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Dear Mr Pridmore,

Review of the Universal Service Obligation

I write on behalf of the Highland Council in Scotland who has considered your recent consultation on the above. The following response represents the considered view of the Council following a hearty debate at its Renewing Democracy and Community Planning Select Committee on 9th March, 2005. There is no problem in making this response public in accordance with your normal practices.

The Council valued the assessment as set out in your substantive consultation wherein a number of concerns and issues were drawn out. In respect of these issues and in response to some of the questions that you posed the following specific comments are made.

Low Cost Scheme

The Council recognises the desirability of trying to find a scheme that focuses upon those least able to pay and the importance of ensuring that everyone in society has ready access to normal telephony services. The Council although supportive of a proposal that it is more acutely focus on individuals on low incomes and in receipt of state benefits cannot support the current ideas. The proposal is flawed on the need to have a bank account and set up a direct debit to realise the main benefit. There are concerns that there will be greater administrative costs to manage this system that needs to recognise that many households often float in and out of qualification. It also seems expensive to establish and operate relative to the myriad of advertised pricing schemes that highlight much cheaper call rates. The Council does not support this proposal unless the operating costs for the customer are substantially reduced and made easier to access. People on low incomes should be given access to an initially cheap service, with the ability to choose, manage and control their entry into more costly services.

Public Call Boxes.

The Council recognises that the current system for removing payphones is substantially flawed, which has only been overcome in Highland with a constructive working partnership between BT and the Council. We firmly agree that a much more informed framework needs to be established on

the basis for the provision of a USO relative to Payphones and to inform and manage debate on their removal.

There is much to commend with some of the ideas currently being mooted in the consultation, for example defining what is a site, allowing local criteria to be drawn up on the USO, increasing the consultation period, etc. Based on both our recent experience of the removal process and the consultation the Council requests Ofcom to retain much of the present process but with the following amendments: -

- BT to consult Local Council's, via the Chief Executive and Community Council's on all payphone removals with both organisations retaining the right of veto.
- BT be required to discuss the consultative process for any substantive removal programme (10 payphones or more within a local authority area) one month in advance of the start date with each council to allow some forward planning. Consultations to last 90 days and avoid principal Christmas and Easter Holidays.
- BT to ensure an appropriate location map and supporting information on the proposal is made available as part of the consultation including information on current usage, remaining nearest neighbour, etc. Ofcom to advise on key information needs and scalable maps, including use of electronic data sources to access this information. This is expected to include much more detailed information to local community levels on mobile reception for national and international networks, social deprivation as identified and addressed locally within social inclusion policies, recognition that needs to be given for emergencies and tourists interests, etc.
- Ofcom to set out principal reasons on which a veto can be made, with Ofcom facilitating a right of appeals process by BT on any objections ensuring third parties have a right to resubmit their views. The veto cannot for example be used to simply retain a kiosk for aesthetic / historical reasons. Ofcom should seek to identify the objective parameters to be used to define the universal service including payphones being available in all communities 100 houses and more, on periodic intervals on the principle local road network, within areas of multiple deprivation / fragile communities, alternative technologies and services such as cashless / emergency phones, etc.
- The Council will wish to strongly resist the suggested transfer of responsibility to fall to local Councils to undertake the relevant consultation on payphone alterations at the request of telephone companies. The responsibility and cost of this activity should remain with each phone company.

Customers with Disabilities.

Notwithstanding that many people with disabilities have already moved onto e mailing and text messaging there are a number for whom these more established services provided by BT are vital. The Council wishes Typetalk services to be retained, although Ofcom may wish to consider if BT should still be fully responsible for its management and financing, which may require some form of public service contribution. In addition there seems considerable merit for Ofcom to maintain a specific interest in disability matters that should not simply be left to the DDA (Disability Discrimination Act).

Providing a Phone Line

The Council requests that the universal charge for all customers remains the same for all reasonable requests for a home service. In addition the Council will want the above cost limit of £3,400 to be kept under constant review and that it should be increased annually in line with normal construction cost inflation rates. The Council would argue that there the industry benefits from the existence of a national network and the scale of development in rural areas where costs are higher are more than offset by new development in urban areas where average connection costs are lower.

The Council would welcome further discussion on the USO and the need to establish standards that will facilitate internet access that keep apace of current day requirements and performance standards. The Council recognise that the USO may need to recognise ever higher service standards.

Yours sincerely



Kenneth D. McCorquodale (Policy Officer)