Ofcom

making communications work
for everyone

Ofcom's Annual Plan

Our programme of work for 2019/20

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Contents

1. Overview

1.1   This document sets out our plan of work for the next financial year. This follows a consultation on our proposed plans, which ended on 8 February 2019. The proposals take into account the duties given to us by Parliament, the markets we regulate and our own strategic priorities.

1.2   Our priorities for the next financial year reflect feedback we received during the consultation process. We took feedback from people around the UK, holding public events in Belfast, Cardiff, Edinburgh and London. We also received written responses.

1.3   During our consultation period, the Government published a draft statement of its strategic priorities for telecommunications, the management of radio spectrum and post. We explain in section 3 how we have considered this draft statement in setting our plan.

1.4   We provide an overview of our priorities for the next financial year below. Further detail on these, and our programmatic work, can be found in sections 3 and 4, with highlights for our nation specific work set out in section 5. Our wider work plan can be found in Annex 2.

Our priorities for the next financial year

1. **Better broadband and mobile – wherever you are**: we will help to encourage investment and improve broadband and mobile coverage across the country, so everyone benefits from the services they deliver.

2. **Fairness for customers**: we will ensure broadband, phone and TV customers, particularly vulnerable people, are treated fairly.

3. **Supporting UK broadcasting**: we will help our broadcasters to thrive, and ensure TV and radio audiences are well served by high-quality programmes.

4. **Raising awareness of online harms**: we will share our expertise in protecting audiences from harm and will increase our understanding of how people engage with online content. We will continue to publish research under our existing duties to help people use and understand media and communications.

5. **Supporting consumers and industry through Brexit**: we will look after the interests of UK consumers and the communications sector as we exit the EU.

6. **Enabling strong, secure networks**: we will work with communications companies to help ensure their networks are strong, secure and protected against outages or cyberattacks.

7. **Increasing diversity and inclusion**: we will increase diversity and inclusion within Ofcom, while challenging broadcasters to do the same.

8. **Sustaining the universal postal service**: We will ensure postal users have access to a sustainable and efficient service.

9. **Continuing to innovate our approach to regulation**: We will make better use of data and provide greater access to information. We will also work with other regulators to share best practice and improve outcomes for consumers.

2. Market context

2.1   Innovation and the changing needs of consumers and businesses are driving rapid change in communications markets. In setting out this plan, we have looked at how the market is changing and how these changes affect people. This section highlights some of the cross-cutting issues that have influenced our approach.

The internet plays a key role in most people's lives, providing benefits while also raising concerns for consumers

2.2   Almost 9 in 10 UK adults are now online, with 64% saying it is an essential part of their life.[1] As the internet becomes more important to people, the time they spend online increases. Ofcom research shows that adults who use the internet spend an average of 24 hours a week online, almost double the time spent online in 2007.[2]

2.3   Consumers are accessing a wide range of online services through different smart devices. The take-up of smart TVs and mobile handsets (now the device most commonly used to access the internet in the UK) has steadily increased.[3] This has improved access to content through catch up, video on demand (VoD), streaming and social media services. More internet users now listen to audio streaming sites,[4] and podcast listening is increasing in popularity.[5] Web-based messaging through platforms like Facebook and WhatsApp has also increased as SMS and MMS messaging falls.

2.4   People are benefitting from the range of online services available to them. There is greater choice and diversity of entertainment online, allowing people to find content they want. New communication methods help people stay in touch with others and work more flexibly.

2.5   However, there are growing concerns around protecting people online. A recent study commissioned by Ofcom and the Information Commissioner's Office suggests that people are most concerned about issues like: child protection; exposure to harmful content or interactions; and the use of data and privacy online.[6] There are further concerns that those who are unable, or less able, to access and use the internet effectively may be deprived of

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[1] Ofcom, *Communications Market Report 2018,* p.14*:*
https://www.ofcom.org.uk/__data/assets/pdf_file/0022/117256/CMR-2018-narrative-report.pdf
[2] Ofcom, *Adult media use and attitudes report 2018*, p.41:
https://www.ofcom.org.uk/__data/assets/pdf_file/0011/113222/Adults-Media-Use-and-Attitudes-Report-2018.pdf
[3] Since the advent of the iPhone and the launch of the BBC iPlayer in 2007, there has been a steady increase in the penetration of connected devices across the UK population, with smartphones owned by four of every five UK consumers and smart TVs in almost half of all households.
[4] Ofcom, *Adult media use and attitudes report 2018*, p.112.
[5] Ofcom, *Communications Market Report 2018,* p.44*.*
[6] Ofcom, *Internet user's experience of online harms research*: https://www.ofcom.org.uk/research-and-data/internet-and-on-demand-research/internet-use-and-attitudes/internet-users-experience-of-harm-online

its benefits and have less choice as services move online. They may also be more vulnerable online.

Growth in online services is enabled by telecoms infrastructure, which requires further investment

2.6   Data traffic over fixed and mobile networks is increasing. Fixed broadband data use increased from 190GB per household per month in 2017 to 240GB in 2018.[7] The average mobile phone used 2.5GB of data per month in 2018, up from 1.9GB in 2017 and 1.3GB in 2016. These increases are supported by continued investment in the reach and quality of networks and the management and security of data traffic.

2.7   Fixed line operators are investing in superfast and ultrafast broadband, and the prospect for further investment is improving. Both BT and Virgin Media are conducting full-fibre[8] roll-out programmes. Other operators such as CityFibre and Gigaclear have won new investors and Hyperoptic has raised £250m in new debt funding. CityFibre has said it will invest £2.5bn to support its commitment to connect five million UK homes to full-fibre broadband.

2.8   Mobile operators have been able to monetise the increasing use of mobile data effectively, which should allow for further investment. The proportion of people accessing the internet on mobile phones grew from 66% in 2017 to 72% in 2018.[9] This has enabled operators to generate revenue by offering more data. They have seen further growth by offering contracts which include deals for online services such as Spotify and Netflix. Ofcom also conducted a successful auction of 2.3 and 3.4 GHz radio spectrum in 2018 to support improvements in mobile services.

TV content is widely viewed and broadcasters are adapting as audiences increasingly view content online

2.9   Broadcast TV is still widely viewed, but the market is challenging, particularly for local TV.[10] Broadcast content made up 71% of total TV viewing in 2017 (but the number of minutes viewed fell by 4% from the previous year).[11] TV advertising revenues have been broadly flat over recent years, showing a decline of 7.5% in real terms in 2017.[12]

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[7] Ofcom, *Connected Nations Report 2018:* https://www.ofcom.org.uk/__data/assets/pdf_file/0020/130736/Connected-Nations-2018-main-report.pdf
[8] Full fibre networks use a fibre optic cable from the exchange right to the customer's home or office and are capable of delivering speeds in excess of 1Gbit/s.
[9] Ofcom, *Communications Market Report 2018,* p.11.
[10] Ofcom, *Media Nations: UK 2018,* p.6: https://www.ofcom.org.uk/__data/assets/pdf_file/0014/116006/media-nations-2018-uk.pdf
[11] Ofcom, *Media Nations: UK 2018,* p.20.
[12] Ofcom, Media Nations: UK 2018, p.34.

2.10   Online media players have increased competition in producing and delivering content. In 2017 people watched an average of 88 minutes of non-broadcast content each day across their devices. Live broadcast TV viewing has declined as the use of smartphones, connected TVs and on-demand services has increased. Audiences are also attracted by emerging mobile content and streaming services (such as live sports on social media and video-sharing platforms). [13] In 2018 video on-demand subscriptions overtook traditional pay-TV subscriptions for the first time.[14]

2.11   Traditional broadcasters are innovating to compete in this changing landscape. Many have developed and are investing in digital strategies. These have included improvements in how they provide content online (such as the BBC publishing boxsets on iPlayer) and collaborating with other broadcasters (such as the cross-platform deal between Sky and Channel 4). Recently the BBC and ITV have announced plans to launch a joint, paid-for streaming service by the end of 2019.

Radio is adapting to an increase in online listening

2.12   Radio is still popular despite competition from online audio services. Nine in ten adults in the UK listen to radio every week for an average of nearly 21 hours a week, and 75% of all audio listening is to live radio.[15] Reported commercial radio revenues grew by 1% in real terms between 2016 and 2017, to £557m.

2.13   Traditional radio is continuing to embrace digital formats and more than 50% of all radio listening is now digital. Despite this, analogue listening remains strong, particularly in cars, for older audiences and in Wales and Northern Ireland.

2.14   The radio industry is adapting to consumers' expectations around online content. Podcast listening has increased, particularly among young people, and many traditional radio broadcasters have now introduced their own podcasts. As broadcasters continue to deliver content online they will need to consider how to make it easy to find, how to create services designed to work with new technologies such as smart speakers and voice search, and how to develop advertising models for online formats.

eCommerce is driving growth in parcel delivery while electronic communications are causing letter volumes to decrease

2.15   The UK is an important market for eCommerce.[16] Some 72% of UK internet users now shop online, up from 69% in 2017. The top two retail sites, Amazon and eBay, were used by 89% and 69% of UK online users respectively. Online sales of books, music, and DVDs/videos are

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[13] Source: Broadcasters' Audience Research Board (BARB) data as published in Media Nations 2018
[14] Source: BARB Establishment Survey Data as published in Media Nations 2018 p.4
[15] Ofcom, *Media Nations: UK 2018,* p.75*.*
[16] In Ofcom's International Communications Market Review 2017 we highlighted that the UK's per-capita annual turnover on eCommerce was significantly higher than comparator countries, sitting at £2175 per person in 2016. Sweden and the Netherlands were the next highest markets in the sample, at £1002 and £977 per person per year respectively.

well-established in the UK. Free return services have helped to increase sales of online clothing, accessories and jewellery, with the number of people purchasing these products online increasing from 33% to 40% during the first six months of 2018.[17]

2.16   Parcel delivery firms are investing to deal with more parcels. The number of parcels grew by 11% from 2016-17 to 2017-18, reaching a total of 2.4 billion items.[18] In response, parcel delivery firms in the UK are investing in new equipment and facilities. For example, in May 2018, UPS opened a new £120m facility at DP World London Gateway Logistics Park to increase its ability to process cross-border parcels. DPD opened a new distribution centre in Nottingham and a depot in Barking in June 2018.

2.17   Meanwhile the volume of letters and revenues relating to them are in decline. Addressed letter volumes fell by 5% to 11.2 billion items in 2017, and overall letter revenues fell by 6% to £4,082m over the same period. This is caused by fewer bills and statements, which are increasingly delivered electronically, and advertising mail. Delivery firms are looking at new revenue streams through services such as mailroom management, printing and tracking.[19]

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[17] Ofcom, *Communications Market Report 2018,* p.87.
[18] Ofcom, Annual monitoring update postal market 2017-18:
https://www.ofcom.org.uk/__data/assets/pdf_file/0027/128268/Annual-monitoring-update-postal-market-2017-18.pdf
[19] Ofcom, *Communications Market Report 2018,* p.83.

3. Our priorities for 2019/20

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

3.2   To achieve this, we focus on three goals: to promote competition and ensure markets work effectively for consumers; to secure standards and improve quality for consumers; and to protect consumers from harm, especially vulnerable groups. While competition helps to deliver widespread, affordable and good quality communications and broadcast services for consumers, competition cannot deliver this alone. Where appropriate we may intervene to improve outcomes.

3.3   The Secretary of State for Digital, Culture, Media and Sport may make a statement setting out the Government's strategic priorities for telecoms, management of the radio spectrum and postal services. This statement will usually be made only once every five years, or once a Parliament. Ofcom must have regard to this statement when carrying out our regulatory functions, which we do independently in light of our statutory duties and based on the available evidence.

3.4   The Government published a draft statement of strategic priorities for consultation in February 2019. Since the final statement will not be made until later in 2019, we have had regard to this draft statement of strategic priorities when setting our annual plan.[20]

3.5   Our priority work areas for 2019/20[21] have been developed in line with our duties and strategic goals. They also take into account the market context and, where possible, reflect the responses we received from stakeholders. We set out these priority work areas below, including details of relevant projects and what we expect them to deliver. Our wider work plan, including these highlighted areas of work, can be found in Annex 2.

Better broadband and mobile – wherever you are

3.6   We want to see universal coverage of communications services. Access to broadband and mobile services is essential to many people, whether at home, at work or on the move. Ofcom, governments and telecoms providers have important roles to play in improving connectivity for people across the UK.

3.7   During the next financial year Ofcom will support better broadband services by:

- **Ensuring the universality of broadband services** by designating broadband universal service provider(s) (USPs) and setting out the conditions that will apply to them. This will help those who cannot currently get decent broadband. We will publish a statement on this in Q1. We expect to consult on the funding regulations in Q2.

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[20] When the final statement of strategic priorities is made, we intend to have regard to it each year when setting our annual plan. We will also have regard to any relevant parts of it when exercising our functions throughout the year.
[21] This is for the financial year; Q1 starts in April.

- **Promoting investment in fibre networks.** This will include work to support long-term investment in fibre networks to encourage competition and innovation. We will publish a statement in Q1 regarding our assessment of the market for physical infrastructure, with a view to introducing an unrestricted duct and pole access remedy.

3.8   We will also support better mobile services by:

- **Helping to improve mobile coverage, particularly in rural areas.** We will explore a range of policy options and technologies for improving mobile coverage. We will prepare to award spectrum bands (700 MHz and 3.6 - 3.8 GHz) as they are cleared and released and will continue to develop proposals for new licence obligations that would require improvements in mobile coverage in rural areas. A statement will be published in Q3, with auction applications expected to begin in December 2019. We will also publish a statement in Q2 on potential spectrum-based solutions to improving coverage both indoors and in rural communities. We will also continue to look at how mobile coverage can be measured and reported more clearly to consumers.

- **Improving opportunities for spectrum sharing.** We will take action to extend spectrum sharing opportunities in bands which support mobile technology in order to enable spectrum-based solutions that could be employed to improve coverage both indoors and in rural communities.

- **Preparing for the launch of 5G mobile services.** We will continue to ensure that our regulatory approach encourages innovation in new 5G technologies. This will include understanding the implications of implementing network slicing under net neutrality regulations and the use of 5G technologies to provide fixed wireless services. We will also engage with consumers and businesses on the benefits of 5G services. We will work to understand the planning parameters required to deliver good 5G coverage for mobile, fixed wireless and the Internet of Things. This will be used to provide future coverage information on the availability of 5G services. We will continue to support industry testing and early deployments.

Fairness for customers

3.9   We strongly believe people should get a fair deal for their communication services. We are giving consumers the information they need to make informed choices and shop around with confidence. For example, we have ensured broadband providers give more accurate speed estimates for their products and allow their customers to walk away from contracts if their speeds fall below what was promised.

3.10   We will continue our work to deliver a fair deal for consumers and will specifically look to protect people from unfair and harmful pricing practices. This work will include:

- **Improving pricing for mobile handset and airtime contracts.** We are working to ensure fairer, more transparent pricing for mobile customers, in particular those who pay for handsets and airtime within the same contracts but also for those who enter into 'split' contracts. We will publish a consultation in Q1, and a statement in Q3.

- **Considering differential pricing practices.** We will assess the fairness of pricing practices which result in consumers paying more for communications services due to their contract status, length of contract or other factors. We will publish a consultation in Q2 setting out the findings from our review. This will set out our view on the extent of consumer harm and any appropriate remedies. We plan to publish a statement in Q4 setting out our decision.

- **End-of-contract and best tariff notifications.** We will confirm our plans for broadband, mobile, landline and pay-TV companies to tell customers about their best available deal when their contracts are coming to an end, and every year after that if they do not change their deal. We will publish a statement in Q1.

- **Switching.** The end-user rights section of the new European Electronic Communications Code contains a number of important protections for people and businesses. In particular, it requires the gaining provider to lead the switching process, including for cross-platform switching. We will consult on our proposed approach to implementation here in Q3.

- **Future of consumer data.** We want to ensure consumers have the right information to make informed decisions about the products and services that best suit their needs. We are considering how to ensure data is available on availability, speeds and usage of communications services. We will continue to engage with and support the Government on its Smart Data Review.

Supporting UK broadcasting

3.11 Broadcasters can reach large audiences, and are vitally important for their role in informing, entertaining and educating society. We want to help broadcasters thrive and ensure audiences are well served by high-quality UK content.

3.12 We conduct a range of work to support this goal. For example, we have set out plans to strengthen our requirements for regional TV production and reviewed the range and quality of TV programmes for children. In radio, we are working with the Government to enable the roll out of small-scale DAB as soon as possible. We will also continue to ensure the BBC delivers its mission and public purposes set by Parliament and – as a large, publicly-funded organisation - can innovate and act in a way that benefits consumers as a whole without harming the wider media market.

