



Ofcom's Annual Plan 2005/6

Statement

Publication date: 12 April 2005

Contents

| Section | | Page |
|----------------|-------------------------------|-------------|
| 1 | Foreword | 3 |
| 2 | Themes for 2005/6 | 8 |
| 3 | Programme of work for 2005/6 | 21 |
| 4 | Calendar of outputs | 48 |
| Annex A | Responses to the consultation | 54 |
| Annex B | Names of respondents | 62 |

Section 1

Foreword

Introduction from the Chairman and Chief Executive

This document sets out our annual plan for 2005/6 and our strategic framework for the coming three years. After publishing our draft plan in January, we listened to our stakeholders at events throughout the United Kingdom and in the course of our everyday work. We have carefully considered over fifty written responses to the draft plan and have sought the views of the advisory bodies which provide Ofcom with independent and expert counsel on matters ranging from the radio spectrum to the interests of older and disabled people. Input from such a wide range of our stakeholders has been very valuable and we hope to continue this dialogue throughout the year ahead.

Last year we accepted the challenge of integrating the five regulators which Ofcom replaced, an approach to regulation consistent with that endorsed in the recently published Hampton Review. The result is that we now have 25% fewer people than our predecessors and lower operating costs. Our budget for 2004/5 was, on a like-for-like basis, 5% less than the combined budgets of our predecessors and since then we have reduced our costs further. Our 2005/6 budget is 5% less than in 2004/5 and during 2005/6 we aim to reduce our costs by 5% more. In short, we will continue to be an RPI – x regulator.

In the year to come, our primary focus will be on implementing the work already begun in our strategic reviews of telecoms, spectrum and public service broadcasting. We will also continue to reduce or withdraw from regulation, through the implementation of the reviews, but also through the careful assessment of existing regulatory rules and the extent to which they are still needed. Figure F.1 gives examples of where we have already reduced regulation, along with examples of regulation being strengthened. In the coming year, we will continue to set a high hurdle before adding to regulation and will make effective use of impact assessments.

Alongside this work, the responses to the consultation have highlighted a number of important cross-cutting areas that we will need to address:

- The need to create the right environment for investment in communications infrastructure, especially broadband. This is important for individual consumers, citizens and more widely, for the competitiveness of the UK economy.
- The importance of digital TV switchover in promoting choice for viewers and releasing additional spectrum.
- The need to ensure widespread and affordable access to communications services and equipment, taking account of the interests of all citizens and consumers, wherever they live and whatever their circumstances.
- The need to anticipate and respond to developments in the supply of content via the internet and other new platforms, ensuring that the interests of citizens are appropriately reflected in our decisions.

- The demands of citizens, consumers and small businesses for the information and support they need to be able to make more informed choices and take full advantage of increased competition and choice across the sector.

The overall response from stakeholders to our proposed plan has been very constructive. They welcomed the three year strategic framework, the main themes identified for 2005/6 and our focus on the impact of the plan on different groups of stakeholders. They supported our aim of creating a climate that encourages competition and innovation. Furthermore, there was broad support for the cost reductions we have made and for our intention to reduce costs further in 2005/6.

There were many useful and detailed suggestions about how we could refine the plan and provide a clearer focus in certain key areas. Many of these ideas will be fed into our detailed work streams. Also, in response to the submissions we have received, we have set up four new projects which will examine consumer issues, numbering strategy, access to communications services and our approach to securing the interests of citizens. These projects are described in more detail in section 2, which sets out our strategic framework for the next three years, the themes which will guide our work in 2005/6 and how our activities will be funded.

Section 3 describes the programme of work we will be undertaking in 2005/6. There are details of all the planned work streams, including the expected outputs and who to contact for more information.

In section 4 there is a calendar showing the key outputs planned for each quarter, although the need for us to respond flexibly to market developments may lead to some adjustments to the timetable during the year. We recognise that the costs of engaging with Ofcom can be significant and hope that details of our work programme at this stage will help stakeholders plan their responses to our consultations effectively.

A summary of the views expressed in response to the consultation is set out in annex A.

We look forward to continued constructive dialogue with all our stakeholders in the year ahead and hope we have provided a clear and coherent picture of our planned activities.

David Currie (Chairman) and Stephen Carter (Chief Executive)

Figure F.1 – Areas where regulation has been reduced or strengthened

Reducing regulation – actions and proposals (2004/5)

Broadcasting

Review of Public Service Television Broadcasting (PSB)

Evidence suggests that the current analogue system of PSB will not survive the move to the digital age. In order to build a new digital model of PSB some requirements on broadcasters, shown by research to be costly to provide and less valued by viewers, have been reduced.

Broadcasting Code

Relaxation of sponsorship rules to provide greater flexibility and freedom for commercial partnerships but ensuring the key principles of transparency and editorial independence. Combined and modernised the former separate radio and television codes and aligned them with a less interventionist approach to provisions affecting those over 18.*

Broadcast Advertising Co-Regulation

Contracted out the day-to-day regulation of broadcast advertising content to the Advertising Standards Authority to create a 'one-stop-shop' for consumer complaints relating to advertising standards.

Radio Licensing Process

Simplified and streamlined the process for those applying for new FM commercial radio licences.

Radio Review

Consulting on the status of regulation on the commercial radio broadcasters particularly in relation to less prescriptive rules on studio location, automation, networking, and local news delivery.*

Spectrum

Spectrum Trading and Liberalisation

Moves towards a market led approach to spectrum management, in which users will be able to trade licences in an open market with prices determined by market forces as set out in our Spectrum Framework Review (currently under consultation). Spectrum trading was introduced for some licence classes in December 2004 and there is on-going work to allow licence holders to trade spectrum more widely and to change the use they make of spectrum rights (also known as liberalisation).

Spectrum Licensing for Audio Distribution Systems at Special Events

Proposals to open programme making spectrum to wider usage in response to demands from operators to be able to deliver audio distribution services at sporting events and conferences. The licensing regime began in June 2004 for an experimental period of 14 months.

Community Audio Distribution Services (CADS)

Pilot liberalisation in Northern Ireland and West Yorkshire, allowing local religious and community organisations to share the UK Citizen Band with CB radio users.

International Coordination for Satellite Networks

Proposals to relax the need to maintain a satellite control centre within the UK for those systems filed at the ITU, thereby making requirements on satellite operators less onerous.*

Ships' Radio Licensing

Plans to make ships' radio licences valid for the entire life of the vessel, and to make these licences available on a self-service basis and free of charge.*

Telecoms

Network Control Charges - Inter-Tandem Conveyance And Inter-Tandem Transit Services

Following increased competition in the market for these services, Ofcom is consulting on proposals to remove charge controls on BT for these wholesale narrowband network services, which carry call traffic between BT's 'tandem exchanges' for competitors to BT.*

Hardwire Telephones

Removed formal price controls on the rental price of hardwired phones, in exchange for wider-ranging but informal consumer protection measures, in the form of written undertakings from BT and Kingston.

Voice over Broadband

Minimise the regulatory burden associated with the creation and delivery of new voice services while ensuring that consumers are properly informed and protected.

Number Portability Charge Control

Removed regulation with very narrow impact in favour of reliance on informal undertakings from BT. Ex ante regulation considered disproportionate in current circumstances.

Condition 43

Removed regulation from a wide range of BT's retail services, relying in future on competition law. Ex ante regulation is now focussed on key markets where such intervention is appropriate.

Non Conveyance of a Public Emergency Call Service

Removed existing micro-regulation in favour of reliance on informal undertakings from BT, underpinned by recourse to structural intervention in the unlikely event of abuse.

Cross Sector**Competition Complaints**

Fewer cases are considered for full investigation as a result of new guidelines on Ofcom's approach to handling complaints and disputes (introduced in February 2004). This allows Ofcom to target resource at the most serious competition issues, particularly those with wider significance for the UK communications sector.

Strengthening regulation – actions and proposals (2004/5)

Broadcasting

Radio Localness Guidance

Produced guidance on the delivery of local material and local production for commercial radio broadcasters.

Party Political and Referendum Broadcasts

As a new requirement set out in the Communications Act, Ofcom has set a minimum requirement by offering each major party one broadcast in a referendum.

Regional Production & Regional Programme Definitions

Strengthened out of London production quota for ITV1, changed definition of regional programmes and obliged provision of data sharing compliance.

Code on Television Access Services

Extended requirements to provide subtitling, signing and audio description to larger cable and satellite television channels, giving effect to statutory obligations in the Communications Act 2003.

Code on Electronic Programme Guides (EPGs)

To give effect to statutory obligations in the Communications Act 2003, Ofcom requires EPG providers to provide information on programmes with subtitling, signing or audio description, and to deal in a fair, reasonable and non-discriminatory way with channels listed on EPGs.

Codes of Practice

Codes for commissioning of independent productions which set a framework for fair terms of trade between the public service broadcasters and independent producers.

Community Radio Licensing & Regulation and Community Radio Fund

Aimed at delivering social gains through providing communities with the ability to set up not-for-profit radio stations to deliver local programming. Ofcom has also consulted about provision of a fund to help the starting up of these stations.

New Alcohol Rules for Television Advertising

Strengthened alcohol advertising rules to protect the under-18s.

Telecoms

British Telecommunications to Publish Key Performance Indicators

Encouraging a more competitive environment by requiring BT to publish performance indicators covering BT's Wholesale Line Rental product (WLR), Interconnection circuits, Flat Rate Internet Access Call Origination (FRIACO) and Wholesale Broadband Origination and Conveyance.

Premium Rate Services

Ofcom report to DTI recommended changes to ICSTIS code of practice to strengthen consumer protection in response to cases of consumer detriment.*

Local Call Disadvantage

Carrier Pre-Selection (CPS) allows end-users to select an alternative provider to carry their calls without a prefix or special equipment. This statement requires BT to offer the CPS 'Local Calls Option' to certain relevant CPS operators so they are better placed to compete for local calls.

Mobile Call Termination

Ofcom has imposed significant price reductions on the charges to operators for terminating calls on the 2G mobile networks of Vodafone, O2, Orange and T-Mobile.

Local Loop Unbundling (LLU) and Wholesale Broadband

Ofcom charge controls for LLU services reduced prices by up to 70% for operators who want to connect to the consumer via BT's copper local loops to encourage new market entrants. Introduced new telecoms adjudicator to ensure effective implementation of LLU

Fixed Line Telecoms Mis-Selling

Existing voluntary guidelines on sales and marketing to become mandatory, strengthening Ofcom's powers to take action against companies who are found to engage in irresponsible sales and marketing practices.

* Proposals on which Ofcom is currently consulting.

Section 2

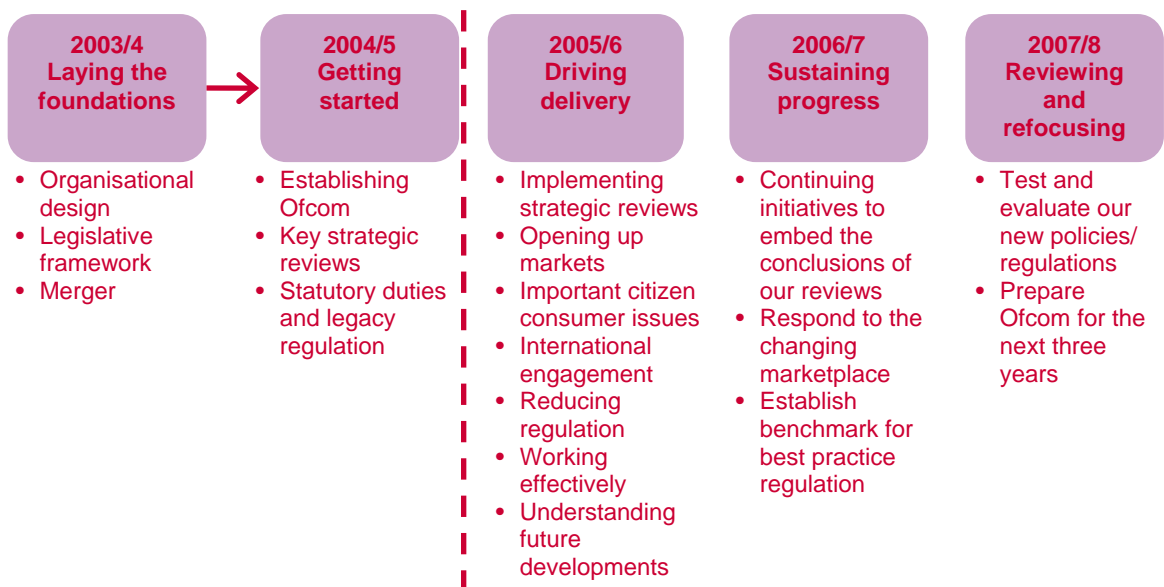
Themes for 2005/6

- 2.1 In this section we set out our three year strategic framework, confirmed following the consultation. We then describe the seven themes which will guide our activities this year and the main work streams which fall within each of them.¹ In doing so, we explain how the responses to the consultation have influenced our work programme. More detail about the issues raised by the responses and Ofcom's reaction is set out in Annex A.
- 2.2 This plan looks forward over the next three years, whereas our Annual Report, to be published later this year, will provide a comprehensive account of our activities in 2004/5. At the end of this section, there is a short passage on how our activities will be funded. For more information about Ofcom's finances, see the Statement of Charging Principles and Ofcom's Tariff Table 2005/06.

A three year strategic approach

- 2.3 In our draft plan we set out a framework which will guide our activities over the next three years. This was widely supported and is reproduced in figure 2.1. In the coming year our focus will be on delivery, with particular emphasis on implementing the strategic reviews carried out in our first year of operation. 2006/7 will be about sustaining progress, with a target of establishing a benchmark for best practice regulation. In 2007/8 we will evaluate the impact of our first three years of operation, before re-focusing for the next three years.

Figure 2.1 – A three year strategic framework



¹ We have retained the seven categories of work described in our draft plan, but in the light of the feedback received, have chosen to call them themes rather than priorities.

