

Communications Consumer Panel and ACOD response to DCMS' Digital Communications Infrastructure Strategy Consultation Document

Introduction

The Communications Consumer Panel welcomes the opportunity to comment on DCMS' Digital Communications Infrastructure Strategy Consultation Document.

The Panel works to protect and promote people's interests in the communications sector. We are an independent body, established by the Communications Act 2003. The Panel carries out research, provides advice and encourages Ofcom, Government, 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 face many of the same problems as individual consumers. There are four members of the Panel who represent the interests of consumers in England, Northern Ireland, Scotland and Wales respectively.

Following the alignment of the Advisory Committee for Older and Disabled People with the Panel, the Panel is more alert than ever to the interests of older and disabled consumers and citizens.

Introductory remarks

The Panel welcomes the work that DCMS has done to consider a variety of future scenarios. However, we find it difficult to distil the key discriminators between each scenario - this may reduce their value in planning terms.

The scenarios do cover a variety of demand scenarios, mainly in terms of volume. This is clearly the most difficult element to forecast and a scenario based approach makes sense.

However, we strongly feel that there is a common demand requirement across all the scenarios proposed, and frankly most others that can be imagined. That common requirement is that if this country is to thrive as a digital economy in the next 10 to 20 years, the UK must very rapidly move to a situation of ubiquitous location, population and geographic coverage of high speed indoor mobile data (whether 3, 4 or 5 G is secondary)

and including high reliability, high quality voice as a key application to run over this network, and super high speed fixed broadband.

These capabilities should be considered in the same light as the provision of water and electricity - essentials - the absence of which would be an unacceptable detriment to consumers, businesses and the economy.

In considering scenarios for 2025, it is vital that we are not unduly cautious in our projections. It is only 23 years since the World Wide Web became publicly available. Forecasts for the UK's requirements in 11 years' time should take into account the potential for similarly ground-breaking developments - including the Internet of Things.

Government must unambiguously set the requirement, and then task industry, via competitive markets, and Ofcom, as the back stop for market failure, to make it so.

Response

The Panel has welcomed the opportunity to input into the development of the strategy thus far - through both the discussion of the terms of reference for the strategy (our response is at Annex 1) and the scenario planning workshops.

As the strategy develops, we would encourage a much greater focus on consumers and citizens - encompassing the potential impacts and benefits or otherwise of the proposed course of action. This is particularly relevant in the context of a growing and ageing population. We would welcome greater exploration of the implications of this demographic change.

This point also plays into the investment context. We are aware that work is underway in various quarters to try to assess the social value of communications services. We strongly encourage this work and favour its inclusion within the economic case for any final strategy. In short, social and economic factors are inextricably linked and should be reflected in a single strategy. During our work on 700MHz, we have been struck by the need for a balance to be achieved between the potentially competing needs of different groups within society. By way of example, the Panel recognises the case Ofcom makes for the reuse of the 700 MHz band for mobile purposes but, given the costs of change and potential consumer impact - especially to more vulnerable customers - of the required modifications to digital terrestrial television (DTT), we think that Ofcom should proceed with some caution and establish a robust evidence-based validation of the benefits case.

The consultation document notes that digital technology is transforming our lives and takes certain predictions of the 'digital divide' into account in its scenarios. Yet the document itself focusses almost exclusively on connectivity. While we appreciate that this document is about infrastructure, it cannot stand alone and must be linked to digital participation initiatives. The strategy must take into account likely take-up - the best connectivity in the world is fundamentally undermined if significant numbers of the relevant population are not able to use it to best effect. Social inequalities will be heavily influenced one way or the other by communications availability and effective digital

participation (or lack of these things). The consumer and the citizen must be at the very heart of any programme to address these issues and this also requires an equalisation of facilities and effective participation across geography and demography.

Local bodies & councils must have a role in addressing media literacy and digital participation. These activities are vital not only in helping to address the digital divide, but also to achieve constructive 'digital-by-default' results and contribute to demand growth. But it is imperative that this effort is properly structured and planned and that adequate funding is supplied.

Realising the Potential - micro businesses' experience of communications services

We would like to see a greater focus on micro businesses in the final strategy, which must take their needs into account. Point 1.7 mentions that SMEs can fall into residential and business categories but as we have found from our research *Realising the Potential*¹, a danger is that they fall into neither category properly - and are therefore served poorly. We attach our core report and recommendations at Annex 2.

