



**Social Security Advisory Committee  
Occasional Paper N°. 3**

# **Telephony in DWP and its agencies: Call costs and equality of customer access**

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This paper was produced in support of advice offered to the Secretary of State in accordance with the Committee's remit (s 170(i) (a) of the SSA 1992 refers). The original text was sent to Ministers in June 2007 and is now being given wider distribution. We are grateful for the assistance of our Research and Policy Specialist, Dr Anna Bee, who prepared the paper for us, and to Departmental officials who provided factual information. However, the views expressed, and any conclusions reached, in the paper are solely the responsibility of the Committee.

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# Telephony in DWP and its agencies: Call costs and equality of customer access

## Introduction

- 1 The Department for Work and Pensions (DWP) has been changing the way it delivers its services to its customers. Face-to-face contact in local offices has been largely superseded by telephone contact to service-delivery centres located away from the customer's home area. A number of these services have been in place for some time, particularly those operated by the Pension Service and the Disability and Carers Service. More recently, the services delivered by Jobcentre Plus have been moving to this model and it is these services that caught our attention around two years ago and prompted us to look more closely at the implications of the changes for customer service, and the wider issues that have been raised by the Department's increasing reliance on telephony.

## Background

- 2 Our starting point for this paper is that the Department's customers should have equality of access to its services. Particular individuals and groups should not be disadvantaged as a consequence of the Department's choice of service delivery vehicle, design and process. In the course of our contacts with stakeholders and our many visits to the Department's operational sites during 2005/06 we became aware that telephony in general, and call costs specifically, were causing difficulties for some customers. We were struck by the lack of clear, complete and accessible information for customers about the costs of calls to the Department's various service delivery sites and the lack of knowledge (among customers and staff alike) of call costs, especially calls made from mobile phones and where customers have call cost packages in place with their landline provider.
- 3 This paper complements other reports<sup>1</sup> on the increasing use of telephony in DWP and focuses on the issues around the cost of calls that customers have to make and the information available to customers about the costs of these calls. The paper also considers the proposed 03 number range for public sector organisations. Other reports have focused on the other barriers to access that reliance on telephony may present. For example, the Public Accounts Committee concluded that the telephone is not a convenient means of contact for everyone and that it should not be the only option available to the Department's customers<sup>2</sup>.

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<sup>1</sup> Child Poverty Action Group (2006) Jobcentre Plus: Changes to Service Delivery; National Audit Office (2006) Department for Work and Pensions: Delivering effective Services through contact centres, HC 941 Session 2005-2006.

<sup>2</sup> House of Commons Committee of Public Accounts (2006) Department for Work and Pensions: Delivering effective services through contact centres, The Stationery Office, HC 1034.

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- 4 We would concur with this conclusion, and would add that we have observed a number of the specific barriers to access, such as language and cultural issues, mental health and other problems linked to a range of disabilities, that telephony may present and to which reliable, alternative access solutions have yet to be established. However, in this paper our main concerns are the costs of calls, and what seems to us to be an underlying assumption within the Department that all of its customers have access to a landline.

### **Telephony and Jobcentre Plus**

- 5 The introduction of increased telephony is an integral part of the move towards the full implementation of a Standard Operating Model (SOM) that covers the end-to-end process for a claim to benefit. The initial model was introduced in early 2005 and replaced a system in which contact with Jobcentre Plus (JCP) was usually with the local office. Under the original SOM, a claimant contacted a JCP contact centre on an 0845 number and provided basic information such as name, address, etc. A call-back was then arranged so that a member of JCP staff could gather more in-depth information to progress the claim. The call-back interview took 35-45 minutes and should have taken place a few days after the initial call.
- 6 JCP then introduced a pilot to explore the effectiveness of a number of changes to the original SOM and these changes have now been rolled-out nationally. The key changes that have been introduced in terms of telephony are:
- use of an 0800 number for customers to contact JCP (rather than an 0845 number);
  - a menu of options when customers first phone the Department to signpost them to appropriate services, such as a an initial benefit claim or a query about an existing claim;
  - the expectation that a claim can be completed without a call back so that most customers will have only one conversation with an adviser.
- 7 The pilot demonstrated that customer phone calls to JCP took between 40 and 50 minutes. Under the new model, customers are advised to use landlines to call the 0800 number or to use the customer access phones ('warm phones') that are provided free in local JCP offices. If a customer has difficulty using the phone, JCP can arrange for a third party to claim on their behalf and all contact centre services can be accessed via textphone.
- 8 Jobcentre Plus are also centralising the processing and delivery of benefits in 77 Benefit Delivery Centres (BDCs) contactable through 0845 telephone numbers and PO Box addresses. Here there appear to have been problems with the telephony available to support the new services as they roll out. However, these problems were linked to the new systems and numbers not being available when the Centres opened for business, rather than the costs of calls per se.