- 2.4 In developing our three year approach, the starting point was the statutory framework created primarily by the Communications Act 2003 (the Act).² Ofcom's principal duty is to further the interests of citizens and consumers, where appropriate by encouraging competition. What the Act requires us to do to fulfil this duty falls into six main areas, ranging from ensuring the optimal use of the radio spectrum to providing audiences with adequate protection against offensive and harmful material.
- 2.5 To provide a consistent means of interpreting the requirements of the Act, we have developed a set of regulatory principles. These principles are set out in figure 2.2 and are designed to ensure a coherent and predictable approach to regulation. Of key importance is the fact that we will operate with a bias against intervention and if a case for intervention can be made, we will choose the least intrusive means of achieving our policy objective.

Figure 2.2 – Ofcom's regulatory principles

| | |
|----------------------------------|--|
| When we regulate | Ofcom will operate with a bias against intervention , but with a willingness to intervene firmly, promptly and effectively where required |
| | Ofcom will intervene where there is a specific statutory duty to work towards a public policy goal markets alone cannot achieve |
| How we regulate | Ofcom will always seek the least intrusive regulatory mechanisms to achieve its policy objectives. |
| | Ofcom will strive to ensure its interventions will be evidence-based, proportionate, consistent, accountable and transparent in both deliberation and outcome |
| | Ofcom will regulate with a clearly articulated and publicly reviewed annual plan , with stated policy objectives |
| How we support regulation | Ofcom will research markets constantly and will aim to remain at the forefront of technological understanding |
| | Ofcom will consult widely with all relevant stakeholders and assess the impact of regulatory action before imposing regulation on a market |

- 2.6 We believe that the benefits for citizens and consumers are potentially largest where markets are open, new entrants can compete against incumbents, investment is encouraged and innovation flourishes. This will mean continued effort to promote communications markets which are dynamic, open and flexible.
- 2.7 We recognise, however, that markets will not solve every problem and that action will be needed to protect the interests of citizens and consumers. Whether such intervention is necessary and if so, the form it should take, will often be open to debate. In the coming year we will be examining further how best to identify and secure the interests of citizens and consumers in the sectors for which we have regulatory responsibility. One priority will be to ensure individuals have access to the information and tools they need to be

² The annual plan for 2005/6 does not refer specifically to how we will fulfil our specific statutory obligations, but this will be made clear in the documents we publish during the year.

able to exercise more responsibility and choice in relation to both the content they watch and listen to and the communications services they consume.

2.8 An important feature of our regulatory approach will be a critical evaluation of our effectiveness leading up to the planned major review in 2007/8. In 2005/6, therefore, we intend to provide more information about the evaluation framework we intend to use. This will cover four areas:

- Stakeholder perceptions – we will seek feedback from stakeholders, for example, on how we have consulted and the quality of our decisions.
- Market developments – this will involve tracking developments to assess our impact on the marketplace.
- Achievement of our objectives – we will evaluate how well we have applied our regulatory principles and whether we have achieved the outcomes we intended.
- Internal efficiency and effectiveness – we will monitor the levels of service provided to the public and to small businesses.

Themes for 2005/6

2.9 Our 2005/6 work plan is organised around seven themes. These are set out in figure 2.3.

Figure 2.3 – Themes for 2005/6

| |
|--|
| Implementing the strategic reviews |
| Opening up markets and encouraging innovation |
| Addressing important citizen and consumer issues |
| International engagement |
| Taking opportunities to reduce regulation |
| Working effectively |
| Understanding future developments |

2.10 There was broad support in the consultation for these main themes, although respondents also suggested that a number of additional issues should be included in the plan. We have addressed these with the following new or revised streams of work, which are referred to in more detail under the relevant theme:

- a new **consumer strategy** project to draw together our existing and planned work for consumers and to define and take forward Ofcom's role in supporting and protecting consumers;
- an **access** project which will take the work completed in the strategic reviews and other projects, such as the planned audit of communications in the Nations and Regions, and towards the end of the year identify the issues to be addressed in order to secure widespread access to modern communications services among all the regions and communities of the UK;
- further work on the **interests of citizens**, to help identify and articulate more clearly how citizens' interests should be incorporated in Ofcom's decision-making process in a transparent and systematic way;
- a strategic review of telephone **numbering** to pull together a range of work streams on numbering issues and ensure we have a coherent overall

framework within which to make critical numbering decisions over the coming years.

- 2.11 To accommodate the above changes, we will manage several of the remaining work streams over a slightly longer timetable and some will run into 2006/7 and beyond.

Implementing the strategic reviews (Theme 1)

- 2.12 Our key priority for 2005/6 will be to complete and implement the strategic reviews of telecoms, public service broadcasting, spectrum and radio that we began in our first year of operation. The consultation process indicated widespread support for this work, although some expressed a concern that we might be moving onto implementation before the reviews have been completed. We have reviewed our proposed timetable to ensure this is not the case.

Telecoms

- 2.13 Our strategic review of telecoms is preparing the ground for a new regulatory framework which will facilitate the transition from analogue to digital and from switched-circuit fixed line networks towards next-generation networks based on Internet Protocol.
- 2.14 Our initial work programme in 2005/6 will include considering the responses to phase 2 of the review and we will conclude the review by publishing the phase 3 statement in the second quarter. In the meantime, we will continue to prepare for the steps that will follow, with the main options being either making a reference to the Competition Commission under the Enterprise Act or providing BT's competitors with real equality of access to its network.
- 2.15 The conclusions of the review will also inform our ongoing work in a number of areas, including:
- ensuring the development of fit-for-purpose wholesale line rental and carrier pre-selection products to increase competition in voice services;
 - implementing revised price controls for BT's network services;
 - promoting network competition through further work on Local Loop Unbundling (LLU), including support for the work of the Telecoms Adjudicator in improving LLU processes and resolving disputes, and on BT's DataStream wholesale product;
 - facilitating the migration to BT's 21st Century Network;
 - facilitating the development of new voice services, such as voice over broadband; and
 - developing a framework for analysing markets at a sub-national level which would enable geographic differences to be taken into account.

Public service broadcasting

- 2.16 In phase 3 of our review of public service broadcasting (PSB) we published our final views on how to maintain and strengthen public service television in the digital age. Since then the Government has published its Green Paper on the BBC Charter review.

- 2.17 In the coming year we will implement those recommendations which fall within our remit, notably those with a bearing on the Nations and Regions. And drawing on the wider conclusions of our report, we will feed into the Government's review of the BBC Charter.
- 2.18 Key areas of our implementation work will include:
- a statement on the proposals made in our phase 3 report about the Nations;
 - work on the role and prospects for local television, particularly via the digital terrestrial platform;
 - setting sustainable Tier 2 production and output quotas and assessing compliance with these requirements;
 - continuing dialogue with Channel 4;
 - further work on the development of a Public Service Publisher;
 - working with ITV, Channel 4 and Five to deliver effective self-assessment of compliance with Tier 3 quality of content requirements; and
 - developing procedures for assessing and tracking PSB delivery.

Spectrum framework

- 2.19 We are now considering the responses to the spectrum framework review, in which we set out our strategy for securing the optimal use of the radio spectrum via a market based approach including:
- allowing the market to decide the best use for new spectrum allocations;
 - allowing licence holders to trade spectrum in an open market and change the use they make of spectrum rights; and
 - increasing the amount of licence-exempt spectrum to allow businesses to develop and bring to market new technologies and services without the need for a licence.
- 2.20 Taking account of the responses to our consultation, we plan to carry out further consultations in the third quarter of this year. These will focus on:
- technology neutral property rights;
 - Ofcom's role in spectrum harmonisation; and
 - increasing power in unlicensed bands in rural areas.
- 2.21 There will also be specific work to release more spectrum and promote its more efficient use. These areas of work are described in the following section of the plan – "Opening up markets and increasing innovation" – and we will ensure this activity is aligned with the emerging, longer term strategic direction outlined in the spectrum framework review.

Radio

- 2.22 Our review of radio, published in December, proposed a set of strategic aims for regulation in radio, focusing on DAB and new approaches to the regulation of local radio and community radio.
- 2.23 We will be consulting on phase 2 of the radio review in the first quarter of this year. In this document we will be outlining our view of how best to achieve the public purposes identified as being important for radio and proposing a plan for licensing further digital radio. We will also be implementing a co-regulatory system for monitoring the application of the analogue localness regulations.

Opening up markets and encouraging innovation (Theme 2)

2.24 Our work in this area divides into the three main areas which Ofcom regulates – broadcasting, telecoms and spectrum – and details of the key work streams are described below. A key change following the consultation is that we have decided to conduct a new strategic review of our work on numbering.

Broadcasting

2.25 There will be a number of work streams designed to promote increased competition in broadcasting, including:

- reviewing existing competition codes and guidelines;
- introducing new networking arrangements for ITV; and
- developing a transparent, robust framework for assessing the costs of broadcasting transmission.

2.26 In parallel with this work, we will review developments in the sources of funding for commercial broadcasters, including advertising, sponsorship and product placement. This will precede a review of the Contracts Rights Renewal (CRR) remedy and the broadcast TV advertising market. The review will begin in the fourth quarter of 2005/6 and be completed in 2006/7, after which we expect to reach a final decision on the rules governing the amount and distribution of advertising.

Telecoms

2.27 In response to the consultation on the draft plan, we will conduct a new strategic review of our work on numbering. The objective will be to develop a coherent strategic approach that will inform our work in these areas in the longer term. In the meantime, work on numbering and Number Translation Services (NTS) will continue, with a number of specific initiatives planned for 2005/6. For example, we will be introducing a new database to enable the more efficient allocation of numbers.

2.28 Other initiatives to promote competition in telecoms will include:

- a review of mobile call termination, which will affect the cost of calling mobile phones;
- a review of the wholesale international roaming market;
- reviewing BT's regulatory financial statements for 2004/5 and continuing work to develop a more fit-for-purpose financial reporting regime;
- monitoring the provision of directory enquiry services through mystery shopping and market research conducted with the Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS), and facilitating the provision of effective consumer information about the cost and quality of these services; and
- investigating allegations of anti-competitive behaviour by communications providers and resolving disputes.

Spectrum

2.29 During 2005/6 we will continue to develop and implement our approach to spectrum awards, trading and liberalisation:

- there will be a series of spectrum awards, including auctions of some bands;
- spectrum trading will be extended to new classes of licences, namely wide area private business radio and digital public access mobile radio; and

- we will develop a more coherent approach to the management of spectrum designated for mobile and broadband services.
- 2.30 We will continue working towards the switchover to digital television between 2007 and 2012 and in the first quarter of 2005/6 will publish our decision on the appropriate option for optimising the coverage of digital terrestrial transmission post-switchover. We will also consult during the year on the technical and commercial options for the use of the analogue spectrum which will be released by switchover.
- 2.31 Additional work to promote the more efficient use of spectrum will include:
- consulting on the application of spectrum pricing to broadcasting spectrum;
 - consulting on options for the introduction of Recognised Spectrum Access for satellite services; and
 - supporting the independent audit of major spectrum holdings being undertaken by Professor Martin Cave.
- 2.32 Furthermore, we will continue to issue non-discretionary licences. Every week we expect to issue around 150 new licences and assign 200 existing licences.
- 2.33 An important and substantial task will be to keep spectrum clear of interference through targeted enforcement, making effective use of remote monitoring and unattended monitoring systems. And our Baldock Monitoring Station will continue to provide a round-the-clock service to address national and international cases of interference.

Addressing important citizen and consumer issues (Theme 3)

- 2.34 Addressing important citizen and consumer issues is another key element of Ofcom's work. There are two main changes in this area following the consultation. The first is that we intend to take an overview of all our work aimed at promoting more widespread access to communications services. The second is that we will review the elements of our work which are focused on consumers and then articulate more clearly our consumer strategy.
- 2.35 In parallel with Ofcom's own work, we will provide support for and work with the Consumer Panel, which is an independent body that advises on the consumer interest in the markets Ofcom regulates. The Panel has advised that it will be examining how the consumer interest is reflected in Ofcom's policy making over the coming year.

Promoting widespread access

- 2.36 We will carry out work to support widespread access to communications services. This will encompass the following areas:
- work on universal service to ensure that basic telephony services and internet access are available to everybody on reasonable request and at an affordable price feeding into the EU review of the Universal Service Directive;
 - an audit of service availability, consumer take up and choice in the Nations and Regions;
 - research on the access issues faced by older and disabled people and those on lower incomes;
 - a review of the code on electronic programme guides (EPGs) to ensure that they are sufficiently accessible and give appropriate prominence to public service broadcasters;

- a review of the TV access code to ensure appropriate provision of access services by broadcasters, provide standards guidance and set an audio description target; and
- working with the private and public sector to promote accessible equipment and services for consumers.

2.37 Towards the end of 2005/6 we will take an overview of the various initiatives Ofcom is taking to promote greater access to services and assess what further work is needed. The need to promote wider access to services was an issue raised by a number of respondents to our consultation and we hope that this review will prompt a productive debate.

Protecting citizens and consumers

2.38 We have recognised the need to draw together the various strands of our work which are focused on consumers. We will therefore begin the year by reviewing these areas of work and will then set out clearly Ofcom's strategy for consumers and identifying key priorities. Alongside this review, we will continue work to:

- improve the information available to citizens and consumers, primarily by encouraging communications providers to supply better information; and
- ensure that consumers are protected from a range of potential nuisances and that they are aware of their rights e.g. we will be addressing the problem of mis-selling through mandatory codes of practice relating to sales and marketing.

2.39 Linked to this work will be action to improve media literacy. In an increasingly converged communications world, people face greater media choice. Media literacy will provide some of the tools they need to make full use of the opportunities offered and protect themselves and their families from the risks involved. Ofcom's work will be underpinned by comprehensive research to identify areas of concern and establish viewer preferences.

2.40 In relation to broadcasting we will be:

- publishing and disseminating the revised broadcasting code, which will establish standards for programmes and sponsorship;
- conducting preparatory work on the rules applicable to the amount and distribution of television advertising, although as mentioned above, a decision about advertising minutage rules will not be made until later in 2006; and
- monitoring the performance and effectiveness of the Advertising Standards Authority in relation to the contracted-out activities of broadcast advertising regulation.

