



# The 0500 Number Range

Proposal for the withdrawal of 0500 Freephone  
telephone numbers

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Consultation

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## Section 1

# Summary

## Introduction

- 1.1 In April 2012 we consulted on a set of proposals designed to address identified market failures in the provision of non-geographic calls.<sup>1</sup> In that consultation we provisionally concluded that substantial restructuring of the existing regulatory controls on the use of non-geographic numbers was required in order to address these market failures and to ensure its future as a vehicle for the delivery of services to consumers.
- 1.2 One of the key recommendations was that the 080 (Freephone) and 116 number ranges should be free to caller from all telephones, fixed and mobile. However, we said that we would issue a separate consultation on options for the 0500 range, the little-used, 'closed' second Freephone range. This would enable us to seek views on the specific issues surrounding this range from SPs and consumers without them being lost within the broader consultation on the options for other non-geographic numbers.

## Current situation

- 1.3 0500 is a Freephone range like 080. Originating communications providers ('OCPs') may not charge callers for 0500 calls except when their charges are notified to callers at the start of the call, i.e. in a pre-call announcement ('PCA').
- 1.4 Created in 1982, the 0500 range has been closed to new allocations since 2001. 0500 numbers that were already allocated to customers can continue to be used. Cable and Wireless Worldwide ('C&WW') is the only range-holder for 0500 numbers and operates most active 0500 numbers, although some 0500 numbers have been ported and are now managed by other terminating communications providers ('TCPs').
- 1.5 The number of active 0500 numbers has been declining over several years. The volume of calls to 0500 numbers is only a small fraction of the number of call minutes to 080 numbers (and of volumes on some of the other non-geographic number ranges like 0845), and a very large proportion of 0500 calls are to a small group of numbers operated by fewer than 30 organisations. Consumer awareness and understanding of the 0500 range is very poor compared to other non-geographic number ranges.
- 1.6 We have sampled the views of most of the major 0500 users (that is, the organisations called using 0500 numbers – termed 'service providers'). They generally prefer that 0500 is aligned to 080, but they recognise the poor consumer understanding of the range and are open to other options including withdrawal of the range, particularly if it were done in a way that minimised

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<sup>1</sup> The "April 2012 consultation", available at <http://stakeholders.ofcom.org.uk/consultations/simplifying-non-geographic-no/>.

disruption and costs.

## Proposal to withdraw 0500

- 1.7 In this consultation we consider the options available for the 0500 range – maintaining the status quo; aligning it with 080 as free-to-caller; capping charges from mobile phones; or withdrawing the number range.
- 1.8 Our preferred option is to withdraw the 0500 range.<sup>2</sup> We consider that, on balance, this offers the greatest net benefit to consumers – reducing consumer confusion, secures best use of telephone numbers and enhances the clarity and simplicity of the new Freephone regime (080) for the benefit of consumers and businesses.
- 1.9 We encourage stakeholders to read these proposals in conjunction with the analysis and proposals in our April 2012 consultation, in particular in relation to the 080 Freephone range.

## Implementation

- 1.10 Clearly, withdrawing a number range will lead to some additional costs being incurred by existing operators of the numbers. While our discussions with a sample of service providers suggest such costs are likely to be small (and in some cases negligible), the level of cost, and disruption, is related to the speed with which migration from 0500 would need to be undertaken. A longer period for the withdrawal of 0500 numbers would lower costs for affected organisations.
- 1.11 Accordingly, we are proposing an implementation period of up to 2 years.

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<sup>2</sup> As noted above, the 0500 range is already closed to new allocations. By withdrawal, we therefore mean shutting the range down completely so that existing 0500 numbers can no longer be used.

## Section 2

# Background

## Introduction

2.1 In this section we explain the designation of the 0500 number range and its characteristics. We also provide a brief history of the 0500 range including a summary of what we have said about the 0500 range in previous consultations, and a summary of what stakeholders said in response to those consultations.

### **The 0500 range and a brief outline of its regulatory history**

2.2 0500 is a 'Freephone' range like 080. By this we mean that originating communications providers ('OCPs') may not charge callers for 0500 calls except when their charges are notified to callers at the start of the call, i.e. through a pre-call announcement ('PCA'). Subject to this PCA requirement, OCPs are free to set whatever price they wish. Calls to 0500 numbers are generally free from fixed lines but commonly charged from mobiles. In most cases we understand that the mobile charges are the same as those for 080 numbers.

2.3 Like 080 Freephone numbers, 0500 numbers are used mainly to provide private- and public-sector voice services such as sales, enquiries and consumer helplines.

2.4 All 0500 numbers in use are 10-digits long, rather than the now-standard 11 digits.<sup>3</sup>

2.5 The 0500 range was allocated in its entirety to Mercury Communications in 1982 when Mercury was BT's only competitor in consumer fixed-line telephony. Termed 'Freecall', it was intended to serve as an equivalent range to the 'Freephone' 0800 number range which at that time was allocated exclusively to BT. Mercury was later absorbed into its parent, Cable & Wireless plc (now, Cable & Wireless Worldwide (C&WW)) in 1996 and C&WW became the range-holder for 0500.

2.6 Today, C&WW remains the sole allocated range-holder for 0500. C&WW operates most active 0500 numbers, although a significant number of 0500 numbers have been ported by customers and are now managed by a number of other terminating communications providers ('TCPs'), including BT.

2.7 In 1998, Oftel, proposed the withdrawal of the 0500 range and migration of services to the 0800 range. This was vigorously opposed by some SPs and consumer groups,<sup>4</sup> leading to a decision by the House of Commons Select Committee on Trade and Industry to open an inquiry into telephone numbering and Oftel's proposals. In its report, the

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<sup>3</sup> Before 1998, all Freephone numbers were 10 digits long. After Oftel's reorganisation of numbering in April 2000, called Big Number Change, new Freephone number allocations became 11 digits long. 0500 numbers remained 10-digits long, and soon the range was closed to new allocations.

<sup>4</sup> [http://www.ofcom.org.uk/static/archive/oftel/publications/1995\\_98/numbering/free798.htm](http://www.ofcom.org.uk/static/archive/oftel/publications/1995_98/numbering/free798.htm) .

Select Committee concluded that Oftel had made “no compelling case for all 0500 numbers to be migrated into the 0800 range”.<sup>5</sup>

- 2.8 Following the Select Committee’s report, Oftel reviewed its position and 0500 numbers were not migrated to 0800. In 2001, the range was closed.<sup>6</sup> 0500 numbers that were already allocated could continue to be used but the range was not open to new number allocations by the range-holder, C&WW. Use of 0500 numbers is subject to the Code of Practice for numbers in ‘closed’ ranges which came into force on 1 December 2001.<sup>7</sup>
- 2.9 No new 0500 numbers have been allocated since 2001. Data about the use of 0500 numbers since that time is set out in section 3.

## Summary of previous consultations and stakeholder responses

### What we said in the December 2010 consultation

- 2.10 In 2010, Ofcom began a review of the regulatory framework for non-geographic call services, including those on the 0500 range, to find out whether it was working to further the interests of consumers and citizens. We published a consultation in December 2010 (‘the December 2010 consultation’), where we said that one of our main aims was to simplify and make non-geographic numbering and pricing more intuitive for consumers.<sup>8</sup> We noted that callers were confused about what non-geographic numbers meant and how much calls cost. Consequently, they lacked confidence in these services, so made fewer calls and sometimes went to great lengths to contact organisations in other ways, possibly at higher cost or inconvenience.
- 2.11 On the 0500 range, we said that given its similarity to 080 (i.e. same numbering designation, charging structure) our policy objectives for 0500 were the same as those for 080.<sup>9</sup> However, we went on to say, that 0500’s significantly lower utilisation, compared to 080, suggested the likelihood of lower recognition of the number range by consumers, which then indicated the potential for greater confusion over prices.<sup>10</sup>
- 2.12 We then considered three options for the range (maintaining the status quo; implementing the same policy as for 080; or, shutting down the range so that it was no longer available for use). Our preliminary view at the time was that 0500 should be treated the same way as 080, given the similarity to 080.<sup>11</sup> Although we noted that shutting down the 0500 range would improve consumers’ awareness by simplifying the number ranges, we considered that the cost of migration that resulted from such an

<sup>5</sup> <http://www.publications.parliament.uk/pa/cm199899/cmselect/cmtrdind/139/13902.htm>.

<sup>6</sup> The 0500 range was removed from the list of numbers available for allocation in the Numbering Plan and now appears in Annex 1 to General Condition 17 as a public communications network number not available for allocation or adoption.

<sup>7</sup> <http://stakeholders.ofcom.org.uk/telecoms/numbering/guidance-tele-no/number-cop-closed>.

<sup>8</sup> *Simplifying Non-geographic numbers; improving consumer confidence in 03, 08, 09, 118 and other non-geographic numbers*, 16 December 2010, <http://stakeholders.ofcom.org.uk/consultations/simplifying-non-geo-numbers/>.

<sup>9</sup> December 2010 consultation, Annex 7, page 347, paragraph A7.40.

<sup>10</sup> December 2010 consultation, Annex 7, page 363, paragraph A7.133 (referring to the 0500 range as the 050 range).

<sup>11</sup> December 2010 consultation, Annex 7, page 367, paragraph A7.120.

approach needed to be weighed against limited evidence of detriment associated with 0500 calls.

## Stakeholder responses, on 0500, to the December 2010 consultation

- 2.13 In response to Ofcom's December 2010 consultation, EE suggested making 0500 into a range that was free-to-call from all OCPs, instead of the 080 range.<sup>12</sup> A confidential respondent said that it did not see the merit in continuing to maintain the 0500 Freephone range and suggested the migration of these numbers to 0800/0808 or a new 0805 range. C&WW supported making 0500 free-to-caller.<sup>13</sup> No other respondents commented specifically on 0500, but some who supported the free-to-caller option indicated that this should apply across the 080, 0500 and 116 ranges.<sup>14</sup>

## What we said in the April 2012 consultation

- 2.14 In April 2012 we published a further consultation ('the April 2012 consultation') which included more detailed proposal in relation to making 080 free to caller.<sup>15</sup> In that consultation we only briefly considered the 0500 range and did not invite any comments specifically in relation to it.<sup>16</sup>
- 2.15 We said that the two basic options for reforming 0500 were the same as those for 080, making the range free-to-caller or imposing a maximum mobile price ('MMP'). Taking account of SPs' preferences, callers' understanding of call prices and Ofcom's policy regarding the extent of a free-to-caller range, we proposed that if there were to be an MMP range, 0500 rather than 080 would be the appropriate number range for this.<sup>17</sup> We also observed that if 0500 were to be a free-to-caller range, this would make it identical to the 080 range (given that this was our preferred option for that range) and raised the question of whether it would, instead, be appropriate to consider shutting down the range to lessen consumer confusion.
- 2.16 We noted, however, that we had limited information on the costs of shutting 0500. We therefore said that we would consult separately on options for 0500 in order to ensure that SPs and stakeholders could engage fully with the issues.<sup>18</sup>

## Stakeholder responses, on 0500, to the April 2012 consultation

- 2.17 Following our April 2012 consultation, a few respondents expressed their views on the 0500 range<sup>19</sup> – although, as noted above, we did not ask any question specifically about this range. BT, C&WW, the Internet Telephony Services Providers' Association (ITSPA),

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<sup>12</sup> [http://stakeholders.ofcom.org.uk/binaries/consultations/simplifying-non-geo-numbers/responses/Everything\\_Everywhere.pdf](http://stakeholders.ofcom.org.uk/binaries/consultations/simplifying-non-geo-numbers/responses/Everything_Everywhere.pdf).

<sup>13</sup> [http://stakeholders.ofcom.org.uk/binaries/consultations/simplifying-non-geo-numbers/responses/C\\_W\\_Worldwide.pdf](http://stakeholders.ofcom.org.uk/binaries/consultations/simplifying-non-geo-numbers/responses/C_W_Worldwide.pdf).

<sup>14</sup> April 2012 consultation, Part C, page 84, paragraph 16.268.

<sup>15</sup> *Simplifying non-geographic numbers; detailed proposals on the unbundled tariff and Freephone*, 4 April 2012, <http://stakeholders.ofcom.org.uk/consultations/simplifying-non-geographic-no/>.

<sup>16</sup> April 2012 consultation, Part C, page 83-85, paragraphs 16.265-16.277.

<sup>17</sup> April 2012 consultation, Annex 25.

<sup>18</sup> April 2012 consultation, Part C, page 85, paragraph 16.273.

<sup>19</sup> <http://stakeholders.ofcom.org.uk/consultations/simplifying-non-geographic-no/?showResponses=true>.



the UK Competitive Telecommunications Association (UKCTA) and one confidential respondent said the free-to-caller proposal for 080 should be extended to 0500.

- 2.18 EE, which had disagreed with our analysis of harm on the Freephone ranges as well as our proposal for the 080 range, said that the option “least likely” to harm consumers would be to designate 080 and 116 as maximum mobile price (MMP) ranges and then make 0500 a free-to-caller range. We set out in annex 25 of the April 2012 consultation why, if we were to propose MMP for a number range, we would be inclined to treat 0500 rather than 080 as the MMP range. In this consultation, we are consulting on both options for 0500 in addition to two others (see section 5).

## Structure of this document

2.19 This rest of this consultation is structured as follows:

- Section 3 sets out the market context of the 0500 number range, including consumer awareness and understanding of the range and current SP use of these numbers;
- Section 4 sets out the legal framework within which our proposals are made;
- Section 5 presents our analysis of the options for the 0500 range;
- Section 6 considers issues of implementation related to our preferred option for the 0500 range; and
- Annexes which set out how to respond to the consultation, Ofcom’s consultation principles, the consultation questions, a list of sources cited, a note on forthcoming publications in relation to Ofcom’s review of non-geographic calls services (“NGCS”) and a glossary.

## Next steps

2.20 This consultation is one part of the review of non-geographic calls services (“NGCS”) review as outlined in our April 2012 consultation.

2.21 Proposals made in this consultation have been made in light of our proposal to make the main Freephone range, 080, free-to-caller, as proposed in the April 2012 consultation. We will reconsider these proposals should our proposals for 080 change materially. The proposals in this consultation do not in any way pre-judge the outcome of the April 2012 consultation.

2.22 We welcome comments on all aspects of our proposals. The deadline for responding to this consultation is 8 January 2013.

## Section 3

# Market context, use and understanding of the 0500 range

## Introduction

- 3.1 This section sets out our findings concerning the market context to any decision about 0500 numbers.
- 3.2 It draws on data from a number of sources. Between June and September 2012 we carried out research and gathered relevant evidence of the following kinds:
- the number of SPs and active phone numbers on the range;
  - call volumes to 0500 numbers in 2010 and 2011;
  - consumer awareness and understanding of 0500 numbers; and
  - the views of a sample of 0500 SPs on their use of Freephone numbers.

## Market size

- 3.3 Seen in the context of the UK market for non-geographic calls, the 0500 market is extremely small and is in decline.<sup>20</sup> No new number allocations have been made in over a decade, and less than [redacted] [redacted] of the number range is in use now. The size of the market is constrained by the fact that the 0500 range is closed (i.e. not open to new allocations).<sup>21</sup>
- 3.4 C&WW advised us that the number of service providers reached on 0500 numbers has dropped from [redacted] [redacted] in 2007 to [redacted] [redacted] by June 2012, a drop of 19% – this includes those that have ported to other operators.<sup>22</sup> In other words, [redacted] [redacted] SPs left the 0500 range in the five years to 2012. C&WW said that this data should be considered [redacted] [redacted].<sup>23</sup>
- 3.5 Similarly, BT advised us that the number of 0500 SPs that it hosted had dropped from [redacted] [redacted] in 2010 to [redacted] [redacted] in end-June 2012, a drop of 18%.<sup>24</sup>

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<sup>20</sup> The 0500 range can, in theory, accommodate 10<sup>6</sup> (1m) numbers, but at present only [redacted] [redacted] numbers are recorded in C&WW's Intelligent Network, the network routing system which is used to route calls to non-geographic numbers.

