

Age Concern's response to Review of Universal Service consultation

1. Introduction

- 1.1 Age Concern England (the National Council on Ageing) brings together Age Concern organisations working at a local level and 100 national bodies, including charities, professional bodies and representational groups with an interest in older people and ageing issues. Through our national information line, which receives 225,000 telephone and postal enquiries a year, and the information services offered by local Age Concern organisations, we are in day to day contact with older people and their concerns.
- 1.2 We are pleased to respond to Ofcom's consultation on its Review of the Universal Service Obligation. The telephone is particularly important for older people, not just as a means of keeping in touch with friends and family but just as importantly as a lifeline in an emergency, especially for those who live alone. This special importance accounts for the fact that the General Household Survey 2001 found that unusually a higher number of older households (97%) had a fixed line telephone than did non older households (91%). Only ownership of television at 99% is higher than this for older households. However they are less likely to own a mobile telephone. Only 36% of older households have a mobile compared to 82% of non older households.
- 1.3 Maintenance of the Universal Service Obligation (USO) in telephony service is therefore a very important issue for many pensioner households since many of them are on very low incomes. Pensioner households are over represented in the bottom two income quintiles and the Government estimate that 21% of pensioners live in poverty.¹ There is a marked income profile by age and gender. In general pensioner households aged 75+ are more likely to have lower incomes than younger pensioner households and women are more likely to have lower incomes than men. Single pensioner households are also likely to have less income than pensioner couple households.

2.0 Universal Service and the Strategic Review

- 2.1 Age Concern understands that increasing competition in telecoms may eventually result in the current funders, BT and Kingston, demonstrating that they are no longer able to cover all the costs of the USO and that an alternative method will have to be found. In the current circumstances, Age Concern cannot see the Government offering to do so.

¹ Pensioners Incomes Series 2002-03

We think the fairest method of funding would be one that requires all communication providers of a certain size to provide funding for the maintenance of the USO.

- 2.2 We are not convinced that there would be sufficient interest in competing for provision of the USO, even in certain regional areas. As stated in paragraph 2.2 of the document, part of the rationale of the USO is one of social equity since it provides services for customers the market might otherwise choose not to serve. We think it unlikely that providers would ever want to deliver universal services on a competitive basis.
- 2.3 Although it is not yet clear whether mobile telephony will eventually be a substitute for fixed line telephony, it clearly could be a cheaper option for delivering telephony services in remote areas where fixed line provision would be extremely expensive. For this reason, although as paragraph 4.20 of the document says, mobile technology cannot offer functional access to the internet and is therefore no substitute for a fixed line, Age Concern considers the USO should be extended to include mobile technologies.

3.0 Special tariff schemes and disconnections

- 3.1 Affordability is a major factor in the ability to have access to a telephone. Most complaints Age Concern receive from older people are about the high costs of rental charges. However, older people do everything they can to avoid getting into debt. They are therefore characterised by being low users – to avoid having high bills – rather than as customers who are disconnected because they do not pay their bills.
- 3.2 We are therefore not surprised that Ofcom research found that, despite it being a very complicated tariff, 60% of the Light User Scheme (LUS) subscribers are aged 65+. However, we think the reductions to line rental as offered in other countries would be an attractive option and could allow some older households to spend more on actually making calls.
- 3.3 However, we also consider that the fact that there is no means test required to benefit from the current USO special tariffs is an extremely valuable part of the USO in the UK. It is well known that many older households in the UK do not apply for the state benefits they are actually entitled to. For example, the Government estimate that between 38% and 44% of older households eligible for Council Tax benefit do not claim it and that between 37% and 26% did not claim Minimum Income Guarantee (now replaced by Pension Credit). Any move to make access to special tariffs of the USO only available on the basis of receipt of income benefits would exclude a large number of low income older households simply because they do not claim them. Whilst we note that Ofcom estimate that nearly half of LUS subscribers have incomes over £11,500 per annum, we think it would be a retrograde step to implement a means test for the LUS.
- 3.4 We therefore reject the new special tariff proposed by BT because it would be means tested. While older households would welcome a monthly payment method, many households on low incomes do not like paying by direct debits for budgeting reasons.

Further, direct debit is not available from a post office card account which is the preferred type of account for many people in receipt of pension and benefit payments.

