



Commission for  
**Communications Regulation**

# **Emergency Call Answering Services**

## **Call Handling Fee review 2021**

**NON-CONFIDENTIAL**

Consultation and Draft Determination

**Reference:** ComReg 21/110

**Date:** 26/10/2021

## Additional Information

**All responses to this consultation should be clearly marked :- “Submissions to ComReg 21/110”, and sent by post or email to arrive on or before 23 November 2021, to:**

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# 1 Introduction

- 1 In Ireland, emergency services are called by dialling 999 or 112, and such calls are initially received by the Emergency Call Answering Service (“ECAS”).
- 2 In accordance with relevant Irish legislation, emergency calls are free of charge to the caller<sup>1</sup> on all networks.
- 3 On 12 February 2018, the Minister for Communications, Climate Action and Environment<sup>2</sup> (“the Minister”) awarded a contract to BT Communications Ireland Ltd (“BT”) with respect to the ECAS. This contract known as “the Agreement” is between the two parties alone.
- 4 The ECAS is funded entirely through the Call Handling Fee (“CHF”). This is a fee payable by the presenting telephone network operator and/or the telephone call service provider whenever a customer on their network calls the ECAS.
- 5 ComReg is required<sup>3</sup> to annually review the maximum CHF that may be charged by the ECAS operator.
- 6 Between 1 March 2020 and 11 February 2021 the maximum permitted CHF that the ECAS operator could charge was €2.83 (“2021 CHF”). The maximum permitted CHF for the prior period (1 March 2019 to 11 February 2020) was €1.77 (“2020 CHF”).
- 7 The movements between the 2020 CHF (€1.77) and the 2021 CHF (€2.83) were:

2020 CHF	€1.77
Contribution of Sinking Fund and historical volumes adjustment from 2020/2021	€><(+)
Sinking Fund adjustment 2021/2022	€><(-)
Effect of volume increases	€><(-)
Increase in operating costs	€><(+)
Operating costs disallowed for further review	€><(-)
Other cost movements	€><(+)
<b>2021 CHF</b>	<b>€2.83</b>

<sup>1</sup> Regulation 5 of the European Communities (Electronic Networks and Services) (Universal Service and Users' Rights) Regulations 2011

<sup>2</sup> The Department of Communications, Climate Action and Environment (DCCAE) became the Department of Environment, Climate and Communications (DECC) in September 2020.

<sup>3</sup> Section 58(D)(I) of the Communications Regulation Act, 2002, as amended (“the Act”)

- 8 The present consultation concerns the maximum chargeable CHF from 12 February 2022, the fourth anniversary of the date on which the contract was entered into, in accordance with Section 58D(1) of the Act. There are four years remaining in the Agreement.
- 9 The cost base of the ECAS has been assessed for this purpose. During the review, an assessment was also undertaken of reasonable costs. ComReg has had additional support from Analysys Mason in carrying out its review.
- 10 ComReg currently expects volumes to be c. 2.45m calls per annum based on analysis of current monthly call volumes as well as call patterns arising before COVID19.
- 11 Having concluded its analysis of reasonable costs and forecast call volumes, as set out below, **ComReg proposes that the CHF to be applied from 12 February 2022 (“2022 CHF”) be €2.98.** This proposed CHF is for the period from 12 February 2022 to 11 February 2023.
- 12 The movement in the proposed CHF can be summarised as follows:

<b>2021 CHF</b>	<b>€2.83</b>
Non-reoccurrence of contribution from the Sinking Fund	€X(+)
Decrease in operating costs	€X(-)
<b>2022 CHF</b>	<b>€2.98</b>

- 13 While the CHF of €2.98 represents a modest increase on last year, it remains below the original contract rate of €3.93 contained in the Agreement. The increase from the 2021 CHF arises principally due to the non-reoccurrence of contributions from the Sinking Fund. This is discussed further in Section 2 below.
- 14 ComReg is required to complete its review by 12 December 2021. If, by that date, it appears that the expected rate of call annual volumes will differ from the current forecast of 2.45m ComReg may further adjust the CHF calculation accordingly.
- 15 ComReg may publish responses to this consultation in due course in accordance with its policy. Respondents are therefore asked to provide confidential and non-confidential versions of any document in respect of which any confidentiality is claimed (e.g. commercially sensitive information). In this respect, please see ComReg's Consultation Procedures (ComReg 11/34) and Guidelines on the Treatment of Confidential Information (ComReg 05/24).

