
Affordability of Communications Services

Summary of research findings and update on
availability and take-up of broadband social tariffs

[Affordability of communications services](#) – Welsh translation

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1. Overview

Ensuring people can access affordable fixed broadband and mobile internet services remains a priority for Ofcom. Our research finds that 5% of households struggle to afford their fixed broadband service, while a similar proportion face affordability issues with their mobile smartphone services. For broadband households on means-tested benefits, these figures are higher still, with around one in ten experiencing an affordability issue with their fixed broadband service.

Affordability pressures are likely to worsen in 2022 due to rising retail prices and wider pressures on the cost of living. Several broadband and mobile providers have announced significant above inflation price increases to be implemented this year. We are concerned that these price rises could exacerbate affordability issues, especially for households on low incomes.

Six providers now offer social tariffs which can help ensure that fixed broadband remains affordable for customers receiving benefits. Priced at between £10-20 a month, these tariffs offer significant savings of up to £10 per month to eligible customers compared to the cheapest commercially available tariffs. However, our research suggests that few consumers are aware of these tariffs and take-up rates are very low with only an estimated 1.2% of eligible households having taken up a social tariff so far. Some major providers have not yet introduced a social tariff at all, despite calls for them to do so.

Current providers of social tariffs should do a lot more to raise awareness of social tariffs and ensure it is easy for those eligible to sign-up. To address the remaining gap in availability, other major providers should introduce social tariffs to ensure that people can affordably access the internet.

To help alleviate affordability concerns for households on the lowest incomes, we urge providers to:

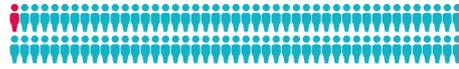
- offer a social tariff to ensure customers can access the internet if they encounter affordability issues.
- promote their social tariffs to raise awareness of them among eligible people. This could include referencing social tariffs in any communications to consumers about price rises, as well as working with organisations who are likely to engage with people facing affordability problems, such as local authorities and consumer advice agencies.
- make information about their social tariffs clear and easily accessible. This could include ensuring these tariffs appear prominently on websites, as well as clear messaging on eligibility requirements to encourage customers to sign up.
- ensure the application process for social tariffs is simple and easy to navigate.

We will continue to track the extent to which households have difficulty paying for communication services through our ongoing research programme, as well as monitoring take-up and awareness. In addition, we will shortly publish proposals to help ensure that customers in debt or at risk of disconnection are treated fairly by their provider.



55,000 households
are on a social tariff
as of January 2022

4.2 million
households are on
universal credit



1.2%
of UK households
receiving Universal Credit
are on a social tariff



84%
of benefits claimants are
unaware of social tariffs



**Monthly spend
on broadband**



Household 1

Out of work Universal Credit claimant

£27 average spend
8.3% of disposable income

Reduces to £15 on a social tariff
4.6% of disposable income

Household 2

Part time Universal Credit claimant

£27 average spend
4.8% of disposable income

Reduces to £15 on a social tariff
2.7% of disposable income

2. Introduction

- 2.1 Ofcom has a duty to carry out, publish and take account of consumer research regarding the experiences of consumers of communications services.¹ In discharging these duties, we regularly collect and publish market intelligence and consumer research information on the services available, the prices of these services, the take-up by consumers, the reasons for not taking up services, and the overall spend on communications services.
- 2.2 Our regular monitoring of consumer affordability of communications services finds that some households struggle to afford communications services.
- 2.3 We published two documents on the affordability of communications services, in December 2020 and July 2021.² These documents highlighted that significant numbers of UK households face affordability issues with accessing internet services, including fixed broadband and mobile internet services. In addition to our work on affordability, we are currently also reviewing our measures to protect people in debt or at risk of disconnection.³
- 2.4 Our analysis of affordability suggests that social (or targeted) tariffs⁴ – which offer internet services at discounted prices to households on the lowest incomes – can help address these affordability challenges. Six fixed broadband providers (BT, Community Fibre, G.Network, Hyperoptic, KCOM and Virgin Media O2) currently offer at least one social tariff.
- 2.5 This report outlines updated research findings on the affordability of communications services, with a particular focus on fixed broadband given the importance that people place on being able to access the internet at home. Our findings and analysis highlight the ongoing role social tariffs can play in supporting households on means-tested benefits to afford these services.
- 2.6 We also present new evidence suggesting most consumers are unaware of these tariffs, which may partially explain the low take-up of the tariffs that providers have made available. We conclude by urging existing providers of social tariffs to raise consumer awareness of them and for other providers to make them available, given the need for the tariffs may increase during 2022. We are also keen to work with other stakeholders, such as consumer groups and local authorities, to help raise awareness of social tariffs.

¹ Sections 14 and 415 of the Communications Act 2003.

² Ofcom, December 2020. [Affordability of communications services: A summary of initial findings](#) (“our December 2020 report”); Ofcom, July 2021. [Affordability of communications services: summary of findings](#) (“our July 2021 report”).

³ Ofcom, July 2021. [Review of measures to protect people in debt or at risk of disconnection. Call for Inputs.](#)

⁴ In this document, we refer to ‘social tariffs’ to describe the discounted or targeted tariffs that broadband providers are voluntarily offering to customers who meet certain eligibility criteria. Providers use a range of different labels to describe these products. Ofcom does not have the power to introduce regulated social tariffs without being directed to do by the Government. For more details on the legal framework for our work on affordability see Background section of our July 2021 report.

3. Research findings

Affordability of communication services

- 3.1 We have been tracking consumers' attitudes and behaviours regarding the affordability of communications services during the pandemic through our Communications Affordability Tracker. We commissioned regular telephone interviews among c.1,100 UK households from June 2020.⁵ The research focuses on affordability issues that consumers of communications services may be facing and asks about any actions they have taken to help afford communications services in the month prior to interview.
- 3.2 The analysis in this report uses data from individual waves of research where sample sizes allow. It also uses combined data from waves of research in June, August and October 2021 to understand affordability issues among sub-groups.
- 3.3 We focus on internet access because of the essential role it plays in people's lives. Within internet access, we focus on fixed broadband particularly, in recognition of the fact that it is the communications service most likely to be described as 'very important' among household decision makers. We also recognise that other forms of internet access, particularly through mobile connectivity, can be vital for some customers and so we pay close attention to mobile internet services too.