3.13 During the next financial year our work will include:

- **Reviewing public service broadcasting.** We will look at how public service broadcasting (PSB) has delivered the aims and objectives set by Parliament over the past five years. We will look at the programming which has been made, the audiences it has reached and how satisfied they have been with PSB output.

- **Supporting future public service broadcasting.** We will consider the policy questions arising from changes in audience behaviour, changing technologies and the challenges

posed by new competitors for the future delivery of public service broadcasting, including questions about prominence.

- **Reviewing the BBC's news and current affairs output.** Our review will look at how the BBC is adapting to the changing news environment to ensure it can continue to deliver news and current affairs for all audiences that is relevant, high-quality and trusted. We will look at how it provides a range of content and depth of analysis across TV, radio and online. We will report on this in Q3.

- **Material changes to BBC public service activities.** We will consider the BBC's Public Interest Test on its iPlayer proposals to determine whether it is a material change and a BBC Competition Assessment is required. We will also continue to monitor other BBC public service activities to ensure any material changes have appropriate regulatory scrutiny if required.

- **Changes to the BBC's commercial activities.** We will consider any material changes to the BBC's commercial activities, including in relation to its new joint venture streaming service BritBox. We will review the evolution of BBC Studios, including how it has implemented our Trading and Separation requirements.

Raising awareness of online harms

3.14 In September 2018 Ofcom published a discussion document drawing on our experience regulating the broadcasting sector. This set out principles that could form the basis for future regulation addressing harmful online content. At the same time, we published a report on internet users' experience of harms, which was a joint piece of research conducted with the Information Commissioner's Office. It showed that four out of every five adult internet users have concerns about going online. While some of those concerns related to areas like hacking or privacy, the most common, raised by two thirds of people, related to content – particularly when aimed at children.

3.15 Ofcom has statutory duties relating to media literacy. Media literacy is about people's use, attitudes and understanding of the media and communications services they use, including online. We focus on people's critical understanding or digital savviness, as well as analysing the benefits and harms relating to their media and communications activities.

3.16 We are expanding our online media literacy work under our new Making Sense of Media research and engagement programme. Our statutory duty enables us to look at the nature and characteristics of online content, the processes behind its publication, and how users can control what content they see. This year our work programme will include:

- **Developing an in-depth understanding of specific harms.** This will initially include more detailed research into people's understanding of how platforms use their data (working closely with the Information Commissioner's Office) as well as harms that affect children online.

- **Working with external partners to develop a rounded view of online harms and potential solutions.** Given the complex nature of the issues we are looking at, we will

bring together a range of experts – including policymakers, academics, charities and platforms - to provide insights based upon the data and evidence that is available.

- **Actively contributing to the international discussion about online harms and media literacy.** We will continue to use our research and expertise to engage in the global debate about how to understand and address the challenges linked to online harms, and the role that media literacy can play.

Supporting consumers and industry through Brexit

3.17   As the UK's media and telecoms regulator – neutral and independent of government and of the companies that we regulate – Ofcom takes no view on the means or merits of Brexit.

3.18   The Government is leading negotiations with the EU and will set the legal frameworks that will apply after Brexit. We have provided independent, expert advice on the sectors we regulate throughout the Brexit process and will continue to do so. We fully support the Government's desire for continued effective regulation, delivered through close collaboration with European partners.

3.19   Ofcom will continue to invest in our bilateral relationships within the EU and beyond, to ensure we can still learn from and exchange best practices with our regulatory counterparts. We will also continue to cultivate our relationships in the rest of the world, including through our involvement with fora such as the Organisation for Economic Cooperation and Development (OECD), (which is independent of EU membership). Ofcom's future relationship with EU regulatory networks will be subject to negotiation between the UK and the EU. We will continue to:

- Work to ensure we are prepared for a range of potential Brexit outcomes, including both a scenario in which we leave the European Union without a Withdrawal Agreement and one in which we leave with a Withdrawal Agreement;
- Provide independent technical advice to Government on aspects of any negotiations about our future relationship with the EU which relate to our sectors; and
- Engage with our industries to better understand their concerns and post-Brexit plans.

Enabling strong, secure networks

3.20   The safety and security of the UK's communications networks are vitally important. We work closely with Government, the National Cyber Security Centre and industry to monitor potential risks and provide expert advice and guidance. We are assisting Government with its telecoms supply chain review and working closely with industry, including suppliers to ensure the networks people and businesses rely on remain resilient.

3.21   We have begun to implement the Network and Information Systems (NIS) Regulations, which place legal obligations on providers to protect UK critical services. DCMS has completed its two pilots of the 'TBEST' scheme – a threat intelligence-led penetration testing scheme which assesses how well a company stands up to a concerted attack based on the techniques known to be used by cyber criminals and hostile nation states.

3.22   We have now taken over the scheme and will launch our version in early 2019. TBEST is part of a Security and Resilience Assurance Scheme which we have launched in February 2019. This will enable us to understand any security and operational resilience issues. Where we identify gaps, we will work with industry to make improvements.

Increasing diversity and inclusion

3.23   Our purpose is to make communications work for everyone, and we aim to do this for everyone in the UK. We work for all communities across a broad range of issues. Our work on diversity and inclusion is fundamentally important to ensure we can best represent the needs of people across the UK in our policy, regulation and services. Inside Ofcom we recognise that we still have work to do to ensure we have a workforce which is representative of the UK and is able to look at issues in an inclusive way, and we are making positive progress, setting ourselves stretching targets to be reached by 2020.

3.24   We also believe that broadcasting benefits consumers when it reflects our rich and diverse society, drawing on the best talent from across our communities. We have reported on diversity within TV and radio broadcasting, and challenged the industry to improve. We expect broadcasters to build on the momentum they have achieved by spearheading schemes to tackle under-representation.

3.25   In the next financial year we will publish our:

- **Diversity and Inclusion at Ofcom report.** This will be a full report on the diversity profile of colleagues at Ofcom for the period 2018-19. It follows our interim report which was published in November 2018. It will include an update on our progress on our Diversity and Inclusion Programme. The report will be published in Q1.

- **Equal Pay and Gender-ethnicity Pay audit.** The report will explain our gender and ethnicity pay data for the period 2019/20. Alongside the data, the report will set out action Ofcom is taking to ensure a rigorous and fair approach to how colleagues are rewarded. The audit will be published in Q4.

- **Annual reports on diversity and equality opportunities in TV and radio.** We will publish our second annual review of the diversity of people working in radio in Q1. Our third review of people working in TV will be published in Q2.

- **Annual report on the BBC.** This broad report, which will be published in Q3, will include an assessment of how the BBC complies with its commissioning Code of Practice and on-screen and on-air diversity targets.

Sustaining the universal postal service

3.26   Many people and businesses rely on the universal postal service. We have a duty to secure the universal postal service, and monitor on Royal Mail's performance and finances.

3.27   In light of the continuing decline in the letters market and broader changes in the parcels' market and customers' expectations, we propose to enhance our monitoring of Royal Mail.

We will bring forward some of the work we had planned to undertake as part of our next review of the regulation of Royal Mail which, as we set out in spring 2017,[22] we intended to undertake by 2022.

3.28   In the next financial year, in addition to our current work programme, we will:

- **Carry out a review of Royal Mail's efficiency.** This work will give us more insights into the likely future sustainability of the universal postal service. We intend to provide our latest view on the sustainability of the universal postal service in Q3.

- **Seek to understand the needs of postal users better.** We will carry out research to review the extent to which the postal market is meeting the reasonable needs of users in light of changes in the market, in particular the growth in online shopping and continued decline in letters. We will assess implications arising from changes in postal user needs. We plan to publish preliminary findings in Q4.

Continuing to innovate our approach to regulation

3.29   We will continue to adapt and innovate in light of changes in regulation and policy. This will require us to innovate and improve our own services to keep pace with new technologies. It also requires us to share and learn from best practice, in collaboration with other regulators, including through the UK Regulators' Network, to ensure the best outcomes for vulnerable consumers.

3.30   In the next financial year we will:

- **Enable better use of data analytics at Ofcom**. This will support policy development and make the data we hold more easily usable and accessible. We will improve our skills and understanding in data analytics and improve our tools and processes.

- **Collaborate to protect vulnerable people.** We support and protect the needs of vulnerable people. We are monitoring the impact of our General Condition on vulnerability (GC C5) and will identify examples of best practice, which we will share through industry events and a guide. We are also working closely with the UK Regulators Network and other regulators to deliver a programme of work looking at minimum standards to support customers with mental health problems, cognitive impairments or dementia, and best practice in supporting vulnerable consumers. Ofcom is committed to providing resources to the UK Regulators Network.

- **Assess our existing duties and programmatic work in light of the shift towards delivering communications services online.** This shift has a number of implications for consumers, businesses and our sectors. We will continue to make sure we use our existing duties and adapt our work programmes to reflect the changing environment.

[22] https://www.ofcom.org.uk/__data/assets/pdf_file/0033/97863/Review-of-the-Regulation-of-Royal-Mail.pdf

4. Ongoing work to achieve our goals and fulfil our duties

4.1   In Section 3 we have highlighted our priorities for 2019/20. Our broader programme of ongoing work, summarised by theme in this section, plays an equally important role in achieving our duties and goals and underpins the regulation of our sectors.

4.2   Much of Ofcom's ongoing work programme is non-discretionary and is set in legislation. This includes monitoring the BBC, enforcing regulatory standards and managing the radio spectrum. Alongside this, we carry out discretionary work to ensure that we are well placed to help make communications work for everyone.

Telecoms

Consumer protection

4.3   **Nuisance calls.** To help reduce nuisance calls, we work with UK communications providers to disrupt and prevent these calls. We also work alongside other enforcement agencies such as the Information Commissioner's Office (ICO) and consumer interest bodies. We have also recently strengthened the requirements on providers in relation to calling line identification (CLI), the process by which the person receiving the call can see who is calling them.

4.4   **Strengthening the consumer voice in telecoms.** From April, we will strengthen the Communication Consumer Panel, the independent consumer body for the telecoms sector. We will increase the budget available to the Panel for 2019/20 by 50%, which will enable it to look at a broader programme of work and advocate on behalf of consumers with a stronger voice. In addition, through our Consumer Contact Team, which provides support and advice to people and businesses, and through our ongoing work with a wide range of consumer groups, we will stay well informed of the issues facing consumers in communications markets.

4.5   **Comparing quality of service.** Ofcom's annual Comparing Service Quality report provides comparative metrics on communications providers' quality of service. We will monitor the providers' implementation of automatic compensation for service failures. We will continue to produce quarterly publications on complaints made to Ofcom against the largest telecoms and pay-TV providers.

Telecoms management

4.6   **Allocating and managing telephone numbers.** Ofcom allocates telephone numbers to communications providers, which then issue these to consumers and businesses. We ensure efficient use of numbers, reducing disruption and cost.

4.7   We will look at the use of a common, centralised numbering database (or other technology) that could be used to support number management, authentication of calls and number portability in the future. One aspect of this work is a collaborative project, with funding from the Regulators' Pioneer Fund, to explore the use of innovative blockchain technology to test a new, future-proofed approach to number management.

4.8   **Migration to voice over IP services.** As fibre-based services are rolled out and as communications providers develop plans to retire the public switched telephone network (PSTN), consumers and businesses will increasingly migrate to voice over IP services. We will work with providers to help ensure issues raised by this migration are identified and addressed to protect consumers from harm and minimise disruption.

4.9   **Effective Openreach reform.** We monitor the legal separation of Openreach from BT and report annually on BT's and Openreach's compliance with BT Group's commitments. We are monitoring the impact that the new arrangements are having on our broader objectives, set out in the 2016 Digital Communications Review, to enable access to fast, reliable broadband through the development of competing networks. Monitoring compliance in this area is a key priority for the year ahead. We believe that the extent to which the new model is delivering for consumers and businesses will become clear within three years of implementation. We therefore plan to publish a report on overall outcomes in 2020/21 which will assess the effectiveness of actions taken to: benefit consumers, address our competition concerns and encourage new investment in networks.

Network quality, performance and security

4.10   As set out in the previous section, we work to monitor potential risks and provide expert advice and guidance on network security and resilience. Alongside this work, we routinely monitor and report on network quality and performance.

4.11   **Monitoring the quality of wholesale telecoms services.** We will continue to monitor the provision and repair of copper and fibre-based wholesale telecommunications services. This will ensure compliance with conditions imposed as a result of our market reviews.

4.12   **Publishing our Connected Nations report.** We will continue to report on the availability and estimated speeds for superfast and ultrafast fixed broadband and mobile networks. Data will be published in our annual Connected Nations Report, periodic Connected Nations updates and accompanying visualisation tools and mobile apps. We plan to publish the updates in the spring and summer, and then the main report in Q3. We will work to make our information more relevant and user-friendly.

Broadcasting

BBC

4.13   **BBC monitoring.** To protect fair and effective competition and to assess the BBC's delivery against its mission and public purposes, we monitor the BBC's activities (including its future plans) using a range of information.

4.14   **Enforcing the BBC's requirements.** Where appropriate, we will enforce specified requirements that apply to the BBC under the Charter and Agreement and the Operating Framework set by Ofcom.

Licensing

4.15   **Listed events.** We will update the list of channels which are permitted to carry major sporting and other events of national interest, considering the changing ways in which viewers watch television. We plan to publish a statement in Q1.

4.16   **Licensing TV and radio broadcast services.** We will continue to issue licences for all UK national and local commercial TV services, and all analogue, digital commercial and community radio services. This helps secure a range and diversity of services available across the UK. We can impose penalties when licence requirements are not complied with, and, in serious cases, can revoke licences.

Broadcasting standards

4.17   **Enforcing requirements for access services.** We will continue to ensure that broadcasters provide a proportion of their programming with access services (subtitling, signing and audio-description) for people who are visually or hearing impaired. We report bi-annually on broadcast channels and on-demand programme services (ODPS) such as All 4 and Amazon Prime Video. We are working with the Government to introduce regulations on the accessibility of ODPS. We continue to work with broadcasters and ODPS providers to address other issues such as the quality and usability of access services.

4.18   **Enforcing programme standards.** We will continue to ensure that programmes broadcast on TV and radio meet the standards set out in the Broadcasting Code. These include rules on harm and offence, crime, religion, due accuracy and due impartiality, fairness and privacy and commercial references. We assess complaints from viewers and listeners. We also check for, and identify, breaches of our rules through ongoing targeted monitoring. If a breach is serious or repeated, we can impose a statutory sanction on the broadcaster which can include a financial penalty, and, in the most serious cases, we can revoke its licence to broadcast.

4.19   We regulate content on the BBC's TV channels, radio stations, the iPlayer and the BBC website. We consider complaints referred to us if the complainant is not satisfied with its resolution by the BBC, but we can also step in earlier if necessary. For online material on the BBC website and apps, complaints can be referred to us for our opinion.

4.20   We also regulate video-on-demand services established in the UK. These must meet a set of editorial standards which cover the protection of children, hate speech and commercial references.

4.21   Audience expectations for standards on broadcast and on-demand services evolve over time. Planned research on expectations for standards across different platforms will help us to appropriately and proportionately apply rules that reflect changing viewing behaviours and audience expectations.

Post

4.22 **Monitoring the postal market and Royal Mail's performance.** We will continue to monitor Royal Mail's performance on efficiency and quality of service, the financial performance of the universal service network, and competition in parcels and letters. We will also monitor consumers' experiences in the postal sector. We will continue to report on these trends in our Annual Monitoring Update on the postal market, to be published at the end of 2019.

4.23 **Preparing the ground for our next review of the regulatory framework for post.** We will extend our work programme to carry out a review of Royal Mail's efficiency and consider the reasonable needs of users in preparation for our next review of the regulatory framework for post. We will complete our work on cost modelling of Royal Mail's delivery network and extend it to cover other parts of Royal Mail's operations, and plan to engage with stakeholders via workshops in the middle of 2019-20. We will also complete our work on reviewing Royal Mail's regulatory financial reporting, and expect a statement in the first half of 2019-20.

Cross-sector work

Enforcement

4.24 Our enforcement work runs across our sectors. We enforce the regulatory conditions that we impose on communications providers, as well as general consumer and competition law. We monitor complaints, analyse evidence and take action where we see harm, including carrying out formal investigations, issuing penalties and seeking redress where appropriate.

4.25 We will increase our focus on compliance across our sectors. We will do this through senior engagement with stakeholders and our new consumer compliance and advocacy programme. This programme will initially focus on protecting vulnerable consumers, and ensuring contract terms (including early termination charges) are clear and fair. We will also continue to monitor and enforce the rules in priority areas including those relating to tackling nuisance calls and the security and resilience of communications networks.

4.26 We want to improve stakeholders' compliance when responding to our formal requests for information. We have announced investigations into the timeliness, completeness and accuracy of responses received to our statutory requests for information.