<sup>21</sup> Email from Justin Hornby (C&WW) to Samir Prakash (Ofcom), 11 September 2012. C&WW informed us that "[redacted] [redacted]". In response to a formal information request from Ofcom in July 2012, C&WW noted, with reference to the 0500 range: "[redacted] [redacted]"

<sup>22</sup> C&WW's 17 August 2012 response to Ofcom's 16 July 2012 s.135 information request.

<sup>23</sup> Ofcom's own survey of 35 SPs on the 0500 range revealed that a quarter were no longer using the range – see paragraphs 3.16-3.17 below.

<sup>24</sup> BT's 27 July 2012 response to Ofcom's 16 July 2012 s.135 information request.

- 3.6 Our provisional view is that, given the very low utilisation of the 0500 numbers, both by SPs and consumers, the status quo does not represent the best and efficient use of the range.<sup>25</sup>

### Socially important services

- 3.7 In the April 2012 consultation,<sup>26</sup> we said that by ‘socially important services’ we meant a minimum set of services which citizens need to have access to in order to participate in society. We noted that although it was difficult to define precisely what these services were, we considered that that they should include the following:

- health services such as GPs’ surgeries;
- benefit payments services such as access to unemployment or invalidity services and state pensions;
- social care by the public and private sector – e.g. helplines such as the Samaritans; and
- utilities (gas, electricity and water supply).

- 3.8 C&WW provided Ofcom with a list of several SPs on the 0500 range.<sup>27</sup> Only a very small proportion of these matched the description above of socially important services. While recognising the limitations of the sample size, if we were to treat the list from C&WW as representative, it would suggest that about 4% of SPs on the 0500 range offered ‘socially important services’.

- 3.9 As part of our research into 0500 SPs, we contacted a number of these ‘socially important’ SPs.<sup>28</sup> Some of them said they no longer operated 0500 numbers, which may suggest that the number of ‘socially important’ SPs actively using the 0500 range could be even lower than our 4% estimate.

- 3.10 In the April 2012 consultation, we estimated that 9% of SPs on the 080 range were either “socially important” or “maybe socially important”.<sup>29</sup> Therefore, with the data available to us, we conclude that the likelihood is that the proportion of services on the 0500 range that are ‘socially important’ is less than that on the 080 range (and in any event, not higher than that on the 080 range).

### Consumer usage

- 3.11 The volume of calls to 0500 numbers is low. As can be seen in Tables 3.1 and 3.2 below, the volume of calls to 0500 numbers is a very small percentage of the volume of calls to 080 numbers. Specifically, in 2010 and 2011, the volume of calls to 0500 numbers terminated by C&WW represented no more than [X] [X] of the volume of calls it

<sup>25</sup> Ofcom has a duty to secure what appears to it to be the best use of telephone numbers and to encourage efficiency and innovation for that purpose (section 63 of the 2003 Communications Act).

<sup>26</sup> April 2012 consultation, Part A, paragraph 5.103, page 81.

<sup>27</sup> Email from Justin Hornby (C&WW) to Elizabeth Gannon (Ofcom), 17 January 2012.

<sup>28</sup> See paragraphs 3.16-3.17.

<sup>29</sup> April 2012 consultation, Part A, Table 5.1 and paragraphs 5.108-5.109, page 82.

terminated to 080 numbers. At BT, the equivalent figure was [redacted] [redacted]. Also, on both the BT and C&WW networks, 0500 is among the least likely non-geographic number ranges to be called by consumers.

**Table 3.1: Selected non-geographic call volumes terminated by C&WW**

C&WW		03	0500	080	0844/3	0845	0870	0871/2/ 3	09	118
Call volume terminated (millions of minutes)	2010	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	2011	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

**Table 3.2: Selected non-geographic call volumes terminated by BT**

BT		03	0500	080	0844/3	0845	0870	0871/2/ 3	09	118
Call volume terminated (millions of minutes)	2010	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
	2011	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

3.12 Almost all of this traffic results from calls to just a few dozen numbers. According to BT, the percentage of call volume attributable to the top-30 0500 SPs that it hosted (selected by call volume) in 2011 was [redacted] [redacted].<sup>30</sup> The equivalent figure for C&WW was [redacted] [redacted].<sup>31</sup> Therefore, a very large proportion of the total 0500 call volume today is generated by a very small number of SPs.

## Consumer awareness and understanding

3.13 Our updated evidence base points strongly to very poor consumer awareness and understanding of the 0500 range – both in absolute terms and compared to most other non-geographic number ranges.

3.14 In July 2012, Ofcom commissioned a consumer omnibus survey which included specific questions about awareness and understanding of the 0500 range.<sup>32</sup> Below, we summarise our findings on consumer awareness and understanding of 0500 numbers:

3.14.1 15% of telephone users claimed to be aware of numbers starting with 0500. However, only 25% of those who said they were aware of 0500 numbers could identify them as Freephone. Therefore, overall 4% of people with telephones were aware of and understood that 0500 numbers were Freephone.

<sup>30</sup> BT's 27 July 2012 response to Ofcom's 16 July 2012 s.135 information request.

<sup>31</sup> C&WW's 17 August 2012 response to Ofcom's 16 July 2012 s.135 information request.

<sup>32</sup> A sample of 2,219 16+ adults was interviewed in the UK. Of these, 2,144 said they used a mobile telephone or had a landline telephone within their homes (97% of the overall sample). These respondents constituted the standard base of the research and are referred to as 'telephone users' in the report of the survey, which is being published at the same time as this consultation and is available at: <http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/omnibus-survey2012.pdf>.

- 3.14.2 This level of claimed awareness is significantly lower than for other number ranges, for example 57% of consumers claimed to be aware of 080 numbers and 36% for 01 and 02 (geographic numbers). 75% of telephone users either said they had not heard of 0500 numbers or felt unable to give an opinion on how expensive or inexpensive it was to call a 0500 number. This is in comparison to 23% who said this for the price of calling 0800 numbers.
- 3.14.3 Only 6% said they knew how much it costs to call 0500 numbers (though this does not imply their perception was correct); this compares with 55% for 0800 numbers.
- 3.14.4 When asked to compare the price of calling 0500 numbers with 0800 numbers, 12% said the price was the same, 34% said calling 0500 numbers would be more expensive, 6% said that calling 0800 numbers would be more expensive, and under half (48%) said they did not know.
- 3.14.5 Only 4% of telephone users said they had ever called an 0500 number. This reinforces our finding, in the previous sub-section, of very low use of 0500 numbers by consumers.

## Service providers' use and needs

- 3.15 In the April 2012 consultation, we referred to our research in 2011 among service providers using the 080 and 0845 number ranges.<sup>33</sup> This research provided us an understanding of SPs' preferences and their likely reaction to Ofcom's proposed changes to non-geographic numbering. Here, we summarise the findings on SPs using 080 numbers.<sup>34</sup> We consider that because the 080 and 0500 ranges have both been Freephone for three decades – with identical retail charging by most, if not all, CPs – the views of SPs on 080 numbering and pricing are likely to be broadly indicative of SPs' views on 0500 numbering and pricing.
  - 3.15.1 Larger companies (those with more than 10 employees) were significantly more likely to use other non-geographic ranges in addition to their 080 number(s);
  - 3.15.2 Among users who had 080 as well as another non-geographic number, just under half (49%) said that their 080 number was the most important to their business and 41% said it was of equal importance as other number types;
  - 3.15.3 Free calls from fixed line phones were seen as the most important feature of an 080 number, with 61% rating it "very" important and a further 29% "fairly" important. (The issues of "how much your organisation has to pay to receive the call" and "the message or brand which is associated with having a 080 number" were seen as very important by more than 2 in 5 respondents (44% and 42% respectively);
  - 3.15.4 "Free calls from mobile phones" was regarded as very important for 36% of respondents, and was more important for 'Socially Significant' organisations

<sup>33</sup> The full report is available at <http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/Non-geographic-numbers.pdf>.

<sup>34</sup> The findings on 080 are based on 304 interviews conducted among companies using 080 numbers.

- than 'Other' organisations (55% vs. 32% respectively rating it as "very important");
- 3.15.5 Asked which one of only three aspects of 080 numbers they would change if they could, there was a near-even split among 080 SPs between changing the price that callers from mobile phones pay for the call (45%) and how much the organisation pays to receive the call (39%);
- 3.15.6 Just under half (47%) of the 080 SPs that we surveyed said that charging mobile customers for making a 080 call to their business was a disadvantage to their business in terms of the impact on the number of calls they received. 45% said it had no impact on their business and 7% said it was a benefit;
- 3.15.7 Among those who said that charging mobile customers for calling their Freephone number was a disadvantage, businesses said the biggest disadvantage was losing calls (88%);
- 3.15.8 Of those who said it was a disadvantage that mobile callers had to pay to call a Freephone number, 35% were unwilling to pay anything more for mobile customers to get free Freephone calls. 36% were willing to pay more, with the average acceptable increase being 2.9ppm. 29% did not know if they would pay more;
- 3.15.9 The likelihood of SPs getting rid of their 080 numbers – if those numbers were made free to all callers and the costs to SPs went up – showed a sharper rise if the increase was more than 1ppm (rising from 19% at 1ppm to 36% at 2ppm); and
- 3.15.10 Respondents who said they would be likely to get rid of their Freephone number if their operating costs increased were asked what they would do instead of using their Freephone number. The majority (60%) said they would use a different line for those calls. 20% said they would block mobile phones and 15% said they would get rid of the line completely.
- 3.16 To help us confirm that the views of 0500 SPs are broadly similar, in June to August 2012 we contacted a sample of 35 service providers, drawn from those organisations who still use an 0500 number. We selected these 35 SPs to compose a diverse group from across a range of industry sectors (including financial services, consumer goods, industrial products and 'socially useful' charities) and of a range of organisational sizes (from under 100 staff to over 10,000).<sup>35</sup> Also, we contacted a majority of those SPs who collectively accounted for a majority of the 0500 call volume.<sup>36</sup> Our aim was to understand their use of 0500 numbers, the importance of these numbers to their operations and their views on the policy options we are considering in this consultation.<sup>37</sup> Although the sample of 35 SPs contacted with regard to the 0500 range is a small one, it is not disproportionate in size when compared to the 304 SPs interviewed in 2011 on the

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<sup>35</sup> Contact information for these SPs was provided by C&WW and BT.

<sup>36</sup> Based on 0500 call volume data for 2011 provided to Ofcom by C&WW and BT.

<sup>37</sup> Options for 0500 are to leave it unchanged (such that it becomes different from 080 when 080 changes); to make it free to all callers; to make it a Maximum Mobile Price (MMP) range, which would make it a new type of number range; or, to withdraw the range completely.

080 range, a range that contains far more SPs and has a call volume more than 50 times that of 0500.<sup>38</sup>

3.17 Our findings on 0500 SPs are as follows:

- 3.17.1 Over a quarter of these SPs said they no longer operated 0500 numbers. The remaining findings are, therefore, based on those SPs who responded to our questions;
- 3.17.2 Most of these SPs operated one or a very small number of 0500 numbers.
- 3.17.3 Most of these SPs advised us that incoming call volumes on their 0500 numbers are very small compared to their other telephone numbers. The majority said they have more 080 Freephone and/or other non-geographic numbers than they do 0500 numbers;
- 3.17.4 Around half of the SPs we spoke to said they used their 0500 numbers for sales or new business generation, the other half said they use them as helplines, primarily for customers or clients;
- 3.17.5 Of those that were able to comment on how much they spent on 0500 numbers, most said it was likely to be very small, particularly compared to their spending on other phone numbers they operate;
- 3.17.6 The SPs said that the most important feature of 0500 numbers was that they are free to callers (from landline callers at least). Most said that they were aware that 080 numbers were better recognised as Freephone by the public and the main reason they continued to operate their 0500 numbers was that they have had the numbers for a long time, and had not experienced an immediate need to change them. A few SPs indicated that were considering giving up their 0500 numbers within a year.
- 3.17.7 Some SPs offer their callers a geographic number alternative, which would fall within free call bundles offered to mobile users unlike current Freephone numbers. This is because these SPs said their callers believed SPs were profiting through the charges paid by consumers for calling their Freephone numbers from mobiles. Almost all these SPs said that the fact that present-day Freephone was not free to all callers, particularly mobile callers, was a significant weakness in the UK's Freephone system. These SPs said they would welcome intervention to make Freephone simpler, clearer and truly free because that would reduce consumer suspicion – and such a change would be positive for their businesses.

3.18 With regard to our options for reforming 0500:

- i) **Making 0500 free-to-caller:** Most SPs we asked favoured making the range free to all callers – as we have proposed for 080. This view remained the case with the cost to SPs going up by up to 2ppm per call with the free-to-caller option. These SPs said they wanted to keep services they currently offered through 0500 numbers as free as

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<sup>38</sup> <http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/Non-geographic-numbers.pdf>.

possible; i.e., if 0500 were made free to all callers, they would maintain their 0500 numbers – primarily because “doing nothing” in that scenario was the simplest option;

- ii) **Making 0500 a ‘maximum mobile price’ range:** Only one SP supported this option. MMP was perceived as complex to explain and communicate to consumers, and as carrying the risk of diluting or confusing the message about the simplification of the 080 range. A few SPs said there was a risk that an MMP 0500 range would be perceived as an inferior form of Freephone, or a different type of Freephone, and this could raise consumer suspicion about Freephone numbers generally;
- iii) **Withdrawing the 0500 range:** The SPs we spoke to were not resistant to the 0500 range being withdrawn in principle provided:
  - o they were given adequate time to prepare for the change: to enable them to inform customers and business partners, amend their literature and websites, etc.; and
  - o the transition away from 0500 numbers was carried out in a way which minimised disruption to their incoming calls: e.g., by setting up auto-redirects or caller announcements on their expiring 0500 numbers so that callers were re-directed to their active/live numbers.

Almost all agreed that disruption would be significantly mitigated by a longer transition period, i.e. two years or longer. If the 0500 range were withdrawn, most said they would migrate their services to 080 Freephone numbers, either 080 numbers they already operated, or new ones.

3.19 We draw the following provisional conclusions from this evidence:

- 3.19.1 SPs on the 0500 range interviewed consider the current Freephone brand flawed (because most Freephone numbers are not free for mobile callers) and welcome reform of the Freephone system as a whole so that consumers have clarity and confidence about which numbers are genuinely free and what charges they will pay. This reinforces our view that simplification and transparency are strongly desired, not only by consumers but also by SPs.
- 3.19.2 There appears to be negligible demand among 0500 SPs to set up 0500 as a maximum mobile price range alternative to an 080 range that is free to all callers. Some SPs said most consumers would find this too confusing. This suggests a lack of SP demand for a new type of range (MMP).
- 3.19.3 While keeping 0500 identical to 080 was seen as the easiest option (only call charges for SPs would change; SPs would not necessarily have to do anything to maintain their numbers and services), SPs on the range were broadly indifferent to the range being withdrawn, as long as it could be done in a way that would minimise disruption to their business operations. This suggests that for 0500 SPs what is important is that their callers can continue to call them for free, not their 0500 numbers themselves.
- 3.19.4 Almost all these SPs said they wanted their services to be free to all callers regardless of whether they were able to preserve their 0500 numbers. This reinforces the inference above.



## Call prices

- 3.20 Fixed-line providers do not normally charge for calls to Freephone numbers. But most mobile operators charge for calls to such numbers. However, there is at least one exception to the pattern that mobile OCPs charge for 0500 calls. Giffgaff, a virtual mobile OCP, does not charge for 0500 calls.<sup>39</sup>
- 3.21 We are not aware of any service provider on the 0500 range for which all or most mobile OCPs do not levy a charge for calls, i.e. where the SP has negotiated, directly or indirectly, to have those charges zero-rated.
- 3.22 It is possible that some mobile OCPs charge calls to 0500 numbers differently from calls to 080 numbers. However, based on a sample of mobile tariffs examined by Ofcom in September 2012, mobile OCPs appear to price 0500 calls the same way they do 080 calls. Table 3.3 presents current rates charged by major mobile OCPs for calls to 0500 and 080 numbers and, for comparison, to geographic numbers.

