

Non-Geographic Call Services – Get Ready For the Change

Major changes to the regulation of the main non-geographic number ranges will come into effect on 1st July 2015. This whitepaper aims to explain why the changes are being introduced, what these changes could mean, what will be required of communication providers to comply with the new regulations, and the predicted impact on the billing process.

As most communications providers (CPs) will already be aware, as of July 2015, Ofcom will be introducing significant new regulation governing the way in which calls made by consumers to certain non-geographic number ranges are calculated and charged. CPs will need to make their own preparations for the changes and, in some cases, to liaise with their end-user customers who use these numbers.

Non-geographic numbers are those phone numbers which are not linked to a specific location and include 03, 05, 07, 08, 09, 116 and 118, though 03, 05 and 07 numbers will be unaffected by the change. The new regulations are being introduced in a bid to make charges for Non Geographic Call Services (NGCS) more transparent for consumers, following research conducted by Ofcom which concluded that a large proportion of consumers are unsure of how much calls to non-geographic numbers will cost.

Consumer confusion over NGCS charges is hardly surprising given that each CP sets its own rates, pricing information can be hard to find, and is often more complex than an average consumer could be expected to grasp. Advertised pricing, when required (eg for 09s), is unable to state what the call will pay their network for making the call, hence the generalised statements currently seen.

It is worth noting that the new regulations will only relate to calls made by consumer customers. Business customers of any size will, at least for the moment, not be subject to the new regulations. However, even if you have no consumer customers there won't really be a 'do nothing' option. It's unlikely that wholesale providers will be able to distinguish between consumer and business callers and will charge according to new, industry agreed, price points. Other changes across the supply chain will also have impacts that will require CPs to take action.

So, what precisely is changing, how is this likely to affect CPs, and what will they need to do to comply with the new regulations?

Calls to 080 and 116 to be free-to-caller from all devices (fixed and mobile)

Although, as noted above, the new regulation applies to calls made by consumers (which in this context does not include businesses), Ofcom has stated that it expects "CPs are likely to voluntarily offer these calls free of charge to businesses as well".

Ofcom has introduced a new "080 and 116 Access Condition" to ensure that charges by Terminating Communications Providers for terminating 080 and 116 calls on their networks are "fair". Ofcom has also modified its original decision so that the regulation now applies to all calls (i.e. from both consumers and businesses). This effectively removes any commercial justification for charging businesses for calls they make to these numbers.

However, Ofcom acknowledges that making all calls to 080 and 116 free-to-caller and the changes to termination payments will result in increased costs for businesses who use 080 ranges for inbound services. CPs need to

discuss the new rates and, where appropriate, options for migration with any of their customers who use these ranges.

The NGCS Unbundled Tariff – rules for the Access and Service Charges

A new “Unbundled Tariff” pricing structure will apply to the 084, 087, and 09 ranges. In short this means that the retail charge paid by the consumer will be split into an Access Charge and Service Charge. The new rules for the 087 range now include calls to 0870 numbers which were previously mandated to be charged at geographic rates. The Access Charge is the per minute tariff charged by the originating CP to the consumer for making the call.

A single Access Charge per tariff package must be applied across all NGCS ranges that are “in bundle”. The Access Charge must be expressed as a simple “pence per minute” rate and the originating CP must publish its Access Charges on its price lists and ideally on its website. CPs are permitted to operate a range of tariffs, each with its own Access Charge, in order to cater for customers with different usage profiles.

For outbound calls to an NGCS number, the Access Charge is the only opportunity the CP has to cover costs and make a profit from NGCS calls. The CP will need to think very carefully at what price to set as the Access Charge, too high and they run the risk of being uncompetitive, too low and they will not make enough to cover the credit risk associated with expensive premium rate calls.

The Service Charge is the tariff charged by the terminating CP. A Service Charge must be applied to each 084, 087 and 09 range which then applies to calls from all devices. The Service Charge is priced at one of 100 charge groups that have been determined and the CP must bill those calls at that price point. Initially there will be 80 such price points with capacity to add a further 20 at a later date. Ofcom has also set price caps for the Service Charge on each of the affected ranges (except 118) – 5.883p for 084, 10.883p for 087 and £5 per call or £3 per minute for 09 (all excluding VAT).

The owners of each NGCS number range (“Range holder”) must choose a Service Charge from the industry agreed list of 80 price points (and within the new caps) for its number blocks and must then notify Ofcom of its chosen charge. The new Service Charge selected for any range might not be the same as termination rates under the current regime.

A new Numbering Management System is being implemented by Ofcom which will include a list showing the Service Charge selected for each number range. The list is available to download as a spreadsheet from the Ofcom website. The information on Service Charges applicable to each range will also be included in the BT Carrier Price List.

Ofcom’s primary concern with the new rules is to provide consumers transparency as to the price of NGCS calls. The net effect may well prove to be that the overall cost of calls to NGCS calls actually increases.

Messages to be used by Customers who use the numbers in advertising

Ofcom is introducing a new “Non-Provider Numbering Condition” which requires that the Range Holder/Service Provider (end customer) must show the applicable Service Charge on all advertising and promotional material which includes the number - using the following wording provided by Ofcom:

“This call will cost you X pence per minute plus your phone company’s access charge”

Compliance with this part of the regulations will be monitored by the Advertising Standards Authority and PhonepayPlus (depending on the range and the cost of the call).

rem-calc(21)Inclusion of the Access Charge on bills

Changes to the regulation on itemised billing will require the inclusion of the “applicable access charge” on bills for consumers. Ofcom has stated in discussions with the industry that there is no requirement to show a split charge for each call to a number in the affected ranges, or even to provide a specific subtotal reflecting the Access Charge element for the bill in question.

However, bills for consumer customers must include a clear statement that the CPs Access Charge is X pence per minute. Ofcom’s intention is that consumers should be able to calculate the access charge element of the bill. As a result, there needs to be a degree of itemisation that shows at least which calls were made to numbers in the unbundled ranges and the duration of each call.

Ofcom website

Further information can be found at a new website recently launched by Ofcom to raise awareness of the changes among consumers at www.ukcalling.info.

Billing Considerations

Obviously these regulations represent a significant challenge to the billing process. Resellers will need to implement new dial codes and charge groups to cater for the new charges from terminating CPs. This will apply to all customers, business and consumer alike. We believe that the reseller community is unaware of the risk these changes could bring in terms of lost revenue and margin.

To prepare for the change, resellers will first need to add the 80 new, industry agreed, NGCS charge groups to their platform. They should then update the existing dial codes within their billing platform with the new dial codes. Resellers should then map all affected dial codes to the new charge groups. Once this has been completed we would recommend resellers assess the new wholesale rates from suppliers for these 80 destinations and create new sell rates as appropriate.

CPs who sell inbound services will also need to set up new inbound charging groups and number plans to reflect the new price points. It is highly likely that the wholesale inbound call cost (or out payment) may change for many of the number ranges, so CPs need to consult their inbound call provider and make appropriate price changes in the billing platform.

If you use a billing provider they will probably have made changes to their software to make managing NGCS services for consumer customers alongside business customers a straightforward process and will be upgrading you to this new version over the coming months.

Disclaimer:

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