Clarifying the citizen interest

2.41 In our draft plan we set out our intention to carry out work to explore further what is meant by the 'citizen interest' and how this should be reflected in our decision-making. There was widespread interest in this area and we will be seeking to stimulate an inclusive debate.

Addressing complaints

2.42 Another important function which Ofcom carries out is the handling of complaints from a broad range of viewers, listeners and consumers of other communications services. We already encourage telecoms suppliers to resolve

complaints directly with their customers at the first time of asking and we plan to consult on a new system of dealing with broadcasting complaints, whereby broadcasters would be the first point of contact for appropriate content complaints.

International engagement (Theme 4)

2.43 Increased attention to international engagement will be a key theme of our work during 2005/6. We will contribute to the UK Presidency of the EU in the second half of 2005, with the hosting of a conference on telecoms and spectrum issues being an important part of this activity. In response to the draft plan, a number of stakeholders expressed a desire for more transparency about our international work. We are therefore considering setting up a quarterly forum to improve visibility of what we are doing and generate input.

Telecoms and broadcasting

2.44 In relation to telecoms and broadcasting our international work will include:

- promoting a more harmonised approach to the implementation of the EU regime governing electronic communications;
- contributing to the development of EU communications policy by strengthening our engagement with the European Regulators' Group, which during 2006 will be chaired by Ofcom Senior Partner, Kip Meek; and
- contributing to the development of an appropriately revised Television Without Frontiers Directive.

Spectrum

2.45 There will be a range of activity designed to achieve an international framework, both at European and international level, which provides the minimum level of harmonisation needed to facilitate the development of new and innovative services, together with the flexibility to maximise the benefits of spectrum trading and liberalisation. Specifically, we will be:

- seeking decisions at European level, for example, on the 3G expansion band and Ultra Wide Band;
- preparing for the Regional Radio Conference 2006 at which we will be seeking a new International Telecommunications Union (ITU) plan for digital broadcasting; and
- developing draft European proposals for the World Radio Conference 2007.

Taking opportunities to reduce regulation (Theme 5)

2.46 It is very important that we continue to seek opportunities to reduce regulation and adopt a best practice approach to policy making.

Reducing regulation

2.47 Across all projects we will look for opportunities to reduce regulation. The following are examples of areas where it may be possible to reduce regulation:

- the spectrum framework review is expected to lead to spectrum licences being changed to allow more trading and more flexible use;
- if, following consultation, our proposed 'broadcaster first' initiative is implemented, there could be fewer broadcasting complaints handled by the regulator;
- implementing the training co-regulation arrangements in broadcasting;
- implementation of the telecoms strategic review may lead to exploration of de-regulation of BT's large business pricing and retail price controls; and

- our review of public service broadcasting will result in a move away from genre-by-genre quotas to a new approach based on “purposes and values”, with specific obligations on commercial broadcasters also likely to be reduced.

Better policy making

2.48 We will shortly be finalising our guidelines on better policy making, which will emphasise the role that effective impact assessments can play in both removing existing regulation and avoiding new regulation which is unnecessarily intrusive or cannot be justified at all.

2.49 We will also start work on reviewing our longer term approach to regulation. Particular aspects of this work will involve examining regulatory thinking and practice around the world. Linked to this project will be work to develop our understanding of convergence and what it will mean for the future of the communications sector. The aim will be to regulate in a more converged way and identify the opportunities to withdraw from regulation which may be forthcoming.

Working effectively (Theme 6)

2.50 Our 2005/6 plan contains several initiatives which will help improve our operational effectiveness. These range from our continuing research programme to more effective communications with a range of different stakeholder groups. A recurring theme in the responses to our consultation was a desire for us to reflect in our work the differences between the Nations and Regions of the UK. We plan to do this by conducting an audit which will analyse the current state of the communications sector by Nation and by Region and assess the extent to which our regulatory approach should be tailored as a result. There will be a series of seminars and work shops as part of this initiative so that we can hear the views of our stakeholders. In the final quarter of 2005/6 we will also be holding another Rural, Regional and Remote Seminar.

2.51 We will continue to carry out technology-based analysis and fund external research. Through this work we intend to:

- understand the current state and likely evolution of communications networks in the UK;
- understand emerging technologies and platforms;
- minimise spectrum interference and maximise spectrum availability; and
- resolve technical issues associated with network resilience and interoperability.

2.52 Further work to improve the spectrum licensing process will also be important. We will simplify products and services, deregulate where we can and put services online.

2.53 Market research will be another important area of activity. We will seek to gain a greater understanding of the attitudes and behaviour of both consumers and SMEs. This work will include two reports, which will be published later this year, on the Digital Consumer and the Digital Small and Medium-sized Enterprise (SME). We will also continue to gather and interpret data about the communications market. There will be an annual report in June of this year and quarterly updates thereafter.

- 2.54 Another feature of working effectively will be effective engagement with Ofcom's Consumer Panel and our other advisory committees. We will also manage and implement a programme of engagement with our political and industry stakeholders.
- 2.55 We acknowledge the need for Ofcom to ensure that are equal opportunities to work and progress at Ofcom. This issue has been raised by a number of our stakeholders, who expect Ofcom, as the regulator of the communications sector, to set a good example. We are placing diversity at the heart of Ofcom by developing and implementing an integrated diversity policy. We oppose and will seek to overcome all forms of unlawful or unfair discrimination on the grounds of a person's race or ethnicity, gender, sexual orientation, disability, religion, belief and age in all aspects of our work.
- 2.56 We recognise that working effectively includes communicating effectively with our stakeholders, particularly citizens, consumers and SMEs. An important piece of work will therefore be to improve Ofcom's website, something which many of the respondents to the consultation said they would welcome.
- 2.57 Finally, we note that Ofcom's policy-making and operational services need high quality support if our outcomes are to be delivered efficiently. There are a range of internally focused initiatives which seek to provide value-added support services to underpin our external activities and ensure we exercise appropriate controls over our use of resources.

Understanding future developments (Theme 7)

- 2.58 Finally, we will undertake further analysis of evolving markets so that we can anticipate and respond to the changing environment. This work will cover three main areas:
- second generation broadband;
 - digital multi-media platforms; and
 - broadcasting content production.
- 2.59 Consultation responses generally supported these proposals, but identified the need for a wide-ranging debate on the emerging issues. Each review will therefore result in published research and proposals for consultation and will focus, in particular, on the scope for helping competitive markets to develop and exploring opportunities to reduce regulation.

Second generation broadband access

- 2.60 Our telecoms strategic review has identified measures to promote competition in the current generation of broadband networks and services. This review will identify the incentives and barriers associated with the roll-out in the UK of second generation broadband and map out the implications for Ofcom. In particular, we will look at the:
- structural options, taking account of experience from the gas and electricity markets, civil infrastructure utilities and lessons from abroad;
 - the business case for second generation broadband access, including major risks and sensitivities, barriers to entry and the wider value chain, such as the role of digital rights management;
 - a study of the feasibility of sharing ducts and plant;
 - the costs and benefits for the UK of deploying second generation networks and whether there is evidence of market failure; and

- the extent of likely commercial roll out in rural areas and policy options to address a potential digital divide.

Digital multi-media platforms

- 2.61 The purpose of this review will be to ensure that Ofcom understands likely developments in digital platforms and services and produces a framework to address the emerging policy challenges, including content delivery across different platforms, business models and consumer demand.
- 2.62 We hope this review will facilitate a wide-ranging public debate about the future development of content and the implications for regulation, if any. It will also help inform our contribution to the EU's review of the Television Without Frontiers Directive. The review will address important questions such as:
- whether the current model of regulating broadcasting content is sustainable;
 - whether a consistent or platform-neutral approach to content regulation, looking beyond traditional broadcasting, is desirable or indeed practicable;
 - how consumer protection can be balanced against the need to protect the rights of others;
 - the extent to which citizens and consumers will be able to control access to content themselves using tools such as parental controls; and
 - what is the role of Ofcom vis-à-vis Government and other regulatory bodies.
- 2.63 Linked to this review will be work on digital rights to investigate how premium TV, film and music are likely to affect the development of digital platforms. We will also be tracking key technological developments, such as high definition TV, and identifying their potential impact on the consumer and the marketplace.

Broadcasting production

- 2.64 This review will examine the UK market for broadcasting content production, how it has evolved, its structure, value and growth. We will also look at the likely future direction of the market and the implications for regulation. Towards the end of the year we will focus on the key issues of relevance to the independent production sector. First, we will review the current definitions of "qualifying independent" and "qualifying programmes" and how the quota requiring 25% independent production is operating. Secondly, we will review progress to date with the codes of practice which govern the terms of trade for transactions between independent producers and broadcasters.

Funding

- 2.65 Ofcom's intention is to be an effective and professional regulator and to provide value for money for our stakeholders. To this end, we plan to reduce our costs each year. In other words, we will be an 'RPI minus x' regulator.

Comparison with 2004/05

- 2.66 For 2004/05 Ofcom set an Operating Budget⁴ of £140 million. In setting that budget Ofcom built in the 5 per cent efficiency savings it had already achieved from merging the functions of the five former regulators and the headcount reduction of 25 per cent.

⁴ Operating Budget excludes estimated spend on the Spectrum Awards programme and on the Spectrum Efficiency Scheme which is funded by a special grant from Government, and repayments of the Foundation Loan.

2.67 Ofcom also publicly made a commitment to seeking a further 5 per cent efficiency gain during the 2004/05 year; a target of a further 5 per cent efficiency gain during 2005/06 and of continuing to seek further efficiencies thereafter to be an RPI-minus x regulator.

2005/06 Budget and end-year out-turn

2.68 Ofcom's Operating Budget for 2005/06 is therefore £133 million. This is 5 per cent lower than the 2004/05 budget (8 per cent lower in real terms compared with the 2004/05 Operating Budget plus RPI).

2.69 The outturn for 2004/05, Ofcom's first full year post-merger, is estimated to be £124.1 million. This lower figure reflects higher than expected efficiency gains from the merger; but also that a number of major projects, scheduled for completion in 2004/05 will now be completed over the forthcoming financial year.

2.70 Recognising the impact of this re-phasing and of projected RPI increases in 2005/06, Ofcom believes that the £133 million operating budget is a prudent figure. Of this budget, it is expected that £6.4 million will be capital expenditure. The budget is based on an adjusted cash basis, which includes capital expenditure but excludes depreciation.

2.71 We recognise, however, that stakeholders are still meeting the cost of setting up Ofcom. These costs were initially met with the help of a loan from the Department of Trade and Industry of £52.3m. Ofcom is required to repay this loan, together with interest, and the burden of doing so falls on our stakeholders. In 2005/6 we will have to repay £19m, only marginally less than the £20m payable in 2004/5. The amount payable in 2006/7 will be considerably less and the loan will have been repaid in full by the end of 2007/8, leading to a significant reduction in the financial burden on stakeholders.⁵

2.72 We realise that stakeholders are also interested in how the cost of Ofcom is funded between different sectors, not least because this is the basis for setting the tariffs they have to pay. The breakdown of our costs depends on the amount of work we do in relation to each sector and the methodology is explained in more detail in Ofcom's Statement of Charging Principles. The funding requirement by sector was published on 31 March 2005 as part of Ofcom's Tariff Table 2005/06 (see Annex 1 of that document).

⁵ A table detailing the repayment of the loan was included in our draft plan. See figure A4.1.

Section 3

Programme of work for 2005/6

- 3.1 This section provides details of Ofcom's planned work for 2005/06. Table 3.1 sets out the main activities to be carried out. The table is followed by a more detailed description of the work activity proposed in terms of:
- objectives and activities;
 - outputs and timing; and
 - Ofcom contacts.
- 3.2 The major outputs listed and their timings represent our current best view of the work Ofcom will be undertaking. These are presented to provide as much clarity to stakeholders as possible. However, please note that there is necessarily some uncertainty because:
- there are external dependencies that may affect our timing;
 - interdependencies between streams of work may mean that, in the event of delays, there are knock-on effects; and
 - there may be external events that are difficult to predict and which we are required to respond to.
- 3.3 The Annual Plan covers Ofcom's work over the year commencing April 2005. Timing of major outputs is indicated as being Q1, Q2, Q3 or Q4 of this 12 month period. The table includes details of key Ofcom contacts for each area of work. Please note that the contacts column contains individuals' names. To email someone use the following format: firstname.lastname@ofcom.org.uk

Figure 3.1 – Summary of Ofcom's Annual Plan 2005/06

| Theme and work area | Theme and work area |
|---|---|
| 1. Implementing the strategic reviews | 4. International engagement |
| <ul style="list-style-type: none"> • Telecoms strategic review • Public service television broadcasting (PSB) review • Spectrum framework review • Radio review | <ul style="list-style-type: none"> • EU and International Relations • Radio spectrum |
| 2. Opening up markets and encouraging innovation | 5. Taking opportunities to reduce regulation |
| <ul style="list-style-type: none"> • Promoting competition in broadcasting | <ul style="list-style-type: none"> • Better policy making • Converged regulation |
| <ul style="list-style-type: none"> • Telecoms issues not directly related to the strategic review • Releasing spectrum and promoting efficient use of spectrum • Spectrum monitoring and enforcement • Radio & TV licensing • Innovation | 6. Working effectively |
| 3. Addressing important citizen and consumer issues | 7. Understanding future developments |
| <ul style="list-style-type: none"> • Key priorities – Universal Service, media literacy, protecting children and consumer information • Radio and television codes and rules • Developing the regulatory framework • Serving citizens and consumers | <ul style="list-style-type: none"> • Developmental research • Evidence base for policy-making • Cross-Ofcom initiatives • Second generation broadband • Evolution of digital multi-media platforms • Review of content production |

