



Representing the Communications Services Industry

FEDERATION OF COMMUNICATION SERVICES

## Telephone Numbering – Safeguarding the future of numbers Ofcom consultation- 23 February 2006

A response by the Federation of Communication Services  
Numbering Group  
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## **Introduction**

This response has been developed by the Numbering Group within the Federation of Communication Services, FCS, the communications services industry trade association. A full list of FCS members may be found on the website [www.fcs.org.uk](http://www.fcs.org.uk).

The Numbering Group was set up in April 2006 expressly in response to Ofcom's Numbering Review to provide a collective view from numbering providers, their resellers and others associated with the telephony market. Input has also been received from FCS members delivering WLR, CPS and VoIP services. The Group objectives are to ensure that there is a fair open and competitive environment and to promote best practice and standards for number service providers.

## **General comments**

We welcome Ofcom's analysis of the numbering sector set out in the Review and the importance given to developing a clear numbering policy for the future. Issues raised by this consultation are interlinked with Ofcom's work in other areas of telephony such as the development of a policy for VoIP and Consumer Policy in general. The timescales for changes in number policy envisaged by the Review will parallel the growth of VoIP services in the residential and business markets, and customer perceptions of numbers for example. We would welcome a clear overall statement that draws all of these issues together.

We believe that a priority policy objective for Ofcom's consumer protection regime ought to be the ease of migration (including a number portability regime that does not favour larger players) for consumers from one company to another.

For our members the regulation of 0870 is of great importance. We welcome the innovative proposal for a new 03 national range, which will be ideal for public bodies and for businesses to permit them to accommodate disaster recovery or moving premises and general re-routing of calls. We are convinced however that more thought is needed on 0870 as it is currently used. The proposals in the NTS statement of 19 April 2006 appear inconsistent with the proposals for price linked numbers set out in the Review. Our recommendation is that 0870 numbers that include an added value service in the call charge continue unchanged, including revenue share, but those 0870 numbers with no added services will be able to migrate to 03 over time.

We fully support the proposal to extend the tariffing provisions of the Numbering Plan so that they apply to customers of all providers on all types of network.

The geographic meaning of numbers will inevitably depreciate over time as IP services grow. To ensure that everyone has a clear understanding of changes to the Numbering Plan we believe that Ofcom should conduct a national awareness campaign.

## **Responses to the consultation questions**

### ***Question 1: What are your views on the strategic principles that Ofcom proposes to apply to its numbering policy decisions?***

The strategic principles relate to:

- Availability of numbers;
- Continuity of meaning of numbers;
- Support for competition and innovation;
- Protection of consumers from abuse.

We support each of these principles although we anticipate that protecting the geographic meaning which numbers provide may be of less importance and provide greater difficulty as nomadic services such as VoIP and fixed/mobile convergence take hold.

We recommend that there is greater clarification of the understanding of a Call Charge meaning rather than continuity of the current level of public knowledge.

We welcome many of the Numbering Policy proposals but believe measures to be implemented under closely related policy areas (notably *NTS: A Way Forward* issued on 19 April 2006) are in direct conflict with the underpinning principles of this consultation.

***Question 2: What do you think are consumers' key current views on numbering, how do you think those views will change, and how should Ofcom's current decisions take those changes into account?***

Consumers have some understanding of geographic number ranges and call prices but some are confused about non geographic numbers. Consumer misunderstanding has been exacerbated by the fact that, by value, less than half of the NGN market is price regulated. We recommend that Ofcom should reassess consumer views in relation to the link between numbers and geographic location for numbers in the 01 and 02 ranges. IP Telephony has great potential to undermine the current link as the market develops – as many IP telephony providers only own a limited number of ranges in the 01 and 02 range, and may end up allocating numbers “out of area”.

