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# Review of the telephony universal service obligation

Proposals on public call boxes and other changes

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**CONSULTATION:**

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# 1. Overview

Under the telephony universal service obligation (USO), BT and KCOM are required to provide telephony services throughout the UK, including public call boxes. Use of public call boxes has declined substantially, particularly as a result of the increased availability and take-up of mobile. But for those without access to a landline or working mobile or in areas with poor mobile coverage, a public call box can be the only option for making calls to friends and family, helplines and, crucially, emergency services. So we want to ensure boxes that are needed are protected from removal.

The migration of the UK's telephone network to Internet Protocol (IP) will also have a significant impact on the future provision of public call boxes. The old telephone network will be switched off by December 2025, so public call boxes will need to be upgraded and new equipment installed to ensure they still work after the migration to IP.

In light of these developments, we are proposing to allow BT and KCOM to remove public call boxes that are no longer needed under a strict set of criteria, which will protect those boxes on which people still rely. We are also proposing other changes to streamline the telephony USO rules.

## What we are proposing – in brief

**Strengthened rules to ensure that public call boxes that are still needed are protected from removal.** Currently, local authorities may veto proposed removals of the last public call box in an area, but we are concerned that this is applied inconsistently across the UK. We propose to replace the veto with a clear, consistent set of criteria to protect those boxes that are most needed from removal (such as those in areas without full mobile coverage), while allowing boxes that are no longer needed to be removed. BT and KCOM would still have to consult with local authorities on proposed removals of such boxes, using our criteria.

**Providing more flexibility in the services provided by public call boxes.** BT offers a range of other on-street devices that provide services such as free calls, phone charging and free wi-fi – but these devices do not currently count as public call boxes. To support BT and KCOM in offering improved services to users, we are proposing to amend our rules to allow them greater flexibility in the services offered from public call boxes, such as allowing free calls and removing requirements to provide access to premium rate and international numbers.

**Ensuring that public call boxes continue to work in the event of a power cut.** Currently, public call boxes can still be used to make calls when there is a power cut in the area. To ensure this continues after networks are migrated to IP, public call boxes will need new battery equipment installed. We are proposing to require BT and KCOM to make sure public call boxes that are likely to be needed in the event of a power cut have batteries installed so they can still be used to make emergency calls.

**Removing the requirement for fax services to be provided under the USO.** It will no longer be feasible for BT and KCOM to provide fax services after networks are migrated to IP. Very few businesses continue to use fax and there are many alternative services available. We are therefore seeking views on removing fax from the USO requirements.

## Background

- 1.1 The telephony USO was established in legislation in 2003 and it requires the provision of telephony services throughout the UK, including public call boxes ('PCBs'). It is aimed at ensuring that telephony services are provided to help those in remote and rural areas or vulnerable customers, whom the market might not otherwise choose to serve.
- 1.2 BT and KCOM are designated as the telephony universal service providers and they currently provide around 21,000 PCBs across the UK to meet their USO obligations.
- 1.3 We last undertook a review of the PCB rules in 2006.<sup>1</sup> The evolution of technology, market developments and changing consumer needs have led to significant changes in the use of PCBs. In particular, the increased availability and uptake of mobile services has caused a steep decline in PCB usage, with call volumes having decreased from around 800m minutes in 2002 to 7m in 2020. In addition, many boxes are falling into a state of disrepair and they can be susceptible to vandalism and anti-social behaviour.
- 1.4 At the same time, we know that some PCBs continue to deliver an important service, particularly to those who do not have access to a working mobile phone or who are in areas where mobile coverage cannot be relied upon. We therefore also want to ensure that those PCBs that are needed will be protected from removal.

## Our proposals

- 1.5 We are concerned that the current process to remove PCBs is not working as effectively as it could and are proposing strengthened criteria in our rules which will ensure PCBs that are still needed are protected from removal. The proposed criteria would protect PCBs where:
  - i) they do not have coverage from all four mobile network providers; or
  - ii) they are located in an accident or suicide hotspot; or
  - iii) they have made more than 52 calls over the past 12 months (i.e. the equivalent of one call per week); or
  - iv) there is a relevant exceptional circumstance which demonstrates a need for the PCB.
- 1.6 Under the proposed process, BT and KCOM will be required to consult with relevant local bodies about any proposed last-at-a-site<sup>2</sup> PCB removals and take account of their submissions. Local authorities will no longer be able to veto a PCB removal. This revised process will allow BT and KCOM to remove PCBs that are no longer needed, according to the new criteria, whilst at the same time protecting the remaining important PCBs (including the 1,500 PCBs that are in areas with poor mobile coverage).

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<sup>1</sup> [Review of the Universal Service Obligation \(ofcom.org.uk\)](https://www.ofcom.gov.uk/consult/condocs/usos/usos060606.pdf)

<sup>2</sup> A site is defined as 400 metre walking distance from the next nearest PCB.

- 1.7 This will mean that some traditional red kiosks will no longer be kept for making calls. Instead, local authorities who want to retain a red kiosk will continue to have the option to use BT's 'Adopt a Kiosk' scheme.<sup>3</sup> Under the scheme, local authorities (and parish councils or local charities) can purchase local red kiosks for a £1 fee. Since BT launched the scheme, over 6,000 kiosks have been adopted and have been converted to a range of different uses, such as a library or installing a defibrillator.
- 1.8 Alongside these changes to the process for removing PCBs, we are proposing a number of changes to the requirements for PCB services and pricing. Our proposals include:
- amending the requirement for PCBs to have uniform national pricing to allow BT and KCOM flexibility to offer free calls from some of their PCBs (e.g. BT's 'Street Hub'<sup>4</sup> devices already offer free calls to all UK landline and mobile numbers);
  - removing the requirement for PCBs to provide incoming calls where all outgoing calls are offered for free;
  - no longer requiring PCBs to offer calls to premium rate and international numbers; and
  - requiring BT and KCOM to assess whether there is a continuing need for using cash in PCBs before they remove any cash payment facilities.
- 1.9 Currently PCBs can still be used to make calls when there is a power cut because the lines are powered from the local telephone exchange. This will no longer be the case once PCBs are migrated to function over IP networks. People that use PCBs may become more reliant on them in the event of a power cut, given the increased likelihood of needing to make emergency calls in such circumstances.
- 1.10 We are therefore proposing to put in a place a requirement for BT and KCOM to ensure that any PCBs that are likely to be relied upon in the event of a power cut have a solution in place (e.g. a battery back-up unit) which enables emergency calls to continue to be made for a minimum of three hours.
- 1.11 We are also proposing a number of changes to streamline and update some of the other telephony universal service conditions on BT and KCOM. These changes include updating how they report on their performance in delivering the USO and seeking views on whether to remove the requirement to provide fax services under the USO.

## Next steps

- 1.12 The details of our proposed changes to the universal service conditions on BT and KCOM are set out in Annex 5 and explained in Sections 3 and 4 of this document. We are inviting responses to this consultation by **11 January 2022**. We plan to publish our decision later in Spring 2022.

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<sup>3</sup> [The Adopt a Kiosk scheme | BT Business](#)

<sup>4</sup> [Street Hub brochure v4.1.pdf \(bt.com\)](#)

## 2. Introduction & Background

- 2.1 The telephony universal service obligation (USO) provides a safety net to ensure that a minimum set of telephony services are available at an affordable price to people across the UK. BT and KCOM are designated as the universal service providers and we have imposed conditions on them which require that (amongst other things) they must provide public call boxes (PCBs).
- 2.2 We last undertook a review of the public call box conditions in 2006 and since then there have been significant market developments, advances in technology and changes in user demand. The upcoming migration to IP networks in the UK will have a significant impact on the provision of PCBs. This review therefore aims to modernise and streamline the current obligations on BT and KCOM in light of these developments, whilst at the same time ensuring that PCBs continue to be provided where they are needed.
- 2.3 Whilst the focus of this review is on the obligations relating to PCBs, we have also looked to update and some of the other telephony universal conditions on BT and KCOM to ensure they remain relevant and transparent.
- 2.4 Below we set out the background and context to this work, the relevant legal framework and our role in setting the conditions on BT and KCOM, and the objectives and scope of this review.

### Background to the telephony USO

- 2.5 The current telephony USO was established via legislation in 2003<sup>5</sup> and it requires certain services to be provided throughout the UK, in particular: publicly available telephone services on reasonable request, PCBs, directories and directory enquiry facilities; and certain billing, payment and tariff options (including social tariffs). In relation to PCBs, the legislation specifies in particular that they shall be provided to meet the reasonable needs of end-users in terms of geographical coverage, the number of telephones and service quality.
- 2.6 The USO therefore ensures that affordable telephony services are provided to help those in remote and rural areas or vulnerable customers, whom the market might not otherwise choose to serve. Without it there would be a risk of social exclusion arising from a lack of access to these services, preventing citizens from full economic and social participation in society.
- 2.7 Ofcom implemented the telephony USO in 2003 through a combination of universal service conditions on BT and KCOM (who we designated as universal service providers)<sup>6</sup> and general conditions on all providers.

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<sup>5</sup> [The Electronic Communications \(Universal Service\) Order 2003.](#)

<sup>6</sup> Ofcom, July 2003. [Statement on the designation of BT and Kingston as universal service providers and the specific universal service conditions.](#)

- 2.8 We undertook a review of some of the telephony universal service conditions on BT and KCOM in 2006.<sup>7</sup> As part of that review we made some changes to the process by which BT and KCOM could remove PCBs, as well as issuing guidance on the process by which local authorities consult on proposed PCB removals.<sup>8</sup>

## The use and availability of telephony services has changed substantially since our last review

- 2.9 The evolution of technology, market developments and changing consumer needs have led to significant changes in the use of fixed telephony services since we last reviewed the conditions in 2006. In particular, the increased availability and uptake of mobile services has been one of the most significant changes, and this in turn has caused a steep decline in PCB usage.
- 2.10 Since 2006, the proportion of UK adults using a mobile phone has risen from 78% to 96%. Smartphone use has also increased, rising from 27% of the adult population in 2011 to 88% today.<sup>9</sup> The average price of using mobile services has also declined significantly, with the weighted average monthly prices for average mobile use now at £10.96 (down in real terms from £23.43 in 2012) and nearly 83% of all mobile phone tariffs now offering unlimited minutes.<sup>10</sup> Other changes to call charges have also had an impact on the types of calls made from mobiles – in particular calls to Freephone numbers (0800 and 0808) were made free from mobiles in 2015, whereas previously they were only free from fixed line phones, including PCBs.<sup>11</sup>
- 2.11 Mobile coverage has also improved considerably, with over 99% of UK premises now having coverage for mobile telephone calls from all operators and almost all UK premises having coverage from at least one operator.<sup>12</sup>
- 2.12 There have also been improvements in access to the emergency services. In 2009, emergency call roaming was introduced which means that calls to the emergency services on 999 or 112 will automatically roam onto an available network if there is no coverage from the caller's own mobile service provider.<sup>13</sup> In 2011, the ability to access the emergency services via SMS was also introduced for people who cannot make a voice call.<sup>14</sup>

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<sup>7</sup> [Review of the Universal Service Obligation \(ofcom.org.uk\)](https://www.ofcom.gov.uk/consult/condocs/usob/usob060708.pdf)

<sup>8</sup> We have also made various other changes to the conditions from time to time (see this page for details: [Universal Service Obligations - Ofcom](#)), including replacing the universal service condition relating to text relay services with a general condition in 2012: [Statement on text relay \(ofcom.org.uk\)](#)

<sup>9</sup> Ofcom Technology Tracker.

<sup>10</sup> Ofcom, March 2017. [Pricing trends for communications services in the UK](#) and Ofcom, July 2021. [Pricing trends for communications services in the UK](#).

<sup>11</sup> [Call charges clearer from Wednesday - Ofcom](#)

<sup>12</sup> Ofcom, December 2020. [Connected Nations 2020 UK Report](#)

<sup>13</sup> Ofcom, October 2009. [Access and Inclusion](#), pg.65-67

<sup>14</sup> Ofcom, May 2011. [Changes to General Conditions and Universal Service Conditions](#): see General Condition 15 for more details

- 2.13 In light of the developments above, the use of PCBs has decreased and has been in decline for many years. Usage is now a fraction of what it was in the early 2000s, having decreased from around 800m annual minutes of use in 2002,<sup>15</sup> to around 7.1m in 2019/20.<sup>16</sup>
- 2.14 The upcoming migration of the UK's fixed telecoms network to IP will also have a significant impact on the future provision of telephony services, including PCBs. This substantial change is taking place over the next few years as the traditional Public Switched Telephone Network (PSTN) is being switched off.
- 2.15 The PSTN has been in place for many decades and is made up of copper wires and equipment dedicated to supporting call services. It is reaching the end of its life and becoming increasingly difficult and costly to maintain. Therefore, this network is being replaced by modern IP-based networks which can support both broadband and fixed telephony services.
- 2.16 BT has taken the decision to retire the PSTN by December 2025 and other providers plan to follow a broadly similar timescale. The change will offer potential benefits to customers, such as clearer phone calls, and it will help ensure the UK's fixed telephony services are fit for the future.<sup>17</sup> It will also mean, however, that for PCBs to continue to function after 2025 on IP networks, they will need to be upgraded and new equipment installed.

## Legal framework and Ofcom's role

### Statutory scheme and Ofcom's role

- 2.17 The requirement to secure universal service in the UK derives from the European Electronic Communications Code ('EECC').<sup>18</sup> The EECC has been implemented into UK law through the Communications Act 2003 (the 'Act') and secondary legislation.<sup>19</sup> The Act sets out obligations to be secured by universal service obligations.
- 2.18 Under the legislation, universal service means the provision of at least a minimum set of services to everyone on request and at an affordable price.<sup>20</sup> Section 65 of the Act establishes that the Secretary of State must, by order, set out the extent to which electronic communications networks must be made available or supplied throughout the UK.<sup>21</sup>

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<sup>15</sup> BT slide pack titled "Public Call Boxes USO" presented to Ofcom on 16 March 2021.

<sup>16</sup> BT response to our formal information request dated 9 July 2020. Figures are also adjusted to account for some duplication of outgoing calls, as reported by BT in response to our request dated 28 May 2021 (see footnote 60).

<sup>17</sup> [The future of fixed telephone services - Ofcom](#)

<sup>18</sup> Directive (EU) 2018/1972 of the European Parliament and of the Council of 11 December 2018 establishing the European Electronic Communications Code.

<sup>19</sup> Prior to the EECC coming into force, the Act implemented the provisions of the Universal Service Directive: Directive 2002/22/EC of the European Parliament and of the Council of 7 March 2002 on universal service and users' rights relating to electronic communications networks and services as amended by Directive 2009/136/EC.

<sup>20</sup> Recital 212 of the EECC.

<sup>21</sup> Sections 65(1) and 65(2)(a) of the Act.



- 2.19 The Electronic Communications (Universal Service) Order 2003 (the ‘Order’) sets out that the following services must be provided, made available or supplied throughout the UK:
- a) **publicly available telephone services** which are capable of allowing end-users to make and receive local, national and international telephone calls and fax;<sup>22</sup>
  - b) **directories and directory enquiry facilities.** Specifically, at least one directory and one directory enquiry facility must be made available to end-users and must comprise, subject to the provisions of the Privacy and Electronic Communications (EC Directive) Regulations 2003, the details of all subscribers of publicly available telephone services and their telephone numbers, including fixed and mobile telephone numbers;<sup>23</sup>
  - c) **public pay telephones** or other public voice telephony access points. Specifically these must be provided to meet the reasonable needs of end-users in terms of geographical coverage, the number of telephones or other access points and the quality of public electronic communication services. It must also be possible to make emergency calls from public pay telephones using the single European emergency call number “112” and the UK emergency call number “999”, free of charge and without the use of coins or cards;<sup>24</sup>
  - d) **billing, payment and tariff options** including appropriate tariff options and packages which depart from those provided under normal commercial conditions and which must be made available by designated providers to consumers on low incomes or with special social needs;<sup>25</sup> and
  - e) **special measures for end-users with a disability**, which must include (amongst other things): accessibility and functionality of the public pay telephones for use by end-users with a disability.<sup>26</sup>
- 2.20 The Secretary of State also set out guidance on pricing in the Order which provides that the access to the services set out in the Order (including PCBs) must be affordable for all end-users and set at uniform prices throughout the UK, unless Ofcom has determined that there is clear justification for not doing so.<sup>27</sup>
- 2.21 The Order does not specify in any detail how and by whom these services should be provided to eligible consumers. It is therefore for Ofcom to decide how to implement the Order in the most appropriate way.
- 2.22 Ofcom is empowered through the Act to designate the provider(s) of these universal services.<sup>28</sup> Oftel (Ofcom’s predecessor) designated BT and KCOM as the telephony universal service providers.<sup>29</sup> We recently also designated BT and KCOM as the universal

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<sup>22</sup> Paragraph 1 of the Schedule to the Order.

<sup>23</sup> Paragraphs 2 and 3 of the Schedule to the Order.

<sup>24</sup> Paragraph 4 of the Schedule to the Order.

<sup>25</sup> Paragraph 5 of the Schedule to the Order.

<sup>26</sup> Paragraph 6 of the Schedule to the Order.

<sup>27</sup> Article 4 of the Order.

<sup>28</sup> Section 66(1) of the Act.

<sup>29</sup> Designation of BT and Kingston as universal service providers, and the specific universal service conditions, 22 July 2003.

service providers for broadband.<sup>30</sup> We do not propose to revisit the designation of BT and KCOM as universal service providers in the UK as part of this review.<sup>31</sup>

## Ofcom's power to set conditions

2.23 Ofcom is also empowered to set conditions:

- a) we have discretion to set universal service conditions to apply to designated providers. Such conditions must be set as we consider appropriate to ensure that the Order is implemented properly and effectively, but in doing so we must have regard to any guidance set out in the Order made by the Secretary of State. We must also ensure that universal service conditions include an obligation on designated providers requiring them to publish information about their performance in complying with those conditions and a requirement securing that the terms on which a person is provided with a universal service do not require them to pay any amount relating to an unnecessary additional service.
- b) we also have powers to set general conditions of entitlement ('general conditions') to apply to all providers of electronic communications networks and/or electronic communications services or to providers of a particular description specified in the condition which supply such networks and/or services.<sup>32</sup>

2.24 Oftel (Ofcom's predecessor) exercised its powers under sections 45 and 67 of the Act<sup>33</sup> to set the universal service conditions<sup>34</sup> and its powers under section 49 to give a direction in relation to public pay telephones affecting the operation of those conditions (the 'PCB direction').<sup>35</sup>

2.25 In addition, Ofcom has imposed a number of general conditions to secure the implementation of the telephony universal service obligations. These include general conditions relating to the provision of directory information,<sup>36</sup> measures for end-users with disabilities,<sup>37</sup> and measures relating to billing.<sup>38</sup>

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<sup>30</sup> [Statement: Delivering the Broadband Universal Service - Ofcom.](#)

<sup>31</sup> We consider that maintaining BT & KCOM's designation as telephony universal service providers is consistent with our recent decision to designate them as the universal service providers for broadband.

<sup>32</sup> Section 46(2) of the Act.

<sup>33</sup> In accordance with section 45(10)(a) and (b) of the Act, Ofcom's power to set a universal service condition includes the power to impose (among other things): (i) a requirement to comply with such directions with respect to the matters to which the condition relates; and (ii) an obligation with respect to those matters that is framed by reference to, or is conditional upon, the giving of a consent or of an approval. The substantive and procedural requirements which Ofcom must comply with when giving directions, approvals and consent are set out in sections 49, 49A, 49B and 49C of the Act, including the legal tests set out in section 49(2).

<sup>34</sup> [The universal service conditions and subsequent modifications.](#)

<sup>35</sup> [The Public Call Box Direction 2006](#)

<sup>36</sup> General conditions B2.2, B2.3, B2.4, B2.5 and B2.6(a).

<sup>37</sup> General conditions C5.1 – C5.15.

<sup>38</sup> General conditions C3.2 and C3.7 – C3.10.

## Ofcom's duties and legal tests

- 2.26 We can only set or modify universal service conditions and general conditions where we are satisfied that the conditions are:
- a) not unduly discriminatory against particular persons or against a particular description of persons;
  - b) proportionate to what they are intended to achieve; and
  - c) transparent in relation to what they are intended to achieve.<sup>39</sup>
- 2.27 In addition, in relation to universal service conditions we must be satisfied that the conditions are objectively justifiable in relation to the networks, services, facilities, apparatus or directories to which they relate.<sup>40</sup>
- 2.28 In fulfilling our role under the legislation in respect of the implementation of the Order, we must have regard to our duties under the Act. In particular, we must consider our principal duty to further the interests of citizens in relation to communications matters and the interests of consumers in relevant markets, where appropriate by promoting competition.<sup>41</sup> In the carrying out of our functions to fulfil these general duties, we are required to secure (among other things) the availability throughout the UK of a wide range of electronic communications services.<sup>42</sup> We must also have regard (among other things) to the following:
- a) the desirability of ensuring the security and availability of public electronic communications networks and public electronic communications services;<sup>43</sup>
  - b) the desirability of ensuring that relevant markets facilitate end-to-end connectivity in the interests of consumers in those markets;<sup>44</sup> and
  - c) the interests of those consumers in respect of choice, price, quality of service and value for money.<sup>45</sup>
- 2.29 We must also act in accordance with the six requirements at section 4 of the Act of which the following appear particularly relevant:
- a) promoting the interests of all members of the public in the UK;
  - b) carrying out our functions in a manner which, as far as practicable, does not favour one form of network, communications service or associated facility; or one means of providing or making available such a network, service or facility;

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<sup>39</sup> Section 47 of the Act.

<sup>40</sup> In accordance with section 47(3) of the Act, this requirement does not apply in relation to the setting of general conditions.

<sup>41</sup> Section 3(1) of the Act.

<sup>42</sup> Section 3(2)(b) of the Act.