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## ***The wider DWP picture***

- 9** The move to increasing reliance on telephony as the preferred method of contact extends beyond benefit claims. For example, the Social Fund is no longer the responsibility of individual JCP districts but is instead run on a regional basis and is centralised around a telephone-based claims system. There is an 0800 number available for Crisis Loan applications, and a separate 0845 number for other Social Fund applications and enquiries. At the time of writing (June 2007) we are aware that the Social Fund centres are experiencing significant problems managing call volumes, and that some customers have had difficulty in making their claims. This is because the lines are often engaged and, frequently, when people do get through, they are kept in a queuing system before being able to speak to an adviser<sup>3</sup>.
- 10** The Pension Service has successfully used contact centres for a number of years to handle pension applications (including Pension Credit), benefit claims and to issue pension forecasts. The Pension Service also conducts a large number of home visits to complement the use of contact centres.
- 11** As a result of these ongoing developments, a wide range of telephone numbers is in use across DWP's service delivery businesses, including 'normal' 01/02 geographic numbers, 0845 and 0800 numbers. The National Audit Office (NAO) reported in 2006 that DWP were operating 55 different numbers, although there are moves to reduce those numbers for first-time contact<sup>4</sup>.
- 12** The messages coming from Departmental ministers and senior officials highlight the advantages of the use of telephony for the delivery of customer services. They are especially positive about the roll-out of the 0800 number for benefit claims. In a press release in autumn 2006, the Minister of State, Jim Murphy, announced the move to the use of an 0800 number and stated that: 'Many of our customers are among the poorest in society...We have to make sure that those who need help can make a claim quickly and easily and without being hit in the pocket'<sup>5</sup>. In June 2007, a Jobcentre Plus briefing paper stated that the new 0800 number would 'save customers using landlines the expense of a lengthy telephone call'. However, these positive messages need to be tempered by the fact that the telephone may not be an easy access, low-cost option for all customers and, for some, it may be significantly more expensive and inconvenient than local face-to-face services.

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<sup>3</sup> Not unsurprisingly, perhaps, the introduction of a 'one call' service for Crisis Loans seems to have had the effect of increasing demand beyond the levels that Jobcentre Plus has the resources to handle. However, this problem is not directly linked to the issue of call costs and JCP have introduced some measures to alleviate the problems, such as bringing in extra advisers to answer phones.

<sup>4</sup> National Audit Office (2006) Department for Work and Pensions: Delivering effective services through contact centres, Report by the Comptroller and Auditor General, HC 941.

<sup>5</sup> DWP press release, 30 October, 2006.

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## **The cost of calls to 0845 and 0800 numbers**