Based on this research, we have made a series of recommendations aimed to improve the support available for micro businesses. The research highlights that for micro businesses to gain greater benefit from their communications services, action is needed in three key areas:

- Government, in association with the industry and communications providers, should focus on supplying **improved speeds and coverage** for both fast broadband and mobile voice and data.
- Communications providers should consider offering **tailored communications service packages** for micro businesses, facilitating access to robust services and business grade support levels.
- Government, local authorities, local enterprise partnerships, chambers of commerce, trade associations and communications providers should review the **information and advice they offer about the benefits of investing in communications**, tailored to the needs and time restraints of micro businesses.

Mobile coverage and broadband provision

In the Panel's view, sub-optimal delivery of communications services as a result of inadequate infrastructure - be it a lack of fast broadband or the absence of mobile voice and/or data coverage - has long since ceased to be a matter of simple irritation for consumers and micro-businesses, and is now an issue of real detriment. Consumers, citizens and micro-businesses are increasingly reliant on mobile devices. Excellent network coverage and call quality combined with the provision of better information will help

¹ <http://www.communicationsconsumerpanel.org.uk/research-and-reports/realising-the-potential-micro-businesses--experiences-of-communications-services>

people make better choices - and make greater use of the functions and applications that they want, which in turn we believe will drive up service levels and ensure that a thriving competitive market benefits all stakeholders. In particular, consumers and citizens in the widest sense should not be left behind, left out or left wanting.

This is particularly the case for business owners with a disability, who our research found are particularly reliant on mobile technology; and for companies working in many rural areas and outside major conurbations. We are aware, too, that not all urban areas are as well served as might be expected.

The Panel remains extremely concerned about mobile coverage across the UK. We have welcomed the 4G coverage obligation and the mobile infrastructure project as tools to increase mobile coverage in each Nation, and continue to welcome contributions to addressing the urgent need to drive rapid improvements in rural broadband and mobile voice/data coverage. The Panel is extremely conscious that the coverage obligation is not due to be fulfilled until 2017 and we have expressed the view that having only one operator carrying the obligation to reach 98% coverage, with 95% in each of the Nations, and relying on market forces to persuade other operators to provide coverage for their customers in the marginal areas, may not achieve the desired result. The areas concerned are likely to be the areas where market forces have failed in the past. We have urged Ofcom to keep progress under review and to continue to look to support market based solutions, that with a limited regulatory intervention could deliver immediate and significant benefit to the economy at a time when finding growth levers is so important.

However there is still some significant way to go. We have encouraged Government and Ofcom investigate the effectiveness of methods of increasing mobile coverage as a matter of urgency - including the possibility of national roaming. Improved coverage must also address road and rail coverage. The consultation document notes that, in terms of geographic coverage, around 12.7% of the UK has no 2G coverage and 22.9% has no 3G coverage. Although most roads are covered by 2G, only 35% of A and B roads are covered by all operators for 3G. The need to keep this matter at the top of the agenda has been highlighted in the last year by issues encountered as a result of recent developments in this area e.g. some mobile network operators' mast rationalisation programmes. We believe that consumers' experience of mobile should be measured by the provision of signal from multiple operators.

As a general observation, whilst the Panel recognises the increase in mobile device ownership, we are unsure about the evidence base behind some demand predictions - the reliability of which we do not believe can be certain. Current estimates do not seem to generally take into account likely levels of MNO investment or consumer willingness to pay - both of which we would argue would act as constraints on demand. Although it is important that consumers and citizens can enjoy the mobile data services they want and need, there are also sections of society who will not benefit to such an extent from improvements to mobile services.

The Panel believes that the ambition should be for mobile and broadband coverage to be truly ubiquitous - and for mobile coverage to relate to both indoor and geographic

coverage, as well as on roads and rail. Broadband should undoubtedly be included in a revised Universal Service Obligation (USO) - the inclusion of fixed line and narrowband alone is outdated.

We are extremely concerned about the position, under the Superfast Broadband strategy, of those consumers, citizens and micro-businesses in the last 5% i.e. those who are not included in the undertaking to extend superfast to 95% of UK premises by 2017. Whilst we welcome the £10 million fund to explore options for connecting these premises, we are not aware of any potential funding for the proposed solutions. We would also suggest that, to avoid confusion, the final strategy clearly notes its intention that policy will be technology neutral and that it adopts the definition of superfast as >30Mbps, in line with Ofcom and the European Commission's definition.

We strongly believe that the Universal Service Commitment (USC) of 2Mbps is no longer fit for purpose. Indeed the commitment falls short of an obligation, and as mentioned earlier we strongly believe that Broadband warrants inclusion in a revised USO. We are conscious that, in June 2013, 8% of UK connections received less than 2Mbps. Whilst Ofcom's Infrastructure Report 2013² notes that there are consumers on these slow lines who are in postcodes where next generation access networks are available and, by upgrading their service, could receive much higher speeds, 3% are not in such a position. Whilst the percentage is small, the absolute number is significant and those who are affected deserve a high level of assistance and support. Much relies on market forces, but the likelihood is that the market will serve the market and not necessarily all consumers; the full reach of a digital infrastructure must be extended somehow. The Government cannot move to "digital by default" for provision of services without committing to universal access to fast broadband.