## 2 Movement in the proposed CHF

16 The following are the significant movements in the proposed CHF.

<b>2021 CHF</b>	<b>€2.83</b>
Non-reoccurrence of contribution from the Sinking Fund	€X(+)
Decrease in operating costs	€X(-)
<b>2022 CHF</b>	<b>€2.98</b>

### Non-reoccurrence of the contribution from the Sinking Fund

17 In the two previous CHF reviews DECC agreed to release a total of €X from the Sinking Fund. This had the effect of lowering the CHF payable by operators in each of those years only as they were not spread out over the life of the Agreement.

18 ComReg has been informed by DECC that no amounts will be released from the Sinking Fund for the 2022 CHF. Therefore, prior period reductions in the CHF will not reoccur in this period.

### Decrease in operating costs

19 There were decreases noted across a number of categories, in particular salary costs, and these are discussed below. These were slightly offset with an increase in some capital expenditure mainly mandated by DECC. The overall net effect is a minimal reduction in the CHF.

### Deferral of certain costs

20 During the course of the review for the 2021 CHF, ComReg queried a number of costs which are being analysed further prior to a decision on whether they are permissible as reasonable costs. While these are discussed in more detail below they relate to:

- Networks – dual running costs associated with continuation of ECAS I services to the Industry and the Emergency Services along with ECAS II services;
- Networks – recruitment of an engineer; and
- Engineering and scheduling – additional costs in relation to Help desk function.

- 21 These costs were excluded from the costs in the current period and as a result reduced the CHF by €~~8~~. While further detail has been received from BT in relation to these costs no final decision has yet been made on whether or not they could be considered reasonable and discussions are ongoing.
- 22 As such, these costs remain excluded from the CHF pending a final decision. Should some or all of these costs be deemed to be reasonable at a later date this would have the effect of increasing the CHF by up to €~~8~~.

### **Monitoring Costs**

- 23 ComReg can confirm that its monitoring costs<sup>4</sup> associated with the carrying out of this review are not, at this time, being recovered through the CHF.

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<sup>4</sup> Section 58 (E) of the Act

### 3 Reasonable Costs

- 24 As part of this review ComReg has reviewed the costs incurred by BT under the Agreement to determine whether or not they could be considered reasonable. In conducting its review ComReg, with the support of its advisors Analysys Mason, has had extensive interaction with BT.
- 25 Due to COVID 19 restrictions ComReg did not visit the call centres in Ballyshannon and Navan for the 2021 CHF review. For the 2022 CHF review ComReg conducted visits to the two call centres in accordance with the ECAS COVID 19 protocols.

#### 3.1 Comparison of 2022 CHF costs with 2021 CHF costs

- 26 ComReg has compared the ongoing costs as estimated by BT to the end of the Agreement compared to the costs from the 2021 CHF review. The variances are discussed in further detail below.

Cost categories	€'000
2021 CHF review – Ongoing costs <sup>5</sup>	€3<
Salary costs	€3<(-)
Networks	€3<(+)
Other	€3<(+)
Depreciation	€3<(+)
Total cost movement	€3<(-)
2022 CHF review - Ongoing costs	€3<

- 27 At a summary level ongoing costs, including depreciation, of the ECAS from the 2022 CHF review are expected to be €3< for the length of the Agreement compared to costs in the 2021 CHF review of €3<. This represents a decrease of €3< over the life of the Agreement.
- 28 These movements are discussed below.

