Future of Telephone Numbers

Statement on revenue sharing, including modifications to the National Telephone Numbering Plan

Statement

Published 11 October 2024

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1. Overview

1.1 Ofcom is responsible for the administration of the UK's phone numbers, ensuring best use and encouraging efficiency and innovation for that purpose. The National Telephone Numbering Plan (the Numbering Plan)[1] is our rulebook for phone numbers in the UK, setting out the numbers available for use and the rules for how they may be used.

1.2 Our Future of Numbering Review has considered whether developments in telephony and number use may require changes to, or clarifications of, the rules that govern the use of phone numbers in the UK.

1.3 The overall aims of our review are to:

- promote competition between providers of phone services;
- promote confidence in phone numbers and services;
- protect consumers from harm; and
- secure that the best use is made of telephone numbers, and encourage efficiency and innovation for that purpose, in line with our general duty as to telephone numbering functions.

1.4 In this document we set out our decisions about the revenue sharing rules in the Numbering Plan.

1.5 Revenue sharing occurs when a communications provider shares part of the revenue it receives for terminating phone calls directly or indirectly with the person receiving the call (the called party), or with the person making the call (the calling party).

1.6 The current revenue sharing rules have developed in an ad hoc fashion which has led to some inconsistencies. The Numbering Plan makes specific provision for revenue sharing on certain ranges (for example 084 and 087), but in other cases is silent as to whether revenue sharing is permitted. This may appear to allow revenue sharing to take place in ways which could give rise to consumer harm.

1.7 In light of our duties, and the aims of our Future of Numbering Review, we have decided to clarify these rules. We consider that this will help promote confidence in phone numbers and services, which is a key objective of our review, because we are removing some of the incentives for activities that may undermine the provision and terms of services offered to consumers.

[1] Ofcom, 2022. *National Telephone Numbering Plan* (the Numbering Plan).

What we have decided – in brief

We have reviewed each number range in the Numbering Plan to assess whether it is appropriate for revenue sharing use and have decided as follows:

01, 02, 03, 055, 056, 070 and 076 numbers

These number ranges support a variety of services. However, it was not intended that communications providers should share revenue with any other party to a call. We have therefore clarified that it is not permitted to share revenue, directly or indirectly, with either the called party or calling party on these number ranges. This decision brings these ranges into line with the existing rules for the 03 number range, which have been in place since 2014.

084 and 087 numbers

Our rules allow these number ranges to support a micropayment mechanism for callers to pay for services by sharing call revenue with the called party. This will not change as a result of our decisions. However, we are prohibiting revenue sharing with the calling party. This form of revenue sharing facilitates 'cash for calls' schemes which encourage customers to make multiple calls with the sole purpose of securing a monetary benefit. Such activities may undermine the availability in bundles of inclusive calls to 084 and 087 numbers, which are important to consumers who often have limited awareness of the price of calls outside their bundle.

07 mobile, 09 and 118 numbers

We did not propose a prohibition on revenue sharing in our consultation in relation to these number ranges. For 07 mobile numbers, this is because of the potential impact of such a rule on the mobile text messaging market. Having considered the consultation responses we received on this issue, and in view of the potential impacts on messaging, we have concluded that there is not a clear case to make changes for 07 numbers at this time.

The 09 (premium rate) and 118 (directory enquiries) ranges are intended to offer a micropayment mechanism for callers to pay for services by enabling the sharing of call revenue with the called party. As these calls are rarely included in call bundles, cash for calls schemes are unlikely to arise. Consequently, we did not propose to prohibit revenue sharing with the calling party.

Withdrawal of the 082 internet for schools number range

We have decided to update the Numbering Plan to remove the 082 internet for schools number range. This range was used for dial-up internet services but is now obsolete. All 082 number allocations have been returned to Ofcom.

The overview section in this document is a simplified high-level summary only. The decisions we have taken, and our reasoning, are set out in the full document.

2. Background

2.1 This statement forms part of our review of telephone numbers (the Future of Numbering Review).[2] In this section we explain the background to our decisions in this Statement.[3] These decisions are set out in the following sections:

- Overview of our approach to clarifying the revenue sharing rules in the Numbering Plan (Section 3);
- Revenue sharing rules for 01, 02, 03, 055, 056, 070 and 076 numbers, which we call our 'Category one' decisions (Section 4);
- Revenue sharing rules for 084 and 087 numbers, our 'Category two' decisions (Section 5); and
- Withdrawal of the 082 internet for schools range (Section 6).

Our duty to administer the UK's telephone numbers

2.2 Ofcom is responsible for the administration of the UK's phone numbers. This duty is set out in the Communications Act 2003 (the Act). In particular, we are required by section 56 of the Act to publish the Numbering Plan, setting out the telephone numbers available for allocation and any restrictions on how they may be adopted or used.[4] Part B1 of the General Conditions of Entitlement (the General Conditions) requires communications providers to comply with all applicable restrictions and requirements in the Numbering Plan.[5]

2.3 In carrying out our telephone numbering functions, we have a general duty to ensure that the best use is made of phone numbers and to encourage efficiency and innovation for that purpose.[6]

2.4 These duties are carried out in the context of our general duties, including our principal duty to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition.[7]

The Numbering Plan

2.5 The Numbering Plan sets out the UK's phone numbers, their designation and any applicable tariff principles and maximum prices. These numbers are arranged into distinct number ranges based on the first few digits, which provide callers with information about the type

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[2] Ofcom. *Future of Numbering Review* website.
[3] This follows our consultation, Ofcom, 1 December 2023. *Future of telephone numbers: Further consultation on revenue sharing*, including bibliography (Revenue Sharing Consultation).
[4] The Numbering Plan is amended from time to time subject to consultation - see Annex 4. The version currently in force was published on 11 March 2022.
[5] Ofcom, 2023. *General Conditions of Entitlement*, version effective 15 May 2023 (the General Conditions).
[6] Section 63 of the Act.
[7] Section 3 of the Act. See Annex 3 for more details.

of service they are calling (fixed, mobile, business etc.) and/or a broad indication of how much a call is likely to cost.

2.6 **Geographic numbers** are fixed-line telephone numbers that begin with the digits 01 or 02, where the first part of the number forms the area code and contains geographic location significance.

2.7 **Non-geographic numbers** are UK-wide and not associated with a specific location. These include phone numbers starting 03, 05, 07, 08, and 09, as well as 6-digit numbers starting 116 and 118. Non-geographic ranges we have referred to in this statement include the following:

- **03 numbers.** Consumers use these to call a range of businesses, financial institutions, helplines and government agencies to get information and access other services, such as to make payments. 03 numbers are charged at a geographic rate, that is, the same price that the customer would pay to call a 01 or 02 geographic number, with calls to 03 numbers counting towards inclusive call minutes and included in any discount structures that apply to 01 and 02 numbers.
- **055 numbers**. These were introduced by Oftel in 2003 for Corporate Numbering services. This term referred to their intended use by large companies as a substitute for geographic numbers in order to meet growing demand for numbers for business use.
- **056 numbers.** These were introduced in 2004 for new IP-based telephone services (which unlike traditional telephone services were not tied to particular locations) and so were referred to in the Numbering Plan as location-independent electronic communications services (ECS).
- **070 numbers**. These are used for personal numbering services, sometimes known as 'follow-me' numbers, and allow consumers or businesses to offer a single contact number which they can route to a fixed or mobile number. They were established in 2001, before the availability of mobile roaming, to offer a single number which could be used while travelling in the UK and abroad.
- **076 numbers**. These are used for radiopaging services (excluding 07624 numbers, which are used for mobile and radiopaging services in the Isle of Man).

2.8 The tariff principles that apply to the following non-geographic ranges, known as the 'unbundled tariff', were designed to make them suitable for use as revenue sharing ranges, as explained in paragraph 2.11:

- **084 and 087 numbers**. These are used for a variety of services and are subject to the 'unbundled tariff' structure. This structure provides a mechanism to support the calling party making small payments to the called party through their phone bill and without having to give alternative payment details (sometimes referred to as a micropayment mechanism). The maximum applicable service charge for 084 numbers is 5.833 pence per minute or per call exclusive of VAT, and the equivalent figure for 087 numbers is 10.83 pence.
- **09 numbers**. These are known as 'premium rate' numbers and are similar to 084 and 087 numbers, however the applicable service charge is much higher, up to a maximum of 300 pence per minute or 500 pence per call exclusive of VAT.
- **118 numbers**. These are 6 digit-codes used for directory enquiries services. The applicable service charge must not exceed 304.167 pence per 90 seconds exclusive of

VAT, or 304.167 pence per call, exclusive of VAT, where the service charge is set exclusively at a pence per call rate.

Call charges and revenue sharing

The wholesale services which connect calls

2.9 Communications providers interconnect their networks to ensure that a call from a calling party can reach a called party. Calls will often be carried on the network of more than one provider, even when the calling party and called party have the same communications provider.

2.10 There are a number of terms that are used to describe the types of communications service which combine to ensure that a call can be connected from a calling party in one network or geographic location to a called party on another network or location.

- **Origination** – the term call 'origination' describes the service that enables calls to be made by the calling party (rather than simply received) and directed over telephone lines to connect with different networks. It is technically defined as the service which routes calls from the calling party's fixed or mobile handset to the closest point in the network where the call can be accessed by another communications provider. The 'originating provider' is the communications provider on whose network a call originates.
- **Termination** – call 'termination' is the service which completes a call connection from a point of interconnection with telephone networks to the called party's handset. The 'terminating provider' is the communications provider on whose network a call terminates.
- **Transit** – call 'transit' is the service a network operator provides when it carries a call originating on another network across its network to the network of another operator for termination.

The unbundled tariff and Phone-paid Services regulation

2.11 The tariff structure for the 084, 087, 09 and 118 non-geographic number ranges (known as the 'unbundled tariff')[8] consists of two elements:

- **Access charge** paid to the communications provider which originates the call, with a single 'pence-per-minute' rate for calls to all unbundled tariff numbers.
- **Service charge** paid to the communications provider which terminates the call. The service charge may be shared with the called party. The service charge rate is linked to the number used, as set out in paragraph 2.8 above. In many cases, the service charge will be subject to regulation by the Phone-paid Services Authority (PSA), as set out in paragraphs 2.13 to 2.15.

2.12 As explained in paragraph 2.23 below, the sharing of call revenue with the called party via the service charge can contribute to the cost of providing a service using one of these

[8] The unbundled tariff applies to the 084, 087, 09, and 118 number ranges and was introduced in July 2015. Ofcom, 2013. *Simplifying non-geographic numbers - Policy position on the introduction of the unbundled tariff and changes to 080 and 116 ranges*.

numbers. This unbundled tariff structure was designed, amongst other objectives, to protect consumers by increasing transparency and ensuring that they know how much of their money is paid to their (originating) communications provider and how much is passed to others, such as the organisation or service being called.

2.13 The PSA is an independent regulator appointed by Ofcom and is responsible for the day-to-day regulation of Premium Rate Services (PRS), a defining characteristic of which are the sharing of call revenue with the called party. The scope of PSA regulation includes some services provided on 087, 09, and 118 numbers, and to mobile short codes[9] and direct carrier billing, and these are referred to as PRS.[10] This regulation applies where the service charge exceeds 5.833 pence per minute or 5.833 pence per call (excluding VAT), or where the call is charged at a rate exceeding 10 pence per minute (including VAT). However, the regulation does not extend to other number ranges unless it is a 'Chatline Service', an 'Information, Connection or Signposting Service', an 'Internet Dialler Software operated service' or a 'Sexual Entertainment Service'.

2.14 This regulation is intended to protect consumers from harm in the PRS market and to further their interests through encouraging competition, innovation and growth. The PSA currently does this by setting Standards and Requirements for PRS providers to meet in respect of the provision, content, promotion and marketing of their services, and it monitors and enforces those Standards and Requirements in accordance with the PSA Code of Practice.[11] The PSA Code of Practice contains both the regulatory rules applicable to the sector and the institutional powers of the PSA, and it is subject to approval by Ofcom under section 121 of the Act. The PSA's current Code, which has been in force since 5 April 2022, is known as Code 15.

2.15 For context, in November 2023, Ofcom consulted on a proposal to transfer responsibility for regulating phone-paid services from the PSA to Ofcom.[12] Subject to consultation, we proposed to withdraw our approval for the PSA Code of Practice and replace it with our own equivalent set of rules in an Order under section 122 of the Act and would, at that point, assume day-to-day responsibility as regulator of PRS. There has been a delay to our plans due to the UK general election in July 2024, however we expect to publish a statement shortly.

Call bundles

2.16 Communications providers routinely offer packages which include 'bundles' of inclusive call minutes, texts and data. These normally include a specified, or sometimes unlimited, amount of call minutes for which no incremental charge is applied.[13] Consequently, consumers are often not charged separately for common call types, and calls within the allowance are often perceived as 'free'. Bundles are an important component of retail

[9] Mobile short codes are five- or six-digit numbers used by mobile providers which allow callers to make payments to service providers through their phone bill. These numbers are not included in the Numbering Plan or administered by Ofcom, but are within the scope of the PSA Code.

[10] PSA, 5 April 2022. *Number ranges regulated by the PSA*, guidance.

[11] PSA, 2021. *Code of Practice 2021 (Fifteenth Edition), Approved under Section 121 of the Communications Act 2003* (PSA Code of Practice).

[12] Ofcom, 21 November 2023. *The future regulation of phone-paid services*, consultation.

[13] It is common for providers to include 'fair use' terms in phone contracts, including unlimited bundles, which allow them to apply limits to prevent unreasonable or excessive levels of usage.

competition. Communications providers often compete for customers by drawing attention to bundle offerings in their advertising and other promotional activities.

2.17 Bundles benefit consumers by protecting them from unexpected charges, particularly since, as our Future of Numbering Research found, there is low recognition of different number ranges and low awareness of call charges.[14] Also, consumers will not necessarily have control over the duration of a call. To the extent that number ranges that they call are included, such call bundles have value for consumers in removing worry about the risk of unexpected charges.

Called parties, calling parties and end-users

2.18 In the UK, the person making a phone call (the calling party) generally bears the cost for making the call, rather than the person they are calling (the called party). This means that for most calls, the various wholesale services which complete the call connection across phone networks are likely to be included in the originating provider's (i.e., the calling party's provider's) cost base and retail call charges.[15,16]

2.19 The Numbering Plan rules refer to both the "end-user" and "Calling Party".[17] The term "end-user" includes, in relation to a public electronic communications service, a person who, otherwise than as a communications provider, is a customer of the provider of that service or who makes use of that service.[18]

2.20 In our 03 Revenue Sharing Statement,[19] we said that the definition of an "end-user" was linked to the particular electronic communications service or services under consideration and we recognised that there may be some confusion because the term "end-user" is more commonly used to refer to the called party than the calling party, but it could refer to either depending on the context.[20]

2.21 In this statement we make clear whether we are referring to the called party or the calling party. However, in the interests of consistency, we follow the existing approach in the Numbering Plan by referring to 'end-user' and 'calling party' in relation to the wording of our amendments to the Numbering Plan.

Revenue sharing

2.22 In this section we describe how revenue sharing may give rise to consumer harm. The term 'revenue sharing' describes a practice where either:

- the terminating communications provider shares some of the revenue it receives for terminating a phone call with the called party; or

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[14] Ofcom, 2019. The Future of Telephone Numbering: a qualitative research study (Future of Numbering research), sections 4.3, 6.2 and 6.7.

[15] Different arrangements apply to 080 numbers, which are free of charge to callers. For such calls, the wholesale services required for calls are included in the terminating provider's cost base.

[16] See paragraph 2.10 above for a description of the wholesale services.

[17] Numbering Plan, paragraphs B3.2.1, B3.3.1, and B3.4.1.

[18] See paragraph 2, Definitions and interpretation of the Numbering Plan and definition of "End-User" in the General Conditions (refers to *Annex 14: Revised General Conditions*).

[19] Ofcom, 2014. *The 03 Number Range: Decision to clarify that revenue-sharing with callers is prohibited on the 03 number range* (the 03 Revenue Sharing Statement).

[20] The 03 Revenue Sharing Statement, paragraph 4.39.

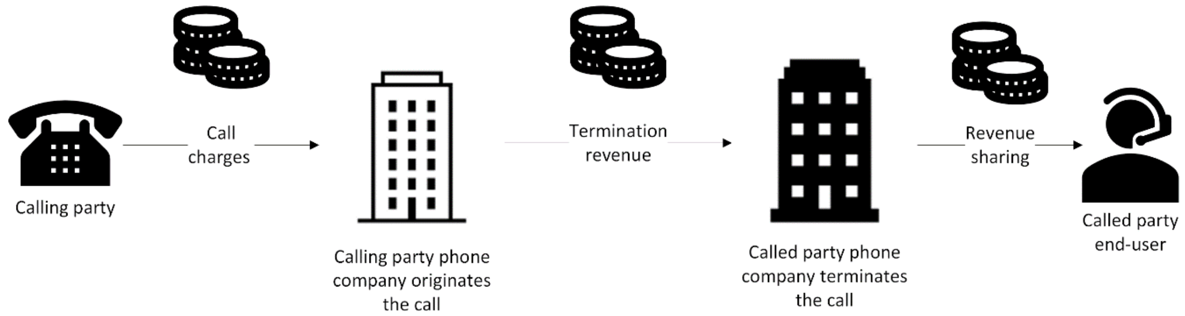
- less commonly, the calling party receives a share of the termination revenue from the called party or communications provider.