Managing spectrum

4.27 **Analysing and releasing information on spectrum use.** We release spectrum information in an open format, including interactive geographical spectrum maps to enable stakeholders to better understand how spectrum is used.

4.28 **Authorising spectrum use.** Ofcom provides advice and assistance to a wide range of spectrum users. Our specialist Spectrum teams carry out detailed technical analysis and real-world measurements to maximize spectrum utilization and sharing. We investigate

reports of harmful radio interference (including to safety-of-life communications), and use targeted, proactive enforcement to both identify and resolve unauthorized use of spectrum and to prevent the sale or use of non-compliant equipment.

4.29   Our Spectrum teams also provide specialist support to major UK state and sporting events, and grants radio licences to a diverse set of users to enable access to spectrum and promote innovative services. We collaborate internationally to ensure coordination of spectrum use and also work closely with stakeholders to raise awareness of the requirements of spectrum related legislation, such as the Radio Equipment Regulations, while developing strategies for the enforcement of its provisions.

4.30   **Managing spectrum and planning for future requirements.** Ofcom has a duty to ensure UK radio spectrum is used in the most efficient way. We do this by planning for future spectrum requirements, such as for mobile data and wireless links that connect basestations to the core network. We also analyse use of spectrum across specific sectors to support our strategic reviews and inform our policy.

Forward-looking strategy

4.31   Our work is informed by our understanding of our sectors and people's expectations relating to communication services. The following work shapes our forward-looking strategy, allowing us to plan effectively and an adapt to the changing communications environment:

4.32   **Market research and market intelligence.** We research communications markets and consumer preferences and behaviour. This provides an up-to-date and thorough understanding of consumers and businesses in the markets we regulate. We collect data directly from industry stakeholders and makes it available through publications and our website.

4.33   **Media literacy.** We will publish annual reports on media use, attitudes and understanding of adults and children. We will study people's understanding of, and attitudes towards, data use. We will also look in detail at children's online behaviour and attitudes in the context of the harms they may encounter, including the relationship between online and offline harms. In doing so, we will collaborate with national and international partners to better understand these issues and help shape and inform the debate in this space.

4.34   **Monitoring technical and commercial developments to prepare for the future.** We will continue to monitor technical developments and changes in the communications market, including changing consumer behaviour and expectations. This will be used to inform our policy work and decision-making, helping to ensure that consumers and businesses benefit from technical innovation in the sectors we regulate.

Engagement

4.35   **Working with the UK Government, devolved governments and administrations, and other bodies, on audience protection.** We engage with governments, industry and other bodies to protect audiences, across traditional and online environments. We sit on the

Government's UK Council for Internet Safety (UKCIS) and work closely with other regulators across Europe, through the European Regulators' Group for Audiovisual Media Services (ERGA), to improve protection of audiovisual services.

4.36   **Working with the UK Government, devolved governments and administrations, and other bodies, on network infrastructure.** We engage with governments and administrations, and a range of other bodies across the UK, advising on technical issues. We advise the UK Government and devolved governments and administrations on availability issues, including through our work with the UK Government on its Future Telecoms Infrastructure Review, and in the support we provide for improving mobile coverage across the UK.

4.37   **Engaging with international stakeholders.** We engage with a range of international stakeholders in communications regulation, to learn from their experiences and ensure that emerging policy thinking and any relevant international legislation that applies in the UK meets the needs of our communications sector. We will seek to maintain existing relationships and build new ones with stakeholders both in Europe and in the rest of the world.

4.38   Ofcom will continue to represent the UK, under ministerial direction, in international bodies such as the International Telecommunication Union (ITU) and the European Conference of Postal and Telecommunications Administrations (CEPT). Ofcom's future relationship with EU regulatory networks will be subject to negotiation between the UK and the EU. We will continue our programme of engagement across all the sectors we regulate, with stakeholders and regulatory counterparts from Europe and beyond.

5. Delivering our goals across the UK

5.1   Ofcom's regulation of telecoms, postal services and broadcasting is important for people and businesses across the UK. Good quality communications services are vital for people and businesses regardless of where they are.

5.2   We are committed to delivering for people across all nations and regions of the UK. We take account of national and regional diversity by engaging with stakeholders in each nation through our national offices, and by working closely with Ofcom's four National Advisory Committees. These represent the interests and opinions of people in each of the four nations of the UK.

5.3   Recent developments around devolution have resulted in changes in Ofcom's governance. Memoranda of Understanding (MOU) between the devolved governments, the Department for Digital, Culture, Media and Sport (DCMS) and Ofcom set out the process for how we consult with devolved governments on our Annual Plan, the frequency of engagement between Ofcom and devolved governments and our duty to provide evidence to Parliamentary and Assembly Committees. There are currently MOU in place between Ofcom and the Scottish and UK Governments and Scottish Parliament,[23] and between Ofcom and the Welsh and UK Governments and the National Assembly for Wales.[24] A similar MOU is expected to be agreed with the administration in Northern Ireland in due course.

5.4   The administrations in Edinburgh, Cardiff and Belfast are now responsible for appointing a new Ofcom Board member in consultation with the Secretary of State for Digital, Culture, Media and Sport. In February 2018, the Scottish Government appointed Bob Downes as the first Ofcom Board Member for Scotland. Recruitment for the Wales member of the Ofcom Board is nearing completion, and appointment of a member for Northern Ireland is expected to follow when the devolved government is restored. These Board members have direct input into Ofcom priorities and work, ensuring that we can deliver our goals across the UK.

Common challenges

5.5   Providing fixed broadband, mobile, and postal services that meet the needs of consumers and businesses in rural and remote areas presents particular challenges. These areas fall disproportionately within Northern Ireland, Scotland and Wales, although similar challenges also affect some English regions. National, regional and local broadcasting services should meet the needs, and reflect the diversity, of audiences across all UK regions

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[23] *Memorandum of Understanding between the UK Government, Scottish Government, Scottish Parliament and the Office of Communications*, April 2017: https://www.gov.uk/government/publications/memorandum-of-understanding-between-the-uk-government-scottish-government-scottish-parliament-and-the-office-of-communications
[24] *Memorandum of Understanding between the UK Government, Welsh Government, Welsh Assembly and the Office of Communications*, July 2018: https://www.gov.uk/government/publications/memorandum-of-understanding-between-the-uk-government-welsh-government-welsh-assembly-and-the-office-of-communications

and nations. We are currently in a period of change that will affect all UK nations, with debates around the future of online regulation, developments in cyber regulations, and questions about the impact of leaving the EU.

5.6   In 2019/20 we will:

- Publish our **Connected Nations** report, and updates, on broadband and mobile coverage and speeds, including variations between rural and urban consumers and in different areas of the UK. We will make this information available to consumers to help them make informed choices.

- Take steps to **improve mobile coverage** through proposed licence obligations linked to the award of the 700 MHz and 3.6-3.8 GHz spectrum bands. We will also explore a range of other policy options and new technologies to improve mobile coverage, particularly in rural areas.

- Progress the **broadband universal service obligation (USO)** project. A higher proportion of people in Scotland, Wales and Northern Ireland cannot access a decent broadband service. We plan to publish a statement in Q1.

- Publish a statement and updated guidance for PSBs in meeting their licence conditions for programmes **made outside London** and in the nations.

- Publish Ofcom's **annual report on the BBC,** including assessing its performance against its Operating Licence, which includes delivering in each of the UK's nations.

- Continue to monitor and engage with stakeholders on **parcel surcharging** in Northern Ireland, the Highlands and Islands of Scotland, and other parts of the UK.

- **Promote diversity and equality of opportunity in broadcasting** by publishing reports on the TV and radio industries and monitoring broadcasters' progress towards 2020 targets and commitments to equality of opportunity, diversity and inclusion in employment.

- Take part in the debate on the **future of online regulation** and provide advice to policy-makers. We will publish the first annual report outlining trends in the online sector and assessing how people are served by online content and applications.

- Build the capability to **ensure that communication providers manage security risks and achieve appropriate levels of resilience**. We have put in place requirements under the Network and Information Systems (NIS) Regulations, which place legal obligations on providers to protect UK critical services. DCMS has completed its two pilots of the 'TBEST' scheme – a threat intelligence-led penetration scheme which assesses how well a company stands up to a concerted attack based on the techniques known to be used by cyber criminals and hostile nation states. We have taken over the TBEST scheme and will launch our version in early 2019. TBEST is part of a Security and Resilience Assurance Scheme which we have launched in February 2019. This initiative will enable us to establish an understanding of any security and operational resilience issues. Where we identify gaps, we plan to work with industry to make improvements.

England

5.7   We aim to ensure that our policy making considers all communities within England. Some issues will continue to be important, from mobile coverage and the broadband universal service obligation to the diversity of broadcasters on screen and off screen. We will continue to work with the Government, local MPs and local authorities, as well as participating in groups such as the Local Full-fibre Investment Board.

Northern Ireland

5.8   As the UK leaves the European Union, we will continue to work closely with our counterparts in the Republic of Ireland, ComReg and the Broadcasting Authority of Ireland, to coordinate and preserve cross-border communications services.

5.9   We will offer regulatory and technical advice, particularly in support of Project Stratum[25] and mobile coverage, to Northern Ireland Government departments and local councils.

Scotland

5.10   We will continue to work closely with the Scottish Government, Committees and Members of the Scottish Parliament as well as the Office of the Secretary of State for Scotland in delivering on our 2019/20 work programme. We will continue to provide technical advice and data, for example helping to ensure smooth interaction between the Scottish Government's 'Reaching 100%' programme and the broadband USO, and providing mobile coverage data to inform the Scottish Government's 4G Mobile Infill Programme.

5.11   We will also support our wider stakeholder network in Scotland in our role as Secretariat to the Scottish Parliament's Cross-Party Group on Digital Participation. We have developed a policy and operations hub in Edinburgh to help ensure that we can effectively consult with stakeholders, including industry, and to represent people's interests on a range of issues.

5.12   As part of our responsibilities for reviewing the BBC's performance, we will monitor the new BBC Scotland channel to ensure that it meets its requirements in the BBC's Operating Licence. We will also continue to deliver our statutory duties in relation to MG ALBA;[26] for example in respect of any appointments to the MG ALBA Board and by ensuring timely responses to any operational changes that support MG ALBA's strategic objective of ensuring that high quality television programmes in Gaelic are made available to people in Scotland.

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[25] This project is the planned £150m public investment in broadband as part of the Confidence and Supply agreement between the Conservatives and the DUP.
[26] MG ALBA is the Gaelic Media Service

Wales

5.13   We will co-operate with the Welsh Government to help improve voice and data mobile connectivity to levels that match the UK average. We will also advise organisations and communities throughout Wales which are working to improve coverage.

5.14   We will collaborate with interested parties such as the proposed National Spectrum Centre and the recently-established 5G Advisory Group to help Wales play its part in developing and delivering 5G technology.

5.15   We will work with the Welsh Government to help bring faster broadband services to premises in Wales that don't have access to it.

5.16   We will work with businesses, organisations and other stakeholders to address the communications needs of Wales' small and medium sized enterprises (SMEs).

5.17   We will work with the Welsh Language Commissioner to promote the Welsh language in an innovative and purposeful manner, encouraging people to engage with Ofcom in their preferred language, be it English or Welsh, while maintaining our track record in implementing our Welsh Language Standards.

6. Ensuring value for money

We will continue to deliver efficiencies and savings

6.1   Since the beginning of the UK Government's 2015 Spending Review we remain committed to achieving real terms savings consistent with the public sector as well as our own drive to be an efficient and effective regulator.

6.2   We have set a budget of £124.2m for 2019/20. Over the Spending Review period, we have taken on additional duties in respect of USO and BBC regulation and our budget reflects this. On a like-for-like basis, our budget has remained flat in cash terms (£115.7m); in real terms, this represents a 7% reduction. We continue to deliver like-for-like real-terms budget reductions and will continue to increase efficiency where possible.

Spending cap for 2019/20

6.3   We have agreed a spending cap of £124.2m with DCMS and Treasury for 2019/20, which includes capacity for our responsibilities regulating the BBC, work on the broadband universal service obligation and cyber security. This represents a real efficiency saving of 2% compared with 2018/19.

6.4   Our costs are allocated to stakeholder sectors and the split will be published alongside this document in our Tariff Tables. The work plan is reflected in the tariffs we set, and there is no change in the method we have used to calculate these charges.

How we will manage our resources in 2019/20

6.5   A continual review of how we work helps us to act efficiently and effectively. Where resources are limited, we will make choices, guided by our goals and our duty to promote people's interests.

6.6   We will use our resources to deliver our duties through strategic planning and an integrated approach to our budgets and forecasts. We regularly review priorities, capacity and demand to ensure we can meet our objectives. We also continue to maximise savings through our commercial work in delivering the best price and quality from our suppliers.

6.7   Improving our offices has allowed a more flexible and agile working environment for our workforce and has reduced our London footprint. This will ultimately lead to savings of at least £3m per year.

A1. What we do

A1.1   Ofcom's purpose is to make communications work for everyone. To achieve this, we have three main goals:

- to promote competition and ensure that markets work effectively for consumers;

- to secure standards and improve quality; and

- to protect consumers from harm.

A1.2   We regulate fixed-line and mobile telecoms, TV, radio, video-on-demand services, post, and the airwaves used by wireless devices. We help UK businesses and individuals get the best from communications services and protect them from harmful treatment and practices. Where appropriate, we support competition as the basis for delivering good consumer outcomes.

A1.3   We act independently from governments and commercial interests to deliver our duties. However, we are accountable to Parliament, and to perform our role effectively we need to engage openly and constructively with the UK and devolved governments. We provide technical advice to governments (for example, our work regarding the implementation of a UK broadband universal service provider) and in some cases, we act as a formal representative of the UK Government (for example, in international negotiations on spectrum).

Our principal duty is to further citizen and consumer interests

A1.4   Ofcom was established under the Office of Communications Act 2002 and operates under a number of Acts of Parliament.[27] The Communications Act 2003 states that our principal duty is to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition. In postal services, our duty is to carry out our functions in a way that we consider will secure provision of a universal postal service in the UK. We implement and enforce communications, competition and consumer protection laws; our competition powers are outlined later in this section.

Our main legal duties guide the direction of our work

A1.5   Our main legal duties are to ensure that:

- the UK has a wide range of electronic communications services;

- optimal use is made of the radio spectrum;

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[27] These include the Communications Act 2003, the Wireless Telegraphy Act 2006, the Broadcasting Acts 1990 and 1996, the Digital Economy Acts 2010 and 2017 and the Postal Services Act 2011.

- a wide range of high quality television and radio programmes are provided by a range of different organisations, appealing to a range of tastes and interests;

- people are protected from harmful or offensive material, unfair treatment and invasion of privacy on television and radio;

- the BBC is held to account on its compliance with appropriate content standards, its performance against its mission and public purposes, and the impact of its activities on fair and effective competition; and

- the universal service obligation on postal services is secured in the UK.

A1.6   Ofcom can enforce consumer law on behalf of consumers but does not have the power to resolve individual consumer complaints about telecoms or postal services, unlike in TV and radio. Where appropriate, we provide advice to complainants and refer them to the alternative dispute resolution (ADR) schemes that we have approved.

A1.7   Ofcom also has a duty to promote media literacy in relation to material broadcast or distributed by means of an electronic communications network (which includes online). The scope of the media literacy duty is broad, and includes that Ofcom take action to improve public understanding of the nature and characteristics of material published online; the processes by which such material is selected, or made available, for publication online; the available systems by which access to material published online is or can be regulated; and the available systems by which people may control what is received and of the uses to which such systems may be put. Ofcom is also under a separate duty to carry out consumer research, including research on media literacy.

Ofcom's competition law powers

A1.8   In addition to our regulatory responsibilities set out above, we have powers in relation to communications matters to:

- enforce the prohibitions on anti-competitive agreements and abuse of a dominant position, set out in the Competition Act 1998, and the corresponding provisions under the Treaty on the Functioning of the European Union; and

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

A1.9   Ofcom considers whether it is more appropriate to exercise Competition Act or sectoral powers in any given case, subject to the specific legislative requirements.

A2. Work plan for 2019/20

A2.1   Below, we set out our work plan for 2019/20. We provide detail on the projects underpinning our priority work areas as well as our wider work plan to achieve our goals. Since the proposed Plan, we have added several projects following recent regulatory announcements and have also confirmed our key market research publications.