1. Implementing the strategic reviews

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|--|---|--|---|
| Telecoms strategic review | | | |
| Telecoms review implementation | <ol style="list-style-type: none"> 1. Conclude the review (phase 3) and monitor its overall implementation to ensure that the conclusions reached in phase 3 are reflected in ongoing work. 2. Take forward the conclusions of the review by drafting specific policy statements and co-ordinating the resulting projects. 3. Continued work on BT governance and undertakings, and boundaries of Access Services Division (ASD) | Phase 3 statement: Q2 05/06 Consultation on implementation work arising from the statement: Q2 05/06 | Sean Williams Dougal Scott Andrew Heaney Steve Unger Chinyelu Onwurah |
| Equivalence and governance | <ol style="list-style-type: none"> 1. Preparatory work to achieve equivalence and behavioural change by BT, with further work dependent on our final conclusions. 2. Preparatory work for a possible referral to the Competition Commission under the Enterprise Act, with further work dependent on our final conclusions. 3. Increase incentives on BT to comply with its regulatory obligations. | Consultation on non-discrimination guidelines: Q1 05/06 | Andrew Heaney Katie Miller |
| Narrowband market reviews | Implement the telecoms strategic review through market reviews, removing regulation where appropriate, including tests to ensure wholesale products are fit-for-purpose and are provided in a similar manner to both competitors and BT's own retail operations ('replicability'). | Consult on review of Wholesale Line Rental in residential retail voice markets: Q1 05/06 Consult on review of remedies in business retail voice markets: Q3 05/06 Complete review of wholesale international direct dialling: Q4 05/06 Full market review of retail voice markets in 2006/7 | Gareth Davies Andrew Heaney |
| BT's 21 st Century Network (21CN) | <ol style="list-style-type: none"> 1. Facilitate the migration to a 21CN through industry dialogue and intervention where necessary. 2. Develop a regulatory framework for 21CN. | Dialogue within industry: Q1 05/06-Q4 05/06 | Steve Unger Justin Moore |

1. Implementing the strategic reviews

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|---|---|---|-----------------------------------|
| Network charge control | <ol style="list-style-type: none"> 1. Implement (where appropriate) revised price controls for network services before the current controls end in September 2005. 2. Create a structure for charge controls that takes account of BT's proposed change of network, and promotes market stability, incentives for investment and a pro-competitive outcome. | Statement setting charge controls that will apply from October 2005: Q2 05/06 | David.KS.Thomas Nic Green |
| Cost of copper | Assess the cost of access to BT's copper access network and create a framework to enable appropriate costs to be determined. | Final statement: Q2 05/06 | David.KS.Thomas Graeme Hodgson |
| Geographic market analysis | Develop a framework for analysing geographic markets at a sub-national level, focusing on the markets for wholesale broadband access, leased lines and wholesale call origination and transit. Analysis may lead to either a consultation on varying SMP remedies by geography within existing national markets or to a full review of the leased lines market. | Consultation on either varying Significant Market Power (SMP) remedies or a review of the leased lines market: Q1 05/06 | Gareth Davies Naaz Rashid |
| Carrier Pre-Selection and Wholesale Line Rental | Ensure fit-for-purpose wholesale line rental (WLR) and carrier pre-selection (CPS) products to promote effective competition in retail voice services. | Ensure implementation of new WLR functionality throughout 05/06 Ensure CPS local calls product delivered: Q2 05/06 | Steve Unger Chris Rowsell |
| Wholesale broadband | Promote effective competition from network operators using BT's DataStream wholesale product. | Consultation on review of Wholesale Broadband Access: Q1 05/06 Statement: Q4 05/06 | Andrew Heaney David Clarkson |
| Local Loop Unbundling | <ol style="list-style-type: none"> 1. Promote effective competition from network operators using Local Loop Unbundling, including rental charges for fully unbundled loops and industrialisation of processes. 2. Support the work of the Telecoms Adjudicator | Statement on phase 2 charge ceilings: Q2 05/06 | Andrew Heaney Selina Chadha |

1. Implementing the strategic reviews

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|--|--|--|--|
| Voice over broadband | Facilitate the development of new voice services (such as voice over broadband), while ensuring that consumers are suitably informed and protected. Ongoing action to address potential barriers to development of Voice over Broadband | Launch code of practice for consumer protection: Q1 05/06 Statement on regulation of voice over broadband: Q1 05/06 Consumer protection implementation report: Q3 05/06 Market development report: Q3 05/06 | Andrew Heaney Clive Hillier |
| Public service television broadcasting (PSB) review | | | |
| PSB implementation | Ensure effective implementation of the PSB review recommendations through: <ul style="list-style-type: none"> • further work on our Nations and Regions proposals; • continuing dialogue with Channel 4; • more detailed work on the Public Service Publisher proposal; • input to the BBC Charter Review Green Paper, in particular firming up our proposals for carrying out our role as a competition regulator;. | Statement on proposals made in stage 3 of the PSB review about the Nations and Regions: Q1 05/06 Further work on options for a Public Service Publisher: Q3 05/06 | Robin Foster Jim Egan |
| Local TV | Building on the conclusions of the PSB review, develop Ofcom's view of the role of and prospects for local television, particularly via the Digital Terrestrial platform | Consultation on local TV: Q1 05/06 Final report on local TV: Q3 05/06 | Peter Davies Mark Bunting John Glover Steve Perkins |
| Implement and manage Tier 2 production-related quotas | 1. Set and implement sustainable production and output quotas, taking account of the interests of citizens and consumers, as well as licensees' available resources. 2. Propose changes to current quotas as recommended by the review of the production sector . | Revise ITV licences: Q1 Propose changes to Tier 2 quotas: Q4 05/06 | Kate Stross Steve Perkins |

1. Implementing the strategic reviews

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|----------------------------------|---|--|---|
| Implement Tier 3 requirements | <ol style="list-style-type: none"> 1. Work with ITV, Channel 4 and Five to deliver effective self-assessment of compliance with their Tier 3 quality of content PSB requirements. 2. Develop Ofcom procedures for assessment and tracking of PSB delivery and consider revising framework for reporting publicly to citizen-consumers. | <p>Provide guidance on self-assessment scheme: Q3 05/06</p> <p>Publish research and output data in relation to tracking of PSB delivery: Q1 05/06</p> <p>Publication of first assessment of PSB delivery: Q4 05/06</p> | <p>Steve Perkins</p> <p>John Glover</p> <p>Peter Davies</p> <p>Alison Preston</p> |
| Spectrum Framework Review | | | |
| Implementation | <ol style="list-style-type: none"> 1. Support achievement of a successfully functioning market in spectrum through: <ul style="list-style-type: none"> • a strategic approach to new spectrum release; • spectrum trading and liberalisation; and • influencing developments in the international spectrum framework. 2. The Spectrum Framework Review (SFR) will develop policy on: <ul style="list-style-type: none"> • increased power in unlicensed bands in rural areas • technology neutral property rights; • Ofcom's role in spectrum harmonisation | <p>Policy statement following Nov 04 SFR consultation: Q1 05/06</p> | <p>William Webb</p> <p>Philip Rutnam</p> <p>Russell Kent-Smith</p> |
| Radio review | | | |
| Radio Review Implementation | <ol style="list-style-type: none"> 1. Refine our view of how best to achieve public purposes in radio. 2. Develop a plan for licensing further digital radio. 3. Implement the new analogue localness regulations. 4. Work with Europe to promote digital radio. | <p>Consultation on phase 2 of the radio review, including definitions of public purposes and proposals on digital radio: Q1 05/06</p> <p>Phase 3 statement: Q3 05/06</p> <p>Implementation of co-regulatory monitoring system in relation to analogue localness regulations: Q3 05/06 - Q4 05/06</p> | <p>Peter Davies</p> <p>Claire Davenport</p> <p>Anirban Roy</p> <p>Neil Stock</p> |

1. Implementing the strategic reviews

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|--|---|--|---------------------------------|
| Develop our approach to radio regulation | <ol style="list-style-type: none">1. Oversee output regulation of localness.2. Deepen our understanding of radio content, including different music and speech formats, to underpin format regulation.3. Respond to complaints about format 'drift' and lack of required local content. | Outputs will depend on the conclusions of the radio review phase 3 statement: Q2 05/06 New approach to formats and localness in place by Q3 05/06 | Martin Campbell Neil Gardner |

2. Opening up markets and encouraging innovation

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|---|---|---|---|
| Promoting competition in broadcasting | | | |
| Overview of competition in broadcasting markets | Develop overall strategic framework within which to examine competition and regulatory decisions about broadcasting markets over the next 2 to 3 years. This work will inform and determine the priorities for the following work streams, the objectives and outputs of which are detailed below. | Commence work on a range of issues – detail below | Nicola Floyd Jim Egan |
| Promoting competition in TV broadcasting | Identify bottlenecks which might prevent effective competition in television markets and ensure that regulatory policy in these areas is effective and appropriate. | Statements on Review of Access Control and Access to EPGs: Q2 05/06 Consultation on pricing of encryption, regionalisation, EPG listing and other technical services: Q2 05/06 Consultation and statement re review of ITC Direction on minimum carriage requirements: Q2 05/06 & Q4 05/06 Consultation and statement on bundling: Q3 05/06 & Q4 05/06 | Sean Williams Nicola Floyd Jim Niblett |
| | | Review of ITC Codes on cross-promotion: Q2 05/06 | Kate Stross Selina Chadha |
| Channel 3 competition issues | 1. Ensure Ofcom effectively fulfils our statutory duties in relation to Channel 3 competition issues, including implementation of a new set of networking arrangements. 2. Begin review of the operation of the Contract Rights Renewal (CRR) remedy and the TV advertising market more generally. | Decision on networking arrangements: Q1 05/06 Begin review of CRR remedy and TV advertising market: Q4 05/06 | Kate Stross Lawrence Knight Nicola Floyd Sean Williams |
| Broadcasting rights issues | Promotion of effective competition in broadcasting markets by removal/prevention of bottlenecks arising from assignment of content rights | As required by the European Commission | Sean Williams Nicola Floyd |

2. Opening up markets and encouraging innovation

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|---|---|--|---|
| Radio issues | Identification of bottlenecks to effective competition in radio markets and ensuring that regulatory policy in these areas is effective and appropriate | (To be determined by framework project) | Nicola Floyd |
| Cost of broadcasting transmission | Ensure a transparent, robust framework for assessment of costs of transmission | Publish policy statement: Q1 05/06 | Jim Niblett |
| Change of control review for channels 3 and 5 | To review the effects of any change of control, as required by sections 351-4 of the Communications Act | As required – driven by actual change of control | Steve Perkins Mike Johnson |
| Sources of funding | Review developments in sources of funding for commercial broadcasters, including advertising, sponsorship and product placement | Consultation: Q3 05/06 | Martin Hart |
| Telecoms issues not directly related to the strategic review | | | |
| Review of Numbering Strategy | Take an overview of our work on numbering activities and related issues, to develop a coherent strategic approach | Start work on overall strategic approach to numbering: Q1 05/06 | Chinyelu Onwurah Peter Ingram Steve Unger |
| Internet and Number Translation Services (NTS) | Promote competition and innovation in the provision of NTS and narrowband Internet access, while ensuring adequate consumer protection and information. | NTS policy statement and statutory consultation: Q1 05/06 Consultation on phase 2 of NTS market review: Q1 05/06 Final NTS policy and market review statements: Q2 05/06 | Gareth Davies Clive Hillier |

2. Opening up markets and encouraging innovation

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|---|--|--|--|
| Number allocation and policy development | <ol style="list-style-type: none"> 1. Allocate telephone numbers and effectively manage the available UK numbering resource. 2. Ensure that the UK harmonises where possible with European and international numbering developments, and seek to ensure that these developments are in the best interests of UK consumers. 3. Formalise numbering administration procedures for the Channel Islands and the Isle of Man. 4. Implement a new and more efficient number allocation database. 5. Ensure that the UK has a future-proof numbering strategy. 6. Maximise the scope for number portability to enhance fixed and mobile competition in the UK. 7. Commence implementation of any decisions on strategy for future geographic numbering availability in Plan and Scheme by end of 2005/06 8. Ongoing participation in European PRS and short code numbering groups | <p>Consultations and statements on geographic conservation, strategic solutions to ensure future geographic number availability and measures to ensure efficient use of numbers: throughout the year</p> <p>Ofcom Numbering Forum to be held twice a year: Q1 05/06 & Q3 05/06</p> | <p>Steve Unger Neil Buckley Freya Guinness</p> |
| Mobile call termination market review | <p>Define an appropriate remedy, whether market-based or regulatory, to address any continued positions of significant market power in mobile termination.</p> | <p>Initial consultation: Q1 05/06 Further consultation: Q2 05/06 Finalisation of Review, including imposition of any necessary regulatory obligations: Q4 05/06</p> | <p>Jim Niblett Michael Richardson</p> |
| Wholesale international roaming market review | <ol style="list-style-type: none"> 1. Review the wholesale international roaming (WIR) market. 2. Play a leading role in developing European Regulators Group's (ERG) thinking in this area. | <p>ERG common position on WIR: Q1 05/06 Publication of market review consultation: Q2 05/06 Final statement on market review: Q3 05/06</p> | <p>Jim Niblett Chris Handley</p> |
| Competition in mobile markets | <p>Monitoring of general mobile market developments and emerging competition issues.</p> | <p>Ongoing liaison with stakeholder and provision of advice on competition policy issues</p> | <p>Jim Niblett Nic Green</p> |

2. Opening up markets and encouraging innovation

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|------------------------------|---|--|-------------------------------------|
| Regulatory finance programme | Develop a more fit-for-purpose financial reporting regime to address specific bottlenecks and to provide improved information for ex post interventions. | Review BT's 04/05 regulatory financial statements: Q2 05/06 | David.KS.Thomas Gavin Greenfield |
| Investigations programme | <ol style="list-style-type: none"> 1. Reduce and deter anti-competitive behaviour by investigating complaints. 2. Directly protect consumers by targeted enforcement of consumer protection legislation. 3. Keep to relevant promptness standards | Investigations decisions throughout 2005/06, within target timescales | David Stewart Richard Thompson |
| Directory enquiries | <ol style="list-style-type: none"> 1. Monitor and assess the provision of directory enquiry services through mystery shopping and market research conducted with ICSTIS. 2. Facilitate the provision of effective consumer information about the cost and quality of directory enquiry services. 3. Monitor the terms and conditions for provision of access to the core directory enquiry database. | Publish Ofcom/ICSTIS mystery shopping and consumer research reports: Q2 05/06 & Q4 05/06 | Andrew Walker |