Called party revenue sharing and artificial generation of traffic

2.23 Revenue sharing with the called party can provide a useful function enabling consumers to make "micropayments", i.e. paying for products or services through their phone bill without needing to give payment details over the phone. It may also offset some of the additional cost to service providers in operating for example helplines or conference call facilities.[21]

2.24 If payments are made to the called party in the form of cash in direct proportion to the number of minutes of calls received then this would be an example of direct revenue sharing as explained in paragraph 2.31 below. If instead the called party received a benefit in kind such as vouchers for goods or services, for example the provision of a software license subscription for communications software, then this would be a form of indirect revenue sharing.

Figure 2.1: The flow of call revenue resulting in revenue sharing with the called party.



2.25 However, when called parties can profit from the calls they receive, this may also provide an incentive for artificial traffic generation (ATG), which is generating calls to their own (or a related party's) numbers with no genuine communications purpose. We understand that those seeking to misuse phone numbers in this way may use a number of different approaches to generate calls more cheaply (and therefore profitably), including:

- by taking advantage of instances where the transit provider fails to properly reflect high reciprocal termination rates in their transit charges. In such cases communications providers in the UK who offer transit could end up bearing the cost of ATG; or
- by obtaining unauthorised access to (i.e., hacking) private branch telephone exchanges (PBXs) in countries subject to reciprocal termination rates, which could result in innocent third-party businesses or organisations having to pay for the call charges.

2.26 Tackling frauds and scams is an important aspect of the 'Internet we can rely on' priority outcome for Ofcom.[22] We consider that ATG risks harmful impacts for communications providers or their customers who may sometimes end up bearing the costs. We have explained in Annex A4 how BT, as the largest supplier of call termination in the UK, has made efforts to address some of the risks of ATG through terms and conditions in its

[21] We use the term 'service provider' in this context to refer to the person providing a service over the phone connection as distinct from 'communications provider' who provides the phone connection itself or similar electronic communications services.

[22] Ofcom, 26 March 2024. *Plan of Work 2024-25*, Section 2.

standard contract for telephone interconnection which refer to forms of ATG with its contractual definition of Artificial Inflation of Traffic (AIT).

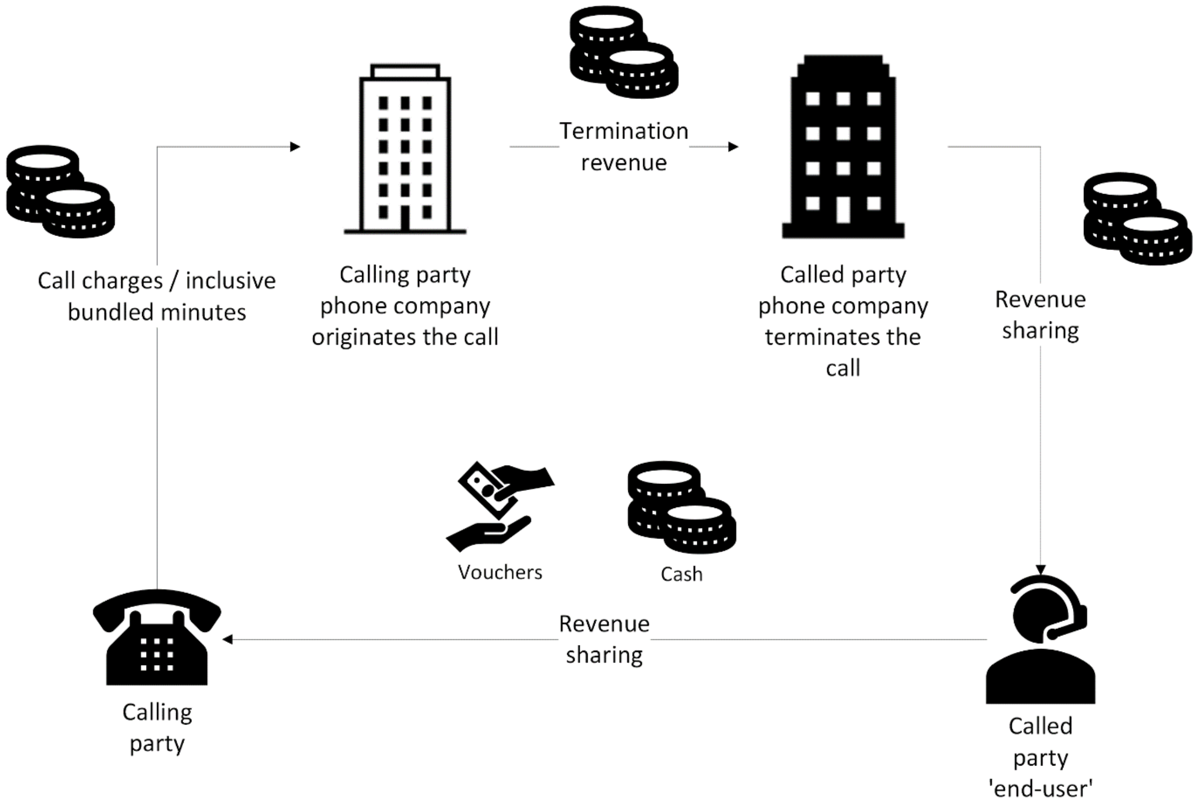
Calling party revenue sharing and cash for calls

2.27 Revenue sharing with the calling party, i.e., rewarding the calling party for making calls, is a more unusual situation. This can occur, for example, in the case of ‘cash for calls’ schemes. Such schemes exploit the widespread availability of telephone services including call bundles with ‘free’ minutes by rewarding people for making calls. Typically, the call is not used for any genuine communications service, in that it is not made with the primary intention of speaking to someone or making use of a communications-based service. Often calls are made to a recorded message or a relay of a radio broadcast and the caller leaves the phone off the hook once connected for the duration of the free call. Because such calls serve no genuine communications purpose, we would consider them to be a form of ATG.

2.28 These cash for calls schemes commonly have the following features:

- new numbers to call are regularly supplied by the scheme provider, and the caller is encouraged to work their way through the list (which makes these activities harder to detect by communications providers);
- the caller is responsible for checking the terms of their call allowances and advised to make short test calls to avoid unexpected charges;
- a threshold of minutes often needs to be reached before a payment is released;
- payments are generally by bank transfer/PayPal which would be a direct form of revenue sharing, but also can be in the indirect form of tokens, call credits, vouchers, gifts or donations to charity; and
- payments to callers are contingent on the scheme provider receiving payment from the originating provider for terminating the call.

Figure 2.2: The flow of call revenue resulting in revenue sharing with the calling party.



2.29 Termination revenue could in principle be shared by the terminating communications provider with the calling party, but in practice we expect the terminating provider would not generally have any direct relationship with the calling party in relation to any legitimate services provided on phone numbers and it would not therefore have an incentive or opportunity to share any surplus termination revenue with the calling party.

Forms of revenue sharing

2.30 As set out in the examples above, revenue sharing can take different forms. The revenue shared could be in the form of money, a payment in kind or a benefit in kind. Examples include (but are not limited to):

- money;
- vouchers, coupons or tokens (for example, vouchers for purchases from an online retailer);
- credits that can be redeemed for a future service (for example, credits for international phone calls); and
- a product or service with some inherent value (for example, an electronic download).

2.31 The sharing of revenue can also be direct or indirect:

- direct revenue sharing occurs when a proportion of revenue received by a terminating communications provider is paid to another party, either in the form of money or money's worth, and where the value of such payment is proportionate to the duration of the call.
- indirect revenue sharing occurs when a benefit in kind is made to another party. In our examples this may be either the called party or the calling party. The benefit in this case

is not necessarily proportionate to the duration of the call. An example could be the giving of a gift or a free subscription to a service (or any item with inherent value), which is not proportionate to the length of the call.

2.32 Here we are concerned with revenue sharing with end-users, that is the called party or the calling party. There are other flows of revenue involved in the wholesale connection of calls, such as in the case of 080 numbers which are free-to-caller, and which are not the focus of this Statement. In this case the terminating provider will pay the originating provider of the call or a transit provider. Since all parties in this case are communications providers, payments to these are not in scope of our description of revenue sharing above.

Revenue sharing in the Numbering Plan

2.33 Revenue sharing is a recognised feature of some number ranges. As noted in paragraphs 2.8 and 2.11 above, the 084, 087, 09 and 118 ranges, which are subject to the 'unbundled tariff', are intended to support revenue sharing between the terminating communications provider and the called party to provide a micropayment mechanism.

2.34 Although it was not our intention that other number ranges should support revenue sharing or provide a micropayment mechanism, we did not in the past see a need to systematically prohibit revenue sharing on all of those ranges. Instead, we implemented specific rules in the Numbering Plan to expressly prohibit revenue sharing on the 03, 056 and 070 number ranges where we saw a particular need to address examples of misuse or to ensure clarity about the intended use of new number ranges as they were introduced.[23] The current Numbering Plan rules on revenue sharing have therefore evolved in a largely ad hoc fashion, resulting in some inconsistencies in the wording of the rules and the number ranges to which they apply. This has led to a lack of clarity and potential for confusion about our intended use for these number ranges which risk undermining the rules. Also, as explained in Sections 4 and 5 below, in some cases the current rules may appear to allow revenue sharing to take place in ways which could give rise to consumer harm. For example, as we explain in paragraphs 5.20 onwards, we have found that revenue sharing can incentivise activities which exploit the availability of inclusive call bundles, by rewarding calling parties for making very long or repeated calls. We have concluded that such activities can lead to communications providers withdrawing or restricting inclusive bundles which could restrict choice for consumers and, since consumers have low awareness of call charges, increase the risk of them suffering unexpected charges and discouraging them from using numbers they do not recognise in the future. For these reasons, we have decided to make explicit our intentions for various number ranges through clearer and more consistent Numbering Plan rules.

The Future of Numbering review

2.35 This statement forms part of our Future of Numbering Review. The aims of this review are to promote competition between providers of phone services, to promote confidence in phone numbers and services, to protect consumers from harm, and to ensure best use is made of phone numbers and encourage efficiency and innovation for this purpose. We have addressed different elements of this review in a series of consultations and through

[23] The current rules are summarised in Table A2.1 in Annex 2 of our Revenue Sharing Consultation.

our ongoing Numbering Programme activities.[24] We are also addressing some of the problems relating to nuisance and scam calls through a separate work programme.[25]

2.36 We consulted on the matters which are the subject of this statement in the Second Consultation.[26] Having carefully considered the responses to that consultation,[27] we decided to take a broader look at the Numbering Plan rules concerning revenue sharing, including revenue sharing with called parties, with a view to improving transparency and protection of consumers. We set out our revised proposals in our Revenue Sharing Consultation.

Next steps for our Future of Numbering Review

2.37 We said in our Second Consultation that our Future of Numbering Review would also review the future role for 084 and 087 non-geographic numbers.[28] We have explained more about the background to reviewing 084 and 087 numbers in response to some comments we received from respondents in paragraphs 5.11 to 5.13. We have decided, in light of our broader regulatory priorities, not to undertake this review of 084 and 087 non-geographic numbers in the current financial year. We will, however, continue to monitor the level of complaints we receive from consumers about 084 or 087 numbers as part of our wider consumer protection monitoring work and to inform any decision we make about priorities for the future.

Impact assessments

2.38 Impact assessments provide a valuable way of assessing the options for regulation and show why the preferred option was chosen. They form part of best practice policymaking. This is reflected in section 7 of the Act, which means that generally we must carry out impact assessments in cases where our proposals would be likely to have a significant effect on businesses or the general public, or where there is a major change in our activities. However, as a matter of policy, we are committed to carrying out impact assessments in relation to the vast majority of our policy decisions.

2.39 Specifically, pursuant to section 7 of the Act, an impact assessment must set out how, in our opinion, the performance of our general duties (within the meaning of section 3 of the Act) is secured or furthered by, or in relation to, what we propose.

2.40 On 19 July 2023, we published updated impact assessment guidance.[29] The key changes from the previous version of our guidance include maintaining our bias against intervention while clarifying that the law may require us to intervene, updating how we present our impact assessments to stakeholders, and an increased recognition that qualitative impacts

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[24] Our Numbering Programme manages the day-to-day numbering activities, including allocation of numbers to telecoms providers, auditing number use and promoting compliance with the Numbering Plan and General Condition B1 on the allocation, adoption and use of telephone numbers.

[25] Ofcom, *Tackling scam calls and texts*.

[26] Ofcom, 23 April 2021. *Future of telephone numbers: Second consultation* (Second Consultation).

[27] The non-confidential responses to the Second Consultation are published on our website (Ofcom, 2022. *Future of telephone numbers*, consultation website) and summarised in Annex 3 of our Revenue Sharing Consultation.

[28] Second Consultation, page 4.

[29] Ofcom, 19 July 2023. *Impact Assessment Guidance*, statement.

are an important part of assessing some policy decisions. We have taken account of this new guidance in the assessment of the impact of our proposals.

2.41 We have considered the impact of our proposals on both end-users and communications providers from the following perspectives:

a) consumers in the UK who access services through their landline and mobile phones, computers and digital TVs and are charged via their telephone bill (known as phone-paid services).[30]
b) communications providers who offer services to both consumers and service providers; and
c) service providers using phone numbers from the Numbering Plan.

2.42 The analysis in our Revenue Sharing Consultation constitutes an impact assessment for the purposes of section 7 of the Act. In this statement we set out our updated impact assessment in light of the consultation responses we have received.

Equality impact assessments

2.43 Section 149 of the Equality Act 2010 (the 2010 Act) imposes a duty on Ofcom, when carrying out its functions, to have due regard to the need to eliminate discrimination, harassment, victimisation and other prohibited conduct related to the following protected characteristics: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation. The 2010 Act also requires Ofcom to have due regard to the need to advance equality of opportunity and foster good relations between persons who share specified protected characteristics and persons who do not.

2.44 Section 75 of the Northern Ireland Act 1998 (the 1998 Act) also imposes a duty on Ofcom, when carrying out its functions relating to Northern Ireland, to have due regard to the need to promote equality of opportunity and regard to the desirability of promoting good relations across a range of categories outlined in the 1998 Act. Ofcom's Revised Northern Ireland Equality Scheme explains how we comply with our statutory duties under the 1998 Act.[31]

2.45 To help us comply with our duties under the 2010 Act and the 1998 Act, we assess the impact of our decisions on persons sharing protected characteristics and in particular whether they may discriminate against such persons or impact on equality of opportunity or good relations.

2.46 We consider that our amendments to prohibit revenue sharing with called parties across the 01, 02, 055 and 076 number ranges (in line with existing restrictions on 03, 056 and 070) are largely clarificatory in nature and that there are unlikely to be significant impacts including on those sharing particular protected characteristics.

2.47 In paragraph 5.33, we discuss the impact of prohibiting cash for calls schemes on the 084 and 087 number ranges on consumers with protected characteristics. Having considered the responses we received to our Second Consultation and our Revenue Sharing

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[30] Examples include charity donations by text, music streaming, TV and radio competitions, directory enquiries, voting on TV talent shows and in-app purchases. These services are also commonly referred to as premium rate services (PRS).

[31] Ofcom, December 2019. *Revised Northern Ireland Equality Scheme for Ofcom*.

Consultation, our position remains that we consider the interests of individual users of such schemes do not outweigh the potential risk of harm.

2.48 We consider that our decision to withdraw the 082 number range will not affect any services used by consumers because these numbers are no longer in use.

Strategic Statement position

2.49 As required by section 2B(2)(a) of the Act, we have had regard to the UK Government's Statement of Strategic Priorities for telecommunications, management of radio spectrum and postal services.[32] In particular, we have had regard to that part of the Statement of Strategic Priorities which deals with furthering the interests of telecoms consumers, which the UK Government identifies as a strategic priority area.

The remainder of this document

2.50 Section 3 gives an overview of the revenue sharing rules in the Numbering Plan and the scope of our proposals. We also cover consultation responses on topics that did not relate directly to our category one or category two proposals.

2.51 Sections 4 and 5 set out our proposals and decisions in respect of category one and category two numbers respectively.

2.52 Section 6 sets out implementation, our approach to enforcement and how the amendments to the Numbering Plan meet the necessary legal tests and are in line with our duties.

2.53 Section 7 sets out our decisions in relation to the withdrawal of 082 numbers.

[32] DCMS, October 2019. *Statement of Strategic Priorities for telecommunications, the management of radio spectrum, and postal services* [Accessed 22 August 2024].

