

OFCOM
Riverside House
2a Southwark Bridge Road
London
SE1 9HA

27th July 2012

Dear Mr Sivic,

Re: Simplifying Non Geographic Numbers

I am writing in my capacity as Commercial Director for Daisy Group plc, responsible for Surgery Line, an enhanced telephony provider to primary healthcare and dental healthcare. Firstly, thank you for taking time to meet with the Surgery Line team previously to discuss the OFCOM proposals for improving transparency of Non – Geographic numbers (NGNs). These are issues of fundamental importance to the Surgery Line business and its customers.

In the following submission we have outlined our position on a number of issues raised in the consultation document, and also called for further information where the detail provided has not enabled us to make a full judgement on the potential ramifications for the business, our GP customers and subsequently their patients. We remain committed to working in partnership with OFCOM and would appreciate the opportunity to discuss these issues with the OFCOM strategic team, with on-going involvement during the implementation stage.

I would add that Surgery Line, formally Network Europe Group, have previously submitted a response to OFCOM's call for evidence in March 2011, and a further submission to the PhonePayPlus call for input earlier this year. These are attached alongside for reference.

What is Surgery Line?

Surgery Line is a product used by over 1,000 GP surgeries across the United Kingdom, supporting primary care providers in the NHS to improve patient access and experience. Surgery Line is the largest provider of Enhanced Telephony Solutions (ETS) to GP surgeries in the UK and enables surgeries to better manage patient call volumes and ensures patients get through on the phone first time. Surgery Line can provide a range of additional features available through ETS, including targeted local information, out of hours booking services, and direct phone access to clinicians. Most importantly our product ensures that patients can access their primary care provider first time, every time, unlike the millions of patients who face the engaged tone every month when



trying to get through to their doctor. Surgery Line is hugely popular amongst our GP clients and a force for good in the NHS

Supporting the Principles for Reform

Surgery Line support OFCOM's objective of delivering price clarity for consumers. The misconception that all NGNs are costly has resulted in declining demand throughout the sector, a concern for us all when a number of vital services, including primary care, rely on these number ranges. We support the view that externalities, specifically the lack of transparency of call cost along the call journey, has resulted in a lack of clarity and a need to reform. Largely, we are concerned about the reduction in usage of these numbers, and support moves to increase confidence in and usage of 0844 revenue sharing numbers in the NHS for the benefit of patients.

However, the equality assessment provided by OFCOM does not quantify the unique impact on those responsible for delivering primary care. Delivery of those services which in our view can be defined as socially valuable, i.e. those which benefit individual's access to public services and improve welfare, should be permitted a level of flexibility and freedom in delivering OFCOM objectives, in order to prevent any detrimental impacts on them. Specifically, the branding implications, and speed of reform need to reflect the unique position of these services. We consider Surgery Line, and enhanced telephony on the whole, as a force for good in the NHS as the gateway to primary care.

With that in mind, it is vital to ensure that during this process, proposals with the positive intention of improving clarity for service users do not in fact perversely result in further confusion. In principle Surgery Line supports the division of the service and access charge, as this will improve price awareness for consumers.

Enhanced Telephony in Primary Care

Since its inception, Surgery Line has been committed to improving patient access to the NHS. Our personal experience of failing to get through our GPs drove us to provide a system which meant patients can get through every time. The NHS and Department of Health have advocated the benefits of enhanced telephony to practice staff and patients but this has never been supported financially to any real extent.

GP surgeries, which essentially operate as small businesses contracting with the NHS, must invest themselves if they want to see these kinds of improvements in their surgery telephony and access arrangements. Surgery Line offer customers ETS services on 084, 03 and 084 with a concurrent local rate line, whichever a surgery decides best meets the needs of their patients. Amongst our customers the 0844 revenue share option is overwhelmingly the most popular, with only one

customer operating a 03 number. This is largely due to the implementation cost of installing the new equipment into the surgery which can be offset over a long time period via the revenue share. Under the terms of the contract the revenue share is not a profit for GPs and is reserved purely to finance the cost of the system and any additional improvements. This is allowed under the NHS Regulations provided that “having regard to the arrangement as a whole” calls do not cost more than an equivalent local rate call. This context is vital to understanding our need to protect socially valuable services, and ensuring that these proposals do not have implications for patient access and experience in the NHS.

