

RESPONSE TO STATEMENT AND CONSULTATION ON THE UNIVERSAL SERVICE OBLIGATION FROM CHESTERFIELD CITIZENS ADVICE BUREAU

The Low -Cost Schemes

For the purposes of this consultation we intend to restrict our comments to the proposed changes to low cost schemes.

We write from the perspective of advising disadvantaged members of the public who are frequently struggling to meet the costs of essential services such as telephone services.

We are opposed to the new scheme and are appalled that OFCOM could consider endorsing it. Our objections are as follows:

- i. The scheme is insufficiently generous to merit the restriction of access to the scheme to those in receipt of certain means tested benefits.**
- ii. The new scheme seems to exclude people in receipt of Income Based Jobseekers Allowance. This benefit gives the same *monetary entitlement* as people on Income Support. Whilst people eligible for Income based Jobseekers Allowance have to `sign on` as a condition of entitlement, Income Support claimants do not by virtue of being carers, incapable of work and so on; that is the only significant difference. We are at a loss as to why one group of people getting poverty line benefits are excluded and others included. If this is the case, it is arbitrary and divisive. It fails to take into account that people wishing to claim Jobseekers Allowance increasingly have to use an elaborate telephone computer based system to do so; it is even more important that all disadvantaged people have access to affordable telephone services. Details of the use of telephone based Benefits Claims are detailed in our report `The Trial` which is enclosed for your attention. The scheme seems to exclude other benefits that are de-facto indicators of low- income households.**
- iii. The scheme reinforces disadvantage through financial exclusion by offering discounts for use of direct debit. Many disadvantaged people do not have access to basic bank accounts offering Direct Debit facilities.**
- iv. The new scheme betrays a total lack of understanding of what it is like to financially manage on poverty line means tested benefits. It is our experience that the benefits are not sufficiently generous to enable people to routinely take advantage of the £2 discount by paying their bills within eight days. Benefits paid fortnightly are frequently exhausted within a few days and then eked out until the next payment. There is every possibility the scheme will create a new national `lottery` - where the potential for `earning` an early payment discount depends upon whether a telephone bill arrives in the the same week as someone's benefit payment or not.**
- v. The narrowness of this scheme pushes the issue of telephone affordability for those on low incomes right to the margin. Affordability is now apparently only a concern for a small sub-section of people in poverty.**
- vi. A reliance on means tested benefits to target the scheme is misguided. Means tested benefits are not an acceptable proxy for low income.**
- vii. Systems where eligibility depends upon receipt of means tested benefits are inevitably characterised by escalating cumbersome and intrusive requirements to provide proof of entitlement.**

We consider that there is an overwhelming case for the regulator to bring forward comprehensive proposals to increase protection from disconnection. The promotion of prepay schemes is not a meaningful alternative to positive action required to minimise the amount of disconnection.

**Chesterfield Citizens Advice Bureau
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