



National Audit Office

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COMPTROLLER AND
AUDITOR GENERAL

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Cross-government

Charges for customer telephone lines

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Cross-government

Charges for customer telephone lines

Report by the Comptroller and Auditor General

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Amyas Morse
Comptroller and Auditor General
National Audit Office

16 July 2013

This report examines how the government uses different charges for customer telephone lines.

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This report can be found on the
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Key facts

365

customer telephone lines we identified on central government websites

33%

of central government telephone lines use more expensive 084 numbers

£56m

estimated costs of calling 084 numbers in 2012-13

- 208 million** calls made to central government customer telephone lines in 2012-13
- 63 per cent** of calls to central government were to 084 numbers in 2012-13
- 4 per cent** of local authority lines in our sample use 084 numbers
- 8 per cent** of GP surgeries in England use 084 numbers
- 3** departments have a clear policy on charging and using telephone lines, out of eight departments examined
- 59** higher rate central government telephone lines serve vulnerable or low income groups (49 per cent of 120 higher rate lines)

Summary

1 The government provides a range of important services over the telephone. Customer telephone lines help the public to ask questions, claim benefits and pay for services. Central government websites list at least 365 customer service telephone numbers.

2 Telephone services continue to be important despite a trend towards online channels. The Government's digital strategy aims to expand the use of online alternatives to telephone services. But currently telephone services dominate transactions and account for 43 per cent of customer contacts.

3 Government departments, local authorities and other public bodies use telephone numbers with a range of different charges (**Figure 1** overleaf). The main prefixes the government uses are as follows:

- **Geographic numbers** with 01 or 02 prefixes charge low rates for landline calls but can be more expensive on mobile calls.
- **Freephone numbers** with 080 prefixes such as 0800 are non-geographic numbers. These are free to call from landlines but currently chargeable on mobile telephones.
- **03 numbers** are non-geographic numbers and cost the same as a call to a geographic 01 or 02 number.
- **Higher rate numbers** with 084 prefixes such as 0845 or 0844 are usually more expensive to call than 03 numbers.¹ The receiving organisation can share in call revenue, and so these numbers are sometimes known as 'revenue sharing' numbers.

4 Departments are responsible for setting up customer telephone lines, choosing number prefixes, and negotiating deals with telephone service providers such as BT. In 2010, the Cabinet Office provided central guidance on charging but it no longer plays an active role in monitoring or coordinating the use of telephone lines. Central government departments give other bodies guidance. For example the Department of Health issues guidance on how GP practices should charge for calls.

¹ We refer to 084 numbers in this report as higher rate numbers, but 084 numbers can sometimes be cheaper to call than 03 numbers. We identified four landline packages and two mobile packages where daytime calls to a 03 number are at least 5p per minute more than higher rate numbers. Costs can be higher on several other packages if the caller has no free minutes left.

Figure 1

Overview of main telephone number ranges the government uses

Type	Description	Prefix	Average call cost per minute (including VAT)		Usually included in mobile free minutes packages	Example
			From a landline	From a mobile		
Geographic	Cheap to call on landlines Can be more expensive from outside the local area and from mobiles	01, 02	3.4p	1.1p	✓	Food Standards Agency 020 7276 8829
Freephone	Free to call from landlines Can be more expensive from mobiles Sometimes included in free minute packages	080	Free	16.2p	✗	Learner Support Line 0800 121 8989
03	Charged at the geographic rate and usually included in free call minutes The receiving organisation pays a charge per minute and can route calls nationally	03	3.4p	1.1p	✓	Legal Ombudsman complaints 0300 555 0333
Higher rate	Usually more expensive than geographic and 03 numbers Revenue from these lines can be shared with the receiving organisation Sometimes known as 'revenue sharing' numbers	0844 0845	5.6p 4.2p	17.1p 17.6p	✗ ✗	Cafcass 0844 353 3350 Advisory, Conciliation and Arbitration Service 0845 747 4747

NOTES

- 1 Precise rates charged depend on the telephone contract or pay-as-you-go arrangement used by the caller, and the time of day.
- 2 Average call cost per minute is based on 2009 data collected by Ofcom and is the most recent available.
- 3 Recently some telephone providers have included calls to 0845 numbers in free call packages.
- 4 Government has four telephone numbers with 0870 prefixes. These are priced in a similar way to 03 except there is no requirement for these to be included in free minutes. For simplicity we have counted these numbers within the 03 category throughout the report.
- 5 Excludes some number ranges such as 09 which are used for premium rate services.

Source: National Audit Office analysis of government websites; and Ofcom, *The flow of funds in the market for non-geographic calls*, November 2010

5 Ofcom regulates the market for telephone services. It sets and monitors the framework within which providers share revenue between the caller's provider (the originating call provider), the receiver's provider (the terminating call provider) and the receiving organisation (the service provider). Since 2010 Ofcom has been consulting on proposed changes to the use of non-geographic number ranges such as 0800 and 0845 numbers. Appendix Three summarises Ofcom's consultation proposals and likely impact.

6 The government's choice of telephone lines needs to balance the public's needs against the costs to government of providing services. The government may use charges to offset other costs, encourage callers to use other channels or get additional services from providers as part of a wider bundle of ICT services.

The scope of our report

7 The Committee of Public Accounts has called repeatedly for clearer telephone charges and commitments from the government to reduce charges for vulnerable users.² The government must also minimise the costs to taxpayers of providing public services and must balance the needs of callers with the costs of providing better services.

8 This report examines how the government uses different charges for customer telephone lines and considers the following:

- How far government telephone lines provide low cost services to callers, and how charges relate to other aspects of service quality (Part One).
- Whether the government is consistent in the different telephone numbers it uses and is able to balance the competing needs of callers and taxpayers in achieving value from telephone charges (Part Two).

9 This report considers telephone lines used by individuals and households in a personal capacity. These callers are the most sensitive to the costs of using higher rate telephone lines and are often people from low income and vulnerable groups. The report does not examine lines serving businesses.

² For example, the Committee of Public Accounts reports on: *HM Revenue & Customs: Customer Service*, March 2013; and *Department for Work and Pensions: Handling Caller Complaints*, March 2009.

Key findings

Providing low cost services for callers

10 Despite efforts by departments to reduce the use of higher rate numbers, the government continues to use them extensively. Central government departments use higher rate numbers such as 0845 for 33 per cent of telephone lines. In 2012-13 the Department for Work & Pensions, the Department for Business, Innovation & Skills, and HM Revenue & Customs had the highest proportion of higher rate numbers. Wider local government and public services use higher rate numbers less. We found that 4 per cent of local authority telephone numbers and 8 per cent of GP surgeries use higher rate numbers (paragraphs 1.4 to 1.5 and 1.19 to 1.20).

11 Call charges are complicated and difficult for callers to understand.

Although higher rate numbers are more expensive on average, they can be cheaper than 01, 02 and 03 numbers. For example around 27 per cent of landline customers have a package where daytime calls to higher rate numbers are cheaper than to geographic numbers. Ofcom has found that uncertainty can deter callers from making calls or lead to unexpectedly high bills. In a recent survey Citizens Advice found that 61 per cent of its clients had been deterred from calling government telephone numbers over concerns about the cost of calling from a mobile (paragraphs 1.15 to 1.17 and 1.23).

12 Callers to higher rate lines paid £56 million in call charges in 2012-13. Callers spent a total of 880 million minutes on calls of which they spent 402 million minutes waiting to speak to an advisor. Customers incurred call charges of £26 million waiting to speak to an advisor. We also estimate the value of callers' waiting time to be £100 million (at 25p per minute) (paragraphs 1.12 to 1.14).

13 The most vulnerable callers face some of the highest charges. Vulnerable and low income households rely disproportionately on mobile pay-as-you-go telephone deals. These incur high charges for Freephone and higher rate lines. Cabinet Office guidance states that it is inappropriate to use higher rate numbers when dealing with people on low incomes or vulnerable groups. We identified at least 59 higher rate numbers which predominantly serve these groups, including several benefit lines and the Redundancy Payments Service Helpline (paragraphs 1.22 to 1.23 and 2.3).

14 Of higher rate lines serving vulnerable groups, 86 per cent offer some form of cost mitigation but practice is inconsistent. Departments make limited use of signposting about charges and alternatives such as call back. Several departments offer call-back services, for example for benefit claims. We found that in practice callers are told about call-back services in less than half of cases. In our sample only the Department for Work & Pensions uses automated messages to warn customers of the cost of higher rate lines but other departments have informed us that they use automated messages in some of their lines (paragraphs 1.24 to 1.26).

15 Departments do not offer improved monitoring of services to callers in return for higher charges. Long waiting times and dropped calls increase the costs of calls and exacerbate the burden on vulnerable people. Departments usually have the same targets for Freephone and higher rate numbers. Performance monitoring is variable and covers a minority of all telephone lines. There are 99 lines for which departments have a target for the proportion of calls answered. Of these 78 did not specify a time by which most calls should be answered. Only five government bodies use performance measures with a specific time element for higher rate lines (paragraphs 1.27 to 1.32).

Achieving value from telephone charges

16 The Cabinet Office does not provide sustained central direction for telephone charges. The Cabinet Office is responsible for coordinating the government digital strategy and has an indirect interest in telephone services and charges. However, since 2010, there has been no central team responsible for reviewing charges or issuing guidance. The Cabinet Office is currently reviewing its role in this area (paragraphs 2.2 to 2.3).

17 Departments do not have consistent policies towards charging for telephone services. Only three out of the eight departments we reviewed had clear policies to decide the type of telephone line to use. These organisations offered different reasons for charging, often for similar services and caller groups. Departments have inconsistent approaches towards replacing higher rate numbers with lower cost 03 alternatives. The Department of Health is the only major department to rule out using numbers charging more than the geographic rate, although some GPs still use higher rate numbers (paragraphs 2.4 to 2.10).

18 Even in times of austerity some departments have made substantial steps to reduce the burden for callers. Since April 2013 HM Revenue & Customs has introduced 03 numbers for its busiest higher rate telephone lines. It expects to offer 03 numbers for all personal tax, debt management and banking telephone lines by September 2013 and will phase out higher rate numbers over time. In June 2013 the Ministry of Justice was migrating eight higher rate lines to 03 or geographic alternatives. The Department for Work & Pensions has negotiated free calls from mobiles to its benefits claim lines on 0800 numbers. The saving to callers is considerable because the average cost of calling a Freephone number from a mobile is 16.2p per minute. In future Ofcom proposals are likely to lead to all 080 numbers being free to call from mobiles (paragraphs 1.18, 2.5 and 2.24).

