



**Review of quality of service information
Phase 1: Information on quality
of customer service**

Consultation

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Contents

| Section | | Page |
|--------------|--|-------------|
| 1 | Summary | 1 |
| 2 | Introduction | 6 |
| 3 | Ofcom's strategy for delivering quality of service information | 8 |
| 4 | Should the scope of the QoS Direction be amended? | 16 |
| 5 | What information could be published? | 32 |
| 6 | How could any information be verified? | 52 |
| 7 | Publication of the information and promoting awareness | 72 |
| Annex | | Page |
| 1 | Responding to this consultation | 78 |
| 2 | Ofcom's consultation principles | 80 |
| 3 | Consultation response cover sheet | 81 |
| 4 | Consultation questions | 83 |
| 5 | The cost of publishing quality of customer service information | 89 |

Section 1

Summary

Introduction

- 1.1 This consultation represents the beginning of the first phase of Ofcom's review of quality of service information.
- 1.2 It looks at the provision of customer service information in the fixed voice, mobile and broadband markets. It does not consider technical or network quality of service information on these services. However these areas remain very important to Ofcom and will form the future phases of our review of quality of service information.

Ofcom's approach to consumer information

- 1.3 We believe that consumer information plays a critical role in competitive markets. Markets work best when consumers are fully informed about what they are buying. Without this, consumers may make incorrect decisions and be reluctant to switch.
- 1.4 However, some consumers do not find it easy to make informed decisions and compare services. This may be because appropriate information does not exist. It might also be because the information they are presented with is complex, not easy to interpret and in a number of different places. Where this is the case, there may be a role for Ofcom in supporting consumers in their decision-making to help them make effective choices.

Quality of service information

- 1.5 In a competitive market there are clear incentives for providers with good customer service to let consumers know about this. But there is little economic incentive for providers with poor customer service to produce accessible and comparable quality of service information.
- 1.6 National regulatory authorities are able to require publication of such information where it is demonstrated that such information is not effectively available to the public
- 1.7 While charges and affordability dominate the reasons given for switching, service also features as a reason for a significant minority of those who have considered switching.¹ Indeed customer service may represent a reason for dissatisfaction across the fixed voice (35%), mobile (28%) and broadband (48%) markets.² We are conducting research to understand better the importance of customer service to consumers.
- 1.8 However we know that consumers find it more difficult to compare quality of service than the price of service³ and that many consumers would use service information if they were to change communications provider⁴.

¹ Consumer Decision Making in the Telecoms and TV Broadcast Markets 2007 (pg 21, section 4.6)
<http://www.ofcom.org.uk/research/tce/ce07/annex6.pdf>

² Ibid(pg 34, Figure 40)

³ Ofcom - The Consumer Experience Report 2007 (Figures 128 and 132)
<http://www.ofcom.org.uk/research/tce/ce07/research07.pdf>

Scope of this consultation

- 1.9 In January 2005 Ofcom issued a Direction (the “QoS Direction”) on the provision of Quality of Service (‘QoS’) information. It requires certain fixed voice providers to publish defined quality of service information for residential and business customers. These providers have been responsible for the way in which the QoS Direction has been implemented and have established the industry body known as the TopComm Forum (‘the Forum’) to carry out this work. The 2005 Statement recognised the industry’s role in developing this scheme.
- 1.10 The aim of the information published by the Forum is to enable consumers to make informed decisions on which supplier to use. Now that the scheme has been running for a couple of years, we are able to consider whether any improvements should be made.
- 1.11 This consultation sets out Ofcom’s current thinking on the existing regulation. We consider whether we should have a regime for reporting quality of service information and if so, whether the existing regime could be improved to make quality of service information more useful to consumers, make the data more robust and make more consumers aware that it exists.
- 1.12 We strongly encourage all stakeholders to comment on and provide evidence in relation to this consultation.

Should the scope of the existing QoS Direction be amended? (Section 4)

- 1.13 The existing QoS Direction requires certain fixed voice providers to publish specified QoS parameters on an independent website. Ofcom is considering whether this requirement remains appropriate.
- 1.14 Without a QoS direction in place the market may not be effective in providing objective, comparable customer service information on its own terms. Keeping the requirement would mean consumers could continue to benefit by being able to make informed decisions about the services they buy. This would allow them to make their preferred trade-offs between quality of customer service and price, and the increased competitive pressure could drive up standards generally.
- 1.15 However there is a cost associated with collecting and publishing information on quality of customer service and usage of the current information has been very low.
- 1.16 We are consulting on whether to keep or remove the existing QoS Direction.
- 1.17 If we considered it was appropriate to continue requiring providers to publish QoS information we would need to consider whether there was any need to change the existing QoS Direction.
- 1.18 Keeping the QoS Direction as it is would not change the cost to industry of publishing the information. However we have identified various areas where the existing scheme is not working as effectively as is appropriate and considered whether these could be addressed by amending or replacing the existing Direction.
- 1.19 For example, we could:

⁴ Consumers and the Communications Market 2007 - Ofcom Consumer Panel (pg 51, Figure 5.6)
<http://www.ofcomconsumerpanel.org.uk/information/documents/Consumersmarket2007.pdf>

- 1.19.1 consider expanding the scheme to include more services (not just fixed voice);
 - 1.19.2 consider revising the threshold for providers required to publish information;
 - 1.19.3 review the existing reporting requirements to ensure the information that is published is the most useful and relevant to consumers;
 - 1.19.4 consider whether the existing processes for data verification could be improved; and
 - 1.19.5 consider alternative ways to promote awareness of the information amongst consumers.
- 1.20 If after consultation and further research it appears that the existing regulation should be withdrawn or if there appear to be no problems with the existing regime, many of the options set out in this consultation will no longer be relevant. However in order properly to understand the costs and benefits of any reporting regime, it is necessary to consider how it could look.
- 1.21 We are therefore consulting on various options to amend the existing QoS Direction, should we consider the reporting requirements remain appropriate.
- 1.22 We are asking stakeholders for their views on the options we present, and for evidence on the ease and cost of implementing them.

What information should be published? (Section 5)

- 1.23 If we considered it was appropriate to continue requiring providers to publish QoS information, we could consider how the information should be defined and whether the existing parameters best reflect consumers' experience of communications services and the types of quality of service information which may influence their choices.
- 1.24 We are consulting on whether providers should be left to draft and maintain the definitions of each parameter or whether Ofcom could incorporate them into any direction.
- 1.25 Besides considering how the required information should be defined, we would need to consider whether the information currently being published was and would remain useful and relevant to consumers in proportion to the costs required to collect it.
- 1.26 We are consulting on whether to remove, keep or replace the existing parameters. Our options include removing, keeping or introducing parameters on the following customer service issues;
- 1.26.1 How long it takes for a customer to receive a service
 - 1.26.2 Total complaints
 - 1.26.3 How long it takes to resolve a complaint
 - 1.26.4 Total complaints about faults
 - 1.26.5 How long it takes to resolve a complaint about a fault

- 1.26.6 Complaints about billing accuracy
- 1.26.7 How long it takes to answer a customer's call
- 1.27 If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – we would also need to consider who the information should be aimed at.
- 1.28 We are consulting on whether providers should continue to provide information to large business, small business and residential consumers. We also consider how these groups could be distinguished.

How could any information be verified? (Section 6)

- 1.29 The aim of TopComm is to help fixed line telecoms customers to make informed decisions on which supplier to use. For this reason, the information provided must be an accurate and fair basis for comparison.
- 1.30 In order for consumers to have confidence in the information that is published, we must be sure that the information has been sufficiently verified. It is also important that providers participating in the scheme are assured that their services are compared fairly with their competitors.
- 1.31 As such, Ofcom believes that there is a common goal for ensuring that accuracy and comparability is achieved.
- 1.32 If we considered it was appropriate to continue requiring providers to publish QoS information we could review the way that the information is currently verified and consider whether any changes should be made to the existing processes.
- 1.33 Responsibility for determining the requirements of the audit process currently rests with the Forum. Under the current industry scheme, the quality of service information supplied by providers is subject to a two stage audit process – the first by an internal auditor and the second by an independent auditor.
- 1.34 We are consulting on whether providers should be left to determine whether there is a verification process or whether there is a role for Ofcom to formalise the audit requirements. We are also consulting on whether a two stage audit process remains appropriate.
- 1.35 If we considered the two stage audit process was appropriate we could review the existing processes and consider whether they could be improved. We put forward further options for keeping the existing processes or making them more robust. These options take into account providers' ability to gather accurate information; the frequency of audits; the frequency of data submission; and the number of site visits made by the auditors.
- 1.36 If we considered it was appropriate to audit the data independently and reflect this role in a QoS Direction, we could consider how the position was appointed and whether one or multiple auditors were best placed to carry out the tasks required.
- 1.37 We are consulting on whether providers should appoint their own independent auditor, whether Ofcom should have the power to veto any appointment or specify which auditor(s) providers may appoint. We are also consulting on whether Ofcom

should ensure that providers all appoint the same independent auditor or whether this decision should be left to providers.

How could any information be published and promoted? (Section 7)

- 1.38 If we considered appropriate regulatory intervention was required to make sure consumers can access adequate and reliable information on quality of service, and ensure a healthy level of competition in communications markets, we would need to consider the manner in which the information was published and how it was promoted.
- 1.39 We are consulting on how frequently and in what format any information could be published. We are also asking for stakeholders' views on how the information could be made more accessible to disabled consumers and those without internet access.
- 1.40 Consumer awareness of the TopComm website is currently low. This is reflected in low usage numbers. We could enhance the publicity of the scheme so that more consumers, consumer stakeholders and journalists were aware it was available and so the scheme became a more significant benchmarking tool for the industry. We are consulting on various methods to raise the profile of the scheme and welcome stakeholders' views on what would be most effective.
- 1.41 We also welcome stakeholders' views on whether 'TopComm' is a good branding name for the information to be published under. Is it something that consumers are likely to recognise and understand or are there alternatives that should be considered?

Section 2

Introduction

Ofcom's approach to consumer information

- 2.1 As set out in Ofcom's Consumer policy statement (November 2007)⁵ we believe that consumer information plays a critical role in competitive markets. Markets work best when consumers are fully informed about what they are buying. Without this, consumers may make incorrect decisions and be reluctant to switch.
- 2.2 However, some consumers do not find it easy to make informed decisions and compare services. This may be because appropriate information does not exist. It might also be because the information they are presented with is complex, not easy to interpret and in a number of different places. Where this is the case, there may be a role for Ofcom in supporting consumers in their decision-making to help them make effective choices.
- 2.3 There are two key types of information that help consumers make effective decisions in communications markets; information on price and information on quality of service.

Information on price

- 2.4 Price is a key driver of participation in communications markets. By searching out good deals, comparing offers, switching provider or negotiating a better deal with an existing provider, consumers can boost competition between providers.
- 2.5 Providers are required by regulation to make available information on their prices and tariffs. However price comparisons are often difficult to make – particularly when services are bundled together in different ways, and when packages include 'free' call minutes or equipment.
- 2.6 To help consumers make sense of what the best deal might be, a number of independent organisations use the information available to produce price comparison calculators which enable consumers to compare the price of different services. This type of service is typically provided online or over the phone by an adviser.
- 2.7 Ofcom has an accreditation scheme (the 'Scheme') for independent price comparison providers. Under the Scheme, Ofcom will accredit price comparison providers who can show their calculator to be accessible, accurate, transparent and comprehensive. The Scheme helps offer consumers quality-assured price comparison information for both individual and bundled communications services, ensuring widespread availability of independent price comparison information - one of the key elements of consumer empowerment.
- 2.8 On 3 July 2008 we accredited two companies under the Scheme. The two companies, Simplify Digital Ltd (www.simplifydigital.co.uk) and BroadbandChoices (www.broadbandchoices.co.uk), have been successful in passing the qualitative and

⁵ The Consumer Experience :Telecoms, Internet and Digital Broadcasting (20 November 2007) (Paragraph 3.1) <http://www.ofcom.org.uk/research/tce/policy07/policy07.pdf>

independent technical audit required by the Scheme. From 3 July 2008, both companies display, on their websites, the Scheme's logo:



- 2.9 Consumers can be confident that by speaking to the two accredited companies when they are looking for price comparisons on fixed line, mobile, broadband and digital television services, they will get accurate, transparent and comprehensive advice in an accessible way.

Information on quality of service

- 2.10 Quality of service information can be about a number of different aspects of a provider's product or service, such as how fast a consumer can download a file from the internet or how quickly a provider deals with complaints.
- 2.11 Quality of service information has the potential to inform consumers making decisions about their communications service - particularly those who have experienced some adverse event with their current supplier. Ofcom research shows that quality of service information is consistently mentioned by consumers as the second most important driver of switching after price⁶.
- 2.12 Ofcom has encouraged the development of two industry-led websites where consumers can access certain information on quality of service;
- In 2005 Ofcom issued a Direction requiring certain fixed voice service providers to publish objective and comparable information on quality of customer service (the "QoS Direction"). An industry scheme to implement the QoS Direction, TopComm (www.topcomm.org.uk), was launched in July 2006; and
 - In 2005 under a voluntary agreement, four of the five mobile network operators agreed to publish comparable information on network performance and call quality. The scheme – TopNetUK (www.topnetuk.org) – was launched in August 2006.
- 2.13 Given the take up of new communications services and developments in consumers' expectations of quality of service, we consider now is an appropriate time to review our approach to quality of service information. Our strategy for delivering quality of service information and the scope of this review is set out in the next section.

⁶ Consumer Decision Making in the Telecoms and TV Broadcast Markets 2007(pg 21, Figure 24)
<http://www.ofcom.org.uk/research/tce/ce07/annex6.pdf>

Section 3

Ofcom's strategy for delivering quality of service information

Review of information on quality of service

- 3.1 Ofcom is reviewing its strategy for delivering information on various quality of service measures across all communications markets.
- 3.2 Quality of service information can be divided into two main types;
- customer service information – such as the speed of providing an initial service, the number of complaints a provider receives or how effectively it deals with complaints; and
 - technical or network information – such as how fast a consumer can download a file from the internet or the clarity of a voice conversation possible over a mobile network.
- 3.3 This consultation represents the beginning of the first stage of our review. It focuses on the provision of customer service information in the fixed voice, mobile and broadband markets.
- 3.4 During the second, separate phase of our review we will be looking at the delivery of technical or network information on mobile networks, broadband services, and voice networks (including Voice over IP). The two phases are set out below.

Phase one: customer service information

Information on quality of customer service – TopComm consultation

- 3.5 Customer service information relating to fixed voice services is currently provided via TopComm (www.topcomm.org.uk), a website operated by a number of fixed voice communications providers. TopComm is designed to help fixed line telecoms customers to make informed decisions on which supplier to use.
- 3.6 The first set of data was published on 27 July 2006 and has since been updated on a six monthly basis.
- 3.7 We have decided to look at whether TopComm is delivering the right type of information to the right people. In this consultation we look at the need for customer service information, whether the scheme should be expanded to provide consumers with information on fixed broadband and mobile services – as well as fixed voice – and, if so, what information consumers would benefit from.
- 3.8 The scope of this consultation is set out in more detail in paragraph 3.38. It is Ofcom's intention to publish a second consultation document on this issue in early 2009, proposing to give a direction or modify/ withdraw the current direction, if appropriate.

Phase two: technical and network service information

- 3.9 In phase two of our review we will be looking at technical and network service information across all communications services. This includes mobile, broadband and fixed voice (including VoIP).
- 3.10 We will begin phase two by focusing on information on quality of mobile networks and information on broadband networks (see below).

Phase 2a: Information on quality of mobile networks – TopNet consultation

- 3.11 Technical or network service information for mobile services is currently provided by TopNetUK (www.topnetuk.org), an independent website run on a voluntary basis by O2, Orange, T-Mobile and Vodafone. It allows consumers to compare network performance and call quality for these four mobile operators. The first results were published in August 2006.
- 3.12 Since this time, consumers' use of mobile services has continued to develop. In 2007 household take-up of mobile phones was higher than fixed lines for the first time, increasing from 89% in 2006 to 92% in 2007.
- 3.13 We believe that it is an appropriate time to consider our approach to the delivery of relevant technical / network information on mobile networks and explore ways to improve the current initiative.
- 3.14 We intend to publish a consultation on network/technical information on mobile networks during the course of next year.

Question 1:

Do you have any views on Ofcom's proposal to review technical information on mobile networks (including the existing TopNetUK scheme), which could help inform this consultation?

Phase 2b: Information on quality of broadband networks

- 3.15 Broadband is now almost universally available in the UK and 57% of UK households have a broadband connection⁷. People are using their broadband internet connections for an increasingly wide range of services - 47% download music or video content and 32% play online games⁸.
- 3.16 Ofcom's research has found that consumer satisfaction with the value for money and reliability of their broadband services has fallen slightly over recent years. In 2006 92% of broadband customers were satisfied with the reliability of their service falling to 88% in 2007⁹.
- 3.17 We have recently published a code of practice on broadband by which signatories commit to provide consumers with information on the maximum broadband speed they can individually obtain. In addition, the code of practice requires ISPs to provide more information to consumers on some of their policies such as fair usage and

⁷ Ofcom - The Nations & Regions Communications Market 2008 (UK Summary, pg 2)
<http://www.ofcom.org.uk/research/cm/cmnr08/uksummary.pdf>

⁸ Ofcom – The Communications Market Report 2007 (pg 310, Figure 4.78)
<http://www.ofcom.org.uk/research/cm/cmnr07/telecoms/telecoms.pdf>

⁹ Ofcom - The Consumer Experience 2007 (pg 57, Figure 70)
<http://www.ofcom.org.uk/research/tce/ce07/research07.pdf>

traffic shaping (see <http://www.ofcom.org.uk/telecoms/ioi/copbb/copbb/> for more details).

- 3.18 Many of the other problems that may be experienced by broadband customers - such as delays in service provision and loss of service - might be addressed if we extended the current TopComm scheme to customer service information for broadband (see section 5 of this consultation).
- 3.19 However, there are other aspects of quality of service information relating to broadband that are not considered by the voluntary code or by this quality of customer service information consultation. This includes information for consumers on the actual broadband speeds obtained (often known as the 'throughput speed'). If this information were to be published on an objective basis and in a way which was readily understandable then it would allow consumers to make like-for-like comparisons between ISPs. In turn, this may allow consumers to make more informed purchasing decisions.
- 3.20 It would be important to identify the correct parameters for broadband speeds and quality of service and identify how these results can be presented meaningfully to consumers. Collection and publication of information on speed and quality of service is also likely to involve some costs for ISPs and these would need to be evaluated and compared to the benefits achieved.
- 3.21 Over the next few months, Ofcom will be conducting consumer research that will, amongst other things, help identify the factors taken into account when purchasing broadband services. The project will enable us to pinpoint what information should be collected on broadband speed and quality of service, as well as looking at the most effective way of presenting this information to consumers.
- 3.22 In the meantime, we would welcome any views from consumers, industry and other stakeholders on the information requirements of consumers in relation to broadband services.

Question 2:

To what extent would it be useful for consumers to have access to comparative performance information on broadband speed and broadband quality of service?

Information on quality of customer service consultation

Regulatory framework

- 3.23 In carrying out its functions, Ofcom must further the interests of citizens in relation to communications matters, and the interests of consumers in relevant markets, where appropriate by promoting competition.¹⁰ We must act in accordance with the six European Community requirements for regulation, including the requirement to promote the interests of all persons who are citizens of the European Union and to promote competition in the provision of electronic communications services¹¹.
- 3.24 Article 22 of the Universal Services Directive requires Member States to ensure that National Regulatory Authorities (NRAs - such as Ofcom) are able to require communications providers to publish comparable, adequate and up-to-date information for customers on the quality of their services. NRAs may specify the

¹⁰ Section 3 (1) of the Communications Act 2003 (the "Act")

¹¹ Section 4 of the Act

quality of service parameters to be measured and the content, form and manner of information to be published so that customers have access to comprehensive, comparable and customer friendly information.¹²

- 3.25 Section 51(1)(a) of the Act enables Ofcom to set general conditions to protect the interests of the end-users of public electronic communications services. Sections 52(1) and (2)(d) require Ofcom to set such general conditions as it considers appropriate to ensure that providers have procedures, standards and policies with respect to the information to be made available to customers about service standards and about the rights of residential and small business customers.
- 3.26 General Condition 21 requires providers, on the direction of Ofcom, to publish comparable, adequate and up to date information for end-users on the quality of their services. The Direction may specify the quality of service parameters, their content and form, and the way in which the information is to be validated and published.
- 3.27 In September 2004 Ofcom published a statement on providing quality of service information to consumers and a consultation on which quality parameters should apply. Following consideration of the responses to this consultation, on 27 January 2005 Ofcom issued the QoS Direction pursuant to General Condition 21.1 on the provision of Quality of Service information. It was accompanied by a regulatory Statement (the “2005 Statement”).
- 3.28 The QoS Direction requires certain communications providers providing voice services at a fixed location to publish defined quality of service parameters for residential and business customers. These providers have been responsible for the way in which the QoS Direction has been implemented and have established the industry body known as TopComm to carry out this work. The 2005 Statement recognised the industry’s role in developing this scheme.