**Table 3.3: Typical current prices for 0500 and geographic calls, major mobile OCPs, ppm**

Provider	O2 <sup>40</sup>		Orange <sup>41</sup>		T-Mobile <sup>42</sup>		Vodafone <sup>43</sup>	
Calls to:	Post-pay	Pre-pay	Post-pay	Pre-pay	Post-pay	Pre-pay	Post-pay	Pre-pay
Geographic numbers	35	25	25	25	40	25-30	35	25
0500 and 080	20.4	15	15.3 / 20	7	7.4	7 / 20	14	14

Source: Mobile OCPs websites, as of September 2012. These represent prices for new customers. There may be differences for customers on existing price plans. Exceptions apply in some cases.

<sup>39</sup> <http://giffgaff.com/index/pricing>.

<sup>40</sup> <http://www.o2.co.uk/mobilestariffs/tariffs/specialnumbers>.

<sup>41</sup> The Orange price lists show two different prices, for both pre-pay and post-pay contracts, and lists the lower prices (7p and 7.4p) as applying from 25 August 2011, however, we understand that the lower prices only applied for the week following the 25 August, after which the higher prices apply.

[http://www1.orange.co.uk/service\\_plans/downloads/PAYM-PG-20120813.pdf](http://www1.orange.co.uk/service_plans/downloads/PAYM-PG-20120813.pdf) (pay-monthly) and [http://www1.orange.co.uk/service\\_plans/payasyougo/payg\\_dolphin\\_costs.html](http://www1.orange.co.uk/service_plans/payasyougo/payg_dolphin_costs.html) (Dolphin pay-as-you-go)

<sup>42</sup> [http://support.t-mobile.co.uk/resources/sites/TMOBILE/content/live/DOCUMENTS/0/DO286/en\\_GB/36020355\\_PAYM2012\\_18month.pdf](http://support.t-mobile.co.uk/resources/sites/TMOBILE/content/live/DOCUMENTS/0/DO286/en_GB/36020355_PAYM2012_18month.pdf) (pay-monthly) and [http://support.t-mobile.co.uk/resources/sites/TMOBILE/content/live/DOCUMENTS/0/DO293/en\\_GB/36022743\\_PAYG\\_N\\_S\\_30.07.12.pdf](http://support.t-mobile.co.uk/resources/sites/TMOBILE/content/live/DOCUMENTS/0/DO293/en_GB/36022743_PAYG_N_S_30.07.12.pdf) (pay-as-you-go).

<sup>43</sup> <http://www.vodafone.co.uk/personal/price-plans/pay-as-you-go/call-charges/index.htm> and <http://www.vodafone.co.uk/personal/price-plans/pay-monthly/call-charges/index.htm>.

## Conclusion

3.23 In summary:

- i) Utilization of the 0500 range is extremely small and the number of active 0500 lines has been declining year-on-year;
- ii) 0500 call volume relative to 080 call volume is very small, and a very large proportion of 0500 call volume is generated by a very small number of SPs;
- iii) consumer understanding of 0500 numbers and call charges is very poor;
- iv) SPs sampled prefer keeping 0500 aligned to 080 Freephone in future rather than giving it a new designation, i.e. MMP, which is an option under consideration. They strongly desire simplicity and clarity, on numbering and pricing, for consumers;
- v) SPs sampled are not strongly opposed to the range being withdrawn, provided this is done in a manner that minimises disruption and harm, and improves consumer confidence in Freephone numbers and pricing;
- vi) SPs on the 0500 range recognise that 080 numbers are much better-recognised by consumers, and that this is an advantage for 080 numbers as Freephone numbers. This may explain why a majority of 0500 SPs we interviewed concurrently operate 080 numbers.

## Section 4

# Legal framework

## Introduction

4.1 The legal framework which governs our powers to take action in relation to the use of non-geographic numbers and the provision of NGCS is contained in the Communications Act 2003 ('the Act') and the EU Framework Directives<sup>44</sup> which it implements. The framework was set out in detail in Section 5 of Part A of the April 2012 consultation.<sup>45</sup> This section, which highlights the aspects of that framework that are relevant to the proposals in this consultation, should be read in the context of the wider discussion of the legal framework in the April 2012 consultation.

## Legal Framework

### Ofcom's duties and powers in relation to numbers

- 4.2 Ofcom's specific duties and powers in relation to telephone numbers are set out in sections 56 – 63 of the Act. These include:
- section 56: Ofcom's duty to publish the National Telephone Numbering Plan ('NTNP') setting out the numbers which Ofcom has determined should be available for allocation as telephone numbers;
  - section 58: the General Conditions that Ofcom may make in relation to the allocation and adoption of telephone numbers. These include general conditions which "impose tariff principles and maximum prices for the purpose of protecting consumers in relation to the provision of an electronic communications service by means of telephone numbers...";<sup>46</sup>
  - section 61: Ofcom's power to withdraw telephone numbers it has allocated in certain, specified cases. The circumstances in which such a withdrawal is authorised include:
    - where the person allocated the numbers consents to the withdrawal;<sup>47</sup>
    - the withdrawal is made for the purposes of a numbering reorganisation;<sup>48</sup> and

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<sup>44</sup> The EU common regulatory framework for telecommunications comprises the Framework Directive (2002/21/EC), the Authorisation Directive (2002/20/EC) and the Access Directive (2002/19/EC), all as amended by Directive 2009/140/EC, and the Universal Service Directive (2002/22/EC) and the Privacy and Electronic Communications Directive (2002/58/EC), both as amended by Directive 2009/136/EC.

<sup>45</sup> <http://stakeholders.ofcom.org.uk/binaries/consultations/simplifying-non-geographic-no/summary/PartA.pdf>.

<sup>46</sup> Section 58(1)(aa) of the Act.

<sup>47</sup> Section 61(2)(a) of the Act.

<sup>48</sup> Section 61(2)(c) of the Act. A withdrawal under this provision is also subject to the requirements of section 62 of the Act.

- the allocated numbers comprise a series of numbers which have not to a significant extent been adopted or used during such period as may be so specified.<sup>49</sup>
  - section 63: Ofcom’s duty in carrying out its functions under section 56 – 62 to secure what it considers to be the best use of numbers and to encourage efficiency and innovation for that purpose.
- 4.3 The General Conditions that have been set by Ofcom and which relate specifically to the use of telephone numbers, including 0500, include:
- General Condition 14, which imposes obligations in relation to the publication of information in relation to charges for calls to certain numbers;
  - General Condition 17, which imposes requirements in relation to allocation, adoption and use of telephone numbers. The 0500 series of numbers are no longer available for allocation and are listed as such in Annex 1 to GC17.<sup>50</sup> In relation to 0500, GC17 requires that these numbers are free to call unless the caller is notified of charges at the start of the call; and
  - General Condition 20, which requires communications providers to ensure, where technically and economically feasible, that end-users can access European non-geographic numbers.

### The NTS Call Origination Condition

- 4.4 In addition to the General Conditions which apply to all communication providers (save where specified otherwise), calls to 0500 numbers, which originate on BT’s network, are also subject to conditions imposed on BT following the finding that it has significant market power in certain specified markets, notably the NTS Call Origination Condition (Condition AAA11).<sup>51</sup> This restricts the amount of retail revenue that BT can retain from calls to numbers covered by Condition AAA11. In the case of 0500, however, BT does not charge for these calls and so there is no retail revenue generated to which Condition AAA11 would apply.

### Tests for setting or modifying general conditions

- 4.5 When we seek to set or modify general conditions, we have to ensure that we comply with Section 47 of the Act.

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<sup>49</sup> Section 61(2)(f) of the Act.

<sup>50</sup> In Ofcom’s consultation of 26 July 2012, *Telephone Numbering*, we have proposed to move into the NTNP the list of numbers currently set out in Annex 1 to GC17, in order to create a single reference point for numbers. If we proceed with this proposal, then 0500 will be listed in a new Part C of the NTNP together with other numbers that are currently in use, but not available for allocation. See: <http://stakeholders.ofcom.org.uk/binaries/consultations/telephone-numbering-modification/summary/main.pdf>.

<sup>51</sup> Ofcom’s Statement of 15 September 2009, *Review of the fixed narrowband wholesale services market*. [http://stakeholders.ofcom.org.uk/binaries/consultations/wnmr\\_statement\\_consultation/summary/main.pdf](http://stakeholders.ofcom.org.uk/binaries/consultations/wnmr_statement_consultation/summary/main.pdf).

4.6 Section 47 requires that conditions cannot be set or modified unless they are:

- objectively justifiable (save for the case of the setting of new general conditions, when this requirement does not apply);
- not unduly discriminatory;
- proportionate; and
- transparent.

## Section 5

# Analysis of options for 0500

## Introduction

- 5.1 This section assesses the options available for the 0500 range. Our preferred option is to withdraw the 0500 range from use by current holders of numbers within the range.
- 5.2 This section is structured as follows:
- i) We re-state our policy objectives with regard to simplifying non-geographic numbers;
  - ii) We outline the market failures that we identified in relation to Freephone ranges in the April 2012 consultation and the consumer harm that resulted;
  - iii) We set out the assessment criteria against which we have evaluated the options we have identified for the 0500 range;
  - iv) We consider each option for the range in detail, in turn; and
  - v) We identify our preferred option for the 0500 range, explaining our reasons for considering that option (withdrawing 0500 numbers).
- 5.3 This document incorporates an impact assessment of our proposals as defined in section 7 of the Act. In particular, this section of this consultation represents an impact assessment of our proposals for the 0500 range. Our impact assessment draws on the quantitative assessments we carried out in relation to our proposals for the 080 range, notably in relation to migration costs and the mobile origination payment for the free-to-caller option.<sup>52</sup> However, we have not conducted a fully quantified assessment of the costs and benefits of the proposals for the reasons outlined in paragraph 5.97. Nevertheless, we set out in detail our qualitative analysis of both the benefits and the costs and the likely impact on different stakeholder groups.

## Policy objectives and analytical framework

- 5.4 In our April 2012 consultation, we confirmed that the market for non-geographic calls was failing consumers, and we said that there is “clearly identified substantial consumer detriment arising from the retail market failures and this supports a case for reform of that market”.<sup>53</sup> We set out our intent to address these concerns by simplifying the non-geographic number ranges, “making the pricing structures clearer to consumers and removing confusing and misleading inconsistencies”.<sup>54</sup> These objectives underpin the proposals that we make in this consultation.
- 5.5 Our proposals in the April 2012 consultation to simplify the non-geographic ranges and clarify pricing structures are intended to make the pricing of calls to these numbers more

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<sup>52</sup> Annexes 12 and 22 of the April 2012 consultation.

<sup>53</sup> April 2012 consultation, Part A, paragraph 1.3, page 1.

<sup>54</sup> April 2012 consultation, Part A, paragraph 1.8, page 2.

intuitive for consumers. This means having number ranges which reflect well-defined purposes (that is, being for use for services for which there is demand), and that numbers are as clear and easily understandable to consumers as reasonably possible. We want to reduce the potential for confusion created by (i) similar-looking number ranges operating services with different price structures,<sup>55</sup> and, conversely, (ii) different-looking ranges having a distinct identity, in terms of purpose and/or price.<sup>56</sup> Again, these objectives are relevant to our assessment of the proposals we make in this consultation.

5.6 In Section 15 of the April 2012 consultation, we set out the evidence – specific to the Freephone ranges – of the consumer harm that we considered affects these ranges at present. We identified three market failures on the Freephone ranges:<sup>57</sup>

- i) low consumer price awareness;
- ii) vertical externality; and
- iii) horizontal externality.

5.7 We said that we were concerned that these three market failures were leading to four adverse impacts, specifically:<sup>58</sup>

- i) reduction in demand for Freephone;<sup>59</sup>
- ii) Freephone prices not reflecting consumer preferences;<sup>60</sup>
- iii) loss of access to socially important services;<sup>61</sup> and
- iv) diminished service availability and SP innovation.<sup>62</sup>

5.8 Based on our analysis, we remained of the view that there was significant evidence of consumer harm in relation to the Freephone ranges.

5.9 These harms informed the assessment criteria that we applied in the April 2012 consultation.<sup>63</sup> To ensure a consistent analytical approach across our consideration of non-geographic number ranges, we have evaluated each option for the 0500 range against the same assessment criteria. These criteria are:

- consumer price awareness;

<sup>55</sup> See, for example, the assessment of geographic rating for calls to 0845 and 0870, April 2012 consultation, Part B, paragraphs 11.109 – 11.125, pages 183 – 186.

<sup>56</sup> Our proposal to have different caps on the service charge for different 08X ranges is intended to preserve consumer understanding (albeit residual) of existing price differentials between the ranges. See April 2012 consultation, Annex B, paragraphs 10.301 – 10.313, pages 146 – 148.

<sup>57</sup> April 2012 consultation, Part C, paragraphs 15.16-15.31, pages 16-19.

<sup>58</sup> April 2012 consultation, Part C, paragraphs 15.47, page 22.

<sup>59</sup> April 2012 consultation, Part C, paragraphs 15.32-15.34, pages 19-20.

<sup>60</sup> April 2012 consultation, Part C, paragraphs 15.35-15.36, page 20.

<sup>61</sup> April 2012 consultation, Part C, paragraphs 15.37-15.40, pages 20-21.

<sup>62</sup> April 2012 consultation, Part C, paragraphs 15.41-15.46, pages 21-22.

<sup>63</sup> April 2012 consultation, Part A, paragraphs 5.86-5.125, pages 78-87 (and summarised in paragraphs 5.124-5.125).

- efficient prices;
- service quality, variety and innovation;
- access to socially important services; and
- regulatory burden.

5.10 As set out in section 2, the 0500 range was intended to be an equivalent range to the 080 range and that remains the case today, with both being Freephone ranges, which are generally charged on an equivalent basis. Given this overlap with 080, and in line with our policy objectives set out above, we have also applied two other criteria in assessing the options for 0500:

- **the impact of the option for 0500 on our preferred choice for the 080 range**, i.e. making 080 free to all callers. Ideally, choices made for both ranges should, together, lead to the best possible outcome for consumers and SPs. Given the primacy of 080 as the main Freephone range, the decision on the 0500 range should, at the least, not undermine or compromise the proposal for 080; and
- **efficiency and the best use of telephone numbers**. Ofcom has a duty to secure what appears to it to be the best use of telephone numbers and to encourage efficiency and innovation for that purpose.<sup>64</sup> Telephone numbers are a finite resource and, therefore, this duty is intended to ensure that numbers are not wasted, whether by hoarding or under-use, and that they are used effectively and efficiently for well-defined purposes, so as to enable access to services provided via numbers, and to meet demand from businesses and consumers for ranges serving such purposes. Because of the current duplication between 0500 and 080 and the limited use and availability of numbers from the 0500 range, we consider that the application of this duty is of particular relevance to our assessment of the options set out in this consultation.

5.11 These seven criteria are, therefore, our assessment criteria for the options for the 0500 range. In making our assessment, we have assumed that our preferred option for 080 will be implemented, namely that the 080 range will be made free-to-caller by all CPs. If we do not implement those proposals for 080, our proposals for 0500 may need to change. If that happens, we will review the proposals made in this consultation to determine whether they should be revised or be subject to further analysis.

*Q5.1: Do you agree with the assessment criteria we have used for our analysis, in particular the two additional criteria we have identified as relevant?*

5.12 As part of our review of NGCS, we have issued two consultations which considered the 0500 range. In the December 2010 consultation, we consulted on three options for 0500, which were (i) maintaining the status quo, (ii) adopting the same policy approach as for 080, and (iii) closing down the range. In the April 2012 consultation, we discussed two

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<sup>64</sup> Section 63 of the 2003 Communications Act.



options for the Freephone ranges<sup>65</sup> – making them free to all callers, or ‘maximum mobile price’ (MMP) ranges. However, having set out our preferred option for 080, that it should be designated as free-to-caller, we considered that there was a need to consult separately on the 0500 range, in order to elicit responses from 0500 SPs. Therefore, in this consultation we are setting out the four options for the 0500 range that we have considered:

- Option 1: Maintain the status quo for 0500;
- Option 2: Make 0500 a free-to-caller range;
- Option 3: Reopen 0500 as an MMP range; and
- Option 4: Withdraw the 0500 range.