Better broadband and mobile – wherever you are

Project details	Milestone
700 MHz spectrum clearance: We will continue to work to clear digital television services from the 700 MHz band in order to release this spectrum for mobile data. We will continue to administer a grant scheme to fund incremental costs broadcasters incur as a result of the infrastructure changes associated with 700 MHz clearance. Our plan is to make the 700 MHz band available for mobile services by May 2020.	Clearance events continue in areas in Wales, the West Country, Northern England, Northern Ireland, the Isle of Man and Channel Isles in 2019/20
Broadband Universal Service Obligation (USO): We will implement a broadband universal service obligation. In particular Ofcom will: designate one or more Universal Service Providers (USP) to deliver the service; establish the obligations that USPs must meet to deliver the scheme in accordance with the legislation; and determine how the costs incurred by a USP may be compensated. In implementing the USO, our objectives are: to deliver the USO as quickly as possible, so consumers benefit as soon as possible; to ensure that any designated provider can deliver services that meet the USO requirements; and to ensure that the cost of delivery, and therefore the impact on industry and consumers, is minimised.	Statement Q1 2019/20
Business Connectivity Market Review: We will complete our competition assessment of the market for high speed business connections, with a view to providing a stable platform for investment in new networks.	Statement Q1 2019/20
Developing an updated spectrum management strategy: We will continue our work to develop our spectrum management strategy, gathering information from stakeholders to ensure that spectrum is made available to meet changing requirements.	Stakeholder engagement workshops Q2 2019/20
Enabling additional spectrum for mobile including 5G services: We will engage internationally at both European and global level to ensure that technical conditions for the priority spectrum bands are appropriate for mobile, including 5G services. We will continue our work to understand future spectrum demand.	Contribution to World Radiocommunications Conference -19

Improve mobile coverage (spectrum solutions): We are taking action to enable spectrum based solutions that could be used to improve coverage both indoors and in rural communities. For example, enabling self-installed small cells, or releasing spectrum that could be used at low power in particular locations, or amending spectrum access rules to enable solutions to be developed.	Statement Q2 2019/20
Improving mobile coverage: We continue to explore ways in which mobile coverage can be improved, particularly in rural areas and in support of the on-going award of the 700MHz spectrum band. The work also explores how to measure and report mobile coverage, in a meaningful way for consumers and businesses.	Ongoing
Physical infrastructure market review: We will complete our competition assessment of the market for physical infrastructure, with a view to introducing an unrestricted duct and pole access remedy.	Statement Q1 2019/20
Prepare for future awards of spectrum bands as they are cleared and released: We will consider responses to our proposals for the award of the 700 MHz and 3.6-3.8 GHz spectrum bands, including incentives to improve mobile coverage in rural areas. We will conclude with a decision on how to proceed with the award and set this out in a Statement, with a view to completing the award by Spring 2020.	Statement published Q3 2019/20, Auction applications c. Dec 2019
Reporting on consumers' mobile experience: We will publish a report on the performance delivered to consumers' smartphones. This will include an assessment of the performance of mobile connections for voice and data services and how these vary by a range of factors including technology, geography and time of day.	Report Q3 2019/20
Reporting on home broadband performance: We will report on data collected from a panel of residential broadband users who have monitoring units connected to their router. It will include assessments of how speeds and other performance metrics vary by technology, provider, time of day and geography.	Report Q1 2019/20
Spectrum sharing: We will explore opportunities to maximise efficient use of the spectrum, by opening up spectrum access to new players and businesses where spectrum is not being used, and through increased sharing where appropriate. The initial focus will be on: - opening up access to additional users in the 3.8-4.2GHz, 2.3GHz	Statement Q2 2019/20

and 1800MHz guard band; and - third party access to mobile spectrum. We will confirm our approach, including consideration of the appropriate authorisation mechanism and fees. Our plan would be to add other spectrum to this framework when appropriate.	
Supporting the launch of 5G networks and services: Programme of work intended to prepare for the commercial launch of 5G networks. Includes assessing the linkages between network slicing and net neutrality regulations, and the use of 5G technologies to provide fixed wireless services. We will also engage with consumers and businesses on the benefits of a broad variety of 5G services. We will further provide regulatory support for industry testing and early deployments throughout the year, to ensure good outcomes for UK industry and consumers.	Ongoing

Fairness for customers

Project details	Milestone
Bundled mobile airtime and handset contracts: We are working to ensure fairer, more transparent prices for mobile customers who pay for handsets and airtime within the same contract.	Consultation Q1 2019/20 Statement Q3 2019/20
Differential pricing practices: We will look at the fairness of pricing practices which result in consumers paying more for communications services due to their contract status, length of contract or other characteristics.	Consultation Q2 2019/20 Statement Q4 2019/20
End-of-contract and best tariff notifications: Confirming our plans for broadband, mobile, landline and pay-TV companies to tell customers about their best available deal when their contracts are coming to an end, and every year afterwards if they don't change their deal.	Statement Q1 2019/20
Future of consumer data: We want consumers to have the right information to make informed decisions about the products and services that best suit their needs. We are considering how best to ensure data is available on availability, speeds and consumers' use	Ongoing

of communications services. As part of this work, we will continue to engage with and support Government on its Smart Data Review.	
Participation and vulnerability: We work to support the needs and interests of those who are disabled, elderly, on low incomes or living in rural areas, as well as those whose circumstances appear to put them in need of special protection. We will contribute to joint policy work with the UK Regulators Network to improve outcomes for vulnerable consumers.	Ongoing
Personalised pricing: We will review the potential competition and consumer issues arising from personalised pricing, including the use of 'big data' and algorithms to facilitate personalised pricing.	Ongoing
Price Accreditation Scheme: We will review our accreditation scheme for price comparison websites to ensure it continues to work for consumers in the modern market, and to ensure alignment with the objectives of the European Electronic Communications Code.	Review Q3 2019/20
Reporting on outcomes for UK audiences: We will publish our second Media Nations report, which takes a broad look at how UK audiences are served by video and audio content. This will assess the take-up and use of broadcast television and radio and the impact of on-demand and streaming services. It will also look at the threats and opportunities faced by public service broadcasters.	Report Q2 2019/20
Reporting on pricing trends: We will report on pricing trends in fixed, mobile and pay-TV services. This will include a review of the prices available to consumers buying different types of services and a summary of what, on average, consumers are paying. It will also look at tariff structures and how 'discounted' prices vary from standard or 'list' prices.	Report Q3 2019/20
Review of the General Conditions and Universal Service Conditions to implement the European Electronic Communications Code: The end-user rights section of the code covers a number of important areas for consumers and businesses, such as switching, and contract duration and termination. We will review the General Conditions of Entitlement (the regulatory conditions that provide protections to consumers and businesses), considering what may need to be revised to comply with the new code.	Review Q3 2019/20

| Supporting consumers in communications markets: We will monitor the effectiveness of schemes which Ofcom approves or oversees that directly support consumers such as ADR schemes. | Ongoing |

Supporting UK broadcasting

Project details	Milestone
BBC commercial and trading activities: Ongoing information gathering and monitoring of the BBC's compliance with our requirements (including assessing the materiality of any changes to these activities).	Ongoing
BBC Studios Review: We will review the evolution of BBC Studios, including how it has implemented our Trading and Separation requirements. We will publish a Terms of Reference in autumn 2019, informed by issues raised by stakeholders and information gathered under our ongoing monitoring programme. We expect this work to continue into 2020/21.	Terms of Reference Q3 2019/20
Changes to the BBC's commercial activities: We will consider the BBC's assessment of whether its new joint venture streaming service BritBox is a material change to its commercial activities. In particular, we will consider whether there is a significant risk of market distortion or an unfair competitive advantage as a result of the relationship with the Public Service.	Ongoing
Material changes to BBC public service activities: We will consider the BBC's Public Interest Test on its iPlayer proposals to determine whether it is a material change and a BBC Competition Assessment is required. We will also continue to monitor other BBC public service activities to ensure any material changes have appropriate regulatory scrutiny if required.	Ongoing
News report: We will continue to provide an overview of news consumption habits and attitudes across the UK, based on our annual survey data.	Report Q1 2019/20
Publish a review of the BBC's news and current affairs output: Our review will look at how the BBC is adapting to the changing news environment to ensure that it can continue to deliver news and current affairs for all audiences that is relevant, high-quality and trusted. We will look at how it provides a range of content and depth of analysis across TV, radio and online.	Report Q3 2019/20

Project details	Milestone
Publish Ofcom's annual report on the BBC: We will set out how we have carried out our duties and assess the BBC's compliance with the specified requirements in the Operating Framework and Operating Licence. We will also publish a separate report measuring the BBC's performance in meeting its mission and public purposes across its public services.	Report Q3 2019/20
Reporting on adults' media literacy: We will publish our annual Adults' Media Use and Attitudes report, looking at media literacy among UK adults. It will include data on the media use, attitudes and understanding of adults aged 16 and over, and how these are changing over time.	Report Q1 2019/20
Responding to Channel 4 Corporation's annual Statement of Media Content Policy: We will publish our response to Channel 4 Corporation's delivery of its media content duties and plans for the following year as set out in its statement.	Report Q1 2019/20
Review of children's content: We will publish our response to plans developed by broadcasters to address our concerns relating to the provision of children's content.	Report on broadcaster responses Q2 2019/20
Review of the electronic programme guide (EPG) Code and the future of PSB prominence: In 2018/19, we consulted on updates to the prominence section of Ofcom's EPG Code, alongside proposals for extending the prominence regime to online services.	Initial conclusions Q1 2019/20
Reviewing public service broadcasting: We will look at how public service broadcasting has delivered the aims and objectives set by Parliament over the past five years. We will look at the programming which has been made, the audiences it has reached and how satisfied they have been with PSB output.	Document on timings Q1 2019/20
Small-scale DAB: Pending a statutory proposal being put before Parliament, we will consult on a proposed licensing framework for small scale DAB, including licence conditions, licence award processes and a frequency plan, to support a first round of licensing of small scale multiplexes.	Statement Q3 2019/20 Licence adverts Q4 2019/2020

Raising awareness of online harms

Project details	Milestone
Harmful online content: Contributing to policy debates on addressing harmful online content, supported by a programme of in-	Ongoing

Project details	Milestone
depth research around people's experiences and attitudes towards online safety.	
Report on how consumers and citizens are being served by online content and applications: We will publish a new annual report outlining trends in the online sector and assessing how consumers and citizens are being served by online content and applications.	Report Q1 2019/20

Supporting consumers and industry through Brexit

Project details	Milestone
Implementation of relevant European legislation: Where appropriate and necessary, we will work with the UK Government to transpose relevant European legislation into national law. In doing this, we will work to ensure that legislation is proportionate and appropriate, reflects the challenges facing the sector and meets the needs of consumers now and in the future.	Ongoing
Strategic implications of the changing nature of our relationship with the EU: Ofcom takes no views on the means or merits of Brexit. We will provide advice to Government as required to support its discussions with the EU on the detail of our future relationship. Where relevant, we will also provide advice on any legislative changes needed to underpin the future relationship between the UK and the EU. As the process evolves, we will continue to engage with our stakeholders to understand their positions and priorities.	Ongoing

Enabling strong, secure networks

Project details	Milestone
Building cyber security capability and continuing to ensure communications providers and operators of essential services are managing security risks and appropriate levels of resilience: DCMS has completed its two pilots of the 'TBEST' scheme – a threat intelligence-led penetration testing scheme which assesses how well a company stands up to a concerted attack based on the techniques known to be used by cyber criminals and hostile nation states. We have taken over the scheme and will launch our version in early 2019. TBEST is part of a Security and Resilience Assurance Scheme which we have launched in February 2019. This initiative will enable us to establish an understanding of any security and operational	Security and Resilience Assurance Scheme early 2019

resilience issues. Where we identify gaps, we plan to work with industry to make improvements.	

Increasing diversity and inclusion

Project details	Milestone
Diversity and Inclusion at Ofcom report. This will be a full report on the diversity profile of colleagues at Ofcom for the period 2018-19. It follows our interim report which was published in November 2018. It will include an update on our progress on our Diversity and Inclusion Programme.	Report Q1 2019/20
Equal Pay and Gender-ethnicity Pay audit. The report will explain our gender and ethnicity pay data for the period 2019/20. Alongside the data, the report will set out action Ofcom is taking to ensure a rigorous and fair approach to how colleagues are rewarded.	Audit Q4 2019/20
Increasing the accessibility of TV and on-demand programme services (ODPS): Once the Government has set new regulations in this area (based on our recommendations), we will consult on a new code on access service requirements for on-demand services.	Consultation Q2 2019/20
Monitoring diversity and equality of opportunity in broadcasting: We will continue to report on diversity in the UK TV and radio industries to provide a comprehensive picture of how well individual broadcasters – and the industry as a whole – are promoting equality of opportunity, diversity and inclusion within their organisations.	Publish 2nd radio industry report Q1 2019/20

Publish 3rd TV industry report Q2 2019/20 |
| **Review the guidance to public service broadcasters for production outside London**: We will publish a statement on our review of the guidance to PSBs in meeting their licence conditions for programmes made outside London and in the nations. | Statement Q1 2019/20 |

Sustaining the universal postal service

Project details	Milestone
Postal monitoring report: This sets out key data and trends in the postal sector as part of our statutory duty of securing a universal	Annual report Q3 2019/20

postal service, having regard to financial sustainability and efficiency.	
Royal Mail cost allocation review: We will conclude our review of some of Royal Mail's cost allocation methods and our costing rules, and if necessary, we will update our rules to ensure they remain fit for purpose.	Statement Q1 2019/20
Royal Mail cost model: We will extend our bottom-up cost modelling work of Royal Mail's delivery network to cover other parts of Royal Mail's operations. This work will support our assessment of Royal Mail's efficiency.	Stakeholder workshops Q2 2019/20
Royal Mail efficiency review: We will carry out a review of Royal Mail's efficiency. This work will give internal analysis us more insights into the likely future sustainability of the universal postal service. We intend to provide our latest view on the sustainability of the universal postal service, in our Annual Monitoring Update of the postal market.	Update Q3 2019/20
Review of reasonable needs of postal users: We will carry out market research and analysis to review the extent to which the postal market is meeting the reasonable needs of users in light of changes in the market, in particular the growth in online shopping and continued decline in the letters market. We will assess implications arising from changes in postal user needs.	Preliminary findings Q4 2019/20

Continuing to innovate our approach to regulation

Project details	Milestone
AVMSD implementation: We will continue to engage with DCMS on its plans for the implementation of the new Audiovisual Media Services Directive (AVMSD) and its potential impact on Ofcom. New requirements in the Directive include rules for video-sharing platforms (VSPs) to protect children from potentially harmful content and to protect the general public from content containing incitement and hate speech.	Q2 2020/21
Data strategy: We will implement an approach to make better use of data analytics and artificial intelligence to support policy development, and make the data we hold more easily usable by and accessible to others. This will include developing skills and understanding in data analytics and improving tools and processes.	Implement approach based on audit of our current capabilities and future requirements Q1 2019/20

EECC implementation: We will continue to engage with DCMS on its plans for the transposition of the new European Electronic Communications Code (EECC). This will also involve a review of our General Conditions of Entitlement (the regulatory conditions that provide protections to consumers and businesses), considering what may need to be revised to comply with the new code.	To be completed by the end of 2020
Future regulatory financial reporting: We will consult on proposals to ensure that BT's financial reporting obligations support our broader regulatory objectives.	Consultation Q3 2019/20
Testing a new approach to improve UK telephone number management: Number portability enables consumers and businesses to change service provider while keeping their existing number, fostering choice and effective competition without cost or inconvenience. However, in the UK there is no comprehensive database of all allocated numbers and many current solutions may not scale in the future as networks migrate to all-IP (internet protocol) infrastructure). A collaboration with industry, this project uses innovative blockchain technology to test a new future-proofed approach to number management.	Status update Q3 2019/20 Beta ready for testing Q4 2019/20

Other Work Areas

Projects supporting the future of telephony

Project details	Milestone
Future of numbering policy review: We will undertake a strategic review of the telephone numbering plan to ensure that it provides what consumers understand, want and need from numbers for the coming decade.	Consultation Q3 2019/20
Migration to voice-over-IP services: We will work with communications providers to help ensure that issues raised by their migration to voice-over-IP services, including the potential future switch-off of the PSTN, are identified and addressed with the aim of protecting consumers from harm and minimising disruption.	Ongoing
Narrowband and call termination review: We will review regulation in fixed narrowband markets to facilitate replacement of PSTN services by VoIP, including any necessary consumer safeguards.	Consultation Q4 2019/20

Number portability: We will set out our initial proposals for a strategic solution to fixed number portability, to address inefficient call routing and the level of failures in business porting.	Consultation Q1 2019/20
Review of interconnection: We will provide guidance on how we expect to regulate interconnection and call termination in an all-IP future and during the transition to IP. Any changes to regulation are likely to come into effect in April 2021 following the completion of a review of narrowband and call termination markets.	Consultation Q1 2019/20
Single fixed telecoms market review: We will consult on market assessment and remedies proposals for fixed telecoms services. This will cover wholesale voice/broadband connections and wholesale leased lines. Any remedies would come into effect in April 2021.	Consultation Q3 2019/20

Projects supporting spectrum management

Project details	Milestone
700 MHz clearance - PMSE support: In support of PMSE clearance, we will manage a grant scheme to fund a proportion of the costs PMSE users incur as a result of loss of access to the 700 MHz band. We will continue to promote and enable the use of additional spectrum already made available for PMSE in the 960-1164 MHz band.	Complete registration for the grant scheme and commence equipment surrender and payment of grants Q1 2019/20
Analogue community radio: We will undertake the necessary spectrum planning to maximise access for community radio and support the fourth round of licensing for analogue community radio.	Round complete Q2 2019/20
World Radiocommunications Conference (WRC-19): Working closely with the Government, Ofcom will engage with UK stakeholders and European partners to develop UK and European regional positions to take into the World Radiocommunications Conference 2019 with the aim of achieving outcomes which are best aligned with UK interests. In taking this forward, Ofcom will look to ensure that the views of all spectrum users are appropriately taken into account.	Updates in lead up to WRC in 2019

Projects protecting consumers from harm

Project details	Milestone
Advertising policy and regulation: The Government announced its intention to consult on additional restrictions on TV advertising for food and drinks high in fat, salt and sugar (HFSS), including a pre-watershed ban. If tighter restrictions were introduced, Ofcom and its	Subject to Government consultation/ statement

co-regulators (BCAP and the ASA) would be required to administer this.	

