

Cover sheet for response to an Ofcom consultation

BASIC DETAILS

Consultation title: Delivering super-fast broadband in the UK: Setting the right policy framework

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Representing (self or organisation/s): Scottish Screen

Address (if not received by email):

CONFIDENTIALITY

Please tick below what part of your response you consider is confidential, giving your reasons why

Nothing	<input checked="" type="checkbox"/>	Name/contact details/job title	<input type="checkbox"/>
Whole response	<input type="checkbox"/>	Organisation	<input type="checkbox"/>
Part of the response	<input type="checkbox"/>	If there is no separate annex, which parts?	

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Name Ken Hay

Signed (if hard copy)

Scottish Screen Response to Ofcom's Consultation on *Delivering super-fast broadband in the UK: Setting the right policy framework*

Scottish Screen is the national government-backed agency responsible for developing all aspects of screen industry and culture across Scotland, focusing on the following five priority objectives:

1. **Education** – to ensure that people of all ages and backgrounds are inspired and equipped to analyse, appreciate, explore, create and share screen media;
2. **Enterprise and Skills** - to ensure that there are appropriate levels of skilled individuals and viable companies to sustain all aspects of the screen industries across Scotland;
3. **Inward Investment** - to promote Scotland as a dynamic, competitive and successful screen production hub;
4. **Market Development** - to ensure that the widest range of screen product reaches and is appreciated by a diversity of audiences;
5. **Talent and Creativity** - to identify nurture, develop, support and progress Scotland's screen talent and screen production companies.

Scottish Screen welcomes this opportunity to comment on Ofcom's consultation on Delivering super-fast broadband in the UK.

Key Issues

The main point we wish to make in our response is that the starting point for the policy framework needs to be that access to super-fast broadband will be an essential utility for every UK citizen, just as important as ensuring access to high quality water supplies to all UK homes or medical treatment which is freely available to all citizens at the point of delivery. Super-fast broadband can and should become an essential tool for all citizens to participate fully in the democratic process and in social and cultural life, as well as engaging in economic activity as informed and empowered consumers.

While we agree that the private sector should play a leading role, we also believe that it is essential that the participation of the public sector in addressing market failure in the provision of super-fast broadband avoids a two tier approach in which the service it enables is inferior to that provided by commercial enterprise.

As Scotland's national screen agency, we also wish to ensure that the Scotland's screen industries are not competitively disadvantaged in the increasingly competitive UK and international markets in which they operate. Scotland has proven world class creative capability across these industries, including computer games and film and television production. They need access to world class broadband to continue to thrive.

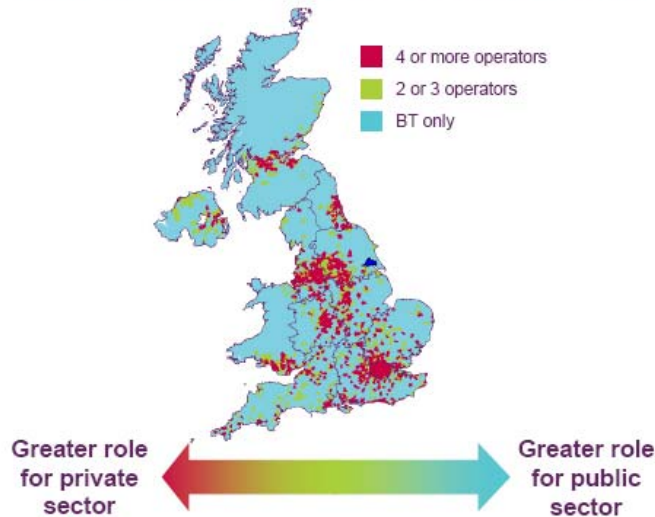
Further Comments

One of our main concerns is readily apparent from the profile of Scotland in the chart below, from Ofcom's Chief Executive's Ed Richards' October presentation to stakeholders¹:

¹ From Ofcom, Ed Richards presentation to stakeholders on *Delivering super-fast broadband in the UK*, 22 October 2008, at http://www.ofcom.org.uk/consult/condocs/nga_future_broadband/nga_slides.pdf .

What role for the public sector in delivering super-fast broadband services?

LLU shows how private sector investments target certain locations



- Our vision is for private sector led investment, complemented by public sector investment in less economic areas

- The main issue is where to focus now – those areas where the market will clearly not deliver?

While it is true that the population of Scotland is concentrated around the two largest cities of Edinburgh and Glasgow, the chart indicates that there are vast areas of Scotland which are likely to require greater public sector involvement to provide super-fast broadband delivery. It is also important to note that the topographical and geographical features which make it difficult for commercial operators to justify investment are not the only factors likely to limit access to super-fast broadband. A broader approach also needs to address limiting social factors which are often captured under the definition of ‘take-up’ rather than ‘availability.’