### **Option 1: Maintain status quo**

- 5.13 Under this option, the 0500 range would stay as it is today. Calls to 0500 numbers would continue to be free except where charges are notified to callers at the start of the call, as is done by most mobile OCPs today. Subject to this requirement, OCPs would remain free to set whatever price they wish.
- 5.14 We do not anticipate that the 0500 range would be re-opened under this option for the reasons set out at paragraph 5.23 below.

### **Assessment against criteria**

#### Consumer price awareness

- 5.15 This option does not change the pricing of the range at all and would not address the current issues of low consumer price awareness of calls to these numbers, as set out in section 3 of this consultation. As set out below, we do not expect the range to become more attractive to SPs than it is today since they would remain unable to guarantee the cost of the call. Thus, call volumes will remain low and consumer understanding of the range and the prices that apply poor.
- 5.16 Furthermore, if we go ahead with our proposal to make 080 free to caller, there is a risk of creating additional consumer confusion. This is because 0500 would have a different charging structure to 080 numbers: 080 would be free from mobiles, whereas 0500 would not. This would particularly affect consumers who use 0500 numbers and understand them as ‘Freephone’ in the same way as 080 numbers. However, our evidence strongly suggests that this is likely to be a comparatively small group and, therefore, the extent of any additional confusion will be limited.

#### Efficient prices

- 5.17 We are unclear of the extent to which current 0500 call prices reflect consumer preferences, particularly given the low use of this range. However, the current pricing does not address the vertical externality effect, whereby OCPs set prices without taking

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<sup>65</sup> Section 16 and Annex 25 of the April 2012 consultation.

due account of SP preferences, and this would remain if we maintain the status quo.<sup>66</sup> The horizontal externality effect, whereby consumers' perceptions of the price for calling a number range from a fixed line are adversely affected by the higher prices charged by mobile operators for calls to that range, would also not be addressed by the status quo option. As this option does not change the range at all, and in particular does not improve price awareness, we do not anticipate improvement in the efficiency of 0500 call prices.

#### Service quality, variety and innovation, and access to socially important services

- 5.18 In maintaining the status quo, we would not expect any material change to the service quality and variety or access to socially important services on the range.<sup>67</sup> As we set out in the April 2012 consultation, the inability of SPs to guarantee the cost of a call to their customers is likely to inhibit variety and innovation by SPs on the 0500 range and this would continue to be the case.<sup>68</sup> Furthermore, because the range would remain closed under this option, it would continue to be used only by existing SPs and this also reduces the scope for service variety on the range.
- 5.19 Indeed, the evidence we have on SPs' preferences suggests many SPs may migrate from 0500 to 080 when 080 is made free-to-caller,<sup>69</sup> which may reduce the already limited number of services on 0500 even further, although the net impact is unlikely to be significant given the relatively small number of active SPs on the range. This also applies to any reduction in access to 'socially important' services on the 0500 range, particularly as the evidence available to us suggests that there may be a small proportion of such services on this range.

#### Regulatory burden

- 5.20 This option incurs no regulatory burden on CPs or SPs as no change is being made. As noted above, however, there is potential that some 0500 SPs will choose to migrate away from the 0500 range if we implement our preferred option for the 080 number range because they wish to offer numbers that are free-to-caller.

#### Impact on preferred choice for 080

- 5.21 This option could reduce the clarity of the Freephone message, with potential implications for the effectiveness of our preferred choice for the 080 range. Although consumer awareness of the 0500 range is very low,<sup>70</sup> the fact that there has been some basis for association between 080 and 0500 in the minds of consumers increases the potential for the horizontal externality between these two ranges, should we move to a system in which they are charged on a different basis. In particular, the continued operation of a number range that is free from fixed lines but not from mobiles alongside a

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<sup>66</sup> In our April 2012 consultation, we found that the relative prices of non-geographic calls, including calls to 0500 numbers, were unlikely to reflect consumer preferences. This was because we found it was likely to be in the interests of OCPs to increase prices on NGCs where consumer price awareness was lower in order to reduce the prices of those services where visibility was greater in order to attract subscribers.

<sup>67</sup> As noted in section 3, we consider there are likely to be only a very small proportion of socially important services on this range.

<sup>68</sup> April 2012 consultation, Part A, paragraphs 4.66- 4.68.

<sup>69</sup> In this scenario, the service quality and variety lost on the 0500 range would be gained on the 080 range.

<sup>70</sup> 4% of consumers with phones surveyed correctly identified 0500 as Freephone (see section 3).

range that is free to all callers could create complexity for consumers and risks undermining the free-to-caller message. But this risk is likely to be limited to consumers who make 0500 calls and/or identified 0500 as Freephone, and thus is relatively small.

- 5.22 There may also be an indirect effect of increasing SP demand for 080. If 080 were to become free-to-caller, the relative attractiveness of the 080 range would increase for those SPs still on the 0500 range for whom offering their callers/consumers a number that is free-to-caller is vital. As noted earlier,<sup>71</sup> a majority of the 0500 SPs we interviewed indicated that being able to offer their callers a number that was free to call was the most important feature of their Freephone numbers, and that a Freephone range which is truly free to all callers would serve their needs better than 0500 or 080 numbers currently do. Our provisional view, however, is that this indirect effect is not likely to be material because of the relatively small number of active SPs on the 0500 range and the fact that many are likely to already have 080 numbers in operation.

#### Efficiency and best use of telephone numbers

- 5.23 The analysis under the assessment criteria above suggests that there is no case for re-opening the 0500 range under this option. We do not expect increased interest from SPs in providing services on the range or any amelioration in consumer understanding of the range or the efficiency of pricing for calls.
- 5.24 In our view, a number range which can accommodate 1m numbers but has fewer than [X] [X] being actively used, has low call volumes relative to other non-geographic number ranges, and which is the cause of consumer confusion, both in relation to services on 0500 and, potentially on other ranges, is not being used well. Since this will continue to be the case if the status quo continues, we consider this option neither encourages efficiency nor helps us secure the best use of numbers as per our duty under the Act.

#### **Provisional conclusion**

- 5.25 The advantage of this option is that, as no features of the range would change as there would be no regulatory intervention, SPs and CPs need to do nothing *in response* to maintain their services, and thus there are no costs or disruption for them.
- 5.26 However, it has several disadvantages:
- it does not address the consumer transparency concerns about the price of calls to 0500 numbers; and
  - the vertical and horizontal externalities, and the limited number of service providers and services on the range, will continue;
  - there is no case for re-opening the range so it will remain under-utilised and represent a poor use of numbers.
- 5.27 In addition, if we go ahead with our proposals to make the 080 range free-to-caller, there is a risk of creating additional consumer confusion by the existence of a number range

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<sup>71</sup> See paragraph 3.17.6.

which previously was the same as 080 but now will be treated differently. This confusion could potentially dilute the impact of our Freephone message for 080, although we recognise it is only likely to do so for the small group of consumers who make 0500 calls and/or have awareness of the 0500 range. More broadly, this option would contradict our goal of simplifying non-geographic ranges by effectively creating a distinct (third) type of non-geographic range. This would create an additional communication and explanation challenge which could potentially dilute or complicate our message about reforming the number ranges to simplify them.

- 5.28 The sample of 0500 SPs we spoke to did not favour this option. Also, the findings of our earlier survey of SPs on the 080 range (see paragraphs 3.15.3-3.15.7) reinforce the inference that many if not most SPs want Freephone to mean free-to-caller and the differential pricing of fixed and mobile calls is seen as disadvantageous to their needs. We would welcome more views from SPs on this.
- 5.29 For these reasons, we do not consider that maintaining the status quo for 0500 would meet our policy objectives for the range itself or for our goal of simplifying non-geographic ranges to improve consumer confidence.

## **Option 2: Make 0500 free-to-caller**

- 5.30 This option means we set a maximum retail price of zero for 0500 calls regardless of whether calls are made from fixed-line or mobile phones. Assuming 080 is made free-to-caller (our preferred policy), this option for 0500 means that there would be no difference between calling 080 and 0500 numbers, for fixed-line or mobile callers.
- 5.31 However, under this option we would not re-open the 0500 range. It would remain closed to new allocations. The reason for this is that 080, which is the primary Freephone range at present, is far from exhausted. Additionally, 080 is much better recognised and understood among consumers than 0500, a point noted by most of the 0500 SPs we spoke to. Therefore, re-opening 0500 when there is no need for it and little evidence of demand for 0500 numbers, would unnecessarily complicate the message about the simplification of 080 and risk confusing consumers.
- 5.32 As with our preferred option for the 080 range,<sup>72</sup> we would expect an increase in the mobile origination charge for calls to 0500 numbers. Currently, our analysis assumes the same Impact Assessment Range for this 0500 option as for Option 1 for 080:<sup>73</sup> a mobile origination charge of 2.5ppm to 3ppm payable by SPs.

## **Assessment against criteria**

### Consumer price awareness

- 5.33 This option appears to be the simplest to understand for consumers (“The Freephone ranges, 080 and 0500, are always free”). However, this view is qualified by our finding

<sup>72</sup> April 2012 consultation, Part C, paragraphs 16.258-16.264, pages 81-83.

<sup>73</sup> April 2012 consultation, Part C, paragraph 16.116, pages 49-50: In 2009, mobile OCPs retained an average of 14.7ppm on 080 calls (this excludes VAT, includes origination payments mobile OCPs received from TCPs). The Impact Assessment Range we are using for mobile origination payments implies mobile OCPs would retain 2.5-3.0ppm under the free-to-caller option for 080. Annex 23 of the April 2012 consultation considers the details of origination payments for a free-to-caller range.

that while 0500 numbers have been the “same as 080” in price terms for consumers since the existence of the range, consumer awareness and understanding of 0500 numbers are significantly poorer than that of 080 numbers.<sup>74</sup> 0500 would remain a closed range under this option, with a limited number of services comprising the vast majority of calls and low call volumes overall.<sup>75</sup> It follows from this that relatively few consumers would call 0500 numbers and, consequently, awareness of the range and its pricing is likely to remain poor.

- 5.34 Furthermore, the potential for consumer confusion about the distinction between Freephone 080 and 0500 would continue. In other words, under this option, consumers may wonder why the 0500 range even exists if it is exactly the same as 080, and may suspect it is not exactly the same. This suspicion or confusion among consumers could, in consequence, weaken what should be a clear pricing message about 080.

### Efficient prices

5.35 Our assessment of this option is:

- i) the vertical externality effect, whereby OCPs set prices without taking due account of SP preferences, would be better addressed than the status quo (for those SPs that want their Freephone numbers to be free to all callers) and the horizontal externality effect, whereby consumers’ perceptions of the price for calling a number range from a fixed line are adversely affected by the higher prices charged by mobile operators for calls to that range, would be addressed;
- ii) callers would not receive price signals that reflect the additional cost associated with using a mobile phone to originate such calls. But the current gap between fixed and mobile prices for calls to 0500 is much larger than this additional cost and not derived from it.<sup>76</sup> Therefore, this factor would certainly not be worse relative to the status quo and may represent an improvement by moving mobile prices much closer towards the cost of originating a mobile call;<sup>77</sup> and
- iii) the tariff package effect<sup>78</sup> is unlikely to have a material effect on mobile call prices given the very low volume of calls made to the 0500 range. Also, an increase in proportion of 0500 calls made from mobile phones (due to 0500 becoming free-to-caller) would have a negative impact on fixed OCPs’ profits.<sup>79</sup> However, again, given that 0500 call volumes are very small (they are a small fraction of 080 call volumes), this impact is likely to be very small;

### Service quality, variety and innovation

<sup>74</sup> See paragraph 3.14.

<sup>75</sup> See recent 0500 call volumes in Table 3.1 and Table 3.2.

<sup>76</sup> April 2012 consultation, Part C, paragraphs 16.145-16.150, pages 55-56. Annex 22 of the April 2012 consultation considers in detail the costs of originating mobile calls to Freephone numbers.

<sup>77</sup> Annex 22 of the April 2012 consultation.

<sup>78</sup> The differential in customers’ awareness of the price of NGCs and the price of other aspects of OCPs’ retail offerings creates incentives for OCPs to set higher NGC prices and lower prices on services with more visible tariffs. This effect is referred to as the Tariff Package Effect (‘TPE’). See discussion in April 2012 consultation, Part C, paragraphs 16.118-16.150, pages 50-57 and Annexes 8 and 26.

<sup>79</sup> See April 2012 consultation, Part C, paragraphs 16.140-16.143, pages 54-55 and Annex 26 for a discussion of this effect for fixed OCPs in the case of the 080 range.

5.36 Our conclusion on the impact of this option is similar to that for our preferred option for 080.<sup>80</sup> While our research on 0500 SPs suggests that most SPs would retain their numbers under this option, we acknowledge that, potentially, both positive and negative effects exist. On the one hand, improved price transparency may encourage non-active 0500 SPs to use 0500 numbers allocated to them. On the other hand, some SPs may choose to migrate away or close numbers to avoid higher origination charges. Given that this is a range with very low utilisation and it is closed to new allocations, the scope for benefit or harm under this criterion is small. Also, given the likelihood that many 0500 SPs, if not most, concurrently operate and publicise alternate 080 or other numbers (as suggested by our limited research), their migration away from the range would not necessarily mean that consumers would lose their services as they may remain accessible through other telephone numbers.

#### Access to socially important services

5.37 The limited data available to us suggests that the proportion of 'socially important services' on the 0500 range is lower than on the 080 range and is likely to be small overall. Those 'socially important' SPs who cannot or do not wish to pay higher origination charges may opt to migrate to non-Freephone ranges. This would constitute harm for fixed-line callers who currently do not have to pay for such calls – but not for mobile-only households who already pay mobile charges for Freephone calls. But the potential for such harm is low on the 0500 range because there are likely to be significantly fewer 'socially important services' on it than, for example, the 080 range.

#### Regulatory burden

- 5.38 Our conclusion on the impact of this option is similar to that for 080.<sup>81</sup> This option will create some costs for mobile OCPs as they will lose revenue they currently receive from callers, but this may be mitigated, at least partially, by an increase in revenue resulting from increased call volumes. We also note from 0500 call volumes (see section 3) that the revenues at stake for mobile OCPs would be very low compared to revenues from calls to other non-geographic numbers.
- 5.39 Potentially significant costs for a small number of SPs are possible. These could be either as a result of:
- the increased mobile origination charge (2.5-3.0ppm) for those SPs who have a significant incoming call volume on their 0500 number(s); or
  - as a result of costs arising from migration away from the range for those SPs who cannot afford or do not wish to pay higher mobile origination charges and are forced to migrate their services to alternative numbers.<sup>82</sup> Given the relatively small number of active SPs on range (compared to other non-geographic ranges), and the likelihood that many, if not most, of them concurrently operate and publicise alternate 080 or other numbers (as suggested by our limited research), the aggregate harm is unlikely to be large.

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<sup>80</sup> April 2012 consultation, Part C, paragraphs 16.188-16.192, page 65.

<sup>81</sup> April 2012 consultation, Part C, paragraphs 16.204-16.209, pages 67-69.

<sup>82</sup> In the April 2012 consultation we estimated that these costs would be in the range of £1,000-£2,000 per firm (Part C, paragraph 16.205, page 67).

Impact on preferred choice for 080

- 5.40 This option would mean that the 0500 range would continue to mirror 080. This could increase the complexity of the message about Freephone, which would relate to two number ranges that look very different to one another and have very different levels of awareness amongst consumers. Also, because the ranges are numerically different, this may give rise to consumer suspicion that 0500 and 080, though both termed “free”, are possibly different and thereby harm consumer clarity about the price of 080 calls under our preferred option.<sup>83</sup>

Efficiency and best use of telephone numbers

- 5.41 Since we do not propose to re-open the range to new allocations for the reasons set out in paragraph 5.31 above, 0500 will remain under-utilised by SPs and consumers, and therefore consumer understanding of the range is likely to remain poor. It may also serve to impede clarity about the status of 080 as a free-to-call range. For these reasons, as with Option1, we do not think that this option encourages efficiency or represents best use of numbers.