Current TopComm scheme

- 3.29 The QoS Direction requires that certain communications providers, who have been operating for more than 18 months, report on five specific quality of service parameters;
- Supply time for initial connection;
 - Fault rate per access line;
 - Fault repair time;
 - The time for End-User complaints received by the Communications Provider to be resolved; and
 - Bill correctness complaints
- 3.30 Figures 3.1 and 3.2 below show examples of the information currently published on the TopComm website for residential and business consumers.

¹² See also Recital 33 of the Universal Service Directive which states that: “End-users should have access to publicly available information on communications services. Member States should be able to monitor the quality of services which are offered in their territories. National regulatory authorities should be able systematically to collect information on the quality of services offered in their territories on the basis of criteria which allow comparability between service providers and between Member States.”

Figure 3.1 - Percentage of complaints dealt with within 28 days (residential) July – December 2007¹³

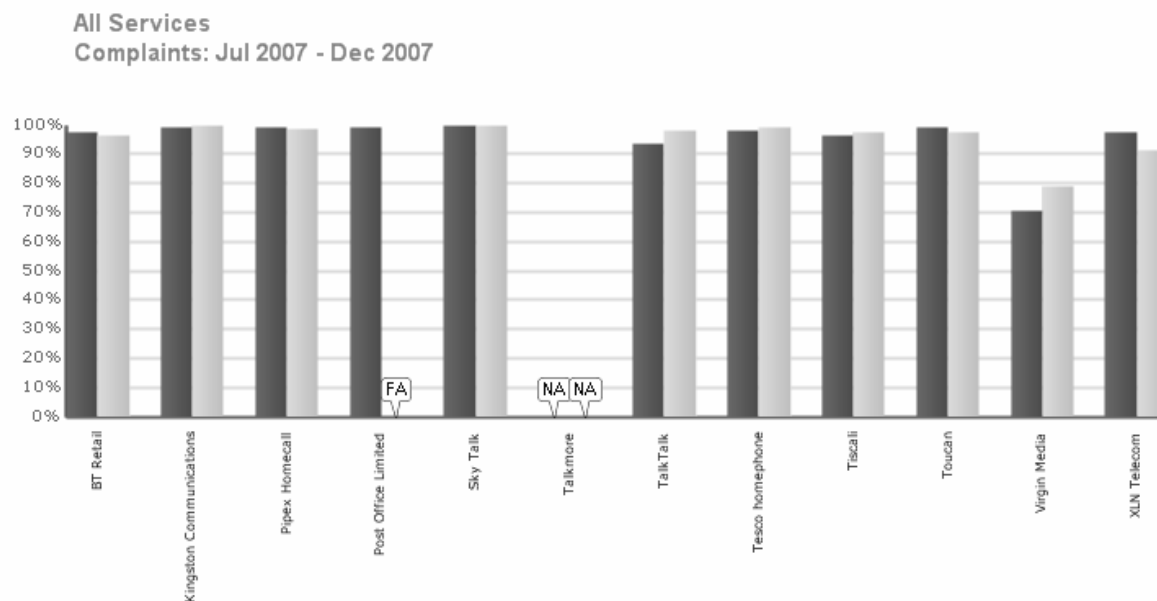
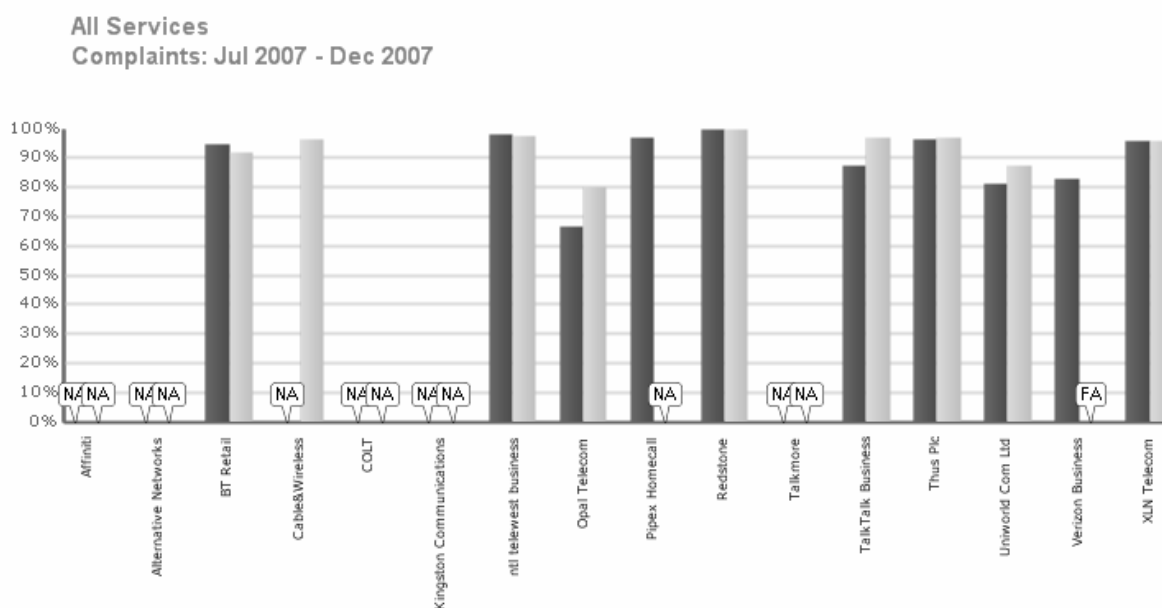


Figure 3.2 - Percentage of complaints dealt with within 28 days (business) July– December 2007¹⁴



3.31 ‘Communications Provider’ is currently defined as a person providing a Publicly Available Telephone Service by means of a Public Telephone Network at a fixed location which has at least £4 million in net revenues per quarter and 100 million minutes of calls handled to end customers. This effectively means fixed voice providers and includes those offering services to residential, SME and large business customers.

¹³ <http://www.topcomm.co.uk/Graph.aspx?stat=res&javascript=true&measure=3>

¹⁴ <http://www.topcomm.co.uk/Graph.aspx?stat=bus&javascript=true&measure=3>

- 3.32 It is mandatory that the information should be published at least every six months and the method of publication should be at least on an independent website and available in large print and in Braille, free to consumers.

TopComm

- 3.33 The Forum is a co-regulatory group, whose role is to devise suitable processes and procedures to ensure that the requirements set out in the QoS Direction are met. Responsibility for compliance with the QoS Direction rests with those providers to which it applies.
- 3.34 The Forum is made up of the providers subject to quality of service ('QoS') reporting obligations, consumer representatives, Ofcom and a TopComm Secretariat. Of these, only communications providers are voting members of the Forum. Ofcom has a casting vote in the decision making process only when members' votes are split equally.
- 3.35 The Forum meets regularly and is fully funded by its members.
- 3.36 Each communications provider collects data in accordance with a common set of definitions that were agreed by the Forum. The data is subject to a two stage audit process and is approved for publication by the Forum's independent auditor. The role of the independent auditor is to ensure that all participants interpret the scheme requirements and measurement definitions in a standard and comparable way.
- 3.37 If a provider fails to provide accurate or comparable information for publication, it appears on the website as 'FA' (failed audit).

Scope of this consultation

- 3.38 The aim of the information published by the Forum is to enable consumers to make informed decisions on which supplier to use. However, now that the scheme has been running for a couple of years, we are able to consider whether reporting obligations should be maintained and whether any improvements could be made.
- 3.39 This consultation specifically considers the following key questions:
- 3.40 The existing QoS Direction (section 4)
- 3.40.1 Should there be a requirement for providers to collect and publish information on quality of service?
- 3.40.2 Is there any need to change the existing QoS Direction?
- 3.40.3 How could QoS information be made available?
- 3.40.4 Which services should be covered?
- 3.40.5 What size of provider should be required to produce QoS information?
- Should a threshold be based on 'quarterly net revenues' or relevant turnover?
 - Should we consider adding a minimum subscriber number to the threshold?
 - What should the threshold be?

- 3.41 What information could be published? (section 5)
- 3.41.1 If we decided to continue to require QoS information to be published, how could the information requirements be defined and measured?
 - 3.41.2 What information parameters may be useful?
 - 3.41.3 Who should any quality of service information be aimed at? Should large businesses be excluded and if so how could we distinguish between small and large business customers?
- 3.42 How could any information be verified? (section 6)
- 3.42.1 If we decided to continue to require QoS information to be published, should we specify a verification process?
 - 3.42.2 How could we ensure any verification process was robust?
- 3.43 Publication and promoting awareness (section 7)
- 3.43.1 If we decided to continue to require QoS information to be published, how should the information be published?
 - 3.43.2 How could the information be promoted to ensure maximum benefit to consumers?

Structure of this consultation

- 3.44 We are consulting at this stage in order to ensure that stakeholders are aware of our current thinking and the options we are considering. We strongly encourage all stakeholders to comment on and provide evidence in relation to these issues at the earliest opportunity. We intend to conduct further market research ourselves and may also consider using our formal information gathering powers.
- 3.45 If further work to define QoS information for consultation appears necessary we would expect to involve stakeholders closely in this and may set up a stakeholder working group to help. If we decide that it is appropriate formally to consult on a replacement Direction or on withdrawing the Direction we would expect to consult on any proposals in early 2009.

Figure 3.3 - Information on quality of customer service timetable

| | |
|-----------------------|---|
| July 2008 | This consultation (12 week consultation period ¹⁵) |
| September 2008 | Definitions document (metrics) stakeholder working group, if appropriate |
| Early 2009 | Second consultation on giving, modifying or withdrawing direction, if appropriate |
| Summer 2009 | Final statement, if appropriate. |

¹⁵ This includes the standard 10 week category 1 consultation period plus a further 2 weeks that take into account the July and August holiday period as per Ofcom consultation guidelines:

http://www.ofcom.org.uk/consult/consult_method/ofcom_consult_guide

- 3.46 As set out above, this consultation does not consider technical or network quality of service information for communications services. However these areas remain very important to Ofcom and will form phase two of our review of quality of service information (see above).

Question 3:

Do you agree with Ofcom's proposed timetable for phase one of our review of quality of service information?

Section 4

Should the scope of the QoS Direction be amended?

Introduction

- 4.1 In this section we consider the need for quality of service information, in particular its effect on competition and on consumer decision making.
- 4.2 We have identified five key questions that need to be considered:
- 4.2.1 Should there be a requirement for providers to collect and publish information on quality of service? If so,
 - 4.2.2 Is there any need to change the existing QoS Direction? If so,
 - 4.2.3 How could QoS information be made available? And,
 - 4.2.4 Which services could be covered? And,
 - 4.2.5 What size of provider could be required to produce QoS information?

The following paragraphs will consider each in turn.

Should there be a requirement for providers to collect and publish information on quality of customer service?

- 4.3 The existing QoS Direction requires providers to publish specified QoS parameters on an independent website¹⁶.
- 4.4 Ofcom is considering whether this requirement remains necessary.

Consumer interest

- 4.5 Ofcom research shows that consumers are likely to value information on comparing customer service levels across providers. Significant percentages of consumers (42% for fixed, 44% for mobile and 58% for broadband)¹⁷ said they were likely to consider shopping around if information comparing customer service levels were made available. These figures are helpful as they provide an indication of the level of demand and interest in this type of information when consumers are considering alternative suppliers.
- 4.6 In addition, 50% of calls to Ofcom's Advisory Team, or about 6,500 calls a month, were about customer/supplier relationship issues between August 2007 and February 2008. Whilst this category incorporates wide range of issues, the current top 7 customer/ supplier relationship issues relate to many of the customer service

¹⁶ A Statement on setting quality of service parameters (27 January 2005) Annex 5
<http://www.ofcom.org.uk/consult/condocs/qualitystate/statement/statement.pdf>

¹⁷ Consumer Experience Research: Annex 4: Consumer Decision-Making in the Telecoms Market (November 16 2006) (pg 67-69)
<http://www.ofcom.org.uk/research/tce/report/annex4.pdf>

metrics raised in this document e.g. delayed installation, loss of service, queue times, and the following which are likely to be reflected in number of complaints metric - incorrect metering and billing, incorrect information given and ignored by service provider.

- 4.7 In Ofcom's 2007 Consumer Decision Making in the Telecoms and TV Broadcast Markets¹⁸ dissatisfied consumers were asked to state the reasons for their dissatisfaction, without any prompting. The results suggested that customer service may represent a reason for dissatisfaction across the fixed voice (35%), mobile (28%) and broadband (48%) markets.
- 4.8 Further, we know that consumers find it more difficult to compare quality of service than the price of service. In 2007 around 39% of fixed line consumers, 33% of mobile consumers and 37% of Internet consumers found it difficult to compare quality of service information compared to 30% of fixed line consumers, 25% of mobile consumers and 18% of Internet consumers who found it difficult to make cost comparisons.¹⁹
- 4.9 The Ofcom Consumer Panel's 2007 "Consumers and the communications market" research report showed that 14% of fixed voice, 13% of mobile and 21% of Internet consumers would use customer satisfaction scores if they were to change supplier.
- 4.10 Usage of the information currently published by TopComm has been very low (see paragraphs 7.16). However, on the basis of the evidence above, we currently do not think that the likely reason for this is that there is no need for the publication of quality of service information. Alternative reasons for low usage may be because the wrong information is being published, because it is being published in the wrong way or because consumers do not know about it.
- 4.11 We are conducting further market research to find out whether customers take quality of customer service into account when choosing or changing suppliers of each of the services considered in this consultation. If they do, our research aims to find out what they are interested in and how they might best be presented with such information.
- 4.12 In addition to making information readily available to consumers, publication of quality of service information could act as an incentive to industry to maintain and improve standards. Ofcom is not aware of any source besides the TopComm website of objective, audited quality of customer service data relating to the markets TopComm covers. As such, it is monitored by the providers who compare results with their competitors, and may incentivise them to improve the quality of service they provide.
- 4.13 On this basis, consumers have the potential to gain from the added competition between providers and the improved quality of service that publication of information brings.

Competitive markets

- 4.14 Markets work best when consumers are fully informed about what they are buying. If this is not the case then consumers can make incorrect or inefficient decisions and be reluctant to switch, which can dampen competition.

¹⁸ Consumer Decision making in the Telecoms and TV Broadcast Markets 2007(pg 34, Figure 40)

<http://www.ofcom.org.uk/research/tce/ce07/annex6.pdf>

¹⁹ Ofcom – The Consumer Experience 2007 (pg 103, Figure 128)

<http://www.ofcom.org.uk/research/tce/ce07/research07.pdf>

- 4.15 In a competitive market there are clear incentives for providers with good customer service to let consumers know about this. But even these providers may not wish to draw their customers - or potential customers - to their competitors' products in case they offer better value for money overall. And it is logical to infer that there is little economic incentive for providers with poor customer service to produce accessible and comparable quality of service information.
- 4.16 It follows that, absent the QoS Direction, providers with good quality of service may have difficulty signalling this, should they wish to, because they do not have access to information on competitors to allow consumers to make comparisons. Their claims also have the potential to lack credibility if consumers refuse to believe a provider's own claims of good quality of service²⁰.
- 4.17 National regulatory authorities are able to require publication of quality of service information where it is demonstrated that such information is not effectively available to the public²¹.
- 4.18 Similarly, third party comparison providers do not have access to objective information on all providers in the way that they do on prices. For the reasons set out above it is unlikely that providers would supply this information on their request. Comparison providers therefore rely on their own market research and customer surveys to provide consumers with information about quality of service issues such as customer satisfaction.
- 4.19 Whilst this qualitative information can be enormously useful to consumers in highlighting customer feedback on providers, it is often based on subjective judgment which varies according to how a survey is carried out. Consequently outside the regulatory regime there is no objective, independently verified comparable information on quality of service.
- 4.20 It may be that subjective information as currently collected is an adequate basis for consumers to make economic choices. We are conducting further research on how useful consumers find it and what they want to know. It may be that the existing research is insufficient but that more detailed subjective surveys, perhaps with Ofcom involvement, could be more useful. Our research will be conducted with a view to finding out if this is the case.
- 4.21 However, we are aware that subjective surveys may be influenced by press coverage and that industry may not consider they fairly represent actual experience. A third party cannot easily have anything near the comprehensive knowledge that a provider has of how consumers actually experience its service and cannot through expressions of satisfaction or dissatisfaction show whether a provider genuinely performs better or whether it just has more easily satisfied customers. We are therefore considering whether a case remains for regulatory intervention.

²⁰ Because of this the so-called "unravelling effect", where higher quality firms sequentially reveal information in order not to be confused with lower quality ones thereby leading to a complete revelation of information, may not occur.

²¹ See Recital 31 – Universal Service Direction.

Option 1: No change: require industry to publish quality of customer service information

Advantages

- 4.22 For the reasons discussed in paragraphs 4.5 to 4.21 above, without a QoS direction in place the market more generally is unlikely to be effective in providing objective, comparable customer service information on its own terms.
- 4.23 Consumers would continue to benefit by being able to make informed decisions about the services they buy. This would allow them to make their preferred trade-offs between quality of customer service and price, and the increased competitive pressure could drive up standards generally.

Disadvantages

- 4.24 There is a cost associated with collecting and publishing information on quality of customer service. We estimate that the upper bound for cost of participating in the current scheme is between £19,000 and £37,000 a year per provider (see Annex 5).
- 4.25 Low consumer usage – we currently do not have strong evidence that the information would be used. However, evidence does suggest that consumers are interested in this type of information.

Option 2: Do not require industry to publish objective comparable customer service information (remove the existing QoS Direction)

- 4.26 This option involves withdrawing the current Direction and leaving it up to industry to decide whether or not it should provide information on quality of service and, if so, the types of services that information should be provided on.

Advantages

- 4.27 Industry may be best placed to decide the type of quality of service information – if any – its customers would find most useful.
- 4.28 Industry may be able to reduce the cost of supplying quality of service information if providing it on its own terms.
- 4.29 Customers wishing to consider providers' customer service could still look at existing customer surveys.

Disadvantages

- 4.30 For the reasons discussed in paragraphs 4.5 to 4.21 above, we currently believe the market is unlikely to provide objective, comparable information on its own terms. Without this information consumers may unknowingly choose providers with poor customer service.
- 4.31 Without a requirement to publish QoS information, providers with good quality of service may have difficulty credibly signalling this to consumers because they cannot obtain comparable information from rivals and because consumers may be suspicious about claims. For the same reasons, third party providers may also have difficulty obtaining good comparable data from providers.

Question 4:
Should Ofcom require industry to publish QoS information?

Question 5:
Should Ofcom encourage the development of more (or more detailed) consumer surveys focusing on customer service?

Is there any need to change the existing QoS Direction?

4.32 If we considered it was appropriate to continue requiring providers to publish QoS information we would need to consider whether there was any need to change the existing QoS Direction.

Option 1: Keep it as it is

4.33 As set out in section 3, the existing QoS Direction requires that fixed voice providers with at least £16 million in net revenues a year, who have been operating for more than 18 months, report on five specific service quality parameters for residential and business customers. The information must be published at least every six months and the method of publication should be at least on an independent website and available in large print and in Braille, free to consumers.

4.34 These providers have been responsible for the way in which the QoS Direction has been implemented and have established the industry body known as TopComm to carry out this work.

Advantages

4.35 No change in cost.

Disadvantages

4.36 There are a number of reasons why the existing Direction may need to change. There are a number of key issues we have identified we believe need to be addressed:

4.36.1 The research available suggests that QoS information on mobile and broadband services is just as important as information on fixed voice services yet the Direction only applies to the latter.

4.36.2 The current Direction might not require providers to supply the most appropriate information to the customers who value it most.

4.36.3 The current Direction might not be sufficiently prescriptive in terms of auditing requirements

4.36.4 Consumer awareness of the information published under the current scheme is poor and the Direction includes no mechanism to encourage providers to increase awareness of the data provided.

Option 2: Amend the existing QoS Direction

4.37 Under this option, we could consider various amendments to the existing requirements to improve the effectiveness of the QoS information that is published.

