing decisions.</p>		

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			international destinations			
Geographic leased lines – analyse geographic variations in competition conditions in leased lines markets, which could lead to more targeted regulation.	To ensure that markets are soundly defined and that regulation is appropriate.	Part of Ofcom's approach to deregulation signalled in the Telecoms Strategic Review.	Discussion document on disaggregated markets was published in March 2006 and a summary of the responses to this discussion document was published in November 2006. We are now in the process of the market review of leased lines and expect to consult on the review in Q3 2007/08.	The market review has not yet been completed. However, Ofcom's approach to defining non-national geographic markets, where appropriate, may lead to regulation being imposed in a more targeted way.	Gareth Davies	Ongoing
Telecoms framework review – press for the revised EU framework to reflect Ofcom's objectives, in particular: a) Maintaining Ofcom's current focused and light touch regime for telecoms;	To ensure that the current review should lead to a regime which is firmly based on existing competition-based principles and which is able to respond to the challenges posed by market and technological evolution.	A significant proportion of the Communications Act, 2003 transposes the EU framework into UK law. There is a legal requirement to review the operation of the EU Framework not less than 3 years from introduction. The	Joint UK response to the Commission was produced in February 2006. We also contributed to the response of the European Regulators' Group (ERG) to the Commission in February 2006. We will be contributing Joint UK responses to the Commission's Communication and to the revised recommendation on "relevant markets". These	Ofcom is seeking to ensure that the Commission's proposals for reform do not add to the regulatory burden on business. We aim to ensure that: a) regulatory remedies are targeted and proportionate, in line with Ofcom's Strategic Review of Telecommunications; b) the market review process is not overly prescriptive and bureaucratic;	Camilla Bustani	Ongoing

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<p>b) Providing scope for deregulation where appropriate, e.g. in the list of recommended markets.</p> <p>c) Supporting liberalisation of spectrum licensing rules.</p>	<p>This will benefit all European consumers, including those in the UK, and facilitate easier market entry for providers of electronic communications services.</p>	<p>“relevant markets” recommendation must also be “regularly reviewed”.</p>	<p>responses were submitted in Q3 2006/7.</p> <p>Ofcom called on the Commission to significantly reduce and simplify the regulatory burdens on the UK telecommunications sector. In particular, Ofcom asked for a simplified process for conducting and scrutinising market reviews and a reduction in the total number of market reviews to be conducted</p>	<p>c) there is targeted harmonisation of regulatory rules across the EU in the interests of UK businesses; and</p> <p>d) the review supports continued liberalisation of spectrum management.</p> <p>The Commission published its final legislative proposals in November 2007 which will be subject to a negotiation with the Council of Ministers and the European Parliament for a period of not less than 12 months.</p>		
<p>European Regulators’ Group (ERG) Development – ensure that its work becomes more transparent.</p>	<p>To raise the overall quality and effectiveness of telecoms regulation across Europe.</p> <p>This will raise economic welfare for EU citizens and will benefit UK companies operating in other</p>	<p>Ofcom chaired ERG in 2006 and has been a Vice-Chair in 2007, providing an opportunity to promote reform. This has coincided with the Commission’s review of the operation of the EU</p>	<p>The ERG committed to a series of regulatory disciplines at the end of 2006, which it has been implementing during 2007. Ofcom has played a central role in this implementation.</p> <p>These initiatives are intended to promote greater harmonisation of regulatory approaches across Europe, and reflect the ERG’s</p>	<p>Direct benefits will flow to UK companies which operate across Europe from greater harmonisation of different national regulators’ approaches to key policy issues. This will reduce regulatory burdens, as well as promoting more open, competitive markets.</p> <p>The ERG’s reform programme also encourages reductions in administrative burdens which</p>	<p>Jim Niblett</p>	<p>Ongoing</p>

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	countries. An effective European Regulator's Group will forestall the case for other kinds of reform, such as inappropriately centralised regulation at EU level.	communications framework, which is examining the quality of current regulatory outputs.	commitment to reform. This progress by the ERG will form the basis of its response to the Commission's proposals on the EU regulatory framework and in particular its arguments against inappropriate centralisation of regulatory power at the European level.	result from disparate approaches to remedies and other regulatory requirements.		
To coordinate Ofcom's approach to co- and self-regulation, following the results of the co- and self-regulatory project	The objective has been to review the existing approach to co- and self-regulation and, in light of experience, formulate more refined and practical approach. UK citizens and consumers will benefit from a more effective	Convergence of markets and technology has led to a greater fragmentation of markets and a more diverse range of providers. This has had an impact on the effectiveness of many existing co- and self regulatory schemes. Ofcom	First phase conclusions presented to Ofcom Policy Executive in March 2007. Interim finding presented to Ofcom Policy Executive in July 2007. Final conclusions and recommendations will be presented to Ofcom Policy Executive on 8 October 2007, at which it will be decided whether to accept the recommendations and whether Ofcom should	The project team proposed that an incentives-based approach to regulation could help Ofcom readily identify when a co- or self-regulatory solution may be applicable over full statutory regulation to address particular issues. However, in some cases the new approach could lead to the conclusion that greater oversight is required by Ofcom.	Tom Kiedrowski	Ongoing