2. Opening up markets and encouraging innovation

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|--|---|---|---|
| Releasing spectrum and promoting efficient use of spectrum | | | |
| Spectrum trading and spectrum liberalisation – policy development and implementation | <ol style="list-style-type: none"> 1. Increase awareness, knowledge and understanding of the opportunities created by spectrum trading. 2. Introduce spectrum trading for wide area Private Business Radio (PBR) and digital Public Access Mobile Radio (PAMR). 3. Preparatory work to allow trading to be extended to other licence classes in 2006 and 2007. 4. Define benchmark interference levels for licences. 5. Consider future arrangements for Programme Making and Special Events (PMSE) spectrum 6. Consolidate existing business radio licence classes. 7. Work on licence exemption regulations. | <p>Publish further documents on liberalisation of mobile services and spectrum: Q2 05/06</p> <p>Publish revised documentation to support liberalisation and trading of identified licence classes: Q3 05/06.</p> <p>Introduction of licence partitioning for national and regional licences and introduction of trading to wide area licences: Q3 05/06</p> <p>Develop and implement training and communications plans for users: Q3 05/06 – Q4 05/06</p> <p>Public consultation on extension of trading to wide area Private Business Radio (PBR) and digital Public Access Mobile Radio (PAMR) licence classes: Q3 05/06</p> <p>Issue revised business radio licences: Q4 05/6</p> <p>Making of extended spectrum trading regulations: Q4 05/06</p> <p>Publish updated spectrum liberalisation guidelines: Q4 05/06</p> | <p>Russell Kent-Smith Hazel Canter Graham Louth Roger Stewart</p> |
| Spectrum awards programme | <ol style="list-style-type: none"> 1. Deliver a programme of new spectrum awards, including through auctions of some spectrum bands. 2. Analysis of responses to the Spectrum Framework Review Implementation Plan consultation (SFRIP consultation) and determination of the way forward 3. Develop a coherent approach to the management of spectrum designated for mobile and broadband services. | <p>Publication of a work programme and statement(s) taking forward the proposals in the SFRIP consultation for particular awards: Q1 05/06</p> <p>First spectrum awards as identified in the work programme: Q4 05/06</p> | <p>Peter Bury Tim Cross Graham Louth</p> |

2. Opening up markets and encouraging innovation

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|--|--|--|--|
| Digital Switchover | <p>1. Ensure mechanisms in place to achieve switchover between 2008 and 2012 and that the resulting release of spectrum is dealt with in a way that is market driven as far as possible and consistent with Ofcom's strategic approach.</p> <p>2. Ensure that the implications for the TV broadcasting, manufacturing and distribution industries are handled in a co-ordinated way.</p> <p>NB There will be no announcement on the use of spectrum released by switchover until after the Regional Radio Conference in June 2006.</p> | <p>Decision on planning options: Q1 05/06</p> <p>Consultation on technical and commercial options for use of spectrum released by switchover: Q4 05/06</p> | <p>Jim Egan</p> <p>Greg Bensberg</p> <p>Peter Bury</p> |
| Spectrum pricing | <p>Prepare proposals relating to the application of administrative incentive pricing to:</p> <ul style="list-style-type: none"> • TV and radio broadcasting; • trading and liberalisation. | <p>Consultation on application of spectrum pricing to broadcasting spectrum: Q3 05/06</p> | <p>Graham Louth</p> <p>Roger Stewart</p> <p>Helen Damms</p> |
| Recognised spectrum access | <p>Address issues relating to the introduction of Recognised Spectrum Access (RSA) for satellite services.</p> | <p>Consultation on options for the introduction of RSA for satellite services: Q3 05/06</p> | <p>Graham Louth</p> <p>Laurence Green</p> <p>Bob Philips</p> |
| National spectrum allocation policy | <p>1. Maximise the amount of spectrum available for release by Ofcom.</p> <p>2. Maintain an authoritative record of spectrum allocations.</p> <p>3. Ensure adequate protection for existing users and manage the relationship with the Ministry of Defence as holders of significant spectrum resources.</p> | <p>Agree MoD spectrum fee for 2006/7: Q3 05/06</p> | <p>Mike Goddard</p> <p>Peter Crowe</p> |
| Independent audit of major spectrum holdings | <p>Support the independent audit of major spectrum holdings being undertaken by Professor Martin Cave.</p> | <p>Publish emerging conclusions: Q2 05/06</p> <p>Publish final report: Q3 05/06</p> | <p>Mike Goddard</p> <p>Peter Crowe</p> |

2. Opening up markets and encouraging innovation

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|--|--|---|---|
| Spectrum Access Programme | <ol style="list-style-type: none"> 1. Issue non-discretionary licences to users, collect income and deal with customers queries (approx 150 licences issues and 200 assignments made per week). 2. Improve the licensing process by simplifying products and services, deregulating where we can and putting services online. 3. Spectrum clearance activity, which relates to the spectrum awards programme mentioned above | <p>Consultations on changes to Amateur and Ship licences: Q1 05/06</p> <p>Consultation on changes to CB licences: Q2 05/06</p> <p>Finalise Exemption Regulations: Q3 05/06</p> | <p>Hazel Canter</p> <p>Michael Hailstone</p> |
| Spectrum monitoring and enforcement | | | |
| Field Operations | <ol style="list-style-type: none"> 1. Keep spectrum clear of interference through targeted enforcement and resolving interference cases. 2. Ensure that the spectrum assets are fit for purpose and available to those who need them. 3. Make best use of remote monitoring and direction finding (RMDF), as well as unattended monitoring systems (UMS). | <p>Ensure field engineers have remote access to the RMDF and UMS systems: Q1 05/06</p> <p>Provision of 24 UK-wide RMDF stations: by Q4 05/06</p> | <p>Robert Thelen-Bartholomew</p> <p>Tony Harris</p> |
| Baldock Monitoring Station Programme | <ol style="list-style-type: none"> 1. Develop new spectrum monitoring services to support Ofcom's strategic objective of moving away from a centralised command and control model towards spectrum management led by the market. 2. Maintain a 24 hours a day central interference reporting and resolution team for national and international interference complaints. 3. Provide a specialist interference investigation service. 4. Ongoing provision of national and international spectrum monitoring and measuring services | <p>Detailed spectrum audits in support of the programme of spectrum awards to be completed: by Q3 05/06</p> <p>Publish spectrum audit baseline reports on the business radio spectrum to be liberalised: Q4 05/06</p> | <p>Robert Thelen-Bartholomew</p> <p>Tony Harris</p> |

2. Opening up markets and encouraging innovation

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|--|--|--|---|
| Radio & TV broadcasting licensing | | | |
| Radio licensing | <ol style="list-style-type: none"> 1. Successful and timely award of new commercial analogue FM licences. 2. Complete first-round award of new Community Radio Licences and start second round. 3. Start making grants from the Community Radio Fund once established. 4. Maintain throughput of Restricted Service Licences. 5. Technical work to maintain licensed services. 6. Respond to digital radio licensing requests. 7. To develop and implement policy in respect of current and future licensing of digital radio, and to ensure the efficient administration of existing licences through the application of the statutory ownership rules and ongoing technical regulation. | <p>One or two FM licence award announcements each month throughout 2005-06</p> <p>Batched Community licence awards: Q1 05/06-Q2 05/06</p> | <p>Neil Stock Susan Williams Lawrie Hallett</p> |
| Support for radio licensing | <ol style="list-style-type: none"> 1. Provide appropriate advice to the Radio Licensing Committee on the feasibility, desirability and impact of proposed formats for FM/AM new licences. 2. Provide appropriate content-related advice about Community Radio Applications. 3. Conduct timely consultations and provide advice about change of formats. | <p>Advice and consultations as required</p> | <p>Martin Campbell Neil Gardner</p> |
| TV licensing | <ol style="list-style-type: none"> 1. License TV services across all platforms efficiently. 2. Resolve future arrangements for the Wireless Telegraphy Act (WTA) licences for TV Broadcasting and associated pricing. | <p>Ongoing issue of licences</p> <p>Complete work on internal licensing systems and procedures: Q4 05/06</p> <p>If appropriate, issue of new WTA licences: by Q4 05/06</p> | <p>Erika Forsberg</p> |

2. Opening up markets and encouraging innovation

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|----------------------------------|---|---|------------------------------------|
| Channels 3 & 5 financial reviews | Conclude the reviews of Channel 3 and Channel 5 licences and implement new terms | Decision to be announced: Q1 05/06 | David Brown |
| Innovation | | | |
| Innovation | Consider Ofcom's role in stimulating innovation, considering the possible actions it could take and how the duty to encourage innovation should be balanced against other duties. | Internal discussion papers and research, which will inform various work streams | William Webb Russell Kent-Smith |

3. Addressing important citizen and consumer issues

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|---|---|--|---|
| Key priorities | | | |
| Universal service | <ol style="list-style-type: none"> 1. Ensure that basic telephony services are available to everybody upon reasonable request and at an affordable price. 2. Feed into EC review of the Universal Service Directive that is taking place in 2005/6. | <p>Statement and further statutory consultation: Q2 05/06</p> <p>Final Statement: Q3 05/06</p> <p>Consultation on costs/benefits: Q4 05/06</p> <p>Feasibility study on a video relay service: Q4 05/06</p> | <p>Alan Pridmore</p> <p>Alex Blowers</p> |
| Media literacy | <ol style="list-style-type: none"> 1. Identify areas of concern relating to emerging communications technology and services, particularly relating to fixed and mobile internet content, and encourage public debate. 2. Establish viewer preferences with regard to information about audio visual content. | <p>Develop area of Ofcom website devoted to media literacy: Q1 05/06</p> <p>Quarterly electronic bulletin for stakeholders: Q1 05/06-Q4 05/06</p> <p>Adult Learners Week: Q1 05/06</p> <p>Publication and presentation of research: Q2 05/06</p> <p>Conference in Liverpool as part of UK Presidency of EU: Q2 05/06</p> | <p>Robin Blake</p> <p>Alex Campbell</p> |
| Protection of children from harmful content including revision of ad rules concerning food and children | <ol style="list-style-type: none"> 1. In the context of the regulatory framework created by the revised Broadcasting Code, understand and assess options for protecting children from harmful content in broadcast and other media. 2. Together with the newly-formed Broadcasting Committee of Advertising Practice (BCAP), complete a review of the BCAP's Broadcast Advertising Standards Code relating to food advertising to children. | <p>Consultation on food advertising to children: Q2 05/06</p> <p>Statement: Q4 05/06</p> | <p>Ian Blair</p> <p>Kate Stross</p> <p>Helen Normoyle</p> |
| Consumer information | <p>Implement Ofcom's approach to the provision of information to citizens and consumers, the key element being encouraging communications providers to supply information to their customers to enable them to make informed decisions, take advantage of choice and more effectively seek redress when things go wrong.</p> | <p>Establish industry working group on bill formats and potential consultation on agreed voluntary format: Q3 05/06</p> <p>Six monthly publication of Comparable Performance Indicators – first fixed publication: Q3 05/06</p> | <p>Neil Buckley</p> <p>Lucy Rhodes</p> |

3. Addressing important citizen and consumer issues

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|--|---|---|--|
| Consumer protection | Ensure that consumers are protected from a range of potential nuisances, including the potential for consumer harm arising from Premium Rate Services (PRS), that they are aware of their rights and that they have access to services that communications providers should supply. Review consumer protection measures to ensure that they continue to be necessary, balancing the need for consumer protection against the risk of raising barriers to entry. | <p>Consultation on metering and billing policy: Q1 05/06</p> <p>Statement on metering and billing: Q3 05/06</p> <p>Publication of ICSTIS Memorandum of Understanding and Key Performance Indicators: Q1 05/06</p> <p>Consultation on changes to the ICSTIS Code of Practice (CoP): Q2 05/06</p> <p>Statement on ICSTIS CoP: Q3 05/06</p> <p>Consultation on modification to general condition 14 to increase obligations of Originating Communications Providers in dealing with PRS inquiries: Q1 05/06</p> <p>Implement mandatory codes of practice relating to sales and marketing: Q1 onwards</p> | <p>Gareth Davies</p> <p>Neil Buckley</p> <p>Gavin Daykin</p> |
| Radio and television codes and rules | | | |
| Publish and disseminate Ofcom's Broadcasting Code | <ol style="list-style-type: none"> 1. Publish and disseminate Ofcom's Broadcasting Code, which will establish standards for programmes and sponsorship for all commercial licensees, the BBC and S4C. 2. Provide web-based guidance. | <p>Publish response to the consultation together with the Ofcom Broadcasting Code: Q1 05/06</p> <p>Publication of web-based guidance: Q1 05/06</p> | <p>Fran OBrien</p> <p>Chris Banatvala</p> |
| Plan for reviews in event of change of control of radio licences | Carry out speedy and authoritative reviews in the event of the change of control of radio licences. | As required by changes of control | <p>Martin Campbell</p> <p>Neil Gardner</p> |

3. Addressing important citizen and consumer issues

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|--|---|--|---|
| TV Access Code | <ol style="list-style-type: none"> 1. Review code to ensure appropriate provision of access services by broadcasters. 2. Provide standards guidance. 3. Set statutory audio description target. | <p>Statement on 2006 access service obligations: Q2 05/06</p> <p>Consultation on changes to code, standards guidance and to access service obligations: Q3 05/06</p> <p>Statement: in 2006/7</p> | Peter Bourton |
| Electronic Programme Guide (EPG) Code | Ensure that the Code on EPGs effectively implements Ofcom's statutory obligations e.g. on appropriate prominence for PSBs and on accessibility. | <p>Consultation on changes to EPG code: Q3 05/06</p> <p>Statement: in 2006/7</p> | Peter Bourton |
| Revised rules on advertising | Revise rules applicable to Ofcom TV licensees on the amount and distribution of advertising. | Timing to be determined. Final decision on advertising minutage to follow review of CRR and TV advertising market | Ian Blair Martin Hart Andrew Carruthers |
| Developing the regulatory framework | | | |
| Consumer strategy | <p>Develop an overall strategic approach to all of Ofcom's consumer-facing work, taking account of:</p> <ul style="list-style-type: none"> • the Consumer Audit, Nations and Regions Audit; • the opportunities for consumers to exercise more control and choice which may result from increasing convergence. | This work will feed into the process of producing Ofcom's Annual Plan for 2006/7: Q3 05/06 | Gareth Davies Simon Higdon Claire Davenport |
| Access to communications services | Taking work completed in the strategic reviews and other projects, identify the issues and challenges to be addressed if we wish to secure widespread access to modern communications services among all the regions and communities of the UK. The nations and regions audit will provide key data on service availability, consumer take-up and choice in the Nations and Regions linked with the access issues faced by older and disabled people and those on low incomes | Commencing: Q4 2005/06 | Alex Blowers Peter Davies |