**Provisional conclusion**

- 5.42 This option could improve price awareness more than the previous option and partially address the vertical externality effect by meeting SP demand for the 0500 range to be free-to-call.
- 5.43 However, by seeking to promote two free-to-caller ranges –particularly, if this includes one range which is closed to new allocations –it risks diluting the clarity of the message about the new Freephone regime and undermining the effectiveness of the transition.
- 5.44 This option would also continue the need to sustain a range which is slowly declining in use and is likely (due to low utilisation by SPs and low call volumes) to always remain less well-understood by consumers and SPs.
- 5.45 However, we are mindful that this option is less interventionist than the two following options. Also, it avoids the complexity and consumer confusion that would arise from leaving 0500 unchanged (Option 1) when other non-geographic ranges are all being simplified into a new Freephone system or an unbundled tariff charging structure. Finally, it allows 0500 to benefit from the same simplification and clarification as proposed in the preferred option for 080, a gain for callers and most SPs on the range compared to the status quo.
- 5.46 Thus, it would appear that making 0500 free-to-caller (thus, identical to 080) has certain benefits although it is not without drawbacks in terms of our overarching goal of simplifying non-geographic ranges to improve consumer confidence and our duty to ensure best use of phone numbers.

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<sup>83</sup> But the scope for this confusion to grow would be constrained by (i) our decision not to re-open the 0500 range to new allocations and (ii) the relatively smaller number of active SPs on the 0500 range.

### Option 3: Reopen 0500 as an MMP range

- 5.47 A ‘maximum mobile price’ (or ‘MMP’) number range is one where a maximum price of zero is specified for fixed calls and a maximum price above zero for mobile calls. This means that SPs do not need to pay a higher origination payment to mobile OCPs, since any additional costs of mobile call origination can be recouped from mobile 0500 callers via the retail price of 0500 calls.
- 5.48 Offering 0500 as an MMP alternative for SPs would mean:
- i) re-opening the range to new allocations – because if the range is to fulfil its potential as an alternative for those SPs who want to stay free for fixed-line callers but cannot afford to pay (higher) mobile origination charges then the range must become accessible to SPs who have not had 0500 numbers before, and
  - ii) deciding which “variant” or sub-option of MMP to apply to the range, i.e. either a fixed price or a variable price set at the same level as the access charge (‘AC’) that applies to calls to unbundled ranges.<sup>84</sup>
- 5.49 As this option implies re-opening the range to new allocations, Ofcom would need to consider how to make the range, currently allocated to C&WW, equally available for allocation to other CPs. This might be done, for example, by withdrawing the range (or a part of it) from C&WW for the purpose of transferring the allocation to other CPs, or by making conditions to require C&WW to make such transfers itself.
- 5.50 At present, 0500 numbers are 10 digits-long rather than the current standard of 11 digits and we would, therefore, in addition, need to consider the practical issues associated with this. (080 numbers exist in 10-digit and 11-digit variants, though the 10-digit 080 range has been closed to new allocations since 2000-01.)

### Assessment against criteria

#### Consumer price awareness

- 5.51 MMP for 0500 is likely to be an improvement on the status quo<sup>85</sup> because, in advertising their number, SPs would be able to specify the maximum access charge that callers might pay as well as their service charge, thereby securing greater transparency about prices than the present situation where consumers may not have information about the price of a call until they hear the PCA. (OCPs could, in principle, communicate their actual AC by means of a PCA)
- 5.52 However, during our interviews with SPs using 0500 numbers, some of them said that the MMP concept would not be easy to explain to consumers, and those callers who understand 0500 as ‘Freephone’ would be left confused/suspicious when it ceased to be so (particularly as 080 would become free-to-caller). These SPs felt that explaining MMP to consumers – and the fact that 0500 would be a new type of non-geographic range,

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<sup>84</sup> April 2012 consultation, Part C, paragraph 16.215, page 70.

<sup>85</sup> As per our assessment of the MMP option for 080 in the April 2012 consultation, Part C, paragraphs 16.227-16.231, page 73.



neither free nor revenue-sharing – would be a significant challenge and would adversely affect consumer confidence on price.

- 5.53 Finally, we note that improvements in consumer price awareness under this option are likely to be limited to those who make 0500 calls. Given the very low volume of calls to this number range at present, significant confusion could persist.

#### Efficient prices

- 5.54 Our assessment of this option is:

- i) efficiency is likely to be improved if prices reflect the costs of providing the service, as well as any additional costs (or benefits) borne by those not party to the transaction (i.e. the horizontal and vertical externalities set out in the April 2012 consultation).<sup>86</sup>
  - ii) the estimate of the impact on mobile and fixed OCPs' profits would be much less than for 080<sup>87</sup> because 0500 call volumes are much less than 080 call volumes; and
  - iii) the impact on fixed OCPs' profits of making 0500 an MMP range due to fixed-to-mobile substitution would be smaller compared to the impact if the range were made free-to-caller. In any event, however, these impacts on profits are not likely to be significant for CPs given the very low call volumes on the range.<sup>88</sup>
- 5.55 With regard to the externalities, the horizontal externality effects, in terms of consumers' expectations of fixed 0500 prices being affected by their expectations of the mobile charge, would not be eliminated but may be less than it is presently.<sup>89</sup> The vertical externality effects, in terms of 0500 charges representing SP preferences, would be addressed to some degree as SPs would gain more certainty about call prices. However, as noted in paragraph 5.52 above, the evidence from our survey of 0500 SPs revealed reservations about MMP, and a greater preference for making the range free-to-call from all CPs. That said, these effects are likely to be small given the relatively small number of active SPs on the range and the very low call volume.

#### Service quality, variety and innovation

- 5.56 In the April 2012 consultation we said that the same MMP option for 080 could improve service quality, variety and innovation relative to the status quo.<sup>90</sup> It is unclear, however, whether our analysis in relation to 080 applies to 0500, given the evidence of SPs' reservations about this option and our assessment that there is limited scope for improvements in consumer price awareness and understanding of the range.
- 5.57 This option may provide a suitable migration path for those 080 SPs who would be inclined to quit 080 were it to become a free-to-caller range, thereby increasing the number of SPs and variety of services on the range

<sup>86</sup> April 2012 consultation, Part C, paragraphs 15.2 -15.31, pages 17-19.

<sup>87</sup> April 2012 consultation, Part C, paragraphs 16.233-16.236, pages 74-75 and Annex 26.

<sup>88</sup> See Table 3.1 and Table 3.2.

<sup>89</sup> April 2012 consultation, Part C, paragraphs 16.229, page 73 and Annex 8 for a discussion of the evidence on this point.

<sup>90</sup> April 2012 consultation, Part C, paragraphs 16.237-243, page 75-76.

5.58 However, in the same scenario, some 0500 SPs may opt to move to a free-to-caller 080 range to make themselves available to mobile callers for free. While we do not know definitely if more 080 SPs would move to an MMP 0500 range or more 0500 SPs would move to a free-to-caller 080 range, we consider the former less likely. This is because more SPs, on both ranges, appear to value the benefit that a free-to-caller range would bring to their incoming call volumes and are sensitive to the significantly poorer consumer recognition of the 0500 range.<sup>91</sup>

#### Access to socially important services

5.59 As noted, the limited data available to us suggests that the proportion of ‘socially important services’ on the 0500 range is less than that on the 080 range and the number of them is likely to be small. That would render this a less relevant factor overall.

5.60 The rationale for this option for the 0500 range would be that it acts as an alternative range for those 080 SPs who cannot afford to pay the higher mobile origination charges that would result from a free-to-call 080 range. However, we also need to consider how this option for 0500 – in the context of 080 becoming free to all callers – would affect access to ‘socially important services’, particularly for low-income, mobile-only households. If a significant proportion of ‘socially important’ 080 SPs were to migrate to an MMP 0500 range, to avoid the higher mobile origination charges of a free-to-caller 080 range, then mobile callers would be disadvantaged relative to fixed-line callers. This would also be sub-optimal compared to a situation where these SPs remain on 080. However, fixed-line callers would benefit if the alternative for these SPs would be to migrate to a number range that is not free to call from a fixed line. Also, mobile callers would still be better off than under the status quo if prices from mobiles fall under this option.

5.61 However, the benefit of 0500 acting as an alternative range for ‘socially important’ SPs who cannot afford to be on a free-to-caller 080 range would only materialise if such SPs migrated to 0500 in preference to other number ranges. Our evidence of this is weak, and we would welcome the views of relevant SPs on this question.

#### Regulatory burden

5.62 Our assessment of this option is that setting up an MMP range and having to review that price periodically would involve additional regulatory burden. While we have not sought to quantify these regulatory costs, the burden appears to be disproportionate, given that the potential benefits of this option are uncertain and limited, given low usage of the range.<sup>92</sup> That said, these costs would be avoided, however, if the MMP were linked to the proposed access charge, which we do not propose to cap.<sup>93</sup>

5.63 The cumulative burden on SPs resulting from migration – of those 0500 SPs who do not wish to be on an MMP 0500 range – depends on how many SPs would decide to migrate under this option given the changes also proposed to the 080 regime. Although we do not have enough evidence to predict this number reliably, our limited research suggests that MMP is not a popular option among 0500 SPs and many, if not most, would consider

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<sup>91</sup> See paragraphs 3.17-3.18.

<sup>92</sup> Although utilisation of 0500 numbers could improve under the MMP option, we do not have evidence that such an improvement would likely happen or what its magnitude might be.

<sup>93</sup> April 2012 consultation, Part B, section 10, page 96 onwards.

giving up their 0500 numbers in preference for free-to-caller 080 numbers, or other numbers.<sup>94</sup> However, as our limited evidence suggests that a majority of SPs with 0500 numbers already operate 080 or other numbers for their callers in tandem with their 0500 number, the number of migrations caused by this option may not be more than a small fraction of the number of SPs which stop using 0500.

#### Impact on preferred choice for 080

5.64 We noted in the April 2012 consultation that offering 0500 as an alternative MMP range could affect the attractiveness of a free-to-caller 080 range in two ways:<sup>95</sup>

- i) 0500 would act as an alternative for those SPs who cannot, or are not willing to, pay an increased 080 mobile origination charge. This would better reflect the diversity in SPs' preferences. We estimated that around 19% of 080 SPs are likely to choose to migrate because of the increased origination charge on the 080 range, whereas 14% said they would prefer the model we are considering under this option for the 0500 range. However, it is unclear how many of these SPs would consider migrating to 0500 given its very low recognition among consumers; and
- ii) Potential for consumer confusion on price between 080 and 0500 may exist – as a result of the historical labelling of both ranges as 'Freephone' – which may harm our preferred option for 080. In theory, this problem is likely to be worse under this option than the previous options where we noted this harm was likely to be limited by the low consumer awareness of 0500. This is because, by reopening the 0500 range to new allocations, we would be looking to drive increased awareness and usage of the range compared to the status quo. Because this option would represent a significant change from the status quo (0500 being a closed range), we would need to communicate a message to consumers explicitly about the 0500 range, which would be intended to raise consumer awareness.

Nonetheless, we still do not think the risk of diluting the 080 message is very high under this option. In the first instance, we note that consumer confusion between number ranges tends to occur when the prefixes for number ranges are very similar, which is clearly not true of 080 and 0500.<sup>96</sup> While 080 and 0500 have both been labelled 'Freephone', which may create a link between the number ranges in consumers' minds, our consumer survey found that few respondents correctly identified 0500 as Freephone. Consumers who were never aware that 0500 was a Freephone range are unlikely to have their perceptions of 080 affected by their experiences of calling 0500 numbers under this option. So, even though call volumes to 0500 may increase, we would not consider the potential for dilution of the 080 message to increase with them. As a result, the extent of this link is likely to be limited in practice to the small number of callers who were aware that 0500 was a Freephone range – as is the case with the other options where the 0500 range continues to operate. Secondly, we note that 0500 SPs can inform consumers through advertising material or other communication of maximum call prices.

5.65 0500 SPs who wish to provide their callers with a free-to-caller number could migrate to the 080 range. Of the 0500 SPs we interviewed, most consider a free-to-caller range

<sup>94</sup> See paragraphs 3.17-3.18.

<sup>95</sup> April 2012 consultation, Part C, paragraph 16.274, page 85.

<sup>96</sup> April 2012 consultation, Part A, section 4 as well as Annex 8.

more attractive for their business needs than an MMP range. Furthermore, many already operate 080 numbers in parallel with their 0500 numbers and have more 080 numbers than 0500 numbers. Thus, for them, simply stopping their 0500 numbers would be an option. Were many SPs on the 0500 range to migrate to the free-to-caller 080 range – or give up their 0500 numbers and only offer 080 numbers for the same services, this would be positive for consumers. It cannot be considered negative for SPs as it would be of their own volition, i.e. we assume they would do their own cost-benefit analysis beforehand.

### Efficiency and best use of telephone numbers

- 5.66 Re-opening the 0500 range, as a new kind of range, to allocations by all CPs would, in theory, improve the utilisation of the range. Against this criterion, this option represents a potential improvement over the previous two options.
- 5.67 However, this remedy of the range's current inefficiency would only be realised if a significant number of SPs viewed such an 0500 range as a viable range for their business needs and used the range to provide efficiently priced, varied and innovative services. Our limited research among SPs suggests that is unlikely to be the case since demand for 0500 numbers would remain weak as (i) it is poorly recognised at present by consumers and (ii) some SPs consider MMP a significant challenge to explain to consumers and unattractive in contrast to a free-to-caller 080 range.<sup>97</sup> In the absence of evidence of demand for phone numbers on an open, MMP 0500 range, our provisional view is that this option would fail to remedy the under-utilisation of the 0500 range today.

### **Provisional conclusion**

- 5.68 Evidence of demand among SPs to make 0500 MMP and to re-open the range to allocations is weak. A number of SPs interviewed by us viewed this option as complex for consumers and consequently not an attractive one for their needs. This evidence contradicts the theory that this option could remedy current low and inefficient use of the range. Any improvement in this regard would require significant demand for 0500 as an MMP range and in the absence of evidence to demonstrate this, we must take a sceptical view of this option's ability to address the lack of efficiency in the range.
- 5.69 Given the extremely poor awareness of 0500 among the public, we also take a sceptical view of the likelihood that, of those 080 SPs who cannot afford the mobile origination charge of a fully free-to-caller 080 range, many would opt to migrate their services to an MMP 0500 range.
- 5.70 Additionally, there exists the risk that an MMP 0500 range would still be confused with 080 or be perceived as a "lesser" or "inferior" range by consumers. This could depress demand for such a range among SPs. This risk is likely to be greater than under the status quo, as opening the number range to new allocations may increase consumer usage and awareness of the range, thereby increasing the potential for confusion.
- 5.71 For these reasons, we are not persuaded by the evidence currently available that making 0500 an MMP range would meet our policy objectives for the range itself or for our

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<sup>97</sup> See paragraphs 3.17-3.18.

overarching goal of simplifying non-geographic ranges to improve consumer awareness and confidence.

## **Option 4: Withdraw the 0500 range**

- 5.72 At present, the 0500 range is closed to new allocations. But SPs who secured 0500 allocations in the past are free to continue using these numbers. This option would withdraw all 0500 number allocations from further use.
- 5.73 For SPs who use 0500 numbers to offer services, this option would require that they migrate those services either to alternative numbers that they operate or to new numbers that they would have to obtain.

### **Qualitative assessment against criteria**

#### Consumer price awareness

- 5.74 If the range were to be withdrawn, this issue would become redundant since no services would be provided on the range.

#### Efficient prices

- 5.75 If the range were to be withdrawn, the issue would also become redundant in relation to the range. As set out above, we do not think it likely that withdrawing the 0500 number range would have any material impact on tariffs for other services given the very low call volumes to this range.