Confidence in ability to pay for communications services remains lowest among households with lower incomes or receiving benefits⁶

- 3.4 Most (93%) households are confident in their ability to pay for communications services in the next three months without making any changes to their service. However, some groups are less likely to say this (5% of all households). Those reporting lower levels of confidence include: the lowest income households i.e. up to £10,399 per year (17% - not confident), those receiving means-tested benefits who don't receive any other income (14% - not confident),⁷ and households with a resident with an impacting or limiting condition (15% - not confident).

Almost one-in-five households report that they are struggling to pay for at least one communications service

- 3.5 In our research we ask about experience of any of five different affordability issues, for any communications services respondents had in their household. These experiences are:
- Cancelling a service because they could no longer afford it

⁵ As of April 2021, the fieldwork for the Ofcom affordability tracker was conducted every other month. From April 2022, fieldwork will be conducted on a quarterly basis.

⁶ Confidence in ability to pay for communications services is based on rolled data June, August and October 2021 due to low base size in October.

⁷ Means tested benefit include those in receipt of at least one of; Universal credit zero income, Universal Credit with some income, JSA, ESA and income support.

- Making changes to an existing service (e.g. changing the package or tariff) in order to make it more affordable
- Reducing spend on items such as food or clothes in order to continue paying for communications services
- Missing a payment
- Making changes to the way they pay for a service, in order to continue to pay.⁸

3.6 In Figure 1 we present the longer-term trend (by research wave) for affordability issues experienced across *any* type of communications service (including landline, Pay TV and on-demand streaming services) and specifically those experiencing affordability issues with internet access i.e. fixed broadband and mobile internet services.

3.7 Over the period of the research the proportion of households experiencing affordability issues with at least one communications service has remained broadly stable, largely around 17%-20%.⁹

Around 5% of households struggle to afford their fixed broadband service¹⁰

3.8 As shown in Figure 1 below, fixed broadband affordability issues have fluctuated over the period of the research, ranging between 2% and 7%. Following a drop in summer 2021, the proportion reporting fixed broadband affordability issues reverted to 5% in October (similar to the position earlier in the pandemic). We estimate this equates to around 1.1 million households (+/- 400,000).¹¹

3.9 For households with a smartphone, affordability issues have remained broadly stable over the period of the research. In October 2021 affordability issues with smartphones stood at 4% which we estimate equates to around 1 million households (+/- 300,000).¹²

3.10 In total, accounting for overlap in affordability with both these services, we estimate around 2 million households (+/- 500,000) were experiencing affordability issues with either their fixed broadband and/or smartphone in October 2021.¹³

⁸ This might include using savings to pay the bill; using a credit card to pay the bill; taking an agreed payment break/deferral; using an overdraft to pay the bill; taking out a loan/borrowing money to pay the bill; or entering into a repayment plan agreement.

⁹ December 2021 research published on 25 January 2022 reports affordability issues with at least one communications service at 21%.

¹⁰ The base for analysis among 'fixed broadband households' includes both current and recent consumers (i.e. cancelled in the month prior to interview)

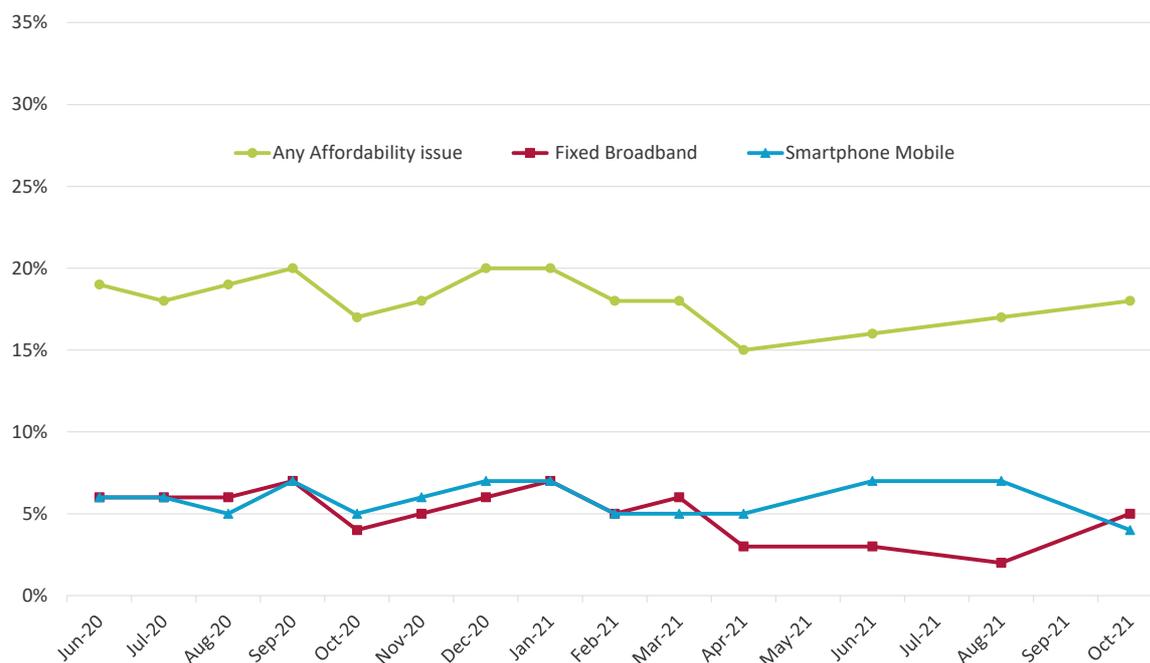
¹¹ This compares to 3% (April 2021 wave) = 800,000 reported in our July 2021 report. See FN48 in our July 2021 report.

Note: The base (n=889) for analysis among 'fixed broadband households' includes both current and recent (i.e. cancelled in the month prior to interview) consumers. December 2021 research published on 25 January 2022 reports fixed broadband affordability issues at 6%.

¹² December 2021 research published on 25 January 2022 reports smartphone affordability issues at 9%.

¹³ We estimate that in October 2021 around 1.1 million households (+/- 400,000) were experiencing affordability issues with their fixed broadband and 1 million (+/- 300,000) were experiencing affordability with their mobile internet. Mobile internet affordability analysis assumes affordability issues with smartphones relate at least partly to mobile internet. Some households experienced affordability issues with both fixed broadband and smartphones. See Annex for further detail.

Figure 1: Trend in experience of affordability issues



Source: Ofcom Communications Affordability Tracker. Base: UK decision makers aged 18+. Base includes both current and recent (i.e. cancelled in the month prior to interview) consumers. Any service bases range from 1079 in June 2021 to 1680 in April 2021. Fixed broadband bases range from 881 in June 2021 to 1390 in April 2021, smartphone bases range from 885 in October 2020 to 1369 in April 2021.