Surgery Line – Response to Proposals

Rationalisation of Ranges

Surgery Line supports the rationalisation of pricing codes available on the basis that this will improve price clarity for consumers, provided that G11 and G6 pricing points are maintained, or migrated to pricing levels at the same level. Surgery Line operates on these two price points, and it is vital to continue to do so in order support GPs to meet their obligations, as laid out in the NHS Regulations. Any changes would result in significant upheaval for GP customers and we believe would undermine the roll out of enhanced telephony in the NHS. Essentially, Surgery Line do not want to see consumers being penalised for ringing NGN numbers or changes which result in the current G6/G11 points being priced, on the whole, at more than a geographic call.

Proposals for revenue sharing ranges suggest that numbers such as 0844 will have a common simplified structure capped at 7ppm (or 5.833ppm). We support the simplified structure on the basis that 0844 numbers remain available at rates equal to and below a local rate call charge maximum, whilst still enabling a revenue share which allows GPs to invest in enhanced telephony, and meet their obligations. If this is not feasible under the current proposals we would call for OFCOMs recommendations to ensure that this is a viable option. Moreover, we would actively support industry development of the price points system. Primarily we would require that the present revenue share levels are retained, so that callers do not experience an increase in the cost of calls.

Access Charge

Firstly, in principle Surgery Line support unbundling the Service Charge from the Access Charge, which should increase transparency and therefore, consumer awareness.

We support increased price clarity, but believe that a standard Access Charge including 0844 will be higher than necessary to accommodate the more costly revenue sharing ranges. It has been suggested that price clarity will result in a market effect, with prices reducing over time. It has also been suggested that a mandatory Access Charge level would likely to be in excess of that the

market determines. We would support a market approach in the mid to long term, but believe that an immediate maximum needs to be placed on Access Charges across all packages to 0844 numbers for socially valuable reasons and levelled at the same cost or less than a local rate number. In many circumstances this is already the case, but a standardisation across the board would enforce a change whilst the market debates the appropriate level. This would prevent the perverse impact of less costly 08 numbers being included with the higher cost ones. We would suggest that caps should not be imposed for the Access Charge which excludes 0844 for socially valuable reasons to enable the market to set a required level. In the event that 0844 Access Charges are not seen to be falling in the mid to long term, whilst others are falling, we would want action to bring this down to a desired level. Preferably we would call on OFCOM to mandate a zero rated Access Charge for socially valuable numbers such as those used by NHS providers or failing that, Access Charges should be set at charge band level. Our concern would be to see an increase in the cost that consumers are already being charged.

We would expect that the Access Charge level for the Non Socially Valuable Services should be allowed to vary between tariff packages. Moreover, we would argue that the access charge should not vary by time of day as this would only cause further confusion for consumers. We support the Access Charge forming part of inclusive bundles or call packages on the basis that this access charge is included for all numbers ranges, provided that this maintains the same level of payment on the service charge.

Surgery Line has continued to face the criticism that we as an organisation, and our GP customers, profit from high MNO charges, when this is in fact not the case. The revenue share remains constant, irrelevant of the price levelled by landline or mobile providers. We would support moves by OFCOM which clarify this position for consumers and providers.

Moreover, Surgery Line would support a reduction in Termination Rates across the call journey, on the basis that GPs will still retain the ability to revenue share whilst meeting their NHS obligations. Across the board we would like to see a reduction in Access Charges and Termination Rates for those services which are socially valuable such as enhanced telephony for GPs.

Service Charge

Regarding the unbundling of the Service Charge, the issue remains that call costs are hard to determine. We believe, based on the content of the proposals, that it remains difficult to define the exact cost of the call. The lack of information about rates makes it difficult to ascertain the costs to the business, and therefore, the implications for customers and people calling a GP surgery.

