

EAST NORTHAMPTONSHIRE COUNCIL

Response to Consultation Questions on Review of the Universal Service Obligation

General Background

East Northamptonshire is one of 7 Districts that make up the County of Northamptonshire. It is mainly rural with an area of 50,979 hectares. The population of the District was estimated to be 80,281 in mid 2004, which is distributed amongst 51 rural parishes and 6 towns. Rushden is the largest town with a population of about 27,000. The other main centres of population are the towns of Higham Ferrers, Irthlingborough, Raunds, Oundle and Thrapston.

The larger towns are situated in the southern part of the District, and it is here that the majority of industry is based. This consists of the traditional footwear and leather industries, and also includes electronic and light engineering firms which have recently moved into the area. The rest of the District, to the north is rural, with the market towns of Oundle and Thrapston providing facilities for the surrounding communities.

There are insufficient jobs within the district to meet the needs of the working population and a large number of people have to commute outside the district to their place of work. This is particularly the case in most villages. Where there is work locally it is often low paid. The problems for low income households in rural areas are exacerbated by the fact that there is limited or even no public transport and the increasing rate of closure of sub Post Offices, shops and bank branches.

The area is noted for the relatively high proportion of people who do not have bank accounts compared to the rest of the country. This prevents a significant number of low income households being able to use payment methods such as direct debit.

Much of the rural, northern part of the district, has poor mobile 'phone coverage which, together with the limited public transport facilities and lack of local shops and post offices, makes the Universal Service Obligation a valuable benefit. The Council's responses to the questions asked by Ofcom need to be considered in the light of this background and the fact that the USO is an essential protection for many of the Council's citizens.

Response to Questions

- 1 When the USB was created in 1984 BT was an effective monopoly supplier of fixed line telephony services. This is no longer the case in many urban areas as the cable companies NTL and Telewest now offer fixed line telephony services in competition to BT. BT still has a monopoly situation in rural areas that is unlikely to change. Although, based on Ofcom research, the cost of the USB to BT is relatively small in relation to its turnover it is a public good

cost not born by its competitors. The Council therefore favours an indirect levy on consumers via a levy on communications providers.

- 2 In view of the increasingly competitive telephony services market the Council supports an auction of the right to deliver USO in whole or part by areas based on the level of subsidy required. However the Council considers this would only be effective in large urban areas and that in rural and semi rural areas such as East Northamptonshire there is likely to be little or no genuine competition to the incumbent supplier. As a result an auction would give BT the opportunity to bid for a higher level of subsidy than necessarily justified. Auctions should therefore only be held in areas where research indicates there would be genuine competition.
- 3 The Council has no objections in principle to making the USO, service rather than technology specific but any proposal by a USO service supplier to use mobile rather than fixed line technology must only be approved if the service supplier can demonstrate that the site / area concerned has an acceptable level of mobile coverage and strength of signal reception. Many parts of East Northamptonshire currently have very poor levels of signal strength.
- 4 a) BT's proposal is comparable to the existing IC scheme but at a significantly higher cost for connection and line rental. The Council considers that applying the standard connection fee is totally inappropriate for a USO tariff and that a discount of between two thirds and three quarters should be applied. The Council also considers that the quarterly line rental should not exceed £12.00.
 - b) The Council considers that discounts for paying by direct debit is not appropriate for a USO tariff. Many of the service users receive their income weekly and either do not have a bank account and/or would find a monthly or quarterly direct debit a hindrance to budgeting.
 - c) The Council agrees that a USO tariff that offers substantial discounts should only be available to those on a low income. However some older people on low incomes do not like to claim means tested benefits and these would therefore be excluded from the proposed concessionary tariff. If BT intend to use a status checking agency to help confirm eligibility then the Council considers that eligibility should be based only on the total household income and not a requirement to be in receipt of means tested benefits.
 - d) The Council does not consider it appropriate to require applicants to be in receipt of means tested benefits. If, despite this, Ofcom agrees with BT then the Council consider the following means tested benefits should be used:
 - Pension Credit
 - Working Families Tax Credit
 - Job Seekers Allowance
 - Income Support
 - e) The Council supports the proposed exclusion of IA/CPS and mobile users on a monthly tariff. However it considers it totally unacceptable to exclude

applicants who have a pre pay mobile phone. These tend to be used for occasional or emergency calls away from home rather than a regular alternative to using a landline.