<sup>43</sup> Section 3(4)(ea) of the Act.

<sup>44</sup> Section 3(4)(eb) of the Act.

<sup>45</sup> Section 3(5) of the Act.

- c) promoting connectivity.<sup>46</sup>

## Policy objectives for this review

- 2.30 Taking account of our role and duties described above, our primary objectives in reviewing the telephony universal service requirements on BT and KCOM under the Act are to ensure that:
- a) PCBs continue to be provided to meet the reasonable needs of end-users, in particular acting as a safety net for those in remote or rural areas or vulnerable customers who might otherwise be at risk of social and/or economic exclusion;
  - b) the PCB conditions are updated to reflect existing and upcoming market developments, advances in technology and changes in user demand, in particular to modernise the rules in light of those developments and ensure they reflect the least intrusive means of achieving our objectives;
  - c) the requirements are sufficiently flexible to allow innovation in the provision of PCBs – ensuring they do not act a barrier to the delivery of additional, valued, services to end-users; and
  - d) the conditions are simplified to make them clearer and more transparent.
- 2.31 We have taken account of these objectives throughout our proposals set out in this document.

## Scope of this review

- 2.32 As set out above, this review is focused on reviewing what changes are needed to the PCB obligations on BT and KCOM in light of changing user needs and technological and market developments. These obligations are set out specifically in universal service condition 3, and in the PCB Direction and associated guidance.<sup>47</sup> We discuss our proposed changes to these requirements in Section 3.
- 2.33 As part of this review we have also taken the opportunity to identify changes needed to the other telephony universal service conditions to bring them up to date and ensure the obligations on BT and KCOM are clear and transparent. This includes consideration of whether the reference to fax services should be removed from the definition of ‘telephony services’ currently used in the obligations. We discuss this, and other proposed changes to the conditions, in Section 4.
- 2.34 This review does not include consideration of the universal service condition relating to schemes for consumers with special social needs. In respect of landline services, BT and KCOM are required to provide a social tariff to eligible consumers. BT meets this obligation through its ‘Home Essentials’ tariff and KCOM through its ‘Flex’ tariff. The Government’s

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<sup>46</sup> Section 4 of the Act.

<sup>47</sup> [The Public Call Box Direction 2006](#) and [Public Call Box guidance 2006](#).

approach to implementing the EECC has affected Ofcom's role in relation to social tariffs, as covered in our report on the affordability of communication services.<sup>48</sup> Ensuring that people can access affordable communication services is a priority for us, and our latest report sets out our plans in this area, which include continuing to monitor the tariffs available to customers. Any consideration of further measures in relation to affordability will therefore form part of that ongoing work.

- 2.35 As explained above, some of the requirements of the universal service Order have been implemented via general conditions which apply to all providers (not just BT and KCOM as the designated universal service providers). We undertook a comprehensive review of the general conditions in 2017 to ensure that they continue to provide adequate protections for customers.<sup>49</sup> We are therefore not proposing any changes in this consultation in respect of the relevant obligations contained in the general conditions.

## Impact assessment

- 2.36 The analysis presented in this document constitutes an impact assessment as defined in section 7 of the Act.
- 2.37 Impact assessments provide a valuable way of assessing different options for regulation and showing why the preferred option was chosen. They form part of best practice policymaking. This is reflected in section 7 of the Act, which means that generally we have to carry out impact assessments where our proposals would be likely to have a significant effect on businesses or the general public, or when there is a major change in our activities. However, as a matter of policy, we are committed to carrying out impact assessments in relation to the great majority of our policy decisions.<sup>50</sup>

## Equality impact assessment

- 2.38 Section 149 of the Equality Act 2010 (the '2010 Act') imposes a duty on Ofcom, when carrying out its functions, to have due regard to the need to eliminate discrimination, harassment, victimisation and other prohibited conduct related to the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation. The 2010 Act also requires Ofcom to have due regard to the need to advance equality of opportunity and foster good relations between persons who share specified protected characteristics and persons who do not.
- 2.39 Section 75 of the Northern Ireland Act 1998 (the '1998 Act') also imposes a duty on Ofcom, when carrying out its functions relating to Northern Ireland, to have due regard to the need to promote equality of opportunity and regard to the desirability of promoting good

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<sup>48</sup> [Affordability of communications services: Summary of findings](https://www.ofcom.org.uk/consultations-and-statements/category-1/review-general-conditions), see in particular paragraphs 2.6-2.7.<sup>49</sup>

<sup>49</sup> <https://www.ofcom.org.uk/consultations-and-statements/category-1/review-general-conditions>

<sup>50</sup> For further information about our approach to impact assessments, see the guidelines, Better Policy Making - Ofcom's approach to Impact Assessment.

relations across a range of categories outlined in the 1998 Act. Our Revised Northern Ireland Equality Scheme explains how we comply with our statutory duties under the 1998 Act.<sup>51</sup>

- 2.40 To help us comply with our duties under the 2010 Act and the 1998 Act, we have assessed the impact of our proposals on persons sharing protected characteristics and in particular whether they may discriminate against such persons or impact on equality of opportunity or good relations.
- 2.41 We do not consider that our proposals have equality implications under the 2010 Act or the 1998 Act. In particular, we do not envisage the impact of our proposals to be to the detriment of any group of society. This is because our objective of ensuring an effective implementation of the Order seeks to ensure that all consumers, irrespective of their protected characteristics or the part of the UK they live in, can benefit from the telephony universal service.

## Structure of this document

- 2.42 The rest of this document is set out as follows:
- **Section 3** sets out our proposals for changing the obligations on BT and KCOM in respect of PCBs;
  - **Section 4** sets out our proposals for other changes to the universal service conditions, including the provision of fax, itemised billing, directories, reporting on quality of service information, and other minor changes.
- 2.43 The Annexes are set out as follows:
- **Annex A1:** Responding to this consultation;
  - **Annex A2:** Ofcom's consultation principles;
  - **Annex A3:** Consultation cover sheet;
  - **Annex A4:** Consultation questions;
  - **Annex A5:** Notification of proposed changes to the universal service conditions;
  - **Annex A6:** Proposed guidance on the PCB universal service conditions; and
  - **Annex A7:** Letter from DCMS on removal of fax from the USO.

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<sup>51</sup> Ofcom, 2019. Revised Northern Ireland Equality Scheme for Ofcom.

## 3. Provision of Public Call Boxes

- 3.1 In this section we outline our proposed changes to the obligations on BT and KCOM with respect to the provision of public call boxes (PCBs).<sup>52</sup> Our proposals are based on our assessment of users' current needs in relation to PCBs, taking account of market developments since our last review.
- 3.2 In particular, we are proposing to:
- a) amend the definition of PCBs to focus on those services most needed by end-users and to give BT and KCOM greater flexibility to offer free calls and additional services, as well as removing the requirement for at least 70% of PCBs to take cash and replacing it with a requirement on BT and KCOM to assess whether there is an ongoing need to pay by cash;
  - b) revise the process by which the last PCB at a site can be removed by replacing local authorities' ability to veto the removal of PCBs (the 'local veto') – which is not applied consistently across the UK – and replacing this with a clear set of regulatory criteria to protect from removal those PCBs that are most needed (e.g. in locations without mobile coverage);
  - c) introduce a new requirement for some PCBs to be resilient in the event of a power cut; and
  - d) simplify and modernise the requirements on BT and KCOM when assessing requests for the installation of new PCBs.
- 3.3 In order to implement these changes, we are proposing a number of amendments to the existing universal service conditions relating to PCBs, as well as proposing to revoke the current PCB Direction and Guidance and introduce new guidance.

### The current provision of public call boxes by BT and KCOM

- 3.4 The current universal service conditions require BT and KCOM to provide PCBs to meet the reasonable needs of end-users in terms of geographical coverage, the number of PCBs and the quality of call box services.<sup>53</sup>
- 3.5 There are now approximately 21k PCBs in the UK<sup>54</sup> compared to around 67k in 2006 (when we last reviewed the PCB rules).<sup>55</sup> The vast majority of these are provided by BT and are glass-style kiosks, as opposed to its traditional red boxes (of which there are now only

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<sup>52</sup> A PCB is defined in the Order and universal service conditions as a 'Public Pay Telephone' which is permanently installed on public land and to which the public has access at all times. This definition excludes public pay telephones in locations such as stations and airports.

<sup>53</sup> Condition 3.1 in the Annex to the [Designation of BT and Kingston as universal service providers, 22 July 2003](#).

<sup>54</sup> BT has an estate of approximately 20,571 PCBs ([Service level - BT Payphones \(custhelp.com\)](#)). KCOM has approximately 290 PCBs (KCOM's response to our formal information request dated 9 July 2020).

<sup>55</sup> Ofcom, [2006 Review of the universal service obligation](#), paragraph 4.1. At that time, BT had approximately 64,500 PCBs and KCOM 2,500.

around 3.9k).<sup>56</sup> Of BT's PCBs, approximately 9.2k are known to be the 'last-at-a site' (where a site is defined as 400 metres walking distance<sup>57</sup> from the next nearest PCB).<sup>58</sup> KCOM does not have figures on the number of its PCBs that are the 'last-at-a-site' as it assesses distance from the nearest PCB on a case-by-case basis when considering removals.

- 3.6 There were approximately 5 million calls made from BT and KCOM's PCBs in the year to May 2020.<sup>59</sup> This equates to an average of around four calls per week from each of BT's PCBs and an average of 13 calls per week from each of KCOM's PCBs. However, usage varies significantly between individual PCBs and whilst approximately 60% of BT's PCBs made more than one call per week, around 9% did not make a single call during 2019/20.<sup>60</sup> BT's consumer survey evidence also indicates that only a small number of people continue to use PCBs - in 2020 only 8% of people surveyed said that they had used a PCB in the last year.<sup>61</sup>
- 3.7 BT and KCOM incur costs from providing and maintaining PCBs. Around two-thirds of all of BT's PCBs (and 86% of which are the last-at-a-site) are unprofitable, even after advertising revenue and other income.<sup>62</sup> Both BT and KCOM made a net loss on the provision of their PCB estates in the year to May 2020 – BT of approximately £4.5m<sup>63</sup> and KCOM of £35k.<sup>64</sup>
- 3.8 BT has been undertaking a rationalisation programme of its PCB estate under the current removals process (which is described in paragraphs 3.51 to 3.57 below).<sup>65</sup> Since 2017 it has removed nearly 20,000 PCBs;<sup>66</sup> this includes nearly 5k last-at-a-site PCBs which were

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<sup>56</sup> BT's response to our formal information request dated 28 May 2021.

<sup>57</sup> This means that the next PCB could be nearer than 400 metres away as the crow flies, but not within 400 metres' walking distance as it is not easily accessible because of an obstacle such as a river or railway line.

<sup>58</sup> BT said this number is likely to be an underestimate as it explained it generally only reviews the status of individual PCBs when they are considered for removal and this figure is based on some rough checks using 400m as the crow flies (rather than walking distance). BT's response to formal information request dated 28 May 2021.

<sup>59</sup> BT's PCBs made 4.8m calls, while KCOM's PCBs made 192k. Ofcom analysis based on BT's and KCOM's response to our formal information requests dated 9 July 2020. We have undertaken our analysis of PCB usage based on 2019/20 data, rather than 2020/21 data, to exclude the potential impact of the Covid-19 pandemic on PCB usage.

<sup>60</sup> Ofcom analysis based on BT's response to our formal information requests dated 9 July 2020 and 28 May 2021. Figures are also adjusted to account for some duplication of outgoing calls, as reported by BT in response to our request dated 28 May 2021. BT determined the extent of this issue on its 2020/21 call volumes and said it would be reasonable to also adjust 2019/20 volumes based on this. Therefore, we have adjusted 2019/20 outgoing call volumes to remove the impact of duplication at an aggregate level. However, we note that any analysis undertaken at an individual PCB level will still be subject to the impact of duplication. BT confirmed that this issue does not affect its operational or billing systems.

<sup>61</sup> Populus, June 2020. [A review of the UK public's perceptions and use of payphones](#), Q25. We reviewed the questionnaire design and data quality of this research and considered that it was not necessary to conduct further research. The research was conducted prior to the Covid-19 pandemic.

<sup>62</sup> BT slide pack titled "Public Call Boxes USO" presented to Ofcom on 16 March 2021. Other income includes the Payphone Access Charge, which is paid to PCB operators by recipients of calls to freephone numbers.

<sup>63</sup> Ofcom analysis based on BT's response to our formal information request dated 9 July 2020. To estimate net costs, we have used BT's estimates of fixed as well as operating costs and its revenues from chargeable calls, non-chargeable calls and advertising revenue. In comparison, we estimated that in 2006 BT had made a positive return of approximately £30m (Ofcom, [2006 Review of the universal service obligation](#), paragraph 4.4).

<sup>64</sup> Ofcom analysis based on KCOM's response to our formal information request dated 9 July 2020. To estimate net costs, we have used KCOM's maintenance as well as operating costs and its revenues from chargeable calls, non-chargeable calls and advertising revenue.

<sup>65</sup> KCOM, however, told us it only assesses PCB removals when it receives a request to do so, and in the last c.18 months it has removed seven PCBs (of which three were the last-at-a-site). KCOM, s135 request and email dated 23 August 2021.

<sup>66</sup> [BT to scrap half of the UK's remaining telephone boxes - BBC News](#)



removed following consultation with relevant local authorities during the 12 months to May 2020.

- 3.9 BT has introduced an ‘Adopt a Kiosk’ scheme which gives local communities the opportunity to retain and preserve the heritage of their red kiosks.<sup>67</sup> Under the scheme, certain bodies (such as local authorities, parish councils or local charities) can apply to BT to adopt their local red kiosk and, provided that the PCB meets certain criteria (and is not needed by BT to meet its universal service obligations), BT will remove the telephone equipment and sell the kiosk to the relevant body for a £1 fee.<sup>68</sup> Since BT launched the scheme, over 6,000 kiosks have been adopted and converted to a range of different uses, such as installing a defibrillator, using it as a mini art gallery or library.
- 3.10 In addition to its PCBs, BT has a number of connected on-street devices known as Street Hubs.<sup>69</sup> These offer free outgoing calls to landline and mobile numbers, a dedicated 999 button, free wi-fi, two USB charging points, council services via a touchscreen tablet, two 75-inch digital displays used for public service announcements and advertising, and sensors that can capture data on air and noise pollution, outdoor temperature and traffic conditions. BT currently has approximately 500 such devices.<sup>70</sup> In 2019, its Street Hubs averaged around 150 calls a week each.<sup>71</sup>

## The reasonable needs of PCB users have changed

- 3.11 As explained in Section 2, since our last review of the universal service conditions in 2006, there has been increased take-up of mobile services, as well as improved mobile coverage and this has been accompanied by a significant decline in the use of PCBs.
- 3.12 PCBs are therefore no longer used by most consumers. However, they can still offer vital services for some users, particularly those in areas with no mobile coverage or those without access to a landline or a working mobile phone. Approximately 4% of the UK’s adult population do not use a mobile phone.<sup>72</sup> BT’s market research found that non-mobile phone owners were disproportionately more likely to use a PCB (17% versus 8%), and 30% of non-mobile phone users said they were likely to use a PCB in future. Conversely, 88% of people who had not used a payphone in the past 10 years said that the reason was that they always carried a mobile phone.<sup>73</sup>
- 3.13 Even for those that own a mobile phone, there can be circumstances where they could be reliant on a PCB to make a call. BT’s research found that “*my mobile phone had run out of battery*” and “*I did not have my mobile phone with me at the time, and wanted to make a call*” were the most popular reasons given for using a payphone.<sup>74</sup> Pre-pay mobile

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<sup>67</sup> [The Adopt a Kiosk scheme | BT Business](#)

<sup>68</sup> [Adopt a Kiosk: how it works | BT Business](#)

<sup>69</sup> [BT StreetHub brochure](#)

<sup>70</sup> BT slide pack titled “Public Call Boxes USO” presented to Ofcom on 16 March 2021.

<sup>71</sup> BT slide pack titled “BT/Ofcom Telephony USO discussion” presented to Ofcom on 24 August 2021.

<sup>72</sup> Ofcom Technology Tracker 2021.

<sup>73</sup> Populus, June 2020. [A review of the UK public’s perceptions and use of payphones.](#)

<sup>74</sup> 35% and 27% respectively. Populus, June 2020. [A review of the UK public’s perceptions and use of payphones](#) – Exhibit 2.

customers may also need to use a PCB if they have run out of credit. Around 23% of mobile subscriptions are pre-pay, and there are a higher proportion of customers in vulnerable groups taking these types of contracts – for example 34% of mobile customers aged over 75 are on pre-pay contracts as well as 22% of those in the DE socio-economic group (compared to 14% of all mobile users).<sup>75</sup>

- 3.14 A PCB can also be particularly important as a safety net in areas of the UK that do not have full mobile coverage, particularly for those users who do not have access to a working landline. BT's research found that 15% of people who had used a payphone in the previous year said it was because they had no mobile signal.<sup>76</sup> Whilst over 99% of UK premises have coverage for mobile telephone calls from all operators, the total UK geographic area covered by all operators is only 80% (and drops to 59% in Scotland) and there is still 5% of the UK's geographic area in voice and text 'not-spots', predominantly in rural areas.<sup>77</sup> The Shared Rural Network (SRN) should extend this voice coverage further by 2025. Under the SRN, the UK Government and the mobile network operators have agreed to deliver 4G coverage to 95% of the UK's landmass, providing coverage to an additional 280,000 premises and improving coverage to Areas of Natural Beauty and National Parks.<sup>78</sup>
- 3.15 The ongoing need for some PCBs is demonstrated by the fact that there were still nearly 5m outgoing calls made from PCBs in the 12 months to May 2020. And there are some PCBs from which a significant number of calls continue to be made. For example, 14% of BT's PCBs and 55% of KCOM's PCBs made more than 500 calls a year.<sup>79</sup>
- 3.16 In terms of the types of calls PCBs are most likely to be needed for, BT's survey evidence found most consumers (86%) agreed that being able to call the emergency services is an important feature of a PCB, while over half of those surveyed also said that making a call to a landline (59%) and making a call to a mobile (52%) were important PCB services.<sup>80</sup> This is supported by BT and KCOM's PCB usage data which indicates that in the year to May 2020, the majority (59%) of outgoing calls made from PCBs were to mobile numbers, while a significant proportion were also made to UK landline numbers (16%) and freephone numbers (15%).<sup>81</sup>
- 3.17 Whilst the proportion of calls made to emergency services was smaller (around 4% of total outgoing calls), this still accounts for approximately 144k calls from BT's PCBs, which, given

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<sup>75</sup> Ofcom, Technology Tracker 2021

<sup>76</sup> Populus, June 2020. [A review of the UK public's perceptions and use of payphones](#), Q25.

<sup>77</sup> Ofcom, May 2021, [Connected Nations update Spring 2021](#)

<sup>78</sup> [Shared Rural Network website](#)

<sup>79</sup> Ofcom analysis based on BT's and KCOM's response to our formal information request dated 9 July 2020, adjusted where relevant for the issue of duplicate outgoing calls based on BT's response to our formal information request dated 28 May 2021.

<sup>80</sup> Populus, June 2020. [A review of the UK public's perceptions and use of payphones](#), Q34.

<sup>81</sup> Ofcom analysis based on BT's and KCOM's response to our formal information request dated 9 July 2020, adjusted where possible for the issue of duplicate outgoing calls based on BT's response to our formal information request dated 28 May 2021.

the potential importance of any emergency calls, indicates that PCBs still provide a crucial option for users to make such calls.<sup>82</sup>

- 3.18 The ability to call helplines from a PCB is also particularly important given that a PCB can provide an option for people who do not feel comfortable making such calls from their landline or mobile because of issues at home (for example domestic abuse).<sup>83</sup> Nearly 5% of total outgoing calls from BT and KCOM's PCBs were to helplines, which includes around 25k calls made to Childline and around 20k calls made to Samaritans from PCBs during the year to May 2020.<sup>84</sup>
- 3.19 In comparison there is less evidence that other types of calls are considered important to make from PCBs. BT's consumer survey evidence found that less than a quarter (23%) of people felt that making an international call was an important feature of a PCB, while a third said it was not important. Only 16% of people felt that making a premium rate call was an important feature of a PCB, compared to 41% of people that said it was not important.<sup>85</sup> In the year to May 2020, only 2% of outgoing calls from BT and KCOM's PCBs were made to 'other' types of number (80% of which were to international numbers for BT) and less than 0.5% of calls were to Directory Enquiries (118 numbers).<sup>86</sup>
- 3.20 There is also less evidence of an ongoing need for PCBs being used to receive incoming calls. BT and KCOM's PCBs received just over 1m inbound calls during the year to May 2020, and we estimate that 19% of BT's PCBs and 42% of KCOM's PCBs received no inbound calls at all during this period.<sup>87</sup> Whilst BT's research found that 30% of people surveyed said receiving a call was an important feature of a PCB, a similar proportion said it was not an important feature.<sup>88</sup>
- 3.21 Based on the evidence set out above, whilst the usage of PCBs is continuing to decline, it is clear that some PCBs are still being used (and some quite significantly).
- 3.22 We consider there is still a reasonable need for users to be able to access PCBs to make emergency calls, as well as other outbound calls to mobile and landline numbers (including helplines) at a minimum. This is particularly the case in rural areas where mobile coverage may be more limited, but it is not necessarily limited to these areas given that there are still users who may rely on the PCB in their area to make calls for reasons other than lack of

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<sup>82</sup> This number excludes zero duration calls that were not connected to the emergency services, however, it may still include some hoax emergency calls (e.g. silent calls which are connected to the emergency services).

<sup>83</sup> Some people may prefer to use a PCB for this purpose even though many helplines use free to call numbers which do not appear on itemised bills (in accordance with the requirements of General Condition C3.10).

<sup>84</sup> Ofcom analysis based on BT's and KCOM's response to our formal information request dated 9 July 2020, adjusted where possible for the issue of duplicate outgoing calls based on BT's response to our formal information request dated 28 May 2021.