- 13** DWP appears to have selected 0845 and 0800 numbers as they are non-geographic numbers and are therefore not tied to a specific location. This should mean that there are fewer different numbers in use and that eventually customers may only need to know one number for accessing services. As a case in point, the current 0800 number for benefit claims has national coverage.
- 14** However, accessing public services through non-geographic numbers is problematic. OfCom has raised a number of general concerns about the use of 0845 services that have implications for DWP and its customers<sup>6</sup>. One concern is that 0845 services are often advertised as local rate calls, yet increasing competition for fixed-line telephone calls has resulted in a broad range of prices and discount call packages for local and national calls to geographic numbers. This means the cost of calling an 0845 number can be higher than the cost of a local call. The cost of calling these numbers may be unclear at the outset and leave vulnerable customers unaware of the actual cost of calling DWP.
- 15** Moreover, businesses that use 0845 numbers may be able to obtain some revenue for receiving inbound calls from the telephone companies providing their service. This is a particular concern where callers have no choice over the number called: for example, calls to a public service, such as DWP. In 2006, the Derbyshire Unemployed Workers' Centres reported that DWP had 'earned' over £250,000 through revenue sharing from its use of 0845 numbers<sup>7</sup>. We understand that this revenue-sharing is no longer taking place and that the 0800 numbers that have been rolled-out are non-revenue sharing. However, we would question how Jobcentre Plus came to enter into such a revenue-sharing contract in the first place.

## **Calls from mobile phones**

- 16** The situation with regards to call charges from mobile phones is more complex and there appears to be widespread misunderstanding about the cost of calling 0845 and 0800 numbers from mobile phones. During visits to service delivery sites we have discovered wide variations in staff understanding of the cost of using these numbers, with some staff assuming that they are free regardless of whether they are made on a landline or a mobile phone. In fact, 0800 numbers are rarely *free* from mobile phones and many service providers make no distinction between the cost of calling 0845 and 0800 numbers.

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<sup>6</sup> Ofcom (2005) Number Translation Services: A Way forward, Ofcom consultation document.

<sup>7</sup> Derbyshire Unemployed Workers Centres Press Release [http://www.osw.org.uk/emailattachments/Press\\_Release\\_0845.doc](http://www.osw.org.uk/emailattachments/Press_Release_0845.doc)

- 17 Mobile service providers have a range of charges for calling 0845 and 0800 numbers. For customers who pay their mobile phone bills monthly, calls to 0845/0800 numbers are usually excluded from their monthly call bundles. Most providers have an automatic message when a customer calls an 0800 number that states that the call will not be free. However, the message does not necessarily state how much the call will cost per minute and tracking down complete charging information is not always straightforward.
- 18 An informal survey that we conducted of major mobile providers' costs for calling 0800 and 0845 numbers revealed that charges varied greatly, and that the same provider could charge pay monthly (contract) customers different rates from 'pay as you go' customers (pay as you go is usually, but not always, more expensive). The information we obtained suggested that the cost of calling 0845 and 0800 numbers ranged from 10 pence to 40 pence per minute (see Table 1 below). This means that even if all numbers across DWP were 0800 numbers, calls from mobiles would not be free for the caller. This is especially concerning when customers are required to call an 0800 number to claim a Crisis Loan.

**Table 1 – Examples of the range of costs of mobile calls to 0845/0800 numbers (costs as at June 2007) – for illustrative purposes only**

Provider	0845	0800
<b>Example 1</b>		
<b>Pay as you go*</b>	30 pence per minute daytime 10 pence per minute evening and weekend	30 pence per minute daytime 10 pence per minute evening and weekend
<b>Monthly Contract</b>	15 pence per minute	15 pence per minute
<b>Example 2</b>		
<b>Pay as you go*</b>	15 pence per minute	15 pence per minute
<b>Monthly contract</b>	20 pence per minute	20 pence per minute
<b>Example 3</b>		
<b>Pay as you go*</b>	40 pence per minute	40 pence per minute
<b>Monthly Contract</b>	10 pence per minute	10 pence per minute

Source: Providers' websites and e-mail enquiries. These charges are liable to change. \* These charges relate to the basic 'pay as you go' package and other packages may have different charges.

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**19** We have not been able to determine whether there is any Management Information that identifies the percentage of customer calls made using a mobile phone to Jobcentre Plus contact centres (or, indeed, whether The Pension Service and the Disability and Carers Service hold such information for their customers). However, Jobcentre Plus staff we have spoken to at service delivery sites have estimated that about 30 per cent of calls to Contact Centres are made from mobiles.<sup>8</sup> Staff we have spoken to recently have indicated that the percentage could be significantly higher in some areas.

