

**DWP "rip-off" telephone numbers to be debated in parliament - Wednesday 21 November**

At the end of House of Commons business on Wednesday 21 November 2012, **John Healey MP** will lead a debate on "Department for Work and Pensions 0845 phone lines".

Mr Healey is fully supported in his campaigning on this, and other telecoms issues, by the **fair telecoms campaign**.

We have long been calling for **DWP**, along with **HMRC**, to follow the course set out more than five years ago by migrating all of the 0845 numbers to the (then new) 03 range.

Migration to 0345

Calls to 03 numbers are charged at the same rate as calls to "geographic" (01/02) numbers. This applies to calls from all types of telephone and tariff. If calls to 01/02 numbers are inclusive or in a bundle, then calls to 03 numbers will be also.

The technical benefits available on all other non-geographic numbers are no different for 03. The difference is only in the financial arrangements, whereby 03 numbers are **neutral** - each party pays for their side of the arrangement.

To ease the process of gradual migration, **Ofcom** has provided for the 0345 equivalent of every 0845 number to be reserved for that purpose - i.e. only the second digit of the number changes.

This means that the costs and confusion associated with a number change may be minimised. An initial provision for both versions of every number to run in parallel could be covered by a simple general announcement advising of this facility. Once all relevant publications had been updated to reflect the new 0345 numbers, the 0845 numbers could be phased out.

Costs and benefits

The appalling costs incurred by many callers to 0845 numbers are detailed in an attached briefing. A further briefing covers the relatively modest benefits gained by **DWP**.

Related issue - 084 numbers in the NHS

John Healey has recently succeeded in achieving compliance with recent changes to the contracts of NHS GPs in his own constituency. He is to be congratulated, as most Primary Care Trusts have failed to achieve compliance with the requirement for all NHS GPs to cease using numbers that are more expensive to call than geographic numbers (**i.e. ALL 084 numbers**).

Migration to 03 is the option which those GPs committed to contracts that require use of non-geographic numbers should be taking.

The same applies to the NHS bodies which retain 084 numbers, contrary to Directions from the Department of Health. **NHS Gloucestershire** is however moving over to 03 on Monday 26 November.



**The cost of calling DWP on 0845, rather than 03, numbers**

The table which follows overleaf is a briefing with reference to the adjournment debate being led by John Healey MP on Wednesday 21 November. It shows the cost surcharge incurred by callers due to **DWP** using 0845, as opposed to 0345, numbers. The average call duration of 7 minutes and 27 seconds has been calculated from information obtained from DWP by Mr Healey.

The call charge for any 03 number is the same as that for any geographic (01/02) number. The rates shown are for weekday daytime calls.

The selected examples

The table reflects the fact that contract telephone services invariably include a calls package. Users of the call plans offered for calls made only at weekends and during the evening (after 7:00 pm), will incur a penalty charge for “out of plan” weekday daytime calls.

The fully inclusive landline “Anytime” plans are the most popular overall (this is confirmed by the major providers, **BT** and **Virgin Media**). The minority who do not select them would be unlikely to be making daytime calls from home anyway - that is probably why they selected the other plans.

All of the mobile providers have confirmed that the overwhelming majority of calls to normal geographic rate numbers are made under the terms of packages.

The table given here does not show any penalty rates. “[When are 084 calls more expensive](#)” is the full **fairtelecoms** briefing on this subject, from which the rates have been taken.

BT (the exception) and its share of calls

One perverse effect of the current regulation of **BT** is its ability to include 0845 calls in packages, without the cost of the package becoming excessive due to the premium that is paid to the called party. This unusual move is also facilitated by the fact that **BT** is itself the leading provider of 0845 numbers. Competition compels some other providers to incur the cost of following this move.

Ofcom statistics show that **BT** accounts for around 40% of landline calls, which represent roughly 50% of non-business calls made. It may be fair to assume that, with **Talk Talk** and other “BT followers”, the first group in the table accounts for around 25% of calls made.

DWP has claimed that the pattern of calling to its numbers is atypical of the general pattern, with far fewer calls from mobiles than would be expected. When one looks at the costs incurred, it is not difficult to suggest why this may be! I have no clear evidence, but it would be highly likely that people incur inconvenience and indignity by not being able to use their own phone to contact DWP, because of the costs.

