



National Audit Office

REPORT BY THE  
COMPTROLLER AND  
AUDITOR GENERAL

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Cross-government

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# Charges for customer telephone lines

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## Key facts

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**365**

customer telephone lines we identified on central government websites

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**33%**

of central government telephone lines use more expensive 084 numbers

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**£56m**

estimated costs of calling 084 numbers in 2012-13

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- 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.<sup>1</sup> 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.

<sup>1</sup> 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.<sup>2</sup> 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.

<sup>2</sup> 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.