<sup>85</sup> Populus, June 2020. [A review of the UK public's perceptions and use of payphones](#), Q34.

<sup>86</sup> Ofcom analysis based on BT's and KCOM's response to our formal information request dated 9 July 2020, adjusted where possible for the issue of duplicate outgoing calls based on BT's response to our formal information request dated 28 May 2021.

<sup>87</sup> Ofcom analysis based on BT's and KCOM's response to our formal information request dated 9 July 2020.

<sup>88</sup> Populus, June 2020. [A review of the UK public's perceptions and use of payphones](#), Q40.

mobile coverage.<sup>89</sup> Such users may also be more likely to be part of vulnerable groups, such as people on low incomes or those who are homeless, as well as those seeking to access helplines, or most importantly, to emergency services.

- 3.23 In addition, there is evidence to suggest that some users may wish to use certain services not currently provided from PCBs. BT's consumer survey found that the majority of people surveyed said that they would be interested in PCBs offering additional communications services such as tablet screens with local information (71%), free Wi-Fi (69%) and mobile phone charging points (61%).<sup>90</sup> We therefore also want to ensure that the universal service conditions do not act as a barrier to the delivery of additional services from PCBs.

## The PCB requirements on BT and KCOM need updating

- 3.24 We consider there are a number of changes and updates required to the PCB requirements on BT and KCOM. Continued availability of PCBs remains important for a minority of users, but the overall decline in use means that the obligations on BT and KCOM need to be updated and streamlined to ensure that PCBs that are no longer needed can be removed.
- 3.25 We are also mindful that BT's decision to retire the PSTN by 2025 and migrate fixed voice services to IP will have an impact on the future provision of PCBs. In particular, for PCBs to continue to function on IP networks they will need to be upgraded and have new equipment installed. BT has estimated that this migration process will cost approximately £300-£400 per PCB, in addition to approximately £305k in initial development costs.<sup>91</sup> In accordance with our policy objectives, we therefore want to ensure that BT and KCOM only incur such costs where appropriate and necessary, i.e. for those PCBs that are necessary to meet the reasonable needs of end-users, and provide a safety net for those in remote or rural areas, or vulnerable customers.
- 3.26 We are therefore proposing a set of changes to the PCB universal service conditions (and associated guidance and Direction). We set out the detail of these changes in the following sub-sections, starting with the services provided by PCBs.

## Services provided by PCBs

### Current requirements

- 3.27 The universal service conditions currently specify that BT and KCOM must provide PCBs on the basis of uniform prices, unless Ofcom consents otherwise.<sup>92</sup> This means all BT and KCOM's PCBs must charge the same amount for calls, regardless of geographic location of the PCB. This requirement derives from the pricing guidance in the Order which states that

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<sup>89</sup> We estimate that majority of calls made from BT's PCBs (around 80%) are from PCBs located in urban areas and which have 4G mobile coverage from all four operators. Ofcom analysis based on BT's response to our formal information request dated 9 July 2020, and Ofcom's January 2020 Connected Nations data.

<sup>90</sup> Populus, June 2020. [A review of the UK public's perceptions and use of payphones](#), Q34.

<sup>91</sup> BT's response to our formal information request dated 28 May 2021.

<sup>92</sup> Condition 3.5 for BT and KCOM.

universal services should be offered at prices that are uniform throughout the UK, unless Ofcom has determined that there is clear justification for not doing so.<sup>93</sup>

- 3.28 The conditions also specify that PCBs must provide “*Call Box Services*” which are defined as:

*“the repair and maintenance of Public Call Boxes, and the provision of Publicly Available Telephone Services to and from such Public Call Boxes”.*

- 3.29 A ‘Publicly Available Telephone Service’ is separately defined as:

*“a service made available to the public for originating and receiving, directly or indirectly, national or national and international calls through a number or numbers in a national or international telephone numbering plan.”*

- 3.30 The above definitions mean that BT and KCOM must ensure that their PCBs allow end-users to make outgoing calls to any type of phone number, as well as ensuring that PCBs can receive incoming calls.

- 3.31 In addition, we have issued a Direction in relation to PCBs which currently specifies that at least 70% of public call boxes must offer cash payment facilities.<sup>94</sup>

## Assessment against our policy objectives

### Requirement for uniform prices for PCB calls

- 3.32 As set out above (paragraph 3.10) BT offers free calls to UK landline and mobile numbers from some of its other on-street devices (in particular its Street Hubs). Such devices are not, however, currently classified as PCBs under the universal service conditions.

- 3.33 We consider that the availability of PCBs which offer free calls would be beneficial to users. In particular, it is likely to benefit vulnerable groups by removing any financial barriers to making calls, for example users that do not have access to cash or another form of payment when they need to make a call. BT’s survey evidence found that around three in four people (74%) said they would be interested in payphones offering free calls.<sup>95</sup>

- 3.34 BT and KCOM incur costs from offering and maintaining PCBs, and therefore requiring free calls from all PCBs is unlikely to be appropriate given the financial implications. Nonetheless, we want to ensure that BT and KCOM have the flexibility to offer free calls from certain PCBs where they are able to do so. We also want to ensure that the universal service conditions are not acting as a barrier to BT using its other on-street devices to fulfil its USO obligations (for example, where appropriate, by replacing existing PCBs with its Street Hubs) given the additional functionality and benefits for PCB users that these newer devices offer. BT’s survey evidence suggests that people would value these additional services (see paragraph 3.23 above).

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<sup>93</sup> Provision 4 of the Order.

<sup>94</sup> [PCB Direction](#), paragraph 2.5.

<sup>95</sup> Populus, June 2020. [A review of the UK public’s perceptions and use of payphones](#), Q40.

### Requirement to offer inbound calls to PCBs

- 3.35 As outlined above, the vast majority of PCB calls are outbound and there is less evidence of a need for incoming calls to PCBs. BT's Street Hubs cannot currently receive any incoming calls (and therefore are not counted as PCBs), but as noted above, they offer free UK landline and mobile calls.
- 3.36 We recognise that there are some scenarios currently where PCBs receiving inbound calls may be useful to users. For example, if the user is low on cash or credit they may ask the person they are calling from a PCB to call them back to prevent the call from being disconnected. However, if outbound calls are free this scenario would not arise, and PCB users would always be able to make outbound calls. Therefore, where outbound calls are free, we do not consider there is a reasonable need for PCBs to receive inbound calls.
- 3.37 Where a PCB is being used to call the emergency services, the ability to call the user back could also potentially be important (e.g. if the call was disconnected and the operator needed to call the back the user). We note, however, that BT has built in additional protections in relation to emergency calls from Street Hubs which means it is not possible for a user to end an emergency call from one of BT's Street Hubs. Instead the call will stay connected until the emergency call operator ends the call (e.g. when they know the relevant services have arrived to the area).

### Numbers that can be called from PCBs

- 3.38 As noted above, the majority of outgoing calls from PCBs are made to UK mobile numbers, with a significant proportion also made to UK landline numbers and freephone numbers. In contrast, the volume of calls to other types of numbers is currently very small.
- 3.39 Our view, set out in paragraph 3.22 above, is that there is a reasonable need for PCB users to be able to make emergency calls, as well as other important outbound mobile and landline calls to friends, family, and UK services (which are often offered on freephone or 03 numbers). In contrast, there is limited evidence of an ongoing user need to make other types of calls from PCBs.
- 3.40 Calls made from PCBs to international, premium rate and other types of unbundled tariff numbers (such as 084 and 118) involve higher costs for BT and KCOM because of higher wholesale termination rates or having to pass on the cost of the service charge (for unbundled tariff numbers). These additional costs are likely to make it difficult for BT or KCOM to offer free outbound calls to these number ranges from PCBs. If instead the requirement to offer calls from PCBs was focused on those numbers that are most needed by users, it could bring additional benefits for customers as it would allow BT and KCOM greater flexibility to offer free calls and additional services where suitable for a particular PCB.
- 3.41 On balance we consider that supporting the provision of free UK landline and mobile calls from PCBs is likely to offer greater benefits to users of PCBs compared to maintaining an ongoing requirement for users to be able to make all call types from PCBs, particularly

given the limited existing usage of PCBs to make calls other than to UK landline, mobile and freephone numbers.

### Requirements for PCBs to take cash

- 3.42 The current requirement for at least 70% of PCBs to have cash payment facilities was put in place in recognition that not all users, particularly those in more vulnerable groups, would necessarily have access to alternative payment mechanisms. However, the use of cash has been declining significantly in the UK, with debit card payments overtaking cash as the most frequently used payment mechanism in 2017 and this trend is likely to accelerate with the growth of contactless payment methods.<sup>96</sup>
- 3.43 Providing cash payment facilities involves ongoing repair and maintenance costs for BT and KCOM, including having to collect the cash from each PCB. BT's new on-street devices, however, do not have a payment facility – there is no need for one given outgoing calls are free.
- 3.44 We consider that maintaining the existing 70% requirement for all PCBs to accept cash is unlikely to be appropriate given the declining trend in the use of cash. Removing the requirement may also encourage the future provision of new types of PCBs which could offer better facilities for end-users, and it aligns with our objective to modernise and streamline the obligations on BT and KCOM.
- 3.45 At the same time, some PCBs are likely to continue to require payment to make calls and we recognise that some users (particularly those in vulnerable groups) may continue to be reliant on cash and not have access to alternative payment mechanisms. In addition, there may be circumstances where using cash provides additional anonymity (because payment will not appear on credit card bills). Therefore, our provisional view is that BT and KCOM should assess whether there is an ongoing need to maintain cash payment facilities for some PCBs in order to protect access for vulnerable customers. This could be based on the level of existing cash usage of a PCB, such as where the majority of calls from a particular PCB are being paid for using cash.

### Proposed changes

- 3.46 Based on the above assessment, we consider that a number of changes are needed to the requirements for PCB services and pricing in the universal service conditions to align them more closely to current user needs and to allow BT and KCOM greater flexibility to make changes which offer additional benefits to users. We are therefore proposing to:
- i) **allow free calls from PCBs:** we consider that, in accordance with the requirements in the Order, there is a clear justification for allowing BT and KCOM to offer free calls from PCBs where they choose to do so, given the obvious benefits to PCB users outlined above. We are therefore proposing to amend the universal service conditions to make clear that PCBs shall be provided either on the basis of uniform

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<sup>96</sup> UK Finance, [UK Payment markets summary](#), June 2021.

pricing, or for free. This means that where BT and KCOM chose to charge for calls from PCBs, they still must charge a uniform price regardless of the geographic location of the PCB;

- ii) **where outgoing calls are free, allow PCBs not to provide incoming calls:** we consider that users' needs are met where the PCB offers free outgoing calls and it is not necessary for these PCBs to continue to offer incoming calls. We have proposed amendments to the definition of a PCB in the conditions to reflect this;
- iii) **remove the requirement for PCBs to allow calls to any type of number:** we consider that the definition of PCBs should be amended to remove the requirement for them to offer calls to international, premium rate and other unbundled tariff numbers; and
- iv) **replacing the requirement for 70% of PCBs to accept cash:** we are revoking the PCB Direction which contains the 70% requirement. We are proposing to replace it with a condition requiring that BT and KCOM may only remove an existing cash payment facility where either the PCB offers free calls, or they have reasonably assessed there is no ongoing user need to pay by cash. In making this assessment, we would expect BT and KCOM to satisfy themselves that there was insufficient cash usage to demonstrate an ongoing need. In particular if the majority of calls made from a PCB were paid for using cash, we would not expect that cash payment facility to be removed from that PCB.

3.47 Our proposed changes to the wording and definitions in the universal service conditions to implement these changes are set out in Annex 5, in particular we have:

- (i) deleted the definition of 'Call Box Services'<sup>97</sup> and revised the definition of a 'Public Call Box'. We have also introduced a new definition of 'Specified Numbers' which makes clear which numbers users should be able to make from PCBs;
- (ii) amended the existing Condition 3.5 (now re-numbered to Condition 3.18) relating to uniform pricing; and
- (iii) introduced a new Condition (3.19) relating to the removal of cash payment facilities.

3.48 Our draft guidance (in Annex 6) also includes the expectations set out above about how BT and KCOM should assess whether there is an ongoing need for a cash payment facility (see paragraph A6.14).

3.49 We consider that these changes will ensure PCBs continue to offer services that meet users' reasonable needs, whilst at the same time giving BT and KCOM greater flexibility in how they fulfil their USO obligations, allowing them potentially to offer improved and additional services for end-users. For instance, it would mean BT may choose to, subject to

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<sup>97</sup> Currently the definition of 'Call Box services' includes wording requiring the 'repair and maintenance of Public Call Boxes'. We have proposed moving this wording to Condition 3.1.



relevant planning considerations,<sup>98</sup> replace its older PCBs (including a protected PCB) with its new Street Hub devices or other on-street devices as part of delivering its universal service obligations.

- 3.50 We expect these changes to lead to reduced costs for BT and KCOM in how they deliver PCB services. In particular the changes to the requirements on incoming calls, removing the requirement to allow calls to international and other types of numbers, as well as streamlining the requirements on cash-payment facilities could reduce the complexity for BT and KCOM in maintaining their PCB estates.

## Consultation Question

**Question 1:** Do you agree with our proposed changes to the requirements on BT and KCOM in respect of the pricing and services provided by their PCBs? In particular do you agree with:

- (i) allowing free calls from PCBs;
- (ii) removing the requirement for PCBs to offer incoming calls where outgoing calls are free;
- (iii) removing the requirement for PCBs to offer outgoing calls to unbundled tariff numbers (including premium rate and directory enquiries) and international numbers; and
- (iv) removing the requirement for 70% of PCBs to accept cash payment and replacing it with a requirement on BT and KCOM to assess whether cash payment facilities meet an ongoing need.

Please provide reasons for your view.

## Process for PCB removals

### Current requirements and process

- 3.51 The universal service conditions specify that where BT or KCOM propose to remove or re-site a PCB (such that it would result in a complete removal of a PCB from a site), they can only do so in accordance with any relevant Direction made by Ofcom. We published such a Direction ('the PCB Direction') in 2006.<sup>99</sup>
- 3.52 The PCB Direction sets out the process BT and KCOM must follow prior to the removal or re-siting of a PCB that is the last-at-a-site. It specifies that before a PCB can be removed or re-sited, BT and KCOM must:
- i) display a notice on the PCB informing the public of the proposed change, explaining that they have a period of 42 days in which to make any representations

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<sup>98</sup> Planning issues are not a matter for Ofcom. Public call boxes and other on-street connected devices require full planning consent from the relevant local body and do not benefit from permitted development rights. See: [The Town and Country Planning \(Permitted Development, Advertisement and Compensation Amendments\) \(England\) Regulations 2019](#).

<sup>99</sup> [The Public Call Box Direction 2006](#)

about the proposal, and confirming the name of the relevant public body<sup>100</sup> to which representations may be made; and

- ii) give written notice of the proposal to the relevant public body with information about the proposal including any information in support of the proposal and making clear that the relevant public body is entitled to object to the proposal.

3.53 If the relevant public body objects in writing within 90 days of being notified of the proposal, BT or KCOM cannot remove the PCB in question. This is known as the 'local veto'.<sup>101</sup>

3.54 We have also published guidance for relevant public bodies on the process by which they consult on proposed PCB removals and how and when the local veto can be exercised.<sup>102</sup> The guidance sets the approach we would expect those bodies to take in deciding whether to consent or object to a proposal, such as considering whether its decision is objectively justifiable and proportionate.<sup>103</sup> The guidance also gives examples of relevant factors that the relevant public body should consider when deciding whether to object to a removal. These include:

- i) number of households and housing type in the area;
- ii) PCB revenue where known;
- iii) mobile coverage; and
- iv) the need for end-users to be able to make emergency calls.<sup>104</sup>

3.55 The guidance also details the consultation process we expect relevant public bodies to undertake, which includes consulting with other local public bodies (such as parish councils), publishing a draft version of its decision, seeking responses from the public on its proposed decision and then publishing a final decision. Both the draft and final decisions must also be sent to the Secretary of State.<sup>105</sup>

3.56 In deciding which PCBs it proposes for removal (ahead of going through the above process) BT has developed its own set of criteria for identifying PCBs that it considers continue to be used or which meet a social need. In particular it uses two sets of criteria:

- a) **'overriding' criteria:** if the site is a suicide hotspot or accident blackspot or has no mobile coverage (from any network) or it is at a coastal location; and

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<sup>100</sup> Relevant Public Bodies are currently defined in the Direction as follows: in relation to England, the relevant local District Council (in two-tier local authority areas), London Borough Council, Metropolitan Council, Unitary Council, the Corporation of London or the Council of the Isles of Scilly; in relation to Northern Ireland, the Unitary District; in relation to Scotland, the Unitary Council; in relation to Wales, the County or County Borough Council; or any successor bodies or organisations.

<sup>101</sup> Paragraph 2.4 of the [Public Call Box Direction 2006](#).

<sup>102</sup> [Public Call Box guidance 2006](#)

<sup>103</sup> Paragraphs 7.2-7.4 of the [Public Call Box guidance 2006](#).

<sup>104</sup> Annex 1 of the [Public Call Box guidance 2006](#).

<sup>105</sup> Paragraphs 8.1-9.7 of the [Public Call Box guidance 2006](#).

- b) **‘reasonable needs’ criteria:** if the PCB is the only payphone within 800 metres; and there are at least 500 households within 1km; and at least 120 calls of any type have been made from the PCB within 12 months.<sup>106</sup>

3.57 If a PCB meets any of the overriding criteria or all the reasonable needs criteria, BT will not propose that PCB for removal.

## Assessment against our policy objectives

3.58 There is evidence that the current process is not working as effectively as it could. The consultation process outlined above is quite lengthy, with multiple stages and can place a burden on relevant public bodies who need to make resource available to manage the process. During the period May 2019 to 2020, BT consulted on a total of 7,136 last-at-site PCBs for removal, and as at March 2021, there were a total of 2,200 subject to ongoing consultation.<sup>107</sup> Given that each consultation requires resource from BT and KCOM, as well as public bodies, it is important it is carried out in the most efficient way possible to reduce the burden on both sides.

3.59 There is also evidence that the local veto is not exercised evenly across the UK with some local authorities not vetoing any proposals for removal, while others veto a large number. For example, as part of the consultations BT undertook on proposed removals in 2019/20, one local authority objected to all 40 proposed PCB removals, whereas another accepted all 35 proposed removals, and a total of 60 (out of 309) local authorities vetoed all proposed removals in their area.<sup>108</sup> We are concerned that this inconsistent application of the process goes against our duty to have regard to the needs of the different interests of people in different parts of the UK, including of people living in rural and in urban areas.<sup>109</sup>

3.60 Overall, approximately 25% of BT’s proposed last-at-a-site PCB removals were vetoed by relevant local bodies in 2019/20.<sup>110</sup> The evidence shows that some of these vetoes were used for reasons unrelated to universal service and the factors set out in our existing PCB guidance (paragraph 3.54 above), and some were vetoed without any reasons given for the objection. BT’s data indicates that, around 82 objections from local authorities gave no reason for the objection, and at least 95 were based on solely on reasons related to the appearance of a traditional red kiosk.<sup>111</sup> Examples of local authority responses which refer this reasoning include statements such as: *“Red phone boxes are part of our cultural heritage”*; *“Located in Area of Natural Beauty”*; and *“[removal] would harm the character and appearance of the conservation area”*.<sup>112</sup>

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<sup>106</sup> [BT payphone removals leaflet](#)

<sup>107</sup> BT’s response to our formal information requests dated 9 July 2020 and 28 May 2021.

<sup>108</sup> BT’s response to Q9 of our formal information request dated 28 May 2021.

<sup>109</sup> [Communications Act 2003, section 3\(4\)](#)

<sup>110</sup> BT’s response to our formal information request dated 9 July 2020 – based on 7136 proposed removals during 2019/20.

<sup>111</sup> BT’s response to Q8 of our information request dated 28 May 2021. BT’s categorisation of objections from local authorities included a category for ‘multiple’ objections and therefore several objections relating to the appearance of the kiosk may have been captured there.

<sup>112</sup> BT slide pack titled “Public Call Boxes USO” presented to Ofcom on 16 March 2021.

- 3.61 Whilst these responses show the cultural and heritage value that is placed on the traditional red kiosks used for some PCBs, we consider that BT's Adopt a Kiosk scheme (see paragraph 3.9 above) offers an important way for local authorities to retain these kiosks for that purpose. The appearance of the kiosk should not be a factor in assessing whether the PCB should continue to be provided by BT or KCOM in order to meet their universal service obligations.
- 3.62 There also appear to be issues with a lack of clarity about the evidence used to assess whether there is a continuing user need for the PCB. In particular, in several examples where the local veto was used, whilst BT's data indicated that there was mobile coverage from one mobile provider in the area, responses from local residents suggested that coverage was patchy or non-existent. In total, BT's data indicates that more than 265 objections from local authorities were based on there being no mobile coverage in the area.<sup>113</sup> The frequency of relevant public bodies raising this issue indicates that, whilst BT will not consult on a proposed removal of a PCB which it considers has coverage from one mobile provider (see its overriding criteria set out in paragraph 3.56), local authorities may have higher expectations on the level of mobile coverage needed when assessing whether the PCB is still needed in an area. We consider this further later in the section.
- 3.63 As outlined earlier in this section, we consider there is still a reasonable need for some end-users to be able to access PCBs to make emergency calls, as well as calls to mobile and landline numbers (including helplines), and this is particularly the case in rural areas where mobile coverage may be more limited. The process by which PCBs are removed therefore should include a clear, transparent and consistent assessment of whether a need exists in relation to a particular PCB, to ensure that the PCBs that are needed are retained.
- 3.64 We have identified a number of shortcomings with the current removals process including the inconsistent application of the current process in different parts of the UK and a lack of clarity in the criteria and evidence that are relevant to in assessing whether there is a continuing need for a particular PCB. Given this, we are concerned that the current process is not working effectively and is not the most proportionate and appropriate way to ensure continued provision of PCBs that meet users reasonable needs.