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	and clear regime of communications sector regulation.	therefore undertook to review the operation of the existing schemes to see how each could be improved and what lessons could be learnt to future design.	published revised guidelines for consultation based on the findings of the project team.			
Review of Telecoms complaints / Alternative Dispute Resolution process	Improving compliance and empowering citizens and consumers Consumer complainants to benefit	Concerns at the time taken for consumer complaints to be addressed	Consumer Policy Team and Central Operations undertaking review to identify ways to improve consumer understanding of where to go to get complaints resolved and other routes to more effective and speedy resolution. A Consultation document on consumer protection to be published by Q1 2008.	Faster resolution of telecoms consumer complaints with Communications Providers	Claudio Pollack	Ongoing
New improved consumer website portal (Communications)	Improving compliance and empowering citizens and consumers	Need to reduce pressure on Central Operations and enable more	New portal expected to be available in 2007/8.	Fewer calls to Central Operations and better informed consumers able to contact relevant Alternative Dispute Resolution organisations	Julian Eccles	Ongoing

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Team)	Communications consumers to benefit	consumer self service				
Spectrum awards (various projects) – award of new spectrum	To award various bands of spectrum, that will benefit the users of spectrum and consumers.	To secure more efficient use of the radio spectrum, promote competition and innovation, and thereby bring benefits to consumers.	10, 28, 32 & 40 GHz auction to be held by end of 2007. L Band and 2.6 GHz auctions to be held by end of 2007/08. Auction of DDR spectrum to be held by end of 2008/09.	The approach to the awards, in particular the technology neutral approach, the indefinite licences, and the introduction of trading for the licences, should result in less regulatory involvement in the management of this spectrum in the future, and so result in reduced regulatory burdens.	Tim Cross	Further advanced
Spectrum information – making it easier for spectrum users to gain information	To further the development of a spectrum market through improved transparency and optimising the utilisation of resources. Will bring benefits to spectrum users and consumers.	We need a consistent policy on the provision of information about what is confidential and why. There is also scope to improve our approach to Freedom of Information (FOI) and streamline working practices.	Ofcom has developed new IS systems that have enabled us to provide information on UK spectrum use to the European Frequency Information System (EFIS), bringing the UK into full compliance with EU requirements on Spectrum Information well in advance of the relevant decision deadline. Ofcom is also in the process	Facilitation of self-coordination and interference management amongst stakeholders will improve access to information and reduce the number of FOI requests and other requests for information. For example, by providing information on UK spectrum use to the European Frequency Information System (EFIS), we will increase the accessibility and transparency of such information for stakeholders that have	Russell Kent-Smith	Further advanced

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		We also need to meet EU requirements.	<p>of developing new IS infrastructure to support our requirements going forward, with an enhanced version of Wireless Telegraphy Register and UK Plan for Frequency Authorisation available around the end of 2007.</p> <p>Ofcom plans to consult on new regulations to extend the range of information on spectrum use in late 2007 art of Business Radio Reform. The regulations will extend the scope of the Wireless Telegraphy Register to cover 20000 new licences and so support the further development of the spectrum market.</p>	<p>traditionally spent up to 3 working days to obtain by contacting various administrations across the EU. We estimate that stakeholders will potentially reduce their associated administrative costs by as much as £1.4m per year. (We assumed that the new system will allow an average of 3000 stakeholders to save 16 hours worth of work per year, valued at £30 per hour)</p> <p>Information is an essential pre-requisite for the establishment of a functioning market. The spectrum market transfers the locus of spectrum management from the regulator to spectrum users (i.e. the information is part of a bigger deregulatory drive);</p> <p>Finally, transparency is not only favourable but is also embedded in Ofcom's regulatory ethos.</p>		
Review of General Conditions – to	The objective is to ensure that the General	There have been numerous instances of	It is hoped that a Consultation Document will be released early next year	It is estimated that the simplification of the General Conditions will have an	Nicole Shinnick	New