In relation to what such a revised minimum USO might look like, we are conscious of the information noted in Ofcom's 2013 Infrastructure Report on impact of connection speed on data use: "As we highlighted in last year's report, there is a strong correlation between data use and speed of connection on first generation networks. In relation to average data use per customer for customers on ADSL2+ connections who have an unlimited data package - although average data consumption increased, the profile of use vs. speed is very similar to last year. However the threshold at which data consumption 'plateaus' has increased from around 8Mbit/s to around 10Mbit/s." The report also notes a strong correlation between data use and connection speed even for superfast broadband connections and, in June 2013, the average data use for superfast broadband connections was 55GB, - although we are aware that this may be affected by the behaviour of the relatively 'early adopter' consumer demographic.

Security, robustness and resilience

Given the increasingly critical role that communications services - and the data they carry - play in our everyday lives, we would welcome a greater emphasis in the final strategy on the robustness of networks and their security - both in the sense of security (i.e.

² http://stakeholders.ofcom.org.uk/binaries/research/telecoms-research/infrastructure-report/IRU_2013.pdf

reliability, resilience and quality of service) of supply and in the sense of consumers' information that is transmitted across various networks. This applies to a wide range of scenarios - from the resilience and security of a network carrying health monitoring data; to the security levels built into everyday household devices; to the question of why, with 16% of adults living in a mobile only household (Q1 2014), an unreliable indoor mobile signal is still acceptable now, in 2014. Information on latency and the wider performance of networks must be available to the individual and business consumer. In terms of what metrics are relevant in comparing network performance, we would suggest these should increasingly include measures of reliability: so in mobile, the % dropped-calls % network busy, road & rail coverage, mast and line-outages. With broadband, the frequency of line faults and other forms of outage, in addition to fluctuations in line-speed such as peak time deterioration.

The scenarios

In relation to the scenarios themselves, we would argue that many of the proposed attitudes and behaviours outlined in the scenarios are already here in 2014. Although it is not yet possible to do so in all locations, we would suggest that many consumers do expect to be able to gain access to services and apps on the move. The fact that they cannot do so appears to be met with resignation and frustration currently - we would suggest that this is what may change in the coming years, rather than the basic expectation of being able to do so. We do not believe that it is acceptable that consumers are conditioned to settle for a sub-optimal quality of service - and any strategy must aim for higher standards across all networks. Looking forward, wearable technologies may be a nascent market , but they are no longer the exclusive preserve of the few; and on a specific point, we are interested to understand why the consultation document suggests that it is anticipated that their use would be concentrated to city centres or other areas of high concentrations of people (para 3.24).

We agree that users are more likely to need more bandwidth as data consumption grows - hopefully in relation to mobile coverage improvements, as well as intensity of use. However we would like to see a greater exploration of the role of public wifi within the strategy, as well as mobile data.

As we have seen in our Going Round in Circles? research³, we would agree that consumers are increasingly demanding an improved standard of resilience and reliability from their communications services, along with availability and speed. And as noted above, businesses and their needs are undoubtedly already changing and evolving, as is the nature and location of work. This underlines the importance of achieving a far greater equity of supply - in terms of coverage, speed (upload and download) and reliability - across rural and urban areas. In future, we would expect to see far greater expectations of symmetry in networks - particularly with relation to cloud storage, security and backup.

³ <http://www.communicationsconsumerpanel.org.uk/going-round-in-circles/going-round-in-circles>

We believe that consumers already expect multiple devices to connect together without fuss - and are frustrated when this does not occur.

Finally, with regard to potential further regulatory measures in relation to mobile infrastructure, we would suggest that meaningful penalties are considered when coverage targets are missed by mobile network operators (MNOs), or there are coverage/quality of service problems that could and should have been foreseen and avoided. And broadly, we believe that progress on switching must be accelerated and that the strategy should place emphasis on rapid process improvements to support it; infrastructure improvements will be of less consumer and social value if people are put off from changing supplier because the process itself is unhelpful.