### **Proposed changes to the process for PCB removals**

- 3.65 In light of the concerns set out above, and in line with our wider policy objectives for this review, we are seeking instead to design a removals process that is straightforward, simple and transparent. We want to ensure it allows BT and KCOM to remove PCBs which are no longer needed whilst at the same time protecting those that are needed, and that reduces the burden on local authorities.
- 3.66 To meet this aim we are proposing a number of changes to the current removals process. As part of these proposals we intend to maintain the requirement that the specific removal

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<sup>113</sup> This figure may underestimate the number of objections relating to mobile coverage, because, as noted at footnote 111, BT's categorisation of objections from local authorities included a category for 'multiple' objections which may include several objections relating to mobile coverage. BT's response to our formal information request dated 9 July 2020.

process is only required where the PCB is the last at a site, given that if there is another PCB in the area this should be sufficient to meet the needs of users in an area. We consider that the current definition of a 'site' remains appropriate given that 400 metres represents approximately five minutes' walk at a typical walking pace.

- 3.67 For clarity, in the universal service conditions we propose to define any PCB that is the last at a site as a 'Protected PCB' and we use this definition when setting out our proposals below.
- 3.68 PCBs that are not protected PCBs can be removed by BT or KCOM without needing to go through the removals process outlined below. It is also worth noting that removing a non-protected PCB could mean that another PCB nearby would become the last-at-a-site and therefore protected.
- 3.69 We set out the detail of our proposed changes to the PCB removals process below, in particular covering:
- criteria for assessing PCB removals;
  - consulting with relevant public bodies;
  - enabling public bodies to request a review of BT or KCOM's removal decisions;
  - reporting on, and compliance with, the proposed process; and
  - summary of changes and impact.

#### Criteria for assessing protected PCB removals

- 3.70 We consider that the most appropriate way to retain the PCBs that are needed is to define a set of criteria against which the reasonable need for that PCB can be assessed. This will enable a more consistent approach to the assessment on the basis of user needs. It also means there will be greater certainty and clarity of the process as it will in effect mean that where it is apparent that a protected PCB meets one or more of the relevant criteria, BT and KCOM cannot propose it for removal.
- 3.71 In identifying the relevant criteria (which we refer to as the 'removal criteria'<sup>114</sup>), we have taken account likely user needs in relation to PCBs, and are proposing to establish three specific criteria relating to:
- mobile coverage at the site of the PCB;
  - whether the site of the PCB is an accident or suicide hotspot; and
  - the usage of the PCB.
- 3.72 We are also proposing to include a general criterion relating to any other exceptional circumstances which would justify the removal of the PCB. We discuss the rationale for each criterion, and our expectations for how they should be assessed, below.

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<sup>114</sup> And we have introduced a proposed new definition in the conditions to this effect – see the schedules to Annex 5.

Mobile coverage

- 3.73 The extent of mobile coverage at the site of the PCB is clearly an important factor in assessing whether there is a continuing need for that PCB. It is already listed as a factor in our existing PCB guidance, and it is reflected in BT's own criteria. As discussed in paragraph 3.12, we consider that there is a reasonable need for users to have access to a PCB in an area with poor mobile coverage and the evidence from the use of the local veto shows that this is frequently referenced as a key reason for why local authorities want a PCB to be maintained.
- 3.74 BT's current mobile coverage criterion focuses on protecting those PCBs in areas with no mobile coverage (i.e. total 'not-spots'). This means that where BT has identified that a protected PCB has coverage from at least one network, BT may currently propose it for removal (provided it does not meet any of its other criteria). We understand the rationale for this approach is that there are roaming arrangements in place for emergency calls which mean that any mobile users (regardless of what network they are on) will still be able to make emergency calls and will therefore not be reliant on a PCB for such calls.
- 3.75 We consider, however, that mobile coverage from all UK mobile network operators should be required before a PCB can be proposed for removal. Whilst we agree that emergency calls are a priority, users could need to make other types of calls (including for example, calls to a helpline or to family/friends) and a PCB might be the only available option if the user's network provider does not have coverage in that area. It is also the case that if there is signal from only one network at a site, then it takes an outage of only one network to prevent all calls, including emergency calls, from being made.<sup>115</sup>
- 3.76 Whilst we recognise that people living in a particular area may choose to subscribe to a mobile provider with good coverage in that area, there may be other potential users of the PCB who do not live in the area – for example many protected PCBs will be in locations that attract visitors (such as National Parks).
- 3.77 We are therefore proposing that this criterion in the universal service conditions will require coverage from all UK mobile network operators before BT or KCOM can propose a protected PCB for removal. We also consider it will be important for there to be a clear and consistent approach to how mobile signals at a PCB site are measured. The evidence from the use of the local veto indicates that mobile coverage is regularly raised as an issue and therefore having a robust and agreed measurement approach will help provide transparency to local authorities and users that a proper assessment of coverage has been made.
- 3.78 We are proposing to set out in guidance that BT and KCOM should assess mobile coverage at a PCB site by undertaking a number of spot checks within a 50m radius of the PCB site to ensure that it is possible to make a one minute voice call without interruption.<sup>116</sup> Where it

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<sup>115</sup> 249 mobile network incidents were reported to Ofcom in 2020 in accordance with our guidance on security requirements in sections 105A to D of the Communications Act 2003 (Source: [Connected Nations](#) 2020).

<sup>116</sup> From all four national mobile network operators and using a typically available mobile device.

is not possible to undertake such checks within the 50m radius, because for example of geography constraints, we would expect BT and KCOM to take all reasonable steps to ensure they have taken a robust measurement. Our proposed guidance is set out in Annex 6, paragraphs A6.5-A6.6. We also explain further below how we expect BT and KCOM to share information about the mobile coverage measurements they have taken when consulting with relevant public bodies on proposed protected PCB removals.

#### Accident or suicide hotspot

- 3.79 An accident or suicide hotspot is also a criterion currently used by BT, and we recognise the importance of retaining protections for PCBs in areas where there is a high incidence of accidents or suicides. In such areas having a PCB ensures there is always an available option for making calls, particularly to emergency services but also to relevant helplines.
- 3.80 In assessing whether a PCB meets this criterion, we would expect BT and KCOM to take account of any information they already hold in relation to this issue (for example information that may have been previously provided by relevant public bodies when proposing to remove a protected PCB). The types of calls made from a PCB may also be relevant to this criterion, for example if there is evidence of calls made to emergency numbers or relevant helpline numbers (such as Samaritans).

#### Usage

- 3.81 Outside of areas with limited mobile coverage, or accident or suicide hotspots, we would expect to see a certain level of usage of a protected PCB to demonstrate there is an ongoing user need. Currently BT's criterion requires at least 120 calls of any type to have been made from the PCB within 12 months in order for it to be protected from removal.<sup>117</sup> We understand that up until a few years ago, BT had previously set this criteria much lower, at 12 calls a year. BT has also told us that a PCB needs to make nearly 500 calls a year for its call revenue to cover its costs.
- 3.82 Identifying the number of calls required to demonstrate an ongoing user need is necessarily a question of judgement. In making that judgement we have taken account of the following:
- that there are likely to be only a small group of users who are reliant on PCBs to make calls;
  - PCB use is likely to be transitory, with some users needing to use them only in limited circumstances (e.g. when they do not have access to their mobile); and
  - that some PCBs are in rural areas which may have significantly fewer residents in the surrounding area, and therefore will have less frequent usage.
- 3.83 Based on these factors, we provisionally consider that a criterion of 52 calls (of any type) over 12 months is likely to be justified (i.e. around one call a week). Our analysis of calls BT's protected PCBs indicates that around 41% made 52 calls or more in 2019/20.<sup>118</sup>

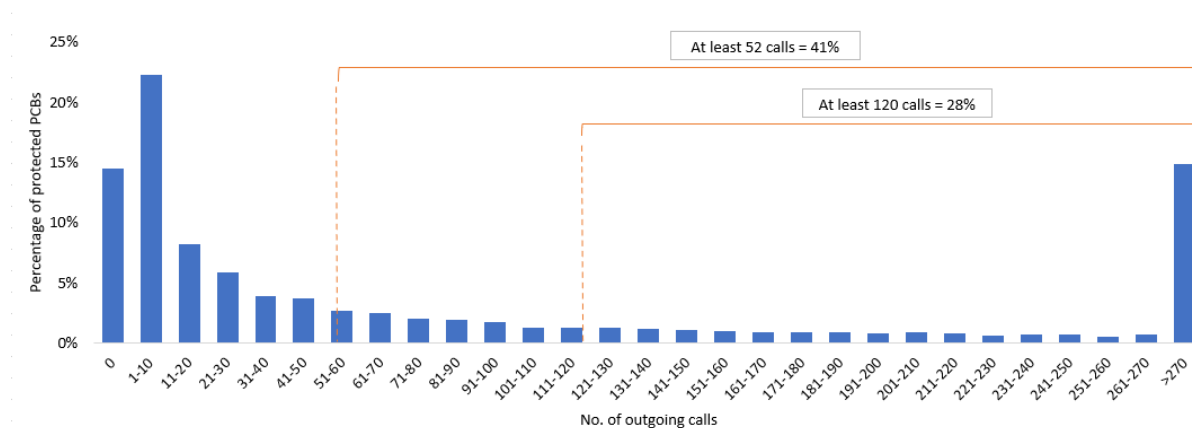
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<sup>117</sup> In addition to the PCB being the only payphone within 800 metres; and there being at least 500 households within 1km of the PCB. [BT payphone removals leaflet](#)

In comparison only around 28% of BT's protected PCBs made 120 calls or more in the same period (see Figure 3.1 below).

- 3.84 Our approach would therefore allow BT to remove more than 50% of its existing PCBs (unless they meet one of the other proposed criteria) and we consider this is consistent with our objective of allowing the removal of those PCBs which are no longer in regular use. We recognise that usage continues to decline and given that this trend is likely to continue, we need to consider whether requiring BT to invest in upgrading protected PCBs to function over IP is appropriate where a PCB is only being used on an average of once a week. We therefore welcome stakeholder views on whether the proposed usage limit is reasonable and any comments on what an appropriate alternative level might be.

**Figure 3.1: Distribution of outgoing calls from BT's Protected PCBs in 2019/20**



Source: Ofcom analysis based on BT's response to our formal information request dated 9 July 2020

#### Other exceptional circumstances

- 3.85 We recognise that there may be other circumstances which are not directly captured under the above three criteria but which may weigh in favour of keeping a protected PCB in place. We want to ensure that there remains scope for relevant public bodies to provide input about local factors relevant to the need to maintain a PCB, and for BT and KCOM to be required to take account of such factors in assessing whether there is still a reasonable need for a protected PCB.

- 3.86 Circumstances that may be relevant under this criterion could include:

- any specific issues relevant to the geographic location of the PCB (e.g. if it is in a coastal location and this has an impact on the resilience of mobile coverage in the area);
- the types of calls made from the PCB. For example if there is evidence of the PCB being used to make calls to identifiable helpline numbers (such as Childline). Evidence of the PCB being used to make calls to the emergency services may also be relevant under

<sup>118</sup> Ofcom analysis based on BT's response to our formal information requests dated 9 July 2020 and 28 May 2021. For KCOM, approximately 98% of all its PCBs made 52 calls or more during the same period. (KCOM's response to our formal information requests dated 9 July 2020).



this criterion (to the extent it is not already captured under the accident/suicide hotspot criterion discussed above). We would not expect BT and KCOM to include hoax emergency calls in making this assessment (where such information is known either through its own call records or feedback from the emergency authorities).

3.87 We have set out these examples of how this criterion might apply as part of our draft guidance (see Annex 6, paragraphs A6.7-A6.8).

### Consulting on proposed PCB removals with relevant public bodies

3.88 We consider that, in addition to establishing the above criteria, changes are needed to the process by which BT and KCOM consult with relevant public bodies to make it more streamlined. In particular we want to ensure there is a consistent approach across the whole of the UK, and that the current lack of clarity and transparency in the process is addressed.

3.89 We are therefore proposing that where BT or KCOM consider that a protected PCB does not meet any of the removal criteria set out above, if they wish to remove that PCB they must first consult with the relevant public body in the area. This consultation process will replace the current approach required under our PCB Direction and Guidance (and these documents will be revoked).

3.90 We are proposing to largely maintain the current list of relevant public bodies that will need to be consulted.<sup>119</sup> Having a single public body in each area that BT or KCOM have to consult with helps to keep the process simple and manageable. The relevant public bodies in each area can continue to use their own consultation mechanisms to seek views from other local public bodies where they wish to. The list of relevant public bodies will be added to the definition in the universal service conditions and it includes:

- in England: the relevant local District Council (in two-tier local authority areas) or County Council (in areas with no District Council), London Borough Council, Metropolitan Council, Unitary Council, the Corporation of London or the Council of the Isles of Scilly;
- the Unitary District in Northern Ireland;
- the Unitary Council in Scotland;<sup>120</sup> and
- the County or County Borough Council in Wales.

3.91 Our proposed process will require BT and KCOM to consult with relevant public bodies by giving them written notice setting out the details of the protected PCB that is proposed for removal and including all relevant evidence and other information. This should set out how BT and KCOM have assessed that the protected PCB does not meet the removal criteria, for example by providing the measurement of mobile coverage at the site of the PCB, and the number of calls made from that PCB in the last 12 months.

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<sup>119</sup> We have made some minor amendments to update the relevant definitions of a Relevant Public Body (and 'Local Authority') in our proposed conditions in the schedules to Annex 5.

<sup>120</sup> As set out under Section 2 of the [Local Government etc \(Scotland\) Act 1994 \(c.39\)](#).

- 3.92 We are proposing that BT and KCOM will have to give public bodies a period of at least 60 days (approximately eight weeks) to respond. Whilst the current process allows for a consultation period of 90 days, we consider that a shorter period is appropriate given that BT and KCOM will already have undertaken work to assess mobile coverage and usage of the PCB. We are also removing our existing PCB Guidance which sets out a detailed consultation process for relevant public bodies to undertake – instead, where public bodies want to engage with local communities about the proposed removal they have flexibility to undertake that process through whatever mechanism they consider appropriate.
- 3.93 Similar to the current process, at the same time as notifying the relevant public body, BT and KCOM will be required to publish a prominent notice on the protected PCB they are proposing to remove. This notice will make clear which relevant public body is being consulted about the proposed removal, as well as the deadline for that consultation process.
- 3.94 Once BT and KCOM have completed the consultation process, they will be required to take due account of any representations received from the relevant public body, particularly any submissions and evidence relating to the removal criteria before making a decision. Our proposed conditions will require that they can only remove a protected PCB if none of the removal criteria have been satisfied.
- 3.95 In order to ensure full transparency of their decision-making, we are proposing that BT and KCOM will have to provide written reasons when notifying public bodies of their decision. This will have to show how BT or KCOM considered any relevant submissions and evidence against the removal criteria. The decision and the written reasoning must be also be published on BT and KCOM’s websites within seven days of the decision being made.
- 3.96 We consider this proposed new process ensures a more consistent and streamlined approach to the assessment of whether a PCB is still needed, as well as increasing the transparency of decision-making by ensuring the relevant information used is publicly available. We also consider it will reduce the burden on local authorities by requiring BT and KCOM to carry out as much of the necessary assessment as possible ahead of the consultation process.
- 3.97 These proposals will mean that relevant public bodies will no longer have the ability to veto a proposed PCB removal as part of the consultation process. We recognise that such bodies may have concerns about this, in particular whether it will result in BT and KCOM removing PCBs without taking account of relevant local factors. We consider, however, that requiring BT and KCOM to clearly assess any proposed PCB removals against our removal criteria, as well as the specific requirement on them to take due account of any submissions from relevant public bodies, will ensure that PCBs that are the most needed remain protected from removal.

#### **Enabling public bodies to request a review of any decision to remove a protected PCB**

- 3.98 Because we are proposing to remove the option for relevant public bodies to veto proposed removals, we consider it will be important for relevant public bodies to have an

opportunity to challenge a decision made by BT and KCOM. For example where the public body has concerns either about the process by which the consultation was run, or about the merits of the decision taken. This opportunity to challenge will help ensure the process is sufficiently robust, and transparent, and it will need to take place before BT and KCOM take any steps to actually remove the protected PCB.

- 3.99 We are therefore proposing a new requirement for BT and KCOM to undertake a review of any decision to remove a protected PCB when appropriately challenged. Relevant public bodies would need to request such a review within 21 working days of being notified of the initial decision by BT or KCOM. BT and KCOM can consider the merits of any such requests before deciding whether to undertake a review, for example this might include consideration of whether the relevant public body has raised reasonable concerns about either the process or reasoning BT or KCOM used in making its initial decision.
- 3.100 Where such reviews are undertaken, we are proposing that they would have to be conducted by a senior member of BT or KCOM's staff (e.g. someone with Board delegated authority) who is unconnected with the initial decision to remove the protected PCB. We would expect that senior member of staff to review the submissions and evidence from the relevant body and make an independent decision on whether there are any justifiable reasons to maintain the protected PCB. We have proposed that this decision must be notified to the relevant public body, and published, by BT or KCOM, with details of their reasons for the decision.
- 3.101 We consider it would not be reasonable to expect BT or KCOM to undertake such a review where the relevant public body did not provide submissions as part of the initial consultation process outlined above in paragraphs 3.88-3.97. However, if the relevant public body is able to provide valid reasons as to why it was unable to provide submissions as part of the initial consultation process we would expect BT or KCOM to take reasonable account of these in deciding whether or not to undertake a review. For example, a public body may be able to demonstrate that the written notice was not received in time to make representations by the required deadline.
- 3.102 The proposed conditions on BT and KCOM (in the schedules to Annex 5) make clear they will not be able to remove a protected PCB until any reviews of their initial decision under the above process have been concluded.

### Reporting and compliance

- 3.103 We discuss the specific reporting requirements we are proposing that BT and KCOM will need to adhere to as part of meeting their obligations to provide PCBs in Section 4. In particular we consider that it will be important for BT and KCOM to report each year on the total number of PCBs they are continuing to provide, how many protected PCBs they have removed, including how many of those proposed removals have been subject to the review process outlined above. These reporting requirements will help ensure we have ongoing oversight of BT and KCOM's performance in meeting their obligations.

- 3.104 Where there was evidence that BT or KCOM were not complying with any of their universal service obligations under the above process we could take enforcement action as necessary, in accordance with our relevant enforcement guidelines.<sup>121</sup>
- 3.105 We are also proposing to include a new condition which will give us the power to direct BT or KCOM to reinstate a protected PCB if we were to find that they had failed to meet their obligations. We want to ensure that in the event that a protected PCB was removed in error, or without following the proper process, we would have the ability to require BT or KCOM to reinstate it if appropriate.
- 3.106 BT and KCOM will also continue to have an obligation to ensure that their PCBs are adequately repaired and maintained. We are aware that many PCBs have fallen into a state of disrepair and can be susceptible to vandalism and anti-social behaviour, and concerns have been raised with us about BT's approach to the maintenance of its PCB estate. Some local authorities have reported ongoing issues with damaged and/or inaccessible boxes in particular, with repairs taking longer than expected. We are also concerned that only 71% of BT's current estate is reported to be in working order.<sup>122</sup>
- 3.107 As noted below, we expect our proposed changes will mean BT in particular will be able to significantly rationalise its PCB estate and the remaining protected PCBs will be those that are most relied upon by users. It will therefore become even more important that BT ensures proper, and timely, maintenance and repair of its PCBs. We discuss in Section 4 some additional reporting on repairs we are proposing to introduce in order to ensure there is transparency on how BT and KCOM are complying with their obligations in this respect.

### Summary of proposed changes and impact

- 3.108 In summary our proposed new process would require:
- a) BT and KCOM to assess whether a protected PCB:
    - does not have coverage from all four mobile network providers;
    - is sited at an accident or suicide hotspot;
    - has made more than 52 calls over the past 12 months; or
    - there is a relevant exceptional circumstance which means the PCB is needed.
  - b) If the protected PCB meets any of these criteria, BT and KCOM shall not remove the PCB;
  - c) If BT and KCOM consider that a protected PCB does not meet the removal criteria and they wish to remove that PCB, they must consult with the relevant public body for a period of 60 days by:
    - providing a written notice to the relevant public body setting out all the relevant evidence as against the criteria; and

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<sup>121</sup> [Enforcement guidelines for regulatory investigations \(ofcom.org.uk\)](https://www.ofcom.gov.uk/enforcement-guidelines-for-regulatory-investigations).

<sup>122</sup> [Service level - BT Payphones \(custhelp.com\)](https://www.custhelp.com/en_US/bt_payphones_service_level)

- publishing a prominent notice on the PCB with details of the consultation process.
  - d) Following the conclusion of the consultation process, BT or KCOM must notify the relevant public body of its decision, setting out written reasons for the decision, including how they have taken account of any submissions received. This decision must be published on their website within seven days of being notified to the public body.
  - e) The relevant public body has 21 days in which to request that BT or KCOM undertake a review of any removal decision. BT and KCOM must assess the merits of such requests and when undertaking a review, must ensure it is carried out by a senior person who was not connected with the initial decision, and the outcome must be notified to the relevant public body as well as published on BT or KCOM's website.
  - f) BT and KCOM can only remove a protected PCB after either: (i) the period for requesting a review has expired; or (ii) where a review has been requested, once they have published the outcome of that review.
- 3.109 The proposed changes to the relevant universal service conditions to implement the above process are set out in Annex 5 (see Conditions 3.2 to 3.15, and the associated new definitions, e.g. of 'Removal Criteria', 'Representation Period', 'Review' etc). Our proposed new guidance on the use of the removal criteria is set out in Annex 6 (see paragraphs A6.4-A6.8).
- 3.110 We consider that our proposals benefit PCB users by ensuring that those PCBs that are needed are retained, and in particular ensuring that these PCBs provide a safety net for vulnerable customers or those in rural areas who might otherwise risk not being able to make the calls they need to.
- 3.111 We also consider that the streamlining of the process, as well as introducing greater transparency and consistency in the assessment will benefit the relevant public bodies, BT, and KCOM, particularly in terms of reducing the administrative burden involved with the current process.
- 3.112 Our proposals are likely to increase the number PCBs that BT and KCOM can remove compared to the current process. Based on BT's existing data, we estimate that around 5k PCBs will not meet our removal criteria<sup>123</sup> and therefore will continue to be protected. In comparison, if the current local veto process was retained, we expect that a higher number of PCBs (around 50% more) would end up being retained (based on current use of the local veto). We consider that this potential removal of additional PCBs is justified and appropriate given that, in line with our policy objectives, we are seeking to streamline the current process and ensure it is more clearly aligned with users' needs in relation to PCBs, i.e. only those PCBs that are still needed remain protected.

