

Your response

Introduction

Community Fibre welcomes the opportunity to provide its input into Ofcom's review of measures to protect people who are in debt or at risk of disconnection.

We have reviewed with interest both Ofcom's findings into the affordability of communications services published in July 2021 and the associated call for inputs document.

It is encouraging to see from the research that the number of fixed broadband customers in arrears and the number of fixed broadband customers disconnected for non-payment have both dropped considerably between January 2020 and January 2021.

We believe this is a consequence of increased competition within the fixed broadband market, where social value is becoming an increasingly important competitive differentiator between service providers.

It is worth noting that it is the operators that compete at an infrastructure level (BT Group, Community Fibre, Hyperoptic, KCOM and Virgin Media) who have had the flexibility to introduce innovative social tariff offerings. Those that are largely dependent on wholesaling the Openreach network (EE, Plusnet, Shell, Sky, TalkTalk and Vodafone) have been unable to introduce social tariffs. The simple conclusion is that infrastructure competition at the wholesale level enables innovative offers to be made to the market. Foreclosure of wholesale infrastructure competition risks throttling this emerging tariff innovation.

Community Fibre is on a mission to bring better broadband to everyone and delivering 'Social Good' through our products, services and resources remains one of our key goals. Two thirds of the properties we have upgraded to full-fibre are social housing managed either by a local authority or a Housing Association. We work closely with our social housing partners to make innovative offers to those that are most in need. Our £10pm social tariff is only one of the tools we use on our mission, other initiatives have included:

Free Connections to Community Spaces: Community Fibre has provided free symmetrical Gigabit connectivity to over 200 Community Spaces across London. Our principle is that

even if a Londoner cannot get a fast connection at home, then they should have somewhere local they can visit to get online.

Free Connections to specific groups we identify with our social housing partners: We work with our social housing partners to identify specific groups of residents whose lives are being impacted by digital exclusion and where possible we provide these cohorts with free connectivity for example:

<https://www.poplarharca.co.uk/about-us/news/article/new-digital-inclusion-programme-helps-hundreds-of-families-with-home-schooling>

Free Digital Skills Training: Through our work with social housing partners we have found that lack of interest and skills is a much bigger factor in digital exclusion than the affordability of connectivity. We provide free training to volunteers from the communities we serve so that they can use their free community space connection to improve the digital skills of others within their community.

Employment: The best way to resolve connectivity affordability issues faced by consumers is to increase their disposable income. Community Fibre has created thousands of new jobs across London as it continues to upgrade more properties to full fibre. We continue to work with our landlord partners and Government departments to create new pathways into employment with Community Fibre.

There are several barriers that we would like to overcome in order to ensure that our 'Social Good' work is well targeted and received by those consumers that need it the most. These are set out in the section below.

Barriers to Social Value

Identification of those in need – Even when working with our social housing partners it is difficult to identify the individual consumers that are in genuine need and sort these from consumers that do not face affordability issues but see an opportunity for a cheaper tariff. This is a key reason why it is difficult to market social tariffs more broadly as they tend to be used by the latter group. We would welcome the opportunity to work with Ofcom, our social housing partners, DWP and other Government departments to develop methods that could help identify those in genuine need.

Contract Exit Fees – We have received feedback from some consumers that have been offered our social tariff that they are unable to accept our offer due to the high costs associated with cancelling their existing service contract. Ofcom may want to consider prohibiting contract exit fees where an alternative provider has offered a lower price which the existing provider is unwilling to match. Ofcom would need to consider how the consumer could evidence the better price they have been offered to their existing supplier and also how to ensure the new offer is comparable to the existing price.

Social Value Trap – It is important that any social value tariff contributes towards a welfare safety net that people can bounce out of rather than become ensnared within. If the gap between a social tariff and the standard tariff becomes too large it can act as an incentive for the consumer to stay within the safety net. Providing the social tariff for a limited time gives all stakeholders an incentive to take steps to undertake training with a view to increasing disposable income and reducing that individual's need for a social tariff.

Regulatory Homogeneity – The last year has seen several different and innovative tariffs introduced by service providers. There is a risk that being too prescriptive, through regulation, on what providers must offer will remove that creativity and innovation shown by some providers.

Regulatory Burden – Regulatory obligations placed upon service providers increases their costs of operation. As operating costs rise the scope for providing low-cost tariffs diminishes.