In principle, we support OFCOMs view of imposing maximum Service Charge caps on the basis that it will provide price transparency to consumer. However, the proposed 5.883ppm Service Charge for 084 does not indicate how much will be passed onto the service provider and so we can

determine whether the model for enhanced telephony in the NHS would continue to be viable. On the issue of VAT we would like to see a level playing field across providers, to ensure that number ranges such as 01, 02 and 03 would be treated in the same fashion as revenue sharing numbers i.e. all consumer facing lines would be expected to use VAT inclusive values so not to create a façade between different number ranges.

Surgery Line agree with setting industry published Service Charges for number ranges, this would go hand in hand by setting limits on the Access Charges. We would note that in the event that the Service Charge is set at 5.883ppm and an OCP has an Access Charge of 5ppm this will increase the charge of the calls well above current rates. We would not want to see proposals result in increased charges for consumers.

Although we recognise the need to include a call description, we believe that this should be for high level marketing solely, not every time a patient calls a surgery. Under the proposed new structure, Ofcom expects call cost descriptions to follow the format: "This call will cost you X pence per minute plus your phone company's access charge." We do not believe that it is appropriate for a patient to receive the Service Charge information advised by OFCOM when they contact their surgery as this will only seek to alarm them, and perpetuate the myth that all calls are more costly. If they contacted a neighbouring surgery with a local rate number, they would not be expected to hear this message despite the fact the cost of calls may be identical. We also note that the cost of call must relate specifically to the pricing point which the specific number relates, not the maximum for all revenue sharing numbers. If this proposal is advanced, we would like the opportunity to discuss suitable wording with OFCOM in line with the needs of GP customers.

Branding on Consumer Websites

Regarding the following branding, we welcome that the pictorial branding no longer suggests that 0844 numbers are business rate numbers. However, grouping 08 numbers within one price bracket in this fashion assumes a cultural change has been immediately effective. Whilst the consumer continues to believe that 0844 numbers are more expensive, it does not help matters to be grouped in this way. For example a 08 number on price point costing 1ppm would look vastly more expensive. We believe that this misconception will be taken advantage of by our competitors, and others. This could be introduced in the long term once a cultural shift had occurred and customers understand the changes to the pricing codes.

<p>For these numbers, the total cost is made up of an access charge that goes to your phone company PLUS a charge that goes to the organisation receiving the call.</p>		
		<p>08 Numbers</p> <p>The charge for these numbers will be no more than 7p per minute for 084 numbers and 13p per minute for 087 numbers PLUS your phone company's standard access charge.</p>

Phone Pay Plus

Regarding Phone Pay Plus (PPP) proposals we remain convinced that this is an inappropriate method of monitoring 0844 numbers and will continue to perpetuate the myth that all 0844 numbers are premium numbers, and indeed costly. We support OFCOM's motivations for this action as outlined in the consultation document, but our view remains, as outlined in the attached PPP response, and below, that the regulatory environment is wholly inappropriate. Although there will be a simplified structure for 0844 numbers, combining 0844 with 087 will continue to perpetuate the myth that these are more costly. With this in mind, it is vital to amend the OFCOM PRS Condition to ensure that the newly priced codes are not de-facto labelled as premium. This is a priority for consumers of 0844 numbers, particularly our GP customers who will face significant concerns from patients on this issue.

As advised in our submission earlier this year, "Proposals contained within the consultation documents would lead to further uncertainty about the costs of some NGNs, not greater transparency. Inclusion in the Phone Pay Plus remit will further perpetuate the myth that calls to GP surgeries using Surgery Line are to a premium cost number, particularly when monitored alongside music, video games, ringtones, TV shows and adult phone lines. This will result in confusion for patients and GPs, and will result in primary care providers abandoning their ETS solutions despite the clear benefits for patient access and experience.