19 Departments do not have a clear idea of the value of services received in place of revenue from higher rate numbers. None of the central government departments we reviewed keeps revenue from higher rate lines but it is common practice to receive a deduction in the cost of other services instead. Departments do not monitor the call revenues that third party providers receive. Past Cabinet Office guidance states that all departments should know who retains additional revenue and ensure transparency to the public. In some cases departments have foregone revenue without being able to demonstrate a corresponding benefit either to callers or departments themselves. For example, in 2007 the Department for Work & Pensions gave up £700,000 of annual revenue to avoid the perception of profiting from calls (paragraphs 2.3 and 2.13 to 2.15).

20 Changing higher rate numbers to Freephone or 03 numbers would save callers more than the cost to the government. We estimate that a change of all government's higher rate lines to 03 would currently save callers £29 million a year and cost government £7 million a year including loss of implied revenue share. The estimate includes changes already under way such as HM Revenue & Customs' move to 03 numbers. A change of all numbers to Freephone 0800 numbers would currently save callers £46 million a year and cost government £21 million a year (paragraph 2.31).

Conclusion on value for money

21 Government departments have committed to reducing the costs of calling customer telephone lines but many are not achieving this in practice. Departments' approaches to telephone charges are inconsistent, and the Cabinet Office has not sustained earlier efforts to improve coordination across government and to protect vulnerable groups. Callers do not receive better service from higher rate numbers and many callers are deterred from using these numbers altogether.

22 To achieve value for money the centre of government needs to establish a common basis for choosing when to use different telephone prefixes. Each department should: have a clear approach to using higher rate numbers and protecting vulnerable callers; and, improve its understanding of how to get the best value from telephone services for both callers and taxpayers.

Recommendations

23 Departments are moving towards low cost telephone options but progress is variable and slow. We make the following recommendations:

- a The Cabinet Office and departments should establish clearer policies about charging for telephone calls.**
- For telephone lines where they intend to continue using higher rate numbers departments should set out clearly how charges affect the service objectives and costs to callers.
 - Where charges are the result of legacy arrangements departments should set out clearly the timescales for reviewing these arrangements.
 - Where departments are responsible for issuing guidance to other bodies they should monitor compliance and tackle misunderstandings about rates.
 - The Cabinet Office should re-establish its role in coordinating policies across government, particularly until departments have responded to changes that Ofcom is introducing in 2015.

b Departments should eliminate higher rate numbers for services that support vulnerable households, in line with past Cabinet Office guidance.

- Departments should review which services support large numbers of vulnerable households and move to low cost or free alternatives as recommended in past Cabinet Office guidance.
- The Cabinet Office should monitor compliance with its own guidance, especially in ensuring that there is consistent application between departments of the definition of vulnerability.
- Where departments cannot comply with guidance they should provide clear alternative routes for vulnerable households.

c Departments should improve access to low cost alternatives and improve information on costs to callers.

- Departments should mention available call back options in all voice recorded messages.
- Departments should ensure that service levels for call back are high and communicated to callers to prevent callers from being reluctant to ask for call back in case of delay or uncertainty about being called.
- On higher rate lines where vulnerable claimants may be calling, customer service representatives should offer immediate call back.
- Online information and letters to customers should include low cost options for contacting departments.

d Departments should make explicit any cross-subsidies between call revenues and other services and monitor their suppliers' revenues.

- Telephone revenues should be clearly set out against service costs and should be provided by suppliers for all telephone lines.
- Where the full cost to callers is not known departments should apply standard assumptions to call volumes to estimate the impact of charges on callers.
- Assumptions around revenue should be set out clearly during contractual negotiations with terminating call providers.
- Departments should not give up income unless there is a corresponding benefit to callers through lower charges or the taxpayer through lower costs.

Part One

Providing low cost services for callers

1.1 Telephone services dominate government's transactions with the public and account for 43 per cent of caller contacts.³ Customer telephone lines allow people to ask questions, claim benefits and pay for services. Some lines enable people to provide information, such as to report a crime or to make a complaint. In March 2013, central government websites publicised 365 active customer telephone lines for people to use.⁴

1.2 The government can choose between different number ranges. All other things being equal, the government should aim to offer telephone numbers with low tariffs. In particular it should ensure that vulnerable people are not prevented or deterred from accessing services. In this part we examine the caller's perspective and consider how far the government:

- offers clear low cost options for telephone contact;
- charges appropriately on lines that vulnerable people use and provides alternatives and support where needed; and
- gives callers a high quality of service on higher rate lines.

1.3 In Part Two of the report we consider the government's wider responsibility to ensure that telephone services are value for money for callers and taxpayers.

³ Based on data from the Cabinet Office *Digital Efficiency Report*, November 2012. Available at: publications.cabinetoffice.gov.uk/digital/efficiency/

⁴ Some organisations provide a local service through a single telephone number and some through a network of local offices with different numbers. We have counted a network of similar lines as one line for consistency.

Offering clear low cost options for telephone contact

What departments offer

1.4 The extent central government departments use higher rate numbers varies (**Figure 2** overleaf). In our population of 365 central government telephone lines we identified 120 higher rate numbers (33 per cent), compared with 117 geographic numbers (32 per cent), 88 numbers using 03 or 0870 prefixes (24 per cent) and 40 Freephone numbers (11 per cent). In March 2013, the Department for Work & Pensions, the Department for Business, Innovation & Skills, and HM Revenue & Customs had the highest proportion of higher rate numbers, which made up more than 50 per cent of their telephone lines.

1.5 HM Revenue & Customs announced that it would change its higher rate lines to 03 numbers. Between April and June 2013 it had introduced 15 new 03 numbers to run in parallel with higher rate numbers on its busiest lines. Once these lines have been replaced the proportion of lines which only have higher rate telephone numbers will reduce from 76 per cent to 40 per cent.

The volume and length of calls to existing services

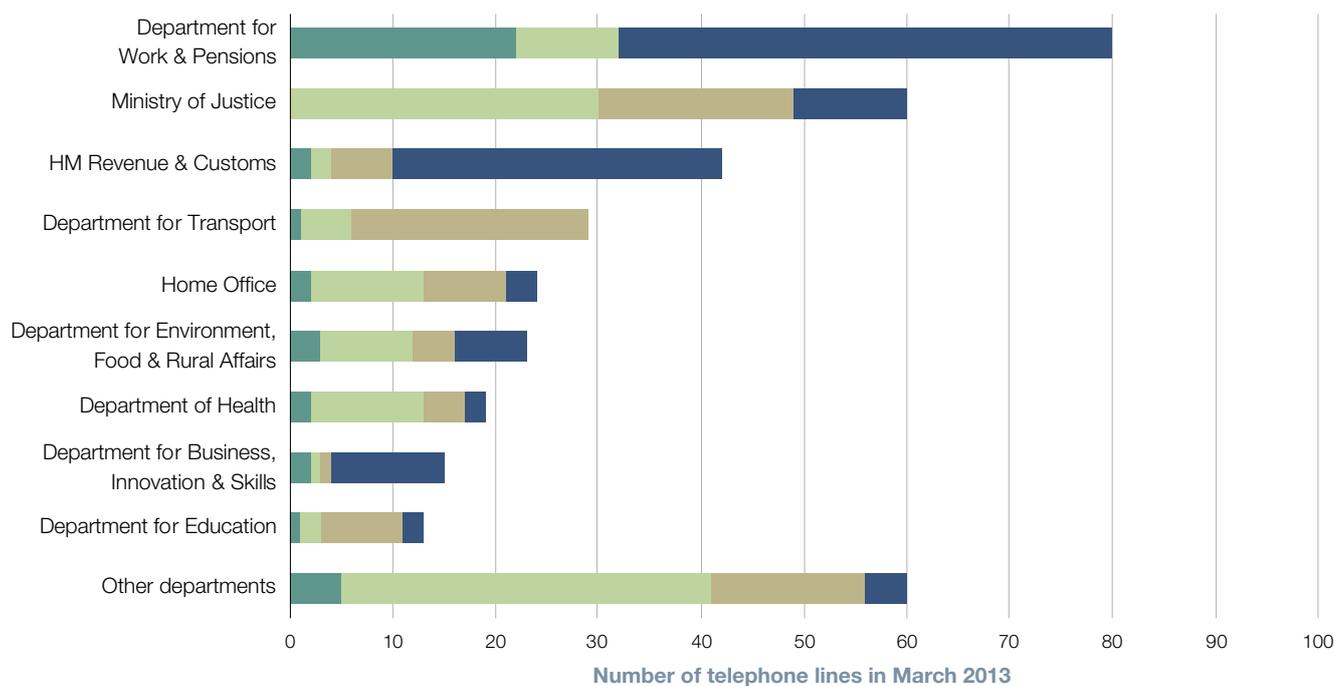
1.6 In 2012-13 central government handled at least 208 million telephone calls. The Department for Work & Pensions received 100 million calls while HM Revenue & Customs received 68 million. Other departments received at least 40 million calls. **Figure 3** on page 15 provides a breakdown of call volumes by prefix and department.

1.7 The majority of calls are to higher rate lines. In our sample 130 million calls in 2012-13 were to higher rate numbers (63 per cent). The proportion by call volume is higher than the proportion of lines because higher rate numbers are often used for national call centres which handle large volumes. Only the Department for Work & Pensions uses Freephone numbers a significant amount. Calls from benefit claimants accounted for almost all the 30 million Freephone calls in our sample.

1.8 The length of calls can also vary by telephone service, depending on the nature of the call. A call to seek information can be brief, while a transaction processed over the telephone can take considerably longer. For instance, a call applying for crisis loans takes 20 minutes on average while a call to report a road safety issue takes less than 3 minutes.