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<sup>5</sup> Including depreciation



## Salary costs (reduction) - €3<

29 There has been a reduction in salary costs between the 2021 CHF and the 2022 CHF. This reduction is because of the following:

- Internal BT salary costs for help desk monitor functions have reduced by c. €3< to the end of the Agreement.
- With additional call volumes there is an expected increase in call centre costs of c. €3< per annum over the remaining four years of the Agreement.
- Further cost savings arise from changes in call centre first line management. 3<.
- Other staff costs are forecast to reduce over the life of the Agreement (€3<).

30 This reduced cost is c. €3< to the end of the Agreement.

31 ComReg considers staff costs to be reasonable.

## Networks (increase) - €3<

32 There has been an increase in network costs of c. €3< to the end of the Agreement. These relate primarily to upgraded links to the Navan PSAP.

## Depreciation (increase) - (€3<)

33 There has been an increase in annual depreciation, to the end of the Agreement, based on change requests from DECC to the ECAS. Contributing to this are incremental assets associated with:

- Cyber security
- Laptops to facilitate remote working (initially required due to Covid-19)
- 112 website development
- Some technical upgrades

34 ComReg considers these to be reasonable

## All other costs (increase) - €3<

35 There has been a net increase of c. €3< in all other cost categories over the life of the Agreement.

36 The movements within these mainly relate to the following:

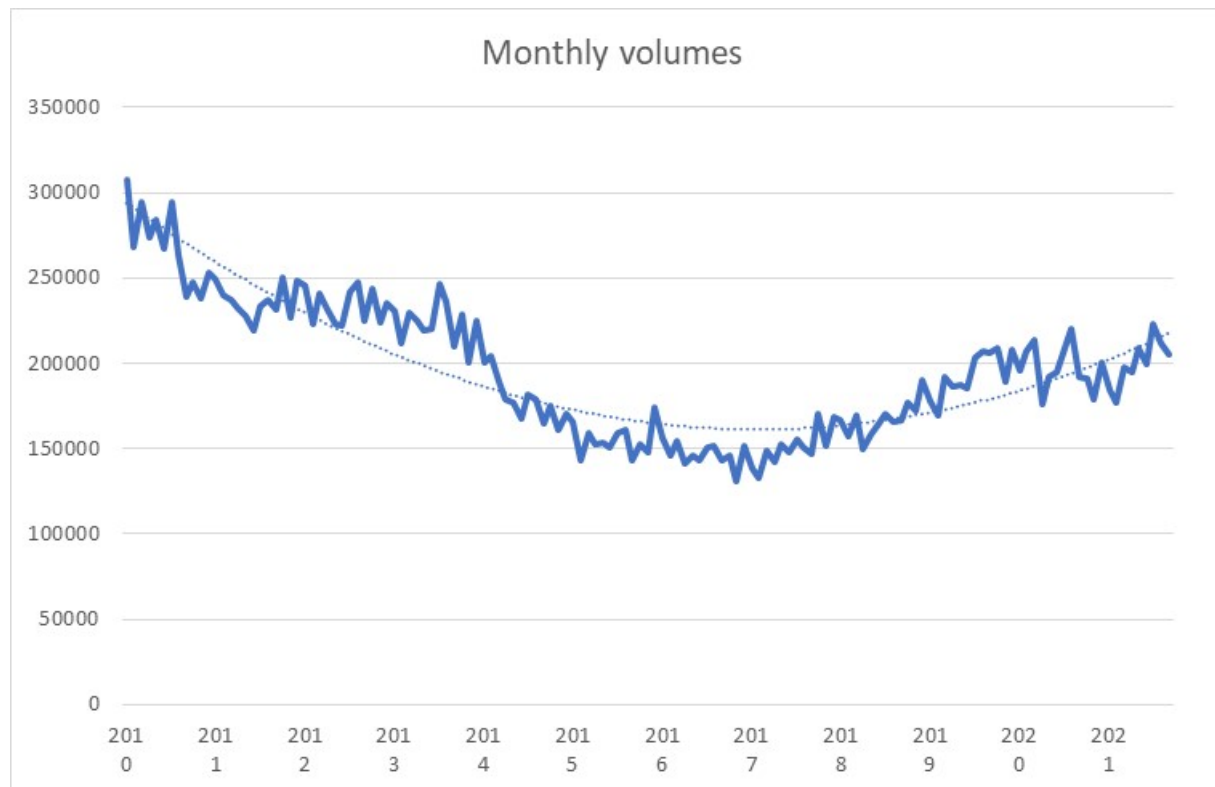
- Specific COVID 19 cleaning costs are expected to decline over the remaining life of the contract (€3<).
- At the request of DECC a contingency site was set up in Carrick-on-Shannon for the Ballyshannon PSAP (€3<). There is an existing contingency site for Navan in the BT site in Clonshaugh.
- There was a marginal decrease in the remaining costs of (€3<).