3. Overview of our revenue sharing proposals

3.1 This section contains an overview of our revenue sharing rules in the Numbering Plan and the scope of our proposals in the Revenue Sharing Consultation. We also refer to consultation responses on number ranges where we did not propose changes.

3.2 Our intention in this statement, in light of our objectives for the Future of Numbering Review[33] and our duties under the Act,[34] is to provide clearer and more consistent Numbering Plan rules on revenue sharing. Where we proposed changes to the revenue sharing rules, we consider these to be the least intrusive measures to improve clarity and consistency and to remove some incentives which risk misuse of numbers and potential consumer harms.

Number ranges for which we proposed changes

3.3 We have identified two categories of number ranges and set out below the approach we intend to take to the regulation of these categories, particularly in identifying where revenue sharing may be allowed for calling parties only. We have labelled these 'category one' and 'category two':

- **Category one**: Prohibit direct and indirect forms of revenue sharing with the called party and the calling party; and
- **Category two**: Prohibit direct and indirect forms of revenue sharing with the calling party only, excluding the provision of a service (further explained in paragraphs 3.7 and 3.8).

3.4 The table below gives a high-level overview of the new Numbering Plan rules on revenue sharing, and it indicates where in the following section our detailed reasoning for each number range is set out.

Table 3.1: Summary of new Numbering Plan rules on revenue sharing

Category	Number ranges	Our approach (paragraphs)	Called party revenue share	Calling party revenue share
One	01 and 02 Geographic numbers 03 Non-geographic numbers 055 Corporate numbers 056 Location Independent ECS 070 Personal numbers 076 Radiopaging numbers	4.16–4.50 3.10–3.15 4.64–4.75 4.76–4.85 4.76–4.85 4.51–4.63	Prohibit direct and indirect forms of revenue sharing	Prohibit direct and indirect forms of revenue sharing

[33] Paragraph 2.35.

[34] See paragraphs 2.2 to 2.4.

Category	Number ranges	Our approach (paragraphs)	Called party revenue share	Calling party revenue share
Two	084 Non-geographic numbers 087 Non-geographic numbers	5.10–5.56 5.10–5.56	No restriction on revenue sharing	Prohibit direct and indirect forms of revenue sharing,* excluding the provision of a service**

3.5 We believe that this revised approach to the Numbering Plan will provide clearer and more consistent rules and reduce the risk of consumer harm arising. In the sections that follow we discuss each of these categories in turn, and the number ranges that fall within each category.

3.6 We have also identified number ranges where no revenue sharing rules are to be included in the Numbering Plan. These are 07 mobile (see paragraphs 3.16–3.24), 09 and 118 numbers (see paragraph 3.25).

3.7 (*) In order to ensure the rules are as clear as possible, our decisions will mean that competitions, prize draws and pay-for-product services, as well as cash for calls, will not be permitted on the 084 and 087 number ranges if call revenue is used to pay for a reward given to callers. Such services may instead use 09 numbers. See paragraphs 5.35 to 5.42.

3.8 (**) Where the only form of direct or indirect revenue share that the caller receives is the provision of a service which could be considered a benefit in kind, as opposed to some pecuniary or other gain, we have decided that this will continue to be permitted on the 084 and 087 number ranges. See paragraphs 5.43 to 5.47.

Number ranges for which we did not propose changes

3.9 We have set out in Sections 4 and 5 the changes we proposed to the category one and category two number ranges, and our reasoning and decisions in relation to these ranges. In the remainder of this section, we cover the number ranges where we did not propose changes. We have also included in this section our consideration of some comments from consultation responses and our discussions with stakeholders which referred to these ranges.

03 non-geographic numbers

3.10 We did not propose any changes to the rules on revenue sharing for 03 numbers in our Revenue Sharing Consultation.

3.11 From the point of introducing this number range in 2007, we have been explicit that revenue sharing with end-users is not permitted on 03 numbers.[35,36] In our 03 Revenue Sharing Statement in 2014, we amended the revenue sharing rule in the Numbering Plan to

[35] As we are not proposing any change for 03 numbers, we have not needed formally to consider impact or proportionality in this section.
[36] Ofcom, February 2007. *Raising confidence in telephone numbers: Including new 'UK-wide' 03 numbers and a consultation to amend General Condition 17*, statement and consultation, Section 3.

clarify that this applies to both called and calling parties, and to direct and indirect forms of revenue sharing. This approach was designed to promote consumers' confidence that they will be paying only for the call and not for additional services, and to address concerns about forms of ATG, in particular cash for calls schemes.[37]

Responses referring to 03 numbers

3.12 Although we did not propose any changes to these rules, some of the discussions we had with stakeholders regarding their consultation responses referred to the revenue sharing rules in the context of 03 numbers. We consider the basis for these references is likely to be an increased scope for revenue sharing on 03 numbers since there is no wholesale charge control and the termination rates tend to be much higher than the equivalent rates for 01 and 02 numbers. These higher rates provide incentives for misuse and necessitated the prohibition of revenue sharing on 03 numbers.

3.13 This included the concerns that our proposals might have an impact on resellers of electronic communications services. Comments considered that our category one proposals:

a) could prevent resellers from obtaining a share of 03 termination revenue which may be a feature of existing commercial agreements,[38] or
b) would prevent termination revenue contributing to the cost of providing certain services to callers on 03 numbers because of the prohibition on indirect revenue sharing with the calling party including benefits in kind.[39]

3.14 In relation to the first point regarding resellers, our revenue sharing rules refer specifically to the prohibition of revenue sharing with the end-user (i.e., the called party or the calling party). The definition of end-user for these purposes, as explained in paragraph 2.19, excludes a person who makes use of a public electronic communications service as a communications provider. Therefore, this prohibition would not impact on the commercial arrangements for receipt of termination revenue by resellers who are themselves acting as communications providers in relation to the relevant communications service.

3.15 We have considered the second point regarding indirect revenue sharing in paragraph 4.21 below in relation to our category one decisions and our comments there are also relevant to 03 numbers.

07 mobile numbers

3.16 We did not propose any changes to the rules on revenue sharing for 07 mobile numbers in our Revenue Sharing Consultation.[40]

3.17 We considered that there may be a case at first sight for clarifying revenue share rules in relation to mobile calls, since similar considerations apply regarding voice calls to 07 numbers as to 01 and 02 geographic numbers and we have decided there is a case to explicitly ban revenue sharing on the 01 and 02 numbers. In both cases, it was never our intention to permit revenue sharing for voice calls, and in both cases there are charge controls applying to termination of domestic calls which limit the scope for revenue sharing.

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[37] See paragraph 2.27 for explanation of cash for calls schemes.
[38] Call between Ofcom and [✂] on 7 March 2024.
[39] Call between Ofcom and [✂] on 23 January 2024.
[40] Revenue Sharing Consultation, paragraphs 3.85 to 3.86.

3.18 However, we considered that it would be necessary to undertake further work to establish the impact and benefits of applying a revenue share prohibition to text messages using 07 mobile numbers before being able to bring forward any specific proposals. We do not distinguish between different types of services on the same number range in the Numbering Plan rules and therefore a prohibition on revenue sharing on 07 numbers would apply to text and media messages (that is SMS and MMS) as well as mobile calls.

3.19 To inform our future consideration, we asked for stakeholders' views on:

- The need to consider introducing clear revenue sharing rules on 07 mobile calls;
- The appropriateness and benefits of a prohibition on revenue sharing applying to 07 SMS/MMS services;
- The impact of such a prohibition on legitimate SMS/MMS based services; and
- Whether there would be an increased risk of revenue sharing on the 07 range in light of the other proposals set out in the consultation.

3.20 We have summarised the consultation responses we received on this issue in Annex 1.

3.21 We remain of the view that significant further work would be needed to establish a case for any amendments to the revenue sharing rules for 07 mobile numbers, given the potential impact on the messaging market. We consider that there could be benefits of such a proposal but there is also a risk of negative impacts. Banning revenue sharing for SMS might undermine the provision of services to consumers or businesses which are currently funded by a share of text message revenue. For example, text message revenue could help to contribute to the cost of processing customer enquiries through text and online channels including the purchasing of relevant software.

3.22 We note BT's comments about the possibility of introducing regulation that would only apply to voice traffic, but we consider that such an approach would be complicated to implement.

3.23 In light of the mixed views of stakeholders in responses we received on this issue, we do not see a sufficient case to propose the introduction of revenue sharing rules for 07 mobile numbers at this time.

3.24 We will continue to keep revenue sharing on 07 mobile numbers under review, taking into account changing circumstances and in particular the risk of any problematic activities being displaced onto 07 numbers as a result of the implementation of our revenue sharing rules on the other number ranges.

09 and 118 numbers

3.25 The Numbering Plan permits revenue sharing with called and calling parties on the 09 premium rate and 118 directory enquiries number ranges. We consider it would not be appropriate to ban revenue sharing with the called party because this would undermine the micropayment mechanism which these numbers are intended to provide (as noted in paragraphs 2.11 and 2.12). Also, we do not consider there is a need to ban revenue sharing with the calling party as 09 and 118 numbers are almost never included in inclusive call bundles, and therefore not free for the caller, and so it is much less likely that cash for calls schemes would use these numbers. Therefore, we did not propose any changes to the rules for these numbers and we did not receive any comments on this position.

4. Category one decisions

Our proposals

4.1 This section sets out our proposals and decisions for category one numbers (01, 02, 03, 055, 056, 070 and 076 numbers).

4.2 We proposed explicitly to prohibit the direct or indirect sharing of revenue with called parties and calling parties on 01 or 02 geographic numbers.

4.3 We did not propose any changes to the rules in the Numbering Plan for 03 numbers which already prohibit the direct or indirect sharing of revenue with called parties and calling parties.

4.4 We proposed amendments to the Numbering Plan to prohibit communications providers who provide a radiopaging service on 076 numbers from sharing revenue directly or indirectly with the called party (i.e., the end-users of a radiopaging service).

4.5 We proposed to prohibit the sharing of revenue directly or indirectly with called parties and calling parties on 055 numbers.

4.6 The Numbering Plan already prohibits revenue sharing with end-users on the 056 and 070 number ranges. We proposed to amend the wording of these rules to bring them into line with the approach we have taken for 03 numbers and to clarify that direct and indirect forms of revenue sharing are not permitted with either the called party or the calling party on these ranges.

General responses about category one proposals

4.7 Six respondents (BT, FCS, Telecom 2, Name withheld 1, Three and Virgin Media O2) agreed with our proposals to prohibit revenue sharing for category one numbers.[41] Action4 also appeared to be supportive.[42] Aloha agreed in part, whereas Colt disagreed.[43]

4.8 Respondents who agreed broadly welcomed clarity in this area. BT said that the bar on revenue sharing was already implicit for geographic numbers but that it would be helpful to provide guidance on interconnect rates for 076 and 055 numbers. It said that rates and rules for 055 should be aligned with 03, as revenue sharing may previously have been allowed.

4.9 Name withheld 1 agreed with the proposal to prohibit revenue sharing both directly and indirectly, but suggested withdrawing the 055, 056, 070 and 076 number ranges. The respondent said separate ranges were no longer needed for VoIP calls and revenue sharing was no longer relevant for this purpose. They also agreed that revenue sharing created an opportunity for misuse including cash for calls and could lead to callers being excessively charged for calling these numbers.

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[41] BT, page 3; Federation of Communications Services, page 1; Telecom 2, page 1; Name withheld 1, page 1; Three, page 1; and Virgin Media O2, page 1, in responses to Revenue Sharing Consultation.
[42] Action4 response to Revenue Sharing Consultation, page 1.
[43] Aloha, page 3; and Colt, pages 1 to 2, in responses to Revenue Sharing Consultation.

4.10 Action4 agreed with our proposals to prohibit revenue sharing on category one numbers. It said that any number with a cost of less than 5.833 pence per minute, or per call, should not be treated as a revenue sharing or a premium rate tariff. We have also considered this comment in relation to our category two decisions in Section 5 below.

4.11 Aloha agreed with the proposal to prohibit direct revenue sharing but it highlighted some concerns regarding the impact of a prohibition on indirect revenue sharing and asked for clarifications regarding customer discounts and the provision of services.

4.12 Colt said it had not observed fraudulent activity which would justify banning revenue sharing and that unfavourable commercial consequences would result for its customers were revenue sharing to be banned.[44] It also said that such a measure would discriminate between fixed and mobile operators if a similar ban on revenue sharing were not adopted for 07 mobile numbers, because customers wishing to obtain a share of revenue would transfer their business to mobile operators.

Impact on resellers

4.13 In our discussions with some respondents, we heard some concerns that our proposals might have an impact on resellers of electronic communications services because they thought the proposed prohibition would prevent resellers from obtaining a share of termination revenue which may be a feature of some existing commercial agreements, including in relation 03 numbers.[45]

Indirect revenue sharing

4.14 Aloha raised concerns about the use of the word ‘indirect’ and said that this could have an impact on legitimate services such as conference facilities which could be unintentionally caught by this wording. It also highlighted that there is a flow of revenue to the terminating provider for almost every phone call (other than freephone, where the originating provider is paid). Therefore, it was concerned that those providers receiving a share of revenue could be unfairly barred from providing services, and particularly public electronic communications services (PECS). Aloha’s response considered four different policy options to address its concerns including a suggestion specifically to exempt certain types of services from our proposed rules or to specifically allow ‘part funding’ of such services. It said that the simplest and safest option would be to explicitly allow PECS to be part funded by call revenue.[46]

Discounts or incentives

4.15 Aloha asked for clarification regarding the provision of discounts, incentives or subsidies against pricing of electronic communications services. The question was whether such discounts, where funded in full or in part by a share of termination revenue, would be prohibited by our revenue sharing rules.

[44] Colt response to Revenue Sharing Consultation, pages 1 to 2.
[45] Call between Ofcom and [✂] on 23 January 2024. Call between Ofcom and [✂] on 7 March 2024.
[46] Aloha response to Revenue Sharing Consultation, page 8.

Our reasoning and decisions

01 and 02 number ranges

Background

4.16 Our existing regulatory approach for 01 and 02 numbers is set out in the following paragraphs.

4.17 The 01 and 02 ranges are designated as geographic numbers. This means they are used predominantly for landline telephone services and provide a contact number with location significance for use by consumers and businesses. In contrast to the unbundled tariff numbers, 01 and 02 numbers were not intended to provide a micropayment mechanism.

4.18 Consistent with this view, our longstanding regulatory approach to the wholesale voice markets applies charge controls to termination rates for domestic calls to 01 and 02 numbers. As a result, for the vast majority of calls to these numbers, the maximum termination charge is currently 0.0356p per minute,[47] and there is no scope to share revenue with called parties.

4.19 It is already explicitly provided in the Numbering Plan that there should be no revenue sharing on the equivalent non-geographic 03 range,[48] the retail pricing of which is aligned with geographic numbers.[49]

4.20 Since 2021, we have provided some limited flexibility to communications providers in allowing them to set higher call termination charges for calls originated abroad. Such charges are permitted up to the level of the equivalent rates charged by their relevant international counterparty for calls from the UK. For ease of reference, in this document we refer to higher rates charged in such circumstances as 'reciprocal termination rates'. However, in practice such charges may not be set at exactly the same level as the rate charged by the relevant international counterparty, as communications providers are required only to ensure that they do not exceed the corresponding foreign termination rate. These increased rates of termination charges are sometimes also referred to by industry as 'surcharges'. The aim of allowing this pricing flexibility is to encourage overseas communications providers to lower their termination rates for calls originating in the UK.

Responses which referred to 01 and 02 numbers

Indirect revenue sharing

4.21 In its response, Aloha raised a concern about the impact of our proposals on services provided to the caller on 01 and 02 geographic numbers by a terminating communications provider in receipt of termination call revenues. It referred, amongst other things, to number translation services and conference calling and said that it was concerned that such services would be forced to move to using 084 or 087 numbers instead. Notwithstanding that the termination revenue is low for calls from the UK on 01 and 02 geographic numbers, it said that there was a risk that that the call revenue would be treated as, at least in part,

[47] This is the rate applying from 1 April 2024 and this is updated annually, see Ofcom, *Regulated prices*

[48] For more details see the 03 Revenue Sharing Statement, Section 6.

[49] Communications providers are required to set the same (or lower) call price as 01/02 geographic numbers and offer similar treatment as part of inclusive call allowances. Numbering Plan, Part A, Applicable tariff principles and maximum prices.

paying for any service provided to the caller. It said there was therefore a risk this activity would be caught by our proposed ban on revenue sharing with the calling party.

4.22 One of the principles underlying our analysis is that, where the provision of a service or benefit in kind is paid for by termination revenues, in the interests of transparency and consistency, that service should be provided on a non-geographic number, to which the protections of the unbundled tariff apply, per paragraphs 2.11 to 2.12.

4.23 In its response Aloha raised concerns about the provision of public electronic communications services (PECS) such as call forwarding services. As noted in paragraph 3.14, a provider of a PECS would not be within the definition of an end-user in relation to that service and therefore would not be caught by our rules prohibiting revenue sharing with the called party.