**20** There appears to be some scope for public service organisations to work with providers to make 0800 numbers free to mobile phone users. A number of providers work with the Telephone Helplines Association (THA) to make all 0800 numbers registered with them free for customers to use. These numbers tend to be used by charities and help-lines. We understand from the Department that for its first year in service, the Pension Credit application line (an 0800 number) was *free* to customers of three major mobile phone providers. We have been unable to identify any public information that was issued by the Department about this short-term provision, and the service seems to have reverted to operating as an ordinary 0800 number at the end of the first year. The NAO reported that in March 2006, ‘none of the other 0800 numbers currently used by the Department is free for mobile phone users’<sup>9</sup>. The report also stated that (page 51):

*“In accordance with advice from the Central Office of Information, none of the Department’s services use higher cost ‘national’ rate (0870) or premium rate numbers. Free services are considered appropriate when a public body is targeting those who may be deterred by cost. Mobile phone users are charged for 0800 numbers unless their provider agrees to make a specific number free.”*

**21** DWP research has identified the issue of call costs, with staff reporting that customers calling an 0845 number to claim benefit regularly complained about the cost of calls and requested call backs. This was especially the case with customers calling from mobile phones. If a customer rings a Jobcentre Plus contact centre on a mobile phone they are advised that they can ring back on a landline or, if that is not an option, that staff will ring them back on their mobile phone. There is currently no automatic message that tells those using mobile phones that they can request a call-back, although there is a message informing them that they may be charged for their call. This seems to us to be a significant omission in the case of mobile phone users making a claim to benefit, where the Department’s own estimate of the average time taken to complete the claim over the phone suggests that the costs to mobile phone users could be considerable.

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<sup>8</sup> Feedback from Members’ visit suggests that this may underestimate the use of mobiles.

<sup>9</sup> National Audit Office (2006) Department for Work and Pensions: Delivering effective services through contact centres, Report by the Comptroller and Auditor General, HC 941.

- 22** The evaluation of the SOM pilot revealed that between 70 and 80 per cent of new and repeat benefit claims were taken in a single inbound call from the customer. The average call length was between 40 and 50 minutes. When the interpretation service was used, the call length increased to between 60 and 90 minutes. The research suggested that customers were sometimes surprised at the length of the call and that those making calls from public telephone boxes were most concerned about the time needed<sup>10</sup>. The model tested by the pilots has been rolled out nationally.
- 23** Table 2 illustrates the estimated costs of making a call to claim benefit on an 0800 number using a variety of phone services. While many calls will be free or cost only a few pounds, it is possible that some claimants could be charged several pounds if they are on an expensive mobile phone tariff and, unaware of the likely costs, do not ask for a call-back. For example, a customer being charged 20 pence per minute could pay around £9.00 to make an average length call to claim benefit. Some customers could be charged considerably more than this if they used a more expensive tariff (for example, at 40 pence per minute the cost would be around £18.00). Customers trying to claim a Crisis Loan may have to pay simply to be held in a queue before their call is answered by an adviser.

***Table 2 – Estimated range of costs of calls to a Contact Centre using an 0800 number***

<b>Service</b>	<b>Basis for calculation</b>	<b>Cost (£)</b>
Home landline	Freephone number	Nil
BT public telephone box	Freephone number	Nil
Mobile charging 10 pence per minute*	Based on average length of 45 minutes at 10 pence per minute	4.50
Mobile charging 20 pence per minute*	Based on average length of 45 minutes at 20 pence per minute	9.00

\* The costs are examples of a possible range of charges; some providers will charge less than 10 pence per minute and other providers will charge more than 20 pence per minute.

<sup>10</sup> Alylen, J., Barber, K., Calvert, N., Davies, V., Drake, P., Kytola, L., Simpson, D. and Williams, K. (2007) Evaluation of the Standard Operating Model new and repeat claims process review pilot, DWP Research Report No 421.