Figure 2
Numbers in use across departments in March 2013

Central government departments vary in their use of higher rate numbers



Legend: Freephone (dark green), Geographic (light green), 03 or 0870 (tan), Higher rate (dark blue)

Departmental group	Freephone	Geographic	03	Higher rate	Total
Department for Work & Pensions	22	10	0	48	80
Ministry of Justice	0	30	19	11	60
HM Revenue & Customs	2	2	6	32	42
Department for Transport	1	5	23	0	29
Home Office	2	11	8	3	24
Department for Environment, Food & Rural Affairs	3	9	4	7	23
Department of Health	2	11	4	2	19
Department for Business, Innovation & Skills	2	1	1	11	15
Department for Education	1	2	8	2	13
Other departments	5	36	15	4	60
All central government	40	117	88	120	365
All central government (%)	11	32	24	33	100

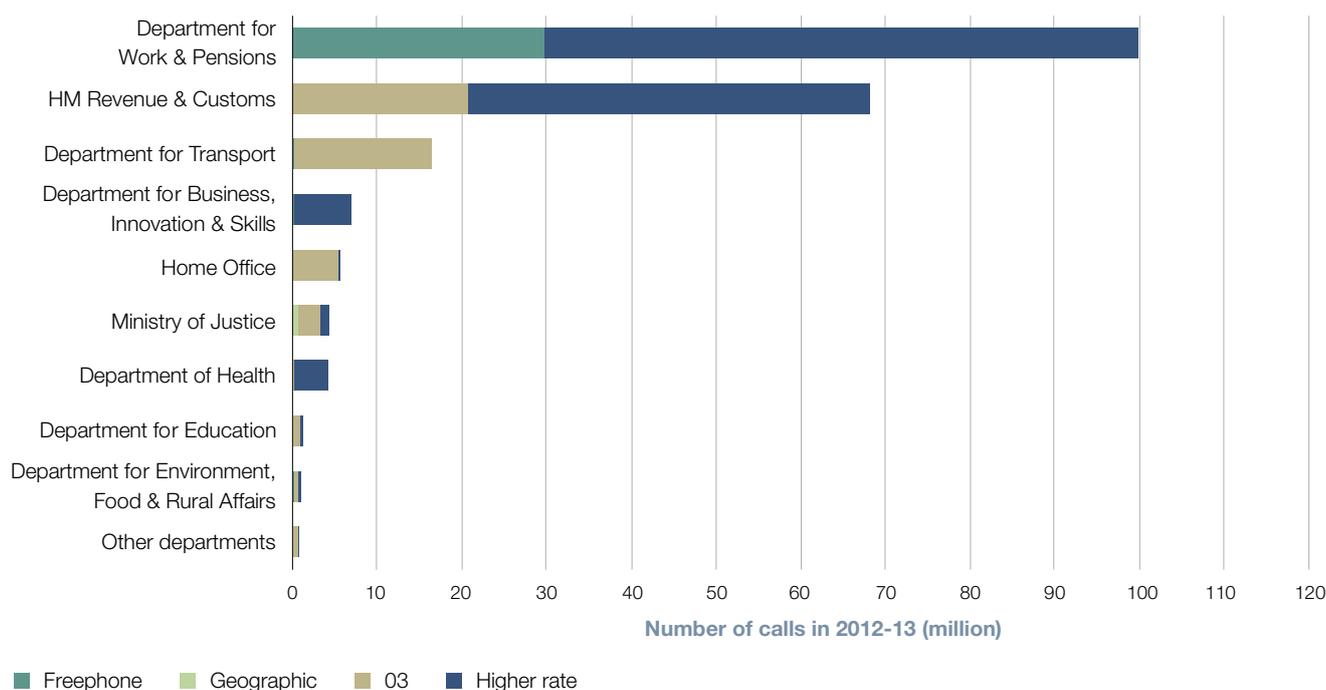
NOTE

1 Since April 2013, HMRC has introduced 15 alternative 03 numbers for all of its main tax and debt management helplines. It has also added alternative 03 numbers for six lines serving business and five text-phone numbers. The Department will phase out the use of higher rate numbers on these lines over 18 months as current stationery and signage is replaced with the new numbers.

Source: National Audit Office analysis of customer telephone lines shown on the gov.uk and departmental websites

Figure 3
Call volumes by department

The Department for Work & Pensions and HM Revenue & Customs handle the majority of calls to customer telephone lines



Departmental group	Freephone (million)	Geographic (million)	03 (million)	Higher rate (million)	Total (million)
Department for Work & Pensions	29.7	1	–	70.1	99.8
HM Revenue & Customs	1	–	20.7	47.4	68.1
Department for Transport	0.2	1	16.1	–	16.3
Department for Business, Innovation & Skills	0.1	0.1	–	6.7	6.9
Home Office	–	0.1	5.3	0.1	5.5
Ministry of Justice	–	0.6	2.6	1.0	4.2
Department of Health	–	–	0.2	4.0	4.2
Department for Education	0.1	–	0.8	0.3	1.2
Department for Environment, Food & Rural Affairs	0.2	1	0.4	0.3	0.9
Other departments	1	0.1	0.5	1	0.6
All central government	30.3	0.9	46.6	129.9	207.7
All central government (%)	15	0	22	63	100

NOTES

- 1 Total calls are less than 50,000.
- 2 Respondents provided call volume data for at least 80 per cent of telephone lines in all categories apart from the geographic group. Geographic numbers usually terminate at a single landline and call volume data is not normally recorded because of the low volume of calls.
- 3 Since April 2013 HM Revenue & Customs has added 15 alternative 03 numbers which customers can call instead of higher rate numbers. The change means that 03 alternatives are available for telephone lines handling 79 per cent of calls answered in 2012-13 (and 94 per cent of all call attempts).

Source: National Audit Office analysis of departmental data for customer telephone lines shown on the gov.uk website

1.9 In terms of call duration at least 880 million call minutes were to higher rate central government telephone lines. This traffic was dominated by calls relating to benefits that the Department for Work & Pensions and HM Revenue & Customs administer (**Figure 4**).

Figure 4

The busiest higher rate telephone lines in 2012-13 by total call minutes connected

The Department for Work & Pensions and HM Revenue & Customs have the busiest customer telephone lines by call minutes connected

Organisation	Description	Total minutes connected (million)	Average time speaking to an advisor (minutes:seconds)	Average time before speaking to an advisor (minutes:seconds)
DWP	Primary benefit enquiries	247	5:26	4:12
HMRC	Taxes helpline	171	5:39	8:53
HMRC	Tax credits helpline	72	6:08	7:23
HMRC	Self-assessment helpline	64	5:03	9:17
HMRC	HMRC child benefit helpline	31	3:46	5:34
Student Loans Company	Customer enquiries	28	5:31	1:43
DWP	Social Fund	26	3:14	2:22
DWP	Disability benefits helpline	25	3:04	1:51
DWP	Pension service helpline	15	5:30	0:55
HMRC	Online services helpline, pensions scheme	12	5:14	3:45
HMRC	HMRC National Insurance line	9	3:20	4:05
ACAS	Advice helpline	9	7:06	2:19
HMRC	Paying HMRC helpline	8	5:14	4:38
DWP	Jobcentre Plus	7	3:14	0:24
DWP	Debt recovery	6	4:36	0:48

NOTES

- 1 Abbreviations: ACAS = Advisory, Conciliation and Arbitration Service; DWP = Department for Work & Pensions; and HMRC = HM Revenue & Customs.
- 2 All the telephone lines have a 0845 prefix. Calls to an alternative 03 number for the Tax Credit helpline are excluded. In 2013-14 HM Revenue & Customs established 03 alternative numbers for most other lines featured.
- 3 Average time does not include callers who end their calls before speaking to an advisor.

Source: National Audit Office analysis of departmental data for customer telephone lines shown on the gov.uk website

1.10 Within the responses we received from departments 61 per cent of call minutes to non-geographic numbers went to higher rate numbers. In previous Ofcom estimates 51 per cent of call minutes to comparable lines went to higher rate lines across the UK.⁵ Our sample only included duration data for around half of responses and so a direct comparison is limited.

1.11 The Department for Work & Pensions receives a high proportion of free calls compared to both government and the rest of the UK. The Department uses Freephone numbers for new claims. These calls take longer than other queries, meaning around 40 per cent of total call minutes to the Department are free.

The total cost for callers

1.12 The total estimated cost to people of calling central government telephone lines was £65 million in 2012-13. Of all charges, 87 per cent (£56 million) were for calls to higher rate lines. Mobile callers spent £25 million on calls to higher rate numbers while landline callers spent £31 million. Our estimate is based on departmental and Ofcom data and follows the same approach as our report, *HM Revenue & Customs: Customer service performance*.⁶

1.13 Callers spend a long time waiting for calls to be answered. Callers spent 1,454 million minutes connected to government telephone lines in 2012-13 of which 880 million minutes (61 per cent) related to higher rate lines. Callers to higher rate lines spent 46 per cent of the time (402 million minutes) waiting to speak to an advisor. Callers paid £26 million in charges while waiting for advisors on higher rate lines.

1.14 In addition to the direct charges for calling government telephone lines, there is an opportunity cost to callers of the time spent waiting on calls. Assuming that callers value their time at around 25p per minute the value of time waiting on higher rate lines would be £100 million. Assumptions about the value of callers' time will vary according to the type of caller and other factors such as the time of day that they are calling. Nonetheless estimating the value of time that callers spend is a useful measure for departments to assess the quality of telephone services.

⁵ Ofcom, *The flow of funds in the market for non-geographic calls*, November 2010. Available at: stakeholders.ofcom.org.uk/binaries/consultations/simplifying-non-geo-numbers/annexes/flow-funds.pdf

⁶ Comptroller and Auditor General, *HM Revenue & Customs: Customer service performance*, Session 2012-13, HC 795, National Audit Office, December 2012. Available at: www.nao.org.uk/report/hm-revenue-customs-customer-service-performance

The clarity of current charges

1.15 The amount callers pay for calls to different types of telephone line varies significantly. We identified there were at least 27 different landline charges and 33 mobile charges offered by originating call providers. Higher rate numbers are more expensive on average than 03 from both landlines and mobiles (see Figure 1). Where callers have no free minutes, their calls to higher rate numbers can be cheaper than to geographic numbers such as 01 and 02, or to 03 numbers. For example we identified four landline packages and two mobile packages where daytime calls to a 03 number are at least 5p per minute more than higher rate numbers. Around 27 per cent of landline customers have a package where calls to higher rate numbers are 7p to 8p per minute cheaper than the geographic rate.

