



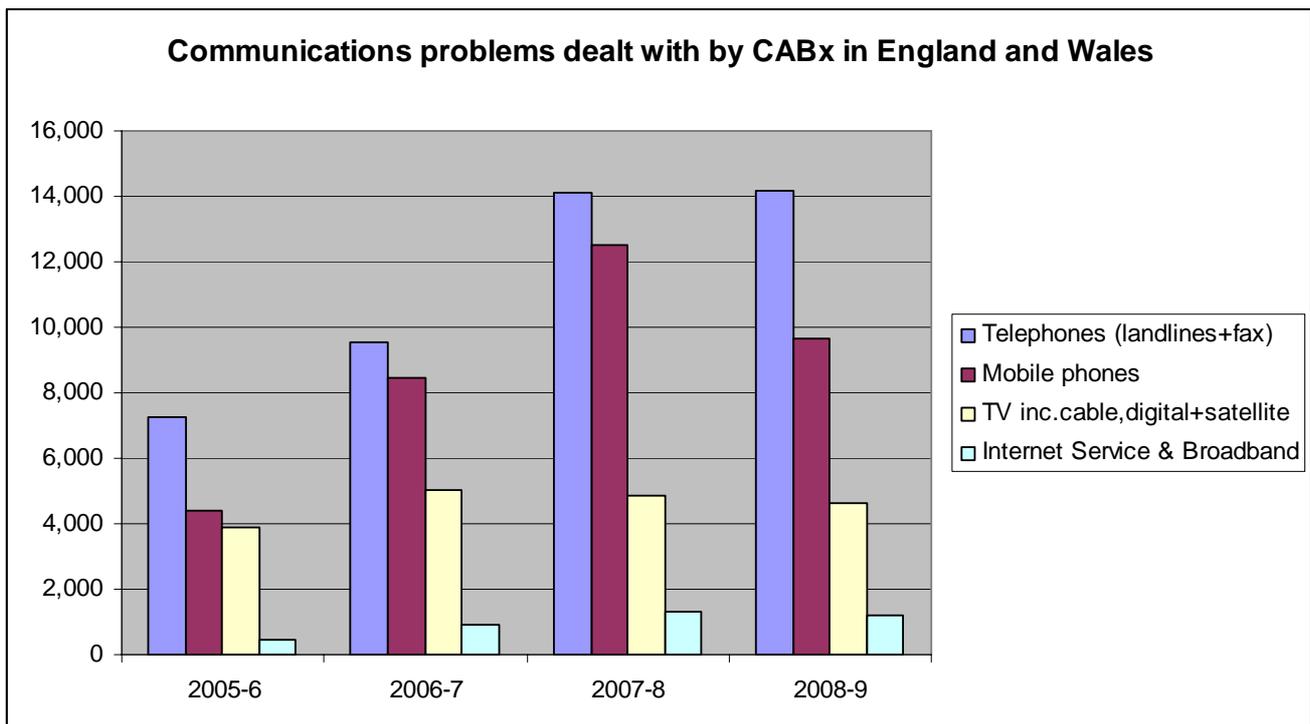
Citizens Advice's response to Ofcom's consultation on *'Access and Inclusion'*

