

## Communications Consumer Panel and ACOD response to DCMS's consultation on the design of a new broadband universal service obligation

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The Communications Consumer Panel (the Panel) and the Advisory Committee for Older and Disabled People (ACOD) welcome the opportunity to comment on DCMS' consultation on a new broadband universal service obligation (USO).

The Panel works to protect and promote people's interests in the communications sector, including the postal sector. We are an independent statutory body set up under the Communications Act 2003. The Panel carries out research, provides advice and encourages Ofcom, governments, the EU, industry and others to look at issues through the eyes of consumers, citizens and micro businesses.

The Panel pays particular attention to the needs of older people and people with disabilities, the needs of people in rural areas and people on low incomes, and the needs of micro businesses, which have many of the same problems as individual consumers.

Four members of the Panel also represent the interests of consumers in England, Northern Ireland, Scotland and Wales respectively. They liaise with the key stakeholders in the Nations to understand the perspectives of consumers in all parts of the UK and input these perspectives to the Panel's consideration of issues. Following the alignment of ACOD with the Panel, the Panel is more alert than ever to the interests of older and disabled consumers and citizens.

### Response

We welcome the opportunity to contribute to the design of the USO. We believe that 10Mbps should be a minimum guarantee across the UK. This threshold should increase in line with, or ideally anticipate, consumers' needs. In particular, we agree with the Government's statement of intent that the USO's design must put people and businesses at its heart so that digital connectivity for as many people as possible can be achieved as quickly as possible; and that the USO must be legally binding, measurable and enforceable.

### *Specification of the USO*

In response to Ofcom's call for inputs in June 2016, we made the following key points<sup>1</sup>:

- The USO is needed as a legal 'safety net', guaranteeing at least 10Mbits/s to those in the most need; the essential elements of a universal service should include

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<sup>1</sup> <http://www.communicationsconsumerpanel.org.uk/downloads/ccp-acod-response---ofcom-broadband-uso-23-june-2016-final.pdf>



factors of access and availability alongside quality of service, transparent information, redress and consumer representation;

- It is vital that the USO is future-proofed and that review periods are flexible enough to allow speeds to be reviewed based on changes in the market;
- All relevant, cost-effective and reliable technological solutions should be considered;
- Provision should be made for social tariffs; the USO must be affordable and social inclusion should be high on the agenda;
- Micro businesses should be included in the provision of a USO;
- Spectrum allocation should be reconsidered to allow for rural data coverage, including a “use it or lose it” provision in licensing.

We are pleased to see that much of this has been taken into account by Ofcom in its advice to DCMS and has been carried through in DCMS’ proposals.

### *Parameters*

Alongside minimum download speed, we agree that upload speed, contention, latency and data caps are important parameters to specify. These form part of a reliable and consistent broadband service. We believe that minimum download speeds are meaningless without guaranteed reliability. We would also be concerned about any voluntary USO that was not backed up by some form of formal regulatory control/oversight.

Transparency of information from the outset will be vital, from communications designed to increase demand, through to guarantees or promises regarding speed and quality - and in customer service and complaints handling.

### *Consumers in vulnerable circumstances*

As part of the introduction of a USO we believe that the Universal Service Provider(s) should be obliged to ensure that their customer services and complaints processes are clear and easy to use by all. In December 2015, the Panel published research into the experiences of consumers in dealing with their communications providers<sup>2</sup>. We focused specifically on how accessible communications services are to customers with additional communication support needs, such as people with disabilities and impairments, and older consumers (aged 75+). We made a set of recommendations to communications providers and Alternative Dispute Resolution schemes, which included informing all customers of the existence of alternative access channels and the services and rights available under Ofcom’s General Conditions, specifically including the Priority Fault Register (PFR).

We would therefore also urge that the Universal Service Provider(s) publicises their Priority Fault Register (PFR) - and other services designed to protect people in vulnerable situations - to all. It is vital that vulnerable consumers have access to the support they

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<sup>2</sup> <http://www.communicationsconsumerpanel.org.uk/downloads/were-not-all-the-same---final-report-171215.pdf>

need from the start and people who assist those consumers (family, friends or carers) are also aware of available services.

We also believe the proposals could go further to protect consumers in vulnerable circumstances, by specifying a legal requirement for a social tariff. The consultation document appears to rely on providers' existing provisions.

### *Eligibility and reasonable cost threshold*

We share DCMS' preference that the USO should cover households and businesses that are not currently able to receive broadband at the proposed USO level. We believe this naturally includes premises where broadband is already connected - but at a lower level than the USO - as well as new connections. It may be that provision already exists, in the form of a broadband vouchers scheme or otherwise - but if so, then this should be well-promoted to existing broadband users, so that they have the opportunity to help improve their situation.