4.24 In addition, to be clear, our decisions do not preclude the provision of services on 01 and 02 numbers to the calling party, whether facilities and electronic communications services provided in association with termination, such as number translation services (NTS)[50] and conference calling, or distinct services, such as advice lines offered by end users, provided the cost of such services is not funded by termination revenues. The cost-based termination charge control in place for UK calls to 01 and 02 numbers means that termination revenues from UK calls should not be sufficient to support the costs of such additional services provided on the numbers. We therefore disagree with Aloha that termination revenues from UK calls on these numbers could be treated as making a material contribution to the costs of additional services in breach of the prohibition.

4.25 Further, the rules we are implementing for category one numbers have been in place for 03 numbers for a number of years, and the services highlighted by Aloha are available on this range without raising issues under the existing prohibition.

4.26 For the reasons set out above, we do not agree that the introduction of a specific prohibition on indirect revenue sharing for 01 and 02 numbers could preclude the provision of services mentioned by Aloha.

4.27 We also do not agree with Aloha that it would be appropriate specifically to exempt certain types of services from our prohibition of indirect forms of revenue sharing on category one numbers or to specifically allow a form of 'part funding'. We consider such an approach would add unnecessary complexity and, taking into account our definitions of the different forms of revenue sharing, we consider that failing to clearly and consistently prohibit indirect forms of revenue sharing could leave open a mechanism for misusing category one numbers. For example, such an approach might permit the creation of a cash for calls scheme which rewards and incentivises callers by providing valuable gifts in return for making high volumes of calls.

Clarification for charities and government helplines

4.28 Aloha also requested confirmation that advice services provided by charities and government departments would not have to move to 084/087, because it considered this was implied by our proposal expressly to permit the provision of services such as advice lines to the caller on 084/087 numbers (that is, services beyond the call connection itself).

[50] The term NTS generally refers to a type of call redirection service that allows, for example, organisations to advertise a single non-geographic contact number for their customers, but then to receive calls to that number on a particular geographic number.

4.29 Contrary to Aloha's analysis, our proposal for 084 and 087 numbers does not imply that services such as helplines cannot be provided on other number ranges. We consider there is only a need expressly to permit services to be provided to the caller on 084 and 087 numbers because it is likely that those services are materially funded by call revenue (i.e., expressly paid for by the caller through the service charge) which might otherwise be prohibited as a form of benefit in kind and that would be inconsistent with the intended use of those ranges in offering a micropayment mechanism. In our view such considerations do not apply to 01 and 02 numbers which were never intended to fund services.

Impact on resellers

4.30 As explained in paragraph 3.14, our revenue sharing rules refer specifically to the end-user called party or calling party. Therefore, it would not prohibit the sharing of revenue with resellers who are themselves communications providers.

4.31 Furthermore, because of the cost-based charge control which applies to the termination of 01 and 02 calls originating from the UK, the general position is that there is not surplus termination revenue available to share with called or calling parties. It has never been our intention that termination rates for 01 and 02 calls should support services additional to the electronic communications services provided by the terminating communications provider. Therefore, because of the limited amounts of termination revenue available, we do not agree with Colt that significant unfavourable commercial consequences would result from these changes to 01 and 02 and we think that part of Colt's view was based on assumptions about the impact on resellers and 03 numbers, which we also discuss separately in paragraphs 3.12 to 3.14.

Discrimination between fixed and mobile numbers

4.32 We disagree with Colt that prohibiting revenue sharing on 01 and 02 would lead to services being moved to 07 mobile numbers to any significant extent, since charge controls on termination rates apply to almost all calls to 07 mobile numbers. Furthermore, such use of 07 mobile numbers would not be in accordance with the designation in the Numbering Plan which specifies the use must be for a 'mobile service'.[51]

Discounts or incentives

4.33 We have considered Aloha's comments about discounts or incentives in relation to our proposals for 01 and 02 numbers. In our view, the scope for termination revenues for UK calls to 01 and 02 numbers to fund discounts or other subsidies for call bundles and other communications services is negligible for the reasons explained above regarding the cost-based charge control, and therefore the question is likely to be academic in practice. It is nevertheless ultimately for communications providers to satisfy themselves that any pricing arrangements comply with our regulations.

Called party revenue sharing on 01 and 02 numbers

4.34 We have assessed the option of making explicit that revenue sharing with the called party is not permitted on 01/02 numbers by comparing this to the status quo.

[51] In the Numbering Plan, 'Mobile Service' means a service consisting in the conveyance of Signals, by means of an Electronic Communications Network, where every Signal that is conveyed thereby has been, or is to be, conveyed through the agency of Wireless Telegraphy to or from Apparatus designed or adapted to be capable of being used while in motion;

4.35 We consider that 01 and 02 numbers are not well suited to the provision of services that rely on revenue sharing. Firstly, this is because of the charge controls that apply to termination rates for calls made from the UK and limit the scope for generating any surplus revenue. Secondly, we consider they are also unsuitable because, in contrast to the ranges intended to provide micropayments, they are not subject to the unbundled tariff. The unbundled tariff structure was designed to support micropayments and provide appropriate transparency and protection measures for callers.[52]

4.36 Under the status quo, there may be incentives for the terminating communications provider to share with the called party some of the revenues from calls from abroad where reciprocal termination rates apply.[53] On one hand we recognise that some called parties might obtain a financial benefit from revenue sharing in those very limited circumstances where surplus call revenue might arise (i.e., in relation to calls originating outside of the UK). However, on the other hand, we consider that such revenue sharing is unlikely to be at sufficient scale to support the provision of any existing phone-paid services to the caller or to promote the creation of useful new services, and the scope for any revenue share is not guaranteed to be stable since termination rates could be renegotiated reciprocally at any time. We consider that any legitimate phone-paid services which require a share of call revenue for viability are much more likely to be hosted on unbundled tariff number ranges which are specifically designed to support micropayments. We therefore consider there would be little wider benefit to consumers if any surplus revenue were shared with the called party.

4.37 Further, we consider that those who benefit most from revenue sharing on 01 and 02 numbers are likely to be called parties who undertake activities involving fraud and/or ATG which target and exploit the availability of the higher reciprocal termination rates.[54] We consider that such ATG risks harmful impacts for communications providers or their customers, who may sometimes end up bearing the costs.

4.38 In relation to Colt's comment that it is not aware of fraudulent activity, we explained in paragraphs 2.25 and 2.26 some of the mechanisms that are used by those who seek to misuse phone numbers. We consider there is a material risk that leaving in place the revenue sharing incentive for such activities risks harmful impacts for communications providers or innocent third-party businesses.

4.39 We consider that explicitly prohibiting revenue sharing on these ranges is effectively a clarification, since it is consistent with our intentions for the 01 and 02 number ranges and existing regulatory approach. It is also consistent with our provisional conclusion that these ranges are not suitable for providing a micropayment mechanism.[55]

4.40 We consider there are several benefits from having more consistent rules:

a) We consider that clear rules that clarify our intentions for numbers in a consistent way will offer greater certainty and be easier for communications providers and their customers to understand and take account of.
b) If we prohibit revenue sharing, including forms of misuse or problematic practices, for only a small subset of numbers, then bad actors may reasonably infer that it was our

[52] We have explained how the unbundled tariff supports revenue sharing in paragraphs 2.11 and 2.12 above.
[53] We have explained this term in paragraph 4.20.
[54] We have explained ATG and its relationship with revenue sharing and fraud in paragraphs 2.25 and 2.26.
[55] Revenue Sharing Consultation, paragraphs 3.8 to 3.14.

intention to permit such activities on the other number ranges and therefore may encourage problematic activities to be displaced to these numbers.

c) Also, if we do not make our intentions for particular numbers clear this uncertainty may make it harder for communications providers to enforce any contractual measures to tackle misuse and ATG.

4.41 We have therefore decided explicitly to prohibit revenue sharing with the called party on 01 and 02 geographic numbers.

4.42 We consider that this decision is **objectively justified** in that:

- This represents the introduction of a simple rule to prohibit revenue sharing, which is consistent with our intended use of this range (as distinct from those unbundled tariff ranges which provide a micropayment mechanism to support the provision of phone-paid services) and intend to achieve the benefits of a more clear and consistent Numbering Plan (in particular aligning with the existing approach for 03 numbers).

- This prohibition will remove potential incentives for misuse and ATG and the associated risk of harmful impacts arising

4.43 Because of the limited impacts we have identified we consider this decision is **proportionate** in being essentially clarificatory and that it will not have adverse consequences for legitimate uses of these numbers. We recognise that some called parties may in limited circumstances receive a share of excess revenue on calls to geographic 01 or 02 numbers from calls originated abroad (i.e., where reciprocal rates apply). However, we do not think such revenue sharing is used to support the provision of legitimate services, and we consider on balance that such interests are outweighed by the benefits of making explicit our longstanding intention about the appropriate use of 01 and 02 geographic numbers. We also consider for the reasons set out above regarding the limited scope for revenue sharing that our decision would not be likely to impact existing services provided on these numbers.

Calling party revenue sharing on 01 and 02 numbers

4.44 We assessed the option of making explicit that revenue sharing with the calling party is not permitted on 01 and 02 numbers. We compared this to the status quo.

4.45 A consequence of our decision regarding called party revenue sharing is that any called party end user providing a service on 01 or 02 geographic numbers would not receive any share of call revenue which could then be passed onto the calling party. Furthermore, the charge control applying to termination charges would leave little surplus revenue to distribute.

4.46 In relation to some calls from countries with high reciprocal termination rates we consider that the terminating communications provider is unlikely to have any direct relationship with a caller to legitimate services in order to implement a revenue sharing arrangement. We consider this because of the reasons set out in paragraph 2.29 and because in the case of reciprocal termination rates the overseas caller will be unlikely to have a direct relationship with the terminating provider who is based in the UK. Therefore, there is little likelihood that legitimate calling parties would benefit from revenue sharing.

4.47 We have decided to prohibit revenue sharing with the calling party on 01 and 02 geographic numbers.

4.48 We consider that this decision is proportionate, given the limited scope for any benefits accruing to legitimate calling parties, and since any such interests are outweighed by the benefits, taken together with our approach to called party revenue sharing, of:

- ensuring a more clear and consistent Numbering Plan, as noted in paragraph 4.40, which makes clear for communications providers and users of telephone numbers our intended use of these number ranges by prohibiting revenue sharing with the calling party on 01 and 02 geographic numbers (thus bringing this into line with the 03 numbers), and
- removing any potential incentives for misuse or ATG, such as the possibility of cash for calls-type activity which rewards callers for making calls with no genuine communications purpose.

Direct and indirect revenue sharing

4.49 As we explain in paragraphs 2.30 to 2.32, revenue sharing can take many forms. We have assessed our proposal to prohibit both direct and indirect forms of revenue sharing for 01 and 02 numbers (and for other category one numbers) consistent with the existing revenue share rules for the 03 number range. As with the 03 approach, we consider this would avoid any potential ambiguity around whether our proposed ban would apply to benefits in kind provided to called parties or calling parties where funded by a share of call revenue. In particular, we consider this would help to ensure that our rules do not leave unnecessary loopholes for misuse and are effective against all forms of revenue sharing. We have also set out in paragraphs 4.21 to 4.29 our reasons for disagreeing with Aloha's comments about the impact of this decision in relation to indirect revenue sharing.

4.50 We have decided to make our prohibition for 01 and 02 numbers consistent with the existing rule for 03 numbers in prohibiting both direct and indirect forms of revenue sharing. We consider this is **objectively justified** by the reasons set out above and in light of our reasoning for both called and calling party revenue sharing. We also consider this is **proportionate** in that these benefits outweigh the limited impacts we have identified (including because of the low rates of termination revenue available).

076 number range

Background

4.51 Use of radiopaging has significantly declined in recent years, leaving only one nationwide provider of radiopaging services, and consequently we understand that only a small proportion of the 076 numbers allocated to communications providers are in use. Traditional users of radiopaging have largely moved to using alternatives such as mobile phones and apps. For example, NHS trusts were required to phase out the use of pagers for non-emergency communication by the end of 2021.

Our reasoning and decisions

Responses which referred to 076 numbers

4.52 BT requested that we give guidance about the appropriate level of call termination charges for 055 and 076. Given that there is no clear evidence of ongoing problems in this area, and that use of the 055 and 076 number ranges is low, we do not consider that this is necessary.

4.53 Name withheld 1 asked us to consider withdrawing the 055, 056, 070 and 076 number ranges to prevent misuse in the form of 'cash for calls'. Although usage is low, numbers from these ranges remain allocated and in use. We do not consider that there is a case for withdrawing these ranges given that banning revenue sharing is a more proportionate measure to address the problem identified by this respondent.

Called party revenue sharing on 076 numbers

4.54 We assessed the option of prohibiting revenue sharing with radiopaging customers (the called party) by comparing this to the status quo.

4.55 We consider there is likely to be low consumer awareness of call prices. The unbundled tariff provisions do not apply to 076 numbers, which are therefore not subject to the same measures regarding transparency of call charges. Charges for calls to 076 numbers are generally much higher than those for 07 mobile numbers. However, given the close resemblance between 07 mobile and 076 numbers, there is a risk that consumers will wrongly assume that 076 calls have the same price as calls to mobile numbers.

4.56 Furthermore, call termination charges for calls to these numbers are not charge-controlled, with typical wholesale charges, on a per call rather than per minute basis, at the highest available rate of around 43 pence.[56] There is scope for retail call prices to vary between different communications providers, and radiopaging providers are not obliged to inform callers in advance about the price of a call.

4.57 We consider that if the terminating communications provider sets a termination rate in excess of costs, and shares excess revenues with the called party, then this might give rise to consumer harm, a problem we have seen arise with other number ranges. In order to generate additional revenues, called parties might seek to encourage calls to 076 numbers, leading to bill shock and harm for callers, given the lack of awareness of charges and the similarity to 07 UK mobile numbers. Indeed, we identified similar problems that arose in relation to 070 personal numbers in our 2018 review.[57]

4.58 Although we believe overall usage of 076 numbers is low and we are not aware of any examples of the types of misuse outlined above, we nonetheless consider the potential risk to be credible. We are also concerned that changing the rules applying for other ranges could displace any examples of misuse to the 076 number range. This measure will bring the revenue share rules for 076 numbers into line with other similar ranges, such as 070.

4.59 In light of this analysis, we have decided to amend the Numbering Plan to prohibit revenue sharing with the called party on 076 numbers. We consider this measure is **objectively justified** as we have explained above for reasons of consistency and to pre-empt problems that might emerge. We are prohibiting both direct and indirect forms of revenue sharing to clarify that these rules also apply to benefits in kind.

4.60 This change will make explicit that those who provide a radiopaging service are not permitted to share revenue with called parties and is consistent with the Numbering Plan designation for radiopaging services which excludes the use of 076 numbers for other types of services.

4.61 We consider that this prohibition is essentially clarificatory and it is a light-touch measure which is unlikely to impact the legitimate use of 076 numbers. In this light we consider our

[56] This corresponds to the FF9 wholesale rate.

[57] Ofcom, 1 October 2018. *Personal numbering – Review of the 080 number range* statement, paragraph 1.6 (the Personal Numbering Statement).

decision is **proportionate** since the benefits we have set out of ensuring consistency and addressing the risk of misuse will outweigh any limited impact.

Calling party revenue sharing on 076 numbers

4.62 It is a consequence of our prohibition on revenue sharing with called parties on these numbers that the called party (i.e., the end-user) would not obtain any share of call revenue to pass onto to the calling party. Prohibiting revenue sharing with the calling party would in addition also prevent a radiopaging service provider sharing revenue with the calling party. We consider that such a ban is however unlikely to have an impact on legitimate radiopaging services. We welcomed the views of stakeholders on this issue but did not receive any comments or evidence about this.

4.63 Given the expected limited impact, we have decided to prohibit direct and indirect revenue sharing with the calling party on 076 numbers. We consider this is **objectively justified** in the interests of consistency and also will help to minimise any potential risk of misuse.[58] We consider that it is **proportionate** in that we expect these benefits will outweigh any limited impacts.

055 number range

Background

4.64 The 055 number range was introduced by Oftel in 2003 to be used by large companies as a substitute for geographic numbers to meet the growing demand for numbers for business use. However, take-up was not as high as expected and there is now very little use of this number range. Ofcom has not allocated any new blocks of these numbers since 2014.

Our reasoning and decisions

Responses which referred to 055 numbers

4.65 As set out in para 4.52, BT requested that we give guidance about the appropriate level of call termination charges for 055. Given that there is no clear evidence of ongoing problems in this area and that use of the 055 number range is low, we do not consider this to be necessary.

4.66 As set out in para 4.53, Name withheld 1 asked us to consider withdrawing the 055, 056, 070 and 076 number ranges to prevent misuse in the form of 'cash for calls'. Although usage is low, numbers from these ranges remain allocated and in use. We do not consider that there is a case for withdrawing these ranges given that banning revenue sharing addresses the problem identified by this respondent.