The consultation states that “Freephone” services are well understood and trusted by consumers.” This may be true for BT Retail customers dialling 0800 from a fixed line, but PAYG mobile customers who can be charged over £1 per minute for a “Freephone” call may not share this view. Our members report that their customers are confused about 0808, many believing that they have to pay for the call. Ofcom as the number regulator should consider undertaking a marketing campaign to explain the ranges that are “Freephone”.

We welcome the proposals for logical, consistent and transparent pricing of non geographic numbers, but recognise that these measures will have virtually no effect unless they are applied uniformly across the entire industry.

Ofcom should seek to find out if customers understand the barriers (if any) to switching services

Considering the anecdotal evidence presented in the consultation document, restoring faith and consumer confidence in services delivered on 09 numbers will not be easy. We are deeply concerned about proposals in the closely related policy document *NTS: A Way Forward* to bring 0871 numbers within ICSTIS regulation. We do not support a reduction in the price point definition of PRS.

As we replied in our response to the NTS consultation last year, “We do recognise, however, that two issues highlighted in the NTS consultation document, rogue diallers and adult services, clearly require action in advance of the Review. We support activity by ICSTIS to eliminate rogue diallers (irrespective of the number range used) and steps to ensure that adult services are restricted to the 09 range. However, it is not clear that the 0871 range is specifically relevant to the consumer harm; it is the dialler action that must be curbed rather than a general penalty on 0871”

***Question 3: What do you think are the main ways in which technological developments will change the focus of numbering policy decisions, and how should Ofcom's current decisions take these developments into account?***

There will be a significant impact arising from the move to IP networks. There is little doubt that rapid technological development presents a challenge for the regulatory framework, but the use of IP addresses

to route calls will also bring benefits for number availability by removing the need to allocate numbers in blocks of 10,000.

There are implications for erosion of geographic meaning as VoIP providers are able to offer "out of area" telephone numbers to their customers. In reality, little can be done to prevent this. Furthermore, caller/callee location is of less relevance as fixed/mobile convergence gathers pace.

Overseas operators selling services into the UK require numbers allocated for that purpose. The technological changes, particularly VoIP expansion, will mean more parties offering a service which requires them to own a number and this will affect how Ofcom allocates them.

We have received reports of one or more mobile operators barring VoIP calls which we consider to be a retrograde step.

***Question 4: Do you have any comments on Ofcom's assessment of the current challenges to the Numbering Plan, in terms of a) number availability, b) transparency, or c) consumer abuses?***

We agree that number availability, transparency and consumer concerns represent some of the biggest challenges facing Ofcom, but we are not convinced about many of the stated proposals for meeting these challenges.

We seek a greater clarification of what Ofcom sees as "abuse" of telephone numbers. This is a very strong term for what might be "misunderstanding".

Number portability and ease of migration of customers between suppliers are additional challenges for Ofcom.

***Question 5: Do you agree that the extension of conservation measures is the best approach to take before the impact of NGNs eases the pressure on geographic number demand?***

In general we support a regime that is flexible and does not have the effect of foreclosure of the market to new entrants.

We support the proposal to extend the use of conservation areas and would also recommend the "F" digit use restriction for every 10k area code allocation. Technical limitations permitting, this would enable Ofcom to reclaim 9,000 numbers from a 10k allocation where necessary. These 9,000 numbers could then be reallocated to other providers (as described in A1.35). The positive effect which conservation measures have had in Brighton and the statistics presented in paragraph 5.16 demonstrate that this approach works. We recognise the implication of increased data-build costs but believe that this causes least disruption to consumers.

***Question 6: Do you agree that the use of overlay codes is the best backstop approach in the event that extended conservation measures are not sufficient to meet demand for geographic numbers?***

We agree to this proposal and note that all stakeholders require a clear and timely warning of impending changes.

