

Note to Ofcom on USO



Consumer Panel observations on Universal Service Obligation Review

1. Consumer Panel members have asked me to write to you on their behalf to outline their observations on the review of the universal service obligation as discussed at the Panel meeting on 20 July. The observations build on those outlined in Bob Twitchin's paper for the 20 July Panel meeting.

Timetable

2. The Panel noted that the consultation document would now not be published until September partly to allow the project team to develop proposals with BT for an alternative social telephony product. The panel would be keen to learn of developments in this area and would welcome a chance to comment on both the proposals and the consultation document before publication by Ofcom.

Functional internet access

3. The Panel made no comment on aspects of the USO Review related to functional internet access but noted that the bench-mark for functional access is currently considered to be 28 kbits/second.

Access

4. The Panel noted that Ofcom currently has no information on suppressed demand nor the number of potential customers who declined to pay the price of installation (for installations above £3400). In the absence of such information the Panel is unable to conclude whether or not BT's current approach to access is leading to significant consumer detriment. The Panel suggests that this is an area where Ofcom must expand its information base in order to establish the true impact of the current £3400 installation cost ceiling, before any decision on maintaining or altering the ceiling is made.

Text Relay Service

5. The Panel notes from research conducted by City University and MORI that there are concerns being raised by users about a number of elements of the text relay service. Key to resolving these will be debate about the way in which the service is promoted, operated and managed. The Panel notes that one option for future Relay management is the formation of some form of 'management panel'. The Panel would welcome further discussions on the future management of the Text Relay service, in particular exploring thoughts on composition and size of any management panel.

6. The Panel also welcomes the opportunities for developing new services offered by advances in technology. It is concerned however that new developments do not exclude users of existing technology – compatibility and/or no cost updating must therefore be integrated into plans.
7. Finally in this area, the Panel recommends that the USO Review considers the wider questions of calling disabled people – in particular whether non-disabled callers experience significant problems in gaining telephone access to them and whether there are prohibitive cost implications for calling via the Text Relay service e.g. from payphones or mobiles. The information revealed by such enquiries may require in a reconsideration of the definition of universal service.

Payphones

8. The Panel regards satisfactory provision of public payphones as being a key element of the universal service obligation. This includes the question of whether or not payphones are accessible to all. The Panel recommends strongly that Ofcom considers questions of accessibility in its review of payphones and commits to determining whether there is a need for developing and implementing access standards.

Social telephony

9. The Panel noted that Ofcom is currently in discussion with BT over the development of new product(s) to meet the needs of low income consumers and would welcome further information on what emerges. It would be key that issues of affordability are adequately addressed by the USO review with focus in particular on the consistently high rate of disconnections¹ (relative to other utility markets) and the need to ensure that groups who are at risk from disconnection are adequately informed about the options open to them.
10. There was a perception that current schemes e.g. LUS, whilst popular with those who use them, may not adequately meet the needs of the disadvantaged groups at which they are aimed – in part because of low awareness.

Accessible, affordable terminal equipment

11. The Panel notes that EU regulation precludes terminal regulation but points to Ofcom's duty under S. 10 of the Communications Act 2003 to encourage availability of easily usable equipment. Whilst this may be outwith the scope of the USO review there are undoubtedly synergies between the two strands of work and the Panel would encourage these to be exploited where possible.

¹ Currently running at 1million disconnections of BT customers

Conclusion

12. All of the above points should be taken as being accompanied by a need for effective, targeted communication so that all consumers are aware of the range of options available to them. Without awareness, even the most well-designed schemes will fail to deliver the desired benefits and/or safeguards to affected groups.



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