Called party revenue sharing on 055 numbers

4.67 We have assessed the option of prohibiting revenue sharing with the called party for 055 numbers by comparing this to the status quo.

4.68 The unbundled tariff provisions do not apply to 055 numbers, which are therefore not subject to the same measures regarding transparency of call charges. Called parties are not obliged to inform callers about the price of a call in advance (and they would likely find it difficult to do so given the scope for communications providers' prices to vary). In some cases, retail prices charged are much higher than for 01 and 02 numbers.

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[58] See paragraph 4.40 regarding our view on benefits of consistency in these rules.

4.69 Given how little 055 numbers are used, and that the charges for calling 055 numbers are non-standard and vary by provider, consumers are likely to have low awareness of 055 call prices.

4.70 Call termination charges for calls to 055 numbers are not charge-controlled and are generally much higher than the equivalent rate for geographic numbers. If the terminating communications provider were to set a termination rate in excess of its costs in order to share excess revenues with the called party, this might give rise to consumer harm. In order to generate additional revenues, called parties might seek to encourage calls to 055 numbers, leading to bill shock and harm for callers. We identified similar problems that arose in relation to 070 numbers in our 2018 review, including for example missed call scams or fake job adverts.[59]

4.71 We have decided to prohibit revenue sharing with called parties. We consider this is **objectively justified** to ensure more clear and consistent Numbering Plan rules and to protect consumers and discourage misuse. We consider that any impact will be very limited given the low use of these numbers. Despite the low use, we consider the risk of misuse to be credible even if it has not materialised to date. We also consider that if we do not adopt a similar prohibition as is being imposed on other ranges, this could displace any examples of misuse to the 055 number range. We consider prohibiting revenue sharing with called parties to be **proportionate** in being a light-touch consumer protection measure designed to pre-empt any problems that might emerge, and so we expect the benefits to outweigh any impact on use of these numbers.

Calling party revenue sharing on 055 numbers

4.72 We have assessed the option of prohibiting revenue sharing with the calling party for 055 numbers by comparing this to the status quo.

4.73 We think the impact of such a ban will be limited. Prohibiting revenue sharing with called parties will already prevent them passing any revenue on to calling parties, since called parties would not obtain any revenue to share. Also, we consider that the terminating communications provider would not generally have any direct relationship with the calling party, in the case of legitimate communications services using 055 numbers, and so would have no incentive or opportunity to share any surplus termination revenue with them.[60] We are not aware of any legitimate examples of usage of the 055 number range involving revenue sharing with calling parties which would be affected by this proposal.

4.74 We have decided to prohibit revenue sharing with the calling party on 055 numbers. We consider that this is **objectively justified** in helping to ensure more clear and consistent Numbering Plan rules and to discourage potential misuse of this range. We consider that in view of poor consumer awareness of the price of such calls, revenue sharing could provide a possible incentive for misuse of these numbers which could lead to harm for consumers. We consider that this measure is **proportionate** given the limited impact we expect it to have on legitimate use of these numbers.

4.75 We have decided to prohibit direct or indirect forms of revenue sharing with both the called party and the calling party on 055 numbers to clarify that these rules also apply to benefits

[59] The Personal Numbering Statement, paragraph 1.6.

[60] See paragraph 2.29 above.

in kind. This aligns the treatment of 055 numbers with 01, 02 and 03 numbers, and this may help avoid the risk of any loopholes permitting cash for calls schemes.

056 and 070 number ranges

Background

4.76 The existing Numbering Plan rules prohibit the sharing of revenue with end-users on 056 and 070 numbers.[61]

4.77 Ofcom's predecessor, Oftel, prohibited revenue sharing for 070 numbers (Personal Numbers) in 2001.[62] It said that revenue sharing in this case was a market distortion which provided an incentive for the called party to generate calls to themselves,[63] and that the key benefit of the 070 range to the calling and called party was in making a connection rather than the called party receiving payment for receiving the call.[64] This decision was supported by evidence of various complaints concerning different forms of misuse of 070 numbers.[65] We subsequently decided to apply a charge control to the termination rates for 070 numbers, at the same level as the cost-based charge control applied to mobile termination.[66]

4.78 In 2004, Ofcom followed a similar approach in prohibiting revenue sharing when introducing 056 numbers for IP-based telephone services. Unlike traditional fixed line telephone services, IP-based services are not tied to particular locations and were therefore referred to as location-independent electronic communications services (ECS) in the Numbering Plan.[67] We said at that time that it was unjustified and undesirable for revenue generated from calls to 056 numbers to be shared with called parties and that other ranges would be more suitable for services where called parties wish to benefit from a share of the revenue generated by the call.[68] We said that this restriction would ensure that the 056 number range developed to serve the requirements of location-independent ECS rather than replicate existing number ranges.[69]

Our reasoning and decisions

Responses which referred to 056 and 070 numbers

4.79 As set out in para 4.53, Name withheld 1 asked us to consider withdrawing the 055, 056, 070 and 076 number ranges to prevent misuse in the form of 'cash for calls'. Although usage is low, numbers from these ranges remain allocated and in use. We do not consider that there is a case for withdrawing these ranges given that banning revenue sharing addresses the problem identified by this respondent.

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[61] See paragraphs B3.3.1 and B3.4.1 of the Numbering Plan.
[62] Oftel, 2001. *Restoring trust in Personal Numbering*, a statement issued by the Director General of Telecommunications on proposals to stop abuse of the 070 range (the 070 Statement).
[63] The 070 Statement, paragraph 2.15
[64] The 070 Statement, paragraph 1.7.
[65] The 070 Statement, paragraphs 1.12 to 1.14.
[66] Ofcom, 1 October 2018. *Personal numbering – Review of the 070 number range*, statement (the Personal Numbering Statement).
[67] Ofcom, 2004. *Numbering arrangements for new voice services*, statement (the 056 Statement).
[68] The 056 Statement, paragraph 3.10 and 3.17.
[69] The 056 Statement, paragraph A4.18.

Called and calling party revenue sharing

4.80 As noted above, the current revenue sharing rules for 056 and 070 numbers prohibit revenue sharing with ‘end-users’. Prior to 2014, the corresponding rule for 03 numbers had similar wording, also referring to revenue sharing with end-users. This formulation gave rise to concerns about ambiguity about both the circumstances in which the prohibition on revenue sharing applied and to whom it applied, in particular, in relation to revenue sharing with calling parties. In 2014, we amended the revenue sharing rule for 03 numbers to clarify that revenue sharing with calling parties was prohibited.

4.81 In the context of our review, we consider that aligning the Numbering Plan wording is in the interests of consistency and in providing simpler rules overall. We consider it is of importance because having inconsistently worded rules in the Numbering Plan for the same type of revenue sharing restrictions risks causing confusion and therefore potentially undermines the rules themselves.[70]

4.82 We have decided therefore to align the revenue sharing rules for 056 and 070 numbers with the 03 rules. As with 03 numbers, this will remove any ambiguity as to whether our existing prohibition applies to calling parties. The revised rules will, consistent with 03 numbers, make explicit that direct and indirect revenue sharing is prohibited with called and calling parties on the 056 and 070 number ranges.

4.83 We consider that these amendments taken as a whole are merely clarificatory in nature and therefore we do not expect them to have any material impact. Called parties and calling parties should already be subject to the current ‘end-user’ prohibition, and therefore, we do not expect any change to the current use of these numbers.

4.84 We consider that this decision is **objectively justifiable** in helping to avoid confusion arising from inconsistent wording and we consider it is **proportionate** since we do not expect it to have any material impact that would outweigh the benefits of the change.

4.85 We have set out our decision regarding the implementation period for these changes in Section 6 together with our consideration of the legal tests which apply to this decision. We have set out the wording of our changes to the Numbering Plan in Annex A3.

[70] In relation to 070 numbers, we are also, as shown in Annex A2 replacing the word “Adopting” with “who Adopt or otherwise use” in B3.4.1 of the Numbering Plan to make this provision consistent with the wording of the other rules.

5. Category two decisions on 084 and 087 numbers

Our proposals

5.1 This section sets out our proposals and decisions for category two numbers (084 and 087 numbers).

5.2 We proposed to prohibit the sharing of revenue directly or indirectly with calling parties on the 084 and 087 unbundled tariff non-geographic numbers to address the risks of cash for calls schemes which we consider to be a form of ATG.

5.3 To ensure that the impact of this rule would be sufficiently clear, we also proposed some specific clarifications such that:

a) competitions, prize draws and pay-for-product (i.e., services where a valuable reward given to the caller is funded by revenue sharing) would not be permitted on 084 and 087 numbers, but
b) other services, even if funded by revenue sharing, can continue to be provided on 084 and 087 numbers (excluding digital content).

Consultation responses

5.4 Five respondents (BT, Virgin Media O2, FCS, Name withheld 1 and Three) supported the prohibition of revenue sharing with calling parties on the 084 and 087 number ranges and said that this would reduce consumer harm in the form of exclusion of these ranges from bundles and bill shock.[71] BT agreed that retention of revenue sharing with called parties could be helpful in certain circumstances, for example to allow micropayments. FCS also considered that Ofcom should review the charging structure for the 084, 087 and 09 ranges in the light of bill shock. Colt did not express an opinion, but said our approach was clear.[72]

5.5 Action4 agreed with the principle that cash for calls, competition and prize draws and pay-for-product services would be better placed on 09 numbers.[73] However, it said that trying to differentiate between services could create opportunity for confusion and misuse. It asked for confirmation that virtual chat and live chat services regulated by the PSA could continue to operate on 087 and 084 numbers. It said that the proposed Regulation of Premium Rate Services Order 2024[74] and the wording in our Revenue Sharing Consultation supported such an approach. Action4 also noted that, because some mobile and fixed line networks restricted or barred calls to 09 numbers, requiring services to use 09 numbers may have an impact on the operation of these services.

[71] BT, page 4; Virgin Media O2, page 2; Federation of Communications Services, page 2; Name Withheld 1, page 1; and Three, page 2, in responses to Revenue Sharing Consultation.
[72] Colt response to Revenue Sharing Consultation, pages 1 to 2.
[73] Action4 response to Revenue Sharing Consultation, page 2.
[74] The Regulation of Premium Rate Services Order 2024.

5.6 Action4 also said that any number with a cost of less than 5.833 pence per minute, or per call, should not be treated as a revenue sharing or a premium rate tariff. We presume this refers to the fact that calls to number ranges such as 087, 09 and 118 may be subject to PRS regulation by the PSA if the cost per minute or per call (for the service charge element) is greater than 5.833 pence (excluding VAT).

5.7 Telecom2 said that intervention was not necessary, as complaints about services sharing revenue with callers were minimal, the volume of traffic was low and that it was not aware of any communications providers implementing their fair use policies to tackle any problems.[75] It also said that moving pay-for-product and competitions to 09 would have an impact on these services, as customers would be deterred from making calls perceived to be expensive. Telecom2 also considered that communications providers were opposed to cash for calls schemes because they were unable to levy access charges on these calls.

5.8 Name withheld 1 and the Fair Telecoms Campaign said that 084 and 087 numbers should be removed from the Numbering Plan altogether.[76]

5.9 Where appropriate we have also referred below to some of the 28 responses we received to our Second Consultation regarding matters related to this proposal.[77] As we explained in paragraph 2.36, we consulted on some of the matters which are the subject of this statement in the Second Consultation.

Our reasoning and decisions

Comments on the charging structure and withdrawal of 084 and 087 numbers

5.10 We have interpreted Action4's comment as a suggestion that 084 numbers should not be treated as revenue sharing (per our Numbering Plan rules, the per minute or per call service charge element for calls to 084 numbers must not exceed 5.833 pence, excluding VAT). We consider this suggestion is not in scope of our current review of the revenue sharing rules in the Numbering Plan as it essentially proposes a repurposing of particular number ranges and would also require changes to the unbundled tariff arrangements.

5.11 The charging structure and the possible withdrawal of 084 and 087 numbers (as suggested by respondents including FCS and Fair Telecoms Campaign) were not matters on which we consulted in the Revenue Sharing Consultation. However, these are issues which we have considered in other documents which we have published as part of our wider Future of Numbering Review.[78]

5.12 Our 2021 Evaluation identified there was a significant decline in the use of unbundled tariff numbers between 2013 and 2020, and in particular of the 084 and 087 numbers.[79] Some respondents to our First Consultation said that, despite the decline in use, there remained

[75] Telecom2 response to Revenue Sharing Consultation, page 2.

[76] Name withheld 1, page 1 and Fair Telecoms Campaign, page 2, in responses to Revenue Sharing Consultation.

[77] We also summarised these in Annex 3 of the Second Consultation.

[78] Ofcom, 11 April 2019. *Future of telephone numbers: first consultation*, Section 4. Ofcom, 23 April 2021. *Future of telephone numbers: second consultation*, Section 5 and Annex 3. Ofcom, 1 June 2021. *Evaluation of the 2015 pricing reforms for calls to non-geographic numbers* (2021 Evaluation).

[79] 2021 Evaluation, Annex 4.

some valued uses of these numbers particularly for business-to-business calls and services. Nevertheless, we recognise that consumer awareness of the charges for such numbers is generally low and that this can give rise to some risk of incurring unexpected call charges.

5.13 Significant further work would be needed to determine the most appropriate regulatory approach, if any, to addressing this risk. In light of our broader regulatory priorities, we consider that the current financial year is not the right time to undertake a detailed review of the future use or pricing arrangements for the 084 and 087 numbers. We will, however, continue to monitor the level of complaints we receive from consumers on this issue as part of our wider consumer protection monitoring work, and any decision we make about priorities in future will be informed by the data we collect.

Called party revenue sharing on 084 and 087 numbers

5.14 084 and 087 numbers, as unbundled tariff ranges, are designated to provide a micropayment mechanism which enables the calling party to make small payments to the called party through their phone bill, as explained in paragraphs 2.8 and 2.11. Such micropayments are facilitated by the sharing of call revenue with the called party and we consider that restricting this type of revenue sharing would undermine the intended use of these numbers. Therefore, we have decided not to prohibit called party revenue sharing on 084 and 087 numbers.

Calling party revenue sharing on 084 and 087 numbers

5.15 We have assessed the option of making explicit that revenue sharing with the calling party is not permitted directly or indirectly on 084 and 087 numbers. We compared this to the status quo.

5.16 The ability to make ‘free’ calls at the point of use, through inclusive call packages, provides an opportunity for cash for calls schemes which induce users of the scheme to use free inclusive minutes to make calls to scheme numbers in return for financial and other rewards. We explained in paragraphs 2.27 and 2.28 that revenue sharing with the calling party can facilitate and provide an incentive for such schemes.

5.17 Some fixed telephony providers offer inclusive calls to 0845 and 0870 numbers, generally for historical reasons.[80] Some mobile operators also offer inclusive calls to 084 and 087 numbers as add-ons to standard packages.[81] The cost of making calls to 084 and 087 numbers when not included in bundles can be relatively high.[82] As explained in paragraphs 2.16 and 2.17, there is low awareness of different number ranges and call charges and therefore such bundles benefit consumers by removing worry and protecting them from unexpected charges (sometimes referred to as ‘bill shock’). We therefore disagree with responses to our Second Consultation which suggested that removing 084 and 087

[80] For example, BT’s standard fixed tariff and some fixed tariffs from VMO2 and Plusnet feature inclusive calls to 0845/0870 numbers.
[81] For example, Vodafone (Mobile extras) and EE (Pay monthly add-ons) [accessed 23 September 2024].
[82] Since the unbundled tariff applies, the cost will include the service charge (can be up to 10.83 pence per minute exclusive of VAT for 087 numbers) and the originating provider’s per minute access charge.

numbers from call bundles is an appropriate way to address cash for calls activity, since this would increase the risk of bill shock.[83]

5.18 Compared to other ranges such as 01 and 02 numbers, the higher termination charge rates for 084 and 087 numbers (i.e., the service charge element of the unbundled tariff) combined with the availability of inclusive call bundles may make them particularly attractive for cash for calls schemes.

