

# A retrospective— Ofcom's first two years

Richard Hooper, Deputy Chair, Ofcom

Ofcom is the regulator for the UK communications industries, with responsibilities across television, radio, telecommunications and wireless communications services.

It is the result of the 2003 convergence of five legacy regulators in the UK. Although the equivalent of ACMA, unlike ACMA it also encompasses the functions of the competition regulator, the ACCC.

How do you assess the success of convergence? Richard Hooper examined the issue under these broad headings.

## SUCCESSSES

Consumers have had a significant price reduction in charges for mobile call termination and for access to broadband. Broadband penetration has increased as has digital television uptake.

Ofcom's major report on public service television broadcasting endorsed the importance of state-funded public service broadcasting in the digital age.

There is greater investment confidence: investment and innovation as well as competition, have been encouraged.

Bias against intervention is a key regulatory principles. Regulation, which ranges from 'light touch' to enforcement, has been rolled back.

Running expenses are lower: achieved by 'restacking' office space—vacating and subletting one floor; fewer staff—32 per cent fewer staff than in the previous five regulators; IT savings—£10 million over a year in the next planning period. Ofcom decided to have fewer better paid colleagues rather than a larger number of less well paid colleagues.



RICHARD HOOPER

Tier One content regulation is delegated to the Content Board. The new Ofcom Broadcasting Code is shorter, clearer and principles-based rather than rules-based.

## SUCCESS FACTORS

Ofcom has taken convergence seriously. It has recognised the convergence of network, device and corporate convergence stemming from the convergent nature of digital technology.

Ofcom's focus on the interests of both consumers and citizens means economic regulation that benefits consumers and cultural regulation i.e. regard for the interests of society as a whole in communication matters.

The whole organisation was converged so the five legacy regulators were not left as separate departments in separate silos under a unified board.

The converged regulator is regarded as a 'start-up' rather than a merger: they moved to a new building; only 25 per cent

of senior management team and three of nine members of the Board came from the previous regulators. This mentality leads to positive change and new ways of doing things. The organisation is inclusive and non-hierarchical.

Ofcom has moved to the commission model of regulation with six non-executives and three executive members including the CEO; the Board operates as a team and Board decisions are supported by all members.

A strong performance management framework is a new model for a public sector body.

Getting the right people was crucial: another success factor has been the CEO, Stephen Carter.

It's an 'entrepreneurial' regulator—it has elements of both the private and public sectors. It strives to find lateral, creative and innovative intervention, practises evidence-based regulation and its size

allows for high quality research and offers career paths; it is independent from government and stakeholders; and strives to make the right decisions—not necessarily the popular decisions.

## FUTURE ISSUES OF CONCERN

- To keep the organisation 'young' and vibrant.
- Get the balance of policy for consumers right. Ofcom acts on the market and the market acts on consumers bringing them benefit. Ofcom's work in media literacy, a statutory requirement, is spreading into many different policy areas.
- Execute the fine details of the conclusions of the Telecoms Strategic Review in relation to the future of British Telecom regulation.
- The final challenge is content regulation in the multi-platform multi-channel digital age.