1.16 Even Freephone numbers can be expensive when calling from mobile telephones. Calls are not usually included in free minute packages and charges usually range from 10p to 25p a minute.

1.17 The lack of clarity in charges can deter callers from using government services. In December 2010 Ofcom, which regulates the telecommunications market, concluded that consumers are increasingly reluctant to make calls to higher rate lines. Ofcom's research has found that people are avoiding making calls from their mobiles. Instead they visit the organisation or defer a call until they can use their home landline, even though this is less efficient and sometimes more expensive.

1.18 In 2010, Ofcom began consulting on its proposed changes to the numbering system to improve clarity (Appendix Three). Ofcom announced in April 2013 that Freephone numbers will be free on mobile calls. Also all callers will be able to see a breakdown of how charges for non-geographic calls are shared between the originating call provider and the terminating call provider (and service providers for higher rate lines). Ofcom expects its proposals to be implemented in 2015.

Comparison with other public bodies

1.19 Central government has a higher proportion of higher rate lines than local government. Our analysis of a sample of 37 English local authorities found that 90 per cent (1,343) of their customer telephone lines use geographic 01 and 02 numbers and only 4 per cent (65) use higher rate numbers. Social services and general enquiries had a slightly higher percentage of higher rate lines at around 6 per cent.

1.20 GP practices predominantly use geographic numbers. In our population of 10,716 GP practices in England, 91 per cent (9,911) predominantly used geographic numbers and 8 per cent (805) operated higher rate lines. Practices in Yorkshire and Humber, together with the East Midlands, had the highest incidence of higher rate lines (14 per cent of practices). We examined a sample of 60 higher rate lines and found that around half also listed geographic numbers as an alternative for patients.

1.21 Other countries coordinate telephone enquiries through a single contact point. We looked at telephone contact routes for four English speaking countries. Canada offers a free central telephone number which people could use to request information or carry out transactions with the government. The US offers a free number for information on all government services. In Ireland a single contact point exists but it is charged at the geographic rate. Australia does not offer a single contact point but it does maintain a directory of government telephone numbers for people.

Supporting vulnerable people

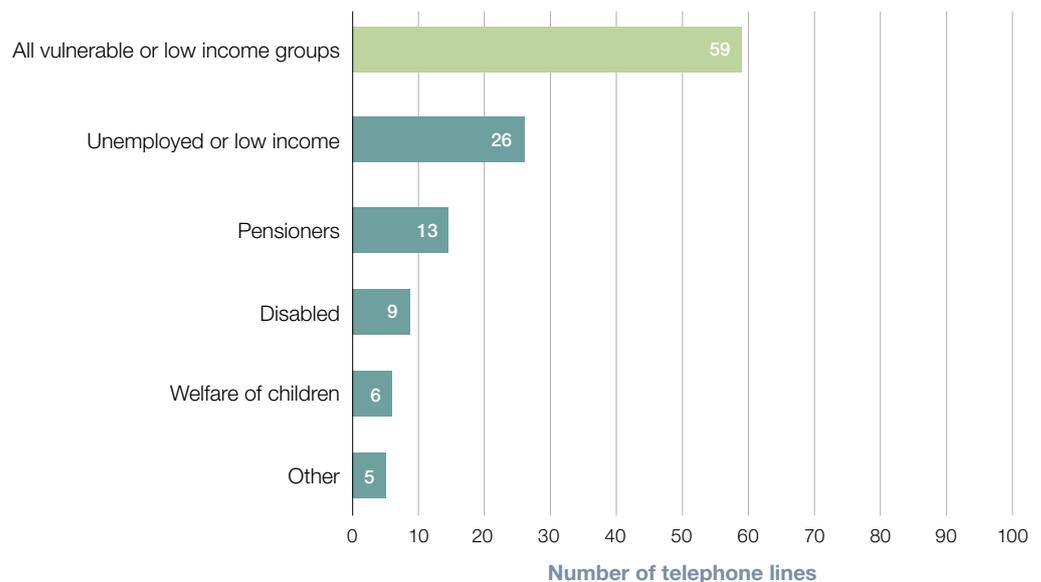
1.22 Central government bodies continue to use higher rate numbers for telephone lines providing services to vulnerable people. We identified 59 higher rate lines serving vulnerable groups, defined as those on low incomes, the elderly or disabled and those using children's welfare services (**Figure 5** and Appendix Four). This represents almost half of the 120 higher rate lines identified in our survey of central government telephone lines.

Figure 5

Higher rate telephone lines across government serving vulnerable and low income groups

Of higher rate telephone lines across government, 59 serve vulnerable and low income groups

Caller group



NOTES

- Higher rate lines used for 73 benefit enquiry offices are treated as one telephone line for this analysis because they provide one service. Higher rate lines for 54 Children and Family Court Advisory and Support Services offices are also treated as one line. Higher rate lines for five Industrial injuries disablement benefit lines are treated as one line.
- Other includes health services, support for asylum seekers and victim support lines.

Source: National Audit Office analysis of higher rate telephone lines shown on the gov.uk and departmental websites

1.23 Vulnerable and low income households incur the highest charges to geographic and higher rate lines because they rely disproportionately on mobile pay-as-you-go deals. Ofcom research found that less advantaged socio-economic groups and the younger (16 to 34 year old) age categories are more likely to use only mobile telephones and more likely to be on a pay-as-you-go package than other groups. They are also more likely to report higher monthly spending, to exceed their inclusive allowance (for those on contracts), and to have used a call back service at least once a week.⁷ In a recent survey Citizens Advice found that 61 per cent of its clients who responded to its survey had been deterred from calling government telephone numbers over concerns about the cost of calling from a mobile.⁸

1.24 There are several steps that providers of customer telephone lines can take to help prevent callers running up costs they cannot afford. For example service providers can offer the following:

- Cheaper alternative numbers. The General Dental Council offers a higher rate telephone number and a cheaper geographic number for people wishing to discuss a complaint.
- A call back service. Some of the local benefits enquiry telephone lines of the Department for Work & Pensions offer callers a call back option in the opening pre-recorded message.
- Contact by email. Rather than repeatedly calling the Environment Agency's Floodline to obtain up to date information, people can use the telephone line to sign up for the Agency's free email Floodline Warnings Direct service.

1.25 Although most departments offer some alternative support they do not offer these alternatives consistently. **Figure 6** summarises the results of a mystery shopping exercise we carried out to enquire whether cheaper alternatives were available for telephone lines serving vulnerable groups. Our results indicate that most telephone lines in our sample offer some form of mitigating action for the cost of calls although there is scope for more frequent and consistent use. In less than half of cases we found that call back services were offered to callers. HM Revenue & Customs is currently running a call back trial for child benefit and is due to disclose its findings in July 2013.

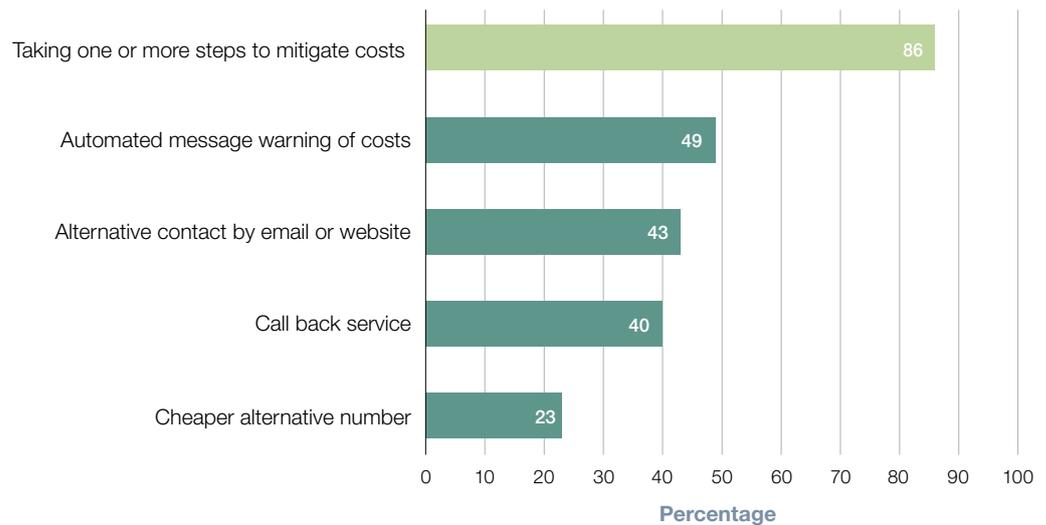
1.26 The Department for Work & Pensions is the only department we identified that consistently uses automated messages to warn customers of the cost of higher rate lines. HM Revenue & Customs told us it plays an automated message on its busiest higher rate telephone lines. As part of our mystery shopping of telephone lines serving vulnerable groups we called its telephone line for blind person's allowance claims. There was no automated message warning callers of costs. However HM Revenue & Customs established an alternative 03 number in June 2013.

⁷ Ofcom: *Mobile calling patterns research*, 2008. Available at: stakeholders.ofcom.org.uk/binaries/consultations/mobilecallterm/annexes/annex10_2.pdf

⁸ Citizens Advice *Simplifying Non-Geographic Numbers: Citizens Advice response to Ofcom*, March 2011. Available at: stakeholders.ofcom.org.uk/binaries/consultations/simplifying-non-geo-numbers/responses/Citizens_Advice_Bureau.pdf

Figure 6

Extent of action to reduce the impact of higher rate caller telephone lines

Most higher rate lines offer callers some form of action to mitigate for the cost of calls**NOTE**

1 We called 35 lines serving vulnerable groups in May and June 2013.

Source: National Audit Office Mystery Shopping

Higher rate lines and service quality

1.27 Callers to higher rate lines are particularly affected by the quality of services they receive. Long waiting times and dropped calls increase the costs of calls and exacerbate the burdens on vulnerable people using these lines. The government therefore has a particular responsibility to monitor service quality on higher rate lines, and to understand the impact of service quality on callers.