June 2009

Introduction

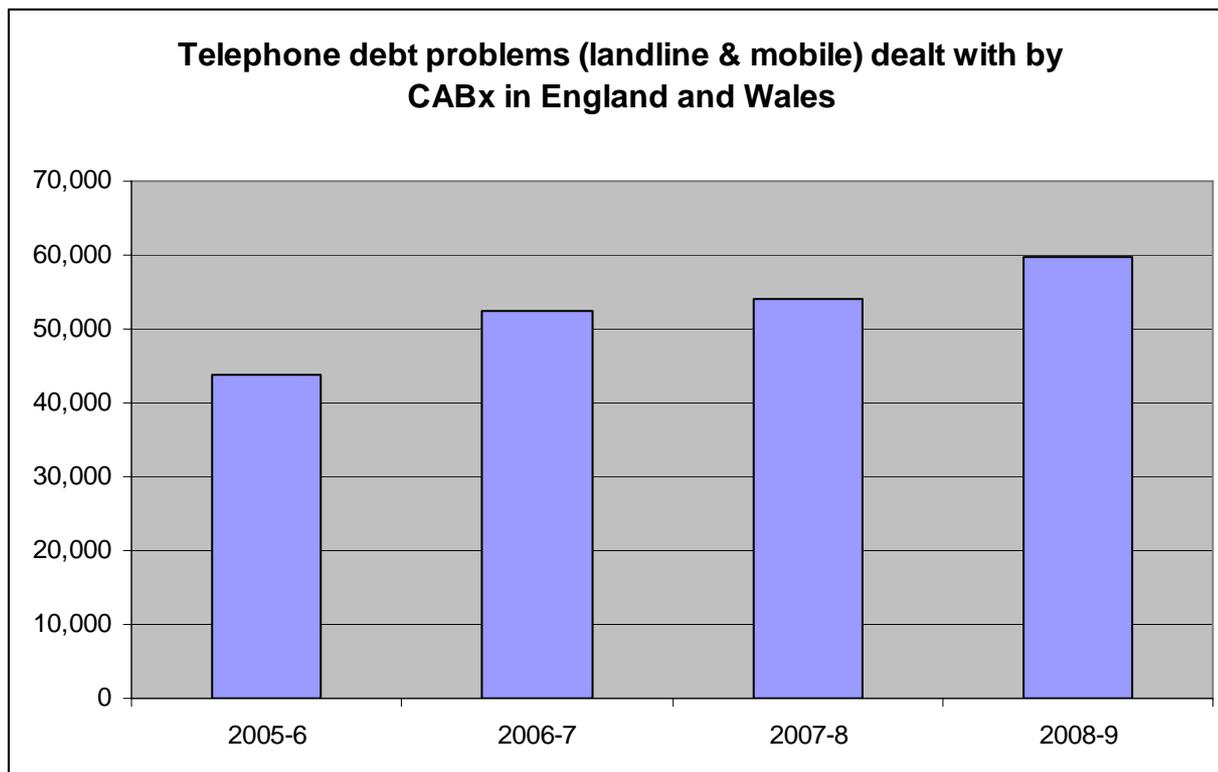
1. In 2008-9 the CAB service in England and Wales helped just under two million clients with about six million problems. Debt and welfare benefits were the two largest topics on which advice was given, with 663,000 clients advised about 1.7 million benefit problems or entitlements and 575,000 clients helped with approximately 1.9 million debt problems.
2. The CAB service also dealt with over 98,000 utilities and communications problems in 2008-9, which represented a 3 per cent increase on 2007-8. Breaking this down further, bureaux dealt with:
 - over 14,000 problems about fixed-line phones;
 - just under 10,000 problems about mobile phones;
 - more than 4,500 problems about cable or satellite TV; and
 - 1,200 problems about internet service providers or broadband.
3. A summary of the communications problems dealt with over the last four years by bureaux in England and Wales is provided in Table 1 below:

Table 1:



4. In addition, bureaux dealt with just under 60,000 problems relating to telecoms debts (which includes all landline and mobile debts) in 2008-9. The rising trend in the number of telecoms debt problems dealt with by bureaux over the previous four years is shown in Table 2 below.

Table 2



General comments

5. We welcome Ofcom's recognition that there are limits to what competition alone may deliver in communications markets. Since Ofcom's primary duty is to further the interests of citizens and consumers we agree that there is a strong need for it to step in and take action to address gaps in availability, take-up and effective use of communications. These gaps can currently disenfranchise certain disadvantaged groups and restrict their ability to actively participate in modern life.
6. We recognise the need for Ofcom to prioritise the action which it proposes to take on issues of access and inclusion. We are broadly supportive of proposals for the five immediate priorities for work outlined. Our comments in relation to each of these priority areas are provided below.