#### Service quality, variety and innovation

- 5.76 Withdrawal of the range would mean that no services could be provided on these numbers. The net impact of this option on service quality and variety would depend on (a) whether 0500 SPs migrate to other number ranges, such as 080, and maintain their services to consumers, and (b) what call prices apply to consumers on the new number ranges. Although our research among SPs was limited, most SPs we interviewed, across industry sectors, said they would maintain their Freephone services (by using 080 numbers) as incoming calls for which callers were not charged were important to their businesses/operations. Therefore, our provisional view is that to the extent SPs wish to continue providing services currently offered using 0500, they can do so (and will opt to do so) using 080 (or another number range that meets their needs).
- 5.77 As part of this consultation, we would welcome the views of SPs offering services on 0500 numbers on what they would do with those services if 0500 numbers were to be withdrawn.

#### Access to socially important services

- 5.78 As noted, the limited data available suggests that the proportion of 'socially important services' on the 0500 range is less than that on the 080 range and the number of them is likely to be small. That would render this a less relevant factor overall and we consider that the scope for harm to callers is limited. If a majority of 'socially important' SPs with active services on the 0500 range were to move those services to 080 numbers, then this

would be a net gain for consumers/callers over the status quo since, under our preferred option, 080 will become free to call. Our limited interviews with 0500 SPs did not capture enough 'socially important' SPs for us to draw inferences about what 'socially important' SPs using 0500 numbers would do if those 0500 numbers were withdrawn. We welcome the views of SPs providing socially important services (as set out in the April 2012 consultation)<sup>98</sup> on this.

### Regulatory burden

- 5.79 We do not have sufficient evidence to indicate what proportion of SPs would migrate their services currently on 0500 numbers to the 080 range and/or to other number ranges (see section 3 and paragraph 5.81 below). Therefore, any estimation of the transfer of 0500 call volumes to other number ranges would be very uncertain and, consequently, so would estimation of the impact on CPs' revenues. If current 0500 call volumes were to transfer largely to a free-to-caller 080 range then the consequent increase in OCPs' revenues would be subject to the tariff package effect and fixed-mobile substitution.<sup>99</sup> However, given the 0500 range's very low call volumes (particularly in relation to 080 call volumes), we do not expect there to be a material impact on the revenues of CPs, either originating or terminating, from withdrawing this number range.
- 5.80 This option could trigger migration costs for 0500 SPs. In August 2012, C&WW advised us that the number of SPs on the 0500 range, including those that have ported to other operators, was [redacted] [redacted] in June 2012.<sup>100</sup> However, our interviews with a small sample of 0500 SPs indicates that many, if not most, concurrently operate 080 or other numbers, and many of them said that they would not necessarily need to secure new numbers to replace their 0500 numbers. Most of them advised us that their 0500 call volumes were a small fraction of their total incoming call volumes and they did not expect migration costs to be significant. They also added that a longer implementation/transition period – for the stopping of 0500 numbers – would further reduce costs and allow them to minimise disruption.
- 5.81 In our April 2012 consultation, we estimated that migration costs per SP could range in the region of £1,000-£2,500.<sup>101</sup> But we acknowledged "considerable uncertainties" around any estimate of such costs.<sup>102</sup> With respect to the 0500 range, we consider that there are additional complexities that would render an equivalent estimate more uncertain:
- i) C&WW advised us [redacted] [redacted].
  - ii) In our interviews with 0500 SPs, a clear majority said they also operated 080 and/or other non-geographic numbers concurrently, thus it was not necessary they would need to replace any expiring 0500 number(s) with new lines. Although the sample of 0500 SPs interviewed was small, this finding may be indicative of wider co-use of 0500 numbers with 080 and other numbers.

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<sup>98</sup> April 2012 consultation, Part A, paragraphs 5.98-5.103, page 81.

<sup>99</sup> Discussed in the April 2012 consultation, Part C, paragraphs 16.118-16.150, pages 50-57.

<sup>100</sup> C&WW's 17 August 2012 response to Ofcom's 16 July 2012 s.135 information request.

<sup>101</sup> April 2012 consultation, Part C, paragraph 16.205, pages 67-68 and Annex 12, pages 150-167.

<sup>102</sup> April 2012 consultation, Part A – Annexes, paragraph A12.74.

- 5.82 Given these uncertainties, we do not consider it possible to seek to estimate precise migration costs. Instead, we want to use the consultation process to test our hypothesis that migration costs are not a significant factor that would reduce the attractiveness of our preferred option compared to the other options available, and so we welcome SPs' views on migration costs.
- 5.83 We also note the views of SPs we interviewed that that their migration costs would be significantly mitigated by a longer implementation period. (We discuss implementation options in the next section.)

#### Impact on preferred choice for 080

- 5.84 This option could simplify the understanding and recognition of Freephone numbers among consumers. With the 0500 range gone, Freephone (which would become free-to-caller under our proposals) would be associated more clearly with the 080 range. Callers would no longer face two number ranges identical in purpose but very different in appearance with its potential to confuse callers and erode confidence in the identity and pricing of both ranges. The understanding that Freephone means an 080 number would strengthen 080's identity and, consequently, help to undo the negative impact on demand for 080 resulting from consumer uncertainty about 080 pricing that we identified in the April 2012 consultation.<sup>103</sup>
- 5.85 The 080 range would gain those 0500 SPs who wish to continue to offer Freephone/free-to-caller services despite higher mobile origination charges and are prepared to incur the costs of migration. Our limited research with 0500 SPs indicates that a majority of them would opt to move services currently offered on 0500 numbers to 080 numbers. This would be positive for 080, the prime Freephone range.

#### Efficiency and best use of telephone numbers

- 5.86 As noted in section 3, utilisation of the 0500 range is less than [x] [x]. The number of active SPs on the range is relatively small and has been decreasing over recent years,<sup>104</sup> and call volumes are very low.<sup>105</sup> A very large proportion of the total 0500 call volume today is generated by a very small number of SPs.<sup>106</sup> The range is closed to new allocations, so is not available to CPs or new SPs as a resource. Therefore, the current use of the range is poor and this, together with its limited availability, cannot be considered to encourage efficiency or innovation. Further inefficiency results from the fact that the range duplicates the current purpose of 080, even though that range is far from exhausted and able to meet demand for Freephone numbers.
- 5.87 Withdrawing the range will rationalise Freephone numbers into a single range – 080 – and remove the 0500 range, which is little used and poorly understood. As set out above, this could improve consumer understanding and recognition of the 080 range and

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<sup>103</sup> With 0500 gone, the only other range offering free calls – other than 080 – would be the six-digit 116 range, the 'Harmonised numbers for harmonised services of social value'. These are very different in appearance from 080 numbers and, secondly, there are very few 116 numbers due to the conditions attached to their use. Thus, we do not consider that 116 numbers have any discernible impact on the public understanding of 080 numbers.

<sup>104</sup> The number of SPs on the 0500 range has dropped from around [x] [x] in 2007 to [x] [x] in 2012.

<sup>105</sup> See paragraph 3.13.

<sup>106</sup> See paragraph 3.14.

thereby enhance SP demand for numbers on the range. By enhancing SP demand, it may also increase the scope for the proposed changes to 080 to secure improvements in service availability and innovation on the range.<sup>107</sup>

### Provisional conclusion

- 5.88 This option would be consistent with our objective of “making the pricing structures clearer and removing confusing and misleading inconsistencies”.<sup>108</sup> By eliminating a number range (i) that no longer appears to have a distinct rationale, (ii) for which there is little evidence of demand, and (iii) whose existence creates negative horizontal externality effects on demand for 080 and non-geographic call services generally, this option would simplify and rationalise the use of non-geographic numbers. By removing the scope for confusion by having two different number ranges serving identical purposes, it would help to making pricing more intuitive for consumers.
- 5.89 All other things being equal, best use of numbers is not served by having two number ranges, dissimilar in appearance, serving identical functions when the main number range for this function has not been exhausted as a resource. All active 0500 allocations could be accommodated within the 080 range. (Most 0500 SPs we interviewed already had 080 numbers as well.)
- 5.90 The consumer-side problems with the 0500 range discussed earlier, i.e. very poor understanding of the range and very poor awareness of 0500 call charges, would be rendered immaterial by withdrawal of the range.
- 5.91 Among all the options for 0500, this option would be most beneficial for 080 (assuming our preferred option for 080 is implemented) because (i) it would help consolidate the identity and location of Freephone in the 080 range and (ii) it would allow us to present the public with a simpler message about Freephone becoming free to all callers. By contrast, maintaining the 0500 range (whether as free-to-caller or MMP) – a range which, due to its closed and low-utilisation nature, would always have a lower profile among consumers – would risk diluting the message about our reform of Freephone.
- 5.92 Although aggregate migration costs caused by withdrawing the range are uncertain, for many, if not most, SPs using the 0500 range, these are likely to be limited because many of them concurrently operate 080 or other numbers. Our limited research with 0500 SPs suggests that most of them, even more so those who account for the largest 0500 incoming call volumes, concurrently operate 080 numbers. Furthermore, many of these SPs indicated to us that (i) they expected their migration costs arising from the withdrawal of 0500 numbers to be small and (ii) their migration costs would be further reduced by a longer implementation timeframe for the withdrawal of 0500 numbers. (We discuss our options for implementation in the next section.)

### Provisional conclusion on the 0500 range

- 5.93 On the basis of the assessment of the options available for the 0500 range, our preferred option is Option 4, withdrawing the range. We consider that withdrawing the 0500 range would go further than the alternatives in:

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<sup>107</sup> See April 2012 consultation, Part C, paragraphs 16.190-16.192.

<sup>108</sup> See paragraphs 5.3-5.5.



- rationalising telephone numbering to reduce consumer confusion;
- securing the best use of telephone numbers; and
- enhancing the clarity and simplicity of the new Freephone regime (080) for the benefit of consumers and businesses.

Therefore, this option would best advance our policy objective of making non-geographic numbering and pricing more intuitive for consumers.

- 5.94 We recognise that this option has potential to create costs for some SPs on the 0500 range. Our limited research with SPs indicates that these costs, primarily linked to migration, are unlikely to be large for most of them and would be reduced by means of a longer implementation period, thus allowing SPs more time to prepare for the change, to communicate this change to their customers and business partners, to amend their promotional literature, websites etc. There is some evidence that many 0500 SPs operate 080 numbers in parallel to their 0500 number and, thus, may not have to migrate their 0500 number. To further our understanding on this, we welcome evidence from SPs on costs and other consequences for them of the withdrawal of 0500 numbers.
- 5.95 We consider that the potential harm associated with this option is outweighed by the benefits for consumers and SPs which we have presented above. Based on current evidence before us, we consider that this option would be more effective, appropriate and proportionate in meeting our policy objectives and satisfying our duties under the Act than the alternatives.
- 5.96 As we noted in paragraph 2.7, in 1998, Oftel, Ofcom's predecessor, proposed the withdrawal of the 0500 range and migration of services to the 0800 range. This was resisted by some SPs and consumer groups, and criticised by the House of Commons Select Committee on Trade and Industry, following which Oftel changed its position and 0500 numbers were not migrated to 0800. Today, circumstances with respect to the 0500 range are fundamentally different. In brief:
- The 0500 range was established when BT had exclusive access to 080 numbers. Today, 080 numbers are available to all CPs. Thus, the rationale for 0500 as a range serving the same purpose as 080 has gone.
  - Then, 0500 had potential to emerge as a significant Freephone range well-utilised by SPs. Today, utilisation of the 0500 range is below [X] [X]. There are fewer than [X] [X] SPs left on the range, and [X] [X] SPs quit the range in the five years to 2012.
  - Consumer usage of 0500 numbers, measured by call volumes, are extremely low compared to 080 and most other non-geographic ranges.<sup>109</sup>
  - Finally, consumer understanding of 0500 numbers and call charges are significantly worse than for other 080, geographic and mobile numbers. We consider that, collectively, these indicate that market factors have moved against the case for maintaining the 0500 range.

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<sup>109</sup> See Table 3.1 and Table 3.2.

5.97 The analysis presented in this section represents our impact assessment of the proposal for withdrawing the 0500 range. We have not conducted a fully quantified assessment of costs against benefits. This is because:

- with the data available to us at this stage, we cannot confidently estimate all the costs that may arise. In particular, there is significant uncertainty about the number of SPs actively using 0500 numbers at present, the number of those that would need to migrate to a different number range and the number ranges to which they might migrate their services;
- the benefits that we consider would result from our proposal are not easily quantifiable. These relate to the removal of numbering inconsistency, the reduction of the potential for consumer confusion, and the clarification of the identity and location of Freephone (see paragraphs 5.88-5.92). Although the evidence we have of consumer perception and SPs' opinions (presented in section 3) gives us confidence that these are benefits that would lead to improved consumer confidence in, and increased use of, non-geographic telephone numbers, we cannot estimate the quantum of increase in consumer demand and/or use that would follow.

5.98 However, we have conducted a qualitative assessment of the benefits and set out their impacts on consumers, SPs and CPs. We have also referred to the quantitative analysis in the April 2012 consultation in relation to migration costs, mobile origination costs and impact on OCPs' profits due to fixed-mobile substitution where relevant. We consider this is sufficient to enable stakeholders to assess the likely impact of our proposals.

5.99 Our provisional conclusion to withdraw the 0500 range is consistent with the policy objectives of our strategic review of non-geographic numbers and the evidence we have set out. In particular, in this consultation we have set out:

- clear evidence of consumers' poor awareness and understanding of the 0500 range;
- clear evidence of the lack of efficiency in the use of numbers in this range and the long-term decline in the utilisation of the range by SPs; and
- findings from our limited research on 0500 SPs which suggests that they appreciate the problems with the present-day Freephone regime as we have presented them and broadly welcome Ofcom's intervention to simplify and clarify non-geographic numbers and pricing for the benefit of consumers.

*Q5.2: Do you agree with our assessment of the options for the 0500 range? In particular, do you agree with our preferred option of withdrawing the 0500 range? If not, please explain why.*

*Q5.3: Do you have any comments on the analysis presented on the costs and benefits of our preferred option? Please provide evidence to support your comments.*

## Section 6

# Implementation

## Introduction

- 6.1 This section sets out how we propose to implement our preferred option for 0500 telephone numbers, which is to withdraw the number range.
- 6.2 We discuss how changes to the 0500 number range would be communicated to consumers and service providers and set out the proposed timetable for implementation. We also outline the legal instruments which we consider will be required to give effect to a withdrawal of the range and the legal tests that must be satisfied.
- 6.3 There are risks attached to our preferred option. Therefore, in deciding how to implement this approach we want to ensure that these risks are minimised and mitigated where possible. These risks are around:
- SP migration: Our preferred option would mean that SPs using 0500 numbers would have to migrate their services to another range if they wish to maintain those services (unless those services are already provided in parallel on another range). Consequently, we need to take this into account in considering the timescale for the implementation of the withdrawal of 0500 numbers; and
  - Communication to consumers: Consumers who make use of 0500 numbers would need to be made aware that these numbers are being withdrawn and the SPs they wish to contact can be reached using alternative numbers.
- 6.4 As noted in the previous section, our proposal for the withdrawal of the 0500 range is predicated on the reform of the primary Freephone range, 080, as proposed in the April 2012 consultation, which is to make it free to all callers. If our proposal for 080 were to materially change, we would reconsider the analysis for the 0500 range set out in this consultation. The proposals in this consultation do not in any way pre-judge the outcome of the April 2012 consultation.

## Timing

- 6.5 We consider that the following steps would be involved in implementing the withdrawal of 0500 numbers:
- SPs would need to decide what action they need to take in order in relation to services currently provided on an 0500 number – for example, whether to migrate their 0500 services to a number on an alternative range which they hold (or simply continue providing those services on that number), or to acquire a new number on an alternative range to replacing their expiring 0500 number;
  - SPs who decide to migrate would need to develop a plan for the migration of their 0500 services which would include replacement of material such as stationery or

advertising which has displayed their expiring 0500 number(s) and communication with business partners and customers to advise of the change;

- CPs would need to update their numbering and pricing information to remove 0500 from their literature and billing systems; and
- Ofcom, CPs, SPs and/or consumer groups would need to develop means to actively communicate to consumers that 0500 numbers will be withdrawn and services on 0500 numbers will (in most cases) migrate to other numbers.