These limiting factors are illustrated by the BBC Trust’s reservations about broadband as a choice of platform in its recent (provisional) rejection of the BBC’s local video proposals. It notes the deficiencies of the current broadband infrastructure’s ability in attempting to reach sectors of the population which the BBC regards as ‘underserved’:

- “Broadband represents a barrier to use, both in terms of access (for low income groups) and the way in which people consume local news...Socio-economic factors influence take-up, and low income groups are generally less well represented online. Low approval of BBC performance is typically more pronounced among these groups. We are not persuaded therefore, that local video will reach these groups in sufficient numbers to close the purpose gap. Likewise, we have no compelling evidence to suggest that those in Northern Ireland and Scotland are more likely to use local video. Meanwhile, whilst 35-49 year olds are well-represented online, those aged over 34 tend to spend proportionally less time there due to competing work and family commitments.”²

² BBC Trust, *Local Video Public Value Assessment*, 21 November 2008, p. 30, par. 6.4.4, at http://www.bbc.co.uk/bbctrust/assets/files/pdf/consult/local_video/pva.pdf. The reference to ‘those in Northern Ireland and Scotland’ reflects the BBC Trust’s emphasis on the need for the BBC to ensure it improves its services to the underserved and low approvers – a category which includes Northern Ireland and Scotland.

The BBC Trust also notes the particular difficulties affecting Glasgow, Scotland's largest city:

- “Socio-economic group is more of a factor than age in broadband take-up...but interest in local news is common to high and low income households. In Glasgow, for example, where the percentage of low-income households is higher than the national average, broadband penetration hovers around 32% (this compares with 62% in London and a national average of 58%).
- Meanwhile, the combined cost of broadband connection and PC equipment may put the service beyond the means of low income households (according to Ofcom, take up in Glasgow is probably constrained by lower than average ownership of PCs). As Scotland's largest city, Glasgow [presumably this refers to Greater Glasgow] is home to around 40% of the population. This is particularly important in the context of weaker BBC news provision in the devolved nations...It is also worth noting that a higher proportion of those with disabilities live in poverty.”³

Moreover, this is not seen to be a purely transitory phenomenon:

- “Whilst broadband penetration rates among different socio-economic groups may converge over time we have not seen any compelling evidence to suggest that the disparity will recede, especially in the current economic climate. Whilst the Government has signalled its desire to increase broadband penetration, significant barriers in terms of price and IT training are likely to persist for some time. Hence we believe it will take significant intervention to bridge this divide.”⁴
- “More generally, broadband represents a barrier to use, both in terms of access and the way in which people consume local news. A number of stakeholders raised concerns that a broadband only service would give rise to social exclusion issues, whilst AG [MG] Alba drew attention to technical restrictions in the delivery of video content:
 - *Some areas of Scotland, such as rural areas in the Highlands and Islands have no broadband service or a service whose bandwidth is too limited to carry audiovisual content.*
- In its submission, Scottish Screen also drew attention to poor availability of high speed broadband in areas distant from main population centres.”⁵

The Trust goes on to criticise the methodology used by the BBC Executive and emphasises the need to look in greater detail at the distribution of households without broadband access:

- “The Trust has a number of concerns with the Executive's approach. Firstly, it would have been useful if the model included estimates of the number of households in each region with broadband access. Some of the most remote areas may still have poor performance which may impact the potential appeal of the proposition.

³ BBC Trust, *Local Video Public Value Assessment*, 21 November 2008, pp. 32-33, par. 6.5.5 – 6.5.6, at http://www.bbc.co.uk/bbctrust/assets/files/pdf/consult/local_video/pva.pdf.

⁴ BBC Trust, *Local Video Public Value Assessment*, 21 November 2008, p. 33, par. 6.5.8, at http://www.bbc.co.uk/bbctrust/assets/files/pdf/consult/local_video/pva.pdf.

⁵ BBC Trust, *Local Video Public Value Assessment*, 21 November 2008, p. 38, par. 6.5.32, at http://www.bbc.co.uk/bbctrust/assets/files/pdf/consult/local_video/pva.pdf.

- Whilst the impact of poor access in certain areas is not material to BBC UK-wide estimates, it may be more significant in specific areas or parts of those areas and it does have a bearing on the public value generated.
- Secondly, the reliance on broadband penetration at a more aggregate level means that some of the variations between areas are lost. For example, broadband penetration is currently estimated to be as low as 32% in Glasgow: this is significantly lower than the Executive's estimate of penetration (53%) for Glasgow and the West of Scotland. Thirdly, the assumed extent of UK-wide broadband convergence between now and 2014 is somewhat speculative. When these factors are taken into account the risk of over or under-estimating potential audience in certain areas could be significant.”⁶

We believe that it is essential that any policy framework for super-fast broadband needs to address the fundamental concerns facing current broadband provision which the BBC Trust's analysis has identified.

As Scotland's national screen agency, we also wish to ensure that the Scotland's screen industries are not competitively disadvantaged in the increasingly competitive UK and international markets in which they operate. Scotland has proven world class creative capability across these industries, including computer games and film and television production. They need access to world class broadband to continue to thrive.

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⁶ BBC Trust, *Local Video Public Value Assessment*, 21 November 2008, Annex II, pp. 77-78, at http://www.bbc.co.uk/bbctrust/assets/files/pdf/consult/local_video/pva.pdf .