

DWP – The case for 03 telephone numbers

Introduction

In this document I look at the Department for Work and Pensions' basis for using 0845 telephone numbers and set out the reasoning for why it should move to use 03-prefixed numbers instead. Whilst I make reference to the DWP throughout, the points made are equally relevant to other organisations using 0845 numbers.

I have been a member of the "Say no to 0870" campaign for over five years now. The introduction of the 03 range was a huge breakthrough for us as it meant that organisations can have non-geographic numbers without the former requisite of charging many customers more than they would pay for a normal geographic call.

All bodies that use 084x numbers receive subsidy from those ringing them up, choose whether they are paid revenue directly or not. Part of my work has been promoting awareness of this fact and the way in which it impinges on citizens who are not customers of BT, and particularly those calling from mobiles. The Contact Council has published a statement¹ which covers these points.

The DWP uses 0845 numbers because there are more people who pay less than there are those who pay more

A call charges is determined by the caller's telephone provider (referred to as an "originating communications provider" or OCP). The recipient, therefore, has no absolute control over what its customer pays.

The Department for Work and Pensions says that the reason it uses 0845 numbers is because a greater number of customers pay less to call than if it used 03 prefixed numbers. This is a rather blinkered view of the situation.

First and foremost, public bodies should not be imposing extra charges on some service users, so as to offer discounts to others. This is a process which should be confined to the private sector.

All users of 0845 numbers take benefit from subsidies; this is a feature that is by design. It is natural for OCPs to reflect these charges in higher retail call rates for customers who do call the said numbers.

The reason that some tariffs in the market vary from this is largely down to the effects of regulation imposed on BT when its customers call other providers' 0845 numbers. The *NTS Condition*², as it is known, was introduced to facilitate

1 Contact Council publication *Clarification Statement on Telephone Number Ranges*, May 2009: http://www.cabinetoffice.gov.uk/media/218872/numbering_clarification.pdf

2 For an explanation of the NTS Condition, see Ofcom consultation *NTS: A way forward*, paragraphs 2.10 to 2.12: http://www.ofcom.org.uk/consult/condocs/nts_forward/nts_way_forward.pdf

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the operation of “value-added” services. Pay as you go dial-up internet services on 0845 numbers are a good example, where ISPs take a cut of the call charges to fund their operation.

The NTS Condition restricts greatly the margin that BT can take on some calls, when it acts as an OCP. Whilst it does apply for calls to 0845 numbers, it does not for geographic ones. Consequently, BT’s 0845 retail charges are unusually low and are therefore atypical of the market in general.

Using the NTS Condition for its perverse call charge discount effect

The NTS Condition was imposed on BT due to its significant market power (SMP) in the call origination market. Where it applies, the majority of call revenues are passed on as a subsidy to recipients whose communications provider isn’t BT. Similarly, when a customer of another telephone company calls a 0845 number operated by BT, it collects a subsidy for its customer (the recipient of the call).

Organisations whose numbering strategies is to use only the type of numbers for which this regulation applies, on the basis that it is cheaper for their customers are thereby using it to the opposite effect to which it was intended. They are giving the advantage back to the SMP operator, something which the regulation sought to curtail. They are also benefiting from the aforementioned subsidy as well.

Bodies who promote their 0845 numbers as being cheaper to call than a geographic number are thereby promoting BT as the preferred telephone provider that their customers should subscribe to. Public sector bodies should not be showing commercial favouritism in this way.

The winners and losers

As a matter of principle I cannot condone the DWP notion of imposing premium charges on some people so as to offer discounts to others. However, it is worth pointing out that the alleged minority paying more, endure premiums that are much greater than any savings enjoyed by the rest.

Some of BT’s calling plans charge 3.4 pence per minute less for 0845 calls than for geographic destinations. Virgin Media customers pay the biggest landline premiums of up to 10 pence per minute extra to call 0845 numbers, whilst it costs mobile users up to 40 pence per minute extra to ring them.

Presumably the weighting for the group who pay more is greater than that of those who pay less in this contest. Those who pay the same should not be allowed to influence the result at all.

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All 0845 users benefit from a subsidy from callers, regardless of whether they are paid a “revenue share” directly

It may not have been the Department’s original intention to take subsidy from service users when it started to use 0845 numbers, but that is what it is doing. It should be happy to declare and have attention drawn to this fact. No denial of receipt of revenue share payments directly clears the Department of this plaint.

Crucially, the resultant effect is that call providers (OCPs) generally pass these charges back to their customers (the callers) in the form of higher call rates. BT does not do this because it is subject to the aforementioned NTS Condition regulation, which essentially keeps its 0845 retail call prices at an abnormally low level.

The DWP’s 0845 numbering plan rests on the NTS Condition

The effects of the NTS Condition are paramount to the Department’s telephone numbering strategy. Should it be removed, then it is reasonable to assume that the perverse retail discounts it thrives on will cease too.

If what happened as a result of the change to 0870 numbers last year is anything to go by, then it is likely that the Department will not be able to use the defence it uses now, where some calls cost less than a geographic ones.

As part of the 0870 changes, the NTS Condition was removed from those calls. A consequence was that users of 0870 numbers lost the subsidy paid to them by OCPs. As Ofcom could not force them to do so, most OCPs decided not to pass on these savings to their customers, and instead maintained the same call rates.

This means that the 0870 range is, to all intents and purposes, now dead. Those that remain on it subject their customers to premium call charges, even though they themselves derive no benefit from them. Any organisation that requires a number without any geographic significance but does not wish to have a higher call rate will get a 03 number, as the geographic charging regulation applies to all providers.

Ofcom said that it intended to review 0845 numbers this year as a “top priority”. However, this will likely be done next year as part of a wider review of NTS numbers, as set out in its Draft Annual Plan for 2010/11.

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