Note: 'Any' affordability issue also includes issues with landline (3%), Pay TV (8%) and On demand streaming services (6%), not shown in the chart above. Some consumers experienced more than one affordability issue either within a given service and/or across multiple services. 'Any affordability issue' only counts each issue/service once i.e. affordability issues for each service are not additive.

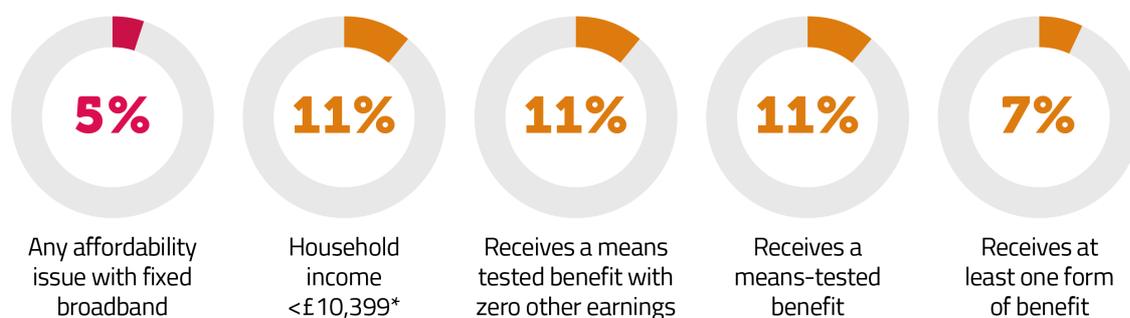
The most common affordability issue is for households to make changes to existing services, although some have taken even more serious action

- 3.11 As in previous reporting periods, the most common affordability issue is households making changes to existing service/s to make them more affordable.
- 3.12 Among fixed broadband households, 3% said they had made changes to the service to make it more affordable. One per cent had made changes to the way they pay for this service and just under 1% (0.7%) each said they had missed a fixed broadband payment or cancelled this service in the previous month because they could no longer afford it. The proportion citing each broadband affordability issue has largely remained stable for the period of the research.

Lower income households and those in receipt of benefits were more likely to have an affordability issue with their fixed broadband service

- 3.13 Around one-in-ten (11%) fixed broadband households with the lowest incomes (up to £10,399)^{14 15} and the same proportion of those receiving means-tested benefits experienced an affordability issue with this service.
- 3.14 Lowest income households (3%) (as above), those receiving means-tested benefits with zero other earnings (2%) and those currently unemployed (2%) were among those more likely than average (0.4%) to have cancelled their fixed broadband service.
- 3.15 Households with a resident with a limiting or impacting condition were also more likely than average to experience affordability issues with their broadband service (8%) and to say they had cancelled the service (2%).

Figure 2: Any affordability issue experience with fixed broadband, by group



Source: Ofcom Communications Affordability Tracker. Base: UK decision makers aged 18+ and includes both current and recent (i.e. cancelled in the month prior to interview) consumers. Any affordability issues with fixed broadband based on October data (889). Affordability issues within sub-groups based on rolled data June, August and October 2021 due to low base size in October. Base: Household income up to £10,399 (*80)¹⁶, receives a means-tested benefit with £0 additional earnings (203), receives a means-tested benefit (295), receives at least one form of benefit (678). The comparable figure, based on rolled data for 'any affordability issue with fixed broadband, is 3%.

- 3.16 For 5% of households¹⁷, their only method of accessing the internet is through a mobile phone (i.e. smartphone) or other mobile broadband device (for example a dongle or USB

¹⁴ Household income up to £10,399 has a low base (80), treat as indicative only.

¹⁵ 4% of households with an income between £10,400-£15,599 and 7% of households with an income between £15,600-£25,999.

¹⁶ * Low base size, so treat as indicative only.

¹⁷ Data based on Ofcom's Technology Tracker 2021.

device). We refer to this group of households as 'mobile internet-only'. Seven percent of these households have experienced affordability issues with their mobile internet service.¹⁸

- 3.17 The affordability issues experienced by mobile internet-only households include making changes to their service in order to make it more affordable (2% reduced their minutes and data). Two per cent said they had missed a payment for the service, while 0.6% had made changes to the payment method for their mobile service in order to continue to pay for it. Three per cent said they had cancelled their mobile service in the month prior to interview because they could no longer afford it.
- 3.18 Among mobile internet only households, younger decision makers (18-24)¹⁹ (14%) are more likely than average to experience internet affordability issues.

In conclusion, the most financially vulnerable are more likely to experience affordability issues, underlining the importance of social tariffs

- 3.19 Overall, our latest research findings illustrate that those in the most financially vulnerable situations continue to be more likely to experience affordability issues. In our view, this underlines the importance of the availability of tariffs priced at a level that may alleviate affordability issues and targeted at households in receipt of means-tested benefits. In the next section we examine the potential benefits of such tariffs for these households.

¹⁸ The low incidence of mobile internet only households means we achieve low base sizes within individual waves of research. As such most variation over the period of the research (i.e. June 2020 to October 2021) is not statistically significant (between 4%-10%). We therefore report affordability issues among mobile internet only households using aggregate data from most recent three waves of research (June, August, October 2021) from an unweighted base of 359.

¹⁹ The unweighted base size for 18–24-year-olds in mobile internet only households is below 100 (62). Therefore, these results should be treated as indicative only.

4. Value of Social Tariffs to financially vulnerable people

- 4.1 We believe that customers should get a fair deal for their communication services. We want people to shop around with confidence, make informed choices and switch easily. Competition and innovation in the market have resulted in lower prices, better services, wider availability and improved reliability in recent years. This means that many people may be able to save money on their bills by switching provider or re-contracting with their existing provider.
- 4.2 However, while average prices fell across a range of communication services in recent years, leading fixed broadband and mobile providers introduced a series of above-inflation price increases for new and some mid-contract customers in 2021.²⁰ Many providers have announced their intention to implement significant above-inflation price increases again in 2022, and with inflation now at its highest level in 30 years, these price increases may exacerbate affordability issues, especially for households on the lowest incomes.
- 4.3 Some customers who face affordability issues could reduce their bills by shopping around for a better deal. However, for many financially vulnerable customers, even the cheapest available commercial tariffs may be unaffordable. Financially vulnerable customers may include people who have internet access services but are struggling to afford them, and people who do not have internet access at all because of affordability problems.²¹ In these cases, social tariffs can provide valuable support by offering lower prices (to a specified group of eligible consumers) than those that are otherwise commercially available. Given the price rises that are due to take effect later in 2022 across many providers, it is even more important that providers offer and promote social tariffs for financially vulnerable people.
- 4.4 In this section, we set out our latest assessment of the potential benefits that social tariffs can offer to households on low incomes, focusing in particular on fixed broadband.

