



Information Policy & Compliance
bbc.co.uk/foi

Via email:

19 December 2007

Dear Mr

Freedom of information request - RFI2007001024

Thank you for your request under the Freedom of Information Act 2000 ("the Act") which was received by the BBC on 26 November 2007.

You requested an inspection to verify that you do not watch television and we will make sure that your name and address are sent to the department which arranges these visits.

You also wished to be assured that you would not be prosecuted for looking at BBC or ITV websites. A TV licence is needed to watch TV programme services as they're being shown on TV. So if you download television programmes from the internet but they are not being shown on TV at the same time, then you do not need a TV Licence. However, if you watch TV programmes as they are being streamed live, then you would need to be covered by a TV Licence.

You also asked "Are you going to introduce licence fees for Digital Radio?" The Government decides what needs to be licensed but as far as we are aware, there are no plans for the Government to charge a licence for digital radio.

You asked if you needed a licence for listening to the BBC Online. You do not need a TV licence for listening to the radio or listening to the radio online. Paragraph three of this letter outlines the circumstances in which you would need a TV Licence for viewing television online.

You further asked:-

"Please can you tell me why you charge premium rate calls for contacting you?

Why do you refuse to give out an ordinary STD code?

Under the Freedom of Information please could you tell me how much revenue is made from using the 0870 dialling code."



INVESTOR IN PEOPLE

Please note that "TV Licensing" is a trading name used by companies contracted by the BBC to administer the collection of television licence fees and enforcement of the television licensing system. The majority of the administration of TV Licensing is contracted to Capita Business Services Ltd (which undertakes the majority of the administration of the TV Licensing system), with the administration of our cash related payment schemes contracted to Revenues Management Services Ltd (RMS). PayPoint Network Ltd and PayPoint Collections Ltd are contracted to provide over-the-counter services. The marketing and public relations activities are contracted to the AMV Consortium. The consortium is made up of the following four companies: Abbott Mead Vickers BBDO Ltd, Fishburn Hedges Boys Williams Limited, PHD Media Limited and Proximity London Ltd. The BBC is a public authority in respect of its television licensing functions and retains overall responsibility.

0870 numbers are national rate numbers, *not* premium rate numbers. You may be interested to know that it has been found that cost of the average call to TV Licensing is less than the cost of a First Class postage stamp.

Neither the BBC nor TV Licensing receives profit from these telephone calls, although the national rate numbers help keep the costs of collection down and maximise licence fee revenue. However, TV Licensing (i.e. not the BBC) does receive a rebate from their use. The rebate that Capita receives from BT in its TV Licensing role in respect of calls made to 0870 numbers is offset against its operational costs and helps to ensure that the costs of collecting the licence fee are kept as low as possible. The rebate received for using these numbers in all cases is a tiny amount compared to the total phone costs incurred by TV Licensing.

In relation to the exact amount of the rebate received, I can confirm that the BBC does hold the information you requested. However, I am withholding this information under s43 of the Act. Section 43 states that information will be exempt under the Act if its disclosure under the Act would, or would be likely to, prejudice the commercial interests of any person (including the public authority holding it).

The disclosure of this information would be likely to prejudice the commercial interests of the BBC since the information you have requested relates to a contract which Capita holds with a separate provider (BT) for the provision of these services. Capita have negotiated the terms of this contract, including the cost structures. Releasing this information would be likely to prejudice Capita's ability to negotiate favourable terms in the future. Further, if the BBC were to release this information, this would harm our relationship with Capita. This would in turn prejudice the commercial interests of the BBC as our commercial relationship would be harmed (as we would not be able to work together to most efficiently collect the licence fee).

This information is also exempt under s41 of the Act as the information was provided to the BBC in confidence and the public interest in releasing this information does not outweigh the public interest in maintaining the exemption.

I am satisfied in terms of section 2(2) of the Act that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information. I have considered the public interest test in the section on why information has been withheld below.