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**24** Public telephone boxes operated by BT provide free calls to 0800 numbers and we are aware that some customers are using boxes to make benefit claims. However there are concerns about the availability of working phones, lack of privacy and the length of the call. The number of boxes has been declining in recent years and those that are sited near to jobcentres may be busy with claimants queuing up to make use of the freephone number (and in June 2007 BT announced new policies on box provisions and the piloting of a new call charging structure). We would also question whether it is reasonable to expect that claimants should be using public boxes for so long and to discuss the personal information that is needed to progress their claim. On a recent visit (April 2007) to a large city we were told that on the day in question (a day when there were also queues to use the office's warm phones) there were no working telephone boxes within almost half a mile of the local office. We have also been told that lengthy calls are a cause of disputes between callers and those queuing to use a box. In some areas, Community Wardens and private security firms will try to prevent customers from monopolising call boxes.

### **Characteristics of mobile phone only service owners**

**25** We understand that a significant proportion of calls to Contact Centres are already made on mobile phones and that the proportion is likely to increase as mobile phones play an increasingly important role in people's lives. We are concerned that the Department's business plans appear to have assumed that its customers will have access to a landline while, in practice, this may no longer be the case for a large number of people.

**26** There has been an expansion of the 'pay as you go' mobile phone market that has led to the increasing use of mobile phones among people on low incomes. Those on 'pay as you go' mobile phones are likely to pay 22 per cent more for calls over a year than pay monthly customers<sup>11</sup>. Ofcom's 2006 Consumer Experience report illustrates that customers who have access to only a mobile phone tend to be from lower income groups than customers who also have access to a landline. Those who own only mobile telephones also tend to be younger and from socio-economic groups D and E. Only one per cent of those in social groups A and B have access only to a mobile phone while the figure is 19 per cent for those in social groups D and E<sup>12</sup>. These data suggest that there may be a significant minority of DWP customers without access to a landline. There may well also be a higher proportion of DWP customers who rely on 'pay as you go' mobile phones rather than a landline or contract based mobile phone, given that in many cases it is a low cost option. Mobile phone only customers see the ability to control costs as one of the main benefits of using a mobile phone.

**27** BT has announced that from May 2007, customers who do not pay their bills every month by direct debit will be charged £4.50 per quarter. This decision is likely to penalise those on low-incomes who are more vulnerable to errors in the direct debit system and who are less likely to have bank accounts. This may mean that more people lose access to a landline or switch providers to avoid the BT charges.

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<sup>11</sup> Save the Children and Family Welfare Association (2007) The Poverty Premium: How poor households pay more for essential goods and services, Briefing Report.

<sup>12</sup> Ofcom (2006) The Consumer Experience, Research Report.

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## **DWP staff awareness of costs**

**28** In the course of gathering information about call costs, our visiting programme took us mainly to Jobcentre Plus sites. For comparison, we decided to call a variety of the advertised telephone numbers in the Disability and Carers Service and the Pension Service and ask about the cost of calls from both landlines and mobile phones. Each service was called twice and the numbers included 0800, 0845 and geographic numbers (i.e. 01/02 numbers). Generally there was a good understanding of call costs from landlines. Awareness of costs from mobile phones was patchier, but there was general awareness that cost would depend on the mobile phone provider and that 0800 numbers would not necessarily be free. Some of those who answered admitted that they had ‘no idea’ what the call would cost from a mobile phone. This is by no means a robust study of staff understanding, but it does illustrate that more could be done to ensure that staff are clear about potential costs and are acting to minimise these for the customer.

## **A new 03 range for UK-wide calls**

**29** We understand there have been discussions between DWP and Ofcom (and other government departments) about the development of a new 03 number range that would be non-revenue sharing and could be used by public bodies and voluntary organisations. The new range is intended to be taken up by those who wish to offer a number to their customers across the whole of the UK at a cost that customers will understand and have confidence in<sup>13</sup>. Ofcom has confirmed that it will open a new range of 03 numbers and has provisionally decided on the following structure for the new range:

- all 03 numbers will be subject to the same maximum tariff – what the customer would pay if they were calling an 01/02 number. A provider can decide to charge at a lower rate than this;
- all 03 numbers will be included in inclusive minutes and call bundles;
- 03 numbers will be available for the use of the public sector and not-for-profit bodies (this would include DWP).