There are a range of social tariffs currently available for financially vulnerable households

- 4.5 As set out in Table 3 below, six fixed broadband providers already offer social tariffs that are cheaper compared to commercially offered products at equivalent speeds. Each provider below offers a social tariff that gives a potential saving of £4 - £29 per month when compared to their own cheapest equivalent commercially available products. Compared to the cheapest comparable commercially available products on the market, social tariffs offer discounts ranging from £1 - £10 per month.

²⁰ See Ofcom, July 2021, [Pricing trends for communications services in the UK](#), Figure 6.

²¹ In our July 2021 report, we estimated that around 100,000 households do not have internet access at least partially due to cost (see page 17).

Table 3: Social tariffs offered by fixed broadband providers

Provider	Price	Speed	Eligibility ²²	Call allowance	Discount against provider's cheapest equivalent	Discount against cheapest market-wide equivalent ²³
BT Home Essentials	£15	36Mbit/s	Universal Credit ("UC"), Income-based Jobseeker's Allowance ("JSA"), Income-based Employment Support Allowance ("ESA"), Pension Credit Guarantee Credit ("PC")	700 minutes	£20 per month ²⁴	£10 per month ²⁵
BT Home Essentials 2	£20	67Mbit/s		Unlimited minutes	£29 per month ²⁶	£3 per month
Community Fibre	£10	10Mbit/s	UC, JSA, ESA, Housing Benefit, Personal Independent Payment ("PIP")	N/A	£10 per month ²⁷	£6 per month
G.Network Essential Fibre Broadband	£15	50Mbit/s	UC, Income Support ("IS"), PC, JSA, ESA	N/A	N/A ²⁸	£6 per month ²⁹
Hyperoptic Fair Fibre 50 ³⁰	£15	50Mbit/s	UC, JSA, ESA, PC, Housing Benefit, PIP	N/A (free evening and weekend calls can be added for £3 a month)	£6 per month ³¹	£6 per month
Hyperoptic Fair Fibre 150	£25	150Mbit/s			£4 per month ³²	£4 per month
KCOM Full Fibre Flex	£19.99	30Mbit/s	UC zero earnings, JSA, ESA, IS, PC, Housing Benefit, PIP	20 local calls and 60 mins to 0845/0870, with £10 cap	£10 per month	£5 per month ³³
Virgin Media Essential broadband	£15	15Mbit/s	UC	N/A	£12 per month ³⁴	£1 per month

²² The criteria listed here are not exhaustive for all providers. Full lists are provided on the websites linked to in the table.

²³ Prices are compared to the cheapest UK-wide commercially available tariff in the equivalent speed bracket (e.g. standard, superfast, ultrafast).

²⁴ This is compared to BT cheapest equivalent tariff offering broadband and 700 minutes call allowance. BT also offers a 36Mbit/s broadband only product at £28 per month. Compared to the latter, BT Home Essentials offers a discount of £13 per month.

²⁵ This is compared to the cheapest tariff offering unlimited minutes, therefore likely overstates the relative discounting.

²⁶ This is compared to BT cheapest equivalent tariff offering broadband and unlimited minutes. BT also offers a 67Mbit/s broadband only product at £33 per month. Compared to the latter, BT Home Essentials 2 offers a discount of £13 per month.

²⁷ Community Fibre does not offer a comparable commercial standard speed product, so the social tariff is compared to its cheapest superfast broadband tariff.

²⁸ G.Network currently offers a 150Mbit/s broadband only product with a one year commitment period. The tariff is free for the first 6 months and is priced at £24 from the 7th month, resulting in an average price of £12 per month. However, we recognise that such promotions may not be offered indefinitely, and hence we have not made a comparison to this tariff.

²⁹ Given what we set out in footnote 33, we have compared this to the Hyperoptic 50Mbit/s commercial tariff.

³⁰ Hyperoptic also offers dual-play tariffs, which are £3 per month more than the broadband only tariffs in the table.

³¹ Hyperoptic offers an equivalent commercial tariff with a 24-month commitment period. The tariff includes a discounted price for the first year and a standard commercial price for the second year. The average price is used here.

³² Hyperoptic offers an equivalent commercial tariff with a 24-month commitment period. The tariff includes a discounted price for the first year and a standard commercial price for the second year. The average price is used here.

³³ This is compared to the cheapest tariff offering unlimited minutes, therefore likely overstates the relative discounting. ³⁴ Virgin Media does not offer a comparable commercial standard speed product, so the social tariff is compared to its cheapest superfast broadband tariff.

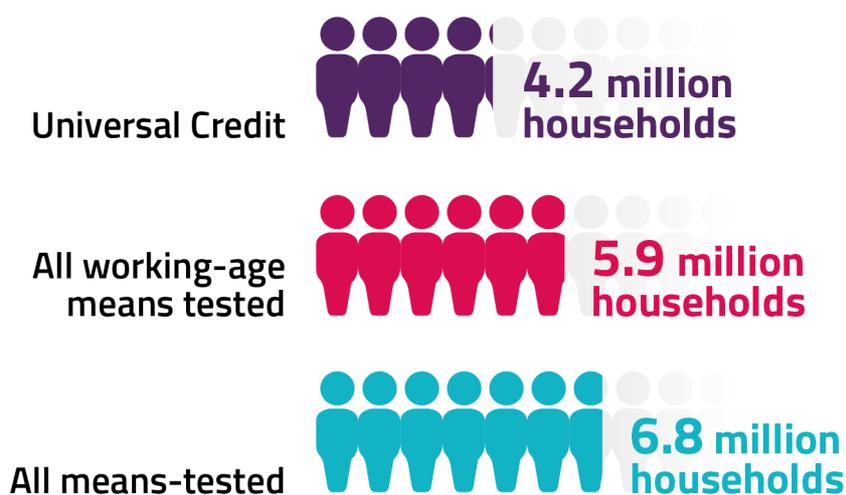
Source: Ofcom analysis based on providers' websites and price comparison websites [last accessed on 31 January 2022].

