

Classification: CONFIDENTIAL

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Call Cost Review – Early Project Discussion

27 July 2017

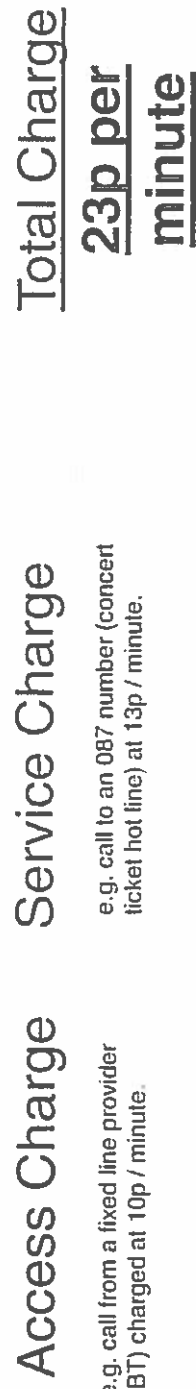
S36

remainder: Out of Scope -
not relevant

Ofcom introduced the unbundled tariff for calls made to non-geographic numbers

Before 2015, calls to non-geographic numbers would be subject to a **single charge**. The customer would not know how much was being paid to whom.

Since 2015, the charge to call certain non-geographic number ranges is split between an **access charge** set by the comms provider, and a **service charge** set by the provider of the service. A key aim was to provide consumers with greater clarity on call charges.



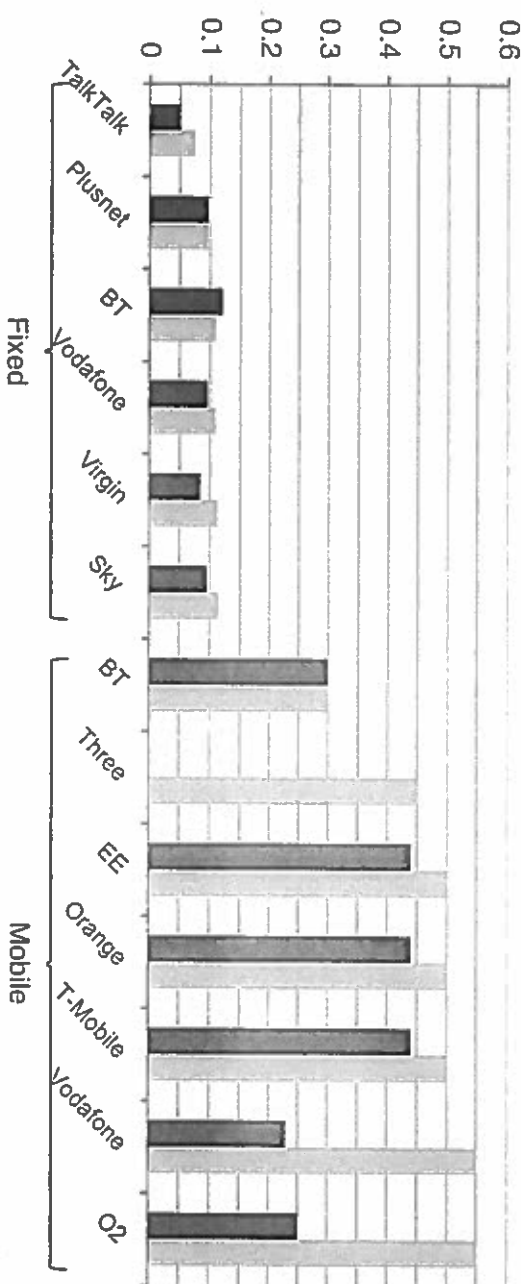
Access charge features	Service charge features
- Same for all 084, 087, 09 and 118 numbers	- Do not vary according to your own comms provider
- pence per minute rate only (but can be rounded up to nearest minute)	- No time of day variation
- No time of day variations	- Different charging structures permitted (e.g. pence per minute, pence per call etc)
- No variation by number range when included in bundles	- Capped for each number range (7p for 084, 13p for 087, £3.60 per minute and £6 per call for 09). <u>No caps for 118 range.</u>
- Comms providers required to communicate access charges to consumers	- Service providers required to publish charges in all marketing