Projects providing information to consumers and the market

Project details	Milestone
Audience expectations in a digital world: We will carry out research into people's views and expectations of standards across TV, radio, on-demand and online. Ofcom has responsibility for regulating broadcast and on-demand services and it is important that the rules which apply to these services are appropriate and proportionate and reflect changing viewing behaviours and audience expectations.	Report Q3/4 2019/20
Cross-sector data on the communications market: In place of our annual written report into the communications market we will publish an interactive data portal containing all the key datasets that Ofcom collects across television and audio-visual, radio and audio, fixed and mobile telephony, internet take-up and consumption, and post. We will keep this updated to ensure that Ofcom's most current data are easily accessible.	Interactive data portal Q2 2019/20
Improving consumer information on fixed and mobile coverage and performance: We continue to provide consumers with accurate and comparable information on fixed and mobile networks via our online checker tools apps and our application programming interface (API). We intend to enhance the functionality of our apps and expand the mobile coverage information provided to external organisations by releasing a new API to provide mobile coverage information over a wider geographic area.	Ongoing
Report on quality of service in the fixed and mobile sectors: We will provide consumers and industry with comparative metrics on communications providers' quality of service.	Report Q1 2019/20
Reporting on adults' media literacy: We will publish our annual Adults' Media Use and Attitudes report, looking at media literacy among UK adults. It will include data on the media use, attitudes and understanding of adults aged 16 and over, and how these are changing over time.	Report Q1 2019/20
Reporting on children's media literacy: We will publish our annual Children's Media Use and Attitudes report, providing detailed evidence on media use, attitudes and understanding among children and young people aged 5-15, as well as detailed information about	Report Q3 2019/20

the media access and use of children aged 3-4. The report will also include parents' views about their children's media use, and the ways parents monitor or limit children's use of different types of media.	

A3. Responses to the consultation

Consultation events and responses

A3.1   We published our Proposed Annual Plan on 3 December 2018 for consultation.

A3.2   In January 2019 we hosted events in Belfast, Cardiff, Edinburgh and London. This gave us the opportunity to engage with a wide range of stakeholders and hear diverse views on Ofcom's priorities.

A3.3   We received 47 written responses to our Proposed Annual Plan from communications and media firms, trade bodies, consumer interest organisations and individuals.

A3.4   We have considered all submissions in finalising our Annual Plan and have published all non-confidential submissions in full on our website.[28] Below we provide a summary of the submissions received, as well as our responses to key points, grouped by priority area.

Better broadband and mobile - for everyone

Mobile coverage

A3.5   **BT** encouraged Ofcom to continue to work with industry to discuss ways to define, measure and report on coverage for 4G and emerging 5G services.

A3.6   The **Welsh Government** is supportive of Ofcom's work to improve mobile coverage but believe Ofcom should work with the Welsh Government and should reflect this commitment to engagement in the Annual Plan. It supports roaming in rural areas to improve coverage and would like to see work to develop and consult on firms' proposals for delivering regional roaming, consulting with devolved administrations.

A3.7   The **Scottish Government** supports incentivising mobile network operators to fully utilise the spectrum they have with the option of opening up to third parties more easily. It supports Ofcom's work on opening up spectrum access, thus becoming more dynamic and supporting new opportunities offered by 5G.

A3.8   The **Welsh Government** believes Ofcom needs to go into more detail under 'further option for improving mobile coverage' to outline what work it expects to undertake, especially around infrastructure sharing (specifically masts) including timelines.

A3.9   The **Welsh Government** would also like to see a focus on how spectrum sharing could encourage new players to provide mobile services where there is little or no coverage and would like some focus on how shared spectrum could benefit academic and business research and support new applications in rural areas, such as the Internet of Things (IoT).

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[28] Ofcom, Consultation: Proposed Annual Plan 2019/20, Responses, https://www.ofcom.org.uk/consultations-and-statements/category-1/annual-plan-2019-20

A3.10   **Which?** is supportive of the planned work to improve coverage and says there are still c. 23% of UK premises that do not have a good 4G signal indoors from all operators. It says the obligations attached to the 700MHz auction should be ambitious, and additional measures on top of these requirements should be pursued.

A3.11   The **Scottish Government** says 700 MHz is an important lever to improve mobile coverage. It is disappointed with the new lower geographical coverage target of 74% for Scotland and asks that Ofcom reconsiders this as it further entrenches the existing coverage gap between Scotland and rest of UK. The **Welsh Government** believes the proposed geographic coverage obligations for Wales, which is lower than England and Northern Ireland, is not acceptable and will respond substantively to the consultation on the 'Award of the 700 MHz and 3.6-3.8 GHz spectrum bands. **BT** deems it essential that Ofcom's design of the coverage obligations for 700MHz is correct and welcomes the opportunity to input into this.

Our response

A3.12   On 18 December 2018 we published our proposals for the award of 700 MHz and 3.6-3.8 GHz spectrum bands. The 700 MHz band is well suited for providing mobile coverage over wide areas and indoors. Our proposals include large discounts on auction prices for any two bidders committing to substantial coverage obligations, aimed at providing good quality mobile services in rural areas throughout the UK with a focus on places people live, work and travel. We believe that our proposals can provide benefits to many people, especially those living and working in rural areas with poorer mobile coverage. We also recognise that, whilst our proposals would make a significant difference to rural coverage, they may not provide a comprehensive solution to all mobile coverage issues. We are considering responses to our consultation on the award of 700MHz and 3.6-3.8GHz spectrum bands and plan to publish concluding statement in the Summer. We will continue to work with the industry and UK and devolved governments on further measures where they are required. We will also explore a range of other policy options and new technologies to improve mobile coverage, in particular in rural areas.

A3.13   Over the past 18 months, Ofcom has been working with mobile network operators to identify ways to define and measure coverage in ways that better reflect actual consumer experience. This will make it easier for consumers to compare the levels of coverage offered by different operators. To date this work has been focused on 2G, 3G and 4G networks, but in the coming year we expect to start work on assessing the minimum signal strength required to deliver good 5G coverage. We will continue to engage with industry throughout this process.

A3.14   We will continue to work with the devolved governments to improve mobile coverage for people and businesses across the UK. We welcome the support of the Scottish Government in this process and will continue to discuss the interaction between our proposals and its 4G Infill Programme. We expect that the proposed coverage obligation will help drive investment in that programme.

A3.15   Ofcom is looking at options for universality of access to appropriate communications services. We already support mobile infrastructure sharing.

A3.16   We provided advice to the UK Government in 2018, setting out possible methods to improve mobile coverage. This included advice on roaming in rural areas. In our consultation on the award of the 700 MHz and 3.6-3.8 GHz spectrum we indicated that the benefits of a roaming obligation are uncertain, as this would depend on the willingness of a mobile operator to acquire the obligation, and it could only apply to the spectrum being awarded. There would also be no guarantee that other mobile operators would take up the offer to roam on another network. However, we are proposing that mutually agreed roaming arrangements should be capable of counting towards the fulfilment of the geographic and premises requirements in our proposed coverage obligations. In addition to our proposals to include coverage obligations in the award of 700MHz and 3.6-3.8 GHz, we will continue to work with industry and UK and devolved Governments to assess further options for improving mobile coverage.

A3.17   We issued our consultation, Spectrum Sharing - Enabling Opportunities for Innovation of December, in December 2018. We are currently reviewing responses and will issue a statement in the summer.

Broadband USO

A3.18   **The UK Competitive Telecommunications Association (UKCTA)** raised concerns that there was little to no detail around how the USO would be funded.

Our response

A3.19   The net cost of meeting USO obligations will be determined by a number of factors which, at this stage, are uncertain. These include the number of premises eligible for the USO, the technologies used to supply USO premises and the cost of building the necessary infrastructure. The level of any funding is determined by the level of the unfair net cost burden which is only assessed following a submission from the Universal Service Provider, which has been verified by Ofcom.

A3.20   We do not consider that prospective Universal Service Providers require information on funding arrangements in advance of making our designation decision because it should not affect how they will fulfil the obligations to deliver USO connections to eligible customers. We expect to consult on funding regulations in Q2. At that stage we will have the benefit of taking into account our decisions on who should be designated and what universal service obligations should apply to them.

A3.21   **Openreach** and **BT** raised concerns over the practicality of the timescales proposed by Ofcom for fixed network build, highlighting the challenges of building in rural areas. BT highlighted that work around cost recovery and funding should be added to the Annual Plan.

Our response

A3.22   We have consulted on the 12-month maximum delivery timescale and will set out our final position in a statement in early Summer 2019.

A3.23   We have set out the high-level principles of the funding of the USO in our expression of interest and consultation documents last year. This being that any efficiently incurred costs deemed to be an unfair burden will be recoverable through an industry fund.

A3.24   We will provide more detail on funding in a consultation and statement later this year.

A3.25   The **Welsh Government** raised a concern over the ability of the USO programme to deliver to very rural parts of Wales; highlighting concern over the proposed download speed and the cost threshold.

Our response

A3.26   These aspects of the USO were set out by Government in the Broadband Universal Service Order. Ofcom's role is to implement the Order in the most effective way, this includes considering how the USO can most effectively deliver for premises in very rural areas.

A3.27   **Intelsat** argued that it believed a mix of technologies would be necessary to meet the USO requirements. **Intelsat** and **OneWeb** both highlighted the role that satellites could play in delivering the USO.

A3.28   **CityFibre** raised a concern that the USO was focused narrowly on technology solutions to deliver the current definition, rather than encouraging something that will deliver faster speeds.

Our response

A3.29   In our 2016 technical advice, we recognised that other technologies, such as TV white space and low-earth orbital satellite, could be used to deliver decent broadband in future. Uncertainty remains around providers using TV white space being able to consistently access the required spectrum and effectively deliver the technical specification of the USO at all times. Low-earth orbital satellites services are not yet available but may be able to deliver broadband services in the UK in coming years, and are then more likely to meet the technical specification of the USO. We will continue to monitor this closely.

A3.30   To inform its design of the USO, in March 2016 the Government asked Ofcom to provide technical advice on several aspects of the USO, including the speed of the service, likely demand, and the potential costs of delivery. We highlighted evidence that a download speed of at least 10Mbit/s was needed to enable consumers' full participation in a digital society. A download speed of at least 10Mbit/s would allow multiple users to simultaneously use the internet, including web browsing, HD video streaming, video calling and gaming.

A3.31   The technical specification in the order aims to ensure consumers can use the digital communications they need today, but it may have to increase over time to meet rising consumer expectations and demands. The Digital Economy Act 2017 includes an automatic review of the USO to ensure it remains relevant. It stipulates that the technical specification of the USO must be reviewed when at least 75% of premises in the UK subscribe to a broadband service that provides a download speed of at least 30Mbit/s.

A3.32   **CityFibre** raised a concern over the way the USO would interact with other public interventions (such as the Government Local Full Fibre Network or the Scottish Government R100 programme); and that the USO could become a subsidy mechanism to deploy legacy technology. The **Scottish Government** sees opportunities for collaboration on the USO and its Reaching 100% Programme.

Our response

A3.33   Ofcom continues to engage with publicly-funded broadband programmes across the country in order to understand how these programmes interact with the USO and to maximise the benefit to consumers. At the same time as progressing work to implement our USO responsibilities, we are continuing our discussions with the Scottish Government to understand its detailed plans for the "Reaching 100%" programme.

Effective Openreach reform

A3.34   **Openreach** highlighted the extensive changes it has put in place and how it has communicated those changes to Ofcom and industry. It also notes it will continue to work closely with the Openreach Monitoring Unit (OMU) to demonstrate their compliance with the new commitments, as well as responding to proportionate requests.

A3.35   **CityFibre** noted that the new emphasis on infrastructure competition justifies a further review of BT Group separation, as Openreach will be both a provider of passive inputs to rival fibre networks and their principal competitor. It believes Ofcom should more explicitly recognise this problem and initiate work to identify solutions.

A3.36   **TalkTalk** said effective monitoring and transparency mechanisms, including proactive monitoring of Openreach, to track how competition develops and identify anti-competitive behaviour, are not being addressed. It wishes to see reference to this work in the Annual Plan.

Our response

A3.37   We monitor Openreach's performance to assess how effective the new arrangements are in supporting positive outcomes for consumers and businesses across the UK. We believe the extent to which the new model is delivering these benefits for consumers and businesses will become clear within three years of its implementation.

A3.38   Our monitoring is focused on assessing whether BT and Openreach are living up to the letter and the spirit of their commitments. Progress is being considered within the broader context of the objectives of the Digital Communications Review. Our monitoring draws on information gathered for our Connected Nations reviews and by our Openreach Monitoring Unit (this includes monitoring PIA progress as well as Openreach's own fibre rollout), with a focus on how Openreach's performance and behaviour are contributing to positive change. Monitoring compliance in this area is a key priority in the OMU's work programme for the year ahead.

A3.39   We note the issues raised by some communications providers in their response to this consultation, and continue to welcome feedback from stakeholders on any concerns relating to Openreach activity or behaviours.

Geographical regulation

A3.40   The **Welsh Government** said that we need to consider how we can encourage investment in areas with little or no broadband and mobile coverage. It said that there needs to be a commitment in the Annual Plan to build on the geographic regulation work, including a commitment to work with the Welsh Government to ensure any new approach reflects the needs of Wales.

Our response

A3.41   We recognise the importance of different geographic conditions when considering coverage and availability and will engage and consult with relevant stakeholders when making any such assessment.

Switching

A3.42   **CityFibre** urged Ofcom to prioritise work looking at switching between infrastructure providers, arguing that switching rates are low and current processes could make it easier for those using Openreach's network. **TalkTalk** highlighted that the Annual Plan should include details on Ofcom's planned activities around inter-network switching.

Our response

A3.43   The new European Electronic Communications Code includes a number of measures in relation to switching, and these will apply to cross-platform switching. We will consult on our proposed approach to implementation in Q3.

Preparing for 5G services

A3.44   **Three** welcomed our recognition that preparing for 5G services is important and our intention to understand the regulatory implications of their launch. Three believes that there is currently uncertainty as to whether certain 5G use cases will be permitted under the current net neutrality regulations. Industry would benefit from clarity around this area as it prepares for the commercial launch of 5G services.

A3.45   **TechUK** is supportive of Ofcom's 5G work to enable additional spectrum for mobile including 5G services. It would be happy to collaborate with Ofcom on engaging with members to ensure spectrum technical conditions for the priority bands are appropriate for mobile, including 5G services.

A3.46   **BT** would like to see explicit reference to mmWave spectrum for 5G in the annual plan, including information on authorising access to the 26 GHz band and arrangements for existing users. **TechUK** believes authorisation plans for the 26GHz band for 5G use in the UK should also be included in the Ofcom 2019/20 workplan. The 26GHz band has been identified as a pioneering band for 5G in Europe and will allow sufficient bandwidths per mobile network operator to deliver the very high data rates and low latency promised by 5G. 26 GHz authorisation would allow Ofcom to preserve UK 5G leadership in Europe and globally.

A3.47   **Three** supports Ofcom's international engagement to ensure appropriate technical conditions for mobile, and supports Ofcom in identifying 23.25-27.5GHz, 40.5-43.5GHz and 66-71GHz as priority bands for 5G at WRC-19. However, it believes Ofcom should also examine the 28GHz band.