3. Addressing important citizen and consumer issues

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|---|--|--|-----------------------------------|
| Citizen interest | Identify and articulate more clearly how the interests of citizens should be incorporated in Ofcom's decision-making process in a transparent and systematic way | Commencing: Q2 05/06 | Alex Blowers |
| Implement advertising co-regulation | Monitor the performance and effectiveness of the Advertising Standards Authority (ASA) and the new Broadcast Committee of Advertising Practice in relation to the contracted-out activities of broadcast advertising regulation. | The ASA will publish performance information every 6 months, in its annual and mid-year reports. Publication of annual report: Q1 05/06 Publication of mid-year report: Q3 05/06 | Ian Blair Andrew Carruthers |
| Implement broadcast training co-regulation | Implement the proposals for a co-regulatory system for training and development in broadcasting. | Information statement: Q2 05/06 | Mike Johnson Juliette Brown |
| Serving citizens and consumers | | | |
| Ofcom Contact Centre | <ol style="list-style-type: none"> 1. Provide a high quality service in response to complaints from a broad range of viewers, listeners, customers of telecoms companies and users of wireless services. 2. Put pressure on suppliers to resolve complaints directly and first time with their customers. 3. Develop contact centre processes to maximise operational efficiency. | Fortnightly publication of the Ofcom Broadcast Bulletin | Jackie Caspary Chris Banatvala |
| Respond to complaints and review complaints & sanctions process | <ol style="list-style-type: none"> 1. Consult on the future of complaints handling, including whether there are benefits to a system where broadcasters handle appropriate content complaints in the first instance ('broadcaster first'). 2. Develop and implement effective procedures for handling complaints about standards, fairness and privacy and in relation to sanctions. | Consultation on broadcaster first: Q3 05/06 Implement procedures for handling complaints: in 2006/07 | Fran OBrien Chris Banatvala |
| Promoting accessible equipment and services for consumers | Working with partners in the private and public sectors, identify future priorities for action in consultation with the Consumer Panel and the Advisory Committee on Older and Disabled People. | Publish statement on our approach: Q1 05/06 | Peter Bourton Neil Buckley |

4. International engagement

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|--|---|---|--|
| EU and international relations | | | |
| EU and International Relations | 1. Plan and implement a programme of EU and international relations. 2. Contribute to the UK Presidency of the EU in 2005, involving all relevant Ofcom activities on an integrated basis. | Regular contact programme: Q1 05/06-Q4 05/06 Briefings and representation: Q1 05/06-Q4 05/06 | Becky Foreman Roger Lowry Tony Stoller |
| Radio Spectrum | | | |
| International and European spectrum policy | 1. Seek European decisions by EU and European Conference of Postal and Telecommunications Administrations (CEPT) consistent with our spectrum framework review. 2. Seek an international framework, European and global, which facilitates a light-touch framework with the minimum regulatory constraints. 3. Develop co-operative relationships with other countries to maximise influence and support. 4. Engage with various groups and promote Ofcom objectives in the management of spectrum | CEPT Electronic Communications Committee Decisions in response to EU mandates: Q1 05/06-Q4 05/06 Decision on Ultra Wide Band: Q1 05/06 Radio Spectrum Policy Group Opinion on wireless access platforms: Q3 05/06 | Mike Goddard William Webb |
| | | Draft European proposals for World Radio Conference 2007: Q1 05/06-Q4 05/06 Decisions of ITU Council: Q1 05/06 Commonwealth positions for ITU Plenipotentiary Conference 2006 (PP06): Q3 05/06 European proposals for PP06: Q4 05/06 Decisions of World Telecoms Development Conference: Q4 05/06 | Mike Goddard Malcolm Johnson |

4. International engagement

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|--------------------------------|---|---|---|
| | | Radio Spectrum Committee (RSC) to consider ECC and EU Decision on 3G expansion: Q1 05/06 Preparations for World Radio Conference 2007: Q1-Q4 05/06 | Brian Last Martin Fenton |
| Regional radio conference 2006 | Seek to achieve a new ITU Plan for digital broadcasting that fully meets the UK's needs, including adequate provision for digital radio and television broadcasting, realising the 'digital dividend' and protection for the interests of other users of the broadcasting spectrum. | UK inputs to international meetings: Q1 05/06-Q4 05/06 UK input to 2nd planning exercise: Q3 05/06 UK proposals and support for European proposals: Q4 05/06 | Mike Goddard Malcolm Johnson Peter Bury |
| Telecoms | | | |
| International telecoms policy | 1. Promote a harmonised EU approach in the implementation of electronic communications legislation. 2. Support and develop a strategic approach to international engagement. | Continued engagement with DG Info Soc and other international institutions: Q1-Q4 Hold conference on telecoms and spectrum issues as part of the UK's Presidency of the EU: Q3 05/06 | Alex Blowers Jim Niblett |

4. International engagement

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|--|--|--|---|
| Working with the European Regulators' Group (ERG) | <p>Ensure Ofcom continues to engage with the further development of electronic communications policy in the EU. Specifically, increase Ofcom's commitment to the European Regulators' Group (ERG), in particular through its chairmanship during 2006 and vice-chairmanship during the second half of 2005, and by promoting:</p> <ul style="list-style-type: none"> • full delivery of the published ERG work programme for 2005; • the utmost transparency of international regulatory developments to stakeholders. | <p>Consult on updated Common Position on remedies: Q3 05/06</p> <p>Produce report on broadband developments and regulatory approaches: Q1 05/06</p> <p>Agree Common Position on regulation of wholesale international roaming: Q2 05/06</p> <p>NB These are outputs of the ERG</p> | <p>Jim Niblett Vince Affleck Alex Blowers</p> |
| Broadcasting | | | |
| Review of Television Without Frontiers (TWF) Directive | Contribute to the development of an appropriately revised TWF Directive. | Response to the European Commission consultation on their proposed changes: Q2 05/06 | Martin Hart Guy Nesdale |

5. Taking opportunities to reduce regulation

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|-----------------------------------|--|--|---|
| Better policy making | | | |
| Reducing the burden of regulation | <p>1. Across all projects look for opportunities to reduce regulation. The following are examples of areas where it may be possible to reduce regulation:</p> <ul style="list-style-type: none"> • the spectrum framework review is expected to lead to spectrum licences being changed to allow more trading and more flexible use; • if appropriate following consultation, a 'broadcaster first' initiative could result in fewer broadcasting complaints being resolved by the regulator; • implementation of the telecoms strategic review may lead to exploration of de-regulation of BT's large business pricing and retail price controls; and • our review of public service broadcasting will result in a move away from genre-by-genre quotas to a new approach based on "purposes and values", with specific obligations on commercial broadcasters also likely to be reduced. <p>2. Identify and realise opportunities to reduce regulation, with a particular focus on ensuring that market opening initiatives are not obstructed.</p> <p>3. Assess Ofcom's success in reducing the burden of regulation.</p> <p>4. Align regulatory interventions to Ofcom regulatory principles.</p> <p>5. Develop effective working relationships with self- and co-regulatory bodies.</p> | <p>This work will feed into:</p> <ul style="list-style-type: none"> • Ofcom's Annual Report for 2004/5: Q2 05/06; and • Ofcom's Annual Plan for 2006/7: consultation Q4 05/06 <p>Specific outputs in relation to reducing regulation are listed under the individual reviews</p> | <p>Alex Bowers Nicola Floyd Alistair Bridge</p> |
| Economic peer reviews | <p>Ensure Ofcom's economic analysis is robust and defensible by providing an independent internal review process that challenges economic analysis and ensures a range of options have been considered. In particular, any proposals for increased regulation should be subjected to rigorous scrutiny.</p> | <p>Will inform the documents which Ofcom publishes</p> | <p>Nicola Floyd</p> |
| Regulatory Approach | <p>1. Assess developments in regulatory thinking and practice in the UK and around the world, not just in the communications sector, focusing in particular on:</p> <ul style="list-style-type: none"> • reasons for intervention in markets where the existence of significant market power is not the determining factor; and • models of regulatory approach in dynamic, changing markets. <p>2. Develop strategic peer review process to ensure a coherent approach to the application of our regulatory principles.</p> | <p>Publish research on key issues: Q4 05/06</p> | <p>Robin Foster</p> |

5. Taking opportunities to reduce regulation

| Work areas | Objectives and Activities | Outputs and timing | Contacts |
|------------------------------------|--|--|---------------------------------|
| Impact assessments | Finalise and implement our guidelines on impact assessments, a key part of which will be constructive engagement with stakeholders. | Publish final version of guidelines: Q1 05/06 | Alistair Bridge Alex Blowers |
| Mergers and media ownership review | Review of the media ownership rules contained in the Communications Act, focusing on how they are working in practice and proposing any improvements which may be appropriate. | Begin work with the aim of a consultation in 2006/7 | Guy Nesdale Anirban Roy |
| Converged regulation | | | |
| Convergence | Develop an understanding of convergence and what it might mean for the future of the communications market, thus enabling Ofcom to regulate in a more converged way and to identify opportunities for de-regulation that may be forthcoming. | This work will inform a range of Ofcom projects and feed into our regulatory approach work | Ben Willis |

6. Working effectively

| Work areas | Objectives and Activities | Outputs | Contacts |
|--|--|---|---|
| Developmental research | | | |
| Audit of Nations and Regions | Analyse the current state of the communications sector by Nation and by Region and assess how our regulatory approach should be tailored to each Nation and Region. | Seminars and workshops to be held in the Nations and Regions, including Rural, Regional and Remote seminar: Q3 05/06-Q4 05/06 Publish report: Q4 05/06 | Helen Normoyle Alex Blowers |
| Evidence base for policy-making | | | |
| Technology based analysis | <ol style="list-style-type: none"> To provide a sound basis for competition policy, develop a detailed understanding of the current state and likely future evolution of UK communications networks Understand emerging technologies and platforms. Oversee Ofcom's external research spending. Minimise spectrum interference and maximise the availability of spectrum. Resolve technical issues associated with network resilience and interoperability. Maximise availability and utility of spectrum resource to support widespread licensed TV and radio services Develop DAB adjacent channel management policy in direct consultation with licensees and their transmission providers | Annual research review: Q2 05/06 Annual research symposium: Q3 05/06 Technology trends symposium: Q4 05/06 Technology trends report: Q4 05/06 | Peter Ingram William Webb |
| | | Update guidance notes on DAB adjacent channel management policy: Q2 05/06 Develop DAB sound quality co-regulatory policy (subject to the outcome of the Radio Review consultation): Q2 05/06 | Mark Thomas Steve Ripley Peter Madry |
| | | Feed into competition policy projects information about UK telecoms networks e.g. network coverage data: Q1 05/06-Q4 05/06 | Steve Unger |
| Market research and intelligence | <ol style="list-style-type: none"> Conduct research to provide the evidence for policy development across Ofcom. Gain a greater understanding of key attitudinal, behavioural and demographic/lifestyle differences across consumers and SMEs. Communicate to Ofcom stakeholders the state of the communications market. | Annual communications market report: Q1 05/06 Quarterly reports on the communications market: Q2, Q3 & Q4 05/06 | Helen Normoyle Peter Davies Justin LePatourel |

6. Working effectively

| Work areas | Objectives and Activities | Outputs | Contacts |
|--|---|---|--|
| Attitudes and behaviours of consumers and SMEs | Build an overarching picture of the attitudes and behaviours of SMEs and consumers | Report on the Digital Consumer: Q2 05/06 Report on the Digital SME: Q3 05/06 | Helen Normoyle |
| Cross-Ofcom policy initiatives | | | |
| Strategic Plan | Set out Ofcom's key strategic operating priorities and plans for 2006/7 (and the following 2 to 3 years), its approach to regulation, future strategic thinking and financial status. | Consultation document: Q4 05/06 | Jim Egan Justin LePatourel |
| Evaluation | 1. Evaluate Ofcom's performance and further develop the evaluation framework. 2. Measure and monitor the full range of stakeholders' views of Ofcom in a consistent and comparable manner. | Data on our performance will inform external publications, such as our Annual Report: Q2 05/06 | Sarah Evans Alex Blowers |
| Liaison and engagement with Consumer Panel, National and other advisory committees | Ensure cross Ofcom engagement with Ofcom's panels and advisory committees to ensure that stakeholder groups can engage fully with Ofcom. | This work will take place throughout the year: Q1 05/06-Q4 05/06 | Julie Myers David Edwards Steve Perkins |
| Public, political and industry relations | Manage and implement a programme of public, political and industry relations. | Regular contact programme: Q1 05/06-Q4 05/06 Briefings and representation: Q1 05/06-Q4 05/06 | Roger Lowry Simon Crine |
| Diversity | 1. Develop, implement and manage an internal integrated diversity strategy. 2. Complete a Welsh Language Scheme to be agreed with the Welsh Language Board. 3. Complete an equality scheme under the Northern Ireland (NI) Act. | Publish Race Equality Scheme: Q1 Deliver first phase of Ofcom-wide diversity training: Q1 Publish a Welsh Language Scheme: Q3 Ongoing monitoring of NI Equality Scheme | Rhodri Williams Tony Stoller Bradley Brady |
| Communications | 1. Manage Ofcom's web-site and make improvements 2. Publication of Ofcom documents, and email updates to stakeholders and website subscribers | A web-site that is easy to use. Publications available on-line, in hard copy and in alternative formats and languages as appropriate | Matt Peacock Andy Bailey |