6.6 Taking into account these steps that will be involved in implementation, we are consulting on two timetables for the withdrawal of the 0500 number range running from :

- 18 months from the end of 2012 (we consulted on this duration in the April 2012 consultation as an option for other changes to non-geographic numbering); or
- 24 months (principally, to allow SPs who are more dependent on their 0500 numbers more time to prepare to their migrate services and minimise costs).

6.7 We consider that a period of 18 months would be sufficient to complete the actions outlined in paragraph 6.5 above. Furthermore, having a common date for implementation with the other changes we have proposed for non-geographic ranges, will bring benefits in terms of communicating to consumers the changes in non-geographic numbering that we are making and presenting the rationalised system of non-geographic telephone numbers that they are intended to achieve.

6.8 However, given the comparatively small number of SPs who use 0500 numbers today and the low call volume to 0500 numbers, we recognise that the proposal to withdraw the 0500 numbers may not register with the majority of consumers who do not call 0500 numbers sufficiently to have an awareness of the range. In addition, as the analysis in Section 5 demonstrates, the proposal is an ancillary element of the broader changes we are proposing to make. Therefore, the benefits we have identified in having a common implementation date are likely to be marginal.

6.9 A longer implementation period of 24 months for withdrawal of the 0500 would mean that the communication of the change would have to be carried out separately from the other changes proposed, on the timetable currently envisaged for them. However, given the simplicity of the message about 0500, i.e. that these numbers are being withdrawn, we also consider that this could be communicated effectively to consumers as a standalone message.

6.10 Given the very low call volumes to 0500 numbers, we do not consider that the choice of implementing the withdrawal of 0500 numbers over 18 months or over 24 months would have a material effect on any impact on CPs' revenues that may result from the withdrawal.

6.11 Also, we do not consider that the implementation period for the withdrawal of 0500 numbers would have any discernible impact on other changes to non-geographic numbering, i.e. the implementation of the unbundled tariff or making 080 free to all callers. This is because 0500 is a closed range, i.e. not available to SPs who do not already have 0500 numbers, and has few SPs left on the range. Therefore, the 0500

range would not be a factor for consideration for the vast majority of SPs and consumers affected by changes to other non-geographic ranges, and changes affecting 0500 would not influence their decisions.

- 6.12 However, our evidence suggests that certain stakeholders who use 0500 numbers may be affected by our decision on the implementation duration. In particular, a number of SPs interviewed by us indicated that the costs involved in migration would be further reduced by a longer implementation period. This could be the case for those 0500 SPs which do not have alternative numbers available for their current Freephone services, or those who use 0500 numbers as emergency helplines or for other critical/sensitive functions and may need more time to migrate their services without significant disruption to their operations. For this reason, it may be preferable to allow a longer implementation timescale of 24 months for the withdrawal the 0500 range.
- 6.13 Given the marginal benefit of aligning the withdrawal of 0500 numbers with other changes in non-geographic numbering and the preference for a longer implementation period by those SPs who are more dependent on their 0500 numbers, we are inclined towards a 24-month implementation for the withdrawal of 0500 numbers. We consider that a longer implementation period would go further in mitigating disruption and minimising costs incurred by SPs as a result of the withdrawal – and this is preferable to the limited benefit of aligning 0500's withdrawal with other changes in non-geographic call services.
- 6.14 We welcome stakeholder comments on both implementation timescale options

*Q6.1: Do you support a longer implementation period of 24 months for the withdrawal of 0500 numbers? Or, do you consider that 18 months would be a preferable timescale for this withdrawal? Please explain your reasoning as well as providing any evidence to support your view.*

## Communication

- 6.15 If we proceed with our proposal to withdraw the 0500 range, this withdrawal will form part of the wider communications campaign which we are planning to communicate to consumers the changes to non-geographic numbering we will make. This wider communications plan, combined with more specific communications activities (e.g. through Ofcom's website, or other consumer groups), is one way in which we will help ensure that the message that 0500 numbers are being withdrawn is propagated to consumers.
- 6.16 Providing information to consumers at the point of call, i.e. by means of a PCA, may also be an effective way to drive awareness of the proposed change, particularly in the last few months before 0500 numbers are withdrawn. We welcome the views of both CPs and SPs on this as a way to communicate the change to consumers who use services on the 0500 number range and how it might be implemented.
- 6.17 We consider that the majority of SPs, who will want to ensure that their consumers are able to reach them without disruption, will take appropriate action during the implementation stage to inform their business partners and customers by various means,

e.g. updating their websites, amending their advertising and the literature they post to customers or make available in their shops, branches, facilities, etc.

*Q6.2: Do you have any other comments on our proposed approach to the withdrawal of the 0500 range and withdrawal of 0500 number allocations? Do you have any suggestions on making consumers and service providers aware of this change?*

*Q6.3: Are there any other implementation issues which need to be taken into account?*

## Legal powers to withdraw the 0500 range

### Legal tests

- 6.18 We discuss the legal framework and our duties and powers in relation to numbers in Section 4.
- 6.19 In proposing to make or modify a General Condition, we can only do so if the proposed General Condition (or modification) imposes an obligation that we are authorised to impose under sections 51, 52, 57, 58 or 64 of the Act.<sup>110</sup>
- 6.20 Section 58 gives Ofcom the power to set General Conditions about the allocation and adoption of telephone numbers. Conditions under this provision may:
- impose restrictions on the adoption of telephone numbers by a CP and on other practices in relation to telephone numbers allocated to CPs;
  - impose requirements on a CP in connection with the adoption by him of telephone numbers;
  - requires a CP to secure compliance with rules relating to the use of telephone numbers set out in the General Conditions or determined in accordance with provision made in the general conditions.
- 6.21 Section 61 of the Act enables Ofcom to withdraw telephone numbers that it has allocated in certain specified circumstances. These include:
- a withdrawal made in circumstances specified in the numbering conditions and for the purpose of securing what appears to Ofcom to be the best and most efficient use of numbers
  - a withdrawal of numbers within in a series which have not to a significant extent been adopted or used during a specified period.
- 6.22 Before giving effect to a withdrawal authorised by section 61, Ofcom must give a notice of its proposals to withdraw an allocation and consider any representations made about the proposal.

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<sup>110</sup> See section 45(3) of the Act.

- 6.23 For the reasons set out in Sections 3 and 5 of this consultation, we consider that the 0500 number range has not been used to a significant extent since its closure in 2001 and that its withdrawal would secure, in our view, the best and most efficient use of numbers.
- 6.24 The 0500 range is currently listed in the Annex to General Condition 17, along with its designation. A withdrawal of the range will require the modification of General Condition 17 in exercise of the power in section 58 to remove the reference to 0500 and its designation.<sup>111</sup>
- 6.25 General Condition 17.14 also provides for the withdrawal of number allocations where numbers within a series have not been adopted to any significant extent within 6 months of allocation or such period as Ofcom may direct. In line with the powers under sections 58 and 61, we propose to modify this provision to clarify that a withdrawal may be made where numbers within a series have not been used to a significant extent within a period specified by Ofcom and for the purpose of securing what appears to Ofcom to be the best and most efficient use of telephone numbers.
- 6.26 We intend to publish draft modifications to General Condition 17 (and, as the case may be, the Numbering Plan) at the end of the year, along with the draft instruments to implement the wider changes we decide to make to the regulation of non-geographic numbering.
- 6.27 When modifying the Numbering Plan or making or modifying a General Condition, or a condition set under section 59, Ofcom must be satisfied that the condition or modification complies with the legal tests set out in sections 60(2) and sections 47(2) of the Act, namely that the proposed conditions and modifications are objectively justifiable,<sup>112</sup> not unduly discriminatory, proportionate and transparent. The reasoning in this consultation document, notably Section 3 and 5, will form the basis of our assessment as to whether the conditions and modifications we will propose satisfy these tests. The assessment will be carried out in the separate consultation on the draft conditions and modifications to the General Conditions and/or the Numbering Plan.

### **Ofcom's statutory duties**

- 6.28 We have identified the withdrawal of the 0500 range as our preferred option under the assessment criteria that we have derived from our statutory duties for the purposes of this review. We are satisfied that withdrawal proposal is consistent with our general duties in carrying out our functions as set out in sections 3 and 4 of the Act and our general duty under section 63 of the Act in relation to our numbering functions to secure what appears to Ofcom to be the best use of numbers.
- 6.29 The evidence set out in this consultation shows that the 0500 range is significantly under-utilised and consumer awareness of the range is very poor. For the reasons set out in section 5, we do not consider that the options under which the range would continue in operation would result in a material improvement in terms of use and consumer awareness. In contrast, we consider that withdrawal of the range will help to reduce

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<sup>111</sup> As noted previously, we have consulted on modifications to the Numbering Plan, which include a proposal to move the 0500 range and its designation from GC 17 to the Numbering Plan. Should we give effect to this proposal, the withdrawal of the 0500 range would require the modification of the Numbering Plan, rather than GC17.

<sup>112</sup> This test does not apply to the setting or modification of General Conditions.

consumer confusion, will enhance the clarity and simplicity of the new Freephone regime proposed for 080 for the benefit of consumers and businesses. For these reasons, we consider that the withdrawal will further the interests of citizens in relation to communications matters, further the interests of consumers in relevant markets and secure, in our view, the best and most efficient use of telephone numbers.



## Annex 1

# Responding to this consultation

## How to respond

- A1.1 Ofcom invites written views and comments on the issues raised in this document, to be made by 5pm on 8 January 2012.
- A1.2 Ofcom strongly prefers to receive responses using the online web form at <https://stakeholders.ofcom.org.uk/consultations/0500-number-range/howtorespond/form>, as this helps us to process the responses quickly and efficiently. We would also be grateful if you could assist us by completing a response cover sheet (see Annex 3), to indicate whether or not there are confidentiality issues. This response coversheet is incorporated into the online web form questionnaire.
- A1.3 For larger consultation responses – particularly those with supporting charts, tables or other data – please email [NGCSReview@ofcom.org.uk](mailto:NGCSReview@ofcom.org.uk) attaching your response in Microsoft Word format, together with a consultation response coversheet.
- A1.4 Responses may alternatively be posted or faxed to the address below, marked with the title of the consultation.
- Samir Prakash  
Competition Group  
Ofcom  
Riverside House  
2A Southwark Bridge Road  
London SE1 9HA
- Fax number: 020 7783 4109
- A1.5 Note that we do not need a hard copy in addition to an electronic version. Ofcom will acknowledge receipt of responses if they are submitted using the online web form but not otherwise.
- A1.6 It would be helpful if your response could include direct answers to the questions asked in this document, which are listed together at Annex 4. It would also help if you can explain why you hold your views and how Ofcom's proposals would impact on you.

## Further information

- A1.7 If you want to discuss issues and questions raised in this consultation, or need advice on the appropriate form of response, please contact Samir Prakash on 020 7783 4156.

## Confidentiality

- A1.8 We believe it is important for everyone interested in an issue to see the views expressed by consultation respondents. We will therefore usually publish all responses

on our website, [www.ofcom.org.uk](http://www.ofcom.org.uk), ideally on receipt. If you think your response should be kept confidential, can you please specify what part or whether all of your response should be kept confidential, and specify why. Please also place such parts in a separate annex.

- A1.9 If someone asks us to keep part or all of a response confidential, we will treat this request seriously and will try to respect this. But sometimes we will need to publish all responses, including those that are marked as confidential, in order to meet legal obligations.
- A1.10 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use. Ofcom's approach on intellectual property rights is explained further on its website at <http://www.ofcom.org.uk/about/accoun/disclaimer/>

## Next steps

- A1.11 Following the end of the consultation period, and after a consultation on the legal instruments required to implement the proposed change, Ofcom intends to publish a statement in Q1/Q2 2013 on its decision.
- A1.12 Please note that you can register to receive free mail Updates alerting you to the publications of relevant Ofcom documents. For more details please see: [http://www.ofcom.org.uk/static/subscribe/select\\_list.htm](http://www.ofcom.org.uk/static/subscribe/select_list.htm)

## Ofcom's consultation processes

- A1.13 Ofcom seeks to ensure that responding to a consultation is easy as possible. For more information please see our consultation principles in Annex 2.
- A1.14 If you have any comments or suggestions on how Ofcom conducts its consultations, please call our consultation helpdesk on 020 7981 3003 or e-mail us at [consult@ofcom.org.uk](mailto:consult@ofcom.org.uk) . We would particularly welcome thoughts on how Ofcom could more effectively seek the views of those groups or individuals, such as small businesses or particular types of residential consumers, who are less likely to give their opinions through a formal consultation.
- A1.15 If you would like to discuss these issues or Ofcom's consultation processes more generally you can alternatively contact Graham Howell, Secretary to the Corporation, who is Ofcom's consultation champion:

Graham Howell  
Ofcom  
Riverside House  
2a Southwark Bridge Road  
London SE1 9HA

Telephone: 020 7981 3601  
Email: [Graham.Howell@ofcom.org.uk](mailto:Graham.Howell@ofcom.org.uk)

## Annex 2

# Ofcom's consultation principles

A2.1 Ofcom has published the following seven principles that it will follow for each public written consultation:

### Before the consultation

A2.2 Where possible, we will hold informal talks with people and organisations before announcing a big consultation to find out whether we are thinking in the right direction. If we do not have enough time to do this, we will hold an open meeting to explain our proposals shortly after announcing the consultation.

### During the consultation

A2.3 We will be clear about who we are consulting, why, on what questions and for how long.

A2.4 We will make the consultation document as short and simple as possible with a summary of no more than two pages. We will try to make it as easy as possible to give us a written response. If the consultation is complicated, we may provide a shortened Plain English Guide for smaller organisations or individuals who would otherwise not be able to spare the time to share their views.

A2.5 We will consult for up to 10 weeks depending on the potential impact of our proposals.

A2.6 A person within Ofcom will be in charge of making sure we follow our own guidelines and reach out to the largest number of people and organisations interested in the outcome of our decisions. Ofcom's 'Consultation Champion' will also be the main person to contact with views on the way we run our consultations.

A2.7 If we are not able to follow one of these principles, we will explain why.

### After the consultation

A2.8 We think it is important for everyone interested in an issue to see the views of others during a consultation. We would usually publish all the responses we have received on our website. In our statement, we will give reasons for our decisions and will give an account of how the views of those concerned helped shape those decisions.

## Annex 3

# Consultation response cover sheet

- A3.1 In the interests of transparency and good regulatory practice, we will publish all consultation responses in full on our website, [www.ofcom.org.uk](http://www.ofcom.org.uk).
- A3.2 We have produced a coversheet for responses (see below) and would be very grateful if you could send one with your response (this is incorporated into the online web form if you respond in this way). This will speed up our processing of responses, and help to maintain confidentiality where appropriate.
- A3.3 The quality of consultation can be enhanced by publishing responses before the consultation period closes. In particular, this can help those individuals and organisations with limited resources or familiarity with the issues to respond in a more informed way. Therefore Ofcom would encourage respondents to complete their coversheet in a way that allows Ofcom to publish their responses upon receipt, rather than waiting until the consultation period has ended.
- A3.4 We strongly prefer to receive responses via the online web form which incorporates the coversheet. If you are responding via email, post or fax you can download an electronic copy of this coversheet in Word or RTF format from the 'Consultations' section of our website at [www.ofcom.org.uk/consult/](http://www.ofcom.org.uk/consult/).
- A3.5 Please put any parts of your response you consider should be kept confidential in a separate annex to your response and include your reasons why this part of your response should not be published. This can include information such as your personal background and experience. If you want your name, address, other contact details, or job title to remain confidential, please provide them in your cover sheet only, so that we don't have to edit your response.