A3.48   **BT** noted that 5G networks will enable a range of innovative services. It noted that Internet of Things (IoT) services will require a specific identifier, such as a mobile number and that a range of such numbers may need to be set aside for this purpose.

Our response

A3.49   We will explore the implications of network slicing in 5G networks under net neutrality regulations. This is to understand more precisely how the existing regulatory regime applies to various potential 5G use cases so that the regime can continue to be consistent with investment in new network infrastructure.

A3.50   We recognise that 5G will support a range of new and innovative services, including the IoT. As part of our preparations for commercial launch of 5G services, we will work with industry to better understand the needs for identifiers for IoT services.

A3.51   We continue to monitor demand for mmWave spectrum and we will respond to changes in demand to ensure we make spectrum available when required using appropriate authorisation approaches.

A3.52   We continue to support 5G trials, including with mmWave, to ensure good outcomes for UK industry and consumers. We will engage internationally at both European and global level to work on appropriate technical conditions for the priority bands, including mmWave 5G services.

A3.53   We can confirm that the 28 GHz band is already awarded for spectrum access licences.

A3.54   As part of our work to prepare for the commercial launch of 5G networks and our ongoing management of telephone numbers, we will work with the industry to better understand the needs for identifiers for emerging IoT services.

Providing information to consumers on the availability and quality of communications services

A3.55   The **Advisory Committee for Northern Ireland** suggested qualitative work, such as case studies, should be published alongside the Connected Nations report. This would give a better illustration of the impact of poor quality services on consumers and businesses.

Our response

A3.56   We agree, in principle, that there may be value in more closely aligning publications that include both quantitative and qualitative analysis, if this helps to illustrate important messages. We will explore opportunities to include qualitative content, as part of the Connected Nations report, and particularly to illustrate individual nations' reports. The main Connected Nations report itself will continue to be based on quantitative data, as we do not collect qualitative data to support its publication.

Preparing for future awards of spectrum bands

A3.57   **Nominet** urged Ofcom to combine two workstreams: the proposed release of 700MHz and 3.6GHz bands, and "enabling opportunities for innovation," to produce a single statement with a joined-up approach to sharing, linking both existing and new bands. It considers this very important to unlock 5G coverage that might otherwise be left behind by MNO investment.

A3.58   **OneWeb** asked us to open the upper part of the 14 GHz band to ubiquitous non-geostationary satellite orbit (NGSO) services. **Intelsat** notes that spectrum sharing should be done in a manner that safeguards current and future usage of the bands by the existing users. Additionally, it recommends the use of the 14.25-14.5 GHz band to increase spectrum efficiency and satisfy increasing need for in-flight connectivity.

Our response

A3.59   We are considering responses to our consultation on the award of 700MHz and 3.6-3.8GHz spectrum bands and Enabling Opportunities for Innovation. We will publish concluding statements in the summer.

A3.60   We note OneWeb's proposal regarding opening access to the upper part of 14GHz. We need to ensure that all allocation of spectrum is carried out in a fair and proportionate manner, especially where competitive demand exists. We note Intelsat's recommendation.

Fairness for broadband, phone and TV customers

Harmful pricing practices

A3.61   There was wide support on work around harmful pricing practices, including from **Citizens Advice Scotland, UKCTA** and **The Consumer Council. Which?** highlighted concern over consumers paying for handsets that they have already paid off, urging us to bring this

practice to an end. **BT** urged us to consider 'split contracts', where financing for handsets is separate from airtime.

A3.62   **Which?** welcomed our work in dealing with unfair business practices and said it was imperative that consumers do not pay for handsets that they have already paid off. **Citizens Advice** was supportive and stressed the need to ensure an automatic handset discount was applied at the end of a minimum contract period. **Citizens Advice** and the **Communications Consumer Panel and Advisory Committee for Older and Disabled People (CCP & ACOD)** were concerned with the timeline and felt that a statement could be published earlier.

A3.63   **Three** supported Ofcom's proposals on end-of-contract notifications and on encouraging consumer engagement. Three supports our work to help vulnerable consumers but are concerned that a remedy for vulnerable customers concerning mobile handset bundles will be deployed to all customers.

Our response

A3.64   We noted in our September consultation 'Helping consumers get better deals in communications markets: mobile handsets', that split contracts could have the effect of tying consumers into longer contracts, potentially disincentivising switching and denying them the benefits of competition. In response to the consultation some stakeholders agreed with these concerns, while others advocated split contracts as fairer and more transparent. As part of our mobile handsets work, we are therefore now undertaking work to understand the impact the design of these contracts may have on consumers and consider if any measures are appropriate to ensure they operate in their interests. We will consult on any proposals we decide to make as part of our planned consultation on mobile handsets in Q1 2019/2020.

A3.65   We welcome the Competition and Markets Authority (CMA) report, which supports our ongoing work in this area and we will consider the CMA's recommendations as part of this work.

A3.66   **BT** believes that price differentiation is pro-competitive and benefits consumers, so any remedies would need to be carefully balanced. BT did recognise concerns around vulnerable consumers and work with Ofcom on proposals to address this. **First Utility** was supportive of work around differential pricing practices but would welcome clear definitions of harm and scope of interventions, and products under consideration.

Our response

A3.67   The terms of reference for our review of pricing practices in the fixed broadband sector are set out in chapter 13 of our consultation entitled 'Helping Consumer Get Better Deals', which was published on 14 December 2018. The review will examine the scale of any harm resulting from pricing practices in dual-play services in the fixed broadband market. It will also determine who is affected and whether there are any additional targeted actions we

should take to protect broadband customers. The review will focus on vulnerable people, which may include people who are older, on lower incomes, or who have a physical or mental illness.

A3.68   **TalkTalk** pointed to potential for further work to tackle harm resulting from frequent in-contract price rises. The **Communications Consumer Panel (CCP) and Advisory Committee on Older and Disabled People (ACOD)** raised non-coterminous contracts as an area of harmful pricing practices that should be included in the review in broadband differential pricing practices.

Our response

A3.69   The new European Electronic Communications Code includes a number of strengthened consumer protection measures, including in relation to changes to the contract during the minimum term. We will be consulting on our proposed approach to implementation in Q3 2019/20. Non-coterminous contracts lie outside the scope of the review of pricing practices in fixed broadband but we will consider further our position in relation to such contracts as part of the transposition of the new Code into our regulatory rules.

Comparing quality of service

A3.70   The **CCP** and **ACOD** would welcome Ofcom ensuring widespread availability of data in a format most useful to consumers.

Our Response

A3.71   This data is collected and published to create transparency in the market so consumers, including businesses, can compare providers and so providers are incentivised to compete on the measures that matter to consumers. In order for this to be effective, the data must be as accessible as possible. We will use infographics and interactive charts to make it easy for consumers to use, will seek to use the media to raise awareness of the key findings and will publish the data in open format to that third parties and intermediaries (such as price comparison websites) can also use the data and present it to consumers.

Proportional billing

A3.72   The **CCP** and **ACOD** would like Ofcom to consider proportional billing for broadband speeds, believing that those receiving a service that consistently fails to deliver promised speeds should pay proportionally less.

Our response

A3.73   Our new Broadband Speeds Codes of Practice, which came into effect from 1 March 2019, sets out consumers' right to exit in the event that their broadband speeds fall below a minimum guaranteed level. In our judgement, proportional billing where prices are charged to each consumer based on the speed they receive would significantly increase

complexity for consumers and would reduce transparency. Proportional billing would also affect all customers. We consider that our approach is more targeted and proportionate in that it focuses on customers experiencing speeds below the minimum guaranteed download speed. Our new codes of practice also encourages internet service providers to consider providing discounts alongside the right to exit, for those customers with speeds below the minimum guaranteed speed.

Supporting UK broadcasting

BBC Operating Licence

A3.74   The **Welsh Government** suggested that Ofcom should routinely consider, as part of the annual BBC report, whether the operating licence is fit for purpose and set out any required amendments. In the first instance, they suggest Ofcom should review issues already highlighted by the Welsh Government.

Our response

A3.75   We acknowledge that the BBC Operating Licence and Ofcom's performance measurement framework will evolve over time. We have recently made changes to the Operating Licence to reflect the new BBC Scotland TV Channel. We would anticipate making further changes if our assessment of the BBC's performance highlights areas of concern, and as the BBC's delivery of its services evolves.

BBC Oversight

A3.76   **Pact** suggested Ofcom should encourage greater BBC transparency around competition for the production of online content and how the transition to 100% contestability over the course of the current charter period is progressing. It also urged Ofcom to adopt its recommendation of an independent audit of the BBC Group (BBC Public Service and BBC Studios) and a review into the BBC transfer pricing system.

A3.77   **Professor Robert Beveridge** suggested the annual plan should include work, and a consultation, on BBC funding with respect to the over 75s licence fee and its impact on PSBs and the UK creative economy.

Our response

A3.78   On 11 February 2019, Ofcom published its final statement on BBC Commissioning. The BBC has committed to publishing its progress to meeting the quota for competition for the production of online content every year. We will continue discussions with the BBC to develop its reporting for online commissioning which is currently captured under the Agreement and its reporting on contestability for off-schedule podcasts and long form on-demand only TV programming.

A3.79   We published a statement on changes to the requirements and guidance on the BBC's commercial and trading activities in February 2019. This set out our view that, at this point

in time, an additional independent audit was not necessary. However, we will continue to monitor the findings of the independent audits and examine any additional internal audits undertaken by the BBC. We will reconsider our view if the level of assurance gained from these sources is insufficient for our needs. In addition, we will consider whether to undertake a one-off assessment of transfer pricing as part of our review of BBC Studios.

A3.80   The BBC Licence Fee arrangements are agreed between the Government and the BBC. Ofcom does not have a role in this. The BBC has recently consulted on a range of options relating to the funding of the Licence fee for the over 75s.

BBC Studios

A3.81   The **BBC** was concerned about how Ofcom will conduct the BBC Studios review given Ofcom's updated trading and separation requirements on which the review would be based. It considered that any review for the 2019/20 financial year would be assessing the BBC's compliance with the previous rules and suggested it may be advisable and more efficient to postpone the review until after the new requirements have taken effect.

A3.82   **Pact** suggested the BBC Studios review should consider whether the BBC is meeting the key promises laid out in the BBC Charter on commercial and Public Service terms. It was concerned about the potential market distortion and impacts on competition of the anticipated division of UKTV assets between Discovery and BBC Studios. Pact also said that Ofcom should seek to determine the process by which the BBC's commercial subsidiaries (including lines of business) should be allowed to fail and sought clarification on the governance of such decisions.

Our response

A3.83   We will carry out more work to help us understand the scope and operation of BBC Studios' activities. Following comments made by the BBC and other stakeholders as well as recent BBC announcements, including its new joint venture streaming service BritBox, we will delay this review until later in 2019/20. We also plan to issue Terms of Reference in autumn 2019. Before starting the review, we will continue to gather information BBC Studios' activities and its implementation of our Trading and Separation requirements.

A3.84   The BBC Agreement requires us, by April 2019, to consider whether to carry out a review of whether the BBC's production activities meet our Trading and Separation requirements. We are unlikely to carry out the review at this time as we have recently reviewed and updated our Trading and Separation requirements and will carry out the further work described above.

A3.85   In relation to Pact's concerns, if a line of business/commercial subsidiary was not achieving, or expected to achieve, a commercial rate of return we would look at a number of factors before deciding on any further action. This is as set out in our February 2019 statement on the BBC's commercial and trading activities. This could include a review of the life-cycle of the specific activities and an assessment of what may have caused the low

returns. It is up to the BBC to determine appropriate governance arrangements, subject to our requirements and guidance.

A3.86   With respect to Pact's concerns about any potential UKTV transaction, the BBC will need to consider whether any such deal between the BBC and Discovery on UKTV represents a material change to its commercial activities. Our role is to consider the result of the BBC's materiality assessments in line with our duties to ensure fair and effective competition.

Broadcast complaints

A3.87   **BT** would welcome an Ofcom review on whether to adopt a broadcaster-first complaints process (as with the BBC) for all broadcasters.

Our response

A3.88   Under the BBC Charter and Agreement, Ofcom is required to consider complaints about BBC content only if the complainant has already complained to the BBC first, unless there are exceptional circumstances or in the case of Fairness and Privacy complaints. We implemented this process when we took on full regulation of the BBC in April 2017. This is still a relatively new process and we would need to consider carefully how it is working before any potential consideration of an extension of this type of approach to other broadcasters.

A3.89   We have not received widespread calls to consider a wider broadcaster first approach to complaints handling, and we have no active plans to review the existing approach over the coming year. It is worth noting that our non-BBC complaints procedures already encourage complainants to submit their complaints directly to the relevant broadcaster before making a complaint to Ofcom.

Children's Content

A3.90   **Pact** would welcome the opportunity to comment on broadcaster plans regarding children's content. It believes the plans should include increased investment in children's content quotas.

Our response

A3.91   We welcome ongoing discussion with Pact on our children's content work. Broadcasters' plans are due to be submitted to Ofcom by the end of March 2019 and we will engage with Pact and other stakeholders in advance of our summer publication.

Radio

A3.92   The **Community Media Association** requested that Ofcom adds to its work plan research into the Community Radio Fund to demonstrate its impact and how community radio stations use grants from the fund to leverage access to other funding.

A3.93   The **Welsh Government** urged Ofcom to take note of their evidence and response to the National Assembly for Wales' Committee's inquiry into radio in Wales.

Our response

A3.94   We are committed to engaging with DCMS about the Community Radio Fund, and are actively discussing the fund with them as part of our work plan on Small Scale DAB.

A3.95   Ofcom gave evidence to the inquiry into radio in Wales and we have noted the recommendations outlined in the report. We held a Radio in Wales event on 13 March to discuss recent developments in the sector and their implications. We continue to engage with stakeholders on these issues.

EPG Code and PSB prominence

A3.96   **Pact** believes any extension of the prominence regime to the PSBs' new services and devices must be accompanied by imposing the same obligations and responsibilities that are imposed on PSBs linear services. Ofcom's report should also recognise that any changes to the prominence rules might have a damaging impact on the multi-channel companies in terms of advertising revenue and their prominence on the EPG.

A3.97   The **BFI** said it is committed to maximising public value and would want to see this reflected in the approach to PSB prominence.

A3.98   BT believes Ofcom's approach should remain technology-neutral. They suggest we should monitor changing consumer habits and work with Digital UK to future proof EPGs.

Our response

A3.99   We note the views expressed in the Annual Plan responses and plan to publish our initial conclusions on prominence in Q1 2019/20.

News and current affairs

A3.100   **Pact** recommends that Ofcom launch a consultation review of contestability in current affairs commissioning, especially in Scotland and Northern Ireland. They suggest the review should also seek to establish if the boundary lines between news current affairs and non-news related current affairs could be more clearly defined.

A3.101   The **Welsh Government** suggested that the BBC's 2016 review of its news services in the nations should be fully considered in Ofcom's forthcoming review. It should consider whether there are opportunities for the BBC or other PSBs to improve coverage of Welsh issues and devolved governments.

A3.102   **Professor Robert Beveridge** suggested that the review of the BBC's news and current affairs output should cover all PSBs and include a review of standards relating to reporting in the nations.

Our response

A3.103   Following our statement on commissioning for the BBC public services, we are engaging with the BBC about how it delivers on the contestability requirements set by the BBC agreement, and with other stakeholders to ensure we remain informed about potential areas of concern. We welcome Pact raising this issue.

A3.104   In our first annual report on the BBC we noted the particular responsibility of the BBC to remain a trusted news provider offering a range and depth of analysis and content not available elsewhere. As part of our review we will be conducting research across the UK, including Wales, to better understand the changing needs of BBC viewers, listeners and users.

A3.105   In our first annual report on the BBC we noted its particular responsibility to provide a range and depth of analysis and content not available elsewhere. Given that role, the review is focussed on BBC output more generally. We will consider the news output available on PSB services more broadly, as part of the next PSB review.

PSB Review

A3.106   **Directors UK** suggest the PSB review should look at the health of broadcasters across the TV, online and VoD landscape. It raised particular concerns about quality of output, employment for UK talent, and fair compensation for rights holders for repeat use across platforms.

Our response

A3.107   Ofcom's duties in relation to the PSB review include considering how public service content can be maintained and strengthened. As part of that work, we will take into account changes in the market place and how they are likely to affect the continuing availability of UK content.

Raising awareness of online harms

A3.108   **TalkTalk, UKCTA**, and **BT** acknowledged the debate on online regulation and were supportive of our work.

Our Response

A3.109   We welcome the support given in the annual plan responses. We will continue to engage with the debate surrounding online regulation and are keen to maintain an open dialogue with stakeholders on these issues.