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<sup>123</sup> Ofcom analysis based on BT's response to our formal information request dated 9 July 2020, and using data from 2020 Connected Nations Report. Of the 5k, approximately 1300 PCBs are located in areas without coverage from all four mobile network operators and have made less than 52 calls over the last 12 months.

- 3.113 In terms of costs, in addition to the ongoing losses to BT from maintaining its PCBs,<sup>124</sup> there will be costs involved for converting all of its remaining PCB estate to function over IP. KCOM will not incur these migration to IP costs as it plans to continue to use copper delivery for the end connection of its PCBs (see paragraph 3.120 below). BT has estimated that conversion to IP will cost £300-400 per PCB,<sup>125</sup> in addition to a fixed initial development cost of £305k. This means that if it retains at least 5k of its protected PCBs, we estimate this will cost BT a minimum of roughly £1.8-2.3m.
- 3.114 Our proposals will mean that BT will incur less costs than it otherwise would under the current process – BT has estimated that, without changes to the current process, its costs for migrating its PCB estate to IP would be between £3.7m and £4.2m.<sup>126</sup> Whilst our proposals could reduce these costs by around half, BT will still need to incur material costs. We consider these costs are proportionate and appropriate in light of our policy objectives, and the requirement to have PCBs in place to meet the requirements of the Order.
- 3.115 We are aware, however, that changes to our removal criteria could reduce some of these costs, for example we are seeking views on whether our usage criteria (of 52 calls over 12 months) is set at the right level. Increasing this criterion to 120 calls over 12 months could allow around a further 1,200 protected PCBs to be removed, which would further reduce BT’s IP migration costs by, at most, approximately £480k.<sup>127</sup>

## Consultation Question

**Question 2:** Do you agree with our proposed new process for BT and KCOM to consult on proposed PCB removals? In particular do you agree with our proposed removal criteria for assessing whether there is an ongoing need for a PCB?

## Resilience of PCBs

### Migration to IP will affect the resilience of PCBs

- 3.116 Currently, calls made to and from PCBs are delivered via copper wire connections over the public switched telephone network (PSTN). As such PCBs can still be used to make calls when there is a power cut in the area because the lines are powered from the local telephone exchange.
- 3.117 As outlined in Section 2 (see paragraphs 2.14-2.16), the UK’s fixed telecoms network is in the process of being migrated to IP networks and alongside this the PSTN will be gradually

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<sup>124</sup> BT estimated that roughly two thirds of all its PCBs (and 86% of its PCBs that are last at a site) are unprofitable, even after accounting for advertising and PAC revenues. BT meeting slides, titled “Public Call Boxes USO”, presented on 16 March 2021.

<sup>125</sup> This range includes the per PCB cost of BT using either a mobile or broadband solution in the PCB, an assumption about the number of PCBs that will require power, the cost of a chipset and an engineer visit. BT’s response to our formal information request dated 28 May 2021.

<sup>126</sup> These costs are based on assumption of migrating around 11k PCBs to IP, a fixed initial development cost of £305k and a per PCB cost of approximately £300-400. BT response to our formal information request dated 9 July 2020.

<sup>127</sup> Ofcom analysis based on BT’s response to our formal information request dated 28 May 2021.

switched off. For PCBs to continue to function on IP networks they will therefore need to be upgraded and new equipment installed.

- 3.118 BT has told us it is looking at different options for migrating its PCB estate to function over IP. Where the PCB has mobile coverage BT plans to install a mobile solution into the PCB to enable it to operate over the IP network. Where PCBs are located in an area without mobile coverage BT is developing a broadband solution using IP-based technology. BT intends to trial these solutions as part of the wider migration to IP trials taking part in Salisbury and Mildenhall from November 2021 onwards.
- 3.119 For both the mobile and broadband solutions BT is putting in place, the equipment in the PCB will require mains power for it to function. Therefore, in the absence of other measures, BT's PCBs will not function in a power cut once they have been converted to function over IP.
- 3.120 KCOM has confirmed that its approved migration to IP plans are currently limited to a programme of work to migrate services from its legacy circuit-switched systems to its next generation IP-based infrastructure. It expects all migrations to be completed by March 2023 and, subject to successful testing, it intends to include its PCBs as part of this migration. However, because KCOM intends to continue using copper delivery for the end connection, its PCBs will continue to function during a power cut even after it has completed this migration process.

## Existing requirements on resilience

- 3.121 Under general condition A3, all communications providers are required to take all necessary measures to ensure:
- a) the fullest possible availability of their networks, and the telephony services they provide, in the event of catastrophic network breakdown or in cases of force majeure; and
  - b) uninterrupted access to emergency organisations.
- 3.122 In 2018 we published guidance on how providers can meet the above obligations as customer landlines move to IP based services.<sup>128</sup> The guidance sets out our expectations on the measures providers should have in place to ensure customers reliant on their broadband to make calls are still able to make emergency calls in the event of a power cut at their premises. In particular we specified in the guidance that:
- i) providers should have at least one solution available that enables access to emergency organisations for a minimum of one hour;
  - ii) this solution should be offered free of charge to customers at risk because they are dependent on a landline. 'At risk' customers identified include those with a

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<sup>128</sup> [Guidance: Protecting access to emergency organisations when there is a power cut at the customer's premises \(ofcom.org.uk\)](https://www.ofcom.org.uk/guidance/protecting-access-to-emergency-organisations-when-there-is-a-power-cut-at-the-customer-s-premises)

disability and/or accessibility requirements and those who do not have a mobile phone and/or have either no or poor mobile coverage at their premises;

- iii) providers should take steps to identify 'at risk' customers as well as engaging in effective communications to ensure all customers are aware of the risks and can request the protected solution if necessary; and
- iv) customers that may be eligible include those without a mobile or reliable indoor mobile coverage, those who are housebound, or have a greater need to call emergency organisations due to their circumstances.

3.123 There is, however, currently no similar requirement or guidance on BT or KCOM to ensure the resilience of their PCBs in a similar way to customer landlines.

### **Users may be reliant on PCBs to make calls in the event of a power-cut**

3.124 We recognise that, in the event of a power cut, the vast majority of people are likely to have access to a mobile phone which they should, in most cases, still be able to use in order to make any necessary calls. Those without a mobile or in areas with poor mobile signal who have access to a landline should still be able to make calls to the emergency services for at least an hour, if they are in or near their home (as these customers should have been identified as those 'at-risk' under our guidance). However, there remains a small group of users, particularly in certain areas, who may not have access to a (working) mobile phone or landline. This group may include those who do have a landline but who have not been identified as 'at-risk' under existing guidance.

3.125 In the absence of any other communication option, reliance on a PCB to make emergency calls in the event of a power-cut may become crucial and the likelihood of needing to make such calls may become more pronounced in such circumstances. For example, if the power cut is a result of flooding or an accident in a local area, the ability to access emergency organisations represents a critical citizen interest given the safety of life implications.

3.126 We therefore consider there is a reasonable need for PCB users to be able to continue to make emergency calls from a PCB in the event of a power cut. This is consistent with our approach to ensuring resilience of landline services and aligns with our objective of ensuring that PCBs provide a safety net, particularly for those users who may not have access to an alternative communication method.

### **We are proposing new resilience requirements for PCBs**

#### **Proposed new condition on BT and KCOM**

3.127 We are proposing to put in a place a new universal service condition which will require BT and KCOM to ensure that they provide the fullest possible availability of telephony services from their PCBs in the event of a network breakdown or cases of force majeure, as well as ensuring uninterrupted access to emergency calls from PCBs (see condition 3.17 in the schedules to Annex 5). This will ensure that the requirements in general condition A3 are



also specifically applied to BT and KCOM's PCBs, so that PCB users will have similar protections to landline users in the event of a power-cut.

- 3.128 We understand from the implementation of solutions for domestic premises that in practice these allow customers to make calls to any number (not just emergency calls), as it is often easier, and less costly, to design a solution which does not limit the type of outgoing calls made. We therefore expect the same will happen in practice for any solution used for PCBs, and this will provide additional protection for PCB users that need to make other types of calls in the event of a power cut (e.g. to friends or family, or relevant helplines).
- 3.129 Consistent with our approach to the implementation of general condition A3.2, and in accordance with our wider policy objective to regulate in a manner which is, as far as practicable, technology neutral, we are not proposing to prescribe what type of solution BT or KCOM should implement to meet these obligations.
- 3.130 We consider that guidance is necessary, however, to set out our expectations about which PCBs need to have a solution in place to ensure uninterrupted access to emergency calls in the event of a power-cut, and the length of time that solution should last. We discuss our proposed guidance on each of these elements in turn below.

#### **Proposed guidance on length of time PCBs should continue to allow access to calls in the event of a power outage**

- 3.131 We consider that a period longer than one hour is likely to be appropriate for PCBs given that end-users will not necessarily be in the direct vicinity of a PCB when a power cut occurs. This is also the case for those landline users who have not been identified as 'at-risk' who may also become reliant on a PCB if they do not have access to a working mobile phone.
- 3.132 In deciding what length of time might be appropriate we need to consider the costs and practicalities involved in installing a power-solution into the PCBs, the likelihood of it being used, and the importance of that usage in terms of the safety-net that PCBs are there to provide.
- 3.133 BT has told us that in order to ensure PCBs continue to operate in a power outage it would need to install a battery back-up unit into the PCB. This will involve material costs (discussed below), and the longer the time period the battery is required to operate for, the higher the costs.<sup>129</sup> In addition, BT has explained that the size of the battery it is able to install will be restricted by the space available, as it would need to fit inside the service chamber of the PCB.<sup>130</sup> A battery which lasts more than a few hours would therefore be likely to be too big to fit into the PCB, and would therefore involve higher costs as it would mean completely re-designing the PCB equipment and structure.

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<sup>129</sup> BT's response to Q6 of our formal information request dated 28 May 2021.

<sup>130</sup> Meeting between BT and Ofcom, 14 June 2021.

- 3.134 Taking all of the above into account, we are proposing that BT and KCOM should have a solution in place to ensure that calls can continue to be made from PCBs for a minimum of three hours in the event of a power outage affecting the area. We understand from BT that its initial analysis of battery back-up options for PCBs indicates that it would be able to fit a battery unit lasting a minimum of three hours into the service-chamber of its PCBs.<sup>131</sup>
- 3.135 We consider that three hours represents an appropriate minimum level of protection when considered against the practicalities and costs of any solution and is likely to provide enough time for end-users to make any necessary calls in the event of most power outages. It is worth noting that PCBs which have a battery unit installed in order to meet this expectation may in practice continue to allow calls to be made for longer than three hours. This is because the three-hour period represents the minimum permissible period at end of battery life, so in many circumstances, the actual duration of the battery will be longer.
- 3.136 We would also expect the duration of the protection being offered by whatever solution is put in place to be made clear by BT and KCOM on the PCB itself (for example by displaying a notice in the PCB). Furthermore, we have also indicated in the draft guidance that BT and KCOM should consider taking additional measures to ensure PCBs in areas with frequent long-duration power outages continue to allow uninterrupted access for more than three hours where necessary (e.g. sending engineers out with additional batteries to those sites in the event of a power-cut or enabling mobile generator power back-up).
- 3.137 Our draft guidance setting out the expectations proposed above is set out in Annex 6.

#### **Proposed guidance on which PCBs need a solution to ensure continued access to calls in the event of a power outage**

- 3.138 We consider it would be disproportionate to expect all PCBs to have a resilience solution that allows continued access to calls in the event of a power cut. BT<sup>132</sup> estimates that it will cost around £300 per PCB to install battery backup units into PCBs and approximately £60 per unit per year to maintain the solution.<sup>133</sup> We need to consider this against the relatively limited frequency of extended power outages and what alternatives may be available to users to make emergency calls in the event of a longer power outage.
- 3.139 We therefore consider the solution BT and KCOM put in place should only apply to a sub-set of their PCBs. In considering the scope of that proposed sub-set, we have assessed two different options:
- i) only those PCBs which are more likely to be relied upon in the event of a power-cut (e.g. those without mobile coverage); or
  - ii) at least one PCB at a site.

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<sup>131</sup> As noted in paragraph 3.120 above, because KCOM PCBs will continue to rely on copper delivery it has not undertaken any assessment of options for including a resilience solution in its PCBs.

<sup>132</sup> As indicated above, KCOM's PCBs will continue to remain functional in the event of a power-cut.

<sup>133</sup> These costs are in addition to those required to migrate its PCBs to function over IP. BT's response to our formal information request dated 28 May 2021.

- 3.140 Under the first option we would expect BT and KCOM to take steps to identify which PCBs are most likely to be relied upon in the event of a power cut, and to install a resilience solution in those identified PCBs. This option would involve a much smaller number of PCBs needing to have a solution in place and would therefore involve much lower costs for BT.<sup>134</sup>
- 3.141 In particular we would expect this option to include PCBs in mobile not-spot areas. In such areas, using a mobile to make emergency calls is not possible and therefore anyone without access to a resilient landline could be reliant on their nearest PCB in the event of a power cut. There may also be an increased need for PCB resilience in areas which have a history of issues leading to frequent power outages (e.g. areas which experience flooding), or areas which are accident hotspots. In addition, areas which are more rural and less built-up may have fewer alternative options for users to make emergency calls (e.g. asking someone nearby or at a local premise for assistance in making a call). Such areas are therefore likely to be those where a PCB is most likely to be relied upon in the event of a power outage.
- 3.142 The second option would involve a resilience solution being put in place for a much larger number of PCBs, and therefore it would involve greater costs. We estimate this option would cost BT up to £1.5m in up-front costs, plus c.£300k annually.<sup>135</sup> It would, however, provide greater protection by ensuring that all users without access to a mobile or landline (who may be more likely to be vulnerable) would have a PCB available as an option for making emergency calls in the event of a power-cut.
- 3.143 We provisionally consider that option 1 is the most appropriate approach and this is reflected in our draft guidance at Annex 6. This option targets the resilience solution at those PCBs which are most likely to be needed in the event of a power cut and avoids unnecessary costs of installing a solution in PCBs in areas where other access to emergency services is likely to be available. We consider it is consistent with our policy objectives and duties with respect to the universal service conditions, in particular our objective to ensure that the provision of universal services provides a safety-net.
- 3.144 We have also set out in our proposed guidance our expectation that where a PCB does not contain a resilience solution, it must include a clear notice indicating this, and where relevant, indicating whether there is a PCB with a resilience solution located nearby.

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<sup>134</sup> We estimate that these costs would start from a minimum of around £90k, based on our estimated number of BT's protected PCBs with no mobile coverage of around 300.

<sup>135</sup> Based on our estimated number of BT's protected PCBs which would remain under our proposed criteria of around 5k. (See paragraph 3.112 above).

## Consultation Question

**Question 3:** Do you agree with our proposal to impose a new resilience obligation for PCBs? And do you agree with our proposed guidance that those PCBs which are more likely to be needed in the event of a power cut should have a solution which enables emergency calls to continue to be made for a minimum of three hours in the event of a power outage? Please provide reasons for your view.

## Requests for new PCBs

### Current requirements

- 3.145 Universal service condition 3.3 currently specifies that where BT or KCOM receives a request to install a new PCB they shall consider such a request in accordance with any criteria set out in any relevant direction.<sup>136</sup>
- 3.146 Our PCB Direction<sup>137</sup> then sets out that BT and KCOM should take into account the following factors when considering requests for new PCBs:
- the size of the local community;
  - the quality of housing which exists in that community; and
  - the distance from any existing PCB to the proposed new PCB.
  - BT and KCOM are required to allocate a score to the proposal with reference to each of these criteria and decide whether to grant the request based on the total score.

### Assessment and proposed changes

- 3.147 Given the ongoing decline in the use of PCBs we consider that the circumstances in which a new PCB is likely to be necessary to meet end user needs is extremely limited. This is supported by the fact that BT received only two requests relating to the installation of new PCBs in the last five years (both of which BT found that they did not meet the criteria set out in the PCB Direction).<sup>138</sup>
- 3.148 We consider the current requirements require updating and streamlining to reflect that requests for new PCBs are likely to be limited. We consider that such requests should continue to assess whether there is likely to be a reasonable user need, and in making such an assessment we consider it is appropriate for BT and KCOM to be as consistent as possible with the criteria we have established in relation to proposed removals of PCBs. In particular, the criteria which we consider will be relevant to assessing whether there is a need to put in place a new PCB include whether there is limited or no mobile coverage in the area, and/or whether the site is a known accident or suicide hotspot.

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<sup>136</sup> [BT and KCOM's Universal Service Conditions \(parts 2 and 3 of Annex A\)](#)

<sup>137</sup> Paragraphs 2.6-2.8 of the [Public Call Box Direction 2006](#)

<sup>138</sup> BT's response to our formal information request dated 28 May 2021.

- 3.149 We are therefore proposing to revoke the requirements in the current PCB Direction and we are proposing to amend the wording in the relevant universal service condition to specify how BT and KCOM should assess new PCB requests. In particular the proposed wording makes clear that BT and KCOM must assess whether there is a reasonable user need for the proposed new PCB and in making this assessment they must act reasonably, taking particular account of whether there is mobile coverage in the proposed site and/or whether it is a known accident or suicide hotspot.
- 3.150 This proposed requirement is set out in universal service condition 3.16 in the schedules to Annex 5.

## Consultation Question

**Question 4:** Do you agree with the proposed amendments to the conditions on BT and KCOM in respect of considering requests for new PCBs?

## Legal tests

- 3.151 In section 2 we outline the tests in section 47 of the Act which must be met before we can modify universal service conditions. We consider that our proposed changes to the PCB universal service conditions (Conditions 3.1 to 3.19 set out in the schedules to Annex 5), and associated guidance (in Annex 6) meet these tests set out in the Act. In particular we consider our proposed changes are:
- **objectively justifiable:** as, for the reasons set out in this section, they are consistent with our duties and policy objectives in that they modernise and streamline the PCB requirements on BT and KCOM and they align with our assessment of ongoing user needs in relation to PCBs;
  - **not unduly discriminatory:** as we propose to apply the same obligations on only BT and KCOM as the designated telephony universal service providers within their respective areas;
  - **proportionate:** as, for the reasons set out in this section, we have sought to ensure that the proposed requirements align with the reasonable needs of users in relation to PCBs, in accordance with the obligations of the Order and take into account the relative costs of the proposed solutions; and
  - **transparent:** as we have explained our reasoning in this section and the proposals have been set out clearly in the draft conditions. The proposed changes also seek to ensure that BT and KCOM have clear and workable criteria and processes to assess PCB removals, providing certainty to BT and KCOM, as well as relevant public bodies about these processes. The proposed guidance further explains how we expect BT and KCOM to discharge their obligations under the proposed conditions.

## 4. Other proposed changes to the universal service conditions

- 4.1 As part of this review we are also proposing to update some of the other telephony universal service conditions on BT and KCOM, to ensure they remain relevant and transparent. In this section we set out our views and proposals on these other conditions.
- 4.2 We first outline our view on why it may be appropriate to remove the requirement on BT and KCOM to support facsimile communications ('fax') as part of fulfilling their obligations under the universal service conditions. This requirement derives from the Order and the Government has indicated that it is considering making an amendment to the Order to remove the reference to fax.
- 4.3 We then propose a number of specific changes in the following areas:
- a) **Itemised Billing:** we propose to revoke this condition because we consider the existing obligations on all communications providers in the general conditions is sufficient to ensure BT and KCOM customers receive itemised bills;
  - b) **Directories:** we also propose to revoke this condition as it has been found to be unlawful and the requirements of the Order are met through the general conditions on directories; and
  - c) **Quality of service reporting:** we are proposing to amend the existing quality of service conditions with an updated set of reporting requirements on BT and KCOM, including new reporting on PCB closures and maintenance.
- 4.4 Finally, we also propose a number of other minor changes to wording and definitions in the universal service conditions to make them clearer and more transparent. All the proposed revisions to the conditions are set out in the schedules to Annex 5.

### Fax services

#### Current requirements

- 4.5 As outlined in Section 2, the Order requires that at least one designated universal service provider shall meet all reasonable requests by end-users for connection at a fixed location to the public telephone network and for access to publicly available telephone services at a fixed location. The Order specifies in particular that that connection must be capable of allowing end-users to make and receive local, national and international telephone calls, facsimile communications and data communications.<sup>139</sup>

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<sup>139</sup> [See paragraph 1 of Schedule 1 to the Order](#)

- 4.6 We have implemented this requirement on BT and KCOM through universal service condition A2 which requires the provision of ‘Telephony Services’ on request, and the definition of these services includes “*the ability to make and receive calls and facsimile*”.<sup>140</sup>

### **Migration to all-IP will impact the provision of fax services**

- 4.7 As discussed in Section 3, the UK’s fixed telecoms networks are undergoing substantial change as telecoms providers migrate their landline customers from the PSTN to voice over IP technology. BT has taken the decision to close the PSTN at the end of 2025, by which time all UK residential and business landline customers will have been migrated. Industry is leading this process but we are working closely with providers with the aim of protecting consumers from harm and minimising disruption.<sup>141</sup>
- 4.8 Fax machines use voice-band data (or ‘tones’) that are carried over the PSTN voice service. They require both ends, and intermediary networks, of the fax call to support an analogue voice-band data channel for the analogue data. Although analogue data can be converted to digital IP packets and conveyed as an emulation service, the nature of all-IP networks means that the timing and synchronisation that is relied on by fax for the duration of the transmission cannot be guaranteed. BT has therefore raised concerns about maintaining any obligation for the continued delivery of fax services in light of this.<sup>142</sup> In particular it has flagged that fax will never work for all-IP over mobile, which means that BT (and any operator of an all IP digital network), will be effectively unable to guarantee that an analogue fax service will be conveyed across an all-IP digital network.
- 4.9 As part of our ongoing stakeholder engagement on IP migration, with both industry and government, we have flagged this issue to relevant sectors where we understand fax remains in use (particularly the NHS and the legal profession), given that fax will no longer be a reliable communication method once their services are migrated to IP.