- 4.38 In this consultation we consider whether the Direction could be amended to address the following questions:
- 4.38.1 How could the information be made available? (this section)
 - 4.38.2 What services could be covered by the requirements? (this section)
 - 4.38.3 What size of provider could be required to publish information? (this section)
 - 4.38.4 What information could be published? (section 5)
 - 4.38.5 Who could the information be published for? (section 5)
 - 4.38.6 How could the information be verified? (section 6)
 - 4.38.7 In what manner could the information be published? (section 7)
 - 4.38.8 How could the information be promoted to consumers? (section 7)

Question 6:

If we considered it was appropriate to continue requiring industry to collect and publish QoS information, is there any need to amend the existing QoS Direction?

- 4.39 If after consultation and further research it appears that the existing regulation should be withdrawn or if there appear to be no problems with the existing regime, many of the options set out in the remainder of this consultation document will no longer be relevant. In order properly to understand the costs and benefits of any reporting regime, however, it is necessary to consider how it could look. We set out the options we have looked at below.

How could QoS information be made available?

- 4.40 If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended - we would need to consider how the information should be made available.

Option 1: No change: require providers to publish quality of service information on an independent website

- 4.41 At present, the Forum publishes the information on a single website www.topcomm.org.uk. We consider this meets the existing requirement that information be published on ‘an independent website’.
- 4.42 However, we are conscious that under the current Direction, there would be nothing to prevent rival versions of the Topcomm website being established, none of which would necessarily contain comprehensive information.

Advantages

- 4.43 This would require no extra regulation and leave industry free to decide which independent website to use.

Disadvantages

- 4.44 The members of the current Topcomm scheme have succeeded in publishing information on a single website. However, some of the options Ofcom is considering could result in changes to the providers required to publish information and there is no certainty that they would agree to be involved. There would be greater scope for disagreement over the management of the website and an increased risk of providers setting up rival websites. A situation in which information was published on multiple sites may not meet Ofcom's regulatory aim of providing comparable information to consumers.
- 4.45 There is a cost associated with collecting and publishing quality of service information. As set out in Annex 5, we estimate that the upper bound of the cost of participating in the current TopComm scheme is between £19,000 - £37,000 per Forum member each year (assumes that providers don't currently collect any of this information). We estimate that the likely cost of complying with all the options contained in this consultation which involve continuing to require providers to publish information and to amend the existing QoS Direction would be an upper bound estimate between £14,000 and £114,000 per provider a year with a one-off transitional cost of between £750 and £52,500 per provider²².
- 4.46 Without sufficient promotion, consumers would be unlikely to use the information (however this could be addressed by promoting awareness of the information – see various options set out in section 7).

Option 2: Require providers to publish quality of service information on a website specified by Ofcom

- 4.47 Under this option we would continue to require providers to collect accurate and comparable information on their customer service performance and publish this information on an independent website, but we would specify the website (and would be likely to specify the existing industry-run website).
- 4.48 This would prevent there being multiple separate independent websites.

Advantages

- 4.49 Requiring providers to publish information on a specified website would create a one stop shop for consumers to compare quality of customer service performance. It would offer the opportunity for Ofcom and stakeholders to concentrate resource in promoting awareness of the site and ensure the information is presented clearly and accessibly for all consumers, including those with visual impairments.
- 4.50 Providers would continue to have a say in how their data is presented.
- 4.51 It would be clear to industry where information has to be published.

²² Both these estimates are wide and reflect the fact that ongoing and one-off costs would be higher for providers with larger call centres and offering multiple communications services, and therefore less for smaller, single service providers. In addition, these estimates do not take into account economies of scope and therefore are an upper bound.

Disadvantages

- 4.52 As for option 1, there would be a cost associated with collecting and publishing quality of service information. We do not anticipate that the cost of Option 2 would be significantly different from Option 1.
- 4.53 Without sufficient promotion, consumers would be unlikely to use the information (however this could be addressed by options set out in section 7 to promote awareness of the information).
- 4.54 It would limit providers' freedom to choose where to publish.

Option 3: Require providers to collect and publish quality of service information separately on their own websites – relying on third parties to collate the information

- 4.55 As for options 1 and 2, Ofcom would require industry to publish accurate and comparable information on their customer service performance. However rather than requiring industry to publish this information on an approved or specified website we could only require industry to make the information available and rely on the market (e.g. third party price comparison websites) to collate it in one place.

Advantages

- 4.56 Third parties (such as independent price comparison providers or consumer organisations) may be a better means of publishing and promoting information to consumers. In particular, publishing quality of service information alongside price information could allow consumers to gather comprehensive advice on both quality of service and price from a single source.

Disadvantages

- 4.57 As for options 1 and 2, there is a cost associated with providing the information. However we do not believe that withdrawing the requirement to publish on an independent website would significantly reduce these costs as the majority are associated with the cost of auditing the information (see Annex 5).
- 4.58 There would be a risk that third party providers may choose not to publish the information that is made available by providers. We are not aware that the information on TopComm has been taken up by third parties to any great degree. (We welcome feedback from price comparison providers and consumer groups on whether this is something they would be interested in doing, as part of this consultation).
- 4.59 Requiring industry to publish the information on a single independent website would give providers a greater sense of control over how their information was presented.

Question 7:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended - how should the information be made available?

Question 8:

Would third parties – such as price comparison sites – be interested in collating QoS information?

Which services could be covered?

- 4.60 If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – we would need to consider what services should be covered.
- 4.61 The current QoS Direction currently covers fixed voice services only. This includes traditional home or business phone services that may be based on Wholesale Line Rental, Carrier Pre- Select or LLU services. There is no information about other communications services, such as broadband or mobile services.
- 4.62 When the Draft Direction was published in September 2004, Ofcom said it would continue to monitor consumers' need for information when making purchasing decisions in fixed voice services and consider broadening the scope of the scheme to include more providers and more services such as mobile²³.
- 4.63 Ofcom research shows that consumers are likely to value information on comparing customer service levels across providers.(see paragraph 4.5 above)
- 4.64 Further, the evidence available suggests that consumers find it just as difficult to compare and are just as likely to use information on quality of service information on mobile and broadband as they are on fixed voice services (see paragraphs 4.7 and 4.8). The increase in take up of bundled services also suggests that information on all services is likely to be more valuable to consumers.
- 4.65 We are conducting further research on the extent to which customer service information is of value in each of the sectors considered in this consultation.

Option 1: Do nothing - apply the QoS Direction to fixed voice services only

- 4.66 This option would involve making no changes to the current regime and maintaining it in its current form with a focus solely on fixed voice services.

Advantages

- 4.67 Maintaining the status quo would mean industry would not face any additional compliance costs in relation to extending the regime to other services.
- 4.68 The existing Forum could continue to operate the scheme without spending time accommodating the needs of new members.
- 4.69 Consumers could continue to benefit from comparable quality of service information on fixed voice services.
- 4.70 Broadband and mobile providers may voluntarily publish comparable quality of service information

²³ A Statement on providing quality of service information to consumers: A Consultation on quality parameters including a Notification and Draft Direction: 1 September 2004. (paragraph 1.3)
<http://www.ofcom.org.uk/consult/condocs/qualitystate/gos/gos.pdf>

Disadvantages

- 4.71 The aim of TopComm is to help fixed line telecoms customers to make informed decisions on which supplier to use²⁴. For broadband and mobile, there is currently no one place where a consumer can go and objectively compare quality of customer service information.
- 4.72 The evidence available suggests that consumers find it just as difficult to compare and are just as likely to use information on quality of service information on mobile and broadband as they are on fixed voice services (see paragraphs 4.7 and 4.8). The increase in take up of bundled services also suggests that information on all services is likely to be more valuable to consumers.

Option 2: Expand the regime to include mobile and/or broadband services

Advantages

- 4.73 Expanding the regime to include mobile and/or broadband would ensure that consumers had access to objective and comparable quality of service information on a wider and more relevant range of communications services. This could help encourage a healthy level of consumer participation in these markets.
- 4.74 Under the options set out in section 5, we could ensure providers would only be required to publish information that was relevant to each sector (for example, it may not be as appropriate for mobile providers as it may be for fixed providers to publish information on supply times, given that the average delivery and connection time for mobile is usually two hours and normally within 24 hours.²⁵) This would ensure the information published was useful to consumers whilst minimising the potential cost to industry.

Disadvantages

- 4.75 A greater number of providers would be subject to the requirement to publish information. Fixed voice providers who are members of the existing scheme and who also offer mobile and/or broadband services would also be subject to additional requirements. This would potentially increase the cost of compliance for industry. (As set out in Annex 5 we estimate the current cost at £19,000 - £37,000 a year for Forum members. We estimate the annual cost of participating in a new scheme at between £14,000 - £38,000; however this could be more for providers offering multiple services (£28,000 – £114,000) Annex 5 sets out in more detail the estimated costs for providers offering more than one service and we are seeking evidence on what the actual costs are likely to be.)
- 4.76 However we believe these figures are an upper estimate as they assume providers would not have similar performance monitoring systems in place, without regulation and the figures do not take into account possible economies of scope (for example using a single internal auditor to audit data across all three services, rather than three separate auditors).

²⁴ <http://www.topcomm.co.uk/OpenPage.aspx?PageID=0>

²⁵ Quality Of Service: Recommendations For Performance Measurements In The Telecommunications, Broadband, Pay TV and Mobile Industries : Completed By Traqs Limited (2007) (Appendix 1,pg2, paragraph 3)

- 4.77 Providers newly brought into the scheme may have to change systems which may already deliver good customer service information.

Question 9:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – what services should be covered?

What size of provider could be required to provide QoS information?

- 4.78 If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – we would need to consider what size of provider should be required to provide QoS information.
- 4.79 The current QoS Direction requires that fixed line service providers with quarterly net revenues of at least £4m and handling 100 million call minutes a quarter publish quality of service information.
- 4.80 Eighteen providers are currently members of the Forum:
- Alternative Networks
 - BT
 - BSkyB
 - Cable & Wireless
 - Carphone Warehouse
 - Chess Plc
 - COLT
 - KCOM
 - Opal telecom
 - Post Office Ltd
 - Redstone Communications
 - Tiscali
 - Tesco
 - Thus
 - Uniworld Communications
 - Verizon Business
 - Virgin Media

- XLN Telecom
- 4.81 Widening the scope of the QoS Direction to include mobile and broadband would lead to a greater number of providers being required to publish quality of service information.
- 4.82 Whilst the regime must cover an appropriate number of providers to be comprehensive, Ofcom must also balance this with the need for not being overly burdensome on smaller providers. If we considered it was appropriate to widen the scope of the existing QoS Direction to include more services, it would be appropriate to reconsider the size of provider that is required to publish information. In particular we would need to decide whether an upward revision to the minimum revenue threshold for reporting would be appropriate.
- 4.83 We would consider the following issues;
- Should the threshold be based on 'net revenues' or 'relevant turnover'?
 - Should we add a minimum subscriber number to the proposed relevant turnover threshold?
 - What should the proposed relevant turnover threshold be?

Should the threshold be based on 'quarterly net revenues' or 'relevant turnover'?

- 4.84 The existing QoS Direction requires that the revenue threshold - currently £4m per quarter - is measured in terms of 'net revenue'.
- 4.85 We could take the opportunity to review whether it would be appropriate to change this so that the threshold was measured in terms of 'relevant turnover', (as set out in Ofcom's Statement of Charging Principles), which is calculated annually and reported to Ofcom.

Option 1 Do nothing – retain the 'net' revenue threshold

Advantages

- 4.86 This would involve no change to the existing QoS Direction.

Disadvantages

- 4.87 It would be easier to identify providers that fell below or above a threshold based on relevant turnover as this information is already available to Ofcom.
- 4.88 There would also be a greater regulatory burden in requiring the threshold to be measured in terms of 'net revenues'. Ofcom does not as a matter of course define or retain data on providers' net revenues. In order for Ofcom to monitor which providers are captured by the scheme, we would need to exercise additional formal powers in pursuit of data on providers' net revenues, such as the issuing of section 135 letters. If the scheme expanded to include mobile and/or broadband services, the task of monitoring which providers were exempt could become increasingly difficult and place regulatory burdens on more providers.

Option 2 – Change the threshold measurement to ‘relevant turnover’

Advantages

- 4.89 A threshold based on relevant revenues would be more straightforward for providers to understand and reduce any uncertainty over who may be caught by the reporting requirements.
- 4.90 It would be easier for Ofcom to monitor compliance with the Direction using a definition of ‘relevant turnover’ as we routinely collect this information. It would also place less of a regulatory burden on providers since it would mean we would not necessarily need to pursue providers with requests to identify a new set of revenues and providers would not have to do any extra work to identify whether or not they were caught.
- 4.91 We do not believe that changing the threshold to one which is based on relevant revenues (particularly given our additional proposal to add a subscriber threshold, see below) would mean providers would be more or less likely to be caught. We believe it would have little impact on existing Forum members.

Question 10:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – what type of revenues should the threshold for participation be based on?

Should we add a minimum subscriber number to the proposed relevant turnover threshold?

- 4.92 If the reporting requirements also applied to non-voice products, it would not be appropriate to maintain the existing call minutes handled per quarter element of the threshold requirement. However, it would not be our intention to capture those providers who met a relevant turnover threshold, but who mainly provided services outside those on which information must be provided (i.e. residential/business fixed voice, mobile and broadband services). An example of this would be a provider mainly selling wholesale access to other companies but with a small number of mobile customers.
- 4.93 In order to avoid catching providers whose revenues were mainly derived from irrelevant products and services, we could consider creating a new subscribers threshold to limit the number of providers that are obliged to publish information.
- 4.94 A subscriber exemption (e.g. providers who have fewer than 50,000 subscribers) would prevent disproportionate regulation. Providers with small customer bases in relevant services would remain free from the obligation to publish QoS information.

Question 11:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – should we exempt providers with less than a certain number of subscribers from the requirements?

Question 12:

How easily could providers assess whether they hit a subscriber threshold?

What should the relevant turnover threshold be?

- 4.95 In setting a suitable threshold, we would need to balance the need to ensure that on the one hand, the regime captured a sufficiently comprehensive proportion of the market; while on the other the threshold was sufficiently high that it did not impose an unnecessary burden on smaller providers.
- 4.96 We could encourage any smaller providers to publish quality of service information if they wished, meeting the same standards as that of other regulated providers.

Comprehensiveness

- 4.97 Any scheme that aims to provide consumers with reliable information that enables them to make effective decisions needs to be comprehensive. This means that the information should include a comprehensive number of providers to reflect the level of choice available to consumers in the relevant market, including key players.
- 4.98 Agreeing what constitutes comprehensiveness is a more straightforward task in more mature markets where there is a clear group of providers. This is true for the mobile market where 5 mobile network operators and 2 mobile virtual network operators account for a large proportion of the total estimated retail revenue²⁶. However it is less true for broadband where there is a larger number of smaller - often niche - providers in addition to the bigger, more identifiable brands.

Burden on smaller providers

- 4.99 If we expanded the scheme to include mobile and broadband services, we recognise that a number of smaller players – particularly the smaller broadband providers identified above – could be subject to the requirement to publish information on quality of service.
- 4.100 In agreeing an appropriate threshold, we would need to make sure that any requirement was not disproportionate.
- 4.101 Whilst we are confident that the costs associated with the current regime do not place an unreasonable burden on those providers currently participating, the costs associated with membership could impact disproportionately on smaller providers if required to provide information relating to mobile and broadband services.
- 4.102 As set out in Annex 5, the upper bound estimate of the annual cost of participating in a revised scheme would be between £14,000 - £38,000 a year. This figure may be higher for providers offering a range of communications services.
- 4.103 There is also a risk, if the information was published via the current TopComm scheme, that the arrival of mobile and broadband providers (and fixed line providers whose revenues are reaching the current threshold) could swell the size of the Forum to a number that made decision-making overcomplicated and operational management of the scheme difficult. Again, whilst there would be relatively few mobile entrants, a large number of smaller broadband providers could be captured by the current threshold.

²⁶ Ofcom – The UK Communications Market 2007 23 August 2007 (pg 285 , Figure 4.37)
<http://www.ofcom.org.uk/research/cm/cmr07/telecoms/telecoms.pdf>

Option 1: Set the relevant turnover threshold at £16m

4.104 This option would involve setting the minimum revenue threshold for reporting at £16m in relevant turnover per year . Under this option – if the scheme were to be extended to include both mobile and broadband providers – we estimate there would be around seven new participants in the scheme.

Advantages

4.105 Under the existing arrangements over 99% of the market for fixed voice services is caught by the QoS Direction (see Figure 4.1).

4.106 If the scheme were to be extended to include mobile and broadband services, we estimate 99% of the market for mobile and 98% of the broadband market would be caught if a relevant turnover threshold of £16m was applied (see Figure 4.1 below).

4.107 This would maximise the benefit to consumers by providing full and comprehensive comparative information that reflected the level of choice in the market.

Disadvantages

4.108 The costs associated with providing the information could impact disproportionately on smaller providers. Small broadband providers could be caught by this revenue threshold that may be less able to absorb the costs.

4.109 This larger pool of broadband providers could make operational management of TopComm or any alternative publication scheme difficult.

Option 2: Set the relevant turnover threshold at £40m

4.110 This option would involve setting the minimum revenue threshold for reporting at £40m in relevant turnover per year. Under this option – if the scheme were to be extended to include mobile and broadband providers – we estimate there would be a net increase of around 3 participants in the new scheme. (This number would be reduced if large businesses services were excluded.)

Advantages

4.111 A threshold of £40m is recognised by industry as being appropriate to capture providers that have significant consumer market shares in that it is also the revenue threshold used for the Metering and Billing Scheme.

4.112 We estimate that providers who have a relevant turnover in excess of £40m a year supply 93% of fixed voice, 98% of mobile and 96% of broadband customers (see Figure 4.1 below). A threshold of £40m would therefore include those providers that are responsible for the provision of services to a significant majority of UK consumers.

4.113 We believe that those providers falling outside this threshold are likely to be smaller players. On this basis the comprehensiveness of the scheme would not be jeopardised.

4.114 Smaller providers, who fell under this £40m threshold could participate in the scheme voluntarily and provide information on their good quality of service. However not

requiring all smaller providers to publish information on the specified website would be likely to make operation of the scheme much easier to manage.

Disadvantages

4.115 A revenue threshold of £40m would not capture some of the members of the current scheme. On this basis it would offer a less full and comprehensive comparison for fixed voices compared to the current scheme (however this number is marginal).

Option 3: Set the relevant turnover threshold at £80m

4.116 We could change the revenue threshold to set the revenue significantly higher – £80m in relevant turnover per year.

Advantages

4.117 Under this option we estimate that 90% of the fixed voice market, 96% of the mobile market and 92% of the market for broadband would be included under an expanded scheme (see Figure 4.1 below).

4.118 Setting the threshold this high would ensure at least 90% of each market was included in the scheme, whilst keeping the operational management of the Forum simpler.

Disadvantages

4.119 This option would not offer the same level of comprehensiveness a lower threshold would offer.

Figure 4.1

| | Fixed | Mobile | Broadband |
|---------------------------------|-------|--------|-----------|
| Relevant revenue more than £16m | 99% | 99% | 98% |
| Relevant revenue more than £40m | 93% | 98% | 96% |
| Relevant revenue more than £80m | 90% | 96% | 92% |

Ofcom estimate - % market share

Question 13:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – what should the relevant turnover threshold be and why?

Section 5

What information could be published?

Introduction

- 5.1 If we considered it was appropriate to continue requiring providers to publish QoS information, we could review the existing QoS Direction and consider whether the information that providers must report on is the most useful and relevant to consumers.
- 5.2 In this section we consider some options for how QoS information could be defined and measured and whether the information that is collected and published under the existing QoS Direction could be improved to better reflect consumers' experience of communications services and the types of quality of service information which may influence their choices. However, we are currently conducting market research with a view to identifying what consumers care most about.
- 5.3 As set out in section 3 (see Figure 3.1), this consultation focuses on customer service events and does not include consideration of technical and network measures for communications services. We will be consulting on whether technical and network information should be provided to consumers in phase 2 of our review of quality of service information.
- 5.4 This section also considers whether information could be provided for bundled services.
- 5.5 At the end of this section we also consider who the information would be best aimed at and whether providers should continue to provide information to large business, small business and residential consumers.

Current scheme

- 5.6 The types of quality of service information which are currently required by the QoS Direction are focused on customer service rather than network parameters. They fall into five categories;
 - Supply time for initial connection
 - Fault rate per access line
 - Fault repair time
 - The time for End-User complaints received by the Communications Provider to be resolved
 - Bill correctness complaints
- 5.7 The current QoS Direction defines the required information for four of these parameters only by reference to ETSI standards. In practice, those providers currently caught by the QoS Direction have refined and developed the definitions from this basis. In preparation for notification of the Direction an 'Audit Working Group' - made up of members of the Forum - drafted and agreed a document entitled

'Quality of Service Definitions'²⁷ which sets out the requirements, calculations, definitions and exclusions for the collection and publication of information on each parameter. This document was first published in February 2006.