7. Understanding future developments

| Work areas | Objectives and Activities | Outputs | Contacts |
|--|--|---|--|
| Analysis of changing markets | | | |
| Second generation broadband | 1. Identify incentives and barriers to roll-out of second generation broadband, including content and digital rights issues. 2. Map out a clear role for Ofcom in supporting an appropriate level of broadband development. | Consultation: Q2 05/06 Statement: Q4 05/06 | Dougal Scott Ben Willis |
| Evolution of digital multi-media platforms & the implications for regulation | Ensure Ofcom understands likely developments in digital platforms and services and produce a framework to address the emerging regulatory and policy challenges – covering content delivery across different platforms, business models, consumer demand and options for regulation. To include work streams on: Digital rights – to investigate how premium TV, film & music services could further broadband take up and the potential barriers to the development of these services; Content technology – to track key technological developments and identify their potential impact on the consumer, the market and regulation e.g. mobile multi-media technologies, High Definition TV and Personal Video Recorders; Content regulation – to consider issues and options for regulating content on the internet, with this work to include a wide public debate and extensive research. | Consultation on phase 1: Q2 05/06 Consultation on phase 2: Q4 05/06 | Martin Hart Guy Nesdale Claire Davenport Peter Davies David.Mark. Harrison |
| Review of content production and the independent sector | 1. Review the structure of the UK broadcasting content production sector, the prospects for growth, impact of regulation and the implications for future content production and regulation. 2. In conjunction with the broader strategic review, carry out an assessment of current definitions of “qualifying independent” and “qualifying programmes” and review the operation of the 25% independent quota and codes of practice. | Scoping document: Q1 05/06 Subject to scope, provisional further outputs are: Consultation on phase 1 of the review: Q2 05/06 Consultation on phase 2: Q3 05/06 Final report: Q4 05/06 | Jim Egan Kate Stross Khalid Hayat Jonathan Porter |

Section 4

Calendar of outputs

4.1 The following is a calendar of key outputs and milestones. It is not intended to be a comprehensive view of all Ofcom outputs. These are approximate timings as events in the year may lead to changes in timings.

Key: C = Consultation; S = Statement; R = Report

| Implementing strategic reviews | Q1 | Q2 | Q3 | Q4 |
|--|--|--|--|---|
| Telecoms strategic review – completion and implementation | Continued work to prepare for a possible referral to the Competition Commission under the Enterprise Act Continued work on BT governance and undertakings, and boundaries of Access Services Division (ASD) [C]: Equivalence and governance: guidelines on non-discrimination of access and remedying breaches [C]: Narrowband market – Wholesale Line Rental in residential retail voice markets [C]: Wholesale Broadband Access [C]: Geographic market analysis: SMP remedies or leased lines market [S]: Voice over broadband | [S]: TSR Phase 3 [S]: Network charge control: apply from Oct '05: [S]: Cost of access to BT's copper access network [S]: Local Loop Unbundling Phase2 charge ceilings | [C]: Narrowband market - business retail voice markets [R]: Voice over broadband: consumer protection implementation report [R]: Voice over broadband: market development report | [C] Narrowband market: wholesale international direct dialling [S]: Wholesale Broadband Access |

| Implementing strategic reviews | Q1 | Q2 | Q3 | Q4 |
|---|--|-----------|---|--|
| Public service television broadcasting (PSB) review – implementation | [C]: Options for local TV [S]: PSB Phase 3 proposals - Nations & Regions Revise ITV licences to reflect Tier 2 production and output quotas Design and introduce research tracking of PSB delivery Input to BBC green paper consultation process | | [S]: Local TV [R]: Publish 1 st PSB delivery assessment [C] : Options for Public Service Publisher – further analysis and research | |
| Spectrum Framework review (SFR) – completion & implementation | [S]: following Nov 04 SFR consultation | | | |
| Radio review – completion & implementation | [C]: Phase2 | | [S]: Phase 3 | Co-regulatory monitoring analogue localness regulations |

| Opening up markets & encouraging innovation | Q1 | Q2 | Q3 | Q4 |
|---|---|--|--|--|
| Promoting competition in TV broadcasting | Decision on Channel 3 networking arrangements | [S]: Review of Access Control & Access to EPGs [C]: Review of ITC Direction on minimum carriage requirements [C]: Review of ITC Codes on Cross-Promotion | | Begin review of Contract Rights Renewal (CRR) remedy and TV advertising market [S]: Statements on minimum carriage requirements and cross promotion |
| Releasing spectrum and promoting efficient use of spectrum | Analysis of responses to the Spectrum Framework Review Implementation Plan (SFRIP), [S]: Determination of the way forward and publication of a work programme. [S]: Digital Switchover - decision on planning options | Independent audit of major spectrum holdings - Publish emerging conclusions. | [C]: Extension of trading to wide area Private Business Radio (PBR) & digital Public Access Mobile Radio (PAMR) licence classes [C]: Application of spectrum pricing to broadcasting spectrum [C]: Options for the introduction of Recognised Spectrum Access (RSA) for satellite services [R]: Independent audit of major spectrum holdings - Publish final report | Extension of the spectrum trading regulations [C]: Technical & commercial options for use of spectrum released by switchover Spectrum audit baseline reports on the business radio spectrum to be liberalised First spectrum awards as identified in the work programme for the SFRIP |
| Other telecoms issues | [C]: Phase 2 of NTS Market review Initial [C]: Mobile call termination Market review Wholesale international roaming market review: ERG common position Start work on overall strategic approach to numbering | [S]: Final NTS policy and Market review Further [C]: Mobile call termination Market review [C]: Wholesale international roaming market review | [S]: Wholesale international roaming market review | [S]: Finalisation of Mobile call termination Market review: including imposition of any necessary regulatory obligations |

| Addressing important citizen and consumer issues | Q1 | Q2 | Q3 | Q4 |
|---|--|--|---|--|
| Media literacy | Develop area of Ofcom website devoted to media literacy Media literacy -Quarterly electronic bulletin for stakeholders Adult Learners Week | [R]: Media literacy Publication and presentation of research Conference in Liverpool as part of UK Presidency of EU | | |
| USO and Access issues | | [S]: Universal service & [C]: Further statutory consultation | Final [S]: Universal service [C]: Changes to TV Access code, standards guidance and to access service obligations; changes to EPG code | [C]: Wider EU policy discussions: Universal service costs/benefits Feasibility study of video relay service |
| Consumer protection | Publication of ICSTIS Memorandum of Understanding and Key Performance Indicators | [C]: Changes to the ICSTIS Code of Practice | [S]: ICSTIS Code of Practice | |
| Content and standards | [S]: Ofcom Broadcasting Code [R]: ASA Publication of annual report on advertising co-regulation | [C]: Food advertising to children [S]: Broadcast training co-regulation Information | [C]: Policy on complaint handling, including 'Broadcaster First' [R]: ASA Publication of mid-year report on advertising co-regulation | [S]: Food advertising to children |

| | Q1 | Q2 | Q3 | Q4 |
|--|--|--|---|--|
| International engagement | <p>Start preparations for World Radio Conference 2007</p> <p>Ongoing participation in IRG and leadership of ERG</p> <p>ECC and EU Decision on Ultra Wide Band</p> <p>ECC and EU Decision on 3G expansion</p> <p>Decisions of ITU Council</p> | <p>Respond to European Commission consultation on proposed changes to Review of Television Without Frontiers (TWF) Directive</p> | <p>Radio Spectrum Policy Group Opinion on wireless access platforms</p> <p>Commonwealth positions for ITU Plenipotentiary Conference 2006 (PP06)</p> <p>UK input to second Regional Radio conference planning exercise</p> <p>Conference on telecoms and spectrum issues (as part of UK presidency of EU)</p> | <p>European proposals for PP06</p> <p>Decisions of World Telecoms Development Conference</p> <p>UK proposals and support for European proposals on Regional Radio Conference</p> |
| Taking opportunities to reduce regulation | <p>Begin detailed work on implementation of strategic reviews, e.g. in telecoms and spectrum</p> <p>[S]: Publish final version of Impact assessments guidelines</p> | <p>Reducing the burden of regulation – input to Ofcom's Annual Report for 2004/5</p> | | <p>[C]: Consultation on Ofcom's Annual Plan for 2006/7</p> |
| Working effectively | <p>[R]: Annual communications market report in June 2005</p> <p>[R]: Quarterly reports on the communications market in July 2005, October 2005 and January 2006.</p> <p>Publish Race Equality Scheme</p> <p>Ongoing monitoring of NI Equality Scheme</p> | <p>[R]: Technology based analysis - Annual research review</p> <p>Develop DAB adjacent channel management, sound quality co-regulatory policy</p> <p>[R]: evaluation of Ofcom's 2004/5 performance</p> | <p>[C]: Audit of Nations and Regions Seminars and workshops to be held in the Nations and Regions – to be followed by Ofcom report on access issues</p> <p>Publish a Welsh Language scheme</p> | <p>Technology trends symposium</p> <p>[R]: Technology trends report</p> <p>[C] : Annual strategic plan 2006/7</p> <p>Rural, Regional and Remote Seminar</p> |

| Understanding future developments | Q1 | Q2 | Q3 | Q4 |
|--|---|--|----------------|----------------------|
| 2nd generation broadband | Issue remit | [C]: Examining the business climate & content drivers for 2 nd generation broadband | | [S]: Final statement |
| Digital multi-media | Issue remit develop position for TWF review | [C]: Phase 1 | Public debates | [C]: Phase 2 |
| Content production | Issue remit | [C]: Phase 1 | [C]: Phase 2 | [S]: Final statement |

Annex A

Responses to the consultation

A.1 Ofcom's annual plan for 2005/6 has been informed by a thorough process of consultation. There were over 50 written responses from a diverse range of individuals and organisations. We heard the views of stakeholders at events in Edinburgh, Cardiff, Belfast, Leeds and London, their comments informed by first-hand experience of engaging with Ofcom during our first year of operation. We met the Advisory Committees for Scotland, Wales, Northern Ireland and England, the Advisory Committee on Older and Disabled People, the Spectrum Advisory Board and the Consumer Panel. We also gained feedback through our ongoing meetings with stakeholders.

Responses to the consultation questions and Ofcom's response

A.2 In the rest of this annex we summarise the responses to the five questions we asked in our draft plan and provide a brief Ofcom response.

Question 1: Do you agree with our outline proposals for our three year planning horizon?

- A.3 Overall, stakeholders endorsed our draft plan. It was felt to be comprehensive and clearly explained and stakeholders welcomed the sense of direction provided by the three year strategic framework, including our plan to review, in 2007/8, the effectiveness of key policy and regulatory changes introduced over our first three years.
- A.4 There was also broad support for our overall objective – to further the interests of citizens and consumers, where appropriate by encouraging competition – and for our regulatory principles, especially our bias against intervention. Some respondents suggested, however, that we need to give more priority to the interests of citizens (as opposed to consumer interests) in the work we do. Others warned that our bias against intervention should not be pursued in those markets where effective competition is still to emerge.
- A.5 There were several requests for greater clarity about outputs, when during the year the different work streams would be carried out and who to contact for more information.
- A.6 **Ofcom comment:** *Section 2 sets out our three year strategic framework and the thinking which underpins it. Detailed information about each work stream is provided in section 3. Although we think that we have a sensible balance between our work on behalf of both citizens and consumers, we agree that we should articulate more clearly in 2005/6 how we incorporate and assess citizens' interests in our decision-making and we return to this theme later in this section. We also agree, in line with our regulatory principles, that we should continue to intervene quickly and firmly where there is a clear need for regulatory intervention. But we continue to believe that it is important for any regulator to maintain a bias against intervening; to avoid the risk of regulatory creep and its associated costs for industry and ultimately, for consumers.*

Question 2: Do you agree with the broad priorities identified for 2005/6?

A.7 There was general support for the seven areas of work we identified. The comments made in relation to each of these areas are detailed below.

1. Implementing the strategic reviews

A.8 Stakeholders agreed with our emphasis on implementing the strategic reviews which we began in our first year of operation. It was widely felt that this should be Ofcom's key priority in 2005/6. There was some concern, however, that we were consulting on specific issues, particularly in relation to spectrum, while still consulting on the overarching framework. Also, some stakeholders felt that in carrying out our reviews we had taken insufficient account of the differences between the Nations and Regions which comprise the UK.

A.9 There was a variety of responses on different aspects of the Telecoms Strategic Review (TSR). There was support for more work on geographic markets, with stakeholders keen to take part in this debate. Planned work on BT's 21st Century Network was also welcomed. However, some stakeholders expressed concern that deregulation was not happening quickly enough.

A.10 Regarding the review of Public Service Broadcasting (PSB), there was particular support for our proposed work on local television and significant interest in our planned review of the definition of PSB status. Several respondents urged us to ensure that the interests of various minority groups were reflected in the work planned for 2005/6 and that we give due attention to media literacy.