***Question 7: Do you agree that Ofcom should continue to respect the geographic identity of numbers until consumer understanding of the impact of technology change evolves further, and what do you consider is the best way to develop that consumer understanding?***

As fixed/mobile convergence gathers pace and the VoIP market matures it will be increasingly difficult to attach geographic meaning to telephone numbers although we recognise that some consumers will still want them. Ofcom is right to acknowledge the inevitability of this, but we agree that geographic numbers should continue to be used out-of-area only at the request of the end user and that tariff transparency be protected.

**Question 8: Do you agree with Ofcom's proposal to open a new '03' number range for non-geographic, non-revenue sharing services?**

We warmly welcome the proposed '03' range - a highly logical solution to almost every concern raised under the NTS consultation. Providing a path for voluntary migration to non revenue sharing countrywide numbers is a preferred route. For this reason, we see little reason to proceed with many of the measures described in *NTS: A Way Forward* – which are in direct conflict both with the specific proposals and broader principles of this consultation.

**Question 9: How should the '03' range be structured, in terms of tariffs and services?**

In our view the effectiveness of '03' will be its simplicity and so it should be introduced at the national rate, without any sub-ranges.

**Question 10: How should the '08' range be structured, in terms of tariffs and services?**

We support option 3(iii).

We would recommend retaining today's status quo on '08' tariffs. Ofcom's objective of price transparency and meaning would be met very quickly if call charge consistency existed across all PECHN operators including mobile operators. The large variance of tariffs for access to '08' services, including freephone, (a misnomer for the majority of calls originating from a mobile telephone) has caused the most damage to price transparency.

**Question 11: Which broad approach should Ofcom take to structuring the '09' range, and if a re-structured '09' range is preferred how would you arrange the different types of '09' services (e.g., according to price per minute, price per call, inclusion of adult content)?**

In principle restructuring according to price per minute seems to be a good idea but we doubt whether this would be workable.

**Question 12: Should any specific PRS service categories be identified or segregated in order that parents can block access by their children (e.g., sexually explicit content, gambling)? Is there merit in having a general 'adults only' classification, including a range of services to which access might be restricted on the grounds of content, or might consumers wish to apply different rules for different types of content?**

We do not see this approach as practical.

**Question 13: Are there any practical means by which the Numbering Plan could provide improved mobile tariff transparency?**

Mobile tariffs and the proposed numbering plan appear inconsistent; mobile companies appear free to set their own tariffs so that they can develop charged for services; whereas fixed line tariffs are to be rigid and inflexible.

We have explained in our answers to the above questions that we do not see a clear set of sub structures for 09 and similarly we cannot see their application to 03 or 07 as practical.

**Question 14: Do you agree that personal numbers should have a tariff ceiling (or recorded message) to restore trust in those numbers? If so, what level, and should that ceiling include the cost of recorded messages?**

We do not see the need for a tariff ceiling for personal numbers.

**Question 15: Do you agree with Ofcom's proposals to move personal numbers (with the same consumer protection provisions) to the '06' range and to pursue the direct allocation of numbers to end users as proposed at some point in the future?**

Agree, though we believe that as follow-me functionality is already provided for other geographic and non-geographic numbers, using web-based number translation services or via VoIP service providers, we see little long term value in allocating an entire number range to personal numbering.

**Question 16: Do you have any comments on the use of the 05 number range?**

The low level of take up of these numbers illustrates a lack of interest by businesses. We recommend that this range is retained for future use.

**Question 17: Do you agree that Ofcom's overall proposals for a future Numbering Plan are coherent and comprehensive, and do you have any comments on the timescales in which the changes should be implemented?**

We believe the Numbering Plan proposals are comprehensive, but there are significant inconsistencies. Measures described in other closely linked policy areas (notably the NTS consultation) are completely at odds with the principles and specific proposals contained in this consultation.

**Question: 18 Do you agree with the principle of using consumer protection tests in numbering in order to limit consumer abuses, as long as the relevant legal tests are met? Do you have any suggestions for what tests would be appropriate or any conditions that should be met to pass such tests?**

Many in the industry welcome the application of some sort of test prior to allocating number ranges. This should be compliance with the General Conditions as a minimum.