It may interest you to know that TV Licensing uses non-geographic 0870 numbers and this is for a number of reasons. Such numbers allow calls to be routed to one of the call centres operating in the UK at the same standard rate unit cost. The call centres located in Bristol and Darwen (near Blackburn) handle the vast majority of the telephone calls received by TV Licensing. The use of 0870 telephone numbers allow calls from anywhere in the country to be routed to available advisors across the sites and this enables the call to be answered quickly and by the most appropriate advisor thus saving callers substantial amounts of time. 0870 numbers provide the best means of managing a call centre to enable callers to be quickly transferred to the appropriate agents in either of our call centres with the appropriate skill set to manage their call. It is for these reasons that we do not give out geographic telephone numbers.

Please find attached part of the BBC TV Licensing response to the Office of Communications (OFCOM) consultation on the use of such numbers (known as number translation service (NTS) numbers). I hope that this helps you with your enquiries and provides some useful background, especially in relation to the cost to the consumer of using 0870 numbers.

Why information has been withheld

I am required under s 2(2) of the Act to assess whether the public interest in maintaining the exemptions outweigh the public interest in disclosing the information.

The following factors are in favour of disclosure:

1. ensuring that public funds are being appropriately applied, that is:
 - a. ensuring that the TV Licensing system is being efficiently run; and
 - b. ensuring that value for money is being obtained.

I consider that the above public interest factors in favour of disclosure are served by the following:

1. The BBC is required to satisfy the National Audit Office ('NAO') as to the value for money of the collection and enforcement arrangements and is accountable for the economy, efficiency and effectiveness of such arrangements. NAO's most recent audit is published at http://www.nao.org.uk/publications/nao_reports/06-07/0607183.pdf.
2. The BBC has reduced the cost of collection from 6.2% of the total licence fee collected in 1991/2, when it took over from the Home Office, to 4.1% for the financial year 06/07. This demonstrates that the TV Licensing system is being efficiently run. This and further related information is available in the BBC's annual report (see www.bbc.co.uk), the TV Licensing Annual Review and the *About TV Licensing* document (see <http://www.tvlicensing.co.uk/aboutus/index.jsp>).

3. The attached report given to OFCOM's consultation on the use of these numbers, outlines general cost information and TV Licensing's rationales for using such numbers which helps explain more about the use of these numbers

There is hence a greater public interest in ensuring the effective collection of the licence fee than in disclosing the information you have sought. I am therefore satisfied, in terms of section 2 of the Act, that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest (outlined above) in disclosing the information.

Appeal rights

If you are not satisfied with this response you have the right to an internal review by a BBC senior manager or legal adviser. Please contact us at the address provided, explaining what you would like us to review and including your reference number. If you are not satisfied with the internal review, you can appeal to the Information Commissioner. The contact details are: Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire, SK9 5AF, telephone 01625 545 700 or see <http://www.ico.gov.uk/>

Yours sincerely,

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BBC TV Licensing Management Team

Question 7: Ofcom has identified a range of options for evaluation (A1 to F2).

What are stakeholders' views on the options? What other options do stakeholders think Ofcom should consider and why?

A. Background

The BBC as the Licensing Authority is responsible for the television licensing system. 'TV Licensing' is a trading name used by agents of the BBC to administer the collection of television licence fees and the enforcement of the television licensing system. The majority of the administration of the licensing system is contracted to Capita Business Services Limited ('Capita').

TV Licensing has 161 '0870' numbers. Capita has an agreement with BT which governs the use of such numbers, however, the numbers are designated TV Licensing numbers which are 'owned' by the BBC.

The BBC considers that it is appropriate for Ofcom to take into account the consequences which will flow to stakeholders other than the direct beneficiaries of such benefits if the current regulatory arrangements which apply to NTS calls are amended. BBC wishes to address the implications that options A2 and B5 – ending 0870 revenue sharing arrangements - will have for the BBC and its licence holders. The benefits of the current arrangements for licence holders are also outlined.

B. TV Licensing's use of NTS numbers

There are policy, financial and operational reasons as to why TV Licensing uses 0870 numbers. The rationale underlying these reasons is that the interests of the licence fee payers should be put first.