Note: Discounts are rounded to the nearest whole number and do not include set up costs.

4.6 Providers take varying approaches to setting eligibility criteria for their social tariffs. BT, Community Fibre, G.Network, Hyperoptic and KCOM all offer social tariffs to people on a range of means-tested benefits, such as Universal Credit, Jobseeker's Allowance and Employment and Support Allowance. These benefits cover both people who are in-work and people who are out-of-work. Virgin Media's tariff is available to households in receipt of Universal Credit, which also includes households that are in and out of work. Some of these tariffs extend eligibility to those on non means-tested benefits for vulnerable households, such as Personal Independence Payment.

4.7 As shown in Figure 4, the latest publicly available data on benefit combinations (from May 2021) indicates that around 4.2 million households were in receipt of Universal Credit and the total number of households on means-tested benefits was around 6.8 million (which includes those on Universal Credit).³⁵

Figure 4: Indicative eligibility estimates for current social tariff eligibility criteria



Source: Ofcom estimates based on analysis of data available for benefit combinations on [DWP stats website](#) (May 2021 figures).

Note: Working-age means tested benefits figures include those who are still in receipt of legacy benefits, such as Jobseeker's Allowance and Employment and Support Allowance. All means-tested benefits figures include those in receipt of Pensions Credit (Guaranteed Credit).

Affordability of social tariffs

4.8 Measuring the ratio of spend on fixed broadband to income can indicate the potential for affordability issues for different households. For households on lower incomes, spending a

³⁵ December 2021 data on individual claims for Universal Credit indicates that the number of households claiming means-tested benefits may have fallen slightly since May 2021.

relatively high proportion of disposable income on broadband is an indicator that they are at greater risk of experiencing affordability issues.

- 4.9 In our July 2021 report, we set out our analysis of fixed broadband services which suggested that affordability problems are likely to be most acute for households on the lowest 10 percent of incomes in the UK (the lowest income decile).³⁶
- 4.10 We have updated our analysis of the ratio of broadband spend to income to specifically consider **affordability for households who are likely to be eligible for the social tariffs**. We present below illustrative calculations for the following two household types that would be eligible for targeted tariffs:
- **Household 1:** A single Universal Credit claimant over 25 who is out-of-work and not receiving any additional allowances;³⁷
 - **Household 2:** A single Universal Credit claimant over 25 who is working 15 hours per week and earning the national minimum wage.³⁸
- 4.11 For this illustrative calculation, we have estimated the monthly disposable income of these households based on the Universal Credit (UC) standard allowances. We have not included any extra allowances (e.g. child allowance, housing allowance).³⁹
- 4.12 We then estimated the two households' average monthly broadband spend:
- First, we estimated their spend on commercially available tariffs based on 2020 provider data on products⁴⁰ with speeds of up to 55Mbit/s.⁴¹ This data on broadband spend is not segmented by household income level or benefits eligibility. Accordingly, we have estimated the fixed broadband prices paid by eligible households by looking at spend by customers located in the top 10% most deprived geographic areas in the UK, as ranked by indicators of multiple deprivation. The median spend in these 10% most deprived areas was £27, which we use as a proxy for spend by households who are eligible for social tariffs.⁴²
 - Second, we estimate their spend on social tariffs assuming they take-up a £15 per month tariff.⁴³

³⁶ Ofcom, July 2021. [Affordability of Communications Services](#).

³⁷ Latest standard allowances for Universal Credit used, [GOV.UK](#)

³⁸ Latest national living wage level of £8.91 used, [GOV.UK](#)

³⁹ Many claimants do not receive extra allowances and, in any case, these allowances are intended to cover the costs of specific expenses so should not contribute to disposable income.

⁴⁰ We have exclusively focused our analysis on customers that take broadband and landline (dual-play) products. Triple-play and quad-play products will have other services, such as pay-TV or mobile, bundled in with fixed broadband, under the same monthly payment. Dual-play payments typically include a line rental charge. As this is necessary to obtain fixed broadband in most cases, we consider that a dual-play payment is representative of the price of a fixed broadband service and constitutes an appropriate benchmark to measure social tariffs against.

⁴¹ We used products with this speed range as the cheapest social tariffs offered by each provider is within this speed range.

⁴² The median spend for the 90% of higher income households is £31, which we use as a proxy for spend for all income deciles above the lowest 10%.

⁴³ We note that social tariffs priced above and below this are available, but we consider a £15 tariff suitable for this illustrative calculation as a number of providers are currently offering social tariffs at this level.

4.13 For the purposes of comparison, we also present the proportion of broadband spend to income for the **average UK household** (using 2020 ONS data for income and 2020 provider data for broadband spend). Our illustrative calculation is detailed below in Table 5.

Table 5: Proportion of disposable income spent on broadband (£ per month)

Spend/Income	Average UK household	Household 1 (Out-of-work UC claimant)		Household 2 (Part-time UC claimant)	
	Average Spend	Average Spend	Social Tariff	Average Spend	Social Tariff
Disposable income	£2,360	£325		£565	
Monthly spend on broadband	£31	£27	£15	£27	£15
Spend as % of disposable income	1.3%	8.3%	4.6%	4.8%	2.7%

Source: [ONS income data \(2020\)](#), [ONS expenditure data \(2020\)](#), [Universal credit allowances \(Dec 2021\)](#), [UK minimum wage \(April 2021\)](#) and provider data (2020).

Notes: We assume that Household 1 and 2 spend £27, which was the median spend within the 10% most deprived areas, while assuming the average UK household spends £31, which was the median spend outside these areas. Average UK household income is net of housing costs.

4.14 Table 5 above shows the potential benefits of a social tariff for the two household types we have outlined:⁴⁴

- For Household 1, a monthly spend of £27 on a commercial broadband tariff represents 8.3% of disposable income, whilst a monthly spend of £15 on a targeted tariff would reduce the proportion to 4.6% of disposable income (£325).
- For Household 2, a monthly spend of £27 on a commercial broadband tariff represents 4.8% of disposable income, whilst a monthly spend of £15 on a targeted tariff would reduce the proportion to 2.7% of disposable income (£565).

4.15 In comparison, monthly disposable income for the average UK household is £2,360. Average monthly broadband spend of £31 represents 1.3% of disposable income.

4.16 This analysis indicates that eligible households could almost halve the proportion of their disposable income they spend on broadband by taking up a social tariff, lowering annual bills by £144 on average.