**Cover sheet for response to an Ofcom consultation**

**BASIC DETAILS**

Consultation title:

To (Ofcom contact):

Name of respondent:

Representing (self or organisation/s):

Address (if not received by email):

**CONFIDENTIALITY**

Please tick below what part of your response you consider is confidential, giving your reasons why

Nothing	<input type="checkbox"/>	Name/contact details/job title	<input type="checkbox"/>
Whole response	<input type="checkbox"/>	Organisation	<input type="checkbox"/>
Part of the response	<input type="checkbox"/>	If there is no separate annex, which parts?	

If you want part of your response, your name or your organisation not to be published, can Ofcom still publish a reference to the contents of your response (including, for any confidential parts, a general summary that does not disclose the specific information or enable you to be identified)?

**DECLARATION**

I confirm that the correspondence supplied with this cover sheet is a formal consultation response that Ofcom can publish. However, in supplying this response, I understand that Ofcom may need to publish all responses, including those which are marked as confidential, in order to meet legal obligations. If I have sent my response by email, Ofcom can disregard any standard e-mail text about not disclosing email contents and attachments.

Ofcom seeks to publish responses on receipt. If your response is non-confidential (in whole or in part), and you would prefer us to publish your response only once the consultation has ended, please tick here.

Name

Signed (if hard copy)

## Annex 4

# Consultation questions

A4.1 Below is a list of the consultation questions asked in each part of this document.

### 0500 Consultation

#### Section 5 – Analysis of options for 0500

*Q5.1: Do you agree with the assessment criteria we have used for our analysis, in particular the two additional criteria we have identified as relevant?*

*Q5.2: Do you agree with our assessment of the options for the 0500 range? In particular, do you agree with our preferred option of withdrawing the 0500 range? If not, please explain why.*

*Q5.3: Do you have any comments on the analysis presented on the costs and benefits of our preferred option? Please provide evidence to support your comments.*

#### Section 6 – Implementation

*Q6.1: Do you support a longer implementation period of 24 months for the withdrawal of 0500 numbers? Or, do you consider that 18 months would be a preferable timescale for this withdrawal? Please explain your reasoning as well as providing any evidence to support your view.*

*Q6.2: Do you have any other comments on our proposed approach to the withdrawal of the 0500 range and withdrawal of 0500 number allocations? Do you have any suggestions on making consumers and service providers aware of this change?*

*Q6.3: Are there any other implementation issues which need to be taken into account?*

## Annex 5

# List of sources

A5.1 Below is a list of Ofcom research reports, previous consultations and other external reports which are relevant to this review and which we have referenced in this consultation. While this list covers the main relevant documents and research reports we have relied upon, it is for convenience only and is not intended to be exhaustive.

## Ofcom research reports

- i) The 2011 survey of SPs by BDRC Continental (**'2011 SPs' survey**), 16 December 2011, published at: <http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/Non-geographic-numbers.pdf>
- ii) Non-geographic numbers: Omnibus survey, 23 October 2013, published at: <http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/omnibus-survey2012.pdf>

## Previous Ofcom consultations, statements or determinations

- i) *Telephone numbering: Proposed modifications to the National Telephone Numbering Plan, General Condition 17 and telephone number applications forms within existing numbering policy*, 26 July 2012, published at: <http://stakeholders.ofcom.org.uk/binaries/consultations/telephone-numbering-modification/summary/main.pdf>
- ii) *Simplifying Non-geographic Number: Detailed proposals on the unbundled tariff and Freephone*, 4 April 2012 (**'April 2012 consultation'**), published at: <http://stakeholders.ofcom.org.uk/consultations/simplifying-non-geographic-no/>
- iii) *Simplifying Non-geographic Numbers; improving consumer confidence in 03, 08, 09, 118 and other non-geographic numbers*, 16 December 2010 (**'December 2010 consultation'**), published at: <http://stakeholders.ofcom.org.uk/consultations/simplifying-non-geo-numbers/>
- iv) *Review of the fixed narrowband wholesale services market*, 15 September 2009, [http://stakeholders.ofcom.org.uk/binaries/consultations/wnmr\\_statement\\_consultation/summary/main.pdf](http://stakeholders.ofcom.org.uk/binaries/consultations/wnmr_statement_consultation/summary/main.pdf)

## Evidence from stakeholders

- i) BT's 27 July 2012 response to Ofcom's 16 July 2012 s.135 information request
- ii) C&WW's 17 August 2012 response to Ofcom's 16 July 2012 s.135 information request
- iii) Informal interviews with 35 SPs who are or were users of telephone numbers on the 0500 range, conducted by Ofcom between July and September 2012

## Other publications

- i) The 1998 consultation by Oftel, *Freephone Numbers: Options for the Future*, July 1998, archived at:  
[http://www.ofcom.org.uk/static/archive/oftel/publications/1995\\_98/numbering/free798.htm](http://www.ofcom.org.uk/static/archive/oftel/publications/1995_98/numbering/free798.htm)
- ii) House of Commons Select Committee on Trade and Industry, Fifth Report, Session 1998-99, 10 February 1999, published at:  
<http://www.publications.parliament.uk/pa/cm199899/cmselect/cmtrdind/139/13902.htm>
- iii) Code of Practice for numbers in 'closed' ranges, in force since 1 December 2001, available at: <http://stakeholders.ofcom.org.uk/telecoms/numbering/guidance-tele-no/number-cop-closed>



## Annex 6

# Equality Impact Assessment

## Introduction

A6.1 Over and above our duties to promote the interests of consumers, we are required by statute to take into consideration any potential impact our proposals may have on different equality groups. We fulfil these obligations by carrying out an Equality Impact Assessment ('EIA'), which examines the potential impacts our proposed policy is likely to have on people, depending on their background or identity. The equality groups we are required to consider are:

- Age;
- Disability;
- Gender reassignment;
- Pregnancy and maternity;
- Race;
- Religion or belief;
- Sex;
- Sexual orientation;
- Religious belief/Political Opinion (Northern Ireland only); and
- Dependants (Northern Ireland only);

A6.2 We undertook an EIA as part of our April 2012 consultation.<sup>113</sup> We do not consider that the proposals in this consultation differ significantly in their impact than those set out in our April 2012 consultation. We set out below the positive and negative impacts that we consider relevant to the proposals set out in this consultation.

## Positive Impacts

A6.3 We consider that the proposals on which we are consulting as part of this consultation are likely to have significant benefits for consumers, in particular:

- 6.3.1 improved consumer awareness of Freephone numbers and price;
- 6.3.2 improved efficiency and best use of telephone numbers; and

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<sup>113</sup> See Annex 15 to our April 2012 consultation at:

- 6.3.3 better service variety, innovation and availability through the increased demand for NGC services more generally, as a result of rationalising non-geographic numbering to reduce consumer confusion.

A6.4 We consider that these benefits will apply equally to all consumers.

### **Negative Impacts**

A6.5 We do not consider that any group will be specifically negatively impacted on by our proposals in this consultation.

### **Equality impact groups**

A6.6 We do not repeat the breakdown of equality impact groups here as we did for our April 2012 consultation, but would note that we consider the proposals set out in this consultation are consistent with our view, set out in the April 2012 consultation, that our proposals will have a positive impact on equality groups overall.

## Annex 7

# Overview of forthcoming publications in relation to NGCS

## Background

- A7.1 Our review of non-geographic call services ('NGCS') is considering the 03, 05, 070/076, 080, 0870, 0843/4/5, 0871/2/3, 09, 116 and 118 number ranges. These number ranges are used by consumers to call businesses, financial institutions, helplines and government agencies, to get information and to make payments for services.<sup>114</sup>
- A7.2 In December 2010, we published our preliminary findings in our strategic review of the market for non-geographic calls. We proposed simplifying and rationalising non-geographic number ranges, making the pricing structures clearer, and removing confusing and misleading inconsistencies.<sup>115</sup>
- A7.3 In April 2012, following a period of further evidence gathering and engagement with stakeholders, we published detailed proposals in relation to:
- calls to Freephone numbers (080 and 116) being free from all telephones, fixed and mobile;<sup>116</sup> and
  - a new tariff structure – the unbundled tariff – for calls to all ranges on which revenue sharing is permitted (08 ranges (including 0843/4/5, 0870/1/2/30) other than 080, all 09 premium rate numbers and 118 directory enquiry numbers).<sup>117</sup>
- A7.4 We also explained that we would publish detailed proposals about 0500, 055/056, 070/076, 09 and 118 number ranges, and the changes necessary to the legal framework, over the course of 2012.
- A7.5 In July 2012, we published proposals in relation to service charge caps for services offered on the 09 and 118 number ranges.

## Current and forthcoming publications

- A7.6 In this consultation we are proposing the withdrawal of the 0500 number range. We are also planning the following publications in relation to NGCS:

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<sup>114</sup> A more detailed description of each of these number ranges can be found in paragraph 2.4 of our April 2012 consultation in relation to NGCS (see footnote 117 below).

<sup>115</sup> Ofcom, *Simplifying Non-Geographic Numbers*, 16 December 2010:

<http://stakeholders.ofcom.org.uk/consultations/simplifying-non-geo-numbers/>.

<sup>116</sup> We also proposed that 03 would become the only non-geographic number range linked to the price of a call to a geographic number (i.e. the 01/02 number ranges).

<sup>117</sup> Ofcom, *Simplifying Non-Geographic Numbers, Detailed proposals on the unbundled tariff and Freephone*, 4 April 2012: <http://stakeholders.ofcom.org.uk/consultations/simplifying-non-geographic-no/>.

- December 2012: we plan to publish a statement with our final policy conclusions in relation to Freephone (0800 and 116) and the unbundled tariff (including in relation to 09 and 118 numbers). This statement will also include a consultation on the legal instruments necessary in order to implement these conclusions.
- Q1 2013: we plan to consult on our proposals for the 070/076 and 055/056 number ranges.
- Q1 and Q2 2013: we will publish our decision on 0500 and issue our concluding statement and the final legal instruments which give effect to our decisions on Freephone (0800 and 116) and the unbundled tariff proposal (including the 09 and 118 number ranges).
- Q2 2013: we plan to publish our final statements in relation to the 070/076 and 055/056 number ranges.

## Annex 8

# Glossary

### **Access Charge ('AC'):**

This will be the charge levied by the Originating Communications Providers on its customers for a non-geographic call under the unbundled tariff.

### **Access Directive:**

Directive 2002/20/EC on the authorisation of electronic communications networks and services (2002) OJ L 108/21, as amended by Directive 2009/140 (2009) OJ L 337/37

### **Authorisation Directive:**

Directive 2002/19/EC on access to, and interconnection of, electronic communications networks and associated facilities (2002) OJ L 108/7, as amended by Directive 2009/140 (2009) OJ L 337/37.

### **Call Termination:**

The service provided by a Terminating Communications Provider to allow an Originating Communications Provider to connect a call with the intended recipient on that Terminating Communications Provider's network.

**Communications Act 2003 ('the Act'):** The Act of Parliament that sets out Ofcom's duties in relation to electronic communications networks and services, and the powers which Ofcom has to discharge those duties.

### **Communications Provider ('CP'):**

This is a person who provides an Electronic Communications Network or provides an Electronic Communications Service.

### **Common Regulatory Framework ('CRF'):**

This is the package of Directives which harmonise the framework for the regulation of electronic communications across the EU.

### **Freephone:**

A special services number that is not normally charged to the caller, except where charges are notified to the caller at the start of the call. Freephone numbers begin with 080 (e.g. 0800 and 0808) and also include the legacy 0500 range. 116XXX, (see Harmonised European Numbers for services of social value below) are also required to be Freephone or Free-to-Caller.

### **Framework Directive:**

Directive 2002/21 on a common regulatory framework for electronic communications networks and services (2002) OJ L 108/33, as amended by Directive 2009/140/EC (2009) OJ L 337/37.

### **General Conditions:**

Obligations on all communications providers imposed by Ofcom under powers provided under the Communication Act.

### **Geographic number or geographic call:**

A telephone number, or call to a telephone number, where part of the digit structure (beginning

with 01 or 02) contains a geographic area code that is used for routing calls to the physical location of the subscriber to whom the number has been assigned.

**Harmonised European Numbers for services of social value:**

This means a type of number on the 116xxx range which is used to provide the same service on the same 116xxx number throughout EU Member States.

**National Numbering Scheme ('the Scheme'):**

The day to day record of telephone numbers allocated by Ofcom in accordance with the National Telephone Numbering Plan, and as provided for in section 56(3) of the Communications Act 2003.

**National Regulatory Authority ('NRA'):**

The relevant communications regulatory body for each EU Member State.

**National Telephone Numbering Plan ('the Numbering Plan'):**

This is a document setting out telephone numbers available for allocation and restrictions on the Adoption and other uses of those numbers, and as provided for in section 56(1) of the Communications Act 2003.

**Non-geographic call ('NGC') or non-geographic number:**

A telephone number, or call to that telephone number, which are used to identify a type of service rather than a geographic location. These services include NTS and PRS numbers. Mobile and Personal Numbers are also non-geographic numbers.

**Non-geographic call services ('NGCS'):**

A service that is provided through a non-geographic number.

**NTS Call Origination Condition:**

SMP Condition AAA11 set out in Part 2 of Schedule 1 to the Notification which is contained in Annex 8 of the Regulatory Statement completing the Review of the fixed narrowband services wholesale markets published by Ofcom on 15 September 2009.

**Number Portability:**

A facility where a subscriber can retain their telephone number when they switch communications providers.

**Number range-holder:**

A Communications Provider that has been allocated a particular block of numbers by Ofcom.

**Number Translation Services ('NTS'):**

Telephone services using the following numbers: Special Service numbers (including Freephone, special basic rate and special higher rate) and Premium Rate Services numbers ('PRS') (services currently provided under 090 and 091 number ranges). Within these ranges calls to 0844 04 numbers for Surfetime internet access services and calls to 0808 99 for FRIACO ('Flat Rate Internet Access Call Origination') are excluded.

**Originating Communications Provider ('OCP'):**

These are the Communications Provider on whose network a call originates in other words the communications provider of the end-user making the call. There can be fixed OCPs or mobile OCPs.

**Post-pay:**

A type of mobile contract where the consumer receives a monthly bill, also known as 'pay-monthly' contract.

**ppc:** pence per call.

**ppm:** pence per minute.

**Pre-call announcement ('PCA'):**

This is a pre recorded message played to the caller before the call is connected setting out how the call will be charged for.

**Pre-pay:**

A type of mobile contract where the consumer pays up front for calls by pre-loading credit on to the phone. Also known as 'pay as you go' contracts.

**Revised EU Framework Directives:**

The common regulatory framework for telecommunications consisting of the Framework Directive, the Authorisation Directive, the Access Directive, the Universal Service Directive and the Privacy and Electronic Communications Directive (2002/58/EC) as amended by Directive 2009/140/EC and Directive 2009/136/EC of the European Parliament on 25 November 2009.

**Service Charge ('SC'):**

The charge levied by the Terminating Communications Provider and the Service Provider for a non-geographic call under the unbundled tariff.

**Service Provider ('SP'):**

This is a provider of voice or data services to third parties using non-geographic numbers.

**Tariff Package Effect ('TPE'):**

The differential in customers' awareness of the price of NGCs and the price of other aspects of OCPs' retail offerings creates incentives for OCPs to set higher NGC prices and lower prices on other services with more visible tariffs. This effect is referred to as the Tariff Package Effect.

**Terminating Communications Provider ('TCP'):**

These are the Communications Provider on whose network a call terminates.

**Termination rate:**

The wholesale charge levied by Terminating Communications Providers for call termination either on a fixed or mobile network.

**Unbundled tariff:**

A type of tariff structure which we proposed should apply to the 08X (excluding 080), 09 and 118 number ranges in our April 2012 consultation. Under this structure the call charge will be divided into an Access Charge and a Service Charge.

**Universal Service Directive ('USD'):**

Directive 2002/22/EC on universal service and users' rights relating to electronic communications networks and services [2002] OJ L 108/51, as amended by Directive 2009/136 [2009] OJ L 337/11.

The 0500 Number Range

**Universal Service Obligation ('USO'):**

Conditions imposed on the designated Universal Service Providers, BT and, in Hull, KCom, requiring them to ensure that a basic level of telephony service is made available upon request.