Broadband availability and take-up

7. It is right that Ofcom focuses immediate attention on the issue of broadband availability and take-up, and since the Digital Britain interim report proposed a universal service commitment in this area it would seem as though Ofcom has little choice but to pursue activity in this area.
8. Access to broadband is becoming increasingly necessary for individuals to participate in a whole range of social, civic and commercial activities and this trend looks set to continue over the coming years. Barriers to people taking up broadband therefore need to be removed. While a key part of this is about ensuring that there is adequate infrastructure in place to deliver broadband to all households, this is only part of the

problem that must be addressed. Additional barriers relate to issues of take-up, usage and accessibility.

9. As Ofcom note in respect of take-up, despite widespread availability of broadband at basic speeds take-up remains at just less than 60%, with significantly lower levels of take-up reported for certain disadvantaged groups. Moreover, take-up levels also appear to have reached a plateau. Clearly then, there is a need for Ofcom to take action on this front. Ofcom suggests that there are four broad categories of people who currently do not have internet access at home: the self-excluded; the financially excluded; those who are not interested in having internet access at home and even if they were could not afford it; and the geographically excluded.
10. We are pleased to learn that Ofcom is carrying out detailed research into these groups to better understand their reasoning for not choosing to have internet access. We consider that the four categories are likely to capture the main reasons for non-take up. However, we would like to make a number of points, largely in relation to those that may be deemed to fall into the category relating to the 'financially excluded':
 - The costs involved in accessing the internet at home should not be underestimated. Although prices for computer hardware have fallen substantially in recent years their cost will remain prohibitive to many people on low incomes. For example, someone over 25 in receipt of jobseekers allowance receives just £64.30 per week, making it unlikely that they will be able to purchase a computer by making a lump-sum payment. Equally, they may be unlikely to be offered mainstream credit to make payment more affordable.
 - Current contracts with internet service providers (ISPs) invariably demand payment by automatic payment mechanisms, principally direct debit. For people without access to bank accounts this represents a very significant hurdle. The most recent figures show that that up to 2.1m people, living in 1.4m households do not have access to a bank account of any kind.¹ In the interests of increasing broadband take-up there would therefore appear to be a strong case for Ofcom to mandate ISPs to accept a range of payment methods, in much the same way as Ofgem require fuel suppliers to do so.² This will need to be taken into consideration when considering the practical implications of delivering the Universal Service Commitment.
 - The length of contracts for broadband can also be off-putting for people on low incomes, particularly people whose income may fluctuate. Understandably, they may not wish to tie themselves into a contract. Related to this, the high costs incurred for breaking contracts is also likely to play a part in putting people off accessing the internet at home, and this may also deter those that previously had an internet connection from opting for one. It would appear that similar concerns over the length of contracts is likely to be one of the major factors in people on low incomes to opt for PAYG mobile phones, yet such flexible access does not appear to be available in the home broadband market.
 - There are a range of additional costs which are usually not factored into the costs of accessing the internet at home, for example the need to purchase security protection, which can exacerbate these financial pressures.

¹ *Third Annual Report on Progress Towards the Shared Goal for Banking*, Financial Inclusion Taskforce, December 2008

² Supply Licence Condition 27 - Payments, Security Deposits and Disconnections, Ofgem

11. Tackling issues of take-up is important but must also be accompanied by efforts to promote actual broadband usage and make sure that services and equipment are accessible for all. We deal with these two aspects in our comments on media literacy and making services accessible below.
12. Despite Ofcom and their partners' best efforts in boosting the take-up of broadband there will be some people who will make a legitimate choice not to opt for broadband at home. It is extremely important that Ofcom should not view such people as 'refusniks' or 'laggards' but should respect their decision and take steps to ensure that they are not unduly penalised by this decision. For example, such people should retain the ability to demand a printed bill for the telecoms services which they receive, rather than be told that such services can only be delivered via the internet.