In summary we believe that:

- Consumers - including micro businesses and citizens - must be at the heart of any strategy and the programmes of work that support its delivery.
- Coverage and speed ambitions should be more stretching, with contingency plans in place for interventions to militate against market failures.
- Broadband should enjoy a Universal Service Obligation and a revised universal service commitment.
- Resilience and security of supply and protection of consumer data is paramount.
- Issues in support of the overall strategic direction - such as penalties for missed coverage targets, and more impetus to improve switching - must not be overlooked.
- The strategy must link with Digital Participation initiatives in order to address the digital divide. This will need to be funded at an adequate level.
- The social return on investment should be given equal prominence as the economic return.



Communications Consumer Panel and ACOD response to DCMS' Digital Communications Infrastructure strategy: Terms of Reference

Introduction

The Communications Consumer Panel welcomes the opportunity to comment on DCMS' Digital Communications Infrastructure strategy: Terms of Reference.

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Background

The document "Connectivity, Content and Consumers" (DCMS July 2013) announced that the Government would develop a Digital Communications Infrastructure strategy to continue to drive innovation, productivity and economic growth in the UK. The overall aim of the strategy is to establish the right framework for the UK's future digital communications infrastructure based on a high level understanding of potential data volumes, market developments across the communications sector and future demand for technology and services from consumers, business and the public sector.

The strategy will be built around a number of likely scenarios for the future of the UK's digital communications, based on potential user demand (users being consumers, business and Government itself). The strategy will look at those user needs for the period 2015 - 2025/30 and identify the broad policy and regulatory steps Government will need to take, in partnership with industry.

Response

This document responds to the draft terms of reference for the strategy.

In the Panel's view, sub-optimal delivery of communications services as a result of inadequate infrastructure - be it a lack of fast broadband or the absence of mobile voice and/or data coverage - has long since ceased to be a matter of simple irritation for consumers and micro-businesses, and is now an issue of real detriment. The Panel has welcomed the 4G coverage obligation of 98% indoor coverage UK wide, and 95% in each Nation by the end of 2017, and the mobile infrastructure project as tools to increase rural broadband and mobile voice/data coverage. We have encouraged close monitoring of their rollout. However there is still some way to go. Consumers and citizens in the widest sense should not be left behind, left out or left wanting.

We are reassured to see that the strategy intends to adopt a technology neutral approach - it is vital that the potential roles of fixed, fixed-wireless, mobile and satellite communications are all taken into account.

We welcome the reference to the strategy complementing other Government strategies already announced and would urge that every possible effort is made to ensure that key individuals working on those strategies are closely involved in the development of the Digital Communications Infrastructure strategy.

The draft terms of reference rightly refer to consumer needs. In scoping these needs, we would strongly urge consideration of external forces, including the needs of our ageing population - and the implications of that demographic change for communications needs across society, the public and private sectors.

In paragraph 2.7, we note a reference to a high level assessment of the UK's current provision of digital communications infrastructure assets. We would suggest that, given the need for robust modelling, this be a detailed assessment of current provision and the supply market. In the Panel's experience, market failure can be predictable. Ofcom's *The availability of communications services in the UK*^[1] report echoed this observation, noting 'Areas that have not previously benefited from commercial rollout are more likely to experience market shortfalls in the future. Consequently, public bodies that have intervened to extend availability in the past may expect to face the same pressures to do so again in the future. If this can be successfully anticipated, it may be possible to plan interventions at a sufficiently early stage that those areas do not always have to play catch-up with the rest of the UK.'

Paragraph 2.7 b) refers to taking into account the needs of small businesses - we would advise that the strategy should also consider the needs of micro-businesses. The Panel is currently undertaking qualitative research across the UK to explore:

^[1] <http://stakeholders.ofcom.org.uk/market-data-research/market-data/economic-geography/>

- which communications technologies and services micro-businesses use and to what extent; and their importance to the business
- the experiences of micro-business of the communications sectors and services - including fixed line, mobile phones, fixed broadband (including superfast) and mobile broadband.
- the barriers/challenges and the opportunities
- what - if anything - should/could be done to improve communications experiences to contribute to greater growth?

We intend to publish the research in early Summer and will, of course, be delighted to share and discuss our findings with you in due course.

Paragraph 3.2 notes that the strategy should cover the future provision of broadband at a minimum. We would strongly suggest that the strategy should cover the future provision of broadband and mobile at a minimum. Consumers, citizens and micro-businesses are increasingly reliant on mobile devices. Excellent network coverage and call quality combined with the provision of better information will help people make better choices - and make greater use of the functions and applications that they want, which in turn we believe will drive up service levels and ensure that a thriving competitive market benefits all stakeholders.

Finally, while we recognise that this strategy will focus on infrastructure needs, it is also vital that it works within the wider context of demand side issues - a great deal is dependent on the demand-side, for example the level of trust that consumers have in services and technology.

Annex 2

Realising the Potential: micro businesses' experiences of communications services

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

pdf file also attached