Supporting consumers and industry through Brexit

A3.110   **The Advisory Committee for Northern Ireland** and **The Consumer Council** both urged Ofcom to ensure communications customers and businesses in Northern Ireland are fully considered, given the unique challenges for Northern Ireland arising from Brexit.

A3.111   **Which?, Openreach, and Ewan Sutherland** noted the potential impact of Brexit on Ofcom's relationship, membership, and work with other regulatory bodies, both in Europe and the rest of the world. Openreach extended support of continued European and international partner collaboration to ensure a smooth transition and effective regulation post-Brexit.

A3.112   **The Internet Service Providers' Association (ISPA)** and **Openreach** asked how Ofcom will regulate industry post-Brexit, including current work on the European Electronic Communications Code (EECC), and providing a predictable, independent, and proportionate regulatory body.

A3.113   **CityFibre** was concerned that the Government has been taking decisions without sufficient debate and urged Ofcom to initiate a public debate about the extent of future regulatory alignment of UK telecoms with the EU framework.

A3.114   A **confidential respondent** sought clarity of their regulatory obligations post Brexit, and committed to working with Ofcom in post-Brexit to clarify and understand new regulatory requirements.

A3.115   **OneWeb** encouraged Ofcom to maintain policies that won't impact the UK's openness to foreign direct investment, the UK's open and dynamic economy, or the Government's commitment to make the UK the best place to start and grow a space or satellite business.

Our Response

A3.116   Ofcom's Brexit team and Northern Ireland Office have been, and continue to be, focussed on the unique challenges facing customers in Northern Ireland. Ofcom's key issues are maintaining Republic of Ireland PSB availability in Northern Ireland and avoiding a return to charges associated with inadvertent roaming.

A3.117   Regardless of the outcome of Brexit, Ofcom will continue to invest in our bilateral relationships within the EU to ensure we can still learn from and exchange best practices with our regulatory counterparts. We will also continue to cultivate our bilateral relationships beyond the EU, as well as continue to engage in regional and global networks and fora.

A3.118   Ofcom's future relationship with EU regulatory networks will be subject to negotiation between the UK and the EU. Ofcom will continue its involvement in the OECD, which is independent of the UK's EU membership.

A3.119   Our commitment to make communications work for everyone guides all our work – that remains the case regardless of how the UK exits the EU. Making sure people can get the services they need wherever they are in the UK, and companies treat their customers fairly at all times are central to this work and will remain so after Brexit. We have been providing technical advice to Government across our sectors and will continue to do so, including on the EECC and AVMS transposition process. We will continue to provide a stable regulatory environment that supports investment in the UK's communications networks and services.

A3.120   The Government leads on negotiations with the EU and is responsible for setting the legal frameworks that will apply to our sectors after Brexit. Ofcom has been providing independent technical advice to government on elements of the negotiations that are relevant to our sectors, alongside providing expert advice on how to ensure the smooth implementation of any future arrangements for our sector. We will communicate any changes to regulatory requirements through our usual communications channels.

A3.121   We will continue to provide a stable regulatory environment that supports investment in the UK's communications networks and services.

Strong, secure networks

A3.122   **UKCTA** said it is important that Ofcom's security work is independent of government, transparent and that it is clear what aspects of the work are mandatory. It acknowledged that Ofcom has some new responsibilities under the Network and Information Systems (NIS) regulations but felt that these regulations may not justify the full extent of work that Ofcom is proposing to undertake. It suggested that Ofcom should carefully define its role and relationship with other relevant bodies, including Government and government agencies.

Our response

A3.123   Ofcom works very closely with relevant bodies, including Government, the Information Commissioner's Office (ICO) and our international counterparts, while maintaining our role as the independent regulator for our sectors. Our activities are intended to ensure we fulfil our duties to enforce compliance with s105A-D of the Communications Act 2003, and the relevant parts of the NIS Regulations. We engage directly with relevant companies.

A3.124   **ISPA** expressed concern that there has been little information on Ofcom's role under the NIS regulations, including on how Ofcom proposes to work with other organisations. It also requested further information about TBEST and suggested that Ofcom should be more transparent about future plans.

Our response

A3.125   We have been working directly with companies that have identified themselves as being in scope of the NIS Regulations. We have also published guidance and will update this periodically, as we do with our s105A-D guidance.

A3.126   The **Scottish Government** was supportive of Ofcom's work on network resilience. It noted that there was a need for sufficient resilience to be entrenched in all telecommunications networks.

A3.127   The **CCP** and **ACOD** were also supportive of our work on network resilience. They strongly encouraged Ofcom to require network providers to give evidence of a robust resilience planning, including security aspects.

Our response

A3.128   We are taking forward specific work on telecoms resilience, as set out in our Connected Nations report 2018. Our work programme includes gathering evidence from operators of their security and resilience plans.

A3.129   **Nominet** said it does not meet the definitions of Communications Provider (CP) or Communications Service Provider (CSP). It requested that Ofcom reviews its use of language so it applies for all providers under the NIS remit. Nominet also requested clarity on the scope of the NIS regulations in the UK and the level of detail in Ofcom's implementation of the new framework. Finally, it asked Ofcom to consider small businesses when it designs its implementation and consider how previous assessments, audits and questionnaires from regulatory and compliance bodies may overlap with the new requirements, in order to avoid unnecessary duplication.

Our response

A3.130   We agree that the title of the workstream should include "operators of essential services" in order to those companies in scope of the NIS Regulations.

Increasing Diversity and Inclusion

Access services

A3.131   **ACNI** encouraged Ofcom to continue working towards consistency in the availability and quality of access services such as audio and subtitles across the range of broadcasters.

A3.132   The **CCP** and **ACOD** suggested more should be done to improve access services for on-demand programming.

Our response

A3.133   We continue to report bi-annually on the provision of access services on broadcast and on-demand services, ensuring that broadcasters meet their requirements and that consumers have ready access to information about which services are accessible.

A3.134   We have made recommendations about what regulations for accessibility of ODPS providers should look like and are working closely with Government ahead of their introduction.

Diversity and equality of opportunities

A3.135   **Directors UK** suggested annual reports on diversity and equality of opportunity need to include mandatory annual monitoring and reporting of freelance workers. They also call for the obligatory publication of diversity and equality data on individual senior production roles.

Our response

A3.136   We are very aware of the need for industry to capture monitoring of freelancers. We stated in our diversity monitoring report published in September 2018 that this was going to be an area of focus for us and we are keen to facilitate discussions with industry on how we can all work together on this. We hosted an industry roundtable session in February to discuss freelancer monitoring which included Directors UK and other interested stakeholders to encourage greater collaboration in this area.

Licences

A3.137   The **Welsh Government** suggested the Welsh language should be considered when awarding or reviewing licences in Wales. It said a set number of hours for broadcasting in Welsh should be set in the contract and there should be a statement about Welsh-language web content such as text, streams and clips.

Our response

A3.138   Ofcom is aware of the Welsh Government's aim of having one million Welsh speakers by 2050 and its desire to incorporate Welsh language programming obligations into local television, commercial and community radio stations. We do not have the statutory power to impose such conditions on licensees. When applying for a licence it is up to the applicant to propose what kind of service it intends to provide. Changing this would require primary legislation.

Sustaining the universal postal service

Efficiency

A3.139   The **Mail Users' Association** believes external targets on Royal Mail for efficiency improvement are necessary. The **Mail Competition Forum** argue that Royal Mail is an effective monopoly without price controls, and therefore little incentive to improve efficiency. It believes regulatory options should be considered to protect consumers and ensure continuation of the USO. **Whistl** asked us to consider a formal review of the USO product list and setting efficient improvement targets for Royal Mail and holding them to account.

Our response

A3.140   Against the backdrop of Royal Mail's decline in efficiency performance and more challenging trends in the letters' market, we will enhance our monitoring of Royal Mail and bring forward some of the work we had planned to undertake as part of next review of the regulation of Royal Mail which, as we set out in spring 2017, we intended to undertake by 2022. In addition to our current programme of work, we will therefore: carry out a review of Royal Mail's efficiency. This work will inform our view on the future sustainability of the universal postal service. While this is likely to consist mostly of internal analysis, we will provide an update on our view of the sustainability of the universal postal service in our annual monitoring update of the postal market.

A3.141   We will also seek to understand the reasonable needs of postal users better: we will carry out market research and analysis to review the extent to which the postal market is meeting the reasonable needs of users in light of changes in the market, particularly the growth in online shopping and continued decline in the letters market. We will assess any implications arising from changes in postal user needs. We plan to publish preliminary findings towards the beginning of 2020.

Monitoring

A3.142   The **CCP** and **ACOD** called for Ofcom to monitor Royal Mail more closely and take firmer action when necessary.

Our response

A3.143   Ofcom engages in a regular programme of post monitoring, including quality of service monitoring, taking appropriate action where necessary. We are currently carrying out an investigation in relation to Royal Mail's failure to meet performance standards in 2017/18. As part of this we are carefully considering any factors which may have affected Royal Mail's performance as well as the mitigating steps taken by it to manage the impact of those factors. This means we not only hold Royal Mail to account for its overall performance but also the appropriateness of its contingency plans.

Cost modelling

A3.144   **Royal Mail** believed it would be premature to extend the cost modelling work to other parts of the Royal Mail pipeline, and that Ofcom has gone beyond the original remit that was proposed and consulted on. The **Mail Competition Forum** believes the proposed cost modelling work should be expanded to consider whether Royal Mail should adopt different operating models to reduce costs.

A3.145   **Whistl** would welcome an Ofcom review of the sustainability of Royal Mail operational models.

Our response

A3.146   Under our duties relating to the universal postal service we must take a high-level view of Royal Mail's costs. The cost model helps us to gain better insights into the cost elements of

the business. This is particularly important in light of Royal Mail's unscheduled trading update issued in October 2018 where performance on efficiency did not match Royal Mail's expectations.

A3.147   Our cost modelling work is intended to provide a high-level view of Royal Mail's costs. It is for Royal Mail to decide the detail of how it runs its operations; we also note that Royal Mail is currently considering its strategy and undertaking a review of its network. In relation to efficiency, we continue to believe that efficiency remains critical to the sustainability of the universal service.

A3.148   We consider that Royal Mail's cost data is a key input in the broad indicators we use in our monitoring regime, and that it provides a useful starting point for future analysis for specific regulatory questions. [29] However, we recognise that this data will not necessarily provide an appropriate measure of costs for all the regulatory questions we may need to answer. Depending on the nature of any specific regulatory concerns, we may adjust Royal Mail's and its cost allocations, apply different cost allocation methods, or use alternative cost standards.

Competition in the market

A3.149   The **Mail Users' Association** argued that choice in final delivery was non-existent and the bulk mailers have decreased choice in downstream access due to fewer operators.

Our response

A3.150   We agree that competition is key; it is one of the safeguards of the current regulatory regime. The current regime has been successful in promoting access competition, in that access operators have continued to gain volume shares out of the total letter market, despite the continuing letter volume decline. The proportion of overall letters carried by downstream access providers increased by two percentage points to 63% of addressed letters in 2018-19; it was 47% six years ago.

Working alongside Citizens Advice

A3.151   The **Mail Competition Forum** suggested Ofcom work with Citizens Advice to avoid overlap and duplication in work. It would also like to see that some of the issues noted in their schedule of concerns last year were addressed.

Our response

A3.152   Ofcom is in regular contact with Citizens Advice and we exchange information about relevant work programmes. On the Schedule of Concerns, we need to prioritise those activities that relate most closely to our postal duties.

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[29] This is set out in our Review of regulatory financial reporting for Royal Mail, Cost allocation and transfer pricing consultation. Royal Mail's cost data is prepared in accordance with our requirements set out in the Universal Service Provider Accounting Condition (USPAC) and the Regulatory Accounting Guidelines (RAG).

Large businesses

A3.153   The **Mail Users' Association** would like to see the needs of large businesses considered and included in Ofcom's work. **Whistl** said Ofcom should survey key large business mailers as part of the future monitoring regime.

Our response

A3.154   We engage with large mailers directly or via the Mail Users' Association (MUA) as part of our monitoring programme. We agree that structured engagement is useful with all stakeholders and large mailers' in particular in relation to our key policy decisions; and this continues to be important for our postal monitoring and will consider how best to engage further.

The Consumer Protection Partnership

A3.155   **Citizens Advice Scotland** was supportive of Ofcom's work and would welcome support from Ofcom to the Consumer Protection Partnership task team on parcel surcharging to unpick complex relationship between actual cost of delivery to surcharged areas and price passed onto consumers.

Our response

A3.156   We will continue to engage with stakeholders on surcharging, including on how we can support the work of the CPP.

Parcel market

A3.157   The **Mail Competition Forum** believed Ofcom should do a thorough parcels market review to ensure Royal Mail is not using USO money to develop its parcels business, and to also better understand which parts are competitive.

Our response

A3.158   The growth of parcel volumes shows the increasing importance of parcel services to consumers. We continue to monitor the parcel market as part of our post monitoring programme of work.

Impact of Royal Mail price increases

A3.159   The **Mail Users' Association** raised concerns over price increases by Royal Mail and questioned whether price controls might be appropriate. **Whistl** asked Ofcom to consider an independent study into the impact of the price increase on overall mail volumes.

Our response

A3.160   Bulk mail is already subject to margin squeeze rules. These are in place so that Royal Mail does not have an unfair competitive advantage relative to the access operators that

purchase wholesale access services from Royal Mail to provide bulk mail services in the market. However, pricing of business services overall is a commercial matter for Royal Mail.

A3.161   We understand concerns regarding mail volumes and the potential for accelerated e-substitution by customers, following significant price increases. We will continue to monitor mail prices, volumes and revenues closely, as part of our monitoring programme.

Analysis of letterboxable parcels

A3.162   **Whistl** would welcome Ofcom considering analysis of the letterboxable parcels (<1kg) market, including Tracked, and bring that into mandated space.

Our response

A3.163   In order to mandate any form of wholesale access, Ofcom would need to be satisfied that it meets the requirements of the Postal Services Act 2011 and, in particular, the requirements of section 38. In those circumstances, Ofcom would be entitled to impose a USP access condition. However, in our 2017 Review of the Regulation of Royal Mail Statement, we concluded that the access regime introduced in 2012 is appropriate and should remain in place until 2022. For Ofcom to consider imposing such mandated access before 2022, we would need strong evidence that clearly indicates that imposing such regulation before 2022 is appropriate and proportionate. In particular, we would need to have evidence of why mandating this form of access would be market enhancing and not detrimental to the USO.

Continuing to innovate our approach to regulation

Data strategy

A3.164   **BT** and **Openreach** welcomed Ofcom's intention to undertake a review of how the organisation obtains, stores, uses and publishes data. Both suggested that we should work with stakeholders to develop the strategy and that a key component should be a review of the processes and practices associated with statutory information requests (SIRs). In particular, the strategy should explore ways to avoid duplicated SIRs and a more consistent approach to requesting data.

A3.165   **CityFibre** suggested Ofcom should take a stronger leadership role in collecting and publishing data that might inform public policy objectives, such as government-funded improvements to broadband services. It said Ofcom should commence discussions with industry on the scope and format of data that Ofcom collects on future network deployments.

A3.166   **BBC, Citizens Advice**, and the **Advisory Committee for Northern Ireland** were all supportive of Ofcom activities in collecting, researching, and analysing data on the industries it regulates and the importance of this activity. Ofcom should consider ways to share this information.

Our response

A3.167   We are currently scoping our data strategy and we expect this initial phase of the work to be completed by April 2019. In the event that the scope of the strategy includes Statutory Information Requests, we would expect to engage with stakeholders in developing any new or revising any existing processes.

A3.168   We collect data from a range of stakeholders under formal information gathering powers for purposes including producing our Connected Nations Reports. We recognise that this data has the potential to inform public policy interventions, such as the Broadband USO, and seek to make this data available to policy-makers, subject to the appropriate legal restrictions that cover the sharing and use of such data. We regularly review the data we collect for these purposes and will engage at an early stage with stakeholders on any proposed changes to the scope, volume, frequency or format of the data we request.

Business customers

A3.169   **UKCTA** noted the difference between business and residential consumer markets, and asked Ofcom to give more consideration to business customers. They highlighted the importance of clarity in using the terms 'customer' and 'consumer' as businesses have different needs to residential consumers and small businesses. UKCTA suggested allocating a 'business sector champion' within Ofcom to focus on this.

Our response

A3.170   We are committed to ensuring markets work well for businesses as well as residential customers. The need for businesses to have reliable, high-quality communications networks has been an important consideration in our work to support network investment, ensure decent broadband for all and improve service quality. We always seek to ensure that where we intervene, we do so in a targeted and proportionate way. In doing so, we consider the extent to which businesses, particularly small businesses might need additional support or protection.