Out of Scope - not relevant

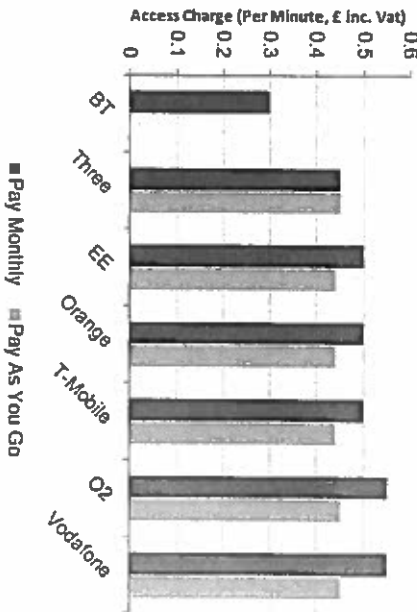
Access Charges have risen since July 2015



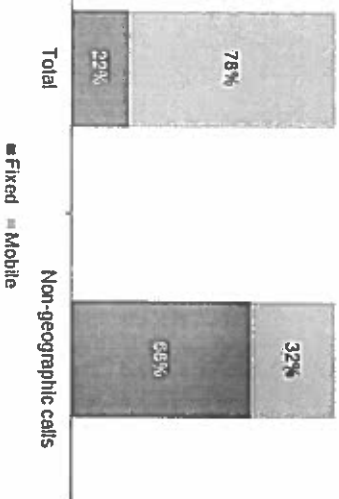
Fixed Line Access Charges and Pay Monthly Mobile comparison (pence per minute, inc. VAT)



Within mobile, access charges are higher from contract than for PAYG customers (£, inc. VAT)



Comparison of total and non-geographic fixed and mobile volumes (minutes)



Note: Non-geographic calls based on 'other' category in call volume data.

- 68% of non-geographic call minutes take place over fixed lines
- For fixed lines, all access charges have increased since 2015, except Plusnet which is now the same, and BT who have decreased it
 - Largest increase is by TalkTalk (50%)
- For mobile pay monthly contracts, all Access charges have increased since 2015, except BT who have stayed the same (note no information available for Three in 2015.)
 - Largest increases by Vodafone (139%) and O2 (120%)
- Average increase in mobile access charge (50%) exceeds average increase in fixed (19%)

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not relevant

From: S40
Sent: 26 July 2017 12:34
To: S40
Subject: RE: One more request

S36

Thanks and best.

From: S40
Sent: 26 July 2017 12:28
To: S40
Subject: RE: One more request

S40

What	Type	Single/range	Adjusted AC (Mar 09)	Adjusted AC (Jun 09)	Adjusted AC (Dec 09)
Single AC	Fixed	Single	0.035	0.035	0.03
Different Acs (084/087)	Fixed	Range	0.029	0.029	0.02
Different Acs (09/118)	Fixed	Range	0.220	0.218	0.21
Single AC	Mobile	Single	0.194	0.192	0.18
Different Acs (084/087)	Mobile	Range	0.178	0.176	0.17
Different Acs (09/118)	Mobile	Range	0.411	0.406	0.40

Here are the inflation adjusted figures from the 2009 data, as you can see there is not a lot of variation between March, June and December. [

S36]

From: S40
Sent: 26 July 2017 11:44
To: S40
Subject: One more request

S36

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From:
Sent: 25 July 2017 13:44
To:
Cc:
Subject: Inclusion of non-geographic within bundles

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Hi all,

S40 has looked at whether the major CPs include non-geographic calls within bundles. In summary:

- No CP on fixed or mobile includes 118 and 090 numbers in any bundles, they are always out-of-bundle charges and not part of inclusive minutes on mobiles
- 084 and 087 numbers are different:
 - 0845 and 0870 numbers are included in fixed line bundles alongside normal inclusive minutes for all CPs (IE. included at weekends if purchase a 'unlimited weekend calls' package)
 - Vodafone, EE and Three offer 'add-on' bundles in which you can pay, per month, on top of your mobile contract and this offers you a certain number of minutes to 084 and 087 numbers from mobiles.
 - An example of one of these 'add-ons' which allows cheaper calls to 084 and 087 numbers is Vodafone's deal of 300 minutes to 084 and 087 numbers for £2.50 per month (no other service numbers included)
- 01,02,03 number are included throughout
- No '07' Non-standard numbers are included for most providers except EE where most '07' numbers are included in the original bundles, but 074585 and 078221 are charged extra
- No access charge from BT for any non-geographic calls if it is someone who has a BT Basic Rental bundle (who is on the social telephony scheme). Still charged the service charge from provider.

There is more detail [here](#). - attached.