A.11 **Ofcom comment:** *In setting out its plan for 2005/06, Ofcom is aware that the details of some of our activities are dependent on the outcomes of some of our key reviews which have not yet been concluded. We will ensure that our work is properly co-ordinated so that ongoing work reflects the thinking emerging from the reviews. Our work to implement the strategic reviews will also reflect the interests of the Nations and Regions which respondents have highlighted.*

A.12 *The issues raised by stakeholders in relation to the TSR will be addressed in phase 3 of the review and in the various implementation work streams. In particular, we will continue work to prepare for either making a reference to the Competition Commission under Enterprise Act or providing BT's competitors with real equality of access to its network. We welcome the general support for the work proposed to implement the TSR and expect to engage fully with our stakeholders in taking forward this work.*

A.13 *As part of the implementation of the strategic review of PSB, Ofcom is planning further work on local TV and will also consider ways in which some of the benefits of PSB status could be conferred on existing multi-channel services if they are considered to make a significant contribution to PSB.*

A.14 *The detailed spectrum issues raised by stakeholders will be addressed as part of the final stage of the spectrum framework review and in other spectrum consultations.*

A.15 *The key elements of our work to implement the strategic reviews are described in section 2 and in section 3 we set out details of all the relevant work streams.*

2. Opening up markets and encouraging innovation

- A.16 There was general support for Ofcom's role in continuing to encourage and promote dynamic, open and flexible communications markets. More specifically, stakeholders suggested that there should be careful planning of spectrum awards and of the next steps towards spectrum liberalisation.
- A.17 Stakeholders welcomed the planned review of competition in broadcasting, but were keen that it did not add unnecessarily to regulation. There was interest in our review of the Contract Rights Renewal (CRR) remedy and TV advertising markets, which we will begin in the fourth quarter of 2005/6. Several stakeholders emphasised the importance of community as well as commercial interests and questioned whether we had given sufficient prominence to this area, particularly community radio.
- A.18 Some stakeholders asked us to consider different options in relation to the future regulation of amateur radio, clarify plans for reviewing the treatment of aeronautical bands and recognise that holders of analogue TV Restricted Service Licences (RSLs) are broadcasting to a decreasing viewer base as viewers migrate to digital platforms. The need to ensure that issues relating to spectrum for emergency services are fully considered in the move to opening the spectrum market was also highlighted.
- A.19 With regard to spectrum enforcement, there were calls for Ofcom to roll out a comprehensive remote spectrum monitoring station in the DC-6GHz range and to recognise the importance of interference management in creating a viable trading environment. The need for a coherent approach to numbering and Number Translation Services (NTS) was also highlighted as important.
- A.20 **Ofcom comment:** *The review of competition in broadcasting will be comprehensive and focus on developments over the next 2 to 3 years. One of its aims will be to assess where Ofcom can reduce regulation, for example, by examining the various codes and guidelines inherited from our predecessor regulators.*
- A.21 *Ofcom's work on community radio is outlined in this plan. In 2005/06 Ofcom expects to complete first-round award of new community radio licences and start the second round. We will also establish and start making grants from the Community Radio Fund. In response to the views received about our approach to numbering issues, we plan to review our work on numbering and NTS in a strategic project.*
- A.22 *The wide range of spectrum issues raised by stakeholders will be addressed in Ofcom's various consultations on spectrum issues, including amateur radio, and we will ensure that the views of the full range of our stakeholders are taken into account.*
- A.23 *The key elements of our work under this theme are described in section 2 and in section 3 we set out details of all the relevant work streams.*

3. Addressing important citizen and consumer issues

- A.24 Stakeholders welcomed the interests of citizens and consumers being referred to separately and there was a desire among stakeholders to be included in the debate about how both citizen and consumer interests are reflected in Ofcom's policy and regulatory decisions.

- A.25 There was strong support for our aim of encouraging an environment where citizens and consumers are better informed and have the option to exercise more control over content and more choice over the services they consume. Stakeholders also highlighted the need to ensure widespread accessibility and choice for all citizens and consumers, particularly for those in remote and rural areas and older and disabled people. There was particular concern that our work on digital switchover should take into account the interests of vulnerable groups.
- A.26 The importance of media literacy and of ensuring media literacy skills were widely disseminated was also recognised by stakeholders. It was suggested Ofcom should involve community media organisations in its work on media literacy and provide greater clarity about the scope of what we intend to do. It was felt that the work should include identifying the barriers disabled people may face, especially those with learning disabilities.
- A.27 ICSTIS commented that Ofcom's work with them on Premium Rate Services (PRS) was not adequately referred to.
- A.28 **Ofcom comment:** *In February 2005, Ofcom published its draft guidelines on how we will carry out Impact Assessments:*
http://www.ofcom.org.uk/consult/condocs/ia_guidelines/?a=87101. *These guidelines ensure that Ofcom will consider a range of options when formulating policy, including the impact of policy decisions on different groups of citizens and consumers, including elderly and disabled citizen consumers. The finalised guidelines will be published in the first quarter of 2005/6.*
- A.29 *More broadly, we have decided to respond to the clearly expressed concerns of respondents in this area by establishing three specific work streams for 2005/6. They will help draw together our existing work, identify any gaps and establish a clear framework for future action. These three areas of work are:*
- *Consumer strategy – a new project to define and articulate Ofcom's role in protecting and supporting consumers.*
 - *Access to communications services – a report which will examine variations in access to broadcasting and telecoms services, by region and by different categories of users.*
 - *Further work on the citizens' interest and its implications for Ofcom – how it should be defined and incorporated into our regulatory processes.*
- A.30 *An important input to all these areas of work will be our audit of communications in the Nations and Regions.*
- A.31 *In our statement in November we set out our strategy and priorities for the promotion of media literacy. We will work with a wide range of organisations to put media literacy firmly on the agenda of our stakeholders. Community media organisations are very much within the range of groups we want to engage with and they are encouraged to contact the media literacy team. As our understanding of the levels of media literacy in the population develops, we will begin to explore the particular needs of different groups in society, including people with disabilities.*

A.32 *The key elements of our work under this theme are described in section 2. In section 3 we set out details of all the relevant work streams, including details of our work on PRS and media literacy.*

4. International engagement

A.33 Stakeholders welcomed Ofcom's commitment to engage more fully at a European level and to help inform and shape the legislative agenda. Specifically, they suggested that it would be important to increase engagement with the International Telecommunications Union (ITU) and the European Regulators Group (ERG).

A.34 Other areas for greater focus identified by stakeholders included:

- pan-European TV;
- deregulation of cross border broadcasting; and
- the ITU plan for digital broadcasting.

A.35 While stakeholders welcomed Ofcom's plans to increase its international engagement, they felt this should be accompanied by improved transparency. In particular, it was suggested that Ofcom should establish a quarterly stakeholder forum to provide feedback on its international work.

A.36 **Ofcom comment:** *Ofcom will work closely with all relevant international groups, including the ERG and ITU. Ofcom Senior Partner, Kip Meek will be taking over the chair of ERG in 2006. We will seek to ensure international developments are transparent to stakeholders and that we invest the resources necessary. Ofcom is also planning to engage with stakeholders more on international issues. We believe that the proposed quarterly forum has merit and we will consider setting up such a forum, as well as examining other ways in which we could improve feedback and transparency.*

A.37 *The key elements of our work under this theme are described in section 2 and in section 3 we set out details of all the relevant work streams.*

5. Taking opportunities to reduce regulation

A.38 Generally, there was support for Ofcom's approach to reducing regulation. However, there were concerns that the quantity of work in the plan suggests that Ofcom is more likely to increase rather than reduce regulation. Also, some stakeholder groups were reluctant to see deregulation in their areas and there was a concern that deregulation might favour incumbents. It was also suggested that Ofcom should establish a benchmark from which to judge the success of withdrawing regulation. And one stakeholder questioned the need for sectoral consumer protection given the existing body of general consumer protection legislation.

A.39 Clarification of our regulatory principles was sought by one stakeholder. It was suggested that there should not be a bias against *ex ante* intervention and that we should seek the most effective rather than the least intrusive regulatory mechanism. It was also suggested that we should be clearer about the criteria used to determine whether the public interest can be delivered entirely by markets and that we should also take greater account of our duty to promote investment.

- A.40 **Ofcom comment:** *We welcome support for our overall regulatory principles and for our continued cost reduction plans. As noted above, implementation of our strategic reviews will bring a further impetus to deregulation during the course of 2005/6. In addition, we plan to examine our regulatory approach more widely during the course of the year and will consider these issues as part of that project. We will also continue to examine opportunities to withdraw or reduce regulation. For example, the spectrum framework review is expected to lead to spectrum licences being changed to allow more trading and more flexible use and our review of public service broadcasting will result in a move away from genre-by-genre quotas to a new approach based on “purposes and values”.*
- A.41 *The key elements of our work under this theme are described in section 2 and in section 3 we set out details of all the relevant work streams.*

6. Working effectively

- A.42 There was a general welcome for Ofcom’s transparency and our willingness to consult. However, there were areas identified for improvement, in particular, Ofcom’s website. Concerns were expressed about the volume of consultations.
- A.43 It was felt by some respondents that Ofcom needed to make greater progress in promoting ethnic and cultural diversity. It was suggested that Ofcom should have a clearly articulated diversity strategy.
- A.44 **Ofcom comment:** *Ofcom recognises the need to improve its website and is committed to doing so. Regarding the volume of Ofcom’s consultations in our first year, we recognise that this has been substantial, although the quarterly trend is now downwards. In preparing our proposals for 2005/6 we have been conscious of stakeholders’ concerns and will seek opportunities to link together issues into single documents rather than consult separately on each one.*
- A.45 *Ofcom understands the importance of cultural and diversity issues and we are committed to placing diversity at the heart of our work. Our new diversity statement will form the basis for the way we manage our own activities and for a range of proactive initiatives.*
- A.46 *The key elements of our work under this theme are described in section 2. In section 3 we set out details of all the relevant work streams.*

7. Understanding future developments

- A.47 In general, stakeholders welcomed Ofcom’s plans to carry out analysis of evolving markets in three areas – second generation broadband, digital multi-media platforms and the UK content production sector – although there were a few concerns that this signalled an intention to expand our regulatory activities.
- A.48 The timing of the reviews was seen as a key issue. Stakeholders asked that the second generation broadband review be carried out as soon as possible to ensure investment decisions are taken within a stable regulatory environment. It was also felt that the content production review should be done in a timely manner and include, among other issues, diversity of production outside the M25, the use of radio spectrum in relation to Programme Making and Special Events (PSME) and a review of the existing independent production quota and broadcasters’ codes of practice.

- A.49 The proposed digital multi-media platforms work attracted a range of comments about what we should and should not cover and stakeholders supported our aim of stimulating a wide-ranging debate about the future regulatory framework, including the option of not adding to regulation in this area. It was expected by some that this work would need to be carried out over a longer time frame, with opportunities for extensive debate.
- A.50 **Ofcom comment:** *The timetable for the second generation broadband review attempts to achieve a balance between the demands for a prompt review and the need for a longer term perspective. See the calendar of proposed outputs in section 5. Stakeholder comments on the scope of the content production review will be considered by the project team in setting up the detailed plan for this work. However, it is envisaged that the review will examine such issues as the existing arrangements for producing content i.e. terms of trade, content on different platforms and new media rights. There will also be a forward-looking review of sources of funding in the broadcasting sector.*
- A.51 *The review of digital multi-media platforms will be necessarily broad ranging and we are committed to holding a wide and inclusive public debate.*
- A.52 *The key elements of our work under this theme are described in section 2 and in section 3 we set out details of all the relevant work streams.*

Question 3: Are there areas/issues not covered in this Plan which Ofcom should consider adding to its priorities?

Question 4: Have we identified properly the interests of different stakeholder groups, and the impact of our plan on those groups?

- A.53 The responses to questions 3 and 4 overlapped to a large degree, so it is sensible to deal with them together.
- A.54 Stakeholders highlighted the need for us to join up all our work concerned with increasing the choice and accessibility of services available to elderly and disabled citizens and consumers. The need to reflect the interests of SMEs in our work was a point raised by a number of respondents and we recognise that SMEs form an important constituent group, with a large number of spectrum users, in particular, falling into this category.
- A.55 As we have already mentioned above, stakeholders also asked us to:
- articulate more clearly how we address the interests of citizens in making our decisions;
 - reflect more fully the interests of the Nations and Regions;
 - do more to set an example in relation to diversity.
- A.56 **Ofcom comment:** *We have responded to this by deciding to set up overarching projects to bring together and review our work focused on consumers and the related area of access to communications services and equipment. Further details are included in section 2 under the theme of “Addressing important citizen and consumer issues”.*
- A.57 *Our work to better reflect the interests of consumers and SMEs in our decisions will include two reports, which will be published later this year, on the Digital Consumer and the Digital SME. This work is described in section 2 under the theme of “Working effectively”.*

A.58 *We have already mentioned above the work we plan to do to in relation to citizens' interests, the Nations and Regions and diversity.*

Question 5: Do you agree with our proposed level of resourcing?

A.59 Most stakeholders were broadly happy with the cost reductions achieved so far. Several stakeholders were keen on Ofcom achieving further reductions in its costs, while others questioned if we had sufficient resources to give the necessary attention to international engagement, consumer protection and issues of concern to the elderly and disabled.

A.60 **Ofcom comment:** *Ofcom welcomes the overall support for our cost reductions as it is our intention to be an effective and efficient regulator that provides value for money to our stakeholders. We have managed to achieve costs savings through greater efficiencies, improved planning and better ways of working so we expect to be able to complete the programme of work described in this plan. As mentioned above, however, the new or revised streams of work which we have introduced following the consultation will mean that several of the remaining work streams will be managed over a slightly longer timetable and some will run into 2006/7.*

Annex B

Names of respondents

The following individuals and organisations responded to the consultation and were willing for their names to be published:

209 Radio
Advisory Committee on Older and Disabled People
British Entertainment Industry Radio Group
BT
c9tv/North West Television Services
Catholic Bishops Conference of England and Wales
Channel 4
Chelmsford Amateur Radio Society
Churches Media Council
Civil Aviation Authority
CN Radio
Community Media Association
Consumer Panel
Cultural Diversity Advisory Group to the Media
Disability Action
Disability Rights Commission
Federation of Communication Services
Federation of Small Businesses
Flextech Television/Telewest Broadband
GMG Radio Holdings
Hearing Concern
Hutchinson 3G UK Ltd
Ian Abel
Ian Greenwood
ICSTIS Ltd
Institute of Local Television
Intellect
Internet Services Providers' Association
ITV
Northern Visions
ntl group
O2 (UK) Limited
Orange
Pact
PSVratings
Public Voice
RNIB
S4C
Satellite and Cable Broadcasters Group
Scottish and Southern Energy
Sinn Fein
Social and Democratic Labour Party
Solent TV
Strathclyde Fire and Rescue Service
Supplier Panel (Technical) consortium comprising Mott MacDonald, ATDI, ESYS and Schema
Telecommunications Association of the UK Water Industry
T-Mobile (UK) Ltd
UK Competitive Telecoms Association
UK Film Council
Welsh Assembly Government

The full text of each response (where not marked confidential) has been posted on Ofcom's website.