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By email only

Dear Sharon,

BT's Universal Service Condition 2: Changes to BT Basic voice only

Thank you for your letter dated 29 March 2021 notifying Ofcom of BT's plans to make changes to its BT Basic voice only product. As set out in your letter, we understand that BT plans to replace BT Basic with a new voice only product ('Home Essentials voice') in June 2021.

Universal Service Condition 2 requires BT to make available one or more schemes to assist consumers who have difficulty affording telephone services including, in particular, consumers on low incomes or with special social needs. At least three months' notice must be given by BT to Ofcom prior to the introduction of a new scheme, or before making any significant amendments to the existing scheme.

Following our meeting on 15 April 2021 to seek further clarity on BT's proposed changes, we are writing to confirm our understanding of the key features of the Home Essentials voice product and how BT's plans will affect existing BT Basic customers.

Eligibility and application process

We understand that Home Essentials will be available to anyone in receipt of means-tested benefits which BT estimates is approximately 4.6 million households.¹ It would be helpful to understand the basis on which BT has arrived at this estimate, which appears low compared to publicly available data from the Department for Work and Pensions.²

We note that BT is working with the Department for Work and Pensions to develop an automated, real-time eligibility check to speed up the application process. We understand that this will take the form of an Application Programming Interface (API) and will go live when BT launches Home

¹ <https://newsroom.bt.com/bt-to-launch-new-at-cost-social-tariff-in-june--offering-support-to-over-four-million-households-on-low-income/>. Based on BT's press release published on 3 May 2021, we understand that people on Universal Credit, the Guarantee Credit element of Pension Credit, Jobseeker's Allowance, Income Support, and Employment and Support Allowance will be eligible for Home Essentials.

² <https://www.gov.uk/government/statistics/dwp-benefits-statistics-february-2021/dwp-benefits-statistics-february-2021>.

Essentials in June; this will enable BT to undertake annual eligibility checks for Home Essentials customers, and eligibility checks of its existing BT Basic customers at its discretion.

We understand that existing BT Basic customers will not be subject to eligibility checks to confirm their continued entitlement to BT Basic, but in order to move to Home Essentials these customers would need to go through the application process. We note that BT does not plan to migrate existing BT Basic customers to Home Essentials, although customers may choose to apply for the new product. We also understand that BT Basic will remain available to customers already on this tariff as at June 2021, but that it will be no longer be open to new applicants following the launch of Home Essentials.

Further, we understand that BT will promote Home Essentials clearly on its website, and we note that a publicity campaign is planned to raise awareness of the product, including through working with third sector organisations and consumer groups. We understand that a paper-based application option will no longer be available, rather customers will have the option to apply for Home Essentials over the phone or online, and, in time, in person at a BT/EE retail store. We would be grateful if you could confirm when you expect in person applications at retail stores to be offered.

Pricing

We understand that Home Essentials will be priced at £10 per month and will be exempt from CPI price increases, meaning that the price of the product will be held flat in nominal terms. BT has indicated that the average BT Basic customer pays around £11 per month for their voice service, so moving to Home Essentials would result in a saving for most existing BT Basic customers.

We note that calls to premium rate numbers (starting with 09) or international destinations will be charged as per BT's standard tariff. We would be grateful if you could confirm whether service numbers (including those beginning with 084, 087 and 118) will be included within the tariff, or whether they will be charged separately as per BT's standard tariff set out in its current Consumer Price Guide.³

Please could you confirm our understanding of the above points or provide a clarification if our understanding is not correct.

Yours sincerely,



Richard Orpin

³ BT Consumer Price Guide (effective from 12 May 2021), https://www.bt.com/assets/pdf/BT_PhoneTariff_Residential.pdf.