A3.171   We have recently taken a number of other steps to improve outcomes for businesses. For example, we have strengthened the Broadband Speeds Code of Practice for businesses, introduced mobile switching reforms that will benefit small businesses and introduced new rules to ensure all small businesses are given clearer more detailed information upfront about what service quality to expect (including whether they can claim compensation when problems occur).

A3.172   The end-users rights section in the new European Electronic Communications Code introduces new measures for business and residential across a range of issues. We will consult on our proposed approach to implementing this in Q3 2018/19.

Consumer data

A3.173   **Which?** Was supportive of work that could encourage consumer engagement and said that Ofcom should consider what data is most relevant and useful to consumers so they can make informed decisions and benefit from competition in the market. **BT** welcomed Ofcom's ambition to work with industry to consider how to implement smart data.

Our response

A3.174   Ofcom recognises the importance of consumers and businesses having the right information on availability and coverage of communications services to make informed decisions about the products and services that best suit their needs. We are working with industry to develop an appropriate framework that will meet this aim.

A3.175   As part of our work on the future of consumer data, we will continue to engage with and support Government on its Smart Data Review.

Strengthening consumer voice

A3.176   There was support for strengthening the consumer voice, especially the role of the Communications Consumer Panel from stakeholders including the **Advisory Committee for Northern Ireland,** the **CCP** and **ACOD** and **BT**. **Citizens Advice, Citizens Advice Scotland** and the **Consumer Council** supported strengthening the consumer voice but called for the appointment of an independent, statutory consumer advocate.

Our response

A3.177   While the appointment of a statutory, independent consumer advocate in the telecommunications market is a matter for UK Government and UK Parliament, we recognise the importance of consumers having an independent voice. Our proposals to strengthen the Communications Consumer Panel (CCP) are intended to ensure that is the case. The CCP's consultation on its own annual plan provides an opportunity for interested parties to give their views on its proposed priorities and work plan.

Vulnerable consumers

A3.178   **Citizens Advice** welcomed Ofcom's work on vulnerable consumers, including our work for consumers with mental health problems, and looked forward to continuing to engage with Ofcom on this area of work. **Citizens Advice Scotland** said it will publish a report on vulnerable consumers later this year and asked Ofcom to consider it in our work. The **CCP** and **ACOD** noted that vulnerability does not describe a narrow category of the consumer base and that while best practice for vulnerable consumers is useful, a default level of care and protection must first be in place for all consumers. **UKCTA** welcomed Ofcom's work reviewing best practice for vulnerable consumers and asked for an industry event to share it.

Our response

A3.179   We are monitoring the impact of our new General Condition on vulnerability (GC C5) and will identify examples of good practice, which we will share through industry events and a guide. We plan to cover a number of issues, including the appropriate promotion of priority fault repair in this guide. We will continue to engage broadly with consumer groups on our work relating to vulnerable consumers and look forward to further engagement with Citizens Advice on mental health and other issues. We will carefully consider Citizens Advice Scotland's work in this area, and engage with the Communications Consumer Panel on a range of vulnerable consumer issues.

Consultations and Planning

A3.180   **BT, Nominet**, and **techUK** provided input on how Ofcom could improve including better scheduling of consultations, more clarity of future milestones, more strategic thinking about the future, and setting out consumer outcomes for Annual Plan priorities.

Our response

A3.181   Where possible, we seek to signal to stakeholders the timings of our consultations and other regulatory reviews, and try to set out longer-term planned activity, for example, in the timing of statutory or market reviews. Our Annual Plan is a key way of doing this.

A3.182   It is not always possible to plan or commit to activity beyond the forthcoming annual period, due to changes in the market or the regulatory environment. While specific projects may change from one year to the next, the priorities and supporting themes that underpin this year's work are likely to continue over a longer period. These priorities should give a high-level view of our work programme beyond the coming financial year.

A3.183   Our Annual Report and Accounts includes a Performance Report, which provides a summary of our progress on delivering against our annual plan priorities. In this we provide an overview of what we have done and what outcomes in the market we expect to result from our actions. We are happy to receive any comments or suggestions from stakeholders on its findings.

Information Requests

A3.184   **UKCTA** said s135 compliance is hard for UKCTA members and that Ofcom should collaborate to get the right information, for example by using draft information requests with communications providers. It urged Ofcom to consider enforcement priorities to where there is true evidence of harm.

A3.185   **BT** supported evidence-based policy decisions and acknowledged the role of statutory information requests.

Our response

A3.186   The exercise of statutory information-gathering powers is essential to help Ofcom fulfil our statutory duties. We are mindful of the need to ensure requests are targeted and proportionate, and do not impose unnecessary burdens on stakeholders. We will continue

to work closely with all CPs to ensure that we achieve an appropriate balance between the need to ensure that our regulatory activities remain robust and evidence based and the burden placed on stakeholders when providing the information requested. Ofcom takes very seriously any failure to provide accurate and complete information, as such failures undermine the integrity of the regulatory regime. Over the past year we have taken enforcement action in several cases for failure to comply with our statutory request for information, and we will continue to take enforcement action in this area when appropriate.

Other work

Nuisance calls

A3.187   **BT** recommended that we include the industry forum Ofcom are planning to convene on strategic solutions, as a milestone in the final plan.

A3.188   A **confidential respondent** suggested that Ofcom should require BT and other network operators to restrict/inhibit/bar all incoming international calls which carry false Calling Line Identification (CLI) which relates to a UK telephone number.

A3.189   **Which?** noted they are pleased with the progress made on nuisance calls, and are supportive of Ofcom's continued work on this issue.

A3.190   **Advisory Committee for Northern Ireland** said nuisance calls remain an issue and that, while Ofcom's work on number authentication is welcomed, it does not go far enough, and Ofcom should seek innovative ways to further this work.

A3.191   The **CCP** and **ACOD** are supportive of Ofcom's work, however they highlighted that there is still more work to be done. These organisations specifically welcomed the CLI update.

Our response

A3.192   We remain committed to tackling consumer harm caused by nuisance calls. Our main focus remains on working with the larger CPs to explore technical measures to reduce the impact of nuisance calls, including by blocking and stopping calls.

A3.193   We are still discussing the viability of an industry forum on developing strategic solutions to tackle nuisance calls and scams with the telecoms industry and other relevant law enforcement agencies.

A3.194   The new GC C6.6 requires CPs to take reasonable steps to identify whether calls are valid and to prevent any such calls from being connected to end-users, where identified as such.

A3.195   We continue to remain closely engaged with our international partners on developing longer term solutions to CLI authentication. We plan to publish a call for evidence in spring 2019 which will discuss some of the options for implementing a strategic numbering solution, with the potential of supporting CLI authentication in the future.

Engaging with international stakeholders

A3.196   **OneWeb** and a confidential respondent requested we support specific World Radio Conference (WRC-19) agenda items. **Intelsat** would welcome a more open approach from Ofcom to allow stakeholders to bring forward their views on WRC-19 agenda items.

A3.197   **OneWeb** urged Ofcom to deliver effective regulation in close collaboration with European partners and continue to work with government partners to transpose relevant European regulation into UK National Law in an appropriate and proportionate manner.

Our response

A3.198   Working closely with Government, Ofcom will engage with UK stakeholders and European Partners to develop UK and European regional positions to take into WRC-19 to achieve outcomes aligned with UK interests. In taking this forward, Ofcom will look to ensure the views of all spectrum users are appropriately taken into account.

A3.199   Ofcom will continue to represent the UK, under ministerial direction, in international bodies such as the International Telecommunication Union (ITU) and the European Conference of Postal and Telecommunications Administrations (CEPT). Ofcom's future relationship with EU regulatory networks will be subject to negotiation between the UK and the EU. Ofcom will continue to engage with stakeholders and regulatory counterparts from Europe and beyond.

Migration to voice over IP

A3.200   A number of stakeholders including **BT,** the **Advisory Committee for Northern Ireland, TalkTalk** and **Which?** highlighted the importance of the migration, the need to protect vulnerable consumers and supported Ofcom's approach.

Our response

A3.201   Ofcom supports a well-managed migration to VoIP and the opportunities it presents to deliver future-proofed services that better meet the needs of customers. However, it is important that disruption to landline customers, both business and residential, is minimised. While the decision to migrate telephone services has been led by industry, Ofcom will continue to play a role to help providers ensure that customers are not subject to undue disruption and vulnerable consumers are protected, including by facilitating co-ordination between providers and by working with consumer organisations, government and businesses.

Enforcement

A3.202   **The Advisory Committee for Northern Ireland** said it would welcome an enforcement report update quarterly or twice yearly on the range of enforcement activity to help understand issues, trends and any factors particularly impacting Northern Ireland.

A3.203   The **CCP** and **ACOD** indicated support for our work in this area.

Our response

A3.204   We seek to ensure that enforcement action is conducted in a fair, transparency, efficient and timely way, for the benefit of people in all UK nations. In line with Ofcom's general duty of transparency, we will continue to publish details of investigations and compliance programmes where appropriate.

Interconnection

A3.205   **UKCTA** highlighted the need for a regulated IP interconnect product to avoid harm caused by discriminatory, bilateral agreements forced on communication providers by BT. **Magrathea** believed a review of the narrowband market is critical, and that the current regulation provides insufficient safeguards for competition.

Our response

A3.206   Issues relating to interconnection were addressed in the last Narrowband Market Review in 2017, and we expect to revisit these with a view to updating regulation in Spring 2021. We expect to publish a call for inputs in spring 2019 that will provide stakeholders an opportunity to provide evidence to help shape any changes in regulation.

Number management

A3.207   **Margrathea** welcomed Ofcom's work to explore the use of distributed ledger technology, such as blockchain, to improve the management of telephone numbers. It urged Ofcom to involve as many companies as possible in this work.

Our response

A3.208   We also see the benefit of engaging with a wide community of interest. The board that oversees the blockchain project has members from across industry, as does the NICC[30] working group looking at this. We will continue to report on and engage with industry as this work progresses.

700 MHz – Programme-making and special events (PMSE) support

A3.209   **The British Entertainment Industry Radio Group (BEIRG)** welcomed Ofcom's reassurance regarding ease of use of the funding scheme website and is pleased with the maximum of 10 days between equipment return and payment. BEIRG is concerned about capacity for monthly equipment returns, particularly for large claimants who have thousands of items to swap out, and hopes that Ofcom and Equiniti will make changes once they have a more accurate idea of the number of items to be returned. It supports Ofcom's decision to increase the amount paid to claimants for additional costs from 5% to 10%, however it is

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[30] NICC is a technical forum for the UK communications sector that develops interoperability standards for public communications networks and services in the UK. http://www.niccstandards.org.uk/

disappointed that those impacted by the move but not owning equipment have no opportunity to reclaim these costs.

A3.210 **BEIRG** is grateful for Ofcom's work in identifying the new bands of spectrum for PMSE sharing but is concerned that Ofcom considers the work on the PMSE review complete, when there's a lot to be done. It believes a programme of work surrounding new spectrum for PMSE should be added to Ofcom's annual plan. As these bands remain a UK-only solution, there is limited range of equipment available for use in the bands, therefore BEIRG urges Ofcom to continue promoting the shared use of these bands in international forums and commit to ongoing discussions in CEPT, to ensure a wide range of equipment becomes available for users to purchase. Additionally, Ofcom should reassess the suitability of the 1.35-1.4GHz band for PMSE sharing, as done in other European countries. Lastly, they raised the importance of reassuring PMSE that there won't be a further move to alternative spectrum in the future.

Our response

A3.211 Ofcom has contacted claimants with large equipment inventories being surrendered to the funding scheme and is working with them to manage the process efficiently and effectively.

A3.212 Ofcom continues to engage in international discussions regarding spectrum for PMSE. We have discussed the uncertainty around access to the 1.4GHz band, which is the subject of a commission decision, with BEIRG. We can coordinate access to this band on a case by case basis but the lack or certainty over access does mean it would not be appropriate to highlight this band for PMSE use where this cannot be guaranteed.

More spectrum for utilities

A3.213 **Joint Radio Committee** welcomes the current industry engagement being undertaken by Ofcom to establish a more detailed understanding of the operational telecommunications needs of the energy utilities, both now and in the future. It highlights the increasing demand to manage the wider electricity network, requiring access to additional licensed spectrum for the energy utilities, ideally 2x3MHz of the 400MHz band, as done in Ireland. JRC raises a variety of reasons for the need to access additional spectrum (future smart grid developments, increased electric vehicle charging, more distributed generation, requirements of NIS regulations increasing data payload of utility operational telecoms systems by four times).

A3.214 **Western Power Distribution** is concerned about future access to radio spectrum needed to run current operational systems and anticipated transition to 'Smart Grid' capability. It needs more access to spectrum for the latter and welcome Ofcom engagement with industry on this issue. It encourages Ofcom to ensure suitable resource and oversight established regulatory arrangement to facilitate the future enhanced operational telecommunications capability central to enabling consumer and citizen access to electric vehicles and more distributed generation.

A3.215   **WHP Telecoms Ltd** cites the move towards more efficient generation and use of energy. WHP believes more spectrum is required to provide the connectivity for smart grids, especially in the 450-470MHz band. It believes Ofcom is at the heart of solving this issue, and notes we are already engaging with relevant industry partners. Industry needs clarity on what spectrum will be available for smart grid and Ofcom should state in the annual plan its intention to work with industry, government and fellow regulators to identify spectrum.

Our response

A3.216   We appreciate the changing nature of demand for spectrum in the energy sector and will continue to engage with industry to determine future spectrum requirements.

Review of spectrum for analogue radio

A3.217   The Community Media Association requested that Ofcom reviews the research available in the public domain/ supplied to Ofcom to ascertain whether spectrum for analogue radio continues to be managed effectively to support the maximum number of stations that can be licensed on analogue. It invited Ofcom to look further into opportunities for continuing to expand capacity for analogue radio broadcasting as well as developing the case for small-scale digital radio broadcasting.

Our response

A3.218   We continue to review our technical planning parameters to make optimal use of spectrum and avoid harmful interference. We intend to do some further technical studies over the year to support this aim, for both analogue radio and DAB.

Satellite filings cost recovery

A3.219   A confidential respondent urged Ofcom to finalise its rules on satellite filing cost recovery and believe Ofcom should adopt an approach of a fixed fee with additional costs adapted to each individual application.

Our response

A3.220   We have considered the responses to our consultation on satellite filing fees and published a statement on 14th March.[31]

Spectrum management strategy

A3.221   **Nominet** urged Ofcom to consider dynamic spectrum management proposals as a priority, and specifically include it in our 2019/2020 annual plan. **Three** urged Ofcom to consider the 5G spectrum demands when making decisions on shared access, and to consider the

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[31] Ofcom, Statement: Satellite filings cost recovery, https://www.ofcom.org.uk/consultations-and-statements/category-1/satellite-filings-cost-recovery

medium and longer term requirements of 5G services, particularly Fixed Wireless Access, so as to design any shared spectrum access framework with enough flexibility for efficient spectrum use.

A3.222 The **CCP** and **ACOD** urged Ofcom to be more innovative in the allocation of spectrum and have previously encouraged a 'use it or lose it' clause. They are encouraged by the use of 700MHz to improve rural coverage.

Our response

A3.223 We are considering responses to our consultations on the award of 700 MHz and 3.6-3.8 GHz spectrum bands and Enabling Opportunities for Innovation. We plan to publish concluding statements in the summer.

A3.224 We will also consider the framework for longer term spectrum allocations as part of our spectrum strategy work.

Approach to policy development

A3.225 **BT** would like to see a closer alignment between Ofcom's policy development and enforcement programmes and a more structured way to learn lessons from enforcement.

Our response

A3.226 We take enforcement action in respect of non-compliance with statutory or regulatory requirements to prevent harm to consumers and competition, and to remedy this where we can. We may also impose a penalty to deter non-compliance. We agree that enforcement actions should clearly mirror and reinforce Ofcom's wider policy objectives, ensuring that every investigation benefits consumers. We want to ensure enforcement action is conducted in a fair, transparent, efficient and timely way, and welcome feedback from stakeholders on this.

C7 interconnect agreement

A3.227 **Telecom2** was concerned that markets are harmed by the conduct of some large CPs abusing the C7 interconnect agreement, leading to a detrimental impact on innovation and causing some providers to not enter, or to leave, the market.

Our response

A3.228 Ofcom will take enforcement action to benefit consumers, and where appropriate to promote competition. We make decisions about whether to open investigations on a case-by-case basis, having regard to our statutory duties, and seeking to exercise our discretion to target our action at the cases we think are most likely to produce good outcomes for citizens and consumers. Further information about our approach to enforcement and how to submit complaints about potential non-compliance by a business with a relevant legal or regulatory requirement is set out on our website.