- 5.8 Since then, a small number of minor amendments have been made to ensure the parameters are clearly defined. The document was last amended in January 2007 and remains under review by the Forum.

How could the information requirements be defined and measured?

Option 1: No change (but encourage providers to specify any new definitions required)

- 5.9 Under this option, we could leave it to affected providers to draft and maintain the detailed definitions of each parameter. Should any new proposed parameters be adopted, or any new providers be required to report against the existing parameters, we could encourage relevant providers collectively to draft a new definitions document. As presently, the detail of the definitions would not be set out in the Direction.

Advantages

- 5.10 This approach would be industry led so the parameters would be defined in a way that fully recognised the costs of collecting the information. It would reflect our obligation to have regard to the desirability of promoting and facilitating the development and use of effective forms of self-regulation.
- 5.11 This option would give the greatest flexibility, enabling the definitions document to be amended and updated without the need to re-consult on the Direction.

Disadvantages

- 5.12 It is uncertain whether Ofcom could effectively enforce compliance with standards that are not effectively incorporated into the Direction.
- 5.13 The definitions specified by industry may not achieve Ofcom's regulatory aims, in particular to further the interests of consumers.
- 5.14 It may be difficult for industry to achieve consensus.

Option 2: Definitions and metrics specified jointly by Ofcom and stakeholders

- 5.15 Under this option, Ofcom could incorporate into the Direction full definitions of any required parameters, whether or not these represented a change to the existing general parameters. We could encourage relevant providers to form a co-regulatory group to draft definitions for any new parameters.

Advantages

- 5.16 Ofcom could ensure the metrics and definitions achieve Ofcom's regulatory aims.
- 5.17 Providers would be fully involved in the drafting the definitions.

²⁷ http://www.topcomm.org.uk/topcomm_QOS.pdf

- 5.18 The metrics and definitions set out in the Direction would be transparent and enforceable.
- 5.19 Providers would have certainty regarding their obligations to collect and publish quality of service information.

Disadvantages

- 5.20 It may be difficult to achieve consensus amongst providers.
- 5.21 This approach would not be flexible – any changes to the definitions or metrics would be subject to consultation by Ofcom.

Question 14:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – how could the information requirements be defined and measured?

Introducing new parameters

- 5.22 Besides considering how the required information should be defined, we would need to consider whether the information currently being provided was and would remain useful and relevant to consumers in proportion to the costs required to collect it.
- 5.23 As set out below, we have identified 6 new parameters which could be adopted under a new regime, if considered appropriate. Of these, 3 parameters could apply across all three services (fixed voice, broadband and mobile), 2 of the parameters would probably apply only to broadband and 1 to fixed voice and broadband (see figure 5.2).
- 5.24 In considering how best to capture the relevant data, we would aim to make sure any new parameters were as closely aligned as possible with the existing reporting systems and processes needed to operate a business, to help minimise any compliance costs to industry.
- 5.25 However we recognise that changing the parameters would result in a one-off transitional cost for each provider.
- 5.26 Prior to this consultation, we received a small amount of information from existing Forum members on the likely size of these potential costs. One large provider estimated it would cost £7,500 to introduce one new parameter, whilst a smaller provider estimated it would cost £250.²⁸ We do not currently have sufficient evidence to judge whether the transitional cost would be different for different parameters but welcome evidence on this as part of the consultation.
- 5.27 If we considered it was appropriate to introduce all 6 new parameters identified below, different providers would be required to collect and publish information on a different set of parameters depending on what services they provided (see figure 5.2). On this basis and using the £250 - £7,500 range set out above, we estimate the total cost for each provider of introducing all 6 parameters would be between £750 and £52,500 – with larger providers offering multiple communications services facing the largest costs. These estimates are set out in the table below:

²⁸ This range excludes one estimated figure from a small provider we consider may be a significant outlier. We are asking for further evidence from providers as part of the consultation.

Figure 5.1

| Services being offered | Number of relevant parameters | One-off implementation costs |
|--|--------------------------------------|-------------------------------------|
| Fixed voice | 4 | £1,000 - £30,000 |
| Broadband | 6 | £1,500 - £45,000 |
| Mobile | 3 | £ 750 - £22,500 |
| Fixed voice + broadband | 7 | £1,750 - £52,500 |
| Fixed voice + mobile | 4 | £1,000 - £30,000 |
| Broadband + mobile | 6 | £1,500 - £45,000 |
| Fixed voice, broadband and mobile | 7 | £1,750 - £52,500 |

- 5.28 Existing Forum members are already collecting information associated with two of the parameters set out in the table above (one aggregated and one disaggregated).
- 5.29 These estimates are based on the evidence available to us at this time. We will take into account any evidence that we receive from stakeholders during the consultation on the cost of introducing each of the 6 new parameters we have identified.
- 5.30 Ofcom sets out below the six new parameters. Ofcom recognises that some respondents may agree with only a subset of the 6 parameters, in which case we would ask stakeholders to respond accordingly.

The time it takes for a customer to receive their service (supply time for initial connection/service provision)

- 5.31 The provisioning of a telephone or broadband service involves a number of consumer-negotiated processes – e.g. choosing a package, signing a contract - which generate an order on the provider's system from which point the delivery process begins.

Option 1: Remove the requirement to publish information on service provision

- 5.32 Removing the requirement to publish service provision information would reduce the reporting burden on providers currently caught by the QoS Direction.
- 5.33 However, in informal talks prior to this consultation, several Forum members agreed that service provision is an important factor for consumers choosing a communications service and information would be beneficial to them.

Option 2: Keep the existing parameter

- 5.34 Under the current TopComm scheme, providers report on the percentage of orders completed on or before the committed date set by the provider. This metric - known as 'service provision' - represents the provider's performance in fulfilling orders for the provision of new services or for changes to existing services.
- 5.35 Providers currently caught by the QoS Direction already capture this information for fixed voice services. However, broadband providers may incur additional costs setting up systems to capture the information for this service.
- 5.36 The metric records the provisioning success rate based on a delivery target the provider has set for itself. However, because the delivery targets set by individual providers vary widely it may be difficult for consumers to make effective comparisons.

For example, a provider who always meets its delivery target of 30 days will compare more favourably than a provider who delivers within its target of 10 days 95% of the time.

- 5.37 We welcome further evidence from stakeholders on the usefulness and relevance of the existing parameter to consumers.

Option 3: Replace the existing parameter

- 5.38 We could replace the existing metric for service provision with a measurement that confirms the average time taken to deliver a service in working days, once an order is made between the customer and provider. This could give consumers a clear idea of the likely period of time they will need to wait before their new service is installed. It could also enable them easily to compare how quickly different providers provide services.
- 5.39 The metric could apply to fixed voice, broadband and mobile services. However, an independent review of quality of service measurements commissioned by Ofcom in 2006²⁹ found that the average provision and connection time for mobile is usually two hours and normally within 24 hours. In addition, a discussion with members of the TopNetUK forum suggested that delivery timescales are common knowledge amongst consumers, and a measurement on mobile provision is therefore unnecessary.
- 5.40 Therefore, if we considered it was appropriate to introduce a new parameter along these lines, it may be proportionate and not unduly discriminatory to apply this metric only to fixed voice and broadband services.
- 5.41 We would welcome further evidence from stakeholders on the usefulness and relevance of this parameter to consumers.
- 5.42 Some stakeholders have argued that there are circumstances where increased delay may be caused by the customer e.g. the customer is going to be away on holiday and asks to postpone installation. We do not currently have any reason to expect there would be any systematic biases in the customer bases of different providers and do not therefore think any individual provider would be put at a disadvantage. However we would welcome evidence of any biases as part of the consultation.
- 5.43 The current data distinguishes between the type of wholesale structure underpinning delivery (in practice this means direct and indirect services are presented separately on the TopComm website). We do not consider it likely that consumers would understand this distinction or know which category their provider fell into. Therefore presenting information in this way has the potential to be very confusing. What is likely to be more relevant is how quickly the service is delivered, regardless of wholesale structure.
- 5.44 If we introduced a new parameter for service provision, we could require providers to report on the average time to deliver the fastest 95% of orders and the slowest 5% of provisioned orders instead of an overall average. This would reduce the risk of a small number of slow orders potentially skewing the information, whilst giving consumers a complete picture of each provider's performance. Whether this would

²⁹ Quality Of Service: Recommendations For Performance Measurements In The Telecommunications, Broadband, Pay TV and Mobile Industries : Completed By Traqs Limited (2007) (Appendix 1,pg2, paragraph 3)

be the most appropriate split would depend on the distribution of the providers' data. We would keep this under review and revisit if necessary.

- 5.45 We welcome information from stakeholders on the cost of segmenting the information as described as part of this consultation.

Question 15:

Should Ofcom remove, keep or replace the existing parameter on service provision?

Question 16:

How much would it cost to introduce and maintain a new parameter on service provision?

Question 17: As a provider, is data on service provision something you already collect?

Total complaints

- 5.46 Complaints data indicates how satisfied customers are with their service. This provides consumers with an idea of the overall quality of service being provided.

Option 1: Remove the obligation to publish information on complaints

- 5.47 Removing the requirement to publish information on complaints would reduce the reporting burden on providers currently caught by the QoS Direction.
- 5.48 However, Futuresight research carried out in 2006³⁰ found that most consumers who had cause to complain about their communications service were dissatisfied with the way in which their complaint was handled – this accounted for 70% of fixed voice, 65% of Internet and 52% of mobile complainants.
- 5.49 If a customer repeatedly has to contact a provider to find out about the progress of their complaint, this is likely to have a negative impact on the customer's perception of the overall quality of the service.
- 5.50 We have recently published a Review of Alternative Dispute Resolution and Complaints Handling Procedures³¹ consultation document which sets out proposals for regulatory change intended to improve the standard of complaints handling. However the proposed minimum standards (8 weeks to resolve a complaint) still offer scope for good and bad performance and this parameter would therefore remain valid.
- 5.51 It is worth noting that should the proposals, outlined in the consultation above, become mandatory under separate regulations, such complaints data will have to be captured by providers anyway. Thus, the impact of such a measure on providers' costs will not necessarily be as great as described within the impact assessment annexed to this document.

³⁰ Ofcom - Review of Alternative Dispute Resolution and Complaints Handling Procedures (July 10 2008) http://www.ofcom.org.uk/consult/condocs/alt_dis_res/futuresight/research.pdf

³¹ http://www.ofcom.org.uk/consult/condocs/alt_dis_res/condoc.pdf

Option 2: Keep the existing parameter

- 5.52 Under the current TopComm scheme, fixed voice providers report on the percentage of complaints processed within 28 calendar days, excluding complaints about faults. Providers currently caught by the QoS Direction already capture this information for fixed voice services. Broadband and mobile providers may incur additional costs setting up systems to capture the information for this service.
- 5.53 However the metric may not provide a true reflection of the actual customer experience for a number of reasons;
- It only captures those complaints that are specific to the fixed voice service and not other communications services offered by the provider such as broadband;
 - The benchmark time period of 28 days is too long to differentiate between good and poor performance in complaints handling (in Q3 and Q4 2007 the vast majority of results varied between 96.9% and 99.88% with the exception of two providers who scored 70.93% and 91.87%)³²; and
 - As currently defined, the metric allows providers to count a complaint as 'dealt with' once their internal complaints handling procedures have been completed. Because it does not capture those complaints that are escalated to ADR or the courts it therefore allows providers to treat a complaint as dealt with even when a customer is still not satisfied and continuing to pursue it.

Option 3: Replace the existing parameter

New definition of 'complaint'

- 5.54 Under the existing regime, Ofcom has not defined "complaint". However, we are aware that the definition of a 'complaint' is a long running issue that has been highlighted by industry stakeholders. Ofcom is doing work separately in its Review of Alternative Dispute Resolution and Complaints Handling Procedures, which may result in a standard definition of "complaint".³³ It may therefore be appropriate, if that new definition is implemented, for Ofcom to align the complaints reporting obligations under the QoS Direction with it. The current proposed wording is:

'Complaint means an expression of dissatisfaction made to a Communications Provider related to its products or services, or the complaints-handling process itself, where a response or resolution is explicitly or implicitly expected.'

- 5.55 This definition includes all complaints, including complaints about faults. We are aware that some providers log consumers' expressions of dissatisfaction about faults separately from other types of complaints. If we decided to replace the existing parameter with a new one (see below) this information would need to be aggregated.
- 5.56 We do not consider that, if a standard definition was established, adopting it for the purposes of QoS reporting would impose further costs to industry. Defining 'complaint' would therefore in our view be proportionate to the benefits of regulatory certainty and comparability of information and would be objectively justifiable as a

³² <http://www.topcomm.co.uk/Graph.aspx?stat=res&javascript=true&measure=3>

³³ Ofcom - Review of Alternative Dispute Resolution and Complaints Handling Procedures (July 10 2008) http://www.ofcom.org.uk/consult/condocs/alt_dis_res/condoc.pdf (pg 12 , paragraph 3.14)

means of ensuring that providers report on the same things. The definition would be non-discriminatory in that it would apply to all relevant services equally.

Question 18:

Do you agree with this definition of 'complaint'?

Option 3a: New parameter - resolution of complaints

- 5.57 We could replace the existing metric with a generic metric across all service types (fixed voice, mobile and broadband) which captures the average time taken to resolve a complaint in working days (excluding complaints dealt with at the first point of contact – see paragraph 5.68).
- 5.58 Information could be published at an aggregate level incorporating all services. This would offer consumers a means of comparing a provider's overall complaints record, whilst keeping the information simple and easy to interpret. It would therefore meet the aim of providing consumers with useful and relevant information, without requiring providers to publish more information than necessary. However we would welcome views on whether there is a case for requiring complaints data to be published separately for fixed voice, mobile and broadband.
- 5.59 Under option 3, we would intend the term 'resolved' to refer to the point in time when the provider has a 'reasonable belief' that the consumer no longer wishes to pursue the matter after discussing the complaint or that the consumer does not wish to do so provided that the provider takes an agreed course of action to address the complaint.
- 5.60 Where a matter had gone to ADR, resolution would be the time that a decision handed down by the ADR Scheme is implemented.
- 5.61 Where a complaint was about a fault, resolution would be the time that the fault was repaired.
- 5.62 In addition to reporting on the average time taken to resolve the fastest 95% of complaints, we could also propose to require providers to report on the slowest 5%. This would help ensure a small minority of complaints that took a long time to resolve did not distort the overall average, whilst ensuring information on the slowest times remained available.
- 5.63 As before, whether requiring providers to report on the fastest 95% and slowest 5% was the most appropriate split would depend on the distribution of the providers' data. We would keep this under review and revisit if necessary.
- 5.64 Under option 3 we could propose that information should exclude complaints dealt with at the first point of contact since these could heavily weight the data (the number of complaints dealt with at the first point of contact would also be captured by the option below).
- 5.65 We would welcome information from stakeholders on the cost of segmenting complaints information as described in paragraphs 5.57 – 5.63 as part of this consultation.

Option 3b: New parameter - total number of complaints per thousand

- 5.66 Following on from option 3a (replacing the existing parameter for measuring of complaint processing time) we could introduce a further metric that tells consumers

the number of complaints received by the provider. This would allow consumers to compare the number of complaints made by each provider's customers, indicating who offers a better or worse overall quality of service.

- 5.67 This information could be presented as total complaints per 1000 customers and where a customer took multiple services this could count as multiple customers. For example, where one customer receives a mobile, fixed line and broadband service from a single provider, they would count as three customers. We would welcome stakeholders' views on the implications of this.
- 5.68 As for option 3a, information could be published at an aggregate level incorporating all services. However as set out above, we would welcome views on whether there is a case for requiring complaints data to be published separately for fixed voice, mobile and broadband.
- 5.69 In addition, we could propose that providers would have to report on the number of complaints dealt with at the first point of contact and the number of complaints dealt with after the first point of contact separately.
- 5.70 As set out in our Review of Alternative Dispute Resolution and Complaints Handling Procedures³⁴, we anticipate that this will be a relatively easy metric for most providers to supply. We would welcome evidence from any stakeholders who do not currently capture this information and for whom the burden would be greater.
- 5.71 We recognise that this option could incentivise providers to categorise calls from disgruntled customers as something other than complaints, for example 'enquiries'. It would be essential to ensure complaints were being recorded in an accurate and comparable way and strict audit processes would be required to achieve this (see section 6). However we would welcome feedback on how to avoid the potential for this type of gaming by providers during the consultation.

Question 19:

Should Ofcom remove, keep or replace the existing parameter on complaints?

Question 20:

How much would it cost to introduce and maintain a new parameter on resolution of complaints (option 3a)?

Question 21:

How much would it cost to introduce and maintain a new parameter on total number of complaints (option 3b)?

Question 22:

If a new parameters on total complaints per thousand customers was introduced (option 3b), should customers taking multiple services count as multiple customers?

Question 23: If new parameters were introduced, is there a case for requiring complaints data to be published separately for fixed voice, mobile and broadband services?

Question 24:

As a provider, is data on complaints something you already collect?

³⁴ Ibid (Paragraph 5.11)

Question 25:

How could we ensure complaints were being recorded in an accurate and comparable way, and how could we avoid the potential for gaming by providers?

Complaints about faults (fault rate per access line/reported faults)

- 5.72 No service is offered with guaranteed reliability, and consumers will potentially be subject to a service fault from time to time. Consumers benefit from knowing the frequency of faults reported by customers as it provides them with an expectation of the likelihood that they may experience a fault with their service.
- 5.73 Under the current scheme, fixed voice providers report on the number of faults experienced by customers. This is reported as the number of faults per 100 lines. This metric seeks to allow consumers to compare the likely reliability of services.

Option 1: remove the requirement to publish information about faults

- 5.74 Removing the requirement to publish information on faults would reduce the reporting burden on providers currently caught by the QoS Direction.
- 5.75 However, it would mean that consumers would not have access to information on fixed voice, mobile and broadband faults.
- 5.76 An independent review of quality of service measurements commissioned by Ofcom in 2007³⁵, found that faults are experienced by fixed voice customers only approximately once every eight years. Broadband customers, on the other hand, experience faults approximately once a year. The review suggested this metric would be less applicable to mobile services, where faults are more likely to be connected with a problem with a consumer's handset or are the result of an area wide issue (for example a problem with a specific mast affecting coverage across a local area) that will not be logged by the provider as an individual fault.
- 5.77 However according to a recent JD Power press release on broadband services, performance/reliability was a more important driver for customer dissatisfaction (24%) than cost (13%)³⁶. As such it has the potential to be a key factor for consumers choosing a new broadband provider and reliable, comparable information could play an important role in helping them make the right decision.

Option 2: Replace the existing parameter

- 5.78 We could require information on faults to be published for broadband services, but remove the requirement for information on faults to be published for fixed voice services. We currently see no reason to consider extending the requirement to mobile providers.
- 5.79 Broadband reliability is a major cause of consumer dissatisfaction (see 5.77). A separate metric on numbers of fault complaints (in addition to the wider metric on total complaints) could have significant value for consumers in this market.
- 5.80 This parameter could apply to broadband providers only as it is likely to provide genuine differentiation here, where faults are generally more frequent. It may not be

³⁵ Review of quality of service carried out by independent expert in 2006, commissioned by Ofcom. This document is not yet available on Ofcom's website but we intend to publish it shortly.

³⁶ JD Power and Associates 2007 UK Broadband ISP customer satisfaction survey – press release <http://www.jdpower.com/corporate/news/releases/pressrelease.aspx?ID=2007290>

proportionate to apply this metric to fixed voice providers given that faults are on average so rare and it may not be objectively justifiable to apply it to mobile because faults are unlikely to be associated with an individual's connection.

- 5.81 We welcome feedback from stakeholders on whether it would be appropriate and non-discriminatory to limit the parameter to broadband providers.
- 5.82 We are aware that some stakeholders might prefer information on frequency of faults to be presented as the likelihood of incurring a fault by the number of years - e.g. one fault every 2 years. However, we are not clear whether consumers would find this information easy to understand.

Question 26:
Should Ofcom remove or replace the existing parameter on complaints about faults?

Question 27:
If we introduced a new parameter, should it be limited to broadband providers?

Question 28:
How much would it cost to introduce and maintain a new parameter on complaints about faults?

Question 29:
As a provider, is data on complaints about faults something you already collect?

Time taken to resolve a complaint about a fault (fault repair time/service repair)

- 5.83 Under the current scheme, fixed voice providers report on how well they meet their commitment to restore service, within their stated objective times, following a reported fault.