We consider the comparison between the 087X premium market, and use of 0844 for public services completely inappropriate. The preference for 0844 in surgeries reflects the structure of the NHS primary care market, where the objective is not to profit, but to invest in services for the benefit of patients. Migration to other number ranges is unlikely given the start up costs required to invest in enhanced telephony infrastructure. We believe that compliance with this policy objective could be obtained by a voluntary agreement from telephone service providers alongside an agreement to state the Service Charge in all advertising. We oppose inclusion in the Phone Pay Plus regulatory environment on the grounds that it will result in the withdrawal of ETS solutions in the NHS and have a detrimental impact on other socially valuable organisations.

Phone Pay Plus should provide greater clarity regarding "the applicability of the regulatory framework when the purpose of the revenue share is to offset costs of providing a service to consumers rather than to serve as a revenue stream" to enable the full analysis of the implications of applying the existing regulations to 08XX numbers for socially valuable purposes. This is not included within the OFCOM consultation documents, and therefore we are unable to make a full response on the impact on Surgery Line and GP and Dentist customers. Moreover, whilst a revenue share levy may be suitable for other call charges, we have significant concerns that levies on the revenue share of calls to GP surgeries using Surgery Line calls would be inappropriate given the use of this funding to re-invest in improved practice services. Moreover, current contract rules only

permit revenue share income to be re-invested in telephony and technology within surgeries, as such there may be legal implications for these changes.

We consider using the funding from calls to GP surgeries using Surgery Line revenue share to regulate other more costly 084 numbers wholly inappropriate, and will further perpetuate the myth that callers will incur a higher call charge than the geographical rate. Funding a levy on the revenue share or separately via an annual registration fee may also result in the costs of infrastructure being driven up for GPs, and potentially becoming unaffordable and denying patients the benefits.

We have significant concerns that the fear of fines and banning of services (as detailed in the existing regulatory arrangements) will deter GPs from using an ETS based on a 0844 number to improve services, despite their strong support and demand for the Surgery Line product. Furthermore, potential regulatory measures including prohibiting access and an immediate service ban are not suitable for NHS services, where patients must have continued, and uninterrupted access to primary care. Additional regulatory pressures (including potential increased data regulation responsibilities) would be inevitably passed onto GPs, and would act as a further deterrent to the take up ETS.”

In order to ensure that the industry meets its obligations, we recognise the need to have some form of regulatory framework. We believe that an industry code alone would be the most appropriate way to regulate the market, not inclusion in the Advertising Standards Authority (ASA) rules, as this may not be appropriate in its entirety. An explicit code which truly tackles the issues at hand must be the best approach. We would be happy to lead in the development of such a code with the appropriate partners. Given the unique nature of the primary care market, the views of our GP customers must be taken into account whilst doing so.

Implementation

Regarding the 18 months implementation period, in principle we believe that this is an appropriate time period. However, further clarity and detail on proposed changes should confirm this.

Cost of Billing

We are continuing to collect further information on the implications of these proposals on the business, and our GP customers. On first impression, we support OFCOM proposals not to mandate the presentation of disaggregated call charges, but note that this would assist callers in understanding the division of cost between the landline/mobile operators and Surgery Line. We have particular concerns about the implications for billing customers and migration for Surgery Line customers, as the cost of these proposals is not yet clear. There will be a cost to have billing and rating engines developed to support the changes. However, without further detail the cost

implications are difficult to quantify. As such, we may provide OFCOM with further information on this issue and others to support the team in making its conclusions.

Other Issues

Regarding calls from Payphones, we call for the cost of doing so to be the same or less than a local rate call for socially valuable services.

Communicating Changes to the Customer Base

Communicating with our customer base of over 1,000 surgeries would require an extensive educational campaign and require significant staff time to articulate this information. Again, this is difficult to quantify without proposals being clear.

I would like to reiterate my offer to work collaboratively on the industry working groups with you during this process and offer any support necessary to reach a sustainable solution for Surgery Line and our GP customers.

Yours sincerely,

Andrew Goldwater

Commercial Director