However we do expect Ofcom to be much more proactive in explaining what the General Conditions of Entitlement are and how they apply to different types of company. Just to tell companies to go and talk to their lawyer to see if GCEs apply to them is not a fulfilment of Ofcom's responsibilities.

**Question 19: Do you support the proposal to extend the tariffing provisions of the Numbering Plan so that they apply to customers of all providers on all types of network?**

We fully support the proposal

**Question 20: How do you think the new Numbering Plan could be effectively communicated to consumers?**

It is Ofcom's responsibility to lead and conduct a publicity campaign. Industry will do what it can but it is not industry's role to carry out Ofcom's responsibilities.

**Question 21 What are your views on Ofcom's analysis and the different options for number charging?**

We are particularly concerned that charging for numbers will disadvantage smaller businesses (particularly in the VoIP sector). In order to compete with the traditional telephony providers, VoIP operators must be able to offer geographic numbers which relate to the addresses of their residential or business customers. Small firms in this sector have been responsible for highly innovative technological development. Discriminating against such businesses through the application of cost-based charges may stymie such innovation and promote inefficient utilisation.

Since, in the main, geographic numbers are allocated in 10k blocks, the cost of acquiring numbers covering more than 600 area codes will be prohibitive for smaller companies, even if the charge is "nominal". Allocation of numbers in 1k blocks may reduce the financial burden. Unless Ofcom sees number charging as a means of raising revenue, rather than managing resource, we see little justification for levying application and rental charges for number allocation. Recommended approaches to resource management are described in our answers to questions 5, 6, 8 & 9 above.

The introduction of charges must not be a barrier to entry.

We think that Ofcom should distance itself from being a market maker. If, for resource management, charges are introduced they should be managed by an independent third party directed by Ofcom. We recommend use of any surplus above cost for the development of a central database system for number allocation. This would be developed in the first instance to cover the new 03 ranges and then extended to bring in the existing number ranges in a phased approach.

***Question 22: Which, if any, numbers might appropriately be allocated using a value-based charge?***

We believe it would be very difficult for Ofcom to identify and value golden numbers and that this is best left to market demand and supply. Whilst it may be easy to identify memorable numbers, others (such as those which have important alphanumeric patterns) will be more difficult to spot. For example, 0845 787 7678 is in itself not particularly memorable, but 0845 SUPPORT (its alphanumeric equivalent) may be very attractive to a provider of helpdesk services.

***Question 23: Do you have any other comments on Ofcom's proposals for numbering as discussed in Section 5, or any other suggestions for how Ofcom might revise the current Numbering Plan or its administration?***

Our principal concern is the clear discord of the NTS consultation with the principles and policies of this consultation. In broad terms, we support the proposed Numbering Plan and believe that Ofcom should abandon contradictory decisions which have been made in *NTS: A Way Forward*. For example, "the introduction of 03 removes the need to end revenue sharing on 08 numbers and remove the NTS condition". Voluntary migration will cause the least disruption in the market place and increased price transparency will be achieved by extending the tariffing provisions to all originating providers, on all types of network – including mobile networks.

**Detailed questions from Annexes 1-5**

***Question 24: What do you think of Ofcom's proposed general approach to managing geographic numbers?***

We support the two stage strategy of demand management followed by supply side measures (where necessary) as described in A1.7 – i.e. tighter forecasting, additional conservation areas and improved utilisation of allocated numbers. If these measures prove insufficient in certain areas, we would prefer the use of overlay codes rather than closing the scheme or implementing a code change and moving to wide area codes.

**Question 25: Do you have detailed evidence or suggestions on the variables likely to influence demand for geographic numbers, how those variables will change over time, and how Ofcom should develop a demand model?**

We do not have any additional comments.