Option 1: Remove the requirement to report on fault repair time

- 5.84 Removing the requirement to publish information on fault repair times would reduce the reporting burden on providers currently caught by the QoS Direction.
- 5.85 However, in informal talks prior to this consultation several Forum members agreed that this is an important factor for consumers choosing a communications service and information on providers' performance would be beneficial to them.
- 5.86 As for frequency of faults (see above) this metric is less relevant to mobile where faults are more likely to be connected with a consumer's handset or the result of an area wide coverage issue, rather than an individual fault. Again, it is also less relevant to fixed voice providers given that faults are so rare.

Option 2: Replace the existing parameter

- 5.87 We could require information on fault repair times to be published for broadband services, but remove the requirement for information on fault repair times to be published for fixed voice services. We currently see no reason to consider extending the requirement to mobile providers because faults are unlikely to be associated with an individual's connection. It may not be proportionate to apply a new parameter to fixed voice providers given that faults are so rare and the data would therefore offer little differentiation.

- 5.88 From a consumer perspective it is difficult to differentiate effectively between providers' results calculated according to the existing parameter as it only shows how well the provider meets its own individual commitment. In the same way that service provision targets vary widely according to individual providers (see above), service levels also vary. For example, two providers may both commit to restoring service in 10 days, but whereas one provider's commitment includes 24 hours a day, 7 days a week, the other provider's 10 day commitment may exclude weekends and only include working hours.
- 5.89 Actual time based measurements could be a more effective metric and aid comparisons. They are commonly used to measure quality performance in other regulated sectors, including rail, water and energy. The ETSI guidelines also suggest actual time performance should be provided against any commitment based metric.
- 5.90 We could therefore propose to replace the existing parameter for service repair rates with a new actual time based parameter in hours. This would enable consumers to compare the average time it takes a provider to repair a service once the customer has reported a fault.
- 5.91 In addition to reporting on the total time (hours) for the fastest 95% of faults repaired, we could also propose to report on the slowest 5%. We would welcome evidence from providers on the likely cost of segmenting information in this way.
- 5.92 Again, whether requiring providers to report on the fastest 95% and slowest 5% would be the most appropriate split would depend on the distribution of the providers' data. We would propose to keep this under review and revisit if necessary.
- 5.93 We are seeking the views of stakeholders on excluding fixed voice and mobile during the consultation.

Question 30:

Should Ofcom remove or replace the existing parameter on how long it takes to repair a fault?

Question 31:

How much would it cost to introduce and maintain a new parameter on how long it takes to repair a fault?

Question 32:

As a provider, is data on how long it takes to repair a fault something you already collect?

Complaints about billing accuracy (billing correctness)

- 5.94 Accurate billing enables consumers to ensure they are paying the right amount for the services they receive. Under the current scheme fixed voice providers report on the number of upheld bill inaccuracy complaints processed per 1000 customers.

Option 1: Remove the requirement to report on billing accuracy complaints

- 5.95 Removing the requirement to publish information on billing accuracy complaints would reduce the reporting burden on providers currently caught by the QoS Direction.

- 5.96 However, it would mean consumers would not have access to information on billing accuracy complaints.

Option 2: No change to the current regime

- 5.97 We could maintain the obligation on fixed voice providers to report on billing accuracy complaints and/or extend it to broadband and mobile providers. In some cases, inaccurate billing makes up a significant number of overall complaints received by communications providers. For some providers it can be as high as 40%, (particularly for business services) but for others it is as low as 2%. Given this wide degree of variation it may be appropriate to continue to report on billing complaints separately. However removing the requirement to report on large business services could reduce this variation.
- 5.98 In any case, these variations are reflected in the overall complaints data and it is important that we keep the metrics simple and easy to understand. Also, by limiting the parameter to billing, we may miss out on other important areas of consumer concern.

Question 33:
Should Ofcom remove or keep the existing parameter on billing accuracy complaints?

Question 34:
How much would it cost to providers not currently part of the TopComm Forum to introduce and maintain the existing parameter on billing accuracy complaints?

Question 35:
As a provider, is data on billing accuracy complaints something you already collect?

Answering customers' calls

- 5.99 All communications providers have one or more customer service centres. A report cited in a review of quality of service carried out by an independent expert for Ofcom suggests that service provider accessibility is one of the top ten consumer expectations³⁷. This is further supported by the ETSI guide 201 769, which recommends measurements on response times for operator-enquiry services.

Option 1: No change to current scheme

- 5.100 There is no requirement under the current scheme for providers to report on the time it takes for them to answer a consumer's call.

Option 2: New parameter

- 5.101 We could propose to introduce a new parameter which confirmed the average time (in minutes) it takes to connect a call to a customer service agent. Such a metric could be service-neutral and could be applied to all products and services on offer (including bundled products). Information could be published at an aggregate level incorporating all services.

³⁷ Quality Of Service: Recommendations For Performance Measurements In The Telecommunications, Broadband, Pay TV and Mobile Industries : Completed By Traqs Limited (2007) (Appendix 1,pg 14, paragraph 3)

- 5.102 This would not place a significant burden on the majority of providers who are likely to have in place existing systems that capture the time it takes to respond to customers' calls. We would welcome evidence from stakeholders if this is not the case.
- 5.103 It has been argued that this type of parameter might penalise those providers who have invested in technology which provides pre-recorded messages to consumers because it may lengthen the speed of answer time.
- 5.104 However where providers believe that consumers have general enquiries that can be dealt with adequately through a pre-recorded message there is still an incentive for them to deploy these – otherwise it increases call volumes to their call centre advisors and potentially impacts on how quickly calls can be answered. This parameter should therefore incentivise providers to achieve an optimal length of pre-recorded messages.

Question 36:

Should Ofcom introduce a new parameter on the time it takes to answer a consumer's call?

Question 37:

How much would it cost to introduce and maintain a new parameter on the time it takes to answer a consumer's call?

Question 38:

As a provider, do you already have in place systems that capture the time it takes for your customer service agents to answer a customer's call?

Summary of what a new set of parameters might look like (if we considered it was appropriate to replace all the existing parameters)

Figure 5.2

| | New parameter | Who it could apply to | | |
|---|---|-----------------------|-----------|--------|
| | | Fixed voice | Broadband | Mobile |
| 1 | Average time taken to deliver a service in days, including fastest 95% and slowest 5% | ✓ | ✓ | ✗ |
| 2 | Total number of complaints per 1000 customers dealt with at/after the first point of contact | | ✓ | |
| 3 | Average time taken to resolve a complaint in days including fastest 95% and slowest 5% (excluding those resolved at first point of contact) | | ✓ | |
| 4 | Total number of complaints about faults per 1000 customers | ✗ | ✓ | ✗ |

| | | | | |
|---|---|---|---|---|
| 5 | Average time taken to repair a fault in hours, including fastest 95% and slowest 5% | X | ✓ | X |
| 6 | Average time taken to answer a customer's call in minutes | | ✓ | |

Bundled services

- 5.107 Given that more and more consumers are buying bundles of communications services, it is important to consider whether provision of quality of service information on bundles (in addition to single services) would be appropriate.
- 5.108 We could propose that some of the parameters be reported on at an aggregate level incorporating all services, so the issue of bundling would not arise e.g. the processing of complaints, number of complaints and average speed of answering a customer's call.
- 5.109 However it might be appropriate to apply some parameters to certain services only e.g. the average number of consumer reported faults and the time taken to repair a fault might only be relevant to broadband so there would be little scope for a bundled metric.
- 5.110 However, provision of information on bundles may be possible for other metrics e.g. service provision. We have identified two key options with respect to providing information on this area.

Option 1: Provide information on bundles in addition to single product information

- 5.111 Under option 1, providers would be required to provide information on the average time taken to provide/restore a broadband and fixed line bundle, in addition to providing/restoring them separately.
- 5.112 This would enable consumers who are interested in buying bundled services to compare quality of service at a glance. It would also seem to keep pace with the growing importance placed on bundles in consumers' decision making.
- 5.113 However, there would be a risk that information on bundles could be misleading to consumers. For example, a provider's provisioning times for fixed voice and broadband could be 10 days but a bundle may include, for example, an additional service provisioned in 20 days. In this case, the relevant information for consumers in terms of service provision for the bundle would be 20 days. However, the TopComm website would display the 10 day figure.
- 5.114 One way to mitigate this effect would be to only report for a subset of bundles for example, for fixed voice and broadband only and report all bundles that include other elements separately. Whilst this overcomes the disadvantages outlined above, it would not allow consumers to compare different types of bundles across the market as the information would only be partial.
- 5.115 In addition, requiring providers to collect and publish information for both single and bundled services may increase the costs of compliance for some providers.

Option 2: Provide information on individual services but not bundles

- 5.116 Under option 2, providers would be required to publish information on individual services but not bundles (although providers would be required to publish a single figure for parameters reported on at an aggregate level).
- 5.117 Although consumers interested in bundles would not be able to compare quality of service at a glance, providing information on individual services could be easier for consumers to understand. In addition, all the relevant information would still be available since relevant component elements of any bundle would be reported under each individual service.

Question 39:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – should providers be required to publish QoS information on bundles?

Who could quality of service information be aimed at?

- 5.118 If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – we would need to consider who the information should be aimed at.

Current scheme

- 5.119 Under the current scheme all customers of communication services – residential, small business and large business – are able to access relevant quality of service information on the providers they subscribe to. Visitors to the TopComm website can choose to compare information for either residential or business customers.
- 5.120 This ensures quality of service information is available for all types of customers. It also offers a straightforward means of reporting for those providers with a mixture of small, medium and large business customers.
- 5.121 Some members of the current Forum have suggested that large business clients are able to access quality of service information quite readily as they tend to negotiate their own service level agreements and therefore information for these types of customers should not form part of the scheme.
- 5.122 If we chose to review the existing QoS Direction we could take the opportunity to examine if it was appropriate for providers to publish and report on business services. Although we refer to 'small' and 'large' businesses, it should be noted that 'small' includes medium sized businesses.

The need for quality of service information

- 5.123 As set out above, markets work best when consumers are fully informed about what they are buying. However we think it is unlikely that the market alone will provide adequate and reliable information to all consumers and appropriate regulatory intervention is therefore required.
- 5.124 The TopComm website splits information into two sections - residential and business, the latter covering results for all businesses, from the smallest home office to the largest corporate.

- 5.125 However whilst there is a potential knowledge vacuum regarding quality of service information and lack of empowerment among residential customers (see above) we must consider whether business customers have the same information needs.
- 5.126 Ofcom research has found that SMEs find it easier to compare the cost of services than quality of service³⁸. This suggests that the information needs of small businesses might be similar to residential consumers (see paragraph 4.8).
- 5.127 However prior to this consultation, several existing Forum members who supply services to large businesses have expressed a view that their customers do not benefit from the type of information published under the current scheme³⁹. This is because large business customers are likely to receive information on quality of customer of service without regulatory intervention and may even negotiate contractual customer service standards and regular reporting. They may have better internal resources and knowledge with which to make their decisions.
- 5.128 Finally, it appears to us possible that given the different negotiating position of large businesses, they may experience different customer service standards from small businesses. Reporting the information for both together, as in the current scheme, could be misleading for both. We would welcome evidence from stakeholders on any of these points as a part of this consultation.
- 5.129 We therefore need to consider whether it remains appropriate for information on large business customers to be published and, in particular, whether providers which only provide services to large business customers should be included in the regime. And if we decide it does remain appropriate, we need to consider how this information is presented.
- 5.130 On the other hand, we are aware that providers may incur costs in presenting information for one type of business but not another. We therefore need to ensure that, if it is appropriate to lift the regulatory burden for one group of providers, this does not inappropriately increase costs on another.
- 5.131 We have identified the following three options which could apply across all three sectors (fixed voice, broadband and mobile). We cannot think of any reason why information on one particular type of service may be more or less important for a large business in this context but would welcome stakeholders' views on this as part of the consultation.

Option 1: Do nothing - retain the split of information for business and residential customers

- 5.132 Under this option we would retain the existing regime within which providers supply information on residential and all business customers.

Advantages

- 5.133 Information would continue to be available to all customers of communications services.
- 5.134 Existing Forum members already separate out this data and would be under no additional obligation.

³⁸ Ofcom SME tracker 2006.

³⁹ Views expressed by several providers during meeting held at Ofcom on 8 June 2007.

Disadvantages

5.135 Feedback from Forum members prior to this consultation suggests large business customers do not demand the type of customer service information presented on the TopComm website. Including information aimed at large business customers may therefore be a waste of time and resource.

Option 2: Require providers to report on residential customers and small businesses but not on large businesses

5.136 Under option 2 we would remove any obligation to report on large business customers but retain the obligations with respect to small businesses and residential customers.

Advantages

5.137 We have received positive feedback from the British Chamber of Commerce, which suggests the information would be very useful if some of their members knew about it.

5.138 Quality of service information remains a key factor for consumers switching provider (see paragraph 4.12). Our research suggests that small businesses may have similar information requirements to those of residential consumers (see paragraph 4.100) Quality of service may also be more important to small firms if they are willing to pay more in exchange for a reliable service. We welcome evidence from small business groups on this as part of the consultation.

5.139 Written feedback from several Forum members prior to this consultation suggests large business customers do not demand the type of customer service information presented on the TopComm website. Providers which principally deal with these customers would be freed of reporting obligations (we estimate around 7 providers fall into this category)

Disadvantages

5.140 It might be argued that requiring providers to supply information on small business services may be a waste of time and resource. (However Ofcom believes this is primarily due to lack of awareness of the website and this could be addressed by – options set out in Section 7).

5.141 Quality of customer services information relating to large business customers would no longer be public.

Option 3: Remove the obligation to provide any information on business customers

5.142 Under option 3 we would remove the obligation to provide information on any category of business customers. The obligation to provide information on residential customers would remain.

Advantages

5.143 This option would be slightly easier to implement than options 1 or 2 as no distinction would need to be made between small business and large business customers and there would be no need to segment this information.

- 5.144 A number of very small businesses - such as shops, home workers and small businesses - use residential services. They would therefore benefit from the information that would be provided if the obligation were limited to just capturing information on residential customers.

Disadvantages

- 5.145 Small businesses would not have access to quality of service information. We are not aware of any other information sources. Small business groups have suggested quality of service information would be welcomed by their stakeholders.

Question 40:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – who should QoS information be provided for? Should this include large business consumers?

Question 41:

What evidence do you have that small and large businesses would / would not benefit from QoS information?

Question 42:

Would information on one or more particular services be more or less valuable for different sizes of businesses?

Question 43:

Could reporting information for small and large businesses together be misleading?

How could we distinguish between small and large business customers?

- 5.146 In order to take forward some of the options set out above, we would need to set a cut off point between small businesses and large businesses. We recognise there are practical difficulties in doing this and would welcome feedback from stakeholders on how this could be done.
- 5.147 One way to do this is to simply apply the definition as set out in section 52 (6) of the Communications Act 2003. Whilst this definition captures the type of business we would see as a small business customer, setting a threshold according to the number of employees in a business customer's organisation, e.g. no more than 10 individuals, could be impractical for the purpose of the QoS Direction. This is because a provider does not usually keep records of the customer's size in relation to its employees and it seems disproportionate to require it to do so, solely for the purposes of the proposed QoS Direction.
- 5.148 A second option would be to base the threshold on a business customer's annual communications spend with a particular provider. The higher the spend with an individual provider; the more likely it would be that a business may be able to negotiate a bespoke service level agreement with its provider. However we recognise that this information may also be difficult for providers to collect – particularly mid-year and for new customers.
- 5.149 It may be more appropriate, therefore, to establish another test in order to assess what is and what is not a small business customer.
- 5.150 A third option would be to base the threshold on whether a business has a bespoke (i.e. negotiated) service level agreement with their communications provider. This

could ensure information was targeted at those businesses who did not have individually agreed service levels in place and did not have the resource or knowledge to negotiate terms and conditions – i.e. those businesses where a knowledge vacuum does exist and where quality of service information would help their decision making.

- 5.151 We would welcome information on the practicalities of applying such a definition and on the estimated costs of implementing this threshold as part of the consultation.

Question 44:

How could Ofcom distinguish between small and large businesses?

Question 45:

How easy would a threshold based on the Communications Act definition be to implement and how much would it cost?

Question 46:

How easy would a threshold based on a business customer's annual communications spend be to implement and how much would it cost?

Question 47:

How easy would a threshold based on whether a business had a bespoke service level agreement in place with its provider be to implement and how much would it cost?

Section 6

How could any information be verified?

Introduction

- 6.1 If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – we would therefore need to review the way in which information is currently verified and consider whether any changes should be made to the existing processes.
- 6.2 It is appropriate to consider these subjects at this stage because our understanding of the costs and benefits of having a reporting regime is in part dependent on the costs of ensuring that any data reported is sufficiently robust to form a sound basis for comparison between providers.
- 6.3 Within any reporting regime, it would be important that providers participating in the scheme were assured that their services were compared fairly with their competitors. As such, Ofcom believes that there would be a common goal of ensuring that accuracy and comparability was achieved.

The current scheme

- 6.4 Responsibility for determining the requirements of the audit process currently rests with the Forum. In the 2005 Statement we suggested that the industry use an independent and adequately qualified auditor. We also reserved the right to intervene and ensure a level of robustness regarding the accuracy of data should it be necessary.
- 6.5 The current Direction itself does not include a requirement for the data to be validated. However under GC21.2b, Ofcom can direct the content and form of the information to be published, and how the comparability of the information is to be validated. For the purposes of validation, Ofcom may also require independent audit of the specified information.
- 6.6 Under the current industry scheme, the quality of service information supplied by providers is subject to a two stage audit process:
 - 6.6.1 The accuracy auditor is responsible for checking the provider's systems, processes, people and data are all satisfactory to produce an accurate measurement of quality of service. This function may be carried out by a provider's own internal auditor or by an external auditor appointed by the provider.
 - 6.6.2 The comparability auditor is responsible for ensuring that all accuracy auditors are interpreting the QoS definitions in an equivalent manner, and are making the same types of audit checks to ensure that sufficient evidence has been produced to confirm the accuracy of the results. At the same time, the comparability auditor also checks to ensure that the reported results signed off by the accuracy auditor, are indeed accurate (i.e. a double check). This function is carried out by a single independent external auditor, appointed by the Forum.

- 6.7 The current roles of the accuracy auditor and comparability auditor are described in more detail below.

The accuracy auditor

- 6.8 As set out above, information supplied by providers needs to be accurate.
- 6.9 Processes for gathering information need to have been followed correctly in order to ensure an accurate measurement of providers' quality of service. Within the TopComm scheme, this function is currently carried out by a provider's own appointed accuracy auditor.
- 6.10 The accuracy auditor is responsible for checking that the provider's systems, processes and people are producing accurate quality of service reports and results.
- 6.11 A provider may choose to use its own permanent staff to conduct the accuracy audit or may pay an external consultant to carry out this function. All auditors are required by the Forum to sit an online test of 39 questions to determine whether they are able to interpret the information requirements correctly.
- 6.12 The requirements of the accuracy audit are determined by the Forum and are not detailed in the current Direction.
- 6.13 As set out in Annex 5, we estimate that for a smaller provider – with a call centre of less than 100 seats – the annual cost of four accuracy audits is no more than £12,000 (based on one auditor working 16 days a year at a cost of £750 per day). For a larger company – with call centres of over 300 seats - the cost would be between £25,000 - 30,000 (assuming that the provider employed a full time auditor).
- 6.14 However this assumes that without the QoS Direction, providers would not choose to audit their own data. In fact, based on Forum discussions we understand that many (if not all) providers have in place some sort of internal audit system to monitor and record their performance. As such, the true cost of TopComm is the extra cost of compliance, beyond what they would otherwise spend. Our figures are therefore an upper bound.
- 6.15 We recognise that some providers may have a different view of the resource required to undertake accuracy audits and we welcome any information that illustrates this during the consultation.
- 6.16 We also welcome information about the type of audits carried out by providers before the QoS Direction was introduced and the type of data that was collated.

Question 48:

As a provider, do you internally audit information on quality of service? What data do you audit and how much does this cost?

Question 49:

If a member of the TopComm scheme, did you internally audit information on quality of service prior to the imposition of the scheme and what, if any, additional auditing costs did you incur as a result of the scheme?

The comparability auditor

- 6.17 The role of the independent comparability auditor is to ensure that all participants interpret the scheme's requirements and measurement definitions in a standard and comparable way. The comparability auditor also checks the providers' self audit processes are being followed appropriately.
- 6.18 The comparability auditor is appointed and employed by the Forum. The position costs the Forum around £50,000 a year plus expenses of around £8,000 a year.
- 6.19 The role of the comparability auditor has been determined by the Forum and is not reflected in the current Direction.
- 6.20 Most audits are conducted within a few weeks after the end of each quarter and reports are submitted for comparability about six weeks after each quarter. Following the completion of all comparability checks, data is published around four months after the end of the reporting period.