The DWP financial benefit

The revenue share benefit which accrues to **DWP** (albeit indirectly) is shown per call for the example call duration selected. This may be compared with the surcharge to the caller to see how effective this is as a means of subsidy. This topic is covered in another briefing.





The cost of calling DWP on 0845, rather than 03, numbers

<u>Tariffs</u>		<u>Charge rates</u>		Call duration used:	
Landlines		<u>0345</u>	<u>0845</u>	mins:secs	07:27
Most Popular Landline Packages				Benefit to called party @ 1.7p per minute: per call = (£0.13)	
BT and its followers				<u>Call Costs</u> 0345 0845 surcharge	
BT		inclusive	inclusive		
Talk Talk		inclusive	inclusive		
O2 Home		inclusive	inclusive		
Phone Co-op		inclusive	inclusive		
Others			<u>Setup (p)</u> <u>ppm</u>		
Virgin Media		inclusive	11.24 10.22	- 93p	£0.93
Sky Talk		inclusive	13.10 6.13	- 63p	£0.63
Primus Saver		inclusive	12.90 6.00	- 61p	£0.61
The Landline Social Tariff (available only to those receiving some DWP benefits)					
BT Basic		inclusive	3.10 4.032	- 34p	£0.34
Public Payphone 1 min to 30 min		60p	40.00 20.00	60p 200p	£1.40
Mobiles		<u>0345</u>	<u>0845</u>	<u>0345</u>	<u>0845</u> <u>surcharge</u>
Pay Monthly Mobile packages			<u>ppm</u>		
Virgin Mobile		inclusive	41.00	- 306p	£3.06
3		inclusive	35.00	- 280p	£2.80
T-Mobile		inclusive	33.30	- 267p	£2.67
O2		inclusive	20.40	- 152p	£1.52
Vodafone		inclusive	14.00	- 112p	£1.12
Orange		inclusive	12.40	- 100p	£1.00
PAYG Mobile Tariffs		<u>ppm</u>	<u>ppm</u>		
O2		5.00	25.00	37p 186p	£1.49
T-Mobile		30.00	40.00	240p 320p	£0.80
3		26.00	35.00	208p 280p	£0.72
Virgin Mobile		26.00	31.00	194p 231p	£0.37
Orange		12.00	12.00	96p 96p	



**The benefit to DWP of using 0845, rather than 03, numbers**

The table which follows uses figures obtained by John Healey MP through a Freedom of Information request. These covered a 37-day period at the start of 2012/3 from which daily average call volumes have been derived.

The benefit table

The benefit figure of 1.7p per minute is derived from Ofcom's working assumption that a rate of between 1.5 and 2p per minute is the rate currently applicable (see [Non-geographic numbers - research among service providers](#)).

Totals are PER DAY	Number of calls	Average duration	Benefit @ 1.7p per minute
TOTAL	162,305	07:27	£20,545
Completed	132,388	08:04	£18,155
Waiting		04:14	£9,528
Talking		03:50	£8,627
Abandoned	29,917		
Waiting		04:42	£2,390
Total Waiting	-	-	£11,918

This suggests that the telephone costs incurred by DWP are offset by a subsidy of £20,545 per day, at the expense of callers.

£2,390 of this is obtained from calls that are not answered, as part of a total of £11,918 obtained whilst callers are waiting to speak to an agent.

The contribution towards the cost of handling calls

It is also worth considering the benefit per call of 07:27 @ 1.7ppm = 12.7p.

There are various methods of assessing the average cost of handling a call. I have seen figures as low as £2 per call, although the industry commonly states averages of around £10 per call.

At £2 per call, the benefit represents a subsidy of 6.3% towards the cost. This would fall to 1.3% at £10 per call.

The cost to the caller

The cost to the caller is handling in another briefing. This shows that in the worst case the benefit to DWP represents as little as 4% of the premium paid by the caller.

This mechanism is thereby seen as being totally flawed as a means of getting "customers" to pay for a service, if it were valid to think of callers to DWP in that way.