**Question 26: Do you agree with the specific proposal for how to extend conservation measures, including the extension to areas with a number shortage predicted in the next five (rather than two) years?**

Agree. We fully support the proposal described in A1.25 and A1.26, though we recognise the implications for data-build and associated costs.

**Question 27: Do you consider there to be any upper limit, in terms of technical feasibility, on the number of areas in which conservation measures could be used?**

We have no additional comments

**Question 28: Do you agree with Ofcom's assessment of the impact of conservation measures on stakeholders?**

No comment

**Question 29: Do you agree that Ofcom should pursue these additional ways to improve number utilisation and, if we do, how would stakeholders be impacted and what practical issues are involved?**

We support all the measures described in A1.35, A1.36 and A1.37. We have some practical concerns with regards to number pooling, such as allocation of numbers within the pool (including more memorable blocks/numbers) and legal recourse should problems arise with a provider. We have reservations about charging for numbers, more fully described in our answers to questions in Annex 4.

**Question 30: What are your views on overlay codes, and Ofcom's assessment of them, as a fallback option to increase number supply? What should be the maximum number of areas where overlay codes are introduced?**

We support the use of overlay codes as a fallback measure.

**Question 31: What are your views on closing the scheme, and Ofcom's assessment of it, as a fallback option to increase number supply?**

We have no major concerns about this method but still favour the use of overlay codes rather than closing the scheme. The effectiveness and associated costs of communication to ensure consumers understand the implications for local dialling should be considered carefully before this approach is adopted.

**Question 32: What are your views on wide area codes, and Ofcom's assessment of them, as a fallback option to increase number supply?**

We believe the potential disruption arising from a general change to wide area codes far outweighs the benefits and should be considered only as a last resort.

**Question 33: Might wide area codes be appropriate in regions with a strong identity and, if so, which specific regions are suitable for wide area codes?**

No comments.

**Question 34: Do you agree with Ofcom's assessment of the problems with current 08 and 09 in terms of information clarity and consumer perceptions?**

We believe the lack of clarity on 08 pricing is a result of price inconsistency between operators and particularly high tariffs applied by mobile operators. We believe that information clarity is best achieved by ensuring that the Numbering Plan is not weakened by inconsistencies in consumers' experiences and that tariffing provisions apply to all originating providers, on all types of networks (as set out in 5.91).

Lack of communication about 0808 has led to low levels of consumer awareness that 0808 is a freephone range. In turn, this has led to lower adoption. We do not agree that 0808 is well-recognised and trusted by consumers (A2.26) in the way which 0800 may be (at least for calls originated by BT).

**Question 35: Which of these options for current 08 services do you think is best in terms of a) increasing consumer transparency and b) minimising the costs of re-structuring the 08 range?**

We do not believe that any of the three options to be (as stated) wholly appropriate in increasing transparency, particularly as each takes as its starting point the proposals set out in the NTS consultation. We have responded separately to *NTS: A Way Forward* in detail but would reiterate that sadly many of the decisions announced on 19 April are in direct conflict with the spirit of this consultation. We believe that the correct approach is set out in A2.37 – that 03 becomes the natural home for non revenue-sharing services and that revenue-sharing be allowed to continue on 0870 numbers.

Of the three options described in Annex A, Option 3(iii) at face value seems sensible – "the higher the number, the higher the price", though restoring the geographic link between 0870 and BT geographic call charges (as stated in *NTS: A Way Forward*) completely flaws this logic since 0870 and 0845 would both be cheaper than 0844. This is just one example of many anomalies of the two consultation documents.

Maintaining the status quo on 08 pricing, but enforcing tariffs across all originating providers will rapidly improve consumer transparency. Voluntary migration to the 03 range for those organisations which do not require revenue share or provide no additional NTS features (e.g. intelligent number routing or call management features such as time of day call delivery, hunt groups, voicemail, etc) will mitigate the costs of re-structuring the 08 range.