4.17 We note that since this pricing data was captured, providers implemented price rises in 2021 above the level of inflation. This may mean that the proportion of income that households spend on broadband has increased. In addition, as providers have kept the pricing of their social tariffs constant, there are greater potential savings for households who take one up.

4.18 These factors, in addition to our analysis above, indicate the importance of social tariffs in helping financially vulnerable people access affordable broadband services.

⁴⁴ While this analysis covers single claimants over the age of 25 (as they form a large share of UC households at around 85% of claimants, see [Universal Credit statistics, 29 April 2013 to 14 October 2021](#)), we note that an out-of-work single claimant aged under 25 receives a standard allowance that is 20% lower than this analysis uses. Therefore, without access to a social tariff, a UC household under 25 would spend on average over 10% of their disposable income on broadband.

5. Availability and Take-up of Social Tariffs

Six providers currently offer fixed broadband social tariffs

- 5.1 Over the course of the pandemic there has been an increase in the number of providers offering social tariffs. In early 2020 only BT and KCOM offered a social tariff for fixed broadband. Virgin Media and Vodafone introduced discounted fixed and mobile tariffs respectively in 2020. Community Fibre and Hyperoptic launched new fixed broadband tariffs last year, while BT adapted their offer to provide two Home Essentials tariffs, each with broader eligibility and a higher service specification than the predecessor tariff (BT Basic + Broadband).
- 5.2 G.Network has recently announced the launch of Essential Fibre Broadband, a social tariff priced at £15 a month for 50 Mbit/s with eligibility aimed at those in receipt of certain benefits.⁴⁵ This tariff has a 12 month minimum contract term.
- 5.3 There are now six providers offering at least one fixed broadband tariff, priced at £10, £15 or £20 per month, as set out in Table 3 above.
- 5.4 There are currently no providers offering a mobile broadband social tariff. During the Covid-19 pandemic, Vodafone offered a special mobile data and calls tariff to jobseekers for £10 a month (usually £35 a month) through its VOXI For Now brand. However, registration for this product closed on 30 September 2021.
- 5.5 Some providers that do not offer social tariffs have engaged in other initiatives which help to address the needs of specific groups of people who face affordability challenges in accessing internet services. For example, TalkTalk is partnering with the Department for Work and Pensions (DWP) to provide six months of free home broadband access to people who are seeking work. Under the scheme, Jobcentre Plus work coaches identify eligible job seekers who could benefit from internet access to assist in their job search. The scheme is funded by DWP through the Flexible Support Fund who pre-pay TalkTalk for providing the service.⁴⁶
- 5.6 Meanwhile, BT partnered with the Department for Education to offer six months' free access to their network of Wi-Fi access points to help children stay online to learn and to provide free unlimited mobile data for children with no internet access to remote education.⁴⁷ Separately, Openreach introduced an offer for communications providers that use its network, to waive connection fees for new retail super-fast broadband customers who receive Universal Credit with no earnings.⁴⁸

⁴⁵ The Essential Fibre tariff is available for anyone on one or more of Universal Credit (all claimants), Pension Credit (Guarantee Credit), Income Support, Income-based Jobseeker's Allowance, Income-based Employment and Support Allowance. Further information on the tariff can be found on [G.Network's website](#).

⁴⁶ [TalkTalk and DWP launch national scheme to give jobseekers free broadband](#), TalkTalk press release, 27 September 2021.

⁴⁷ [BT to help disadvantaged children with home schooling, offering six months' free internet access](#), BT.

⁴⁸ [Openreach to waive connection fees for low-income households](#), Openreach press release, 7 September 2021.

5.7 Sky is currently looking at developing its own targeted low-cost tariff for customers.⁴⁹

Only 55,000 households have so far taken up social tariffs

5.8 In our July 2021 report, we noted that actual take-up of the available social tariffs had been limited. Alongside other key design features, we highlighted that tariffs should be well promoted to raise awareness among people who could benefit from them. We have now collected the latest take-up data from providers. We have also considered what progress has been made on the promotion of tariffs and tested whether consumer awareness has improved.

5.9 We asked each fixed broadband social tariff provider to confirm how many customers were on a social tariff as of the end of 2021. The aggregated total is approximately 55,000,⁵⁰ which represents an estimate of just 1.2% of UK households receiving Universal Credit.⁵¹ This is a small increase from the around 40,000 households taking up a social tariff in January 2021, which at the time represented an estimate of around 0.9% of UK households in receipt of Universal Credit. We consider that this remains a very low level of take-up, given the number of households that face affordability issues in accessing fixed broadband and the number of households which are eligible for such tariffs.

5.10 The social tariffs that are available provide a discounted rate compared to a provider's commercially available tariffs, offering significant savings to households that do, or could, face affordability challenges. This suggests that there are significant numbers of people who could benefit from this saving who are not yet taking it up.

Awareness of the availability of social tariffs is very low

5.11 We commissioned research⁵² to understand the extent to which people are aware of the availability of a range of social tariffs for fixed broadband services. We found that only 11% of adults claimed to have heard of cheaper home broadband services for people who receive government benefits. For benefits recipients, who are most likely to be eligible for the tariffs, claimed awareness of the social tariffs rises to 16% but this still means that the vast majority are unaware of the availability of the tariffs.

5.12 Among those who said they are aware of social tariffs, people were most likely to say they have first heard about them from social media (23%) and general online searches (16%).

5.13 We consider that low awareness of broadband social tariffs is likely to be one of the key barriers to take-up of social tariffs so far.

⁴⁹ Email to Ofcom from Sky, 7 January 2022.

⁵⁰ To the nearest 5,000.

⁵¹ This uses the estimate of Universal Credit households from May 2021. Actual eligibility for social tariffs is often wider, such as a smaller group of households receiving relevant legacy benefits. This means that this figure is currently an overestimate of take-up among every eligible customer, but Universal Credit will eventually become the only working age means-tested benefit.

⁵² Online omnibus research, among 2093 UK Adults aged 18+. Fieldwork conducted between 10 and 11 January 2022.