### **We are seeking views on removing fax from the universal service obligations**

- 4.10 As noted above, the reference to fax services is set out in the Order and we are under a duty to ensure that the requirements of the Order are implemented. Therefore, we would only be able to remove the reference to fax from the universal service conditions if the Order was amended.
- 4.11 Under section 65(4) of the Communications Act 2003, the Secretary of State is required to consult Ofcom and such other persons as he considers appropriate before making a statutory instrument to change the Order.

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<sup>140</sup> [Schedule 1 and Schedule 3 of the Broadband USO legal instrument: Universal Service Conditions for BT and KCOM](#)

<sup>141</sup> [The future of fixed telephone services: Ofcom policy positioning statement](#)

<sup>142</sup> Letter from BT to Ofcom (requested by DCMS) dated 18 September 2020. BT also raised this issue in response to our consultation on delivering the broadband USO, see paragraphs 10.24-10.28:

[https://www.ofcom.org.uk/data/assets/pdf\\_file/0019/151354/statement-delivering-the-broadband-universal-service.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0019/151354/statement-delivering-the-broadband-universal-service.pdf)

- 4.12 We have therefore engaged with Government about this issue and on 15 September 2021 the then Minister for Digital Infrastructure, on behalf of the Secretary of State, wrote to consult us on its proposal to remove the fax universal obligation from the Order (see Annex 7). In particular his letter notes that this removal may be appropriate given it will no longer be feasible for BT and KCOM to meet this obligation following the withdrawal of the PSTN.
- 4.13 We consider that the obligation on BT and KCOM to provide fax should be removed in light of the impact of migration to IP. Not only will fax delivery no longer be guaranteed on IP networks, it is also no longer widely used and there are many reliable alternatives including email and document management platforms. We are not aware of any specific need for fax to be used which would not easily be met by one of these alternative services; such services enable reliable delivery of time-sensitive documents (e.g. for conveyancing) and are available either free, or are relatively inexpensive. We therefore consider it is no longer appropriate or proportionate to require BT and KCOM to continue to offer fax services under the universal service obligations.
- 4.14 Given the very limited existing use of fax services, we would expect the impact of removing the obligation on BT and KCOM in this respect to be minimal. As above, there is already an ongoing programme of stakeholder engagement on the impact of IP migration and this provides an opportunity to make any impacted users aware of the need to start using alternative services and move away from the use of fax.
- 4.15 If, following the outcome of our consultation, the Government decides to remove the fax obligation from the Order, we propose to remove the “*and facsimile*” wording from the definition of “*Telephony Service*” in the universal service conditions.<sup>143</sup>

## Consultation question

**Question 5:** Do you agree that it is no longer appropriate for the universal service obligations to require provision of fax services in light of the impact of IP migration on the functionality of these services?

## Itemised billing

### The USO requirements

- 4.16 The Order specifies that the services provided by USPs shall include certain billing methods. In particular, paragraph (5) of Schedule 1 refers to:
- “Facilities, methods of billing and methods of accepting payment for electronic communications services that enable subscribers to monitor and control their expenditure in relation to the use of those services....”*

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<sup>143</sup> [Universal service conditions and directions \(ofcom.org.uk\)](https://www.ofcom.gov.uk/consult/condocs/usoc/usoc.pdf)



- 4.17 In 2003 we implemented this requirement through a specific universal service condition on BT and KCOM in relation to itemised billing. In particular, the condition requires BT and KCOM to:
- a) provide each of their customers a basic level of itemised billing, at no extra charge. Each itemised bill must show a sufficient level of detail to allow the customer to: (i) verify and control the charges they incur, and (ii) to adequately monitor their usage and expenditure; and
  - b) ensure that any calls which are free of charge, including helplines, shall not be identified in the customer's itemised bill.
- 4.18 These conditions do not apply where BT and KCOM provide services on a pre-paid basis, or where subscribers have an alternative means which allows them to (free-of-charge) adequately monitor their usage and expenditure. There is also a condition which specifies that Ofcom may give a direction specifying the basic level of itemised billing to be provided, however, we have not issued any such direction to date.

### **The general conditions contain itemised billing requirements**

- 4.19 Part C of the general conditions contains specific provisions relating to itemised billing. In particular, general condition C3.7 and C3.10 specify that:
- “...Regulated Providers shall provide to each of their Subscribers, on request, and at no extra charge, access to adequate billing information to allow the Subscriber to: (a) verify and control the charges incurred by the Subscriber; and (b) adequately monitor the Subscriber's usage and expenditure and thereby exercise a reasonable degree of control over their Bills...*
- “Regulated Providers shall ensure that calls and SMS to the emergency call numbers “999” and “112”, or any of the numbers which are designated as “free to caller” in the National Telephone Numbering Plan, including calls and SMS to helplines on such numbers, are not identified in the Subscriber's itemised Bills or any other Records that Regulated Providers make available to the Subscriber.”*
- 4.20 All communications providers, including BT and KCOM, are required to comply with these requirements as part of providing communications services in the UK.

### **We are proposing to revoke the universal service conditions on itemised billing**

- 4.21 We consider that the requirements in general conditions C3.7 and C3.10 are sufficient to ensure that customers receive an appropriate level of itemised billing (for no extra cost) from BT and KCOM. The wording of the general conditions makes clear that all providers have to provide billing information such that customers can verify and control their usage, and we consider that this already effectively implements the billing requirements in the Order.

- 4.22 In order to streamline and simplify the conditions we are therefore proposing to revoke the itemised billing universal service conditions applying to BT and KCOM. This condition has therefore been removed from the draft conditions set out in the schedules to Annex 5.

## Consultation question

**Question 6:** Do you agree with our proposal to revoke the itemised billing requirement from the universal service conditions?

## Directories

### The USO requirements

- 4.23 The Order requires at least one comprehensive directory to be made available (in a form approved by Ofcom) by a USP, and for that directory to be updated at least once per year. This directory must comprise (subject to relevant privacy laws) the details of all subscribers of publicly available telephone services and their telephone numbers.<sup>144</sup>
- 4.24 In 2003 Oftel (Ofcom's predecessor) implemented this requirement through a universal service condition on BT (condition 7) requiring it to:
- maintain, and update on a regular basis, a database containing directory information for all subscribers who have been allocated telephone numbers by any communications providers;
  - make available its directories to any communications providers who request it for the purpose of fulfilling their obligations to provide directories (under the general conditions); and
  - make the contents of its directory database available on request in a machine readable form to any person seeking to provide directory enquiry facilities.
- 4.25 This universal service condition also specifies the circumstances in which BT may refuse to make available its directories, and requires BT to supply these on fair, objective, cost oriented and not unduly discriminatory terms.
- 4.26 Following two disputes in relation to access to BT's directory enquiry database,<sup>145</sup> in 2008 we found universal service condition 7 unlawful because it was incompatible with the Universal Service Directive.<sup>146</sup> Ofcom's determinations were appealed to the Competition Appeal Tribunal and subsequently the Court of Appeal, which made a reference to the Court of Justice of the European Union. The Court of Justice agreed with Ofcom. It considered that the Universal Service Directive only allowed Member States to impose on

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<sup>144</sup> Schedule 1, paragraph 2 of the USO Order.

<sup>145</sup> [Dispute between The Number UK Ltd and BT about charges for directory enquiry information \(OSIS\) - Ofcom](#) and [Dispute between BT and Conduit about charges for directory information \(OSIS\) - Ofcom](#)

<sup>146</sup> In particular, Ofcom found that Article 5 only permitted the imposition of a retail obligation on BT, namely to make available a comprehensive directory to end-users at an affordable price.

designated undertakings an obligation to provide specific elements of the universal service to end-users. Consequently, the Universal Service Directive did not give Member States scope to achieve the requirements for universal service through any other means, such as the imposition of a wholesale obligation on USPs. Condition 7 was therefore found to be unlawful and should be revoked.<sup>147</sup>

## The general conditions contain requirements on Directories

4.27 General condition B2 requires all communications providers to pass on the directory information of their subscribers to other persons in order to ensure that a comprehensive directory database can be compiled (and from which directory products and services can be provided). This condition also requires directories to be updated at least once a year and provided to subscribers on request.

## We are proposing to revoke the universal service conditions on Directories

4.28 The requirements of the Order in relation to the provision of directories, and directory enquiry services, are effectively fulfilled through the general condition on all providers. Consequently, we are proposing to revoke the universal service condition on BT in relation to directories. Alongside this we are also proposing to remove relevant definitions which are only used as part of this condition, in particular the definitions of: 'Directories', 'Directory Enquiry Facility' and 'Directory Information'.

## Reporting and publication of quality of service information

### Current requirements

4.29 Section 67(2) of the Act specifies that universal service conditions applied to a provider must include a condition requiring them to publish information about their performance in complying with the universal service conditions that apply to them.<sup>148</sup>

4.30 In accordance with this, the current universal service conditions require BT and KCOM to publish information on their performance in providing telephony universal services every six months.<sup>149</sup> In particular, the conditions specify that they must publish this information in accordance with the quality of service parameters in Annex III of the Universal Service Directive.<sup>150</sup> The quality of service parameters in Annex III include:

- a) supply time for initial connection;
- b) fault rate per access line;
- c) fault repair time;

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<sup>147</sup> The judgments of the Competition Appeal Tribunal, the Court of Appeal and the Court of Justice are available at:

<https://www.catribunal.org.uk/cases/11003308-number-uk-limited-and-conduit-enterprises-limited>

<sup>148</sup> [Communications Act 2003, Section 67](#).

<sup>149</sup> Condition 8 for BT and Condition 6 for KCOM.

<sup>150</sup> Except for those relating to unsuccessful call ratio and call set up time. [Universal Service Directive](#), Annex III.

- d) response times for operator services;
- e) response times for directory enquiry services;
- f) proportion of coin and card operator public pay telephones in working order; and
- g) bill correctness complaints.

- 4.31 The conditions require this information to be published on BT and KCOM's websites and a copy sent to Ofcom. In addition, the conditions indicate that we may make a direction specifying additional quality of service standards to be used to measure BT and KCOM's performance in complying with the conditions and additional requirements with respect to the form and content of the information to be published. We have not, to date, issued such a direction.
- 4.32 In December 2018 the Universal Service Directive was replaced by the EECC.<sup>151</sup> As explained in Section 2, the EECC has been implemented into UK law through the Act and secondary legislation. As part of this implementation, the list of required quality of service parameters has been removed from the Act and we therefore have greater flexibility to set out the specific quality of service reporting that is required in the universal service conditions.<sup>152</sup>

### Proposed amendment to reporting requirements

- 4.33 We consider that public reporting is important to increase transparency of BT and KCOM's performance and help establish whether they are meeting their obligations. This is recognised in the provisions of the Act which require us to impose obligations on designated universal service providers to publish information about their performance in complying with the universal service conditions.
- 4.34 The existing quality of service reporting requirements in the conditions need to be updated to reflect our proposed changes outlined in Section 3 and above, particularly given that several of the existing requirements are no longer relevant and to reflect that the Universal Service Directive has been replaced.
- 4.35 We are therefore proposing to amend the existing condition to remove the requirement for BT and KCOM to report on response times for operator services and directory enquiry, as well as the number of bill correctness complaints.
- 4.36 We also proposing to remove the requirements for BT and KCOM to report on the connection supply times, as well as fault rates and repair times of its fixed telephony services under the USO. The telephony market is now very mature, with the current USO having been in place since 2003 and therefore any new telephony requests under the USO are likely to be minimal, if any. In addition, we report on the provisioning and repair timings for BT's and KCOMs broadband and landline services as part of our Comparing

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<sup>151</sup> [European Electronic Communications Code](#).

<sup>152</sup> Section 67(3) specifies that we must impose publication obligations to satisfy the requirements that we consider are appropriate.

Service Quality report each year.<sup>153</sup> We therefore consider that it is unnecessary, and would be duplicative, to require continued reporting from BT and KCOM in relation to telephony services provided under the USO.

- 4.37 In relation to PCBs, we discussed in Section 3 the importance of ensuring there is transparency in how BT and KCOM are complying with their obligations. We are therefore proposing to maintain the requirement for them to publish the total number of PCBs they continue to provide, in addition to the proportion of PCBs in working order.
- 4.38 We also discussed in Section 3 that as the overall number of PCBs are reduced, the timely repair and maintenance of the remaining PCBs will become even more important. We are concerned that currently only 71% of BT's current estate is reported to be in working order (which BT currently defines as being able to make a chargeable call).<sup>154</sup> We have also received ongoing reports of vandalised or damaged PCBs being left unrepaired for some time. We note that BT has reported that issues with the Covid-19 pandemic have meant its engineers have been able to visit PCBs less frequently. However, going forward, we expect the proportion of PCBs in working order to be much closer to 100%, particularly as BT's PCB estate is reduced further.
- 4.39 To improve transparency in how both BT and KCOM are performing in maintaining their PCB estates, we propose to introduce additional requirements for them to report on the number of faulty or damaged PCBs (including those reported to them via complaints),<sup>155</sup> and the average time taken to repair those PCBs. In assessing its performance against these areas, including the existing requirement on the proportion of PCBs reported as being in working order, we expect BT and KCOM to take account not only of issues related to whether calls can be made from that PCB, but also whether damage to the box makes it inaccessible or unusable. We have included these expectations in our proposed guidance (see Annex 6, paragraph A6.15).
- 4.40 We are also proposing additional reporting requirements to ensure there is transparency about how BT and KCOM are meeting the requirements of our proposed new process for consulting with relevant public bodies on protected PCB removals, including the process for those bodies to request a review of any removal decisions.
- 4.41 In summary, we propose that BT and KCOM will have to report the following in relation to PCBs:
- a) the total number of PCBs provided to meet their obligations under the PCB universal service conditions;
  - b) proportion of PCBs in working order;
  - c) number of PCBs reported as damaged or faulty;

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<sup>153</sup> [Report: Choosing the best broadband, mobile and landline provider - Ofcom](#)

<sup>154</sup> [Service level - BT Payphones \(cuthelp.com\)](#)

<sup>155</sup> BT has a dedicated email address for reporting PCB faults or damage: [How to report payphone faults or damage | BT Business \(cuthelp.com\)](#).

- d) number of completed repairs to PCBs;
  - e) the number of protected PCBs removed, including the number that were removed following a request for review from a relevant public body (which was declined) and the number removed following a review decision by BT or KCOM;
  - f) the number of protected PCBs that were subject to a consultation process and, where relevant, a review decision, but which BT or KCOM decided not to remove.
- 4.42 Whilst currently the conditions require information to be published every six months, we consider that a period of 12 months is sufficient to ensure transparency of BT and KCOM's performance. To ensure consistency in the period that is used for reporting this information, we propose to define this period as the 12 months from 1 April to 31 March each year (with the first period being from 1 April 2022 to 31 March 2023). We propose that BT and KCOM will have to publish all the reporting information set out above no later than three months after the expiry of the relevant year. Similar to the existing requirement, the information will also have to be sent to Ofcom when it is published to allow us to appropriately monitor BT and KCOM's compliance with the conditions.
- 4.43 To ensure that BT and KCOM maintain adequate records we are also proposing a new condition which will require them to maintain relevant records for at least six years. This approach is consistent with the requirements in the broadband USO, and such records will have to be sufficient to demonstrate BT and KCOM's compliance with the conditions.
- 4.44 We are also proposing to retain the condition which enables us to make a direction specifying additional quality of service standards to be used to measure BT and KCOM's performance in complying with the conditions and additional requirements with respect to the form and content of the information to be published. We consider retaining this provision is important to allow us to put in place any additional reporting requirements we may consider necessary in future, for example as part of the changes to the provision of telephony services resulting from the migration to IP.
- 4.45 As a whole, these proposed reporting requirements will allow us to monitor BT and KCOM's performance, giving us the ability to step in and remedy any issues if necessary. The requirements should also act as an incentive on BT and KCOM to deliver these obligations effectively and will benefit a wider set of stakeholders through the clarity and certainty they provide about how the universal service conditions are being met.
- 4.46 Our proposed changes to the relevant conditions are set out in the schedules to Annex 5 (see conditions 5.1 to 5.3).

## Consultation question

**Question 7:** Do you agree with our proposed reporting requirements on BT and KCOM?

## Other changes to tidy up the universal service conditions

- 4.47 As part of making the proposed changes to the conditions outlined in this section, and in section 3, we have also identified where other minor consequential amendments are needed to the conditions to ensure clarity and consistency in the terminology and definitions used throughout.
- 4.48 We are proposing to remove the following definitions:
- a) Consumer;
  - b) Electronic Communication;
  - c) General Condition;
  - d) Geographic Number;
  - e) Information Commissioner;
  - f) Network Termination Point;
  - g) Non-geographic Number;
  - h) Publicly Available Telephone Service;
  - i) Public Communications Network; and
  - j) Subscriber.
- 4.49 These definitions are no longer needed, either because they will be replaced by another definition; they are superfluous and have not been used in other definitions or other operative provisions (such as the Numbering Plan); or because they are terms which have the same meanings as given in the Act.
- 4.50 We have also proposed some minor clarificatory changes to the wording of the universal service condition relating to tariffs (condition 4), including replacing the references to 'Consumer' with 'Customer'. These changes do not change the substance of the obligations.

**Question 8:** Do you agree with our proposed changes to tidy-up the wording and definitions used in the universal service conditions?

## Legal tests

- 4.51 We consider that the proposed changes to the universal service conditions outlined in this section meet the relevant legal tests set out in the Act. In particular we consider our proposed changes are:

- **Objectively justifiable:** as, for the reasons set out in this section, they are consistent with our duties and policy objectives to streamline and update the requirements on BT and KCOM, taking account of changes in the delivery of these services and removing duplication with other rules where relevant;
- **Not unduly discriminatory:** as we propose to apply the same obligations on only BT and KCOM as the designated telephony universal service providers within their respective areas;
- **Proportionate:** in that the majority of our proposals involve removing existing requirements and will therefore reduce any impact on BT and KCOM in complying with them. Where we have proposed new reporting requirements in respect of PCBs, we consider these will bring benefits in improving the transparency of how BT and KCOM are performing in meeting their USO obligations, and the requirements of the Order. We also consider these new requirements will involve only small administrative costs for BT and KCOM in collating and publishing that information, and therefore will not create an undue burden on BT or KCOM.
- **Transparent:** as we have explained our reasoning in this section and set out the obligations clearly in the proposed conditions. The proposed reporting conditions also seek to ensure improved transparency by increasing, and clarifying, the publicly available information about how BT and KCOM are performing in meeting their USO obligations with respect to PCBs in particular.



# A1. Responding to this consultation

## How to respond

- A1.1 Ofcom would like to receive views and comments on the issues raised in this document, by 5pm on **11 January 2022**.
- A1.2 You can [download a response form](#) from the Ofcom website. You can return this by email or post to the address provided in the response form.
- A1.3 If your response is a large file, or has supporting charts, tables or other data, please email it to [telephonyUSO@ofcom.org.uk](mailto:telephonyUSO@ofcom.org.uk), as an attachment in Microsoft Word format, together with the [cover sheet](#). This email address is for this consultation only, and will not be valid after February 2022.
- A1.4 Responses may alternatively be posted to the address below, marked with the title of the consultation:
- Telephony USO Review Team  
Ofcom  
Riverside House  
2A Southwark Bridge Road  
London SE1 9HA
- A1.5 We welcome responses in formats other than print, for example an audio recording or a British Sign Language video. To respond in BSL:
- Send us a recording of you signing your response. This should be no longer than 5 minutes. Suitable file formats are DVDs, wmv or QuickTime files. Or
  - Upload a video of you signing your response directly to YouTube (or another hosting site) and send us the link.
- A1.6 We will publish a transcript of any audio or video responses we receive (unless your response is confidential).
- A1.7 We do not need a paper copy of your response as well as an electronic version. We will acknowledge receipt if your response is submitted via the online web form, but not otherwise.
- A1.8 You do not have to answer all the questions in the consultation if you do not have a view; a short response on just one point is fine. We also welcome joint responses.
- A1.9 It would be helpful if your response could include direct answers to the questions asked in the consultation document. The questions are listed at Annex 4. It would also help if you could explain why you hold your views, and what you think the effect of Ofcom's proposals would be.
- A1.10 If you want to discuss the issues and questions raised in this consultation, please contact [telephonyUSO@ofcom.org.uk](mailto:telephonyUSO@ofcom.org.uk).

## Confidentiality

- A1.11 Consultations are more effective if we publish the responses before the consultation period closes. In particular, this can help people and organisations with limited resources or familiarity with the issues to respond in a more informed way. So, in the interests of transparency and good regulatory practice, and because we believe it is important that everyone who is interested in an issue can see other respondents' views, we usually publish all responses on [the Ofcom website](#) as soon as we receive them.
- A1.12 If you think your response should be kept confidential, please specify which part(s) this applies to, and explain why. Please send any confidential sections as a separate annex. If you want your name, address, other contact details or job title to remain confidential, please provide them only in the cover sheet, so that we don't have to edit your response.
- A1.13 If someone asks us to keep part or all of a response confidential, we will treat this request seriously and try to respect it. But sometimes we will need to publish all responses, including those that are marked as confidential, in order to meet legal obligations.
- A1.14 Please also note that copyright and all other intellectual property in responses will be assumed to be licensed to Ofcom to use. Ofcom's intellectual property rights are explained further in our [Terms of Use](#).