- 3.5 Given the special tariffs are supposed to be aimed at low income households, we consider the methods of payment available for USO scheme are particularly important considerations. Apart from direct debit the document is not clear on what other payment options would be available. In particular, we would like clarification on whether a person on the proposed special tariff would be able to pay their bills at post offices. We are most concerned at the recent decision by BT to delete any reference to the ability to pay their telephone bills at post offices from their literature, although we have been assured that this continues to be the case. We consider it is unacceptable that **all** the methods of bill payment are not automatically given with the bill.
- 3.6 We do not consider that using self declaration rather than actual means testing will alleviate the danger that a number of older households who should benefit from the proposed tariff will not apply to join it. The introduction of a means test is our biggest objection to the new tariff proposal but the fact that households currently on the LUS and In Contact (IC) tariffs will be worse off unless they pay by direct debit is a further deterrent to Age Concern agreeing that this new proposal should replace the LUS scheme.
- 3.7 At present therefore we cannot agree that the BT proposed new scheme should replace LUS and IC. Nor would we agree to this option even if BT accepted the proposed Ofcom changes since Ofcom favour means testing albeit it under a self declaration model. At this stage, Age Concern supports option 1 that there should be no change to the LUS and IC schemes.

4.0 Public Call Boxes

- 4.1 Problems with public call boxes is not an issue that is raised with Age Concern by older people. This is perhaps not surprising since from the research outlined in Annex D of the document, users seem to be younger people and those with only mobile telephones or those without either a fixed or mobile telephone both of which are extremely unlikely to be older people.
- 4.2 However, clearly availability of public call boxes is important for some people and we agree with Ofcom that it would be preferable to retain the current process for removal with some modifications. Whilst we appreciate the desire to reduce the number of public bodies that have to be consulted from the current 12,000, we think that maintaining a public call box is likely to be particularly important in rural areas because the possibility of finding an alternative, including a managed site public call box, will be far less than it is in urban areas.
- 4.3 We therefore consider it is important that Parish Councils should be retained as the public body to be consulted when the public call box is located in a rural area since they are more likely to be aware of pertinent local issues than either District or County Councils. However, we also agree that any objection should be reasonable and

welcome the proposal that Ofcom should draw up some guidelines for public bodies on what is reasonable objection to removal.

- 4.4 We also agree with the BT proposal that there should be an appeals process which is open to both sides. If these changes were implemented we think it would be unnecessary to make other changes to the process such as changing the current definition of sites or to agree to a level of revenue threshold which would remove the right of public bodies to have a veto. We think local circumstances are likely to be sufficiently different that they would be difficult to standardise - walking distances between public call boxes for example. We would prefer to see how the modified and more transparent consultation process works before considering further amendments to the current criteria.
- 4.5 However, we do think that mobile coverage in an area should be a consideration with regard to the removal of the last public call box and this should be included as part of Ofcom's guidelines of reasonableness. We also think that BT should be encouraged to develop 'basic payphones' which are fully functional but cashless along the lines of those being developed by Deutsche Telekom as outlined in paragraph 5.14.

5.0 Services for disabled customers

- 5.1 A major concern for us is that people with community alarms should not be disconnected from their telephone for any reason. Whilst we have not had vast numbers of complaints, we are concerned that there appears sometimes to be some confusion when the household transfers to a new supplier leading to disconnection. There are times, particularly when the transfer has been made over the telephone, when some older people forget they have agreed to transfer. Given we think transfers are likely to increase with the introduction of Wholesale Line Rental schemes there is a danger that more vulnerable older people with community alarms may get disconnected in this way. If this was added to the USO services for people with disabilities this should mitigate the problem since we would then expect any new supplier to ask automatically whether the person has a community alarm as part of their sales process.
- 5.2 Problems of disconnection for some older people who may have an unexpected hospital stay or who, due to confusion, forget to pay their bills could be avoided if Ofcom introduced a requirement that all providers should offer third party payment services. This is one of the services making up the Priority Services Register, offered by all energy suppliers to all their customers who are pensioners or people with disabilities. We ask Ofcom to consider introducing third party payment as part of their special services.
- 5.3 Age Concern agrees that the current requirements with regard to public call boxes are too prescriptive since they only deal with wheelchair and additional amplification requirements. There are other disabilities that should be taken into account including users with visual and dexterity problems. Whilst we agree with Ofcom that one does

not want to provide requirements that are too prescriptive in case these preclude innovation, and that providers should be required to consult on their call box designs, we also think the current obligations should be rewritten to ensure they include the requirement to consider all disabilities and not just those relating to wheelchair users and people with hearing difficulties. On a similar basis we agree that providers should supply bills and contracts in acceptable formats to anyone on request and free of charge and not just to people with visual impairment.

Policy Unit, Age Concern England, Astral House, 1268 London Road, London SW16 4ER.
Registered charity no. 261794

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