- f) The Council supports the use of self-declaration and of a credit checking agency to minimise BT's exposure to risk of abuse.
 - g) The Council considers that BT's marketing approach of placing heavy reliance on government agencies and consumer groups to be unacceptable. BT should be required to actively market the scheme to existing customers, especially those in arrears, and potential new customers.
- 5 The Council consider that unless there are significant changes to BT's proposal, in particular a substantial discount on the connection fee and a lower line rental not linked to payment by direct debit, then there should be no change to the current BT schemes.
- 6 The Council concurs with Ofcom's view that BT should promote its portfolio of debt management and affordability services more effectively to customers experiencing payment difficulties and indeed to all its customers. In particular it should be required to actively promote the IC & LUS services as part of its standard arrears recovery procedure after the first reminder.
- 7 a) The Council agrees that local public bodies are the most appropriate organisations to object to PCB removal.
- b) The Council does not consider there are any other appropriate bodies to whom the power to object should be delegated.
- c) The definition of a site as 100 meters walking distance is probably too small an area and could be increased to 200 or even 300 meters.
- d) In order to reduce the regulatory burden on BT the Council considers the most appropriate public bodies to have the power to object are local planning authorities, ie. two tier Districts, Metropolitan Counties, Unitary Authorities and London Boroughs. Such bodies have close links with other public bodies, especially parish councils and meetings and are also responsible for developing local strategic partnerships. The local planning authorities should be required to consult with local people and other bodies serving the area.
- e) The Council considers the present consultation period of 42 days to be too short and that 90 days is a more appropriate period to allow adequate consultation and consideration of views.
- f) The Council considers the following factors should be used in guidance for objecting:
- The distance to the nearest alternative PCB,
 - The number of households in the area and the housing type,
 - The number of elderly and social group E households in the area,

- The incidence of vandalism,
 - The annual volume and value of calls,
 - The number of emergency calls in the last year,
 - Mobile 'phone coverage of the site.
- g) The Council has reservations over the use of a revenue threshold. While the amount of revenue must be considered, it should be just one of the factors although if the income was miniscule it would be very difficult to justify an objection, particularly on appeal.
- 8 Although use of an algorithm would provide a consistent approach it would be very difficult to agree a fair algorithm and it would never be capable of taking account of any special local circumstances. The Council consider that the introduction of guidance on grounds for objection and a right of appeal by BT against objections provides adequate safeguards while avoiding a rigid, inflexible approach.
- 9 Cash payment facilities offers a valuable service for the poorest sections of the community. However the high level of cash box attacks cannot be ignored. In view of the increasing trend to payment by cards over the last twenty years the Council does not consider it would be unreasonable to replace the cash payment with a phone card facility in PCBs that are subject to cash box attacks. This would help to lower the cost of maintaining those PCBs. However the Council considers it essential in these cases that BT gives the local planning authority a period of notice so that it can publicise the change to the local population and also ensure that phone cards will be available from local outlets. (BT should be required to help facilitate this last aspect.)
- 10 The Council does not consider it unreasonable to replace PCBs with basic emergency and freephone call boxes, similar to motorway emergency phones, in rural locations such as lay-bys. However the Council does not consider them suitable for inhabited areas.
- 11 The Council concurs with Ofcom's view that the cost of a video relay facility is likely to be disproportionate to the number of users. In addition the lack of broadband facilities in many rural areas would further limit take up. The Council does however support the carrying out of a feasibility study to investigate the issue in detail.
- 12 The Council supports the creation of a Stakeholder Advisory Panel but does not have sufficient expertise to offer views on membership or terms of reference.
- 13 The Council has concerns that the cost of preparing and publishing an annual plan and report would not be justified by the likely level of readership. It is suggested that this is an issue the proposed Stakeholder Advisory Panel consider.
- 14 The Council concurs with the suggestion that mobile/email access should not be pursued at this stage.

- 15 The Council concurs with the recommendation that the existing obligations should be maintained and that the requirement for providers to consult on the design of PCBs be enforced.
- 16 The Council agrees that General Condition 15 should be redefined to apply to all subscribers with disabilities who are not able to read printed bills and contracts.
- G1 The Council agrees that communications providers should be required to consult Ofcom to ensure that the requirements and interests of disabled end-users are fully taken into account in the development and provision of services.
- 17 The Council agrees that retaining a threshold in most areas is reasonable. However in areas where there is no alternative method of telephone communication available, such as mobile coverage, then it is much harder to justify a threshold. The Council considers Ofcom should undertake further research into the level of potential demand if the threshold was relaxed and the cost of meeting that demand, before it reaches a final view on this subject.
- 18 The Council does not consider there is sufficient information currently available to take a view on the level of any threshold. The research suggested above would help to inform such a debate.
- 19 Although the Council considers widespread access to broadband to be important, particularly for the rural economy, it has to concur with Ofcom's view that this is not a matter for the USO regime and that the guidelines do not require substantive change but only minor amendments to improve information flows and make them clearer.
- 20 No views.
- 21 The Council agrees that a more detailed assessment of cost and benefits should be undertaken once the new USO regime is in place, particularly if its suggestion in respect of question 1 is implemented.