In terms of resource management, adopting a geographic number conservation approach (0800 numbers are already allocated in 1k blocks) would appear the most logical way forward.

**Question 36: How might early migration to the '03' range be encouraged?**

Migration is best left to market forces. Information about the benefits of 03 to organisations which do not require call revenue share but do require a countrywide number in conjunction with a consumer communication campaign explaining the charges and inclusion in call packages minutes (such as BT Together) will provide incentive enough for voluntary migration.

**Question 37: Is it more important to indicate price per minute or price per call, and does this vary for different types of PRS service? What granularity of PRS tariff information should be given to consumers by the Numbering Plan?**

The charges for PRS calls ought to reflect the nature of the service for example where the call involves a "live" conversation the charge should be advertised on a per minute basis. Where the call involves a recorded message and has a maximum length the total cost of the call should be advertised.

**Question 38: Should there be any PRS number ranges with no tariff ceiling?**

In all our responses we are assuming that PRS refers to services called to 09 numbers. If there are to be services in future that are so valuable to the caller that they are prepared to pay a higher pence per minute charge then each should be considered on a case by case basis.

**Question 39: What is the typical turnover of 09 numbers, and what does this mean for migration timescales to a new 09 Plan? How could Ofcom structure the 09 range or take other steps to promote voluntary migration of 09 services?**

No further comment.

**Question 40: Do you agree that that part of the 07 range which is currently unused (071-075) should be reserved for mobile services, with the aim of establishing 07 as a mobile 'brand'?**

Agree, though we have reservations about attaching network-type significance to any particular number range with the advent of fixed/mobile/IP convergence.

**Question 41: Should Ofcom reserve specific sub-ranges within the 071-075 range for new mobile multimedia services, in the interests of promoting consumer awareness and tariff transparency, and if so how?**

Again, associating service provision with a particular number range could be dangerous in a rapidly changing market.

**Question 42: Do you support the use of 100,000-number blocks in allocating mobile numbers to new mobile voice providers?**

We do not think that Ofcom should restrict new mobile voice providers from acquiring sufficient numbers for their needs otherwise this could be seen as a barrier to entry to the mobile market.

**Question 43: Based on the above analysis, if Ofcom were to introduce a charge ceiling on calls to 070 numbers, which of the following levels should be adopted; i) 10 ppm ii) 15 ppm iii) 20 ppm iv) something else?**

At present 20ppm seems appropriate, but should be kept under review in a rapidly changing market.

**Question 44: Would a requirement to make tariff information clearly available to purchasers of personal numbering services at the point of sale, either in addition to, or instead of a call ceiling, be an effective means of providing tariff transparency on personal numbers?**

Surely tariff information is of greater relevance to the caller than the purchaser of personal numbers and services?

**Question 45: If a new sub-range is made available for personal numbering services, how long should the current '070' sub-range remain available for existing providers, in order to minimise migration costs?**

No comment.

**Question 46: What issues do you think would need to be resolved before Ofcom makes individual numbers available for direct allocation to end users?**

Whether there is any demand given that the services described already exist on geographic and non-geographic numbers (particularly from VoIP providers) and that they will be of less relevance as the concept of "presence" and fixed/mobile/VoIP convergence gather pace.

The disruption that this will create for commercial organisations providing personal numbers and associated services in the market place should be addressed.

**Question 47: What do you consider to be the main strengths and weaknesses of the current rules-based system of UK number allocation?**

No comment

**Question 48: Do you agree with these principles for number charging?**

No further comment.

**Question 49: What are your views on Ofcom's assessment of the issues to be considered in setting and reviewing number charges? For example, should other issues be considered in developing charging proposals?**

No comment

**Question 50: Do you agree that charging for numbers could disincentivise economically inefficient behaviour, and incentivise economically efficient utilisation?**

To a point, but only if much smaller blocks could be made available.

**Questions 51 to 61**

We have no further comments to make.