Key concerns about the current verification process and Ofcom's views

- 6.21 In this section, we consider some of the key concerns and issues raised by existing Forum members and the current comparability auditor regarding the effectiveness of the existing arrangements. While progress has been made in developing a consensus on how the scheme should work overall, there have been instances when reaching agreement has been difficult.
- 6.22 Indeed, we have received evidence from the existing comparability auditor that the current arrangements for verification are not sufficiently robust. This raises the question whether there is a larger role for Ofcom to play in determining how the information is verified.
- 6.23 The existing comparability auditor has suggested that as many as 20% of providers, currently obliged to publish quality of service information, do not interpret the scheme's definitions correctly. In the Q1/Q2 2007 Comparability Report, 29 instances were found where data required rework and resubmission. The comparability auditor has failed an increasing number of providers for filing inaccurate information. In 2007, two providers failed the audit in Q1, rising to three in Q2, 3 and 4⁴⁰.
- 6.24 This is sometimes due to these providers having a high turnover of staff and repeating the same mistakes. However in other instances the current independent auditor has suggested it may be due to accuracy auditors not being sufficiently qualified or able to conduct the audit.
- 6.25 The key issues that have been raised are:
- Providers' ability to gather accurate information;
 - Frequency of the accuracy and comparability audits;
 - Frequency of data submission; and
 - Number of site visits by accuracy and comparability auditors.

⁴⁰ Evidence supplied by the current independent comparability auditor

- 6.26 In the sections below, we consider whether it would be desirable to make either or both of internal or independent audit mandatory, how any audit process should be carried out and how to ensure that any information provided would be comparable.

Internal and independent audit

- 6.27 In this section we consider different options for carrying out the verification process, if we considered it appropriate to require providers to continue to provide objective information under a QoS direction. As stated above, the Forum has chosen to adopt a two stage process: internal accuracy audit and an independent comparability audit. In considering whether Ofcom should intervene in this process, it is necessary to consider the extent to which Ofcom should mandate a particular process.
- 6.28 Because the functions carried out by the accuracy and comparability auditors under the existing regime are not set in stone, we discuss the options below in terms of the need for an “internal” and for an “independent” audit function.
- 6.29 There are four key options on the verification process, each of which is considered in more detail below:
- Option 1: leave it to providers to determine whether or not there is a verification process
 - Option 2: Require an internal audit only
 - Option 3: Require an independent audit only
 - Option 4: Require a two stage process (similar to that currently adopted by Forum)

Option 1: Leave it to providers to determine whether or not there is a verification process

- 6.30 Under this option, we would retain existing arrangements, and leave it to providers to determine whether the accuracy of information should be verified and, if deemed appropriate, the manner in which this would be done.

Advantages

- 6.31 Providers may be best placed to decide whether or not a verification process would help them to deliver any requirement to provide accurate and comparable information.
- 6.32 Ofcom would still retain an ability to intervene to determine the verification process should this be deemed to be necessary.
- 6.33 Ofcom seeks to promote and facilitate the development and use of effective self-regulation.

Disadvantages

- 6.34 If different providers took different decisions about the extent to which they chose to verify their data, then this could undermine the comparability of the scheme. There would be a risk that because of this, the data may not generate fair comparisons across providers. This risk is currently mitigated because all providers have jointly

agreed to a verification process, but we understand from the current comparability auditor that even with this consensus not all providers conduct quarterly accuracy audits of the information they provide. The current concerns about the robustness of the data, (see paragraphs 6.21 – 6.23 above), suggest that the risk that information currently provided is not comparable is likely to be significant.

- 6.35 A risk of inaccurate information undermines the credibility of the scheme and reduces benefits to consumers since it does not allow them to make reliably informed decisions about their choice of provider.
- 6.36 If the process of verification is not specified in the Direction then it makes it more difficult to enforce against providers who submit inaccurate data and this gives them little incentive to take the audits seriously.
- 6.37 The lack of certainty over what constitutes sufficient accuracy is a source of constant deliberation and disagreement between existing Forum members. Time spent on such issues often leads to negative and unproductive proceedings that undermine the scheme's progress.

Option 2: Mandate an internal audit

- 6.38 Under this option, providers would be required to carry out internal audits of the data being submitted against specified definitions and processes. It would be left to providers whether or not to carry out any independent audit of the data provided.

Advantages

- 6.39 Providers would have a system in place to validate the accuracy of the data. This would give some level of reassurance about the accuracy and reliability of the information.
- 6.40 All providers would have a greater degree of certainty over what was required in order to comply with their obligation in GC21 to provide adequate and comparable information.
- 6.41 It would be easier for Ofcom to take action if a provider did not audit information to a satisfactory standard. This would give providers greater incentive to ensure accuracy of the data.
- 6.42 Many of the providers covered by the new Direction are likely to have already an internal auditor either due to their large size (over £40m relevant revenues) or as a result of their current membership of the Forum. The costs of this option are therefore likely to be low.

Disadvantages

- 6.43 The data may not be independently verified which means there would be a risk that the data supplied may not be accurate. This may be due to a number of reasons;
 - 6.43.1 Firstly, providers have little incentive to be rigorous in the internal audit function when greater rigour may show them a bad light and they have no certainty that other providers are being equally careful.
 - 6.43.2 Secondly, based on experience from the current scheme, it is not clear that all accuracy auditors have been able to carry out audits to a sufficient

standard. For example, in some cases the accuracy auditor has not carried out a check of all the elements (processes, data and people) of the verification process. In many cases, the comparability auditor has required rework and resubmission of the data even where this has been deemed accurate by the accuracy auditor.

- 6.44 It is not clear that information supplied on this basis would be truly comparable. There is a risk that the internal auditors across the different providers might interpret the definitions and processes slightly differently.
- 6.45 The lack of certainty over what constitutes sufficient accuracy is a source of constant deliberation and disagreement between existing Forum members. Time spent on such issues often leads to negative and unproductive proceedings that undermine the scheme's progress.

Option 3: Independent audit only

- 6.46 Under this option, providers would determine for themselves whether to check their data but would be required to carry out one independent audit as part of the overall verification process.

Advantages

- 6.47 The independent audit would give confidence that the data being published was accurate. This would enhance the credibility of the scheme.
- 6.48 All providers would have a greater degree of certainty over what is required in order to comply with their obligation in GC21 to provide adequate and comparable information.
- 6.49 It would be easier for Ofcom to take action if a provider did not audit information to a satisfactory standard. This would give providers greater incentive to ensure accuracy of the data.
- 6.50 It is more likely to ensure that the results would be comparable across providers (but see paragraphs 6.161-6.163 below)

Disadvantages

- 6.51 The requirement of an independent auditor would be an extra cost to providers, which they may otherwise not incur.
- 6.52 We know from the current independent auditor that under the current scheme the verification process takes longer when the information supplied has not been properly checked by the provider. This is because he has to go back to the provider to check and recheck the submission. This delays publication making the information less timely and may increase costs.

Option 4: Two stage process: accuracy auditor and independent auditor

- 6.53 Under this option, providers would be required to carry out internal audits and an independent audit as per the current scheme. The role of the independent auditor in this case would be reduced compared to option 3 above. The independent auditor would check the reports submitted by the internal auditors to ensure that they were accurate, that they interpreted the QoS definitions in an equivalent manner, that they

were making the same types of audit checks and that sufficient evidence had been produced to confirm the accuracy of the results.

Advantages

- 6.54 The independent audit would give confidence that the data being published was accurate. This would enhance the credibility of the scheme.
- 6.55 All providers would have a greater degree of certainty over what is required in order to comply with their obligation in GC21 to provide adequate and comparable information.
- 6.56 It would be easier for Ofcom to take action if a provider did not audit information to a satisfactory standard. This would give providers greater incentive to ensure accuracy of the data.
- 6.57 It would allow providers to continue to use their internal auditors but allow independent verification to ensure that data is accurate and comparable. As set out in relation to option 3, the independent verification would be less time consuming because the information being supplied by providers would be more accurate. It would therefore incur lower costs and result in more timely publication.
- 6.58 We note that the existing two tier audit system is one which fixed voice providers themselves have designed. Since providers are unlikely to impose upon themselves unnecessary costs, it is likely that this does represent the least intrusive means of ensuring that information provided is accurate.
- 6.59 It is more likely relative to the other options to ensure that the results would be comparable across providers, (but see paragraphs 6.161 – 6.163 below).

Disadvantages

- 6.60 There is potential for some duplication between the tasks carried out by the internal auditor and those of the independent auditor, which may result in unnecessary costs. Whilst providers need to have in place systems that ensure they collect and submit accurate data for publication, it may be that with greater clarity on what is required a single audit, undertaken by an independent auditor, would suffice. We would welcome stakeholders' views on this.

Question 50:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – should Ofcom determine the verification process or leave it to providers?

Question 51:

Should any verification process include either an internal or independent audit, or both?

Process for verification of data

Accuracy of the information

- 6.61 If we considered it was appropriate for data to be audited internally, we would need to address the evidence set out in paragraphs 6.22 – 6.23 above, provided by the existing comparability auditor which suggests that some providers' accuracy auditors

do not appear to have been able to provide sufficiently accurate information to the comparability auditor.

- 6.62 Currently, the accuracy auditors are required by TopComm to carry out an online test in order to assess whether they sufficiently competent and knowledgeable about the definitions to carry out a thorough audit. However, the test is not invigilated and so is potentially open to abuse.
- 6.63 We have identified three options which could deal with this issue. Firstly, Ofcom could take no action.
- 6.64 A second option might be to make changes to the existing online test in order to ensure that only internal auditors sufficiently competent to conduct the audit were able to pass. This could include making the test invigilated.
- 6.65 A third option might be for Ofcom to require all internal auditors of the QoS information to possess a recognised qualification which would show that they were sufficiently qualified to carry out the audit process, e.g. certification by IRCA, an international certification body for auditors of management systems. This regulatory requirement could sit alongside the existing TopComm test to ensure they were sufficiently familiar with the definitions and objectives of the regime.
- 6.66 We would welcome stakeholders' views on whether this would achieve the purpose and on what an appropriate qualification might be.

Question 52:

If we considered it was appropriate for data to be audited internally, should internal auditors be required to possess a recognised qualification?

Question 53:

What would be an appropriate qualification for internal auditors?

Question 54:

Should internal auditors have to pass a test on the regime and, if so, who should administer it?

Frequency of internal audits

- 6.67 If we considered it was appropriate for data to be audited internally, we would also need to consider how frequently such audits should take place.
- 6.68 There is currently no specific requirement regarding the frequency of accuracy audits. We are aware from the current comparability auditor that not all providers conduct quarterly audits of the information they provide.
- 6.69 However, for the scheme to work and deliver benefits to consumers, it is our view that the published information needs to be robust. To achieve robust results, we could require providers to internally audit the data for every period that the data is collected. Without it, it is difficult to argue that it would meet the requirement set out in GC21 for adequacy and comparability.
- 6.70 We recognise that this might impose additional audit costs for those providers who currently do not audit every quarter or where they offer multiple services. (See Annex 5). However, this cost could be mitigated by reducing the frequency with which data needs to be submitted (see Annex 5).

Question 55:

If we considered it was appropriate for data to be audited internally, how often should internal audits take place?

Frequency of independent audits

- 6.71 If we considered it was appropriate for data to be audited independently, we would also need to consider how frequently these audits should take place.
- 6.72 Under the current scheme, providers supply quarterly information once every six months. In practice, this means an independent audit is also carried out once every six months.
- 6.73 This raises the question whether the independent auditor is able to gather sufficient evidence that the definitions and standards of the scheme are being interpreted sufficiently well for both quarters. We understand this is of concern to the current comparability auditor, who performs the independent audit function.
- 6.74 It also means that the first set of quarterly data within any six month period is significantly out of date by the time it finally gets published. (As set out in paragraph 6.20, following the completion of all checks, data is published around four months after the second set of quarterly data is available and therefore seven months after the first set of quarterly data is available.)
- 6.75 One solution would be to set a requirement for an independent auditor to audit each set of information that is reported on. Under the current scheme, this would mean independent audits would need to be carried out quarterly, which would increase costs.
- 6.76 However reducing the frequency of data collection to every 6 months (as set out in paragraphs 6.77 – 6.84 below) would mean independent audits could continue to be carried out twice a year, whilst enabling the independent auditor to gather sufficient evidence to be confident that the information being reported was comparable.

Question 56:

If we considered it was appropriate for data to be audited independently, how often should independent audits take place?

Frequency of data submission

- 6.77 If we considered it was appropriate to continue requiring providers to publish QoS information, we should consider the frequency with which data is submitted.
- 6.78 Ofcom could reduce the frequency with which data is submitted from 3 months (as defined by current scheme) to 6 months. This would result in one set of data being published every six months.
- 6.79 This would reduce the costs to providers which currently internally audit each set of information provided, since they would internally audit the information only twice a year rather than every quarter. Given that providers would be collecting the same amount of information – just extracting it from a larger pool of data collected over a longer time period – we believe this has the potential to reduce the cost of any internal audit requirements by half.

- 6.80 As set out in Annex 5 we estimate that for a smaller provider – with a call centre of less than 100 seats – the annual cost of four internal audits would be around £12,000. For a larger company – with call centres of over 300 seats - the cost would be between £25,000 - 30,000 (assuming that the provider employed a full time auditor). Undertaking fewer audits could enable providers to save costs on audits – for example a smaller company could spend £6,000 carrying out 2 audits a year.
- 6.81 On the other hand, one set of six monthly data may be less valuable to consumers than two sets of quarterly data, if combining the results meant that variation between providers' performance was less visible. However this could be mitigated by our proposal to encourage providers to publish trend data (see paragraph 7.13).
- 6.82 We would welcome stakeholders' views on whether one set of six monthly data would provide consumers with sufficiently up to date and comparable information.
- 6.83 The existing Direction requires providers to publish information every six months from starting from the date upon which they start to collect it. In practice, checking and verification means that the information is actually published some months after that. In the interests of certainty, we consider that it would be appropriate to recognise the need for this time in the direction, so that providers were not in technical breach of their obligations on the day the measurement period ended.
- 6.84 Currently, there is a delay of approximately four months between the end of the data collection period and the publication of the information. We believe that with a more rigorous internal process and the ability of the independent auditor to conduct a reasonable number of site visits (see paragraphs 6.100 to 6.107 below), the time period for verification could be reduced. We would welcome stakeholders' views on whether, if we considered it was appropriate to continue requiring providers to publish QoS information, publication of the data three months after the end of the reporting period would be appropriate.

Question 57:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – how frequently should data be submitted for publication?

Question 58:

How long a period would be required between the end of the data collection period and the publication of information?

Number of site visits by the internal and independent auditors

- 6.85 If we considered it was appropriate to audit the data internally and independently, we would need to consider to what extent auditors should visit those sites where customer service events take place (e.g. call centres) in order to verify the data.

Internal audit

- 6.86 We consider that to be fully satisfied that an audit has been carried out correctly, it is necessary for the auditor to visit a sufficient number of the sites where information relating to quality of service events is captured (e.g. customer call centres). Only by observing the quality of service event and how the data is collated can an auditor be certain that it is being done correctly.

- 6.87 In addition, the Forum's comparability auditor has argued that where a significant number of quality of service events take place at various different sites, a visit by an internal auditor to only a few of these sites is unlikely to provide an independent auditor with sufficient evidence to verify the data.
- 6.88 We understand that the accuracy auditors currently visit between 40 - 70% of fixed voice providers' sites. There have, however, been a number of occasions when the Forum's existing comparability auditor has not been satisfied that accuracy audits carried out by its participants have been conducted at the most appropriate sites. As a consequence, the comparability auditor has not approved the data and the information for that provider has not been published on the website for that quarter.
- 6.89 There is currently no agreement among Forum members on how many sites should be visited before data can be considered accurate. Providers not currently a part of TopComm may also have differing views.
- 6.90 Ofcom's view is that audits should be conducted in an appropriate way to deliver robust information.
- 6.91 In general, this might mean that internal auditors should randomly sample events from 100% of the QoS events for each parameter. However, where events occur across a number of sites, this may not be feasible or proportionate in terms of cost and timeliness.
- 6.92 It may be appropriate to ensure that over any appropriate time period, say one year, 100% of sites should be visited. Without ensuring that every site is visited at some point there is arguably no assurance that data from the non visited sites are being reported accurately. Moreover, to have confidence in the data presented in any six monthly period we would suggest that at least a majority of the QoS events would need to be covered.
- 6.93 Based on the above, one option would be to require the internal auditors to visit sites that together account for more than 50% of information required by each quality of service parameter in any six month period. Further, we could require that they visited the sites that they did not visit in the previous reporting period, to ensure that all sites are visited within a year.
- 6.94 However, if there were providers with a number of small sites (e.g. less than 10% of QoS events at a site) then it may be proportionate to sample data from a few of the small sites in every period and possibly achieve less than 100% coverage of sites in any given year. Ofcom would welcome input on whether this is likely to be the case for any given provider.
- 6.95 For any given QoS parameter, it is possible that data associated with more than one site may need to be checked in order to ensure that the overall information provided is accurate. If there were a number of stages within a given QoS parameter – for example, logging receipt of a complaint, monitoring its progress and logging it as resolved - then it is likely, that data relating to each of these stages would need to be audited. This is consistent with the current TopComm scheme.
- 6.96 Where a QoS parameter involved a number of stages, this would have an impact on the number of events that would need to be sampled in order to ensure robustness of the data and therefore on the practicality and proportionality of requiring the work to be done. We will need to consider this issue in greater depth if we think it appropriate to consult on modifying or replacing the QoS Direction.

Question 59:

What would be an appropriate sample size in order to ensure that information is robust?

- 6.97 We recognise that requiring auditors to implement these changes to site visits could result in increased costs for providers, particularly those whose customer service agents are based overseas. We welcome evidence on this.
- 6.98 However by reducing the frequency of data collection to every 6 months from 3 months (see above) we estimate that the cost of an auditor performing accuracy checks could fall to between £6,000 - £30,000 per provider each year (plus any expenses associated with site visits).
- 6.99 To inform our thinking on this, we would welcome information from providers on the number of stages and sites involved in each QoS event as set out in section 5.

Question 60:

As a provider please could you provide information on;

the number of stages involved in each QoS event set out in section 5;
 the number of sites (locations) associated with each QoS event;
 the percentage of QoS events located at each site; and
 the number/percentage of sites based overseas

Question 61:

How many site visits do you consider appropriate and why?

Independent audit

- 6.100 Following discussions, the Forum has agreed that the comparability auditor, who currently fulfils the independent audit function, should be able to make a minimum of one site visit per provider each year but that the cost of any further site visits must be met by the relevant provider. Mobile and broadband providers that are not currently members of the Forum have not been involved in this decision.
- 6.101 The average cost of a site visit by the comparability auditor between December 2006 and November 2007 was £161.64⁴¹. However it should be noted these visits were all to locations in the UK.
- 6.102 As set out above, we are considering an option of making site visits mandatory. Our working basis is that in any reporting period, internal accuracy auditors should visit sites that account for more than 50% of information required by each quality of service parameter.
- 6.103 In these circumstances, Ofcom is also considering what, if any, powers are a minimum for any independent auditor. Providers may consider it unnecessary for Ofcom to specify an independent auditor's powers; alternatively, they may welcome certainty that if information is being provided it is being audited to the same standard by all. We would welcome views on what, if anything, would be the minimum powers that regulation should require in order for all stakeholders and Ofcom to be confident that data provided was accurate and comparable.

⁴¹ Current independent auditor

- 6.104 It may be appropriate for the independent auditor to be empowered to visit and have access to the same sites as the internal auditor in order to ensure accuracy and comparability of the data. In order to ensure sufficient evidence is available to verify the providers' data, we could specify as well or instead that an independent auditor must be empowered generally to undertake any reasonable actions that he/she thinks are appropriate to assess the accuracy and comparability of each provider's set of information.
- 6.105 We recognise that introducing such a requirement could result in the independent auditor making a greater number of site visits, including visits overseas. This could result in extra costs.
- 6.106 For the purposes of this consultation, we have added £1,500 per provider to the estimated annual running cost of complying with the existing Direction to cover the additional cost of an independent auditor visiting a sufficient number of sites, twice a year, including sites overseas. Since the cost of a single site visit in the UK under the current scheme is just £161.64 (see paragraph 6.101) we believe this is a reasonable estimate. Money could also be saved if one independent auditor was able to observe the quality of service events of different providers at the same location, during a single visit.
- 6.107 We would welcome evidence from industry stakeholders on the number and location of sites that would need to be visited by an independent auditor and an internal auditor.

Question 62:

If we considered it was appropriate to audit the data internally what measures should an internal auditor take to verify the QoS information?