**30** Table 3 below shows the proposed tariffs for the 03, 080 and 084 number ranges.

***Table 3 – The future structure of the 03 and 080 and 084 ranges***

<b>Number range</b>	<b>Tariff/Service</b>
03	Calls at the same rate as calls to geographic numbers, no revenue-sharing permitted
080	Freephone
084	Calls up to 5 pence per minute, revenue-sharing permitted

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<sup>13</sup> Ofcom (2007) Raising confidence in telephone numbers Including new ‘UK-wide’ 03 numbers and a consultation to amend General Condition 17

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- 31** Discussions about the new 03 range are still ongoing but there are a number of considerations that mean it may not be the hoped-for solution to high call costs and confusion among staff and customers over the cost of calls. DWP is currently moving to a greater use of 0800 numbers and so a move to charging for calls to 03 numbers from landlines would be a retrograde step. In addition, call costs to 03 numbers from mobiles may not be straightforward. The fact that 03 numbers will be included in call packages is likely to increase some providers costs and it is likely that these costs will then be passed on to the customer in some way.

## **Conclusions**

- 32** The modernisation of the Department's services, of which the introduction of telephony and remote service centres is a part, has taken place at the time of resource pressures (the Department is still in the process of shedding around 30,000 posts) and presents a substantial management challenge. It is not altogether surprising that some problems have occurred. However, we believe that issues around call costs that we have identified in this paper are more than issues relating to 'transition'; they also raise significant questions about the Department's service delivery strategy.
- 33** We recognise that many customers would have incurred costs (and experienced delay and/or inconvenience) when they accessed services through local offices. However, they would at least have been more aware of the costs (in terms of transport costs, for example). Today, for the majority of DWP customers, 'walk-in' benefits services are becoming less of an option and the expectation is that the telephone will be used to conduct most benefits business.
- 34** Service modernisation and the move to telephony have undoubtedly worked well for many customers and will reap benefits for the Department in the longer-term. However, we believe that there is also evidence that in moving to telephony-based services the Department has effectively transferred some of its costs to the customer. In addition, in terms of access, the poorer and more disadvantaged the customer, the greater the potential barriers they will face.
- 35** While it is not within DWP's remit to ensure that 0800 numbers are *free* when called from mobile phones, there is more the Department can do to ensure that its communications relating to the use of telephony fully and accurately reflect the complex nature of call costs. It is essential that customers understand that they may be charged for their call and are told about the options available to them to reduce or remove the costs, especially when they do not have a choice about the number they call.

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## Recommendations

**36** There are still a number of issues that are of concern, even with the move to the use of 0800 numbers and the development of the new 03 range and we make a number of recommendations for improvements below. Although this paper has looked mainly at service changes in Jobcentre Plus, we feel that our recommendations are applicable across the range of the Department's services:

- Calling 0800 numbers from mobile phones is not *free*. **The Department should therefore ensure that the message about mobile phone charges to 0800 numbers is clearly articulated to all its customers and staff in a consistent manner across its businesses and services.** Information on call charges generally, whether in leaflets, letters or advertisements, should be clarified and standardised.
- There is a lack of clarity about how much claimants will be charged for calling various numbers across DWP and its agencies. Customers should be made aware (as far as possible) about the charges that they may incur when using 0845 and 0800 numbers and about the fact that they can request a call-back. Currently, the position on call-backs is not entirely clear. The June 2007 edition of the DWP Touchbase magazine states that '*...we can arrange to call a customer back if they request this.*'<sup>14</sup> We must therefore assume that staff are not encouraged to proactively volunteer this information. **Staff should automatically offer a call-back to customers using mobile phones. Staff should be aware of potential call costs and be able to explain to customers that the call cost could be high if they are using a mobile phone.**
- The Department should clarify its policy on the use of the new 03 number range to deliver its services and **should set out clearly the anticipated benefits to customers from any move to use the new number range.**

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<sup>14</sup> The DWP newsletter for '*...advisers, intermediaries and other professionals*'.