5.19 In light of our analysis of the impacts below, we consider that cash for calls schemes exploit inclusive call allowances in a way that is harmful for consumers. The main purpose of cash for calls schemes is to generate call termination revenues which are shared between the operators of the schemes and callers; there is no inherent communications benefit from the calls made. While the cash for calls provider and any user of the scheme may benefit financially from such activities, we consider these interests do not outweigh the potential risk of harm to the wider category of consumers.[84] We therefore also disagree with the view that cash for calls schemes are legitimate and valued services as four responses to our Second Consultation suggested.[85]

Impact of cash for calls

5.20 Although consumers do not incur additional charges for in-bundle calls, the communications provider originating the phone calls will pay the appropriate per-minute rate to the terminating communications provider. Cash for calls schemes which incentivise callers to make very long or repeated calls will therefore increase the costs of providing inclusive call bundles.[86]

5.21 Some respondents to our Second Consultation argued that profits generated by high access charges are the main disincentive for communication providers to offer inclusive calls to 084 and 087 numbers. We accept that multiple factors influence a communications provider's decision about what inclusive calls to offer. However, we found evidence that cash for calls was an important factor in some communications providers' decisions to withdraw or restrict some of their inclusive bundles and we therefore consider that cash for calls schemes also increase the risk that such bundles will be restricted or withdrawn in the future thus reducing choice for consumers:

a) We have found that some providers have removed number ranges from bundles, or limited call allowances in bundles, as a result of cash for calls schemes. A communications provider [✂] told us that [✂] it removed all such calls from bundles to protect the company from consumers' use of cash for calls schemes and international calling gateways. [✂].[87]

b) Over recent years there has been a general trend of communications providers applying increasingly restrictive terms on the use of inclusive call packages in response to the risk of cash for calls schemes and other forms of ATG. This may be for example by imposing

[83] 24 Seven, page 2; NW4, page 1; Core Telecom, page 2; Telecom2, pages 4-5; in their responses to the Second Consultation.

[84] These points were agreed with by BT, paragraphs 5.2 to 5.11; and VMO2, page 3; in their responses to the Second Consultation.

[85] 24 Seven, page 3; Telecom 2, page 4; Core Telecom, page 3; and NW4, page 1; in responses to the Second Consultation.

[86] This point was agreed with by VMO2, page 3; and Comms Council UK, page 2; in their responses to the Second Consultation.

[87] [✂] response to s.135 Notice dated 23 October 2020, response to question 11.

fair use policies, and/or requiring the customer to redial after a period to avoid incurring charges. More restrictive terms increase the risk that consumers may inadvertently trigger such restrictions and as a result suffer loss of utility or unexpected call charges.

5.22 We consider that if we do not take action to remove the revenue sharing incentive for cash for calls, there is a risk that such activities could lead to the further withdrawal of inclusive call packages and/or result in higher prices for consumers.[88]

5.23 Users of cash for calls schemes may also suffer detriment. Some users may not fully appreciate that the payment of the promised cash for calls reward is commonly made contingent upon the operator's receipt of termination revenue. When this is withheld, the caller may lose out through wasted time and possibly the cost of an inclusive call package which they may not otherwise have taken out. Users may also incur additional costs if they mistakenly exceed their call allowance or breach a fair use policy imposed by their provider.[89]

5.24 We have also carefully considered the evidence regarding the extent of cash for calls activity.

5.25 As explained in Annex A4, originating communications providers may seek to withhold (or 'retain') termination revenue where the Artificial Inflation of Traffic (AIT) provisions of the BT Standard Interconnect Agreement (SIA) apply. We have obtained industry data on these AIT retentions made by parties to the BT SIA which were identified as relating to cash for calls schemes, and thus give some indication of the prevalence of cash for calls activity. This data in respect of financial years 2020/21 and 2021/22 shows that there was a total of between £400k and £500k [✂] of AIT retentions during this period attributed to cash for calls, and one sub-range of 084 numbers and one sub-range of 087 numbers were within the top four most common number ranges used by value [✂].[90] BT said that AIT retentions can lead to legal disputes over contract terms,[91] and since it is time-consuming and difficult for communications providers to investigate and confirm AIT, we believe that the AIT retentions are likely to under-estimate this type of activity.[92]

5.26 We understand that the level of cash for calls activity is likely to have declined compared with previous years.[93] We consider this has been partly as a result of the actions of communications providers, such as by withdrawing or restricting call bundles, which as explained below may have an impact on a wider group of consumers.

5.27 Nonetheless, we consider that there remains a credible risk that cash for calls activity may increase again in the future if we do not remove the incentive for such schemes, and this

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[88] Revenue Sharing Consultation, paragraphs 3.63 to 3.74.

[89] This point was also made in BT response to the Second Consultation, paragraphs 5.4 to 5.5.

[90] BT response to the s.135 Notice dated 3 January 2023. [✂]

[91] BT response to the Second Consultation, paragraphs 5.4 to 5.5.

[92] As well as analysing the patterns of data from the calls themselves, the phone companies also look for information available directly from the operator of the phone number on websites or social media, and they may register with such schemes to be able to carry out test calls to confirm the nature of the service being provided on each number.

[93] See 2021 reference to the scale of activity in previous five-year period in paragraph 5.5 of BT response to the Second Consultation.

could result in further restrictions on the availability of inclusive call bundles and/or result in higher prices for consumers.

5.28 We accept that, as Telecom2 noted, we have not received a significant number of complaints about services sharing revenue with callers. However, we consider that users of cash for calls schemes are unlikely to complain, since they are likely to be receiving a financial reward for the calls that they make. Furthermore, consumers who may suffer detriment in higher prices or reduced availability of inclusive call bundles from the impacts of cash for calls activity are unlikely to have sufficient awareness of the existence and possible impact of cash for calls in order to submit complaints about this.

5.29 For these reasons, we disagree with Telecom2, and with other responses to our Second Consultation which suggested cash for calls schemes are not a significant problem,[94] or that our case for intervening is not sufficiently supported by evidence.[95]

Sufficiency of contractual remedies against cash for calls

5.30 Some responses to our Second Consultation argued that sufficient mechanisms are already in place to address the risk of cash for calls. This included the view that the contractual AIT provisions of the BT SIA are sufficient to deal with any issues.[96] Others said that fair use policies could be applied and enforced by communications providers instead of further regulation.[97]

5.31 Communications providers have taken steps to try to curtail cash for calls schemes, and this may have led to some decline in such activities. However, we understand that it is not straightforward to detect such schemes and seek redress, for example using the AIT retention provisions of BT's SIA.[98] Other potential measures such as restricting or withdrawing inclusive call packages, as explained above, may result in detriment to a wider group of consumers.

5.32 We therefore consider, in light of the potential impact on consumers, that the existing measures currently available to communications providers are not a sufficient or efficient way to deal with this problem. We also consider there remains a credible risk that cash for calls activity may increase again in the future if we do not remove the incentive for such schemes and this could result in further restrictions on the availability of inclusive call bundles.

Impact of our ban on consumers sharing certain protected characteristics

5.33 A number of responses to our 2014 consultation preceding the 03 Revenue Sharing Statement highlighted that international calling credits were a common benefit of cash for

[94] Aimm, pages 1-2; Telecom 2, pages 4-5; in their responses to the Second Consultation.
[95] 24 Seven, page 2; Core Telecom, page 2; NW4, page 2; and Telecom 2, page 3; in their responses to the Second Consultation.
[96] 24 Seven, page 2; Core Telecom, page 2; NW4, page 2; Telecom2, pages 5-6; and a confidential communications provider [✂]; in responses to the Second Consultation.
[97] NW4, page 3; Telecom2, pages 5-6; and a confidential communications provider [✂]; in responses to the Second Consultation.
[98] BT is the largest supplier of call termination in the UK and plays an important role in the provision of interconnection for other communications providers. It has a standardised contract for fixed telephony interconnection, the Standard Interconnect Agreement (SIA). Annex E of the SIA contains a number of terms and conditions which set out processes, binding on all communications providers which interconnect with BT, for identifying and dealing with specific forms of ATG which it refers to as Artificial Inflation of Traffic (AIT).

calls schemes.[99] Such schemes may have therefore been used particularly by consumers sharing the same protected characteristics (such as race and religion or belief). We do not have evidence that cash for calls schemes continue to operate in this way, and we understand that they would also offer other types of reward that would be of more general appeal and less likely to be used particularly by those sharing the same protected characteristics. Consistent with our wider reasoning in this section, we consider the interests of individual users of cash for calls schemes do not outweigh the potential risk of harm.

Impact of our ban on competition and innovation

5.34 Some responses to our Second Consultation noted concern that banning revenue sharing with calling parties would, by undermining the micropayment mechanism, prevent service providers from offering new and innovative services where such services include prizes or rewards to the caller.[100] In the context of the long-standing and significant decline in the use of unbundled tariff numbers, we consider this trend is likely to continue and we do not think there is a strong likelihood that the status quo will lead to the emergence of a significant number of new and innovative services. Moreover, we consider that customer choice is an important element in driving effective competition. Not addressing the risk of cash for calls could lead to reduced customer choice of inclusive call bundles. For these reasons, we do not agree that our proposed ban would overall have a negative effect on competition and innovation.

Impact of our rules on services provided to the calling party

Competitions, prize draws and pay for product services

5.35 We recognise the need to provide clarity for users of 084 and 087 numbers regarding which types of services may be provided to callers. Some respondents to our Second Consultation highlighted that phone competitions and prize draws could be seen as a form of revenue sharing and were not easily distinguishable from cash for calls schemes.[101] This is because such services provide a valuable reward funded by call revenue, or the chance of winning such a reward, to the caller as an incentive for making calls in a similar way that cash for calls schemes reward callers for making large volumes of calls.

5.36 We have therefore decided to clarify the effect of our rules on two particular types of services:

a) Competition and prize draws, which might be interpreted as a form of revenue sharing since callers have a chance of winning a prize; and
b) Pay for product services where callers are provided with a product with some inherent value, paid via the service charge.

5.37 We consider, in practical terms, that legitimate examples of pay for product services are generally only likely to be viable on the 09 range in view of the much higher service charge rates available. Similarly, we believe that competitions and prize draws are also much more

[99] Ofcom, 2014. *The 03 Number Range - revenue sharing*, consultation website.
[100] Core Telecom, page 3; Telecom2, page 3; 24 Seven, page 2; NW4, pages 2-3; in their responses to the Second Consultation.
[101] AIMM, page 2; Spoke, page 1; 24 Seven, page 3; Core Telecom, pages 1 and 3; NW4, pages 3-5; and Telecom2, page 3; in their responses to the Second Consultation.

likely to use 09 numbers (or equivalent mobile short codes) because of the greater flexibility of pricing.

5.38 We have assessed the impact of banning such services from use of 084 and 087 numbers to ensure our rules are consistent and clear by comparing this to the status quo.

5.39 We have assessed whether it would be appropriate to develop a more detailed definition of direct and indirect revenue sharing, setting out a number of different factors to consider with the aim of distinguishing legitimate competitions and prize draws from cash for calls schemes. We consider this would not be appropriate for the following reasons:

a) It is likely to be difficult for communications providers to apply such a complex definition with sufficient certainty to enable them effectively and efficiently to take action against cash for calls schemes by withholding payments under the AIT provisions of their interconnect agreement. This may lead to more disputes which would be time-consuming and expensive to resolve.
b) If a complex and technical definition is included within our regulation, it may also be more difficult for service providers to determine whether it is appropriate to use a given number range for their intended service.
c) We understand that some cash for calls schemes have been set up to appear as a competition. There is therefore a risk that any definition that attempts to draw a distinction between cash for calls and legitimate competitions will create loopholes that could be exploited by service providers to continue to operate cash for calls schemes, contrary to the proposed prohibition.

5.40 We have assessed in light of this analysis whether it would be appropriate instead to ban all these types of 'valuable reward' services from use of 084 and 087 numbers. This would mean that cash for calls, competitions, prize draws and pay for product services would not be permitted on the 084 and 087 number ranges if call revenue funds the valuable reward or benefit in kind provided to the calling party. Such services would likely have to use 09 numbers instead. We have therefore considered whether use of 09 numbers for hosting competitions and prize draws is an appropriate and sufficient substitute to use of 084 and 087 numbers.

The appropriateness of 09 for competitions and prize draws

5.41 To evaluate the impact of this proposed approach we have considered a number of aspects as to whether services using 084 or 087 numbers could operate as effectively on the 09 number range. Taking into account our analysis of the following aspects, we consider there is not a significant barrier to switching any competition or prize draw services to 09 numbers. Further we consider any costs or inconvenience associated with this proposed change for service providers would not outweigh the benefits to consumers of addressing the potential harms arising from cash for calls schemes, and to communications providers and service providers in providing clear and easy to understand rules. We also consider that such impacts could be managed acceptably by providing an appropriate implementation period before the proposed ban has effect. The aspects which we have considered, about the extent to which the 09 range may be used in place of the 084 and 087 number ranges, include the following:

a) **Availability of service charge price points**: We understand there is a wide range of service charge rates available on numbers within the 09 range and we therefore consider that there would be no loss of flexibility in providing a service on that range compared with providing a service on the 084 and 087 number ranges. Importantly, we understand that similar service charge price points to those on 084 and 087 numbers are available for use for 09 numbers.

b) **Transparency of call costs**: We consider that consumers are not likely to have any lesser awareness of the call charges if an 09 number is substituted for an 084 or 087 number, because in all cases the service charge must be prominently advertised.[102]

c) **Whether the perception or reputation of the 09 range would deter consumers**: We recognise that, because of the types of services hosted on the 09 range, its reputation may potentially deter some from using or calling 09 numbers. However, the findings of our Future of Numbering Research indicate that, while this range was not strongly associated with high profile phone competitions (e.g. run by broadcasters), there was widespread acceptance of the use of the 09 range for these services, particularly when tariff information, along with relevant Terms and Conditions, are clearly stated and the service itself is viewed to be of value.[103] Therefore, we consider there is no strong evidence of a reputational barrier to use of 09 numbers for any competition and prize draw services currently using 084 and 087 numbers.

d) **Customer barring of 09 services**: Some communications providers provide an option for their customers to bar all calls to 09 numbers. We have considered whether this option would create any obstacle to the use of 09 for some services currently provided on 084 and 087 number ranges. We recognise there may be some potential impact on such services if moving to the 09 range. However, we consider there is unlikely to be a large number of such services hosted on 084 and 087, and hence overall we do not consider the impact would outweigh the benefits of addressing the risk of cash for calls and of providing clear and easy to understand rules for both communications providers and service providers by avoiding overly complex definitions of revenue sharing.

e) **Premium rate services regulation**: As explained in paragraphs 2.13 to 2.15, certain premium rate services are currently regulated by the Phone-paid Services Authority (PSA) under a Code of Practice approved by Ofcom. We have considered the impact of any differences in the regulation which applies to the 084, 087 and 09 number ranges. There may be some providers of services on 087 numbers who currently do not need to register with the PSA within the terms of its Code, but who would be required to do so if they used 09 numbers (for example, where the service charge is greater than 5.833p per minute exclusive of VAT). We consider that the scale of this impact in terms of number of service providers is unlikely to be very large and as regards individual service providers such a difference would not be unduly onerous. Taken as a whole this impact would not outweigh the benefits of providing clear and effective revenue sharing rules or the overall benefits to consumers we expect to realise from our proposals.

f) **The cost of moving existing services**: We have considered the impact of the potential costs of moving existing competition or prize draw services from the 084 and 087 number ranges to 09. We believe that most types of competition and prize draw services by their nature do not tend to run indefinitely, and, unlike other types of services, most will have a limited lifespan and a defined closing date. We consider the costs of migration will not be significant, provided the implementation period given is long enough to allow providers of such services a sufficient window for current competitions and prize draws to expire and to allow planning for the migration of future

[102] General Condition C2.9 applies to all unbundled tariff numbers and requires, for services provided to consumers, that the service charge is displayed in a prominent position and in close proximity to the phone number in any advertising or promotion of that number.

[103] Future of Numbering Research, Sections 6.5, 6.6 and 8.6.

services to 09 and to avoid re-issuing any printed materials or advertising for currently running competitions. We anticipate any longer running competition arrangements which do require a change to marketing materials are likely to be limited in number, and thus we consider the overall impact of any migration is likely to be limited.

Our conclusion regarding competitions, prize draws and pay for product services

5.42 In view of our above analysis, we do not agree with Telecom2 and Action4 that 09 numbers are not a suitable alternative for any competition or pay for product services displaced from 084 or 087 numbers. We have therefore concluded that it would be appropriate to clarify that a prohibition on direct and indirect revenue sharing with the calling party on 084 and 087 numbers would not permit the provision of competitions, prize draws and pay for product services on these numbers. After the implementation of our amendments to the Numbering Plan, such services would instead have to use 09 numbers. We consider this approach will provide better certainty to communications providers and service providers and avoid the risk that allowing such services could provide a loophole for cash for calls activity.

The provision of other types of services on 084 and 087 numbers

5.43 Some responses to our Second Consultation said that the term indirect revenue sharing was too broadly defined and could be interpreted to include any call where call revenue funds in whole or in part the benefit of a service in kind provided to the caller (for example, advice services or conference calling).[104] In its response to our Revenue Sharing Consultation, Action4 also asked specifically for clarification regarding the provision of live chat services.

5.44 084 and 087 numbers are subject to the unbundled tariff, and this is designed to provide a microtransaction mechanism for the caller to pay for services through the service charge. We consider that prohibiting the provision of services in kind would therefore significantly undermine the usefulness of 084 and 087 numbers. We have therefore decided to draft our revenue sharing rules for 084 and 087 numbers to explicitly allow the provision of services in kind to the calling party in order to provide more clarity to users of these numbers.

