

Matthew Conway
Director of Spectrum Policy (Market Enhancement)
Ofcom
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6 May 2010

Dear Matthew,

Digital dividend: 600MHz band and geographic interleaved spectrum – consultation on potential uses

Consumer Focus Scotland welcomes the opportunity to respond to Ofcom's consultation on the potential uses of spectrum freed up by the switchover from analogue to digital television. We are not responding in detail to the questions set out in the consultation document. Instead, we would like to take this opportunity to offer some general comments on the issues raised in the consultation and highlight the key issues of relevance to consumers in Scotland.

The consultation document provides an update on spectrum availability in the UK and seeks stakeholders' views on how the freed up spectrum might be used. I understand that Ofcom will use the feedback that it receives through the consultation process to help determine how to make this spectrum available to potential users.

The consultation paper makes it clear that Ofcom's principal objective in determining how it makes the freed up 600MHz and geographic interleaved spectrum available is to do this in a way that best suits those who might use it, so that they can "*maximise the total value to society they generate over time*". There are clearly different ways in which this objective might be interpreted, but we believe it is essential that the digital dividend is used for the benefit of consumers, and particularly for the benefit of those who currently have relatively limited access to a range of different digital technologies. There are a wide range of potential uses of the newly freed-up spectrum, including mobile broadband and local television among others, and Consumer Focus Scotland does not have any firm views on whether one particular type of use should have preference over others in terms of how the spectrum is awarded or allocated.

We anticipate that potential users of the spectrum from both the public and the private sector will have views about what they might wish to use the spectrum for; what demand or need there is likely to be from consumers for different types of services; and what price they would be willing to pay for the freed up spectrum in order to provide services that meet this demand/need. However we would urge Ofcom to carry out its own consumer research, if it has not already done so, to find out directly from consumers what they would like to see the newly available spectrum being used for. It will clearly be important for any public or private sector organisations wishing to use the spectrum to gather this information, as it will help them to determine the price they would be willing to pay for that spectrum. However we

believe that it would also be useful for Ofcom to have a good sense of how consumers would like to see the spectrum used, as this may help Ofcom to decide what arrangements it should put in place for making the spectrum available to potential users.

While we do not have a particular view on the type of service that the freed up spectrum should be used to provide, we do believe that Ofcom should consider how it can manage the release of this spectrum to ensure that at least some of the spectrum is guaranteed to be used for the benefit of those consumers who have generally been disadvantaged in the development and roll out of other digital technologies and services to date. It is imperative that the digital dividend is used to help bridge the digital divide that currently exists in the UK, and it must not lead to a further widening of the gap between those who have benefitted from the proliferation of a wide range of new digital technologies in recent years and those who have regularly been left behind.

In that respect, we are concerned that at present, rural consumers in Scotland are more likely than consumers in other parts of the UK to miss out on the benefits of a wide range of digital technologies and developments. For example:

- 68% of postcode districts in Scotland have 2G mobile coverage from one or more operators, compared to 92% of districts across the UK as a whole. This disparity is primarily due to the fact that large swathes of the Highlands and Islands have no 2G mobile coverage.
- 39% of postcode districts have 3G mobile coverage from one or more operators, compared to 75% of districts across the UK as a whole. 3G services in Scotland are largely concentrated around the central belt and are more or less non-existent in rural areas.
- 38% of Scottish households have access to cable broadband, compared to 49% of all households across the UK as a whole. Further, only 15% of Scottish rural households can access cable broadband, compared to 22% of all rural households across the UK.
- Consumers in remote rural areas are more likely to rely on relay transmitters to receive digital terrestrial television – and are therefore more likely to receive 3DTT and the reduced number of channels that this offers.
- A range of different initiatives are being considered and discussed in relation to the roll out of next generation and superfast broadband across the UK over the next decade. Very few of these proposals suggest that 100% coverage will be achieved, and again it is consumers in the most remote rural areas that are likely to be left behind.

We know that the geography and topography of rural Scotland can make it expensive to put digital technologies in place, while the lower population density in these areas means that the customer base for taking up this technology is relatively small. The market therefore often fails to deliver an adequate infrastructure or service in many rural communities. This is problematic, as it is arguably those who live in remote rural areas who have the most to gain from having access to fast, reliable digital services and the benefits that these can bring – such as improved access to other markets, including critical markets such as financial services and energy; access to new learning opportunities and resources; new opportunities for accessing public services; opportunities for engaging and participating in the democratic process; and the chance to improve the sustainability of rural towns and villages by reducing the need to travel. Public policy solutions are therefore required to ensure that adequate digital services are provided in many rural areas, and help avoid a situation where

consumers in some parts of the UK are denied access to the same level of service and infrastructure than consumers in other areas.

We believe that release of the 600MHz and geographic interleaved spectrum represents an important opportunity to help tackle this digital divide. We therefore urge Ofcom to work with the UK Government, the Scottish Government, and Scottish local authorities to consider how the arrangements for making this spectrum available to potential users can be suitably designed to ensure that those living in rural areas in Scotland are guaranteed to benefit from its release.

I hope that the points made in this submission are helpful. If you wish to discuss any aspect of this submission further then please do not hesitate to contact my colleague Douglas White, Senior Policy Advocate at Consumer Focus Scotland, on douglas.white@consumer.org.uk or 0141 226 5261.

Yours sincerely,

A handwritten signature in black ink that reads "Sarah O'Neill". The signature is written in a cursive, flowing style.

Sarah O'Neill
Head of Policy
Solicitor