37 ComReg considers these costs to be reasonable.

## 4 Volumes

38 Annual volumes to September 2021 are currently c. 2.38m per annum and the movement in actual calls is reflected in Figure 1 below:

Figure 1: ECAS monthly call volumes July 2010 to September 2021



Source: BT

39 ComReg publishes regular information notices on ECAS call volumes. Figure 2 below (which is taken from ComReg Information Notice No. 21/22) shows the differences in monthly call volumes between January 2021 and June 2021 when compared to the same period in 2020.

Figure 2: Call volumes January 2021 to June 2021 v January 2020 to June 2020

	2021	2020	difference	% difference
January	184,347	195,430	-11,083	-5.7%
February	176,496	207,136	-30,640	-14.8%
March	197,207	214,053	-16,846	-7.9%
April	194,936	176,467	18,469	10.5%
May	208,717	191,992	16,725	8.7%
June	199,935	194,616	5,319	2.7%
<b>January to June Total</b>	<b>1,161,638</b>	<b>1,179,694</b>	<b>-18,056</b>	<b>-1.5%</b>

Source: BT

- 40 Call volumes for July to September 2021 compared to July to September 2020 were:

Figure 3: Call volumes July to September 2021 v July to September 2020

	2021	2020	Difference	% Difference
July	222,691	208,885	13,806	6.6%
August	211,897	220,172	-8,275	-3.8%
September	204,810	191,536	13,274	6.9%
<b>July to September Total</b>	<b>639,398</b>	<b>620,593</b>	<b>18,805</b>	<b>3.0%</b>

Source: BT

- 41 Given the unpredictability of call volumes (and their bursty nature) there can be significant variations month-on-month. BT, through its analysis of the different call types, has predicted that there will be annual call volumes of c. 2.45m for the 2022 CHF.

42 Due to the unpredictability of call volumes ComReg is of the preliminary view that it is prudent to maintain a forecast call volume of 2.45m calls for the 2022 CHF and beyond.

Q. 1 Please provide any comments you may have in relation to forecast call volumes for the 2022 CHF. Please provide detailed reasoning and accompanying calculations (where appropriate) supporting your submission.

Q. 2 Are there any matters which you wish to raise as part of this review? Please provide detailed reasoning and accompanying calculations (where appropriate) supporting your submission.

# 5 Draft Determination

## Definitions

1.1 In this determination:

- “*the Act*” means the Communications Regulation Act 2002(as amended);
- “*the Commission*” means the Commission for Communications Regulation established under section 6 of the Act;
- “*emergency call*” has the same meaning as in section 58A of the Act; and
- “*the emergency provider*” means BT Communications Ireland Limited.

## 2 Determination

2.1 The Commission makes this determination:

- In exercise of its powers under section 58D (2) of the Act;
- Pursuant to the review conducted by it under section 58D (1) of the Act;
- Having had due regard to section 58D (3) of the Act;
- Pursuant to Commission Document No. 21/XX and Commission Document No. 21/XXa;
- Having duly taken account of the responses received to Commission Document No. 21/XX and Commission Document No. 21/XXa; and
- Having regard to the reasoning and analysis conducted by the Commission and set out in this response to consultation and determination.

