

Cristina Luna-Esteban  
Ofcom Riverside House  
2a Southwark Bridge Road  
London SE1 9HA



18 March 2021

By email only

Dear Cristina,

**Standalone landline customers: BT's ongoing Commitments**

Following recent discussions between BT and Ofcom, the attached document sets out the details of BT's voluntary commitment to cap future price increases for voice-only customers' basket of services (line rental and calls) at CPI, for a period of five years from when the current Commitments expire in March 2021.

BT is committed to assisting voice-only customers in relation to both fair pricing and digital inclusion. We will continue to work with Ofcom on measures to improve our customers' engagement with the market.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'JB'.

Jonny Bunt

**Director of Regulatory Affairs**

**BT Group**

## 1. General Provisions

- 1.1. BT plc ("**BT**") voluntarily gives Ofcom the commitments below (the "**Commitments**").
- 1.2. The Annex to these Commitments contains a model showing the manner and form in which BT will demonstrate its compliance with these Commitments (the "Compliance Model").
- 1.3. These Commitments shall apply to all of BT's residential line rental and calls products for voice-only customers under the BT brand, including Home Phone Saver ("**HPS**"), regardless of the technology used to deliver the service. The products covered by these Commitments as at 31 March 2021 are as listed in the Compliance Model. The list of products in the Compliance Model will be updated each year to reflect any changes (e.g. new products).
- 1.4. These Commitments do not, however, apply to residential line rental and calls products provided under BT's EE and Plusnet brands, nor do they apply to BT's business products and/or services.
- 1.5. These Commitments shall apply in respect of the whole of the United Kingdom, for a period of five years from 31 March 2021.
- 1.6. BT and Ofcom agree to amend the previous three-year commitment period so that it ends on 30 March 2021, and so that the start of each new Commitment year will align with BT's annual price changes which apply from 31 March each year. This means prices for each product will generally remain the same for every day in each relevant year.

## 2. BT's Price Commitments

- 2.1. BT will ensure that a cap of CPI+0% is applied to a basket of line rental and calls products for voice-only customers for each Relevant Period. The application of that cap will secure that the average price of this basket of products will not change by more than CPI.
- 2.2. BT will ensure that a separate CPI+0% cap is applied to the price of the HPS product for each Relevant Period. The application of that cap will secure that the average price of each variant of HPS is increased by no more than CPI in each Relevant Period.
- 2.3. BT will ensure that an additional "safeguard" cap of CPI+2.5% is applied to the average price of line rental for voice-only customers for each Relevant Period. The application of that cap will secure that the average price of line rental for voice-only customers is increased by no more than CPI+2.5% in each Relevant Period.
- 2.4. For the purposes of the above Commitments:

- i. the change in the CPI in the 12 months ending in the December prior to each Commitment year, expressed as a percentage, will be used; with **"CPI"** meaning the index of consumer prices compiled, from time to time, by an agency or public body on behalf of Her Majesty's Government or a government department (which is the Office of National Statistics at this time);
  - ii. the average price change in the period 31 March 2021 to 30 March 2022 will be calculated by comparing the average price in that period with the average price in the period 31 March 2020 to 30 March 2021; and
  - iii. **"Relevant Period"** means each consecutive twelve-month period beginning on 31 March and ending 30 March, the last twelve-month period of which ends on 30 March 2026.
- 2.5. BT will ensure that the initial price of any products based on new technology is the same as that for existing (copper) line rental products at the time.

### **3. BT's Reporting Commitments**

- 3.1. BT will complete and provide to Ofcom the Compliance Model annually, within four months of the end of BT's financial year, in order to demonstrate that voice-only customer charges have adhered to these Commitments. This Compliance Model will be published (with revenues and product weightings redacted) alongside other regulatory financial compliance statements on BT's website.
- 3.2. BT will work with Ofcom and KPMG, or other external auditor, in accordance with an agreed audit procedure.
- 3.3. The requirement for an external audit is to be reviewed by Ofcom and BT after the first three years to consider whether it is still a necessary and proportionate requirement.