5.45 To be clear, this means that the provision of services to a calling party on these ranges would not in itself contravene our ban on direct and indirect revenue sharing with the calling party – i.e., the value of providing the service would not be considered revenue sharing. However, any other form of direct or indirect revenue sharing, for example money or money’s worth in vouchers or products, will be prohibited even when provided in addition to or in association with providing a service in kind to the calling party.

Digital content

5.46 In some contexts, the provision of digital content such as music downloads, books, games, or film streaming may be considered a ‘service’. We consider that allowing the provision of digital content to calling parties on 084 and 087 numbers that is funded by call revenue could provide a loophole for cash for call schemes. Therefore, we have decided to word our revenue sharing rules to ensure that that, to the extent that we permit the provision of services in kind to callers on 084 and 087 numbers, this should not include digital content.

5.47 The wording of our amendments to the Numbering Plan for 084 and 087 numbers, including the exception for services in kind, is set out in Annex A2.

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[104] Gamma, page 6; FCS, page 1; and Comms Council UK, page 2, in responses to the Second Consultation.

Our 084 and 087 decisions

5.48 As set out above we have decided that revenue sharing with **the called party** will continue to be permitted on 084 and 087 numbers.

5.49 We assessed the option of making explicit that revenue sharing with the calling party is not permitted directly or indirectly on 084 and 087 numbers.

5.50 We have set out our conclusion in the analysis above, that cash for calls schemes exploit inclusive call allowances in a way that is harmful for consumers. We consider that in view of the evidence we have referred to that although the level of cash for calls activity has declined compared with previous years there remains a credible risk that it may increase again in the future if we do not remove the incentives for cash for calls schemes, and this could result in further restrictions on the availability of inclusive call bundles and/or result in higher prices for consumers.

5.51 As set out in paragraphs 5.30 to 5.32 above, we consider that contractual mechanisms alone, including the AIT provision of the BT SIA or fair use policies, are not sufficient to address the risk of cash for calls.

5.52 We have specifically considered the various potential impacts of a ban on revenue sharing with the calling party on for example, competition and innovation (paragraph 5.34) and on the provision of services in kind to the calling party (paragraphs 5.35 to 5.47). We concluded that such a ban would not have overall a negative effect on competition and innovation. We also concluded that any such ban should continue to permit services in kind to be provided to calling parties in order to maintain the usefulness of 084 and 087 numbers as a micropayment mechanism. However, we concluded that it would not be appropriate to continue to permit types of services such as competitions, prize draws or pay for product as such an exclusion would not provide sufficient certainty to communications providers and users of these numbers, and it may leave a loophole for cash for calls schemes to exploit. We concluded that the 09 numbers would be an appropriate substitute home for any such services currently using 084 and 087 numbers (paragraphs 5.41 to 5.42).

5.53 In light of these conclusions, we have decided to prohibit the direct or indirect sharing of revenue with calling parties on 084 and 087 numbers. We consider this is **objectively justified** in addressing the risk of cash for calls schemes which we have found may harm consumers by increasing prices or undermining the provision of inclusive call bundles which, given the generally low awareness of call costs, are of value in protecting them from unexpected charges.

5.54 We consider that this decision is **proportionate** in that there remains a credible risk of cash for calls activity increasing if we do not prohibit revenue sharing with the calling party and thus the incentive which facilitates such schemes. We have set out our detailed consideration of the evidence of the impacts of cash for calls in paragraphs 5.20 to 5.29 above. We consider that the benefits of preserving choice in inclusive call bundles and protecting consumers from harm outweigh the impacts of a ban on revenue sharing with the calling party, including the loss of opportunity for a limited number of operators and users of cash for calls schemes (which we do not consider to be a legitimate or appropriate use of numbers in that it is a form of ATG) and the costs to service providers of moving some services (including competitions, prize draws and pay for product) to 09 numbers. We consider there is likely to be a relatively low number of such services currently using 084 and 087 numbers rather than 09 because the available service charge rates are much lower.[105]

5.55 Further, we believe our proposals go no further than is necessary to achieve the outcomes we intend. In particular, we have taken into account the responses to our Second Consultation and have sought to limit the impact of our proposed changes by, amongst other things, making clear that they will not preclude the provision of phone-paid services to the caller, while still achieving our stated objectives.

5.56 We have set out our decision regarding the implementation period for these changes in Section 6 together with our consideration of the legal tests which apply to this decision. We have set out the wording of our changes to the Numbering Plan in Annex A3.

[105] The maximum per minute service charge price for 09 numbers is £3 compared with 10.83 pence on 087.

6. Implementation, approach to enforcement and legal tests

Implementation and approach to enforcement

6.1 This section sets out our approach to enforcement and explains how we consider our amendments to the Numbering Plan meet the relevant legal tests and are in line with our duties.

6.2 To implement our decisions in relation to revenue sharing, we are making a number of modifications to the Numbering Plan. These changes are set out in the Schedule to Annex A2.

Implementation timeline

Our proposal

6.3 We considered that an appropriate implementation period for these changes would be six months after the publication of our final decision. We asked for stakeholders' views on this.

Consultation responses

6.4 Four respondents (Action4,[106] FCS,[107] Telecom2[108] and Three[109]) agreed with the proposed approach to implementation. Three others (BT, the Fair Telecoms Campaign and Virgin Media O2) did not comment.

6.5 Three respondents proposed alternative implementation periods. Name withheld 1[110] said the period could be shorter, for example three months. Two others suggested there may be a need for a longer period:

- Aloha[111] said that if services such as conferencing facilities/advice services needed to move to 084/087, a longer implementation period would be needed.
- Colt[112] suggested 18 months would be required to give effect to new commercial arrangements with affected customers and technical configurations of their systems.

Reasoning and decision

6.6 We have considered the responses that suggested a longer implementation period. Aloha's comments were predicated on the need to move conferencing and advice services, which we have clarified is not a requirement of our proposed changes.[113] In relation to Colt's comments, we have looked carefully at the confidential evidence provided in support of this view as it relates specifically to 01 and 02 geographic numbers, but we are not

[106] Action4 response to Revenue Sharing Consultation, page 2.
[107] FCS response to Revenue Sharing Consultation, page 2.
[108] Telecom2 response to Revenue Sharing Consultation, page 3.
[109] Three response to Revenue Sharing Consultation, page 2.
[110] Name withheld 1 response to Revenue Sharing Consultation, page 2.
[111] Aloha Telecom response to Revenue Sharing Consultation, page 9.
[112] Colt response to Revenue Sharing Consultation, pages 2 to 3.
[113] Paragraphs 4.28 and 4.29.

persuaded of the need for a longer implementation period since we do not think this change would affect a substantial number of customers.

6.7 Given the scale of changes identified, we consider an efficient communications provider should be able to give effect to any changes necessary within the proposed six-month period. We consider that allowing six months appropriately balances the need to realise the protective benefits of our changes for consumers and communications providers against the need to give sufficient time for:

- any competition, prize draw or pay-for-product services to be efficiently migrated to the 09 number range. We consider that six months would be adequate time to allow for the expiry of any currently running competitions or prize draws and planning for running any future such services on 09 numbers, which we expect will minimise the need for changes to existing marketing materials; and
- required amendments by communications providers to any existing contractual revenue sharing arrangements which would be prohibited by our new rules.

6.8 In light of our analysis above, we have decided to proceed with our proposal to allow a six-month implementation period for our revenue sharing amendments to the Numbering Plan.

Approach to enforcement

6.9 BT commented in its response that it considered appropriate sanctions must be introduced alongside any policy intervention, including to take appropriate enforcement action where actors are found to be "egregiously using number ranges incorrectly".[114]

6.10 We will approach enforcement of our revenue sharing rules in accordance with our statutory duties and our enforcement guidelines.[115] Any prohibited revenue sharing occurring on the category one or category two numbers after the implementation of our decisions would be contrary to the requirement in General Condition B1.5 that in providing an electronic communications network or an electronic communications service, a communications provider must comply with all applicable restrictions and requirements as are set out in the Numbering Plan. In cases where prohibited revenue sharing is suspected, we could open an investigation and consider enforcement action for non-compliance with General Condition B1.5.

6.11 We also consider that amending the Numbering Plan rules on revenue sharing, in particularly in relation to cash for calls, could provide additional clarity for communications providers to support their investigations into suspicious call traffic under the AIT provisions of the BT SIA. The AIT provisions provide a framework for withholding termination revenue which would otherwise be due to the communications provider which terminates calls in cases where it is suspected that the traffic is fraudulent or has no legitimate purpose. Our proposals should make it easier to use this mechanism by reducing the scope for disputes about the legitimacy of cash for calls schemes and revenue sharing with calling parties more generally. BT agreed with this point in their response to our Second Consultation.[116]

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[114] BT response to Revenue Sharing Consultation, paragraph 4.
[115] Ofcom, 2022. *Enforcement guidelines for regulatory investigations.*
[116] BT, response to Second Consultation, paragraph 5.5.

6.12 Our revenue sharing rules are intended to be as clear as possible, and easy to understand and apply for both communications providers and service providers. We consider that this should provide sufficient clarity to assist originating communications providers in any investigations into suspect traffic under the terms of the SIA.

Legal tests

6.13 Below we set out our assessment of how the amendments to the Numbering Plan we are making to implement our decisions on revenue sharing rules meet the necessary legal tests and are in line with Ofcom's duties. For reference, the legal framework within which we assess our policy decisions in relation to numbering is explained in more detail in Annex A3 of this statement.

Our duties in relation to the Numbering Plan

6.14 We are satisfied that our decisions to amend the provisions of the Numbering Plan set out in the Schedule to the notification in Annex A2 meet the tests set out in section 60(2) of the Act being:

- **objectively justifiable** and **proportionate** as outlined for each measure separately above:
  - i) In relation to 01 and 02 numbers, in paragraphs 4.42, 4.43, 4.48 and 4.50.
  - ii) In relation to 056 and 070 numbers, in paragraphs 4.84.
  - iii) In relation to 055 numbers, in paragraphs 4.71 and 4.74.
  - iv) In relation to 076 numbers, in paragraphs 4.63.
  - v) In relation to 084 and 087 numbers, in paragraphs 5.53 and 5.54;
- not **unduly discriminatory,** in that these changes apply equally to all consumers and communications providers in respect of their use of these numbers, and they should not have a materially different impact on any particular group of consumers or communications providers; and
- **transparent** in that the reasons for making these modifications are set out clearly in this document. Our decisions are also intended to make our Numbering Plan rules more consistent and we consider that explicitly setting out our expectations in relation to revenue sharing is in the interests of transparency for users of phone numbers.

Our general duties

6.15 We consider our decisions are consistent with our general duties under sections 3 and 4 of the Act in that they further the interests of citizens and consumers for the reasons set out above. In particular, we consider it is important to reduce the potential for the misuse of phone numbers, since this could adversely affect consumers.

6.16 Pursuant to section 63 of the Act, we consider that these decisions will contribute to "securing best use of telephone numbers" and "encouraging efficiency and innovation" by:

- helping to ensure numbers are used for the purpose intended and that the intended purpose and meaning of each range is clear and consistent and preserved by the Numbering Plan rules;

- discouraging misuse of numbers, by removing the potential revenue sharing incentives for cash for calls schemes and other forms of ATG, targeted only at those number ranges on which it is most likely to cause a problem; and
- continuing to enable innovation in the micropayment, pay-for-product and prize draw markets by continuing to permit revenue sharing with called parties which supports the provision of services on appropriate unbundled tariff ranges.

Modifications to the Numbering Plan

6.17 The modifications that we have decided to make to the Numbering Plan are set out in Annex A2 of this statement. These modifications will take effect six months from the date of this statement.

7. Withdrawal of 082 telephone numbers

7.1 This section sets out our decision to withdraw the current designation of 082 numbers in the Numbering Plan.

Background and proposal

7.2 The 082 number range was introduced by Oftel in November 1997 for schools' dial-up internet services[117] in order to ensure that traffic from schools could be identified and ringfenced for the purposes of charging special rates for this traffic.[118,119] Its use was extended in March 2000 for use by Public Institutions Internet Caller (PIIC) services which were provided to eligible institutions such as public libraries, Further Education colleges, Citizens Advice centres and learning centres.[120]

7.3 Dial-up internet services have largely been superseded by broadband services. There are no 082 numbers in use and all allocations have been returned to Ofcom.

7.4 As the 082 numbers no longer appear to have a use, we proposed in our consultation to withdraw the designation.

Consultation responses

7.5 All respondents either agreed with, had no objection to or did not comment on the proposal to amend the Numbering Plan to remove the 082 number range.

Reasoning and decision

7.6 We do not foresee the allocation of number blocks from the 082 number range in the future given the obsolete nature of its service designation. Therefore, we consider that there will be no negative impacts arising from withdrawal and we have decided to go ahead with our proposal to withdraw the 082 designation. We consider this will help simplify the Numbering Plan and make clear that these numbers are no longer available for allocation.

7.7 We consider that this decision furthers our objective of updating the Numbering Plan to reflect developments in use of telephone numbers and is consistent with our duties, including to secure that what appears to us to be the best use is made of numbers, and to encourage efficiency and innovation for that purpose.

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[117] Oftel, 26 November 1997. *Numbering Bulletin 34*.
[118] Oftel, October 1997. *Access to the superhighway for schools: Statement following consultation on the regulatory framework for BT's prices for schools*, paragraphs 3.5 to 3.6.
[119] Oftel, July 1997. *Access to the internet for schools: Consultation on BT's proposal*, paragraphs 5.25 to 5.27.
[120] Oftel, March 2000. *Connecting public institutions – BT's Public Institutions Internet Caller Service, statement*, paragraphs 2.13 to 2.14.

Legal tests

7.8 We are satisfied that the amendment to the Numbering Plan to withdraw the 082 designation meets the tests set out in section 60(2) of the Act as we consider that this change:

- Is objectively justifiable and proportionate in that it seeks to remove an obsolete designation in the interests of simplifying the Numbering Plan, and we do not anticipate this change will have any negative impacts on any party because these numbers are no longer in use or in demand;
- will not discriminate unduly against any communications providers or users, because these numbers are no longer in use and we do not anticipate any future demand given the intended purpose of the range; and
- is transparent in relation to what it is intended to achieve, in that we set out clearly above the reasons for withdrawing the 082 designation.

7.9 We also consider that withdrawing this unused range in order to simplify and clarify the Numbering Plan is consistent with our general duty in relation to numbering functions (section 63 of the Act) which requires us to secure, in carrying out those functions, what we consider to be the best use of telephone numbers and to encourage efficiency and innovation for that purpose.

7.10 We consider that our decision to update the Numbering Plan to reflect developments in the use of numbers is consistent with our general duties in carrying out our functions as set out in sections 3 and 4 of the Act. In particular, we consider that our decision would further the interests of citizens in relation to communications matters and consumers in relevant markets for the reasons set out above.

Modifications to the Numbering Plan

7.11 The relevant modification to the Numbering Plan is set out in Annex A2 of this statement. This modification will take effect from the date of this statement.

A1. Responses regarding 07 mobile numbers

A1.1 We are not proposing any changes to the revenue sharing rules for 07 mobile numbers at this time, since there was not a clear consensus on the need for action. We have summarised responses that we received on this issue below.

Revenue sharing rules for 07 mobile calls

A1.2 We asked for stakeholders' views on the need to introduce revenue sharing rules applying to 07 mobile calls.

A1.3 Two respondents (Action4 and BT) said that it would be desirable to introduce such rules.[121] BT said that it does not believe that there are any legitimate use cases for revenue sharing for calls made using 07 mobile numbers, and that the scope for misuse is substantial given high call volumes and the preference of certain users for 07 numbers. It said it would therefore in principle support Ofcom taking steps to introduce prohibitions on sending/calling party revenue share on all services offered using 07 mobile numbers. BT also suggested that language could be introduced into the Numbering Plan to specify that any revenue sharing prohibition was limited to voice calls.[122] Action4 considered that rules should be introduced as long as they were clear and workable.

A1.4 Name withheld 1 said that there was no need for revenue sharing for 07 mobile calls, as this would lead to the opportunity for cash for calls schemes and the caller being overcharging.[123]

A1.5 Two respondents (Telecom2 and Three) said they did not see the case for revenue sharing rules on 07.[124]

A1.6 Two respondents (FCS and Virgin Media O2) said that further work was necessary to understand the implications, and one (Aloha) called for a separate consultation on this point.[125] Virgin Media O2 said that it would be prudent for Ofcom to consider potential adverse consequences before changing revenue sharing rules to ensure legitimate use cases could continue to be supported when restricting revenue sharing.[126]

A1.7 Two respondents (Colt and the Fair Telecoms Campaign) did not comment on this question.

[121] Action4, page 2; and BT, paragraphs 10 to 12, in responses to Revenue Sharing Consultation.
[122] BT response to Revenue Sharing Consultation, paragraph 11.
[123] Name withheld 1 response to Revenue Sharing Consultation, pages 1 to 2.
[124] Telecom2, page 2; Three, page 2, in responses to Revenue Sharing Consultation.
[125] Federation of Communications Services (FCS), page 2; Virgin Media O2, page 3; and Aloha, page 9, in responses to Revenue Sharing Consultation.
[126] Virgin Media O2 response to Revenue Sharing Consultation, page 3.