Providers of social tariffs are not actively promoting their availability

- 5.14 In our July 2021 report, we said that social tariffs should be well promoted to raise awareness among people who could benefit from them and that providers should make it easy for people to find information about their tariffs across different channels.⁵³ Our desk research and stakeholder engagement suggests that providers of social tariffs are not actively promoting them, either to consumers in general or to groups of customers that may be eligible for them.
- 5.15 The tariffs do not generally feature in provider advertising of broadband services, and they do not appear in comparison website searches of broadband deals. Furthermore, it can be difficult to find information about the tariffs on provider websites and they are often not accessible from the homepage or website ribbon. As discussed below, most providers do have landing pages that explain the tariffs in accessible language, but these pages are not well sign-posted from third party sites/searches so consumers may be unlikely to find them in the first place (online searches for ‘cheap broadband’, for example, do not point people towards the social tariffs that are available).
- 5.16 Overall, we think that providers can and should do much more to raise awareness of these tariffs and other support available to financially vulnerable households, including by promoting them to eligible people.

While the social tariffs available to consumers offer significant financial savings, the sign-up processes for some of these tariffs could be smoother

- 5.17 We have also reviewed the sign-up processes for social tariffs and found that most providers:
- Have attempted to make their landing pages clear and easy to understand, clearly pointing out the benefits of the tariff to a potential customer, such as the relative savings from standard tariffs and the benefits offered by the broadband package.
 - Allow customers the opportunity to prove their eligibility in a relatively straightforward way, such as sharing a photo of a benefits statement with their provider.
- 5.18 However, there is room for further improvement in the accessibility of these processes. We found that some providers still:
- Ask customers to enter a number of personal details, even if they already hold this information for an existing customer.
 - Only offer online website routes for application, which may exclude potential customers who prefer to use email, letters, or phone to communicate.
 - Do not always make it completely clear how the eligibility verification process works and how long the application is likely to take.

⁵³ Paragraphs 4.27 to 4.29 of the July 2021 report.

- 5.19 Virgin Media recently addressed an issue with its social tariff which may have discouraged eligible customers from signing up. It previously required people to sign-up as a standard commercial tariff customer, before being able to sign up to the social tariff. We welcome the removal of this requirement, and encourage all providers to make sure that their sign-up processes do not create unnecessary barriers.
- 5.20 We have identified some specific examples of good practice:
- Hyperoptic and KCOM offer the widest range of application channels for their tariffs, allowing customers to apply through means other than through their website, such as on the phone, through live chat, by post or by email. This is encouraging to see, as it allows more flexibility for potential applicants, who may have specific requirements or preferences.
 - BT's eligibility check is a relatively smooth process for applicants. It has sole access to an application programming interface (API)⁵⁴ in collaboration with DWP that allows it to implement an instant eligibility check that only requires an applicant to provide their national insurance number and name. We note other broadband providers have asked DWP to develop a similar process.
 - Community Fibre is working with social landlord partners to identify particular cohorts of residents that might be experiencing affordability issues and BT engaged with charities when it launched its new Home Essentials tariffs.
- 5.21 It is encouraging that some providers have taken steps to improve sign-up processes. However, further improvements are needed in order to increase both consumer awareness of social tariffs and the accessibility of tariffs when people become aware of them.

⁵⁴ A software intermediary that allows two applications to talk to each other instantaneously to confirm whether an applicant is eligible for a social tariff.

6. Conclusions and next steps

6.1 Social tariffs offer the potential for financially vulnerable customers to access fixed broadband at a more affordable price. But so far take-up has been so low that very few households are benefitting.

The need for social tariffs may increase during 2022

6.2 Our research continues to establish that significant numbers of UK households face financial difficulties in paying for their internet access services. While the Covid-19 pandemic and the broader economic context will have impacted upon the prevalence and nature of these problems over the last two years, some households struggled to pay for these services before the pandemic. We anticipate this will continue to be an issue as Covid-19 impacts recede and indeed the need for social tariffs may increase this year.

6.3 Several providers introduced above-inflation price increases for commercial broadband and mobile services in 2021, and many have announced further price rises for 2022 which substantially exceed inflation for many customers⁵⁵ (see Table 6 below).

6.4 Providers' exact price rises have varied, with BT, EE, Plusnet, TalkTalk and Vodafone planning rises of CPI in January of 5.4%, plus 3.7% - 3.9%, which means price rises from these providers of above 9%. Among those who have not used this methodology, Three will implement a 4.5% price rise, while Virgin Media's tariffs will increase by an average of £56 per year. KCOM have announced they will not implement any price rise for 2022.

Table 6: Anticipated price rises for commercial tariffs by provider

Provider	Service	Price rise details	Takes effect	2022 increase
BT⁵⁶ and EE⁵⁷	Broadband, home phone, mobile, TV	CPI published in January + 3.9%	March	9.3%
Plusnet⁵⁸	Broadband, home phone, mobile	CPI published in January + 3.9%	March	9.3%
KCOM⁵⁹	Broadband, home phone	Cancelled price increase (this was set to be CPI + 3.9%)	N/A	None
O2 and Virgin Mobile⁶⁰	Mobile (airtime only)	RPI published in February + 3.9%	April	TBC
ID Mobile⁶¹	Mobile	RPI published in February	April	TBC

⁵⁵ Customers who took out contracts before these policies were in place that have not yet reached the end of their minimum term may experience lower price rises.

⁵⁶ BT Newsroom, [This year's price changes](#), 20 January 2022 and BT, [Annual price change](#).

⁵⁷ EE, [Price Changes 2022](#).

⁵⁸ Plusnet, [Plusnet Residential CPI Plus 3.9% Pricing and Terms FAQs 2022](#).

⁵⁹ KCOM, [KCOM acts to help customers facing cost of living crisis](#).

⁶⁰ O2, [Pricing: Keep up to date with any price changes](#); Virgin Mobile, [Virgin Mobile annual price rise](#).

⁶¹ ID Mobile, [Retail Price Index](#).

Sky	No announcement yet			
TalkTalk ⁶²	Broadband	CPI published in January + 3.7%	April	9.1%
Three ⁶³	Mobile	4.5%	April	4.5%
Virgin Media ⁶⁴	Broadband, home phone, TV	Not inflation related	March	Average increase of £56 per year
Vodafone ⁶⁵	Mobile and broadband	CPI published in January + 3.9%	April	9.3%

Where relevant, providers' websites or news releases were last accessed on 10 February 2022.

- 6.5 These above inflation price increases contrast with the expected rise in Universal Credit allowances in April 2022⁶⁶ of 3.1%. Current inflation forecasts imply that the over 4 million households in receipt of this benefit could experience a real terms fall in income.⁶⁷ This could increase the numbers of households that face affordability challenges in accessing internet services, and further increase the challenges of those who already face affordability issues. These challenges could be exacerbated by the wider context of cost of living pressures across a range of essential services (including rising energy prices) during the course of 2022.
- 6.6 Meanwhile, we understand that the existing providers of fixed broadband social tariffs have no plans to raise prices for these tariffs in 2022. This suggests that the need for social tariffs, and the value of them to financially vulnerable people, could further increase.