## Next steps

- A1.15 Following this consultation period, Ofcom plans to publish a statement in Spring 2022.
- A1.16 If you wish, you can [register to receive mail updates](#) alerting you to new Ofcom publications.

## Ofcom's consultation processes

- A1.17 Ofcom aims to make responding to a consultation as easy as possible. For more information, please see our consultation principles in Annex 2.
- A1.18 If you have any comments or suggestions on how we manage our consultations, please email us at [consult@ofcom.org.uk](mailto:consult@ofcom.org.uk). We particularly welcome ideas on how Ofcom could more effectively seek the views of groups or individuals, such as small businesses and residential consumers, who are less likely to give their opinions through a formal consultation.
- A1.19 If you would like to discuss these issues, or Ofcom's consultation processes more generally, please contact the corporation secretary:

Corporation Secretary  
Ofcom  
Riverside House  
2a Southwark Bridge Road  
London SE1 9HA  
Email: [corporationsecretary@ofcom.org.uk](mailto:corporationsecretary@ofcom.org.uk)

## A2. Ofcom's consultation principles

### Ofcom has seven principles that it follows for every public written consultation:

#### Before the consultation

- A2.1 Wherever possible, we will hold informal talks with people and organisations before announcing a big consultation, to find out whether we are thinking along the right lines. 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

- A2.2 We will be clear about whom we are consulting, why, on what questions and for how long.
- A2.3 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 for people to give us a written response. If the consultation is complicated, we may provide a short Plain English / Cymraeg Clir guide, to help smaller organisations or individuals who would not otherwise be able to spare the time to share their views.
- A2.4 We will consult for up to ten weeks, depending on the potential impact of our proposals.
- A2.5 A person within Ofcom will be in charge of making sure we follow our own guidelines and aim to reach the largest possible number of people and organisations who may be interested in the outcome of our decisions. Ofcom's Consultation Champion is the main person to contact if you have views on the way we run our consultations.
- A2.6 If we are not able to follow any of these seven principles, we will explain why.

#### After the consultation

- A2.7 We think it is important that everyone who is interested in an issue can see other people's views, so we usually publish all the responses on our website as soon as we receive them. After the consultation we will make our decisions and publish a statement explaining what we are going to do, and why, showing how respondents' views helped to shape these decisions.

## A3. Consultation coversheet

### 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

Name/contact details/job title

Whole response

Organisation

Part of the response

If there is no separate annex, which parts? \_\_\_\_\_

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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)

## A4. Consultation questions

**Question 1:** Do you agree with our proposed changes to the requirements on BT and KCOM in respect of the pricing and services provided by their PCBs? In particular do you agree with:

- (i) allowing free calls from PCBs;
- (ii) removing the requirement for PCBs to offer incoming calls where outgoing calls are free;
- (iii) removing the requirement for PCBs to offer outgoing calls to unbundled tariff numbers (including premium rate and directory enquiries) and international numbers; and
- (iv) removing the requirement for 70% of PCBs to accept cash payment and replacing it with a requirement on BT and KCOM to assess whether cash payment facilities meet an ongoing need.

Please provide reasons for your view.

**Question 2:** Do you agree with our proposed new process for BT and KCOM to consult on proposed PCB removals? In particular do you agree with our proposed removal criteria for assessing whether there is an ongoing need for a PCB?

**Question 3:** Do you agree with our proposal to impose a new resilience obligation for PCBs? And do you agree with our proposed guidance that those PCBs which are more likely to be needed in the event of a power cut should have a solution which enables emergency calls to continue to be made for a minimum of three hours in the event of a power outage? Please provide reasons for your view.

**Question 4:** Do you agree with the proposed amendments to the conditions on BT and KCOM in respect of considering requests for new PCBs?

**Question 5:** Do you agree that it is no longer appropriate for the universal service obligations to require provision of fax services in light of the impact of IP migration on the functionality of these services?

**Question 6:** Do you agree with our proposal to revoke the itemised billing requirement from the universal service conditions?

**Question 7:** Do you agree with our proposed reporting requirements on BT and KCOM?

**Question 8:** Do you agree with our proposed changes to tidy-up the wording and definitions used in the universal service conditions?

## A5. Notification of proposed modifications to the universal service conditions

### Proposed modifications under sections 45 to 48 and 48A of the Communications Act 2003 (the “Act”) of Universal Service Conditions contained in Ofcom’s notification under section 48 of the Act of 21 July 2003

#### Background

1. On 17 July 2003, the Secretary of State made secondary legislation<sup>156</sup> setting out the extent to which electronic communications networks must be made available or supplied throughout the UK.
2. To secure the provision of the universal service specified in the Order, Oftel (Ofcom’s predecessor), designated BT and KCOM as the universal service providers.<sup>157</sup> In addition it exercised its powers to set universal service conditions<sup>158</sup> and a direction affecting the operation of those conditions.<sup>159</sup>
3. The operation of the telephony universal service obligation (“USO”) as implemented through the universal service conditions was reviewed in 2005.<sup>160</sup> Ofcom has subsequently made further modifications to the universal service conditions.<sup>161</sup>
4. In September 2017, Ofcom concluded a comprehensive review of the General Conditions and a set of revised General Conditions came into force on 1 October 2018. The General Conditions have been amended from time to time.<sup>162</sup>
5. In the attached Consultation document, Ofcom is reviewing the operation of the telephony universal service and the associated universal service conditions to ensure that they effectively meet the needs of end-users as required by the Order. In particular, the Consultation considers changes in user needs and technology, such as the decline in the use

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<sup>156</sup> The Electronic Communications (Universal Service) Order 2003 (the “Order”), which came into force on 25 July 2003.

<sup>157</sup> The Universal Service Notification, 21 July 2003, took effect on 25 July 2003.

<sup>158</sup> As above. The power to set Conditions derives from sections 45 and 67 of the Act. Pursuant to Section 45(10)(a) and (b) of the Act, Ofcom’s power to set a universal service condition includes the power to impose (among other things): (i) a requirement to comply with such directions with respect to the matters to which the condition relates; and (ii) an obligation with respect to those matters that is framed by reference to, or is conditional upon, the giving of a consent or of an approval. The substantive and procedural requirements which Ofcom must comply with when giving directions, approvals and consent are set out in sections 49, 49A, 49B and 49C of the Act, including the legal tests set out in section 49(2).

<sup>159</sup> S.49 of the Act.

<sup>160</sup> Ofcom published its first consultation document on 10 January 2005; a statement and further consultation on 30 June 2005; and its final statement, “Review of the Universal Service Obligation”, on 14 March 2006.

<sup>161</sup> Amendments were made to the Universal Service Conditions in 2003, 2011 and 2012.

<sup>162</sup> The General Conditions and changes to them can be accessed [here](#).

of public call boxes (“PCBs”) due to mobile phone take-up and the migration of the UK’s telephone network to Internet Protocol (IP).<sup>163</sup>

## Proposals to modify certain telephony universal service conditions

6. Ofcom is giving notice of its proposals in accordance with section 48A of the Act. Ofcom is proposing a number of changes to the current process for PCB removals. Other proposed changes intend to modernise and streamline the telephony USO, and to revoke the conditions relating to Itemised Billing; Directories; and Quality of Service Reporting. An explanation of the proposed changes and the justifications for them are set out in the attached Consultation document.
7. The proposed modifications are made under powers set out in sections 45(10), 48(1), and 67(1) of the Act. If adopted, these proposed modifications would either replace or revoke certain of the existing telephony universal service conditions. It is proposed that the modifications take effect from the date of any notification under section 48(1) of the Act adopting the proposals set out in this notification. The proposed new form of the Conditions is set out in the Schedules to this notification.

## Making representations

8. Representations may be made to Ofcom about any of the proposals set out in this notification and the accompanying consultation document by no later than 11 January 2022.

## Ofcom’s duties and legal tests

9. Ofcom considers that the proposed modifications set out in this notification meet the tests contained in sections 47(2) of the Act in that they are objectively justifiable, not unduly discriminatory, proportionate, and transparent.
10. In making the proposals referred to in this notification, Ofcom has considered and acted in accordance with its general duties set out in section 3 of the Act and the six requirements in section 4 of the Act.
11. In proposing the modifications referred to in this notification, Ofcom has also had regard to the Statement of Strategic Priorities for telecommunications, the management of radio spectrum, and postal services designated by the Secretary of State for Digital, Culture, Media and Sport for the purposes of section 2A of the Act.
12. A copy of this notification has been sent to the Secretary of State under section 48C(1) of the Act.

## Interpretation

13. For the purpose of interpreting this notification:

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<sup>163</sup> The old telephone network will be switched off by December 2025, so public call boxes will need to be upgraded and new equipment installed to ensure they still work after the migration to IP.



- a. except in so far as the context otherwise requires, words or expressions have the meaning assigned to them in paragraph 14 below, and otherwise any word or expression has the same meaning as it has in the Act;
  - b. headings and titles shall be disregarded;
  - c. expressions cognate with those referred to in this notification shall be construed accordingly; and
  - d. the Interpretation Act 1978 shall apply as if this notification were an Act of Parliament.
14. In this notification:
- a. **“Act”** means the Communications Act 2003 (2003 c. 21);
  - b. **“BT”** means British Telecommunications plc, whose registered company number is 1800000, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined by section 1159 of the Companies Act 2006;
  - c. **“KCOM”** means KCOM Group plc, whose registered company number is 02150618, defined as “Kingston” in the 2003 Notification, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined in section 1159 of the Companies Act 2006; and
  - d. **“Ofcom”** means the Office of Communications as established pursuant to section 1(1) of the Office of Communications Act 2002 (2002 c. 11).
15. Schedules 1 & 2 shall form part of this notification.

Signed



**Selina Chadha**  
**Director of Connectivity**

**A person duly authorised in accordance with paragraph 18 of the Schedule to the Office of Communications Act 2002**

**9 November 2021**

## **Schedule 1: UNIVERSAL SERVICE CONDITIONS FOR BT**

### **Definitions**

**“Act”** means the Communications Act 2003 (c. 21);

**“BT”** means British Telecommunications plc, whose registered company number is 1800000, and any British Telecommunications plc subsidiary or holding company, or any subsidiary of that holding company, all as defined in section 1159 of the Companies Act 2006;

**“Communications Provider”** means a person who provides an Electronic Communications Network or provides an Electronic Communications Service;

**“Condition”** means a universal service condition imposed by Ofcom under sections 45 to 48, 48A, 48C, 67 and 68(3) and (4) of the Act;

**“Customers”** in relation to a Communications Provider, means the following (including any of them whose use or potential use of the Electronic Communications Network or Electronic Communications Service is for the purposes of, or in connection with, a business):

- (a) the persons to whom the network or service is provided in the course of any business carried on as such by the Communications Provider;
- (b) the persons to whom the Communications Provider is seeking to secure that the network or service is so provided;
- (c) the persons who wish to be so provided with the network or service, or who are likely to seek to become persons to whom the network or service is provided;

**“Decision”** means a decision which BT takes about the removal or re-siting of a Protected PCB, following the expiry of the relevant Representation Period, made pursuant to Universal Service Conditions 3.8-3.10.

**“Hull Area”** means the area defined as the 'Licensed Area' in the licence granted on 30 November 1987 by the Secretary of State under section 7 of the Telecommunications Act 1984 to Kingston upon Hull City Council and KCOM Group plc;

**“KCOM”** means KCOM Group plc, whose registered company number is 02150618, defined as “Kingston” in the 2003 Notification, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined in section 1159 of the Companies Act 2006;

**“Local Authority”** means:

- (a) In relation to England, a local district council (in two-tier local authority areas), a county council in England for an area for which there is no district council, a London borough council, the Corporation of London, or the Council of the Isles of Scilly;
- (b) In relation to Northern Ireland, a Unitary District;
- (c) In relation to Scotland, a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994 (c. 39);

(d) In relation to Wales, a county or county borough council;  
or any successor bodies or organisations from time to time.

**“Ofcom”** means the Office of Communications as established under section 1 of the Office of Communications Act 2002;

**“Proposal”** means a proposal by BT to remove or re-site a Protected PCB, made pursuant to Conditions 3.5-3.6.

**“Protected PCB”** means a Public Call Box whose removal or re-location would result in the removal of all Public Call Boxes from the relevant Site;

**“Public Call Box”** means a telephone which is permanently installed on public land, to which the public has access at all times, and either:

- (a) offers a service for originating and receiving, directly or indirectly, calls to Specified Numbers; or
- (b) offers a service only for originating, directly or indirectly, calls to Specified Numbers, and which is provided free of charge.

**“Relevant Public Body”** means the Local Authority (as defined above) responsible for the area where the Protected PCB is located;

**“Representation Period”** means the period within which BT is required to accept representations from a Relevant Public Body about a Proposal, pursuant to Condition 3.7;

**“Removal Criteria”** means the criteria at Condition 3.3 which must be met before a Protected PCB can be removed from, or relocated outside, the relevant Site.

**“Review”** means BT’s internal process for reviewing a Decision which has been challenged by a Relevant Public Body, pursuant to Condition 3.11;

**“Site”**, in relation to a Public Call Box, means the area within a walking distance of 400 metres from that Public Call Box;

**“Site Notice”**, means a notice displayed by BT on a Protected PCB informing the public of a Proposal, pursuant to Condition 3.5;

**“Specified Numbers”** means Geographic Numbers, Non-Geographic Numbers starting with 03, Mobile Numbers and all numbers that are ‘Free-to-caller’, as defined in the National Telephone Numbering Plan and 3-digit numbers allocated by Ofcom, such as 101, 105 and 111;

**“Telephony Services”** means either or both a connection at a fixed location to Public Communications Network and access to Publicly Available Telephone Services;

**“United Kingdom”** or **“UK”** has the meaning given to it in the Interpretation Act 1978 (c.30);

**“Written Notice”** means a notice provided in writing regarding a Proposal, pursuant to Condition 3.6.

**Condition 1: Provision of Telephony Services on request**

- 1.1 Unless Ofcom consents otherwise, BT shall provide the Telephony Services on the basis of uniform prices throughout the UK except for the Hull Area.

**Condition 2: Schemes for consumers with special social needs**

- 2.2 BT shall make available from 25 July 2003 and thereafter continue to make available to Consumers in the UK except for the Hull Area who request Telephony Services, one or more schemes the effect of which would be to assist Consumers who have difficulty affording telephone services including, in particular, Consumers on low incomes or with special social needs (a 'scheme'). Each such scheme shall comply with any direction made by Ofcom under Condition 2.2.
- 2.2 For the purposes of this Condition, Ofcom may from time to time make a direction specifying, amongst other things:
- (a) the requirements to be met by a scheme;
  - (b) the criteria to be applied by BT in deciding which of its Consumers are entitled to the benefits of a scheme; and/or
  - (c) the date of the introduction of a scheme.
- 2.3 Unless Ofcom consents otherwise, where BT proposes to introduce a new scheme (which, for the avoidance of doubt, excludes a scheme made available from 25 July 2003), or proposes to amend an existing scheme to a significant extent, BT shall not bring that new scheme or amendment into effect unless it has provided written notice to Ofcom of its proposals at least three months in advance.
- 2.4 BT shall prepare and publish information describing each scheme for the benefit of Consumers within two weeks of the introduction of any such new scheme or any such amendment to an existing scheme. Publication of such information shall be effected by:
- (a) sending a copy of such information to any person who may reasonably request such a copy; and
  - (b) placing a copy of such information on any relevant website operated or controlled by BT.
- 2.5 Unless Ofcom consents otherwise, BT shall ensure that Telephony Services provided in accordance with any scheme under this Condition are provided on the basis of uniform prices throughout the UK except for the Hull Area.

**Condition 3: Public Call Boxes**

**Provision of Public Call Boxes**

- 3.1 BT must ensure the adequate provision, repair and maintenance of Public Call Boxes throughout the UK (excluding the Hull Area) in order to meet the reasonable needs of End-Users in terms of geographical coverage, the number of Public Call Boxes, and the quality of public electronic communications services.

**Removal or relocation of Public Call Boxes including Protected PCBs**

- 3.2 Subject to Conditions 3.3 and 3.4, BT may remove or relocate a Public Call Box.
- 3.3 BT may only remove or relocate a Protected PCB, where:
- (a) all UK-wide mobile network operators have coverage at the Site;
  - (b) the Site is not an accident or suicide hotspot;
  - (c) fewer than 52 calls were made from the Protected PCB in the twelve months prior to the start of the relevant Representation Period; and
  - (d) there are no exceptional circumstances which weigh in favour of not removing or relocating the Protected PCB.
- 3.4 BT may only remove or relocate a Protected PCB in accordance with Conditions 3.5 to 3.14 (inclusive).

**Notification and Publication Requirements**

- 3.5 Where BT proposes to remove or relocate a Protected PCB, BT must:
- (a) display a Site Notice in a prominent place on the Protected PCB setting out:
    - i) the Proposal, including the proposed new location, if applicable;
    - ii) contact details of the Relevant Public Body;
    - iii) the Representation Period;
    - iv) the location of the nearest alternative Public Call Box; and
  - (b) publish all of the information referred to in this Condition in an easily accessible place.
- 3.6 Where BT proposes to remove or relocate a Protected PCB, BT must give Written Notice to the Relevant Public Body setting out:
- (a) the Proposal, including details of the location of the Protected PCB and any proposed new location, if applicable;
  - (b) all relevant evidence and other information in relation to the Removal Criteria;
  - (c) the date on which the Site Notice was first displayed on the Protected PCB;
  - (d) the Representation Period;
  - (e) an explanation that BT is required:
    - i) to take due account of submissions and evidence relating to the Removal Criteria made by the Relevant Public Body in making its Decision; and
    - ii) to provide written reasons for its Decision;

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- (f) details of the process applicable to a Review of the Decision, including the deadlines implemented by BT as part of that process, in compliance with these Conditions; and
- (g) a copy of the Site Notice.

3.7 BT must set a Representation Period which must end no less than 60 days after the day on which the Site Notice was first displayed or the Written Notification was sent, whichever was later.

### Decision making process

3.8 BT must not make a Decision before the expiry of the relevant Representation Period.

3.9 In making a Decision, BT must:

- (a) take due account of any submissions and evidence relating to the Removal Criteria made by the Relevant Public Body; and
- (b) only decide to remove or relocate the Protected PCB where BT reaches a reasonable conclusion that all of the Removal Criteria are satisfied.

3.10 BT must:

- (a) notify the Relevant Public Body of the Decision in writing, setting out BT's full consideration of the relevant submissions and evidence, including in circumstances where no representations were made by the Relevant Public Body; and
- (b) publish the Decision and written reasons together within 7 days of the Decision being made.

3.11 BT must facilitate a system for requesting the Review of a Decision. BT must:

- (a) allow the Relevant Public Body 21 days from the publication of the Decision and written reasons within which to request a Review; and
- (b) when deciding whether to proceed with a Review, consider whether there is reasonable justification to revisit the Decision.

3.12 BT must only consider a request for a Review where representations have been made by the Relevant Public Body during the Representation Period, unless the Relevant Public Body has shown that it was unable to make such representations.

3.13 Where BT decides to proceed with a Review, it must ensure that:

- (a) it allows a reasonable period of time for the Relevant Public Body to put forward submissions and evidence;
- (b) a senior level employee, who was unconnected with the Decision, is the decision maker on the Review;
- (c) take due account of any submissions and evidence relating to the Removal Criteria made by the Relevant Public Body; and
- (d) it publishes the decision following the Review.

### **Implementation of decisions**

- 3.14 BT must ensure that the removal or relocation of a Protected PCB does not take place until either the deadline for the Relevant Public Body to request a Review has expired or until publication of a decision following a Review, whichever is later.
- 3.15 Ofcom may direct BT not to remove, or to reinstate, a Protected PCB if it has reasonable grounds to believe that BT may have failed to meet its obligations under these Conditions.

### **Provision of new Public Call Boxes**

- 3.16 Where BT has received a request for the provision of a new Public Call Box, it must assess whether a new Public Call Box is needed in order to meet the reasonable needs of End-Users before deciding whether to grant the request. In making such an assessment, BT must act reasonably, taking particular account of evidence concerning whether the requested new Public Call Box would be located in an area that:
- (a) does not have coverage from all UK-wide mobile network operators; and/or
  - (b) is an accident or suicide hotspot.

### **Resilience requirements**

- 3.17 BT must take all necessary measures to ensure:
- (a) the fullest possible availability of its PCBs in the event of catastrophic network breakdown or in cases of force majeure; and
  - (b) uninterrupted access to calls to Specified Numbers as part of the provision of the PCBs.

### **Pricing of services offered from Public Call Boxes**

- 3.18 Where BT applies charges from PCBs, those charges must be on the basis of uniform prices unless Ofcom consents otherwise.

### **Removal of cash payment facility**

- 3.19 Where a PCB has a cash payment facility, BT may only remove that facility where either:
- (a) the PCB offers free calls; or
  - (b) BT has reasonably assessed there is no ongoing user need to pay by cash at that PCB.

### **Condition 4: Tariffs for Universal Services**

- 4.1 BT shall ensure that the terms and conditions upon which a service or a facility is provided in accordance with these Conditions to a Customer or End-user do not require that Customer or End-user to pay for an additional service which is not necessary for the purpose of providing the Customer or the End-user with that service or facility.
- 4.2 For the purposes of Condition 4.1, references, in relation to a Customer or End-user, to an unnecessary additional service are references to anything the provision of which:

- (a) that Customer or End-user has to accept as a result of being provided, on request, with a service or facility in accordance with these Conditions ('the requested service'); and
  - (b) is not necessary for the purpose of providing that Customer or End-user with the requested service.
- 4.3 For the purposes of Conditions 4.1 and 4.2, references to providing a Customer or End-user with anything include references to making it available or supplying it to that Customer or End-user.