Community Fibre's Approach

As part of our mission to bring better internet for everyone we try to ensure our service is available to anyone that wants it within the properties we serve. Unlike some other service providers, we have not previously carried out credit checks on customers wanting to take a service from us.

We manage our credit risk by asking customers to pay for their service monthly in advance. Where a customer fails to make a payment, we make every effort to contact them through multiple channels to arrange payment. When a customer does contact us and let us know they are having difficulty paying we will work with them on a suitable payment plan or move them to a cheaper tariff without additional charges. However, where a customer fails to

contact us it is important that we retain the right to suspend their service for a number of reasons:

- It provides a trigger for the consumer to contact us so that we can discuss an appropriate plan.
- Suspension avoids increasing the total level of debt faced by the consumer.
- It avoids another person fraudulently using the service for free when it is no longer being used by the bill payer. One of the most common reasons for payment failure we face is when a consumer has moved out of their property but forgotten to tell us.

Ofcom’s research correlates failure to pay with affordability issues. This is not a direct correlation as there are many reasons, other than affordability, that consumers may fail to pay a bill. They may have, for example, moved out of the property, changed their payment details or forgotten to have transferred sufficient funds into their payment account. Those consumers with genuine affordability issues may be even fewer than the Ofcom research suggests.

Introducing regulation across industry risks stifling the creativity and innovation evidenced in this area over the last year and could create unintended consequences, for example by encouraging more service providers to credit check consumers before offering them a service, thereby restricting the service choices available to those consumers that need the most choice.

Community Fibre welcomes the opportunity to work further with Ofcom, its landlord partners and HM Government departments to develop a methodology for identifying individual consumers that are genuinely facing affordability issues so that they can be targeted with both subsidised and free connectivity.

Specific Responses to Questions

Question	Your response
Question 1: Do you agree that we should amend the guide in the ways suggested? If not,	Confidential? – N

<p>are there any alternative options you think we should consider? Please provide evidence supporting your views, including any research you have conducted or have access to</p>	<p>We think that the advice provided by the existing guide is sufficient. If regulations become too prescriptive in this space it risks limiting the innovation and creativity seen in a competitive market.</p> <p>Some smaller operators may choose to limit their communications channels for cost reasons. Increasing their costs will limit their ability to provide social subsidies.</p>
<p>Question 2: Do you agree that we should amend the guide in the ways suggested? If not, are there any alternative options you think we should consider? Please provide evidence supporting your views, including any research you have conducted or have access to.</p>	<p>Confidential? – N</p> <p>We think that the advice provided by the existing guide is sufficient. If regulations become too prescriptive in this space it risks limiting the innovation and creativity seen in a competitive market.</p> <p>Customer service advisors need to be careful not to offer consumers financial advice that they are neither qualified nor regulated to offer. Such advice is better provided by the regulated financial services sector and appropriate charities.</p>
<p>Question 3: Do you agree that there should be more consistency in the way in which providers seek to effect payment from customers in debt? If so, how do you believe this could be achieved most effectively? Please provide evidence supporting your views, including any research you have conducted or have access to</p>	<p>Confidential? – N</p> <p>We think that the advice provided by the existing guide is sufficient.</p> <p>In many cases payment failure is caused by an administrative error by the consumer rather than affordability issues. Maintaining a service for three months would increase the debt burden incurred by the consumer and potentially exacerbate their debt issue. It also leaves the service open to potentially fraudulent and / or illegal use if the contracted consumer is no longer supervising access. If they are to be introduced, then a phased approach and three month grace period should only apply where a consumer has made contact with the Service Provider. They should not apply when the Service Provider's attempts to contact the consumer have failed.</p>
<p>Question 4: Do you agree that we should amend the guide regarding the provision of information about measures to support customers? If not, are there any alternative options you think we should consider? Please provide evidence supporting your views, including any research you have conducted or have access to.</p>	<p>Confidential? – N</p> <p>We think that the advice provided by the existing guide is sufficient. Even with training it can be difficult to identify consumers that are genuinely in need and Community Fibre would welcome the opportunity to work with Ofcom, our landlord partners, HM Government and other stakeholders to develop a methodology, including data sharing, that will help Operators</p>



to identify individual consumers that are in genuine need of assistance.

Please complete this form in full and return to debt.review@ofcom.org.uk.