999 mobile roaming

13. We support Ofcom's proposal to enable emergency calls to be made over any available mobile network when out of range of the home network. The current inability to do this clearly poses risks to public safety so we urge Ofcom to progress this work as speedily as possible.
14. It is important to point out that this work should be accompanied by efforts to remedy gaps in mobile coverage (so-called 'not-spots') since being able to make emergency calls over any network depends on there being access to at least one network. Bureaux report cases where coverage is currently unacceptably poor or non-existent and clients are left with the option of cancelling the contract (and in so doing incurring substantial cancellation charges) or continuing to pay for a contract which is of little use to them.

A CAB in Worcestershire reported that their client entered into a mobile phone contract in April. However she has found the reception to be totally unacceptable and so wants to cancel the contract. However if she does so she has been informed that she will still be faced with paying for the remaining contract fee for the entire year.

A CAB in Northumberland reported that their client, a woman with three children under seven years of age, came to the bureau because she experienced a problem with her mobile phone contract. She had taken out a contract over the phone and was informed that the network signal with her new service provider would be as good as she had with her present provider. However, when she received the phone she found the signal to be totally unreliable, meaning that there were many occasions when the client could not make or receive calls. This is particularly worrying for her as she needs to be contactable in case of emergencies since her children are at school or in crèche.

A CAB in Devon's client, who is a full-time student living with his pregnant girlfriend, entered into a contract for USB Internet with a free laptop from a high-street retailer. He was told by the sales agent that he would be able to get a signal in his area but when he set up the system he could not do so. In spite of making numerous phone calls and visits to the retailer and the network operator the client was unable to gain agreement about which company was responsible for cancelling the agreement.

Services for disabled people / accessibility

15. We are pleased to learn that Ofcom remains committed to ensuring that disabled people can access communications services on an equivalent basis to others, so that they are able to take full advantage of the benefits which services can bring.
16. We are not well-versed in the technicalities of the text-relay service so defer to the judgement of colleagues in other consumer organisations who are better placed to comment on whether Ofcom's proposals are sensible.
17. However, we would stress that at a fundamental level there is a strong case for subjecting all innovations in products and services to a test of whether they are sufficiently accessible to people who may have a variety of disabilities. In so doing, it is highly likely that a large proportion of the population will also stand to benefit.

Universal Service Obligation (USO)

18. As Ofcom has noted, changes to markets and use of services mean that it is appropriate to undertake a review of the way that the USO is currently implemented to ensure that it remains fit for purpose. We acknowledge that there is a strong case to reconsider whether the current arrangements impose an undue burden on those suppliers (BT and Kingston Communications) that are currently tasked to deliver the USO. However, we would not wish to see any dilution of the package which currently comprises the USO.
19. As part of the review into the way the USO is currently implemented it will clearly be important for the review to factor in how proposals made for the Universal Service Commitment for broadband may interact with the USO, as well as considering how best to prepare the ground for more radical reform of the USO which may emerge from the EU in the next few years.

Media literacy

20. We are supportive of Ofcom seeking to prioritise its work on media literacy. As the consultation document points out, Ofcom does actually have a statutory duty to do so as laid out in Section 11 of the Communications Act 2003.
21. Nevertheless, we are somewhat perplexed by Ofcom's repeated mention of the fact that although it has a duty to promote media literacy it does not possess any specific powers to enforce this duty. Firstly, we are unsure how Ofcom might deign to enforce media literacy. Secondly, we note that the Financial Services Authority (FSA) has a similar statutory duty, in its case to promote public understanding of the finance system. Like Ofcom, it would appear as though the FSA does not appear to possess specific powers to 'enforce' this duty, yet it has made significant progress, for example
 - leading the National Strategy for Financial Capability;
 - setting out a five year programme targeting school children, young people who are Not in Education, Employment or Training (NEET); students in universities and Further Education (FE) colleges; employees in their workplace; and new parents.
 - delivering straightforward information through the Moneymadeclear consumer website and other publications; and

- apportioning £22.3 million for financial capability work in 2008-9.

22. We suggest that in considering how to prioritise its media literacy work Ofcom should seek to learn lessons from the experience of the FSA in promoting financial capability.