

Response from the Advisory Committee for Scotland (ACS) to Ofcom's Consultation on Delivering the Broadband Universal Service

'The Advisory Committee for Scotland (ACS) advises Ofcom about the interests and opinions, in relation to communications matters, of persons living in Scotland.'

The response from the ACS to this consultation draws on the knowledge and expertise of ACS members and is informed by our individual experience and through discussion at our meetings. It does not represent the views of Ofcom or its staff.

Background / Scottish Context

The ACS is not responding to the specific questions raised in the consultation, but would like to address some of the broader concerns about how the USO applies specifically to Scotland.

In March 2018, the UK Government introduced legislation for a Broadband Universal Service Obligation (USO), which will give homes and businesses the right to request a decent broadband connection. To receive a universal broadband service, people must meet certain eligibility criteria set by the Government.

For the USO, the UK Government has defined decent broadband as a service that can provide a download speed of 10 Mbit/s, and an upload speed of 1 Mbit/s upload.

The UK Government has specified a number of eligibility criteria¹ which determine whether a premise can receive a connection under the USO. One of the key criteria that could potentially affect a number of people in Scotland is that premises that are due to be able to access a USO level broadband connection and service, as the result of a publicly-funded rollout scheme within a year of their USO request, are not eligible for the USO.

The Scottish Government has committed to such a scheme. The Scottish Government is looking to extend the availability of superfast broadband (at 30Mbps) to 100% of premises in Scotland through its Reaching 100% Programme. The Scottish Government has said the programme is designed to maximise competition, whilst delivering new future-proofed fibre infrastructure in some of the most challenging geographies in the UK. The Scottish Government has committed £600 million to the first phase of procurement (of which £21 million is from the UK Government) with contracts expected to be awarded in 2019.

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https://www.ofcom.org.uk/data/assets/pdf_file/0024/129408/Consultation-Delivering-the-Broadband-Universal-Service.pdf (page 44)

Areas of concern

With these two approaches running simultaneously, each with different funding sources and different objectives, the ACS believes that there is considerable potential for confusion amongst Scottish consumers between the two schemes. There is a clear and pressing need for both Ofcom and the Scottish Government to work together very closely to ensure that:

1. People in Scotland fully understand both schemes and whether they are entitled to apply for the USO. This will require a high profile, public awareness /media campaign across Scotland, with a particular focus on those areas which are not currently able to receive superfast broadband speeds of 30Mbps.

Unlike the R100 Scheme, which will be rolled out automatically, consumers have to apply for the USO. Again this has implications for how the USO scheme will be communicated effectively to people in Scotland, specifically what it is and how it differs from R100.

We are aware that there will be obligations placed on BT to communicate the specifics of the USO effectively to consumers, however there are no formal obligations on BT or Ofcom in relation to how the USO terms & conditions may be impacted by the roll out of the R100 Programme.

2. The company/companies who are awarded the contracts to deliver the three R100 schemes, will establish clear and effective lines of communication with BT (as the proposed Universal Service Provider in Scotland). This is essential to ensure there is no duplication of effort, to avoid network overbuild and to minimise disruption or confusion to Scottish consumers.

3. The ACS believes that there should be more clarity over the options for the small percentage of premises in Scotland that will not qualify for the threshold of £3400, due to higher connection costs. The ACS understands that Ofcom and the Scottish Government are currently working together to take into account these consumers and believe that it is important that this collaboration is specifically underpinned by mutual data sharing.

The ACS is concerned that, for those communities whose properties are not in the first phase of R100, it could take a number of years for them to be connected.

High speed connectivity is essential to the long-term viability of businesses in rural communities in Scotland and for those people who are working remotely, which is becoming more mainstream. It is also an important feature of helping to tackle

population decline, which has been experienced by 11 of Scotland's 32 local authority areas².

Timing

The ACS notes that, according to the Scottish Government Budget for 2019-20, there appears to be only £32.9m set aside for Digital Connectivity (from a total budget of £600m for the project), so it appears to be unlikely that the first phase of R100 will have had much penetration of premises before the start of 2020. ³ The longer the R100 Programme is delayed, the more likely it is that people in Scotland will apply for the USO.

Monthly Charges

The ACS welcomes the fact that BT has stated that the monthly costs for broadband will not only be capped at £45 but, more importantly, BT will match current commercial prices elsewhere. However, BT has limited this cap and price matching to those homes that will have Fixed Cable and not those with Fixed Wireless Access (FWA). Scotland has a higher percentage of FWA properties than the UK average – with 21% in rural areas, compared to a UK average of 12.6%. ⁴ The ACS would seek reassurances from Ofcom that their guidelines would include measures and safeguards to ensure that those premises that are connected through FWA are not subject to overcharging.

Finally, it is important to note the low take up of superfast broadband in rural areas in Scotland. According to the Connected Nations Report, ⁵ only 26% of rural properties in Scotland who could have superfast broadband, have taken up this option. This compares to 31% in the rest of the UK. This might suggest that the annual costs may not be affordable to many people in rural areas in Scotland.

Advisory Committee for Scotland

11 February 2019

² <https://www.nrscotland.gov.uk/files//statistics/nrs-visual/mid-17-pop-est/mid-year-pop-est-17-info.pdf> (page 3)

³ <https://www.gov.scot/publications/scottish-budget-2019-20/pages/8/>

⁴ https://www.ofcom.org.uk/_data/assets/pdf_file/0015/130821/Connected-Nations-2018-Scotland.pdf (page 8 – figure 2)

⁵ https://www.ofcom.org.uk/_data/assets/pdf_file/0015/130821/Connected-Nations-2018-Scotland.pdf (page 5)