2.2 The Commission hereby determines that for the period from 12 February 2022 to 11 February 2023 the maximum permitted call handling fee that the emergency provider may charge to entities who forward emergency calls to it for handling such a call shall be €X.XX.

2.3 This determination is effective from the date of the publication of this response to consultation and determination.

Q. 3 Do you agree or disagree with the wording of ComReg's Draft Determination?  
Please provide detailed reasoning for your views.

## 6 Submitting Comments

- 43 The consultation period will run from 26 October 2021 to 23 November 2021, during which ComReg welcomes written comments. It is requested that comments be cross-referenced to the relevant question numbers from this document.
- 44 Having analysed and considered the comments received, ComReg will publish a response to consultation and decision in January 2022.
- 45 In order to promote further openness and transparency, ComReg will publish respondents' submissions to this consultation. However, ComReg must strictly maintain the confidentiality of any information provided to it in confidence. Electronic submissions should be submitted in an unprotected format so that they can be appended into the ComReg submissions document for publishing electronically.



## **7 Statutory Basis**

- 46 Section 58 (A) – 58 (H) of the Communications Regulation Act 2002 (as inserted by section 16 of the Communications Regulation (Amendment) Act 2007) provides generally for the establishment of the ECAS and associated matters. Section 58 (D) obliges and empowers ComReg to review and determine the maximum permitted CHF on an annual basis.

## 8 Questions

- Q. 1 Please provide any comments you may have in relation to forecast call volumes for the 2022 CHF. Please provide detailed reasoning and accompanying calculations (where appropriate) supporting your submission.
- Q. 2 Are there any matters which you wish to raise as part of this review? Please provide detailed reasoning and accompanying calculations (where appropriate) supporting your submission.
- Q. 3 Do you agree or disagree with the wording of ComReg's Draft Determination? Please provide detailed reasoning for your views.

## Appendix: 1 ECAS operating costs

47 ComReg has reviewed the remaining annual costs of operating the ECAS. The operating costs reflect the estimated total costs over the seven-year life of the Agreement and are averaged to reduce the impact of fluctuations from one year to another.

48 While the main cost categories are discussed below it should be noted that apart from the matters noted above no unusual costs were noted or considered unreasonable.

### Call centre operations

49 There are c. 20 call centre operators. These continue to be paid on the number of hours worked. The total annual cost of the call centre operators is estimated at c. €20. These reflect projected inflationary increases over the life of the Agreement.

50 In addition to the call centre operators there are various support functions necessary for the successful running of the PSAPs. These include:

- First line managers – prepares rosters, monitor call quality, provide training / one-to-one coaching and can also take calls where necessary; and
- HR resource – deals with operators as initial contact for HR issues and deals with HR administration.

### BT incurred costs

51 BT incurs certain of its own costs in running the ECAS. These roles include:

- Head of ECAS – responsible for the overall running of the ECAS;
- Service engineers – three engineers dedicated to maintaining the ECAS;
- ECAS administration support – responsible for report preparation and also retrieval of calls for evidence-based matters;
- ECAS service manager;
- Solution Architect – responsible for strategic development of the ECAS platform;
- Shared service engineers – mainly network monitoring;
- Support labour costs – finance, procurement and regulatory; and
- Overhead – utilisation of buildings and central overheads.

## **Other costs**

52 Other costs associated with the Agreement include:

- Premises – rent, rates and insurance;
- Maintenance – platform support which is now undertaken by BT UK;
- Network services – resilient connectivity to the ECAS sites from telecoms operators the emergency services; and
- Other – audit and ancillary costs.

## **Capital expenditure**

53 The ECAS platform is underpinned by €X in capital expenditure.

## **Sinking Fund**

54 DECC has mandated that there be an annual payment of €250,000 per annum into the Sinking Fund and this is considered to be beyond the scope of the review.

## **Guaranteed rate of return**

55 There is a guaranteed rate of return for BT of €X which has been set by DECC and is considered to be beyond the scope of the review.