The 0870 tariff is also the best way of delivering value for money for licence fee payers because of the impact it has on the costs of administering the licensing system. The Government expects the BBC to collect the licence fee in as cost effective a manner as possible and our activities are audited by the National Audit Office. The principle is that as much of the licence fee as possible should be made available for BBC output expenditure. The rebate which Capita receives from BT in respect of calls made to the 0870 numbers is offset against its operational costs and helps to ensure that the costs of collecting the licence fee are kept as low as possible.

To use 0800 numbers as an alternative is not cost effective. 0800 numbers are known to stimulate demand and prolong the length of the call as the cost of the call is not borne by the caller and there is no financial incentive to conclude the call.

The average length of a call made to a TV Licensing number is around 3 minutes. Based on BT peak tariff of 6.7 pence per minute, the cost of a call is around 20 pence which is comparable, if not slightly cheaper, than other alternative methods of communication such as the postal service. Although some callers may be charged a

higher rate because of the agreement they have with their service providers or because they use a mobile phone to make the call, the cost of contacting TV Licensing via 0870 is relatively inexpensive.

If a customer does not wish to contact TVL by telephone and pay for the call, the customer can purchase a licence online, at the Post Office and other over the counter suppliers or by post. If they wish to make an enquiry, they can contact us by post or online as an alternative to a phone call.

The call centres which are used by TV Licensing have been structured around the availability of 0870 numbers and there are operational and technical advantages in maintaining this current set-up. Calls to 0870 numbers are 'intelligent call routed'. This means that calls can be routed to different call centres at different times depending on the volume of calls (Capita has two call centres which answer TV Licensing calls). Calls may also be directed to specific operators within the call centres who have the relevant experience for the caller's enquiry as identified by the number which has been called. This has two beneficial consequences for licence fee payers and the minimisation of administration costs:

- there is efficient deployment of resources; and
- the length of calls is reduced and there is less of a need to return a call if the call is answered by the correct operator for the specific enquiry.

0870 numbers also allow for sophisticated statistical reporting. A range of 0870 numbers are used to assist with forecasting call volumes and measuring the outcome of specific marketing campaigns. While it may be possible to replace 0870 numbers with geographic numbers and replicate current systems, the costs of doing so will be great (as explained below).

D. Price Transparency on 084 and 087 numbers

The BBC supports options for reforming the current regulatory arrangements which do not involve prohibiting suppliers from offering rebates for call charges.

We agree that there needs to be greater transparency around the costs of calling 0870 numbers. The costs of making a call to NTS numbers should be clearly stated in relevant material. Given that Ofcom's own research suggests that consumers are wildly overestimating the costs per call currently and have the belief that calls may cost up to 30pppm, we propose that transparency is given to the existing arrangements and the existing costs per call to 0870. BBC TV Licensing considers that the bad press received regarding the costs of 0870 and its incorrect tag of 'premium' is due to the consumer not having knowledge of how much they pay, leading them to overestimate of the costs. Greater transparency of pricing will enable the customer to make an informed decision to call TV Licensing or to use one of the alternative channels available to them.

Regulations could make it mandatory for notice to be given to consumers of the costs involved in making a call to NTS numbers including stating that calls to such numbers will normally be excluded from 'free minutes' or reduced rate call plans. This would bring greater transparency to the use of NTS numbers.

As an alternative could Ofcom insist that the service providers allow NTS numbers to be included in their free minutes or reduced rate call plans. We consider that it is

extremely unlikely that a TV Licensing customer should ever feel the need to add our number to the friends and family call plans but providing the customer with the choice to do so would address this concern.

E. Equal Prominence of 0870 and geographic numbers

In paragraph 1.18 of the consultation document ('NTS: A Way Forward'), it is proposed that public bodies should only use NTS numbers if equal prominence is given to a geographic alternative. As stated above, TV Licensing does not consider that it constitutes a public body for the purpose of the consultation document.

In any event, it is TV Licensing's view that it would be impractical and would result in more confusion for the customer if TV Licensing were required to provide duplicate numbers. Moreover, considerable costs would be incurred in adding geographic numbers to the intelligent call router in order to achieve the required functionality.