Question 63:

If we considered it was appropriate to audit the data independently, what measures should an independent auditor take to verify QoS information?

Question 64:

To what extent should Ofcom specify how audits should be carried out?

Options to improve the functioning of the existing arrangements

- 6.108 This section builds on the previous section to set out two key options. The first option would be to make no changes to the way the two stage verification process takes place under the TopComm scheme. The second would be to modify the Direction on each of the issues described in the previous section to address the concerns described. Ofcom recognises that some respondents may agree with only a subset of our suggested modifications, in which case we would ask stakeholders to respond on them individually.

Option 1: Retain the existing arrangements

- 6.109 Under this option we would not seek to improve the arrangements that exist under the scheme and would leave it to providers to agree appropriate processes for verification.

Advantages

- 6.110 If the existing processes were continued, quarterly information would continue to be available to consumers, offering regular, comparable information on providers' customer service performance.
- 6.111 Similarly, members of the Forum would not incur extra costs associated with more frequent site visits by either the internal auditors or an independent auditor. New participants would incur similar costs.
- 6.112 Existing TopComm members would not have to recruit for or retrain internal auditors to ensure that they were appropriately qualified.

Disadvantages

- 6.113 The existing online test for internal auditors has not resolved doubts about the quality of internal audits and providers may sometimes supply inaccurate information. This can delay publication of QoS information or result in providers failing an audit.
- 6.114 For the scheme to work and deliver benefits to consumers, the published information needs to be robust. To achieve robust results, the data should be audited. Without this, it is difficult to argue that the information would meet the requirement set out in GC21 for adequacy and comparability.
- 6.115 Audits should be conducted in an appropriate way to deliver robust information. This is not possible if the internal auditors fail to sample events from a sufficient percentage of QoS events for each parameter. Nor is it possible if the independent auditor cannot generally undertake any reasonable actions he/she thinks are appropriate to assess the accuracy and comparability of each provider's set of information.

Option 2: Modify or replace the Direction

- 6.116 Under this option we would modify or replace the Direction to:
- require all auditors to hold a recognised qualification in quality management systems e.g. a certificate from IRCA;
 - require providers internally to audit each set of data that is reported on;
 - require providers to secure that an independent auditor audits each set of information that is reported on;
 - reduce the frequency with which data is submitted/reported on from 3 months to 6 months;
 - allow a period of 3 months for verification between the end of the data collection period and the date upon which providers are obliged to publish information;
 - require an internal auditor to visit sites that together account for more than 50% of quality of service events for a particular parameter in any six month period. Further they must ensure that they visit the sites that they did not visit the previous reporting period to ensure that all sites are visited within a year;

- require that the internal auditor consider each of the systems used to capture information, the individuals who record the data and interact with end users, the processes employed to manage the events and the method used to extract the information into reports; and
- Require providers to secure that an independent auditor is empowered generally to undertake any reasonable actions he/she thinks are appropriate to assess the accuracy and comparability of each provider's set of information. This would include the authority to visit any of the sites that were covered by the internal audit.

Advantages

- 6.117 Modifying or replacing the Direction as set out above would greatly enhance the prospect of providers' data being accurate, robust and genuinely comparable.
- 6.118 The independent audit gives confidence in the scheme. This would be increased if the auditor's ability to collect sufficient evidence to verify the information were less restricted.
- 6.119 The current independent auditor considers that if he were authorised to make a reasonable number of site visits, there would be less scope for uncertainty about the provider's data. As such, the comparability audit review period could be reduced from 4 months to around 3 months, making publication of the information more timely.
- 6.120 Reducing the frequency of reporting would reduce costs.
- 6.121 The certainty associated with setting out the scope of the role within the Direction would provide less scope for ongoing disagreement within the Forum.

Disadvantages

- 6.122 Potential for increased costs due to;
- requirements for internal auditors to visit all sites over the period of a year; and
 - the ability of the independent auditor to potentially visit more sites every year. These sites might be overseas sites (although costs could be saved if an auditor was able to visit a number of different providers' overseas sites – at the same location – during a single visit).
- 6.123 As set out in paragraph 6.106, for the purposes of this consultation, we have added £1,500 per provider to the estimated annual running cost of complying with the Direction to cover the cost of the comparability auditor visiting a sufficient number of sites, twice a year, including sites overseas. Since the cost of a single site visit in the UK under the current scheme is just £161.64 we think this is a reasonable estimate. In addition there might be scope to reduce costs if a number of providers had sites in similar locations. A shared independent auditor would be able to cover these sites at the same time. We welcome evidence on this.
- 6.124 We also welcome evidence on the likely cost for each provider of an internal auditor visiting all sites over the period of a year and whether this is something the provider would do to monitor its performance without the QoS Direction.

Question 65:

If we considered it was appropriate to audit the data internally and independently, should we amend the existing Direction to make the verification process more robust?

Question 66:

Would there be scope to reduce the cost of site visits if providers used the same independent auditor?

Question 67:

What would be the cost of an internal auditor visiting all sites over a period of a year?

The appointment of the independent auditor(s)

6.125 If we considered it was appropriate to audit data independently and reflect this role in a new or amended QoS Direction, we would also need to consider how the position was appointed and whether one or multiple auditors were best placed to carry out the tasks required.

Current scheme

6.126 Under the current scheme, a single independent auditor is appointed by the TopComm Forum.

6.127 During the process to appoint the current auditor, the Forum agreed that any prospective candidates for the position must be IRCA certified with a minimum of three years' third party auditing experience within the telecoms industry.

Appointment of the independent auditor

6.128 The existing arrangements mean that Forum members are responsible for appointing an independent auditor and are also the subject of audits by the person appointed. This presents a theoretical conflict of interest.

6.129 At present, we are not aware of any evidence to suggest this is a cause for concern. However we welcome stakeholders' views on this issue and the options presented below.

Options

This section sets out three key options for addressing how any independent auditor should be appointed

Option 1: allow each provider to appoint their own auditor

6.130 Under this option, providers would be responsible for the appointment of their own independent auditor.

Advantages

6.131 Providers may be best placed to understand what is required from an independent auditor in terms of the activities that need to be carried out (e.g. data extraction and site visits) and therefore who would do the best job.

- 6.132 An open and honest relationship would need to develop between each provider and its independent auditor to ensure the information provided was accurate, checks could be undertaken and publication was timely. This may be best achieved by providers choosing their own auditor.
- 6.133 We could specify the professional qualifications that must be held by an independent auditor and the tasks she/he must carry out in order for an audit to be sufficiently robust in any new Direction (see paragraph 6.116 above) to ensure competent people were employed and audits were carried out appropriately.

Disadvantages

- 6.134 There would be a theoretical conflict of interest if providers appointed their own independent auditor. Providers could be incentivised to appoint a more lenient auditor who was prepared to accept less robust data. In this situation, if the auditor held minimum qualifications, it may be difficult for Ofcom to gather sufficient evidence to justify any intervention.
- 6.135 Providers may choose to employ different independent auditors. This could lead to concerns that one provider was subject to less vigorous checks than another or to inconsistent interpretation of the definitions by different auditors.

Option 2: Providers select their own auditor subject to Ofcom's veto

- 6.136 Under this option, each provider would choose their own independent auditor, which Ofcom could veto.

Advantages

- 6.137 This option would continue to provide an opportunity for providers to make significant decisions in terms of appointment. As set out above, an open and honest relationship may be best achieved by providers selecting their own auditor.
- 6.138 However it would also provide an opportunity for Ofcom to intervene where we considered an appointment was in any way inappropriate and may affect the robustness of the verification process.
- 6.139 It would reduce (but not remove) the theoretical incentive for an independent comparability auditor to be less vigorous in his/her role in case it hindered their chances of reappointment.

Disadvantages

- 6.140 It would not completely remove the potential conflict of interest as the independent auditor would still report directly to providers and could conduct audits in a manner to suit its employers.
- 6.141 Providers may choose to employ different independent auditors. This could lead to concerns that one provider was subject to less vigorous checks than another or to inconsistent interpretation of the definitions by different auditors (see further paragraphs 6.155 to 6.165 below).
- 6.142 Unless the auditor lacked minimum qualifications, it may be difficult for Ofcom to justify exercising our veto.

Option 3: Ofcom specifies which auditor(s) providers may appoint

6.143 Under this option, providers would be permitted to use only an auditor specified by Ofcom.

Advantages

6.144 This option would take responsibility away from the Forum and potentially eliminate a major source of disagreement, freeing time and energy for the Forum to focus on more positive aspects of the scheme.

6.145 The theoretical conflict of interest would be greatly reduced, since auditors would have to satisfy Ofcom in order to be eligible for appointment.

Disadvantages

6.146 If auditors possessed minimum qualifications, it would be difficult for Ofcom to veto them.

6.147 It would restrict providers' freedom of choice.

6.148 The auditor(s) specified by Ofcom would have a monopoly for as long as they were specified.

Question 68:

If we considered it was appropriate to audit the data independently, how should any independent auditor(s) be appointed?

Single or multiple independent auditor(s)

6.149 The existing arrangements mean that a single independent auditor verifies the information supplied by all members of the Forum.

6.150 If providers used different independent auditors, verification could be undermined if an auditor of one provider was felt to be carrying out less robust checks than one employed by a different provider.

6.151 In addition, where the definitions and processes may be open to a degree of interpretation, multiple auditors across different providers may interpret these definitions in varying ways. This could result in reducing the comparability of the data.

6.152 These issues could be avoided by continuing to have a single independent auditor. However, it may not be practically feasible for one independent auditor to carry out all the audits across all providers in a short enough timeframe to ensure that the information was not out of date.

6.153 Under the current scheme it takes one independent auditor around four months to audit the information of 18 companies. However if the scheme expanded to include mobile and broadband and large business services were excluded from the draft Direction, the number of providers supplying information could reduce to around 14. This would make it easier for the independent auditor to carry out the audits within a reasonable timeframe to ensure that the data was still up to date.

6.154 In addition, a single independent auditor would be likely to be more practicable in terms of delivering timely information given that we are proposing to improve the robustness of internal audits, ensuring the data is supplied by providers is more.

Options

Option 1: No change – Ofcom leaves it to providers to decide whether or not they should use the same auditor

6.155 Under this option, Ofcom would not direct providers all to use the same independent auditor. It would be up to providers whether or not they chose to do so.

Advantages

6.156 Providers would retain their freedom of choice over which auditor to appoint.

6.157 Members of the Forum (not Ofcom) may be best placed to understand what is required from the independent auditor.

6.158 If effective, this would be in keeping with our duty to have regard to the desirability of promoting self-regulation

Disadvantages

6.159 Providers may not choose to use the same independent auditor. Providers would have no certainty that their competitors were conducting equally rigorous checks on their QoS information.

6.160 Different independent auditors may interpret the metrics slightly differently, so that the information provided was not genuinely comparable.

Option 2: Ofcom replaces or modifies the Direction to ensure that providers all appoint the same independent auditor

Advantages

6.161 The appointment of a single – rather than multiple – independent auditor would give all providers confidence they were subject to the exactly the same checks as other providers.

6.162 As set out above, where the definitions and processes may be open to a degree of interpretation, a single auditor would offer a more consistent approach ensuring comparability of the data.

6.163 This option would continue to provide an opportunity for providers to make significant decisions in terms of appointment.

Disadvantages

6.164 It would restrict providers' freedom of choice in selecting their auditor. In practice, the majority may end up imposing their choice on the minority.

6.165 The number of auditors capable and experienced enough to carry out the independent audit to a sufficient standard may decline if almost all providers in this

sector wishing to carry out an independent audit for data of this kind were required to use the same individual for the QoS information.

- 6.166 The number of auditors capable and experienced enough to carry out the independent audit to a sufficient standard may decline if almost all providers in this sector wishing to carry out an independent audit for data of this kind were required to use the same individual for the QoS information.

Question 69:

If we considered it was appropriate to audit the data independently, should providers all appoint the same independent auditor?

Section 7

Publication of the information and promoting awareness

Introduction

- 7.1 If we considered appropriate regulatory intervention was required to make sure consumers can access adequate and reliable information on quality of service, and ensure a healthy level of competition in communications markets, we would need to consider the manner in which the information was published and how it was promoted.
- 7.2 In this section we consider:
- how the information could be published; and
 - how the scheme could be promoted.

How the information could be published

Current scheme

- 7.3 The QoS Direction requires providers to publish information at least;
- every six months;
 - on an independent website; and
 - in large print and in Braille.
- 7.4 In the 2005 Statement we set out our intention not to be overly prescriptive with regard to the nature of the publication and to allow the Forum to take responsibility for its function, look and publicity.
- 7.5 In response to this, the Forum developed the TopComm brand and website.

Frequency of publication

- 7.6 Under the current scheme, information is published on the TopComm website every six months. Each publication includes two sets of quarterly data. Historic data is available to consumers but this is not presented in a way which makes it easy for consumers to compare across a number of providers over time.
- 7.7 As set out in Section 6, the information is independently verified by an auditor, chosen by the Forum members. Most internal audits are conducted within a few weeks after the end of each quarter and reports are submitted for comparability by the independent auditor about six weeks after each quarter. Following the completion of all checks, data is published around four months after the end of the second quarterly reporting period.

- 7.8 In practice this means information is published up to 7 months after the first set of quarterly data has been collected. This relatively long lag can mean information is potentially out of date as soon as it is published.

Manner of publication

- 7.9 Under the current scheme, information is published on an independent website. We believe this works well, ensuring that information is comprehensive and comparisons can be made across the market.
- 7.10 However we are aware that not all consumers have access to the Internet (36% do not use the Internet at home⁴²) or may prefer to access information offline. We could consider various options for making the information available to a greater number of consumers (see options for promoting awareness of the scheme, below).
- 7.11 Under the current Direction, providers are required to make the information available in large print and Braille. On review, the wording of this is a little ambiguous and if we revised the QoS Direction we could take the opportunity to clarify it. We continue to think that, if we maintained a reporting obligation, these requirements are essential in order that all consumers have the potential to access the information available.

Options

- 7.12 As set out in section 6, we could reduce the frequency of data collection from 3 to 6 months. This would have the effect of reducing the lag between the end of the reporting period and the publication of data as described in paragraphs 7.6 - 7.8 (because there would only be one reporting period), improving the accuracy and timeliness of the information being published.
- 7.13 In addition, the inclusion of trend data on the TopComm website could be a useful source of information for consumers wanting to compare the performance of different providers over time. It would enable providers who have improved their performance to signal this to consumers. We could encourage providers to present their data showing trends over time. This would not be requiring substantive new information to be made available on the website but simply ensuring that it is presented in a way to enable consumers to make comparisons across providers over time.
- 7.14 We could consider how best to reach consumers without Internet access.

Question 70:

If they published QoS information, should providers publish trend data?

Question 71:

How could the information be made accessible to all consumers, in particular disabled consumers and consumers without Internet access?

How the information could be promoted

- 7.15 Consumer awareness of the TopComm website currently appears to be low. This is reflected in very low usage numbers.

⁴² Ofcom communications tracking survey Q2 2007(Figure 4.72)
<http://www.ofcom.org.uk/research/cm/cmr07/telecoms/telecoms.pdf>

- 7.16 There are currently around 1000 visits to the TopComm website each week⁴³. The vast majority of visitors (around 850) go directly to the website by typing in the www.topcomm.org.uk address. Around 30 arrive via the alternative addresses www.topcomm.co.uk or www.topcom.org.uk.
- 7.17 The rest come via search engines and links hosted on third party web sites. Of these, around 50 visitors use the search engine Google and 20 come via Ofcom's own website. Of the remaining few, 15 arrive via providers' websites, 10 via other search engines such as Yahoo and a handful via price comparison websites.
- 7.18 Even if we were able to establish that all 1000 visits were made by individual consumers looking for information, this figure is still low compared to the millions who visit price comparison websites each year⁴⁴. However we expect most consumers would find the TopComm website using a search engine or following a link hosted on a provider's or price comparison service's website. The vast majority of hits – made directly to the www.topcomm.org.uk website – are therefore most likely to be repeat visits by individuals who are already familiar with the website.
- 7.19 Poor public awareness and low levels of consumer usage of the TopComm website means the scheme fails to meet its original purposes of helping consumers make more informed choices. Some stakeholders have argued that these low levels of usage do not warrant the effort that has been invested by industry in providing the data.
- 7.20 If we considered it was appropriate to require providers to publish QoS information, more would need to be done to promote awareness of the website and promulgate the information via other sources. Re-launching the scheme could provide us with an opportunity to do this.
- 7.21 We would not expect that all consumers would want to engage directly with all the data being published. Some would, but others would continue (or start) to rely on other trusted advisors and sources of information, such as media outlets and comparison services.
- 7.22 In these cases the published information would serve as source material for the trusted advisers that they could use to prepare advice tailored to different audiences.
- 7.23 We are currently conducting research on what sources of information consumers utilise and the extent to which they may find different formatting useful.

Options

- 7.24 We could enhance the publicity of the scheme so that more consumers, consumer stakeholders and journalists were aware it was available and so the scheme became a more significant benchmarking tool for the industry. We could consider a number of methods to raise the profile of the scheme and welcome stakeholders' views on what would be most effective:

⁴³ TopComm secretariat

⁴⁴ There were 64 million visitors to www.moneysupermarket.com in 2006
<http://corporate.moneysupermarket.com/>

Ofcom

- 7.25 Ofcom's Consumer Advice Portal currently offers consumers a link to the TopComm website www.ofcom.org.uk/consumeradvice. This accounts for around 20 visits a week.
- 7.26 Ofcom could do more to signpost consumers to the website. For example, we could feature a more prominent link to the information on our website. We could also do more to ensure any consumer calling the Ofcom Advisory Team about a quality of service issue they have with their provider is advised to use the information. This would be in keeping with our duty to further the interests of consumers and, where appropriate, to promote competition.

Providers

- 7.27 In the 2005 Statement we gave responsibility for publicising the information to the Forum. We are aware that there have mixed efforts amongst members of the Forum to publicise the scheme.
- 7.28 Ofcom research shows that supplier websites are the single most important source of information for consumers open to changing providers – between 33-39% for fixed voice, broadband and mobile services⁴⁵.
- 7.29 If it is appropriate to require providers to publish information on a particular website, we could consider requiring providers that are obliged to publish QoS information to do so by providing at least a direct link to www.topcomm.org.uk from their company's website. We would welcome stakeholders' views on the manner in which this could be done in order to ensure that the link was effectively presented and the likely cost.

Question 72:

Should providers be required to provide a link to the specified website on their websites? Where should the link appear and what should it say?

Press and media

- 7.30 Television and print advertising is an important source of information for many consumers. Ofcom research shows that between 14% and 32% of those open to changing communications provider would look to these sources for information⁴⁶.
- 7.31 We could encourage the media to increase awareness of quality of service as a key differentiator and reflect the information in the advice they give to consumers and encourage consumers to visit the QoS website.
- 7.32 To promote media interest in the scheme we could:
- issue a six monthly press release on quality of service to coincide with publication of information on the website; and
 - publish a fact sheet for journalists and consumers, explaining the aims of the scheme and encouraging consumers to use the information available.

⁴⁵ Consumer decision making in the Telecoms and TV Broadcast markets 2007 (pg 38, Figure 44)

<http://www.ofcom.org.uk/research/tce/ce07/annex6.pdf>

⁴⁶ Ibid

- 7.33 We consider that this would be in keeping with our duty to further the interests of consumers and, where appropriate, to promote competition.

Price comparison websites

- 7.34 Ofcom research shows that price comparison services are the fourth most important source of information for consumers open to changing provider after suppliers, friends and family, and TV/print advertising – 17-25% for fixed voice, broadband and mobile services⁴⁷. These websites are successful in attracting millions of unique visits every year.
- 7.35 Although only a handful of consumers currently visit the TopComm website via these websites (see paragraph 7.15), this is something we could build on as part of our suggestions on promoting awareness and use of the information.
- 7.36 Ofcom runs an accreditation scheme for price comparison services that can meet our quality assurance standards. Within the scheme, we encourage accredited providers to advise their customers to visit the TopComm website and/or present the data contained on the TopComm website.
- 7.37 In addition to this, we could consider encouraging accredited companies to reflect the quality of service data that is published in the advice they give to consumers.

Small business organisations

- 7.38 There are a number of organisations in the UK representing the views of small businesses such as the Federation of Small Businesses (FSB) and the Confederation of British Business (CBB). We could work in partnership with these organisations to disseminate information on the TopComm website to their members.
- 7.39 We have held initial discussions with these organisations on the feasibility of using their existing communication channels and would welcome further feedback as part of this consultation.