### *Demand and benefits*

The ability to access and use the internet could make a positive difference - socially and financially - to the lives of many consumers. Being 'online' is no longer seen as a luxury but as a normal, and often essential, part of the everyday lives of millions of people in the UK.

But while accepting that the USO scheme is demand-led, we are concerned that some potential users who may benefit from being able to use the internet will not request a connection because they do not believe broadband is relevant to them. Ofcom's Communications Market Report<sup>3</sup> shows that while eighty-eight per cent of adults now have internet access at home, only 53% of over-75s are internet users.

The Panel's research, Bridging the Gap<sup>4</sup> found that for the majority, low priority rather than low affordability was the issue, i.e. the cost was high in relation to the perceived low benefit of going online and the risk of getting little in return.

In our report, we said that near-universal internet take-up would be unlikely to happen without significant targeted interventions. In 2012, when our report was published, provision of support skewed towards individuals who were more disposed towards going online for the first time. Since then, we have seen initiatives led by the Good Things Foundation, and the public and private sectors. Further initiatives are still needed to continue to support those who are disinclined to go online. The campaigns and marketing to support these initiatives will also have to respond to this challenge - a clear overall

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<sup>3</sup> [https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0017/105074/cmr-2017-uk.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0017/105074/cmr-2017-uk.pdf)

<sup>4</sup> <http://www.communicationsconsumerpanel.org.uk/bridging-the-gap-sustaining-online-engagement/bridging-the-gap-sustaining-online-engagement-2>

badge is essential, together with straightforward language that explains the benefits of going online while recognising and addressing the challenges.

Ofcom recently reviewed the standalone landline market and found that the greater proportion of this market - approximately 1.7 million "voice only" households - do not purchase fixed broadband. The Panel responded to the review<sup>5</sup>, which also found that 70% of standalone landline customers have never switched provider or considered doing so (it was not within scope of that review to determine the proportion of those 1.7 million that had access to connect to broadband at USO level). As Ofcom has begun to develop plans to increase consumer engagement in this and other markets it is possible that as an unexpected consequence, consumer demand for broadband may increase into the voice-only market. But this is an unknown quantity - and we have urged caution in the way they approach voice-only consumers - who are generally older and may be in more vulnerable circumstances - to stimulate their engagement in communications markets.

The Universal Service Provider(s) must therefore support and enhance Ofcom's work and provide potential broadband users with the right level of information and support.

Another constituency that stands to benefit from the USO is micro businesses - and in our report 'Realising the Potential - micro businesses' experiences of communications services'<sup>6</sup> we highlighted that communications services play a critical role in the success of micro businesses. However, in terms of maximising the opportunities offered by these services and technologies for the benefit of their enterprise, micro businesses face a wide range of challenges. For example, poor availability and variable quality of coverage of both mobile phone and internet services are highly disruptive, and have a disproportionate effect on micro businesses' ability to function - with potentially serious consequences for the business.

#### *USO review and monitoring arrangements*

We support DCMS' proposal to ask Ofcom to monitor the USO on an ongoing basis; and to report on implementation progress on an annual basis, through the Connected Nations report, providing a breakdown of USO take-up by residential and small business premises, in rural and urban areas, across England, Scotland, Wales and Northern Ireland.

We agree that Ofcom's report should also reference changes in connectivity trends which would inform an assessment of when a formal review of the USO should take place. In our response to Ofcom's call for inputs, we suggested formally reviewing the USO every three years, but with discretion to do so more frequently if there is evidence of detriment to consumers, market failures or detrimental market distortions.

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<sup>5</sup> <http://www.communicationsconsumerpanel.org.uk/downloads/ccp-acod-response---ofcom-standalone-landline-telephone-services-may-201...pdf>

<sup>6</sup> <http://www.communicationsconsumerpanel.org.uk/research-and-reports/realising-the-potential-micro-businesses--experiences-of-communications-services>

We also previously advised that we believe the measures to be reviewed should be affordability, speed, reliability and quality of service - and that where there are gaps in provision, there will need to be flexibility in Ofcom's powers to address these.

### Summary

- The Panel supports a 10Mbps USO minimum guarantee, that is legally binding, measurable and enforceable;
- We believe the USO should have the capacity to increase to meet consumer demand and expectation;
- It is vital that consumer information is consistent, transparent and accessible - setting out clearly consumers' rights, including priority fault repair and complaint handling;
- Digital engagement/participation and stimulating take up should feature as an element of the USO's planning and implementation;
- Micro businesses and consumers in vulnerable circumstances should be given particular focus;
- We support regular monitoring and review of the USO.