1.28 Performance monitoring is variable and covers a minority of all telephone lines. We asked departments about the performance measures they used. Out of 254 telephone numbers covered in their responses departments provided evidence of performance targets for 112 numbers (44 per cent).

1.29 Monitoring of performance for higher rate lines occurs less frequently for Freephone lines and more for 03 lines. Central government bodies monitored the proportion of calls answered for 57 per cent of higher rate lines (55 out of 96 responses). This compares with 72 per cent (21 out of 29 responses) of Freephone numbers and 27 per cent of 03 lines (17 out of 64 responses).

1.30 Performance targets for higher rate lines vary considerably across departments. Appendix Five shows that government bodies have different targets for the proportion of calls answered. The industry benchmark is to answer 80 per cent of calls in 20 seconds. Most departments do not target a time by which most calls should be answered. Of 99 lines for which departments have a target for the proportion of calls answered, 78 did not have a target for the amount of calls to be answered within a specified time.

1.31 Higher rate lines do not appear to have more stretching targets than other lines. Departments usually have the same targets for both Freephone and higher rate lines. Management information often targets the percentage of calls answered but not the time by which a call must be answered. Callers to higher rate lines will incur costs while they wait in a queue. Only five government bodies we identified used a performance measure for the time to answer a higher rate telephone line (**Figure 7**). The Department for Work & Pensions told us it thought government should have a defined standard measure of contact centre performance for departments, with a consistent method of calculation to ensure comparability.

1.32 Higher rate lines also account for many of the lines where actual performance is poorest. Of the 21 lines for which departments have a measure for the proportion of calls answered within a set time frame, only ten could demonstrate they had achieved the standard in 2012-13 of answering 80 per cent of calls by an advisor within 20 seconds. Of all government bodies operating a higher rate line in our sample, only the Environment Agency, the Pensions Advisory Service and Ofgem could demonstrate they met the industry standard.

Figure 7

Performance targets for the time to answer calls across government

Few government bodies have targets for the time to answer calls

Target for answered calls	Organisation	Telephone line	Prefix	Performance in 2012-13 (%)
92 per cent in 15 seconds	Environment Agency	Floodline	0845	97
90 per cent in 15 seconds	Environment Agency	General enquiries	0370	91
		Incident hotline	0800	88
90 per cent in 20 seconds	Department of Energy & Climate Change	Cashback line	03	98
	Department for Communities and Local Government	Contact for hand delivering petitions	0300	97
	The Pensions Advisory Service	Pension helpline	0845	94
	The Pensions Advisory Service	Helpline for women	0845	94
80 per cent in 20 seconds	Ofsted	2 lines	0300	97-98
	Department for Education	Learner support helpline	0800	95
	Department for Business, Innovation & Skills	Apprenticeships	0800	93
	Ofgem	Renewable Heat Incentive enquiries	0845	83
80 per cent in 30 seconds	Department for Education	General enquiries	0370	79
	HM Passport Office	Passport advice	0300	72
80 per cent in 60 seconds	Ofsted	3 lines	0300	83-88
Percentage in 20 seconds	Consumer Council for Water	Birmingham helpline	0121	96
Calls answered with no delay	Children and Family Court Advisory and Support Service	National office	0844	64
90 per cent in four minutes	Land Registry	Customer call centres (2 lines)	0844	98

NOTES

- 1 HM Passport Office received an unusually high volume of calls in 2012-13. As at July 2013 it was on track to meet its target for 2013-14 to answer 80 per cent of calls in 30 seconds.
- 2 The Consumer Council for Water has an internal measure to answer calls within a given time but these are not official targets.
- 3 Calls answered with no delay is a call which is directly connected to an adviser without queuing and the call handler answers within 20 seconds.

Source: National Audit Office analysis of departmental data

Part Two

Getting value from telephone charges

2.1 As well as providing affordable high quality services for callers, the government must also ensure that telephone services are good value for taxpayers. In this part we consider whether the government:

- has a consistent approach to deciding between telephone number ranges and sets a clear future direction for services;
- gets value for money from the deals it negotiates with providers of telephone services; and
- makes informed trade-offs between caller and taxpayer value in setting charges.

Establishing a consistent approach across government

2.2 Central government issued guidance in 2010 but has not since then played a role in setting guidance or direction on telephone charges. The Cabinet Office is responsible for coordinating the government digital strategy and has an indirect interest in telephone services. The Cabinet Office is reviewing its own responsibilities towards telephone services but currently plays no active role.

2.3 Previously the Cabinet Office has provided central guidance on service lines through a Contact Council of departmental representatives. In 2010 the Contact Council issued guidance to help departments decide which number ranges to use (**Figure 8**). Departments participated in the Contact Council voluntarily and were not required to make changes. The Cabinet Office closed the Contact Council in 2010, before widespread migration of government telephone numbers to 03.

2.4 Although central government issued guidance in 2010, in the absence of continuing support from the centre of government, departments have not set out explicit policies towards telephone charges. Only three of the eight central government departments we spoke to had clear written policies on the rationale for using higher rate lines. The other five departments we contacted gave us a statement of their position towards higher rate numbers but they did not have clear policies for staff to refer to.

Figure 8

Cabinet Office guidance on using higher rate numbers, 2010

Previously the Cabinet Office has tried to standardise approaches to call charging

- All departments that share revenue with the terminating call provider (whether by direct payment or a discount to call services) are required to know who retains additional revenue and ensure transparency to the public.
- Departments using 084/087 numbers that have agreed not to share revenue should consider whether a different number range such as 03 is more appropriate for their service.
- It is not appropriate for public bodies to use revenue generating numbers exclusively when dealing with people on low incomes.

Source: Cabinet Office Contact Council guidance, 2010

2.5 Approaches are not consistent across departments (**Figure 9** on pages 26 and 27). The Department of Health has a clear policy against using higher rate numbers. The Department for Work & Pensions provides free calls for new benefit claims and uses higher rate lines for other calls. HM Revenue & Customs intends to have added alternative 03 numbers for all personal tax, debt management and banking telephone lines by September 2013. The Department will phase out the use of higher rate numbers on these lines over 18 months as current stationery and signage is replaced with the new numbers. The Home Office told us it was currently reviewing whether to change to 03 from higher rate numbers. The other departments had no plans to change although the Ministry of Justice and Department for Education prohibit the use of higher rate numbers for new lines.

2.6 Progress towards lower cost alternatives has been slow. In 2007 Ofcom introduced 03 numbers as an alternative to existing non-geographic number ranges which were either Freephone or higher rate numbers. 03 numbers allow departments to charge geographic rates for calls while still routing calls between multiple locations and shortening queue times. More than five years after the introduction of 03 numbers they account for only 23 per cent of the central government telephone lines we identified. After HM Revenue & Customs added 03 alternatives, the percentage of 03 lines in central government increased to 27 per cent.

2.7 Departments' reasons for retaining higher rate numbers are not always well founded. There may be many reasons why departments would want to retain higher rate numbers. However, Ofcom found that most departments cited contractual commitments as the main reason for not changing to 03 immediately. We identified at least four instances where departments or agencies had taken out new contracts for 0845 numbers since 03 had been introduced.⁹

9 The Home Office, the Student Loans Company, Ofgem, and the Independent Living Fund.

Figure 9
Departmental policies towards telephone lines

Departmental policies are inconsistent

Department	Clear written policy	Rationale for using higher rate telephone numbers	Allows new 084 lines	Allows 03 numbers	Uses/plans to use dual numbers	Negotiated discounts for callers
Department for Work & Pensions	Yes	Freephone numbers for new benefit claims and emergency grants. Use of 03 lines is not allowed because these can cost some callers more.	Yes	No	No	Yes
HM Revenue & Customs	Yes	Between April and June 2013 HM Revenue & Customs added 03 alternative telephone numbers to its busiest personal tax lines. It expects to move all higher rate lines for personal tax, debt management and banking to 03 by September 2013. The Department will run existing 0845 numbers in parallel for 18 months to give customers a choice of number and avoid re-printing costs.	No	Yes	Yes	No
Department of Health	Yes	Published guidance says calls should not be charged at more than a geographic rate to contact an NHS body. NHS bodies and GPs are still free to use 084 numbers, provided callers are charged geographic rates (but this is not possible in practice).	Yes	Yes	Yes	No
Ministry of Justice	No	Higher rate numbers are used for historical reasons but not for new lines. In June 2013 the Department migrated eight higher rate lines to 03 or geographic alternatives.	No	Yes	Yes	No
Department for Education	No	The Department's policy is to use 03 lines. CAFCASS uses higher rate numbers and began reviewing in July 2013 the implications of changing to 03 numbers.	No	Yes	No	No

Figure 9 *continued*
Departmental policies towards telephone lines

Department	Clear written policy	Rationale for using higher rate telephone numbers	Allows new 084 lines	Allows 03 numbers	Uses/plans to use dual numbers	Negotiated discounts for callers
Home Office	No	The Home Office was reviewing its policy to higher rate numbers in summer 2013. It is considering changing to 03 numbers.	No	Yes	No	No
Department for Business, Innovation & Skills	No	Local policy teams decide whether to use higher rate numbers.	Yes	Yes	Yes	No
Department for Transport	No	Premium lines and higher rate lines are used to serve businesses. Most but not all other higher rate lines have migrated to 03 numbers.	Yes	Yes	No	No

NOTE

1 Abbreviation: CAFCASS = Children and Family Court Advisory and Support Services.

Source: National Audit Office analysis

2.8 Limited information about call volumes and rates makes it difficult to decide between different number ranges. For example, the Department for Work & Pensions has no plans to migrate its higher rate numbers to 03. This has been based on its comparison of current costs for daytime calls to 03 and 0845 numbers across a range of providers and call plans. It concluded that for around a third of all callers it is more expensive to call 03 numbers than it is to call 0844 or 0845 numbers.

2.9 The Department for Work & Pensions' approach drew on the most recent call cost data but it did not take into account free minutes included in callers' plans. The omission would distort the assessment because calls to 03 are generally included in free minutes but calls to 0845 are usually excluded (92 per cent of calls to 03 numbers are free and 5 per cent of higher rate calls are free). In June 2013 we worked with the Department to estimate the impact of free minutes. We used the Department's assumptions of market share for its customers and considered alternative levels of free minute use. Our most likely scenario estimated a move to 03 would save customers £14 million a year. The Department was concerned that its customers might use free minutes less and told us it planned to survey its customers instead.

