



Chris Taylor
Director of Consumer Policy
Ofcom
Riverside House
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Cc: Katie Hanson

28th Sept 2012

Dear Chris,

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

I am writing further to our conversations in July about changes to BT Basic. This letter is to formally notify you of these changes in accordance with Condition 2.3 of BT's universal service obligations.

The Dept for Work and Pensions (DWP) are changing the benefits system with effect from 2013. These changes mean that various Passported benefits will no longer apply and a number of means tested benefits will be withdrawn. As you know BT Basic uses the following benefits - Income Support, Income-based Jobseekers Allowance, Employment and Support Allowance (income related) to assess eligibility for the scheme and so we need to change our criteria.

The new Universal Credit is intended to simplify the benefits system and so it covers a wide range of claimants, not all of whom are on the lowest incomes. In order to keep BT Basic, which is a subsidised scheme, aimed at the most vulnerable customers and in line with universal service, we are proposing that customers on Universal Credit with zero earnings will be eligible for BT Basic going forward. We were keen to make sure that any changes to the scheme were simple to communicate, simple to administer and where possible avoided collection of personal income or earnings data. We believe that the zero earnings limit will meet these objectives.

We are working closely with the DWP and current plans are for the first new claimants to move onto Universal Credit from April 2013 with a phased introduction, so our timescales will mirror those of the DWP. These changes do not affect customers on Pensions Credit and so

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we will continue to use Pension Credit (Guaranteed Credit) as an eligible benefit. We can also confirm that we have no plans at this stage to retrospectively check any customers who currently take BT Basic, or remove customers proactively from the scheme when the changes take effect.

I hope this information is useful but please let me know if you need anything else. I look forward to hearing from you in due course.

Yours sincerely,

Anne McLaren