Revenue sharing rules for 07 SMS/MMS

A1.8 We asked for stakeholders' views on the appropriateness and benefits of a prohibition on revenue sharing applying to 07 SMS/MMS, including as a measure to remove incentives for misuse such as ATG.

A1.9 Three respondents (Action4, Aloha and BT) agreed or broadly agreed with the introduction of a prohibition on revenue share on 07 mobile numbers which would apply to SMS/MMS.[127] Action4 welcomed clarity in this area. BT noted that bad actors continued to seek opportunities to use revenue share to generate revenue from users of SMS services, particularly in business markets.[128] Name withheld 1 said that they did not see a benefit for most users in revenue sharing on SMS/MMS and that this could incentivise unnecessary text traffic.[129]

A1.10 Two respondents disagreed with the introduction of a prohibition. Telecom2 said that, as the potential for ATG on these services was low, intervention would not be beneficial.[130] Three said that it did not see any benefit in restricting revenue sharing on 07 SMS/MMS as there was no evidence of consumer harm. Two respondents (FCS and Virgin Media O2) said that more work was needed, with Virgin Media O2 pointing out that SMS revenue sharing was used to support the sending of one-time passwords as part of two-factor authorisation, as explained in A1.13.[131]

A1.11 Two respondents (Colt and the Fair Telecoms Campaign) did not comment on this question.

Impact on legitimate SMS/MMS based services

A1.12 We asked for stakeholders' views on the impact of a revenue sharing prohibition on legitimate SMS/MMS based services - for example, whether there are any services funded by revenue sharing which would not otherwise be available to consumers and businesses.

A1.13 Three respondents mentioned services used or provided by businesses, including use of SMS for 2-factor authentication. Telecom2 said that, as stated in the consultation, there was a genuine benefit from the limited revenue share opportunities on SMS/MMS in that they can defray the costs of providing some services, particularly business services.[132] Three said that prohibiting revenue sharing to combat AIT would inevitably have a negative impact on legitimate SMS/MMS based services.[133] It said some services are funded by a revenue share model and only exist because the revenue share makes the service commercially viable. Virgin Media O2 said it was aware that revenue sharing in respect of SMS messages was used to facilitate two-factor authentication for customers who do not have a mobile device.[134] It said that both this and other potential uses could be affected,

[127] Action4, page 2; Aloha, page 9; BT, paragraph 12 in responses to Revenue Sharing Consultation.
[128] Action4, page 2; and BT, paragraph 12, in responses to Revenue Sharing Consultation.
[129] Name withheld 1 response to Revenue Sharing Consultation, pages 1 to 2.
[130] Telecom2 response to Revenue Sharing Consultation, page 2.
[131] FCS, page 2; and Virgin Media O2, page 3, in responses to Revenue Sharing Consultation.
[132] Telecom2 response to Revenue Sharing Consultation, page 2
[133] Three response to Revenue Sharing Consultation, page 2.
[134] Virgin Media O2 response to Revenue Sharing Consultation, page 3.

and that thought must be given to how these uses could be supported when restricting revenue sharing compared with the status quo.

A1.14 FCS also suggested there could be unintended consequences of introducing revenue sharing rules for 07 mobile.[135]

A1.15 In its response, Action4 referred to voice services. It said that these measures would not impact legitimate services and that those services which can only be viable on higher tariffs would have to move to 09 numbers.[136]

A1.16 Five respondents (Aloha, BT, Colt, the Fair Telecoms Campaign, and Name withheld 1) did not comment on this question.

Impact on 07 range of our other proposals

A1.17 We asked stakeholders whether there would be an increased risk of revenue sharing on the 07 range in light of the other proposals in our Revenue Sharing Consultation.

A1.18 Action4 pointed to the general problem of loopholes in regulation and the fact that unscrupulous individuals and companies will always seek to exploit these.[137] Aloha considered that if 07 was the only number range without revenue share rules, illicit traffic might find a way onto these ranges.[138] FCS said that the proposals might lead to unintended consequences and that further consideration is needed.[139] Name withheld 1 said that preventing revenue sharing on other number ranges could result in increases in sharing on the 07 range.[140]

A1.19 Telecom2 said that if there was scope for such a risk, it would have manifested already.[141] Three said that it did not envisage any increased risk of revenue sharing on 07 numbers.[142]

A1.20 Four respondents (BT, Colt, the Fair Telecoms Campaign, and Virgin Media O2) did not comment on this question.

[135] FCS response to Revenue Sharing Consultation, page 2.
[136] Action4 response to Revenue Sharing Consultation, page 2.
[137] Action4 response to Revenue Sharing Consultation, page 2.
[138] Aloha response to Revenue Sharing Consultation, page 9.
[139] FCS response to Revenue Sharing Consultation, page 2.
[140] Name withheld 1 response to Revenue Sharing Consultation, page 2.
[141] Telecom2 response to Revenue Sharing Consultation, pages 2 to 3.
[142] Three response to Revenue Sharing Consultation, page 2.

A2. Decision to modify the provisions of the National Telephone Numbering Plan

Background

A2.1 On 1 December 2023, Ofcom issued a notification pursuant to section 60(3) of the Act, which contained proposals to modify the provisions of the Numbering Plan (the Notification).

A2.2 Ofcom invited representations on the proposals set out in the Notification and accompanying consultation document by 2 February 2024. In summary, Ofcom proposed in the Notification to modify the Numbering Plan to prohibit revenue sharing, directly or indirectly, with: (a) the called party and calling party on the following number ranges: 01, 02, 03, 055, 056, 070 and 076; and (b) the calling party on the 084/087 number ranges. Ofcom also proposed to withdraw the 082 internet for schools number range.

A2.3 By virtue of section 60(5) of the Act, Ofcom may give effect to the proposals with respect to which it has published a notification under section 60(3), with or without modifications, where it has:

a) considered every representation about the proposals made to it within the period specified in the Notification; and
b) had regard to any international obligation of the United Kingdom notified to it by the Secretary of State.

A2.4 Ofcom has considered every representation made to it in respect of the proposals set out in the Notification. No international obligation of the United Kingdom relating to these proposals has been notified to Ofcom by the Secretary of State.

Decision

A2.5 Ofcom has decided to modify the Numbering Plan to give effect to the proposals contained in the Notification. The modifications to the Numbering Plan are set out in the Schedule to this Notification.

A2.6 Ofcom's reasons for making these modifications, and the effect of the modifications, are set out in the explanatory statement accompanying this decision.

A2.7 Ofcom considers that the modifications comply with the requirements of section 60(2) of the Act.

A2.8 Ofcom has considered and acted in accordance with its general duty as to telephone numbering functions under section 63 of the Act and its duties under sections 3 and 4 of the Act.

A2.9 Ofcom has also had regard to the Statement of Strategic Priorities in making the decision to modify the Numbering Plan.

A2.10 With the exception of paragraph 1 of the Schedule, the modifications set out in the Schedule shall enter into force six months from the date of this decision.

A2.11 The modification in paragraph 1 of the Schedule shall come into force on the date of this decision.[143]

A2.12 In this Notification:

a) “the Act” means the Communications Act 2003;
c) “Ofcom” means the Office of Communications;
d) “Numbering Plan” means the National Telephone Numbering Plan published by Ofcom pursuant to section 56(1) of the Act and amended from time to time; and
e) “Statement of Strategic Priorities” means the Statement of Strategic Priorities for telecommunications, the management of radio spectrum, and postal services designated by the Secretary of State for Digital, Culture, Media and Sport for the purposes of section 2A of the Communications Act 2003 on 29 October 2019.

Signed by

M. Gibbs

Marina Gibbs

Director of Policy

A person authorised by Ofcom under paragraph 18 of the Schedule to the Office of Communications Act 2002.

Date of publication: 11 October 2024

[143] National Telephone Numbering Plan.

Schedule: Modifications to the National Telephone Numbering Plan

1. The modifications that Ofcom is making to Part A of the Numbering Plan are set out below, where strikethrough text is to be deleted:

A1: Public Communications Network Numbers		
Number(s) beginning (unless otherwise stated	Designation	Applicable tariff principles and maximum prices
~~082~~	~~Non Geographic Numbers: Internet for schools~~	~~Not applicable~~

2. The modifications that Ofcom is making to Part B of the Numbering Plan are set out below, where highlighted and underlined text is to be added and strikethrough text is to be deleted:

   i) After paragraph B3.1.9, the following text shall be inserted:

Restriction on revenue sharing

B3.1.10 Those who Adopt or otherwise use Geographic Numbers shall not directly or indirectly share with any End-User or any Calling Party any revenue obtained from providing a service on those numbers.

   ii) After paragraph B3.2.3, the following text shall be inserted:

B3.2.4 Without prejudice to B3.2.5, those who Adopt or otherwise use Non-Geographic Numbers starting 084 or 087 shall not directly or indirectly share with any Calling Party any revenue obtained from providing a service on those numbers.

B3.2.5 Nothing in B3.2.4 prevents the provision of a service on Non-Geographic Numbers starting 084 or 087 to a Calling Party, save where the service comprises, whether alone or in conjunction with another service, the transfer to the Calling Party of money, money's worth (including in the form of digital content) or goods.

B3.2A Corporate Numbers

B3.2A.1 Those who Adopt or otherwise use Corporate Numbers shall not directly or indirectly share with any End-User or any Calling Party any revenue obtained from providing a service on those numbers.

   iii) In paragraph B3.3.1, the following amendment shall be made:

B3.3.1 Those who Adopt or otherwise use Non-Geographic Numbers starting 056 shall not directly or indirectly share with any End-User or any Calling Party any revenue obtained from providing a service on those numbers.

   iv) In paragraph B3.4.1, the following amendment shall be made:

B3.4.1 Those who Adopt or otherwise use ~~Adopting~~ Personal Numbers shall not directly or indirectly share with any End-User or any Calling Party any revenue obtained from providing a Personal Numbering Service.

v) After paragraph B3.4.1, the following text shall be inserted:

B3.4A Radiopaging Services

B3.4A.1 Those who Adopt or otherwise use Non-Geographic Numbers starting 076 (except 07624) shall not directly or indirectly share with any End-User or any Calling Party any revenue obtained from providing a service on those numbers.

A3. Legal Framework

A3.1 The Communications Act 2003 (the Act) sets out Ofcom's powers and duties in relation to telephone numbering. Among other things, under section 56 of the Act, Ofcom is required to publish, and from time to time review, the Numbering Plan. The Numbering Plan sets out:

- the numbers that Ofcom has determined to be available for allocation as telephone numbers;
- such restrictions as Ofcom considers appropriate on the adoption of numbers available for allocation in accordance with the Numbering Plan;
- such requirements as Ofcom considers appropriate, for the purpose of protecting consumers, in relation to the tariff principles and maximum prices applicable to numbers so adopted or available for allocation; and
- such restrictions as Ofcom considers appropriate on the other uses to which numbers available for allocation in accordance with the Numbering Plan may be put.

A3.2 Section 60 of the Act provides for the modifications of provisions in the Numbering Plan and explains the procedures for doing so. Section 60(2) provides that:

"OFCOM must not revise or otherwise modify the relevant provisions unless they are satisfied that the revision or modification is—

a) objectively justifiable in relation to the matters to which it relates;
b) not such as to discriminate unduly against particular persons or against a particular description of persons;
c) proportionate to what the modification is intended to achieve; and
d) in relation to what it is intended to achieve, transparent."

A3.3 Section 60(3) further provides that:

"Before revising or otherwise modifying the relevant provisions, OFCOM must publish a notification—

a) stating that they are proposing to do so;
b) specifying the Plan or other document that they are proposing to revise or modify;
c) setting out the effect of their proposed revisions or modifications;
d) giving their reasons for making the proposal; and
e) specifying the period within which representations may be made to OFCOM about their proposal." That period must be at least 30 days from the date of publication of the notification.

A3.4 Ofcom also has a general duty under section 63(1) of the Act in carrying out its telephone numbering functions:

"a) to secure that what appears to them to be the best use is made of the numbers that are appropriate for use as telephone numbers; and

b) to encourage efficiency and innovation for that purpose."

Ofcom's duties under sections 3 and 4 of the Act

Section 3 of the Act – Ofcom's general duties

A3.5 Under the Act, our principal duty in carrying out our functions is to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition.

A3.6 In doing so, we are required to have regard to the principles under which regulatory activities should be transparent, accountable, proportionate, consistent and targeted only at cases in which action is needed, as well as any other principles that appear to us to represent the best regulatory practice.

A3.7 In performing our duties, we are also required to have regard to a range of other considerations, as appear to us to be relevant in the circumstances. For the purpose of this review, we consider in particular that a number of such considerations are relevant, including:

- the desirability of promoting competition in relevant markets;
- the desirability of encouraging investment and innovation in relevant markets; and
- the needs of persons with disabilities, of the elderly and of those on low incomes.

A3.8 We are also required to have regard to the interest of consumers in respect of choice, price, quality of service and value for money.

A3.9 However, we have a wide measure of discretion in balancing our statutory duties and objectives. In doing so, we take account of all relevant considerations, including responses received during our consultation process, in reaching our conclusions.

Section 4 of the Act – duties for the purposes of fulfilling obligations

A3.10 Section 4 of the Act requires us, when carrying out our numbering functions, to act in accordance with six requirements for regulation. These are in summary:

a) to promote competition in the provision of electronic communications networks and services, associated facilities and the supply of directories;
b) to promote the interests of all members of the public in the United Kingdom;
c) to take account of the desirability of Ofcom's carrying out of its functions in a manner which, so far as practicable, does not favour one form of or means of providing electronic communications networks, services or associated facilities over another (i.e. to be technology neutral);
d) to encourage the provision of network access and service interoperability, to such extent as Ofcom considers appropriate for the purpose of securing: efficiency and sustainable competition; efficient investment and innovation; and the maximum benefit for customers of communications providers and of persons who make associated facilities available;
e) to encourage compliance with certain standards in order to facilitate service interoperability, end-to-end connectivity, and secure freedom of choice for the customers of communications providers; and

f) to promote connectivity and access to very high capacity networks by members of the public and businesses in the United Kingdom.

A3.11 We consider that the first, second, and third of those requirements are of particular relevance to the matters under review and that no conflict arises in this regard between them or with any of our general duties in section 3 of the Act.

A4. Contractual measures to address ATG

A4.1 BT is the largest supplier of call termination in the UK and plays an important role in the provision of interconnection for other communications providers. It has a standardised contract for fixed telephony interconnection, the Standard Interconnect Agreement (SIA). Annex E of the SIA contains a number of terms and conditions which set out processes, binding on all communications providers which interconnect with BT, for identifying and dealing with specific forms of ATG which it refers to as Artificial Inflation of Traffic (AIT).

A4.2 AIT is defined by the SIA as calls which are "made, generated, stimulated, and/or prolonged for the direct or indirect benefit of any entity […] operating, hosting or otherwise connected with a telecommunication service as a result of any activity by or on behalf of such entity" and "resulting in a calling patten which is disproportionate to the overall amount, duration and/or extent of Calls which would be expected from […] good faith usage or an acceptable and reasonable commercial practice relating to the operation of telecommunications systems."[144] These AIT provisions of the SIA apply to calls to all phone numbers except the 01 or 02 geographic number ranges.

A4.3 AIT is often identified by unusual patterns such as excessively high volumes of calls, calls of either unusually long or short duration, or calls in circumstances which indicate that the telecommunications service being called was involved in the making of those calls.[145] This indicates call traffic which has no legitimate communication purpose and is being artificially generated or prolonged for financial benefit.

A4.4 Parties to the SIA agree not to "knowingly engage in, assist or allow others to engage in AIT" and to use reasonable endeavours to "detect, identify, notify and prevent AIT".[146] The AIT process under BT's SIA enables the communications provider which originates the calls, or exceptionally the company which transits the calls, to withhold termination revenue which would otherwise be due to the communications provider which terminates the calls (subject to a dispute process).[147] The aim of this process is to prevent the intended beneficiary of AIT from receiving the proceeds of that traffic, and to deter abusive activity.

A4.5 BT Group highlighted in their response to our Second Consultation that clearer guidance about the legitimacy of cash for calls would assist in resolving disagreements which arise between communications providers regarding the withholding of outpayments (termination charges) identified as related to cash for calls under the AIT provisions of the SIA, and thus reducing the likelihood of legal disputes.[148]

[144] BT, 2021. Annex E of *Standard Interconnect Agreement* (SIA Annex E), page 23.
[145] SIA Annex E: Appendix E5, pages 22 to 23.
[146] SIA Annex E, paragraph 2.4.
[147] SIA Annex E, paragraphs 5.2 and 6.2.
[148] BT response to the Second Consultation, paragraph 5.5.