2.10 The Department for Work & Pensions plans to review its position again once the telecom industry has responded to Ofcom proposals to change numbering and charges which are expected to be completed later in 2013.

Getting value from deals with providers

2.11 Departments negotiate with suppliers such as BT to provide a range of telephone related services. Contracts can be complicated and refer to bundles of services that are not easily separated. But departments can try to get value from their telephone service contracts in three ways by:

- sharing revenues from higher rate lines;
- getting additional services from suppliers instead of revenue; and
- negotiating lower costs of telephone calls for callers.

Sharing revenue from higher rate lines

2.12 Higher rate numbers such as 0845 and 0844 allow organisations that receive calls ('service providers') to share revenue with telephone companies. Across all telephone lines, including those in the private sector, service providers retained around 4 per cent of revenue for 0845 numbers and 27 per cent for 0844 numbers (**Figure 10**). For 03 and Freephone numbers part of the cost of calls is borne by the service provider who usually makes a payment to the terminating call provider for each call received.

2.13 None of the central government departments we reviewed keeps revenue from higher rate lines. Ofcom advised us that more common industry practice is to receive services instead of revenue, or for revenue to be off-set against a wider package of contracted services.

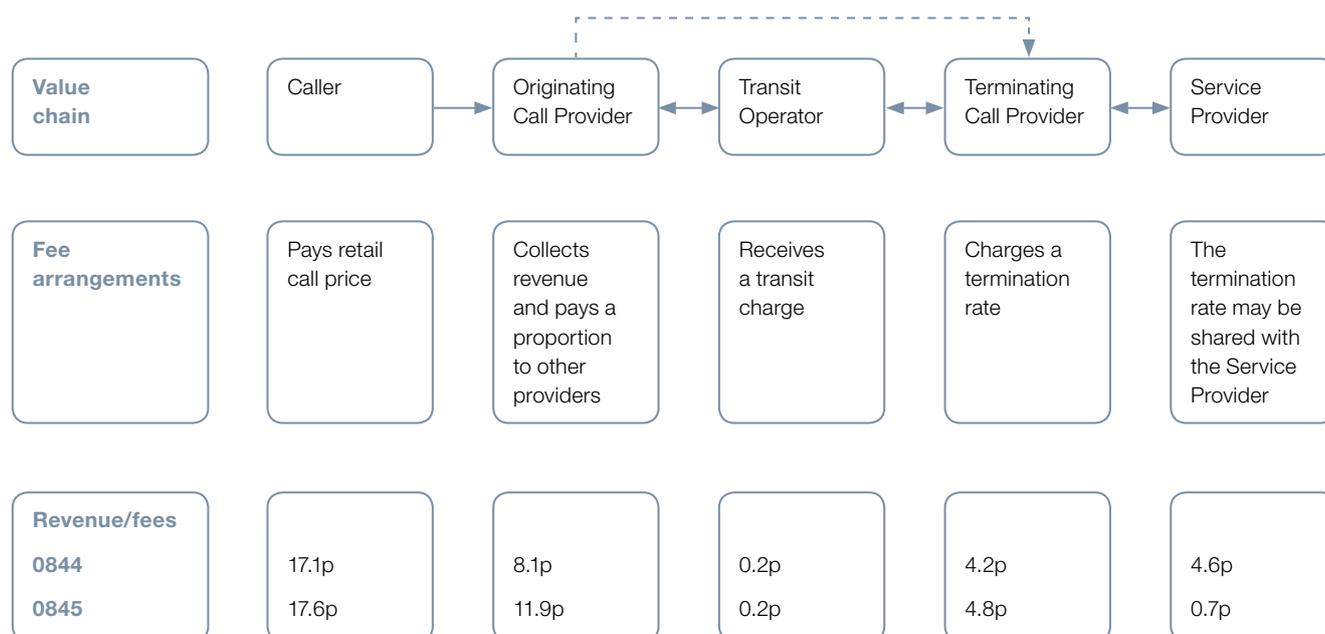
2.14 From the 54 departments, agencies and arm's-length bodies we looked at we found only one, the Student Loans Company, which continues to receive revenue from higher rate lines. Its research indicates that many of its callers depend on mobile telephones and do not have access to a fixed line. It has examined whether it is feasible to change to 03 numbers but concluded that it could not afford the additional charge to receive each call. It has estimated it would cost up to £1 million a year to make the change.

2.15 Some departments may have given up revenues too easily or without clearly identifying offsetting benefits from surrendering revenue. For example in 2007 the Department for Work & Pensions chose to give up revenues of around £700,000 a year because it was concerned it would be seen to be generating revenue from benefit claimants. It also concluded that trying to introduce an alternative commercial benefit to replace the revenue stream could not be defended.

2.16 The Department told us that its surrender of revenue helped it negotiate annual reductions to its Freephone tariff in 2010 and 2011. The Department had benchmarking information which indicated that its rate was uncompetitive but it told us that past surrendering of revenue was used as an additional lever. The saving was worth around £2 million in 2012-13. The Department could not provide evidence of a causal link between the two negotiations.

Figure 10

Flow of funds when calling higher rate lines from mobile telephones

Higher rate numbers allow receiving organisations ('service providers') to share call revenue**NOTES**

- 1 A proportion of call charges collected by the caller's telephone company are paid to other companies in the supply chain supporting the phone call. A call to a landline involves the operating call provider, the transit provider and the terminating call provider. It is standard practice for the service provider (the organisation operating the service) to share revenue or receive additional services instead of revenue.
- 2 Charges shown are average costs from a mobile in 2009. Charges from landlines were considerably less.

Source: Ofcom, *The flow of funds in the market for non-geographic calls*, November 2010

Getting additional services instead of revenue

2.17 Departments who receive services instead of revenue need to know how much their telephone providers make if they are to get their fair share of revenue or the equivalent value in services.

2.18 Departments do not know how much revenue their suppliers collect. In response to parliamentary questions none of the central government departments could demonstrate that they knew how much revenue suppliers were earning from central government telephone lines.

2.19 Determining the value of services that departments get is difficult without open book arrangements because deals are negotiated across a wide package of services. We did not see any examples of open-book arrangements to allow departments to view telephone supplier financial data or verify its accuracy. Neither of the two largest telephone line users – HM Revenue & Customs and the Department for Work & Pensions – have contracts that allow them access to information about supplier revenues. HM Revenue & Customs received other phone services instead of payment which its telephone provider says are worth £4.7 million.

2.20 To improve transparency Ofcom is changing the regulatory framework from 2015. This will allow callers to see a breakdown of their charges between the originating communication provider and terminating communication provider (Appendix Three). The information should help departments to understand the revenues their suppliers generate.

2.21 The Department for Work & Pensions plans to include financial transparency provisions within its future telephone contracts. Its supplier is not required to give the Department information on profits from the revenue from calls to 0845 numbers. The Department is aware that the Committee of Public Accounts recommended in March 2013 that all departments should insist on open-book arrangements if they share revenue. The Department told us it made no provision for open-book accounting because its current agreement pre-dates the Committee's recommendation. The Department spends over £150 million a year on its telephone contract.

2.22 There is no central government mechanism to enable departments to compare the amounts they pay for telephone calls. The Government Procurement Service has negotiated a memorandum of understanding with BT which departments can use. The prices available through the memorandum are published online. Departments are also free to negotiate their own arrangements. The Department for Work & Pensions carries out its own benchmarking exercises. It told us it would welcome more coordinated support across government.

Negotiating lower costs for callers

2.23 Another way that departments can improve service value is by negotiating reductions in the charges that callers need to pay. Although rates are often determined by originating service providers (such as mobile telephone companies), departments can negotiate with them to reduce charges.

2.24 For example, the Department for Work & Pensions has negotiated free calls for all its callers making new benefit claims over mobile calls (**Figure 11**). It has made significant savings on behalf of callers because 0800 numbers can be almost as expensive to call from a mobile as a higher rate line. We estimate the change would have saved callers up to £18 million a year. The deal is the only one of its kind in the UK and has been a key case example behind Ofcom's proposals to make 0800 numbers free from all mobiles.

Figure 11**Negotiating a better deal for callers to the Department for Work & Pensions**

Since 2008-09 the Department for Work & Pensions has used Freephone 0800 numbers for all calls from claimants to set up a new benefit claim or to seek emergency funding. 0800 numbers are free to call from landlines but cost an average of 16.2 pence from a mobile. Around a quarter of all calls to the Department are from mobile telephones, and the Department's research in 2008 found that 13 per cent of its callers relied solely on a mobile.

In March 2009 the Committee of Public Accounts recommended that the Department should put more pressure on mobile phone companies to offer Freephone call services. The Department began negotiating with the major mobile phone providers representing 97 per cent of mobile phone users in the UK to reduce the cost to callers of calls to 0800 numbers.

In 2010 the Department secured a deal with the mobile companies to pay a charge per minute received from a mobile in return for free calls to callers. We do not disclose the cost here for commercial reasons. The amount the Department paid is significantly less than the average cost paid by a caller and costs the Department up to £5 million a year. The Department renewed this arrangement in 2012 until 2014.

Source: Department for Work & Pensions, The Committee of Public Accounts report: Department for Work & Pensions: Handling Caller Complaints March 2009

2.25 Other examples are rare. The Government Equalities Office set up the Equality Advisory Support Service in 2012. The line is operated in partnership with voluntary groups such as Disability Rights UK. The phone line was therefore eligible for a voluntary sector rate brokered by the Helplines Association. The phone number is free to call from landlines and mobile phones. The model is the first of its kind in government. Its wider applicability is untested but in theory it could be replicated by other public-third sector partnerships, for example the Citizens Advice Consumer Service (operated by Citizens Advice).

Making informed trade-offs in setting charges

2.26 Providing cheaper calls for callers usually means higher costs for departments. In some cases there are clear policy objectives that can help to decide appropriate charges, for example if there are vulnerable groups that need to be supported. In other cases departments need to make trade-offs, considering caller and taxpayer perspectives.