We urge other fixed and mobile providers to offer social tariffs

- 6.7 We encourage providers that do not currently offer a social tariff – including EE, Plusnet, Shell, Sky, TalkTalk and Vodafone in the broadband market and all major mobile providers – to consider offering one, to ensure their customers can access a social tariff if they encounter affordability issues. This is particularly important in the context of widespread above-inflation price rises being implemented by major providers, as well as other factors contributing to cost of living pressures for many households on low incomes.

Providers should promote social tariffs and make it easy to sign up

- 6.8 As we highlighted in our July 2021 report, social tariffs should be well promoted to raise awareness of their availability among people who could benefit from them. So far, we have seen limited evidence that providers are actively promoting their social tariffs. We urge them to develop their communications channels and activities during the course of 2022.

⁶² TalkTalk, [TalkTalk Annual Price Update and CPI](#).

⁶³ Three, [Changes to your Monthly Charge – Customers joining or upgrading on or after 29 October 2020](#).

⁶⁴ Email from Virgin Media to Ofcom, 8 February 2022.

⁶⁵ Vodafone, [Annual Price Adjustment](#).

⁶⁶ Inflation-linked benefits are updated by the level of inflation in the prior September, which is 3.1% in this case. See House of Commons Library, 2 February 2022. [Benefits Uprating 2022/23](#).

⁶⁷ Bank of England, 17 December 2021. [Will inflation in the UK keep rising?](#)

- 6.9 Given the broader financial and economic context, it will be particularly important for providers who already offer social tariffs to raise awareness of them among people who could benefit from them. For example, we suggest that customer communications regarding any price increases for existing customers could include references to the availability of social tariffs, to help signpost customers who receive benefits and who could face affordability issues.
- 6.10 Active promotion can include notifying all customers that social tariffs are part of the product range, to ensure that those who are eligible are aware of their availability. It can also involve working with partner organisations – such as local authorities and advice agencies – who are likely to engage with those facing affordability problems.
- 6.11 Alongside active promotion, providers should also make information about their tariffs easily accessible. This could include website prominence and clear messaging on eligibility requirements to encourage customers to sign up to these tariffs.
- 6.12 Our Treating Vulnerable Customers Fairly guide already suggests practical good practice measures that providers could adopt to help make sure they are treating vulnerable customers fairly. The guide is designed to improve how providers treat vulnerable customers in light of their regulatory obligations under General Condition C5.1 to C5.5. As the guide notes, being on a low income and/or loss of job can be drivers of consumer vulnerability. Many of the suggested measures in the guide are relevant to financially vulnerable customers. For example, the guide encourages providers to promote their full range of extra help, support and services they offer to all new, existing and re-contracting customers, and there are suggestions on how to do this effectively.⁶⁸ Many existing customers of providers may be eligible for social tariffs, so providers should consider how they can make their customers aware of this option.
- 6.13 The guide also suggests that customers at risk of disconnection should be offered advice on possible alternative tariffs, whether that is switching to a cheaper tariff or to a social tariff.⁶⁹ Following our call for inputs on measures to protect customers in debt or at risk of disconnection in July 2021, we will publish proposals shortly to strengthen protections for financially vulnerable customers.⁷⁰ This may include specific amendments to the guide, for example to encourage providers to advise any customer who is in debt, or struggling to pay, of the availability of social tariffs.
- 6.14 Furthermore, we consider the use of different terminology and labels to describe the social tariffs that are available may be contributing to the low awareness of the tariffs that are available. We would encourage providers to use clear language to ensure social tariffs are easily identifiable as such, as well as offering a simple explanation of their purpose.
- 6.15 In addition to increasing consumer awareness of social tariffs, we consider there is more that providers could do to improve the ease of signing up for tariffs. In particular, we encourage providers to review their application processes to ensure users can easily find

⁶⁸ Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), page 19.

⁶⁹ Ofcom, July 2020. [Treating vulnerable customers fairly: A guide for phone, broadband and pay-TV providers](#), page 23.

⁷⁰ Ofcom, July 2021. [Review of measures to protect people in debt or at risk of disconnection: Call for Inputs](#).

and navigate it. The sign-up process should also be designed in a way that doesn't require users to provide more information than is necessary to confirm eligibility.

We are working with stakeholders to raise awareness of social tariffs

- 6.16 We are working with a range of partners to raise awareness of social tariffs. For example:
- We worked with the Department for Work and Pensions to share a high-level summary of the available social tariffs with its network of job centre advisers across the UK
 - We are engaging with the London Office of Technology and Innovation and the Greater Manchester Combined Authority to explore ways in which they and local authority partners can promote awareness of social tariffs in their regions
 - We are supporting Citizens Advice, Citizens Advice Scotland and the Consumer Council for Northern Ireland in promoting awareness of social tariffs among their client bases
- 6.17 We would encourage all stakeholders to highlight the availability of social tariffs where they can. We are particularly keen to partner with those that regularly provide information, advice and services to financially vulnerable households.

We will monitor promotion and take-up of social tariffs and maintain our focus on affordability as a key consumer issue

- 6.18 We plan to continue to monitor the approaches taken by providers to promoting awareness of social tariffs and we will continue to scrutinise take-up rates.
- 6.19 We will also be conducting further consumer research in this area to better understand the behavioural barriers there are to consumer take up of social tariffs. We are additionally considering further research into how best to engage with customers who might be eligible and would welcome the opportunity to work in collaboration with providers on this.
- 6.20 Our Communications Affordability tracker has generally found that around 5% of smartphone users have affordability issues (this figure rose to 9% in our most recent research wave in December 2021). We intend to carry out further work to better understand the drivers of affordability issues for smartphone users.
- 6.21 Alongside this, we plan to conduct research into mobile internet-only users. This will include exploring motivations/preferences for accessing the internet primarily through mobile data (rather than fixed broadband) and assessing the extent to which this group of consumers face affordability issues.
- 6.22 We will also continue to track the extent to which households have difficulty paying for communication services through our ongoing research programme. Ensuring people can access affordable fixed broadband and mobile internet services will remain a priority for Ofcom.

A1. Consumer Research Technical Annex

A1.1 This annex is [published separately](#) on Ofcom's website.