Regards,

S36

$$S36 + S42$$

Non-Geographic Calls in Bundles research:

Summary:

- No CP on fixed or mobile includes 118 and 090 numbers in any bundles, they are always out-of-bundle charges and not part of inclusive minutes on mobiles
- 084 and 087 numbers are different:
 - 0845 and 0870 numbers are included in fixed line bundles alongside normal inclusive minutes for all CPs (IE. included at weekends if purchase a 'unlimited weekend calls' package)
 - Vodafone, EE and Three offer 'add-on' bundles in which you can pay, per month, on top of your mobile contract and this offers you a certain number of minutes to 084 and 087 numbers from mobiles.
 - An example of one of these 'add-ons' which allows cheaper calls to 084 and 087 numbers is Vodafone's deal of 300 minutes to 084 and 087 numbers for £2.50 per month (no other service numbers included)
- 01,02,03 number are included throughout
- No '07' Non-standard numbers are included for most providers except EE where most '07' numbers are included in the original bundles, but 074585 and 078221 are charged extra
- No Access charge from BT for any non-geographic calls if it is someone who has a BT Basic Rental bundle (who is on the social telephony scheme). Still charged the service charge from provider.

.....

Details:

Fixed BT:

- Calls to Service Numbers 090, 118 and other 084 & 087 (at all times) are never included in any bundles for BT, they are not charged a connection fee (like normal geographic calls) and are only charged on a per minute basis of 12p per minute
- Calls to 0845 & 0870 Numbers are sometimes included in bundles,
 - They are always included in the Unlimited Anytime Calls and Home Phone Saver 2020 bundles
 - They are included at weekends (Sat & Sun) and Evenings (7pm to 7am) for the Unlimited Evening & Weekend Calls bundles
 - Just at weekends for Unlimited Weekend Calls
 - If not included charged same rate (12ppm and no connection fee)
- No charge from BT (still Service charge) for any non-geographic calls if it is someone who has a BT Basic Rental bundle (who is on the social telephony scheme)
- 01,02,03 seem to be included throughout

Fixed Sky:

- Calls to 09, 118 and other 084 & 087 Numbers are never included in Bundles for any Sky Talk packages so are charged an access charge of 11.5ppm
- Connection fee does not apply to the service numbers
- Calls to 0845 & 0870 Numbers are sometimes included in bundles,
 - For Sky Talk Anytime Extra and Sky Talk International bundles they are always included
 - For Sky Talk Evenings & Weekends Extra they are included at the weekend and in the evenings, but not the daytime
 - For Sky Pay as you Talk they are never included
 - If not included cost 11.5ppm and no connection fee
- 01,02,03 seem to be included throughout

Fixed TalkTalk:

- 01,02,03 always included within the bundles
- Service Numbers are not included with any bundles

Fixed Vodafone:

- Calls to 084, 087, 09 and 118 numbers will be charged 11ppm, not included in any bundles
- Access charge to 08,09 and 118 numbers is 11ppm,
- 01,02,03 all included all the time

Fixed Virgin:

- Calls to 084, 087, 09 and 118 numbers charged normal AC of 11.25ppm, and not included in any bundles
- 0845, 0870 and 08 numbers are often included within bundles, included are the times that your package suggests, IE, if you get Talk Evenings and Weekends then included at Evenings and weekends,
- If these 08 numbers are chargeable, or called in chargeable periods 11.25ppm will be charged

Fixed PlusNet:

- For calls to service numbers beginning 084, 087, 09 and 118 there is a set up fee
- These numbers are not included in any bundles,
- 0870/0845 numbers and UK mobiles at any time, included in bundles if buy Unlimited UK & Mobile Calls

Mobile O2:

- The charges for calls to UK service numbers are not part of inclusive minutes on Pay Monthly tariffs or free minutes' allowance on Pay As You Go tariffs
- They pay the normal access charge of 55p and 45p per minute respectively

Mobile Vodafone:

- Can have an add on extra for Pay monthly bundles where you get 300 minutes to 084 and 087 numbers for £2.50 per month, all other numbers are not included in bundles for Pay monthly or pay as you go

Mobile EE:

- Can get a mobile add on bundle on top of your monthly contract of 200 minutes each month to call numbers beginning with 084 or 087.
- Costs £6 per month
- No other non-geo numbers included for have deals on
- 118 and 09 numbers are not included in add-ons or bundles
- Some '07' numbers are included in the original bundles, but 074585 and 078221 are charged extra
- 01,02,03 numbers come out of your inclusive minutes

Mobile Three:

- These things are not included in your monthly allowance:
 - calls to directory services beginning with 118
 - calls to numbers beginning with 084, 087 and 09.
- No '07' Non-standard numbers are included

Sources:

- ❖ http://www.productsandservices.bt.com/assets/pdf/BT_PhoneTariff_Residential.pdf
- ❖ http://www.sky.com/shop/PDF/SkyTalk_TG_April_2017.pdf
- ❖ <https://www.vodafone.co.uk/broadband/homephone-features>
- ❖ http://www.virginmedia.com/content/dam/virginmedia/dotcom/images/shop/downloads/010417_Everyday_Call_Charges_V1.pdf (pg.6 of the PDF for 0845 and pg.5 for DQ)
- ❖ <https://www.plus.net/home-broadband/package-guides/phone>
- ❖ <http://www.moneysavingexpert.com/phones/0870-say-no>
- ❖ <https://www.o2.co.uk/help/account-and-billing/other-numbers-and-charges>
- ❖ <http://www.vodafone.co.uk/explore/benefits/extras/index.htm>
- ❖ <http://ee.co.uk/help/add-ons-benefits-and-plans/price-plans-and-costs/charges-for-calling-non-geographic-numbers>
- ❖ http://www.three.co.uk/termspdf/Essential_Plan_Price_Guide_060717.pdf
- ❖ <https://help2.talktalk.co.uk/guided-assist/pricing/no-50/talk-uk-anytime/plan-details/>

DQ and Non-geographic call prices kick-off meeting 24/5/17

S36 + not relevant

S40 . briefed the meeting on the background.

not relevant

not relevant

Non-geographic calls

For number ranges on which revenue-sharing is allowed, the service charge and the access charge have to be separate. The retail service charge has to be the same for all networks and the retail access charge has to be the same for all non-geographic calls but may differ by CP (retail originating operator). There is no maximum on the access charge as retail calls markets should be competitive. There is a requirement for non-geographic call access charges to be transparent in the marketing of retail telephony services

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This market is also declining dramatically.

Non-geographic calls are typically not included in retail inclusive call minutes. However, retail competition is between providers of bundles of services (access plus the ability to make calls of all types, dual play, triple play, quad play).

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Consumers are known to dislike pre-call announcements even when these tell them about the call cost.

There is some recent consumer research relating to non-geographic calls (Markham said he would circulate the results of this).

EPD paper highlighting progress and proposed next steps on Ofcom's Call Cost Review 2017

Objectives

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#	Issue	Question for EPD
1	Background	<p>In December 2013, Ofcom announced reforms to the regulation of non-geographic numbers, which came into effect on 1 July 2015. Two main changes were introduced:</p> <p>1) We implemented a new "unbundled tariff" price structure for non-geo calls (084, 07, 09 and 118 numbers). This means that the price paid by the consumer for calling one of these numbers is made up of the access charge (AC), which is set by the consumer's comms provider, and the service charge (SC), which covers the cost of the service being called and is set by the service provider in conjunction with the comms provider hosting its service.</p> <p>2) We also introduced per minute call caps on service charges for the 084, 087 and 09 number ranges, but not the 118 number range.¹ We committed to review the charging arrangements for 118 and access charges during the last review.</p> <p>Since the new price structure was introduced, there have been increases in the level of access charges set by comms providers for calling the unbundled tariff ranges (especially mobile) and in the service charges charged by some providers of 118 services. Following media reports about some of these call charges, Ofcom launched the Call Cost Review in May.²</p> <p>The team has met consumer stakeholders³, industry, and regulators⁴, examined call usage data previously collected from communications providers, reviewed existing research (Ofcom and PSA) and complaints data, as well as issuing new information requests.</p>
	Slides 3-7 5 mins	<p>[access charges. not relevant] before moving on to</p>

¹084 numbers are for lower cost services including pre-and post-sales enquiry lines. 087 principally offer higher cost pre-and post-sales enquiry lines. 09 are premium services for adult services, chat lines and competitions.

² Please note that the press notice makes reference to 118 and 070 and did not mention access charges as scope had not been decided at that point <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2017/telephone-review-value-callers>

³ Which?, Citizens Advice, Age UK, and the Consumer Panel.

⁴ PSA, Com Reg, ARCEP

not relevant

not relevant

4 Access charges: market overview

(3 mins)
Slide 12

Most providers have increased Access Charges since they were first introduced in July 2015; however, the level of increases is mixed. The rise in the Access Charge for fixed users is modest, from a low starting base. For mobile users, the increases are more pronounced, particularly for Vodafone (up 139% to 55p/minute) and O2 (up 120% also to 55p/minute) consumers since 2015.

Overall, call volumes to the unbundled tariff ranges (084, 087, 09, 118) are decreasing. Whereas call volumes to the number ranges that are now free or charged at geographic rates (080 and 03) have risen.⁸

Awareness, including the price of access charges, is low: 67% of consumers are not aware of the term 'access charge' and fewer than 8% of consumers take the access charge into consideration when choosing a communications provider.⁹

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⁸ Information collected from industry under Ofcom powers

⁹ Ofcom: Kantar Media Research on Non-Geographic Numbers: November 2016

S36 + not relevant