Consumer organisations

- 7.40 Organisations offering day to day advice to consumers also offer an opportunity for disseminating information published on the TopComm website.
- 7.41 Organisations Ofcom could work in partnership with include:
- National Consumer Council
 - Which? Magazine

Online

- 7.42 We could use Search Engine Optimisation to give the website a higher ranking and make it easier for consumers to find the information online. However we appreciate there would be a cost associated with doing this.

⁴⁷ Ibid

- 7.43 We could also consider involvement in communities and other online environments where people actively seek information on quality of service.

Question 73:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – what should be done to promote awareness of the scheme and improve usage of the information?

- 7.44 In addition to these suggestions we would welcome stakeholders' views on whether 'TopComm' is a good name for the information to be published under. Is it something that consumers are likely to recognise and understand, and which we can use to promote consumer awareness of the information? Or are there any alternative names that Ofcom and providers should consider?

Question 74:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – is 'TopComm' the right name under which to publish the information or should alternatives be considered?

Annex 1

Responding to this consultation

How to respond

- A1.1 Ofcom invites written views and comments on the issues raised in this document, to be made **by 5pm on 8 October 2008**.
- A1.2 Ofcom strongly prefers to receive responses using the online web form at <http://www.ofcom.org.uk/consult/condocs/gos08/howtorespond/form>, as this helps us to process the responses quickly and efficiently. We would also be grateful if you could assist us by completing a response cover sheet (see Annex 3), to indicate whether or not there are confidentiality issues. This response coversheet is incorporated into the online web form questionnaire.
- A1.3 For larger consultation responses - particularly those with supporting charts, tables or other data - please email lucy.wicksteed@ofcom.org.uk attaching your response in Microsoft Word format, together with a consultation response coversheet.
- A1.4 Responses may alternatively be posted or faxed to the address below, marked with the title of the consultation.
- Lucy Wicksteed
Floor 6
Strategy and market Developments
Riverside House
2A Southwark Bridge Road
London SE1 9HA
- Fax: 020 7783 4103.
- A1.5 Note that we do not need a hard copy in addition to an electronic version. Ofcom will acknowledge receipt of responses if they are submitted using the online web form but not otherwise.
- A1.6 It would be helpful if your response could include direct answers to the questions asked in this document, which are listed together at Annex 4. It would also help if you can explain why you hold your views and how the options Ofcom has identified would impact on you.

Further information

- A1.7 If you want to discuss the issues and questions raised in this consultation, or need advice on the appropriate form of response, please contact Lucy Wicksteed on 020 7783 4161.

Confidentiality

- A1.8 We believe it is important for everyone interested in an issue to see the views expressed by consultation respondents. We will therefore usually publish all responses on our website, www.ofcom.org.uk, ideally on receipt. If you think your response should be kept confidential, can you please specify what part or whether

all of your response should be kept confidential, and specify why. Please also place such parts in a separate annex.

- A1.9 If someone asks us to keep part or all of a response confidential, we will treat this request seriously and will try to respect this. But sometimes we will need to publish all responses, including those that are marked as confidential, in order to meet legal obligations.
- A1.10 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use. Ofcom's approach on intellectual property rights is explained further on its website at <http://www.ofcom.org.uk/about/accoun/disclaimer/>

Next steps

- A1.11 Following the end of the consultation period, Ofcom intends to publish a further consultation in during the course of 2009.
- A1.12 Please note that you can register to receive free mail Updates alerting you to the publications of relevant Ofcom documents. For more details please see: http://www.ofcom.org.uk/static/subscribe/select_list.htm

Ofcom's consultation processes

- A1.13 Ofcom seeks to ensure that responding to a consultation is easy as possible. For more information please see our consultation principles in Annex 2.
- A1.14 If you have any comments or suggestions on how Ofcom conducts its consultations, please call our consultation helpdesk on 020 7981 3003 or e-mail us at consult@ofcom.org.uk . We would particularly welcome thoughts on how Ofcom could more effectively seek the views of those groups or individuals, such as small businesses or particular types of residential consumers, who are less likely to give their opinions through a formal consultation.
- A1.15 If you would like to discuss these issues or Ofcom's consultation processes more generally you can alternatively contact Vicki Nash, Director Scotland, who is Ofcom's consultation champion:

Vicki Nash
Ofcom
Sutherland House
149 St. Vincent Street
Glasgow G2 5NW

Tel: 0141 229 7401
Fax: 0141 229 7433

Email vicki.nash@ofcom.org.uk

Annex 2

Ofcom's consultation principles

A2.1 Ofcom has published the following seven principles that it will follow for each public written consultation:

Before the consultation

A2.2 Where possible, we will hold informal talks with people and organisations before announcing a big consultation to find out whether we are thinking in the right direction. If we do not have enough time to do this, we will hold an open meeting to explain our proposals shortly after announcing the consultation.

During the consultation

A2.3 We will be clear about who we are consulting, why, on what questions and for how long.

A2.4 We will make the consultation document as short and simple as possible with a summary of no more than two pages. We will try to make it as easy as possible to give us a written response. If the consultation is complicated, we may provide a shortened Plain English Guide for smaller organisations or individuals who would otherwise not be able to spare the time to share their views.

A2.5 We will consult for up to 10 weeks depending on the potential impact of our proposals.

A2.6 A person within Ofcom will be in charge of making sure we follow our own guidelines and reach out to the largest number of people and organisations interested in the outcome of our decisions. Ofcom's 'Consultation Champion' will also be the main person to contact with views on the way we run our consultations.

A2.7 If we are not able to follow one of these principles, we will explain why.

After the consultation

A2.8 We think it is important for everyone interested in an issue to see the views of others during a consultation. We would usually publish all the responses we have received on our website. In our statement, we will give reasons for our decisions and will give an account of how the views of those concerned helped shape those decisions.

Annex 3

Consultation response cover sheet

- A3.1 In the interests of transparency and good regulatory practice, we will publish all consultation responses in full on our website, www.ofcom.org.uk.
- A3.2 We have produced a coversheet for responses (see below) and would be very grateful if you could send one with your response (this is incorporated into the online web form if you respond in this way). This will speed up our processing of responses, and help to maintain confidentiality where appropriate.
- A3.3 The quality of consultation can be enhanced by publishing responses before the consultation period closes. In particular, this can help those individuals and organisations with limited resources or familiarity with the issues to respond in a more informed way. Therefore Ofcom would encourage respondents to complete their coversheet in a way that allows Ofcom to publish their responses upon receipt, rather than waiting until the consultation period has ended.
- A3.4 We strongly prefer to receive responses via the online web form which incorporates the coversheet. If you are responding via email, post or fax you can download an electronic copy of this coversheet in Word or RTF format from the 'Consultations' section of our website at www.ofcom.org.uk/consult/.
- A3.5 Please put any parts of your response you consider should be kept confidential in a separate annex to your response and include your reasons why this part of your response should not be published. This can include information such as your personal background and experience. If you want your name, address, other contact details, or job title to remain confidential, please provide them in your cover sheet only, so that we don't have to edit your response.

Cover sheet for response to an Ofcom consultation

BASIC DETAILS

Consultation title:

To (Ofcom contact):

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

CONFIDENTIALITY

Please tick below what part of your response you consider is confidential, giving your reasons why

| | | | |
|----------------------|--------------------------|---|--------------------------|
| Nothing | <input type="checkbox"/> | Name/contact details/job title | <input type="checkbox"/> |
| Whole response | <input type="checkbox"/> | Organisation | <input type="checkbox"/> |
| Part of the response | <input type="checkbox"/> | If there is no separate annex, which parts? | |

If you want part of your response, your name or your organisation not to be published, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

DECLARATION

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that Ofcom can publish. However, in supplying this response, I understand that Ofcom may need to publish all responses, including those which are marked as confidential, in order to meet legal obligations. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom seeks to publish responses on receipt. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

Name

Signed (if hard copy)

Annex 4

Consultation questions

Section 3: Ofcom's strategy for delivering quality of service information

Question 1:

Do you have any views on Ofcom's proposal to review the existing TopNetUK scheme, which could help inform this piece of work?

Question 2:

To what extent would it be useful for consumers to have access to comparative performance information on broadband speed and broadband quality of service?

Question 3:

Do you agree with Ofcom's proposed timetable for phase one of our review of quality of service information?

Section 4: Should the scope of the QoS Direction be amended?

Question 4:

Should Ofcom require industry to publish QoS information?

Question 5:

Should Ofcom encourage the development of more or more detailed consumer surveys focusing on customer service?

Question 6:

If we considered it was appropriate to continue requiring industry to collect and publish QoS information, is there any need to amend the existing QoS Direction?

Question 7:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended - how should the information be made available?

Question 8:

Would third parties – such as price comparison sites – be interested in collating QoS information?

Question 9:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – what services should be covered?

Question 10:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – what type of revenues should the threshold for participation be based on?

Question 11:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – should we

exempt providers with less than a certain number of subscribers from the requirements?

Question 12:

How easily could providers assess whether they hit a subscriber threshold?

Question 13:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – what should the relevant turnover threshold be?

Section 5: What information should be published?

Question 14:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – how could the information requirements be defined and measured?

Question 15:

Should Ofcom remove, keep or replace the existing parameter on service provision?

Question 16:

How much would it cost to introduce and maintain a new parameter on service provision?

Question 17: As a provider, is data on service provision something you already collect?

Question 18:

Do you agree with this definition of 'complaint'?

Question 19:

Should Ofcom remove, keep or replace the existing parameter on complaints?

Question 20:

How much would it cost to introduce and maintain a new parameter on resolution of complaints (option 3a)?

Question 21:

How much would it cost to introduce and maintain a new parameter on total number of complaints (option 3b)?

Question 22:

If a new parameters on total complaints per thousand customers was introduced (option 3b), should customers taking multiple services count as multiple customers?

Question 23:

If new parameters were introduced, is there a case for requiring complaints data to be published separately for fixed voice, mobile and broadband services?

Question 24:

As a provider, is data on complaints something you already collect?

Question 25:

How could we ensure complaints were being recorded in an accurate and comparable way, and how could we avoid the potential for gaming by providers?

Question 26:

Should Ofcom remove or replace the existing parameter on complaints about faults?

Question 27:

If we introduced a new parameter, should it be limited to broadband providers?

Question 28:

How much would it cost to introduce and maintain a new parameter on complaints about faults?

Question 29:

As a provider, is data on complaints about faults something you already collect?

Question 30:

Should Ofcom remove or replace the existing parameter on how long it takes to repair a fault?

Question 31:

How much would it cost to introduce and maintain a new parameter on how long it takes to repair a fault?

Question 32:

As a provider, is data on how long it takes to repair a fault something you already collect?

Question 33:

Should Ofcom remove or keep the existing parameter on billing accuracy complaints?

Question 34:

How much would it cost to providers not currently part of the TopComm Forum to introduce and maintain the existing parameter on billing accuracy complaints?

Question 35:

As a provider, is data on billing accuracy complaints something you already collect?

Question 36:

Should Ofcom introduce a new parameter on the time it takes to answer a consumer's call?

Question 37:

How much would it cost to introduce and maintain a new parameter on the time it takes to answer a consumer's call?

Question 38:

As a provider, do you already have in place systems that capture the time it takes for your customer service agents to answer a customer's call?

Question 39:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – should providers be required to publish QoS information on bundles?

Question 40:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – who should QoS information be provided for? Should this include large business consumers?

Question 41:

What evidence do you have that small and large businesses would / would not benefit from QoS information?

Question 42:

Would information on one or more particular services be more or less valuable for different sizes of businesses?

Question 43:

Could reporting information for small and large businesses together be misleading?

Question 44:

How could Ofcom distinguish between small and large businesses?

Question 45:

How easy would a threshold based on the Communications Act definition be to implement and how much would it cost?

Question 46:

How easy would a threshold based on a business customer's annual communications spend be to implement and how much would it cost?

Question 47:

How easy would a threshold based on whether a business had a bespoke service level agreement in place with its provider be to implement and how much would it cost?

Section 6: How should the information be verified?

Question 48:

As a provider, do you internally audit information on quality of service? What data do you audit and how much does this cost?

Question 49:

If a member of the TopComm scheme, did you internally audit information on quality of service prior to the imposition of the scheme and what, if any, additional auditing costs did you incur as a result of the scheme?

Question 50:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – should Ofcom determine the verification process or leave it to providers?

Question 51:

Should any verification process include either an internal or independent audit, or both?

Question 52:

If we considered it was appropriate for data to be audited internally, should internal auditors be required to possess a recognised qualification?

Question 53:

What would be an appropriate qualification for internal auditors?

Question 54:

Should internal auditors have to pass a test on the regime and, if so, who should administer it?

Question 55:

If we considered it was appropriate for data to be audited internally, how often should internal audits take place?

Question 56:

If we considered it was appropriate for data to be audited independently, how often should independent audits take place?

Question 57:

If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – how frequently should data be submitted for publication?

Question 58:

How long a period would be required between the end of the data collection period and the publication of information?

Question 59:

What would be an appropriate sample size in order to ensure that information is robust?

Question 60:

As a provider please could you provide information on;

the number of stages involved in each QoS event set out in section 5;
the number of sites (locations) associated with each QoS event;
the percentage of QoS events located at each site; and
the number/percentage of sites based overseas

Question 61:

How many site visits do you consider appropriate and why?

Question 62:

If we considered it was appropriate to audit the data internally what measures should an internal auditor take to verify the QoS information?

Question 63:

If we considered it was appropriate to audit the data independently, what measures should an independent auditor take to verify QoS information?

Question 64:

To what extent should Ofcom specify how audits should be carried out?

Question 65:

If we considered it was appropriate to audit the data internally and independently, should we amend the existing Direction to make the verification process more robust?

Question 66:
Would there be scope to reduce the cost of site visits if providers used the same independent auditor?

Question 67:
What would be the cost of an internal auditor visiting all sites over a period of a year?

Question 68:
If we considered it was appropriate to audit the data independently, how should any independent auditor(s) be appointed?

Question 69:
If we considered it was appropriate to audit the data independently, should providers all appoint the same independent auditor?

Section 7: Publication of the information and promoting awareness

Question 70:
If they published QoS information, should providers publish trend data?

Question 71:
How could the information be made accessible to all consumers, in particular disabled consumers and consumers without Internet access?

Question 72:
Should providers be required to provide a link to the specified website on their websites? Where should the link appear and what should it say?

Question 73:
If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – what should be done to promote awareness of the scheme and improve usage of the information?

Question 74:
If we considered it was appropriate to continue requiring providers to publish QoS information – and that the existing QoS Direction should be amended – is 'TopComm' the right name under which to publish the information or should alternatives be considered?

Annex 5

The cost of publishing quality of customer service information

Current scheme

- A5.1 There are different aspects to the cost of operating the current TopComm Scheme.
- A5.2 We have been informed by the Forum's secretariat that the existing TopComm Scheme costs industry £125,000 a year to run. This includes the cost of the secretariat, running the website and employing an independent comparability auditor. This amounts to around £7,000 per Forum member (see list of members at paragraph 4.72).
- A5.3 In addition, each Forum member needs to employ its own internal accuracy auditor to make sure that the data recorded, processes used to record and store the data, and the calculation and documentation of the data all fit the current definitions and guidelines. Under the current scheme, this type of audit should take place once a quarter.
- A5.4 The time it takes to perform the role of accuracy auditor will depend on the size of the provider's activities – in particular the size of its call centre where the information on customer services is captured and recorded.
- A5.5 We understand from the existing independent comparability auditor that a simple rule of thumb is as follows - for every 100 seats in a call centre, it would take an internal auditor around 3 days to carry out an audit. In addition, a further day would be required for the auditor to write up a report and attend any Forum meetings. An auditor of this kind is likely to receive an annual salary of £25-30,000. Alternatively, a provider may choose to employ an external consultant to carry out the internal audit. A consultant is likely to charge a fee of around £750 a day.
- A5.6 On the basis of this information we estimate that for a smaller provider – with a call centre of less than 100 seats – the annual cost of four internal audits is no more than £12,000 (based on one auditor working 16 days a year at a cost of £750 per day). For a larger company – with call centres of over 300 seats - the cost is between £25,000 - 30,000 (assuming that the provider employs a full time auditor).
- A5.7 However this assumes that without the QoS Direction providers would not choose to audit their own data. If providers already have in place audit systems to monitor and record their performance, the true cost is the extra cost of compliance, beyond what they would otherwise spend and our figures would therefore be an upper bound. We would welcome evidence from providers on whether such systems already exist.
- A5.8 We recognise that some providers may have a different view of the resource required to undertake quarterly audits and we welcome any information that illustrates this during the consultation.
- A5.9 Based on the evidence above, we estimate the cost of participating in the current TopComm scheme is between around £19,000 and £37,000 a year, depending on the size of the provider.

Implementing options that would require the QoS Direction to be amended/replaced

- A5.10 As set out in section 4, if we considered it was appropriate to continue requiring providers to publish QoS information we would need to consider whether there was any need to change the existing QoS Direction.
- A5.11 In sections 4, 5 and 6 we identify various issues concerning the existing scheme and put forward various options for removing, keeping or replacing the existing reporting requirements.
- A5.12 If after consultation and further research it appears that the existing regulation should be withdrawn or if there appear to be no problems with the existing regime, many of the options set out in the consultation will no longer be relevant. However in order properly to understand the costs and benefits of any reporting regime, it is necessary to consider how all the options might look.
- A5.13 In this annex we have estimated what the cost of replacing the existing QoS Direction and introducing new reporting requirements might be, generally using the most onerous of the scenarios set out in this paper. This therefore includes expanding the scheme to include mobile and broadband services (see section 4), changing the existing information parameters (see section 5) and amending the existing audit processes (see section 6).
- A5.14 As set out in section 6, we estimate the cost of making the comparability audit more robust, whilst reducing the frequency of audits from 3 to 6 months, would increase the running cost of TopComm from £7,000 to £8,000 per provider. This £8,000 would include the cost of maintaining the website.
- A5.15 In addition, reducing the frequency of audits could reduce the cost of auditing the accuracy of information internally, particularly for smaller providers. As set out in section 6, we estimate the cost of an internal auditor would be between £6,000 - £90,000 per provider each year.
- A5.16 If the cost of participation increased in line with the number of services being offered, we estimate that the cost of participation would be between £28,000 - £76,000 for providers offering two services and between £32,000 and £114,000 for providers offering all three services. See figure A5.1 below.

Figure A5.1

| | TopComm secretariat, website, auditor | Internal auditor | Total pa | One-off transitional costs |
|--------------------------------|--|-------------------------|-----------------------|---|
| Current regime | £7,000 | £12,000 - £30,000 | £19,000 - £37,000 | |
| New regime | £8,000 | £6,000 - £30,000 | £14,000 - £38,000 | |
| New regime – 2 services | £16,000 | £12,000 - £60,000 | £28,000 - £76,000 | £250 - £7,500 per parameter ⁴⁸ |
| New regime – 3 services | £24,000 | £18,000 - £90,000 | £32,000 - £114,000 | |

⁴⁸ This range excludes one estimated figure from one provider we consider may be a significant outlier. We are asking for further evidence from providers as part of the consultation.

- A5.17 However these estimates do not take account of economies of scope – under the options we are considering providers offering multiple services may only need to fund one website and one comparability auditor, and a single internal auditor could audit information across each service. These estimates also assume that providers would not choose to audit their information should the TopComm scheme not exist. As such they are an upper bound.
- A5.18 Changing the parameters would be likely to result in an additional one-off transitional cost for each provider. As set out in section 5, estimates from industry suggest it would cost each provider between £250 and £7,500 to introduce each new parameter (see paragraphs 5.8 – 5.12). On this basis we estimate the total cost of introducing all the relevant parameters would be between £750 and £52,500 for each provider⁴⁹ – with larger providers offering multiple communications services facing the largest costs (see figure 5.1).
- A5.19 In conclusion we estimate the likely cost of complying with all the options we put forward in the consultation that would result in changing or replacing the existing reporting requirements would be between £14,000 and £114,000 a year with a one-off transitional cost of between £750 and £52,500. Both these estimates are wide. This reflects the fact that ongoing and one-off costs would be higher for providers with larger call centres and offering multiple communications services, and therefore less for smaller, single service providers.
- A5.20 In addition, these estimates assume that without the QoS Direction providers would not choose to audit their own data. If providers already have in place audit systems to monitor and record their performance, the true cost would be the extra cost of compliance, beyond what they would otherwise spend and our figures would therefore be an upper bound.
- A5.21 We welcome more information from industry on the cost of participating in the current TopComm scheme and the likely cost of implementing the options we have described as part of this consultation.

⁴⁹ £750 is based on a small mobile provider introducing three new parameters at a cost of £250 each; £52,500 is based on a large provider offering all three services introducing seven new parameters at a cost of £7,500 each (see figures 5.1 and 5.2)