2.27 Making informed trade-offs requires good information about charges, volumes and typical levels of revenue sharing for different number ranges. From this information departments can calculate the implied revenue they may receive from higher rate numbers, and the costs of providing services on numbers that are cheaper to call. Figure 1 compares average call charges for different number ranges. Figure 10 shows how the revenue from a higher rate call is distributed between the telephone companies involved in that call.

2.28 Central government departments receive implied revenues of around £2.3 million each year from higher rate lines. We assumed departments receive the full value of foregone revenue from higher rate lines. From this, we estimate the value of services at around £2.3 million a year based on typical charges and shares of revenue for higher rate numbers in Figure 10. The implied value of revenues needs to be considered when deciding between different number ranges and charges.

2.29 Overall the saving to callers would outweigh the costs to the government of switching to cheaper number ranges. We estimate that a change of higher rate lines to a non-geographic local rate would save callers £29 million a year and cost the government £7 million a year including loss of revenue share (**Figure 12, table A**). A change of all numbers to Freephone would save callers £46 million a year and cost the government £21 million a year (**Figure 12, table B**).

2.30 Changes to charges could affect call volumes and costs to departments. For example, the Department for Work & Pensions found that mobile phone caller volumes increased by 45 per cent after it agreed with mobile telephone companies that its 0800 numbers would be free. It found the volumes returned to historic levels over the longer term.

2.31 Figure 12 considers different scenarios for increasing volumes if number ranges are changed. Under most scenarios the saving to customers would exceed the additional cost to the government. Our analysis indicates that a net saving would still be achieved if the drop in cost to customers resulted in 60 per cent more calls.

Figure 12

Estimated impacts of changing numbers used for central government telephone lines

In most scenarios savings to callers would offset the additional costs to government of reducing call charges

Table A: Impact of changing all higher rate lines to 03 numbers

Scenario for volume of calls	Customer saving (£m)	Cost to departments (£m)	Net saving (£m)
Volumes unchanged	29	7	22
With a 30 per cent increase in call volume	21	9	12
With a 45 per cent increase in call volume	17	10	7
With a 60 per cent increase in call volume	13	11	2

Table B: Impact of changing all higher rate lines to Freephone numbers

Scenario for volume of calls	Customer saving (£m)	Cost to departments (£m)	Net saving (£m)
Volumes unchanged	46	21	25
30 per cent increase in call volume	40	27	13
45 per cent increase in call volume	37	31	6
60 per cent increase in call volume	34	34	0

NOTES

- 1 Costs and savings are based on Government Procurement Service pence per minute rates.
- 2 The lost value from revenue sharing is included in costs to departments. The costs of changing stationery are not included. HM Revenue & Customs expects to avoid additional costs to re-print numbers in forms by using higher rate and 03 numbers in parallel for 18 months.
- 3 The model assesses call costs for an increase in volumes. Customer savings fall with higher volumes because more calls incur a charge. The extra cost of staff to handle an increase in calls is not included.

Source: National Audit Office analysis

Appendix One

Our audit approach

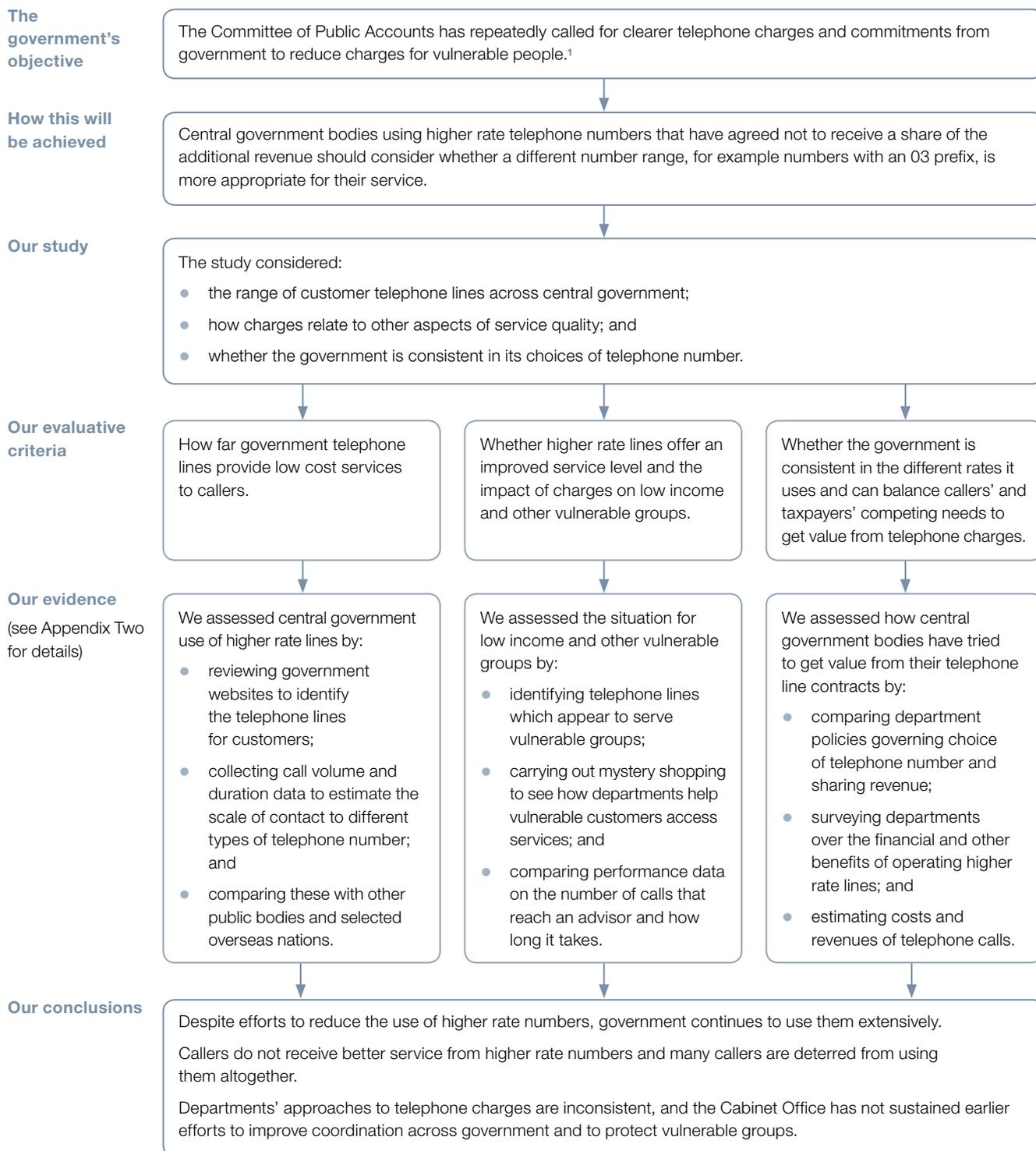
1 In this study we examined different charges for customer telephone lines across central government. The government also has an obligation to minimise the costs to taxpayers of providing public services and must balance callers' needs with the costs of providing better services. This report examines how the government uses different charges for customer telephone lines and considers:

- how far government telephone lines provide low cost services to callers, and how charges relate to other aspects of service quality; and
- whether the government uses different rates consistently and can balance competing caller and taxpayer needs in achieving value from telephone charges.

2 Our audit approach is summarised in **Figure 13**. Our evidence base is described in Appendix Two.

Figure 13

Our audit approach

**NOTE**

1 Comptroller and Auditor General, *HM Revenue & Customs: Customer Service Performance*, Session 2012-13, HC 795, National Audit Office, December 2012. Available at: www.nao.org.uk/report/hm-revenue-customs-customer-service-performance

Appendix Two

Our evidence base

1 Our independent conclusions on different charges for customer phone lines across central government were reached following evidence collected between March and June 2013. Appendix One sets out our audit approach.

Customer telephone lines within our scope

2 Our population of customer telephone lines across central government is derived from a search of the gov.uk website in March 2013. We also searched the websites of all Whitehall departments, their executive agencies and the arm's-length bodies they sponsor.

3 This report considers customer telephone lines used by people and households and excludes services aimed primarily at businesses, apart from the self-employed. The term 'customer' includes people who use a government service voluntarily (such as those seeking advice) or involuntarily (such as taxpayers or households in contact with the criminal justice system). We also include telephone lines used by agents acting for customers such as tax advisers, solicitors, and charities.

4 We requested management information data for 2011-12 and 2012-13 from all 54 government bodies with a customer telephone line on the gov.uk website. We assumed that telephone lines listed on gov.uk would be the main lines serving customers but there may be others. We counted a network of local offices providing the same service but with separate phone numbers as a single telephone line. This better reflects the number of telephone lines that a customer may realistically choose from. We also removed lines that were no longer active. Our adjustment reduced our population of customer telephone lines from 703 to 365. We asked departments, agencies and arm's-length bodies for data for around 250 lines listed on the gov.uk website and asked them to tell us about any other significant telephone lines not included in our sample.

5 We sought existing management information on call volumes and performance data for all lines listed on the gov.uk website. We asked departments to provide only information they held because we wanted to gauge how extensively performance was monitored and whether this varied by type of telephone number. For higher rate telephone lines we also asked for the reasons why and high-level details of the contracts with the companies providing supporting services. We received responses from 99 per cent of the organisations in our sample, covering 99 per cent of telephone lines. We sought representations from each department that the total call volumes excluded were less than 100,000 a year.

Evidence for our evaluative criteria

6 We examined whether the central government bodies providing customer telephone lines using higher rate numbers have a robust rationale for selecting such numbers. We:

- **reviewed** the range of number types listed on central government websites;
- **compared** this with published data on phone numbers used by GP surgeries and a sample of 37 (11 per cent) local authorities in England;
- **checked** central government's published policies governing choice of phone number of these bodies and interviewed officials if policy documents were not available; and
- **collected** call volume data from 54 central government bodies and **calculated** the total number of calls to Freephone, geographic, 03 and higher rate lines.

7 To evaluate whether higher rate lines offer an improved level of service and the impact of charges on low income and other vulnerable groups we:

- **checked** our listing of higher rate lines advertised on government websites to identify those that appeared to serve vulnerable or low income groups (Appendix Four);
- **conducted** a mystery shopping exercise to find out whether callers are warned of costs or offered cheaper alternatives, such as a call back option; and
- **compared** call handling data against the industry benchmark.

