

LGA submission: Ofcom - Delivering the Broadband Universal Service Consultation

February 2019



Submission

1. About the Local Government Association

- 1.1. The Local Government Association (LGA) is the national voice of local government. We work with councils to support, promote and improve local government. We are a politically-led, cross party organisation which works on behalf of councils to ensure local government has a strong, credible voice with national government.
- 1.2. We aim to influence and set the political agenda on the issues that matter to councils so they are able to deliver local solutions to national problems. The LGA covers every part of England and Wales, supporting local government as the most efficient and accountable part of the public sector.

2. Introduction

- 2.1. Local government has been a key player in the roll-out of improved digital connectivity across the country, working closely with industry to extend coverage to local communities via the Superfast Broadband Programme. Many councils are aiming to extend provision beyond the Programme's target of passing 95 per cent of premises and, in some places, are hoping to achieve closer to 100 per cent by using funding from claw-back clauses in supplier contracts.
- 2.2. Despite this, there will inevitably be some premises, mainly from remote rural areas, that won't be reached by the current tranches of work. In these communities, the need for better connectivity is already acute, with businesses and residents, including homeworkers, still suffering from poor digital connectivity. As such, the LGA supports the creation of a broadband Universal Service Obligation (USO) as a safety net for those residents and businesses not connected and welcomes this opportunity to respond Ofcom's consultation on finalising its implementation.

3. Designation of Universal Service Providers BT and KCOM

The LGA recognises the importance of ensuring a Universal Service Provider (USP) is able to deliver the broadband USO at sufficient geographic scale (across an area with more than 5,000 eligible premises) whilst ensuring it meets the minimum speed and technical requirements set out in legislation. However, we are disappointed that no other broadband providers were able to come forward to offer a connection under these terms. There is no escaping that a wider array of suppliers would have increased the chances of residents and businesses being able to procure a connection at better value for money.

4. Measures to ensure affordability of the Universal Service Obligation connection

- 4.1. We have previously outlined the likelihood that, without a costs cap, there would be large variance between the cost and affordability of installing

and supplying a connection under the USO between local areas. We therefore support Ofcom's implementation of a cap on pricing. However, in the absence of a social tariff for those that would face undue hardship paying a market rate, it is unlikely that the most financially vulnerable would be able to afford a broadband bill of £45 a month, especially with one in 10 already unable to afford the market rate as it is today.¹

4.2. The LGA has argued that in order to prevent further digital exclusion, a social tariff should be put in place in a similar manner to the telephony USO. Research commissioned by Ofcom in 2014 demonstrated "marked relationships between socio-economic deprivation and [poor] broadband availability in cities". Our members also report similar correlations in rural areas potentially signalling that demand amongst the low income demographic could be high.

4.3. We understand that Ofcom cannot obligate the provision of a social tariff within the framework of current legislation. We therefore fully support the regulator's attempts to seek voluntary commitments from BT and KCOM to offer their broadband social tariff to USO customers.

5. Calculating the costs of installing a broadband USO connection

5.1. We do not have detailed comments on the process that Ofcom outlines to enable a USP to assess the cost of connecting premises at the point that a request for connection is received. We do note that Ofcom is forecasting a take up rate of 70 per cent for the USO. While we support this figure in principle we have received anecdotal evidence from councils to suggest that through the superfast broadband programme, take up in more rural areas has been closer to 100 percent. Failure to anticipate this level of demand has led to situations in which cabinets quickly reach capacity and have to be upgraded which creates additional waiting periods for customers as well as costs for providers.²

6. Raising awareness of the broadband Universal Service Obligation

6.1. We agree with Ofcom that it is essential that all eligible consumers are made aware of their entitlement to a connection under the broadband USO. We support Ofcom's proposal to make it the primary responsibility of the USPs to raise awareness amongst consumers and that, as part of this duty, they should contact all eligible premises by post and ensure all information disseminated is as clear as possible.

6.2. We also agree with Ofcom that the USPs should contact relevant local authorities to outline the offer available to eligible residents. The LGA is happy to support this process through our various communications channels.

7. Timeframe for installation of a broadband connection under the USO

7.1. The LGA supports the maximum period of 12 months set out in the Digital Economy Act for residents to wait for an installation of a broadband connection under the Broadband USO. We note that Ofcom will work with USPs to consider any "exceptional circumstances" in which this limit can be breached by the USPs. Ofcom lists one of the potential considerations

¹ Ofcom - Access and Inclusion in 2018 Report

² Thinkbroadband has calculated the knock on effect of full-capacity cabinets unable to meet demand. <https://www.thinkbroadband.com/news/7619-how-big-a-problem-are-capacity-delays-on-openreach-vdsl2-cabinets>

as any restriction the USP has to street access. Councils maintain control over the digging up of roads to minimise the disruption faced by residents. To prevent avoidable delays to accessing road infrastructure we encourage the USPs to incorporate early engagement with all local authorities as a standard part of their USO deployment planning process in order to share information about their roll out plans.³ If a USP is able to ascertain the areas it will likely receive requests for connection under the USO, we would recommend they have preliminary discussions with the relevant highways authority to understand if they can proactively install infrastructure on roads that are being dug up for other means.

8. Ofcom's monitoring and reporting of the delivery of the USO

- 8.1. We support Ofcom's framework for monitoring the delivery of the broadband USO set out in this consultation. However, we believe it should publish performance figures every 6 months rather than once a year to give an early assessment of how successful awareness raising campaigns are being delivered and allow for any additional promotion to be carried out.
- 8.2. We encourage Ofcom to break down any performance figures by local authority to help councils understand how successful the broadband USO has been in their local area and to open up the opportunity to work with the USP to improve roll out.

³ This approach is also a key recommendation of the Broadband Stakeholder Group's recent report on [Lowering Barriers to Telecoms Infrastructure Deployment](#)