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simplify the drafting and accessibility of the General Conditions	Conditions are effective in achieving Ofcom's Consumer Policy goals and reflect Ofcom's commitment to best practice in regulation, including its commitment to reducing regulation and minimising administrative burden where appropriate. This will benefit all key stakeholders.	difficulties in complying with and enforcing the General Conditions.	(2008).	appreciable positive impact on the administrative burden of regulatory compliance by Communications Providers. It will also lead to improved accessibility for consumers to relevant regulation.		
Liberalisation of spectrum licences to remove unnecessary constraints	To encourage the efficient use of the spectrum by allowing spectrum licensees to change technologies and applications in	Ofcom's Spectrum Framework sets liberalisation as a key policy goal.	Application from UK Broadband to remove "fixed" designation from its licence to allow mobile services – received March 2007. Ofcom consultation recommending liberalisation closed August 2007. Decision	The current 'burden' on UK Broadband is the obligation to restrict to the provision of fixed services its use of the spectrum covered by its licence. The removal of such constraints from spectrum licences will remove unnecessary limitations on	Joe Sonke	New

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	response to customer demand.		published in December 2007, removing the restriction on UK Broadband and so allowing the company to offer mobile web connections as well as access from fixed locations.	licensees' launching new service offerings and responding to consumer needs.		
Co-regulation of training and development - establishment of new co-regulatory system for training and the development of skills in TV and radio	To ensure an industry-led method of planning, organising, facilitating and measuring the delivery of training and retraining in the UK television and radio sector which is both cost-effective and fulfils the statutory requirements. To encourage cross-industry collaboration and the sharing of	The Communications Act places a number of requirements on Ofcom in relation to training in the broadcasting sector. Ofcom decided that a co-regulatory approach would be the best way of meeting these requirements, i.e. broadcasters should take responsibility for training decisions.	The Broadcast Training and Skills Regulator (BTSR) was established in June 2005 to oversee the new system and reports annually to Ofcom on their activities. The system is likely to be fully up and running by early 2008.	Broadcasters now have more influence over how they are regulated and the format of reporting on their activities. Reporting can now be aligned to their own internal business cycles, thus avoiding duplication of effort. They have been widely consulted and have participated in discussions on industry-wide training issues. They are also represented on the BTSR Board. A new self-evaluation system is being developed and is due to be introduced later in the year. This is expected to simplify the manner in which broadcasters plan and report on their training activities.	Juliette Brown	New

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	best practice.					
Review of RADA (Rules on Amount & Distribution of Advertising). Investigate scope for changes to RADA in the light of the new AVMS Directive.	Project still at early stages. Possible benefits to broadcasters and advertisers if amount of permitted advertising increased. Economic effects still uncertain. Unclear at this stage whether viewers will benefit or not.	The AVMS, which sets minimum standards for broadcasting, will remove a number of existing rules about ad break insertion and distribution, as well as liberalise the rules relating to the number of permitted minutes of advertising. Need to investigate whether changes to the UK rules will benefit viewers/ broadcasters/ advertisers.	Project at early stages. Consultation likely to be published during spring 2008.	Possible reduction in regulatory burden from changes to minutage rules but as yet unquantifiable.	Peter Bourton	New
Automisation of the Market Intelligence Database: The Market Intelligence	Supports Ofcom's regulatory principle of researching	With an increasing number of operators and licensees data	The database was completed in January 2007. A programme of modifications and	Implementation of the database has made the data collection process more efficient – we estimate that it takes 30% less	Justin LePatourel	New

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<p>team collects millions of data items each year from operators and licensees. These data enable Ofcom to calculate the charges on which its revenue is based, to monitor the communications market, and to ensure compliance with broadcast output quotas.</p> <p>This work was previously executed through a series of emails, phone calls and the submission of data by spreadsheets which were then consolidated by the MI team.</p>	<p>markets constantly.</p> <p>Many operators and licensees should benefit from a more streamlined data collection process.</p> <p>The new process will assist with enforcing compliance with data requests, which will make for a more equitable position among all stakeholders.</p>	<p>collection was becoming increasingly time-consuming and prone to error. In addition, so much data is collected by Market Intelligence that the previous database no longer functioned.</p>	<p>improvements to the database and user-interface has been commenced with first deliverable due in November 2007.</p> <p>Monthly and quarterly data collections have now been successfully conducted through the database – the first collection of annual data for telecoms operators and radio licensees is due to commence in November 2007.</p>	<p>time than previously.</p> <p>It has led to a more comprehensive data collection – having made it easier to ensure compliance from a greater number of operators and licensees.</p> <p>We estimate that once the system is fully embedded next January, we will achieve a resource saving of around two thirds of an FTE, leading to a reduction in Ofcom's operational costs.</p>		