- 8** To assess whether central government bodies got value for money from the deals they negotiate with telephone companies we:
- **reviewed** departmental information on revenue sharing from higher rate lines and checked the answers to parliamentary questions;
 - **estimated** the value of revenue that could be accrued for services against industry averages that Ofcom identified;
 - **reviewed** steps taken to negotiate lower costs to callers; and
 - **used** call volume and duration data and charges that the Government Procurement Service negotiated to **estimate** the financial trade-offs to callers and the government from switching to telephone lines with lower charges to customers.
- 9** To help inform our general understanding of telephone lines we drew on advice from Ofcom (the Office of Communications).

Appendix Three

Ofcom proposals for non-geographic numbers

1 Ofcom is the independent regulator and competition authority for the UK communications industry. Ofcom has announced that it intends to simplify non-geographic number ranges by making the pricing structures clearer to consumers and removing confusing and misleading inconsistencies. **Figure 14** sets out the key aspects of Ofcom's proposals as they relate to the lines in this report.

Figure 14
Summary of changes proposed by Ofcom

Number range	Proposals	Impact of proposals
Freephone 080	All 080 and 116 numbers will be free for mobile as well as fixed line callers.	Callers will have greater certainty and lower costs when calling Freephone numbers. Service providers will pay more to ensure mobile calls are free.
03 and 0870	03 numbers will be the only non-geographic number range linked to geographic rates on 01/02 numbers.	Simplification should encourage awareness and use of the 03 number ranges. 0870 will be treated in a similar way to other 08 numbers rather than linked to geographic rates.
Higher rate	All 08 numbers (except 080), 09 premium rate and 118 numbers will use a common rate structure. Providers will have to distinguish an 'access charge' paid to the caller's telephone company and a 'service charge' paid to the telephone company receiving the call, some of which may be shared with the service provider. Service charges will be capped at 7p per minute in the 084 ranges and 13p in the 087 range.	Callers will have a clearer understanding of charges for higher rate and premium rate lines. Ofcom expects that 0845 will be excluded from more free minute call packages.

Source: Ofcom, *Simplifying non-geographic numbers consultation*, April 2012

Appendix Four

Higher rate lines serving vulnerable groups

1 In our review of central government telephone lines we identified 59 lines using higher rate 0844 and 0845 numbers serving vulnerable people. We reviewed all higher rate central government customer telephone lines and classified them according to the types of people likely to use the line.

2 Where callers are likely to be predominantly from vulnerable or potentially vulnerable groups we have included the telephone line in **Figure 15** below. Where multiple numbers are used for different local offices we have counted the lines only once.

Figure 15
Higher rate lines serving vulnerable groups

Organisation	Telephone number	Description	Group
BIS	0845 145 0004	Redundancy payments service helpline	Unemployed or low income
CAFCASS	0844 353 3350	National office	Children
CAFCASS	54 lines (0844)	Local offices	Children
DWP	0845 300 0168	Future Pension Centre	Pensioners
DWP	0845 300 1084	Local service (DWP visiting)	Unemployed or low income
DWP	0845 301 3011	National Pension Centre	Pensioners
DWP	0845 600 0643	Jobcentre Plus applications	Unemployed or low income
DWP	0845 600 0723	Universal Credit	Unemployed or low income
DWP	0845 600 1268 0845 600 8187	DWP Workplace Pension Information Lines: English, Welsh	Pensioners
DWP	0845 600 2537	Pension Tracing Service domestic	Pensioners
DWP	0845 600 3018	Primary benefit enquiries Welsh	Unemployed or low income
DWP	0845 600 5362	State pension equalisation	Pensioners
DWP	0845 600 8192	Incapacity Benefit/Income Support reassessment	Disabled
DWP	0845 601 0008	International pension service	Pensioners
DWP	0845 601 0322	Future Pension Centre – Overseas	Pensioners

Figure 15 *continued*
Higher rate lines serving vulnerable groups

Organisation	Telephone number	Description	Group
DWP	0845 602 0194	Disability Living Allowance helpline	Disabled
DWP	0845 602 0197	Disability Living Allowance – motability	Disabled
DWP	0845 602 1491	National Insurance – Welsh	Unemployed or low income
DWP	0845 602 3024	Employment and Support Allowance – Sanctions	Disabled
DWP	0845 603 6967	Social Fund	Unemployed or low income
DWP	0845 604 3349 0845 604 3412	Self-service helplines: English, Welsh	Unemployed or low income
DWP	0845 604 3719	Jobcentre Plus appointments	Unemployed or low income
DWP	0845 604 4248	Jobcentre Plus general (Welsh)	Unemployed or low income
DWP	0845 605 7064 0845 605 7066	Benefit cap: English, Welsh	Unemployed or low income
DWP	0845 606 0234	Jobcentre Plus	Unemployed or low income
DWP	0845 606 0265	Pension Service helpline	Pensioners
DWP	0845 606 0275	Bereavement Service helpline	Other
DWP	0845 606 5065	Leaflet helpline	Unemployed or low income
DWP	0845 606 7890	Jobseeker Direct (Welsh)	Unemployed or low income
DWP	0845 608 4321	Carer's Allowance Unit	Disabled
DWP	0845 608 8674	Maternity Allowance	Other
DWP	0845 712 3456	Disability benefits helplines	Disabled
DWP	0845 713 3133	Child Support Agency: Pre 2003 scheme helpline	Children
DWP	0845 731 3233	Benefits and pensions	Unemployed or low income
DWP	0845 915 1515	Winter Fuel Payment helpline	Pensioners
DWP	5 lines (0845)	Industrial Injuries Disablement Benefit centres	Other
DWP	6 lines (0845)	Child Support regional offices	Children

Figure 15 *continued*

Higher rate lines serving vulnerable groups

Organisation	Telephone number	Description	Group
DWP	75 lines (0845)	Benefit enquiry offices	Unemployed or low income
Gangmasters Licensing Authority	0845 602 5020	³	Other
HMRC	0845 302 1423	BillPay helpline	Unemployed or low income
HMRC	0845 302 1444	Child Benefit helpline	Children
HMRC	0845 366 7887	Blind person's allowance claims	Disabled
HMRC	0845 600 0678	National minimum wage helpline	Unemployed or low income
Independent Living Fund	0845 601 8815	General helpline	Disabled
National Offender Management Service	0845 758 5112	Victims helpline	Other
Official Solicitor and Public Trustee	0845 345 5303	To register and enforce child maintenance orders internationally	Children
Pension Protection Fund	0845 603 7224	General enquiries	Pensioners
Pension Protection Fund	0845 604 4585	Financial Assistance Scheme	Pensioners
Pensions Advisory Service	0845 601 2923	Pension helpline	Pensioners
Student Loans Company	0845 026 2019 0845 073 8891	Enquiries post application	Unemployed or low income
Student Loans Company	0845 073 8908	Complaints	Unemployed or low income
Student Loans Company	0845 300 5090	Student finance enquiries	Unemployed or low income
Student Loans Company	0845 602 8845	Student finance Wales	Unemployed or low income
Valuation Office Agency	0845 026 4696	Housing benefit and fair rent enquiries	Unemployed or low income

NOTES

- 1 Abbreviations: BIS = Department for Business, Innovation & Skills; CAFCASS = Children and Family Court Advisory and Support Service; DWP = Department for Work & Pensions; HMRC = HM Revenue & Customs.
- 2 Some higher rate numbers offer 03 alternatives, for example BillPay and Child Benefit helplines.
- 3 To provide information about the mistreatment of workers, unlicensed labour providers or gangmasters.
- 4 The six child maintenance telephone lines serve different parts of the UK and are counted as one telephone line for the purposes of this report.

Source: National Audit Office analysis of gov.uk and departmental websites

Appendix Five

Government targets for the proportion of calls answered by an advisor

1 Government bodies do not target a time by which most calls should be answered. The industry benchmark is to answer 80 per cent of calls in 20 seconds.

Figure 16
Performance targets for total calls answered across government

Performance targets to answer calls vary across government and fall short of the industry benchmark

Target for calls answered	Organisation	Telephone line	Prefix	Performance in 2012-13 (%)
95 per cent answered by an advisor	Department for Work & Pensions	6 Child Maintenance lines	0845	88–100
		Child maintenance choices	0800	
	Criminal Injuries Compensation Authority	General enquiries	03	97
	Care Quality Commission	National Customer Service	03	94
90 per cent answered by an advisor	Department for Work & Pensions	8 Pension Disability and Carers Service lines	0845	95–100
		5 Pension Disability and Carers Service lines	0800	94–100
		11 benefit claim lines	0800	81–100
		Primary Benefit Enquiries	0845	84
		18 other lines	0845	87–100
	Student Loans Company	4 lines	0845	92–98
		EU loans	01	92
	Department for Education	General enquiries	0370	90

Figure 16 *continued*

Performance targets for total calls answered across government

Target for calls answered	Organisation	Telephone line	Prefix	Performance in 2012-13 (%)
80 per cent answered by an advisor	Food Standards Agency	Helpline	02	88
	UK Border Agency ¹	Asylum support contact centre	0845	76
		European enquiries contact centre	0845	64
		UK immigration enquiry bureau	0870	39
	Department for Work & Pensions	Crisis Loan application	0800	75
75 per cent answered	HM Revenue & Customs	10 helplines	0845	69–80
		National Insurance enquiries	0845	80
Percentage answered by an advisor	Office of the Immigration Services Commissioner	General enquiries	0845	100
		General enquiries	02	100
	UK Border Agency	Direct Communications Unit	02	99
	Office of the Public Guardian	General enquiries	03	97
	Housing Ombudsman Service	General enquiries	03	93
	HM Courts and Tribunals Service	To pay a court fine	03	73
		Jury Central Summoning Bureau	0845	67

NOTE

- 1 UK immigration enquiry bureau staff were redeployed to support other lines dealing with vulnerable customers, such as the asylum screening unit and asylum support lines. The UK Border Agency recognised performance was unacceptable in the first half of 2012-13. It increased staff and its channel strategy reduced calls by 800,000. In the second half of the year performance exceeded 80 per cent. In June 2013 performance for the line stood at 93 per cent.

Source: National Audit Office analysis of departmental data



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