#### **Condition 5: Quality of Service and Reporting**

- 5.1 For each Relevant Period, which will be the twelve months from 1 April to 31 March, BT must provide to Ofcom and publish the following information:
- (a) the total number of PCBs provided to meet their obligations under these Conditions in each Relevant Period;
  - (b) the proportion of PCBs in working order in each Relevant Period;
  - (c) the total number of PCBs reported as faulty or damaged; the average time taken to repair faulty or damaged PCBs; and the number of PCBs repaired in each Relevant Period;
  - (d) the total number of Protected PCBs which have been removed or relocated in each Relevant Period. This should confirm the number which were removed or relocated after being:
    - (i) subject to a request for a Review which was declined; and
    - (ii) subject to a Review which upheld the Decision.
  - (e) the total number of protected PCBs which have not been removed or relocated in each Relevant Period but which were:
    - (i) subject to successful representations made during the Representation Period;
    - (ii) subject to a Review which overturned the Decision.
- 5.2 BT must provide to Ofcom, and publish the information set out in Condition 5.1(a) to 5.1(e) no later than three months after the expiry of the Relevant Period.
- 5.3 BT must maintain all records relevant to the information set out in Condition 5.1(a) to 5.1(e) for at least six years.

#### **Condition 6: Disposals**

- 6.1 Subject to Condition 6.2, where BT proposes to make a disposal to another person of a substantial part of all of its local access network assets, it shall inform Ofcom of the proposed disposal no less than one month in advance of such disposal.
- 6.2 Condition 6.1 does not apply where the proposed disposal is to a connected company (within the meaning given by section 1122(2) of the Corporation Tax Act (2010)).



**Condition 7: General provisions applicable to Conditions 1 to 6 (inclusive)**

- 7.1 For the purpose of these Conditions, publication must be effected by:
- (a) placing a copy of the relevant information in a prominent place on a publicly available website operated or controlled by BT; and
  - (b) sending a copy of the relevant information to any person at that person's written request.
- 7.2 Ofcom may from time to time give, under these Conditions, a direction, approval or consent requiring BT to comply with additional requirements under these Conditions.
- 7.3 In particular, for the purposes of these Conditions, Ofcom may from time to time make a direction specifying:
- (a) quality of service standards to be used to measure BT's performance in complying with these Conditions; and
  - (b) additional requirements with respect to the form and content of the information to be provided to Ofcom and published.

## Schedule 2: UNIVERSAL SERVICE CONDITIONS FOR KCOM

### Definitions

**“Act”** means the Communications Act 2003 (c. 21);

**“Communications Provider”** means a person who provides an Electronic Communications Network or provides an Electronic Communications Service;

**“Condition”** means a universal service condition imposed by Ofcom under sections 45 to 48, 48A, 48C, 67 and 68(3) and (4) of the Act;

**“Customers”** in relation to a Communications Provider, means the following (including any of them whose use or potential use of the Electronic Communications Network or Electronic Communications Service is for the purposes of, or in connection with, a business):

- (a) the persons to whom the network or service is provided in the course of any business carried on as such by the Communications Provider;
- (b) the persons to whom the Communications Provider is seeking to secure that the network or service is so provided;
- (c) the persons who wish to be so provided with the network or service, or who are likely to seek to become persons to whom the network or service is provided;

**“Decision”** means a decision which KCOM takes about the removal or re-siting of a Protected PCB, following the expiry of the relevant Representation Period, made pursuant to Universal Service Conditions 3.8-3.10.

**“Hull Area”** means the area defined as the 'Licensed Area' in the licence granted on 30 November 1987 by the Secretary of State under section 7 of the Telecommunications Act 1984 to Kingston upon Hull City Council and KCOM Group plc;

**“KCOM”** means KCOM Group plc, whose registered company number is 02150618, defined as “Kingston” in the 2003 Notification, and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, all as defined in section 1159 of the Companies Act 2006;

**“Local Authority”** means a local district council (in two-tier local authority areas), a county council for an area for which there is no district council; or any successor bodies or organisations from time to time.

**“Ofcom”** means the Office of Communications as established under section 1 of the Office of Communications Act 2002;

**“Proposal”** means a proposal by KCOM to remove or re-site a Protected PCB, made pursuant to Condition 3.5-3.6.

**“Protected PCB”** means a Public Call Box whose removal or re-location would result in the removal of all Public Call Boxes from the relevant Site;

**“Public Call Box”** means a telephone which is permanently installed on public land, to which the public has access at all times, and either:

- (a) offers a service for originating and receiving, directly or indirectly, calls to Specified Numbers; or
- (b) offers a service only for originating, directly or indirectly, calls to Specified Numbers, and which is provided free of charge.

**“Relevant Public Body”** means the Local Authority (as defined above) responsible for the area where the Protected PCB is located;

**“Representation Period”** means the period within which KCOM is required to accept representations from a Relevant Public Body about a Proposal, pursuant to Condition 3.7;

**“Removal Criteria”** means the criteria at Condition 3.3 which must be met before a Protected PCB can be removed from, or relocated outside, the relevant Site.

**“Review”** means KCOM’s internal process for reviewing a Decision which has been challenged by a Relevant Public Body, pursuant to Condition 3.11;

**“Site”**, in relation to a Public Call Box, means the area within a walking distance of 400 metres from that Public Call Box;

**“Site Notice”**, means a notice displayed by KCOM on a Protected PCB informing the public of a Proposal, pursuant to Condition 3.5;

**“Specified Numbers”** means Geographic Numbers, Non-Geographic Numbers starting with 03, Mobile Numbers and all numbers that are ‘Free-to-caller’, as defined in the National Telephone Numbering Plan and 3-digit numbers allocated by Ofcom, such as 101, 105 and 111;

**“Telephony Services”** means either or both a connection at a fixed location to Public Communications Network and access to Publicly Available Telephone Services;

**“United Kingdom”** or **“UK”** has the meaning given to it in the Interpretation Act 1978 (c.30);

**“Written Notice”** means a notice provided in writing regarding a Proposal, pursuant to Condition 3.6.

### **Condition 1: Provision of Telephony Services on request**

- 1.1 Unless Ofcom consents otherwise, KCOM shall provide the Telephony Services on the basis of uniform prices throughout the Hull Area.

### **Condition 2: Schemes for consumers with special social needs**

- 2.2 KCOM shall make available from 25 July 2003 and thereafter continue to make available to Consumers in the Hull Area who request Telephony Services, one or more schemes the effect of which would be to assist Consumers who have difficulty affording telephone services including, in particular, Consumers on low incomes or with special social needs (a ‘scheme’). Each such scheme shall comply with any direction made by Ofcom under Condition 2.2.

- 2.2 For the purposes of this Condition, Ofcom may from time to time make a direction specifying, amongst other things:
- (a) the requirements to be met by a scheme;
  - (b) the criteria to be applied by KCOM in deciding which of its Consumers are entitled to the benefits of a scheme; and/or
  - (c) the date of the introduction of a scheme.
- 2.3 Unless Ofcom consents otherwise, where KCOM proposes to introduce a new scheme (which, for the avoidance of doubt, excludes a scheme made available from 25 July 2003), or proposes to amend an existing scheme to a significant extent, KCOM shall not bring that new scheme or amendment into effect unless it has provided written notice to Ofcom of its proposals at least three months in advance.
- 2.4 KCOM shall prepare and publish information describing each scheme for the benefit of Consumers within two weeks of the introduction of any such new scheme or any such amendment to an existing scheme. Publication of such information shall be effected by:
- (a) sending a copy of such information to any person who may reasonably request such a copy; and
  - (b) placing a copy of such information on any relevant website operated or controlled by KCOM.
- 2.5 Unless Ofcom consents otherwise, KCOM shall ensure that Telephony Services provided in accordance with any scheme under this Condition are provided on the basis of uniform prices throughout the Hull Area.

### **Condition 3: Public Call Boxes**

#### **Provision of Public Call Boxes**

- 3.1 KCOM must ensure the adequate provision, repair and maintenance of Public Call Boxes throughout the Hull Area in order to meet the reasonable needs of End-Users in terms of geographical coverage, the number of Public Call Boxes, and the quality of public electronic communications services.

#### **Removal or relocation of Public Call Boxes including Protected PCBs**

- 3.2 Subject to Conditions 3.3 and 3.4, KCOM may remove or relocate a Public Call Box.
- 3.3 KCOM may only remove or relocate a Protected PCB, where:
- (a) all UK-wide mobile network operators have coverage at the Site;
  - (b) the Site is not an accident or suicide hotspot;
  - (c) fewer than 52 calls were made from the Protected PCB in the twelve months prior to the start of the relevant Representation Period; and
  - (d) there are no exceptional circumstances which weigh in favour of not removing or relocating the Protected PCB.

- 3.4 KCOM may only remove or relocate a Protected PCB in accordance with Conditions 3.5 to 3.14 (inclusive).

**Notification and Publication Requirements**

- 3.5 Where KCOM proposes to remove or relocate a Protected PCB, KCOM must:
- (a) display a Site Notice in a prominent place on the Protected PCB setting out:
    - i) the Proposal, including the proposed new location, if applicable;
    - ii) contact details of the Relevant Public Body;
    - iii) the Representation Period;
    - iv) the location of the nearest alternative Public Call Box; and
  - (b) publish all of the information referred to in this Condition in an easily accessible place.
- 3.6 Where KCOM proposes to remove or relocate a Protected PCB, KCOM must give Written Notice to the Relevant Public Body setting out:
- (a) the Proposal, including details of the location of the Protected PCB and any proposed new location, if applicable;
  - (b) all relevant evidence and other information in relation to the Removal Criteria;
  - (c) the date on which the Site Notice was first displayed on the Protected PCB;
  - (d) the Representation Period;
  - (e) an explanation that KCOM is required:
    - i) to take due account of submissions and evidence relating to the Removal Criteria made by the Relevant Public Body in making its Decision; and
    - ii) to provide written reasons for its Decision;
  - (f) details of the process applicable to a Review of the Decision, including the deadlines implemented by KCOM as part of that process, in compliance with these Conditions; and
  - (g) a copy of the Site Notice.
- 3.7 KCOM must set a Representation Period which must end no less than 60 days after the day on which the Site Notice was first displayed or the Written Notification was sent, whichever was later.

**Decision making process**

- 3.8 KCOM must not make a Decision before the expiry of the relevant Representation Period.
- 3.9 In making a Decision, KCOM must:
- (a) take due account of any submissions and evidence relating to the Removal Criteria made by the Relevant Public Body; and

- (b) only decide to remove or relocate the Protected PCB where KCOM reaches a reasonable conclusion that all of the Removal Criteria are satisfied.
- 3.10 KCOM must:
  - (a) notify the Relevant Public Body of the Decision in writing, setting out KCOM's full consideration of the relevant submissions and evidence, including in circumstances where no representations were made by the Relevant Public Body; and
  - (b) publish the Decision and written reasons together within 7 days of the Decision being made.
- 3.11 KCOM must facilitate a system for requesting the Review of a Decision. KCOM must:
  - (a) allow the Relevant Public Body 21 days from the publication of the Decision and written reasons within which to request a Review; and
  - (b) when deciding whether to proceed with a Review, consider whether there is reasonable justification to revisit the Decision.
- 3.12 KCOM must only consider a request for a Review where representations have been made by the Relevant Public Body during the Representation Period, unless the Relevant Public Body has shown that it was unable to make such representations.
- 3.13 Where KCOM decides to proceed with a Review, it must ensure that:
  - (a) it allows a reasonable period of time for the Relevant Public Body to put forward submissions and evidence;
  - (b) a senior level employee, who was unconnected with the Decision, is the decision maker on the Review;
  - (c) take due account of any submissions and evidence relating to the Removal Criteria made by the Relevant Public Body; and
  - (d) it publishes the decision following the Review.

#### **Implementation of decisions**

- 3.14 KCOM must ensure that the removal or relocation of a Protected PCB does not take place until either the deadline for the Relevant Public Body to request a Review has expired or until publication of a decision following a Review, whichever is later.
- 3.15 Ofcom may direct KCOM not to remove, or to reinstate, a Protected PCB if it has reasonable grounds to believe that KCOM may have failed to meet its obligations under these Conditions.

#### **Provision of new Public Call Boxes**

- 3.16 Where KCOM has received a request for the provision of a new Public Call Box, it must assess whether a new Public Call Box is needed in order to meet the reasonable needs of End-Users before deciding whether to grant the request. In making such an assessment, KCOM must act reasonably, taking particular account of evidence concerning whether the requested new Public Call Box would be located in an area that:

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- (a) does not have coverage from all UK-wide mobile network operators; and/or
- (b) is an accident or suicide hotspot.

### Resilience requirements

3.17 KCOM must take all necessary measures to ensure:

- (a) the fullest possible availability of its PCBs in the event of catastrophic network breakdown or in cases of force majeure; and
- (b) uninterrupted access to calls to Specified Numbers as part of the provision of the PCBs.

### Pricing of services offered from Public Call Boxes

3.18 Where KCOM applies charges from PCBs, those charges must be on the basis of uniform prices unless Ofcom consents otherwise.

### Removal of cash payment facility

3.19 Where a PCB has a cash payment facility, KCOM may only remove that facility where either:

- (a) the PCB offers free calls; or
- (b) KCOM has reasonably assessed there is no ongoing user need to pay by cash at that PCB.

## Condition 4: Tariffs for Universal Services

4.1 KCOM shall ensure that the terms and conditions upon which a service or a facility is provided in accordance with these Conditions to a Customer or End-user do not require that Customer or End-user to pay for an additional service which is not necessary for the purpose of providing the Customer or the End-user with that service or facility.

4.2 For the purposes of Condition 4.1, references, in relation to a Customer or End-user, to an unnecessary additional service are references to anything the provision of which:

- (a) that Customer or End-user has to accept as a result of being provided, on request, with a service or facility in accordance with these Conditions ('the requested service'); and
- (b) is not necessary for the purpose of providing that Customer or End-user with the requested service.

4.3 For the purposes of Conditions 4.1 and 4.2, references to providing a Customer or End-user with anything include references to making it available or supplying it to that Customer or End-user.

## Condition 5: Quality of Service and Reporting

5.1 For each Relevant Period, which will be the twelve months from 1 April to 31 March, KCOM must provide to Ofcom and publish the following information:

- (a) the total number of PCBs provided to meet their obligations under these Conditions in each Relevant Period;

- (b) the proportion of PCBs in working order in each Relevant Period;
  - (c) the total number of PCBs reported as faulty or damaged; the average time taken to repair faulty or damaged PCBs; and the number of PCBs repaired in each Relevant Period;
  - (d) the total number of Protected PCBs which have been removed or relocated in each Relevant Period. This should confirm the number which were removed or relocated after being:
    - (i) subject to a request for a Review which was declined; and
    - (ii) subject to a Review which upheld the Decision.
  - (e) the total number of protected PCBs which have not been removed or relocated in each Relevant Period but which were:
    - (i) subject to successful representations made during the Representation Period;
    - (ii) subject to a Review which overturned the Decision.
- 5.2 KCOM must provide to Ofcom, and publish the information set out in Condition 5.1(a) to 5.1(e) no later than three months after the expiry of the Relevant Period.
- 5.3 KCOM must maintain all records relevant to the information set out in Condition 5.1(a) to 5.1(e) for at least six years.

#### **Condition 6: Disposals**

- 6.1 Subject to Condition 6.2, where KCOM proposes to make a disposal to another person of a substantial part of all of its local access network assets, it shall inform Ofcom of the proposed disposal no less than one month in advance of such disposal.
- 6.2 Condition 6.1 does not apply where the proposed disposal is to a connected company (within the meaning given by section 1122(2) of the Corporation Tax Act (2010)).

#### **Condition 7: General provisions applicable to Conditions 1 to 6 (inclusive)**

- 7.1 For the purpose of these Conditions, publication must be effected by:
- (a) placing a copy of the relevant information in a prominent place on a publicly available website operated or controlled by KCOM; and
  - (b) sending a copy of the relevant information to any person at that person's written request.
- 7.2 Ofcom may from time to time give, under these Conditions, a direction, approval or consent requiring KCOM to comply with additional requirements under these Conditions.
- 7.3 In particular, for the purposes of these Conditions, Ofcom may from time to time make a direction specifying:



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- (a) quality of service standards to be used to measure KCOM's performance in complying with these Conditions; and
- (b) additional requirements with respect to the form and content of the information to be provided to Ofcom and published.

## A6. Proposed Public Call Box Guidance

### Introduction

- A6.1 BT (outside Hull) and KCOM (in the Hull area only) are the designated telephony Universal Service Providers in the UK. Under the Universal Service Conditions (“the Conditions”), they are required to ensure the adequate provision, repair and maintenance of Public Call Boxes (‘PCBs’). The Conditions also specify the approach they must take to: the removal or relocation of PCBs, including a set of Removal Criteria (Condition 3.2-3.3); ensuring the resilience of their PCBs, for example in the event of a power-cut (Condition 3.17); the removal of cash-payment facilities in their PCBs (Condition 3.18); and reporting on their compliance with these obligations (Conditions 5.1-5.3).
- A6.2 This guidance sets out our expectations on how BT and KCOM should approach compliance with these Conditions.
- A6.3 Words and expressions used in the Conditions shall have the same meaning when used in this guidance.

### Removal of a protected PCB

#### Criteria for assessing whether a protected PCB can be removed

- A6.4 Condition 3.3 says that BT and KCOM may only remove or relocate a Protected PCB where all of the following Removal Criteria are met:
- i) all UK-wide mobile network operators have coverage at the Site;
  - ii) the Site is not an accident or suicide hotspot;
  - iii) fewer than 52 calls were made from the Protected PCB in the twelve months prior to a Proposal; and
  - iv) there are no exceptional circumstances which weigh in favour of not removing or relocating the Protected PCB.

#### Measurement of mobile coverage at the Site

- A6.5 In measuring whether a protected PCB has coverage from all UK network providers, we expect BT and KCOM to test whether a one-minute voice call can be made without disruption. In assessing whether this test has been met, BT and KCOM should:
- i) undertake this test at a range of points within a 50-metre radius of the Protected PCB;
  - ii) ensure that the test is met on at least nine out of 10 such tests for each network operator;
  - iii) ensure that a typical, widely available mobile device is used to undertake the test.

A6.6 If constraints of the geographic landscape mean that undertaking such test within a 50 metre radius is not practical (e.g. if the PCB is located by the coast, or next to an inaccessible area), BT and KCOM should take reasonable steps to secure a measurement which is as close to this test as possible, and which is objectively justified in light of any geographic constraints.

### Other exceptional circumstances

A6.7 In assessing whether this criterion is met, BT and KCOM must give proper consideration to information provided by relevant public bodies about local factors relevant to the need to maintain a PCB.

A6.8 Circumstances that may be relevant under this criterion could include:

- i) any specific issues relevant to the geographic location of the PCB (e.g. if it is in a coastal location and this has an impact on the resilience of mobile coverage in the area);
- ii) the types of calls made from the PCB, for example if there is evidence of the PCB being used to make calls to identifiable helpline numbers (such as Childline). Evidence of the PCB being used to make calls to the emergency services may also be relevant under this criterion (to the extent it is not already captured under the accident/suicide hotspot criterion). BT and KCOM are not required to include hoax emergency calls in making this assessment (where such information is known either through its own call records or feedback from the emergency authorities).

## Resilience of PCBs

A6.9 Under Condition 3.17, BT and KCOM are required to take all necessary measures to ensure:

- i) the fullest possible availability of their Protected PCBs in the event of catastrophic network breakdown or in cases of force majeure; and
- ii) uninterrupted access to calls to Emergency Numbers as part of the provision of the Protected PCBs.

A6.10 In complying with this obligation, we expect BT and KCOM to assess and identify the Protected PCBs that are likely to be relied upon in the event of a power outage and which therefore require a solution to ensure uninterrupted access to emergency calls. We expect in particular that Protected PCBs located in areas without mobile coverage from any UK network should include such a solution. Other factors which we expect BT and KCOM should take into account in this assessment include:

- a) areas which have a history of frequent and/or long duration power outages;
- b) accident hotspots; and/or
- c) more rural and less built-up.

A6.11 This solution should ensure that calls to Emergency Numbers can be made from these PCBs for a minimum of three hours in the event of a power outage affecting the area.

- A6.12 BT and KCOM should also consider taking additional measures to ensure PCBs in areas with frequent long-duration power outages continue to allow uninterrupted access to calls to Emergency Numbers for more than three hours where necessary (e.g. sending engineers out with additional batteries to those sites in the event of a power-cut or enabling mobile generator power back-up).
- A6.13 BT and KCOM shall display a prominent notice on those PCBs which do not have a resilience solution installed which clearly indicates that the PCB will not function in the event of a power cut and, where relevant, give directions to any PCBs located nearby that do have a resilience solution.

### **Removing cash payment facilities**

- A6.14 Condition 3.19 requires BT and KCOM to assess whether there is an ongoing user need for making payments by cash before they remove the cash payment facilities from a PCB (unless the PCB offers free calls). In complying with this obligation, we would expect BT and KCOM to take account of the existing cash usage in a PCB over the last year. In particular if the majority of calls made from a PCB were paid for using cash, we would not expect the cash payment facility to be removed from that PCB.

### **Reporting on PCBs in working order**

- A6.15 Under Condition 5.1, BT and KCOM are required to report each year on the proportion of their PCBs in working order and the total number of PCBs reported as damaged or faulty. In complying with this obligation, we expect BT and KCOM to take account not only of issues related to whether calls can be made from a PCB, but also whether damage to the box makes it inaccessible or unusable.

## A7. Letter from DCMS on removal of fax from the USO

[Letter from DCMS](#) available on the Ofcom website.