

Consultation Response

Ref 2016

Ofcom call for inputs on 'Designing the broadband universal service obligation'

June 2016

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About this consultation

In April Ofcom published a call for evidence on 'Designing the broadband universal service obligation'.¹ The findings will influence Ofcom's advice to the Department for Culture Media & Sport on the design of the broadband universal service obligation (USO), announced in the Queen's speech 2016.

Introduction

1. Age UK is the country's largest charity dedicated to helping everyone make the most of later life. We help more than 5 million people every year, providing support, companionship and advice for older people who need it most.
2. We welcome the opportunity to respond to this consultation and highlight the particular needs of older people. In this paper we respond to selected relevant questions, noting in brackets the corresponding paragraph number from the consultation document.
3. Over time, older people are increasingly using the internet; the proportion of people aged 75+ who have used the internet in the previous 3 months has nearly doubled in the last five years, from 20 per cent to 39 per cent. However, among those aged 75+ around three-fifths (61%) are still non-users. Among those who are online there are a variety of different users. Some people derive great benefits, such as being able to shop and bank from home, especially useful for people in rural areas with sparse services or whose health or mobility makes it hard for them to leave the home. Others may value the internet for communication but not feel sufficiently confident to use public services or bank online.
4. It is vital that older people who are not online or who are not confident internet users are not excluded from essential private and public services. Our recent report [Later Life in a Digital World](#) gives examples where this is already occurring.² We are also concerned about the need for further investment in digital skills to enable people to confidently and safely use the internet.
5. We are especially concerned about the scale of cyber crime, including the wide range of scams and fraud committed online. The introduction of a broadband USO should bring with it a renewed focus on how to protect all internet users, especially new ones, given the potential loss of people's savings and resulting impacts on their health. (See our recent report on older people and scams for more information.³)

Key points

- i. Older people are increasingly using the internet, although three in five (61%) people aged 75+ are still non-users.⁴ Some use it for a range of essential tasks, including shopping, banking, and communicating with family, while others are sporadic users carrying out limited functions.
- ii. Using the internet for these vital tasks is especially important for people who are housebound or living in rural/isolated areas.
- iii. We support the implementation of a USO, to enable older people – including in remote areas – to reliably and quickly carry out essential functions.

- iv. We strongly support the introduction of social tariffs and/or price caps. Despite progress, one in seven (14%) pensioners live in poverty. Access to the internet is an essential service, and it should be available to people on the lowest incomes.
- v. For the USO to be meaningful, the Government should invest in building (older) people's digital skills, especially those with the least experience or confidence.
- vi. At the same time, it is vital that (older) people who are not online retain (offline) access to important services, and are not forced to go online.
- vii. Given the risk of the further removal of offline access to essential services, and the resulting deprivation and stress, the Government should consider imposing a levy to pay for the offline provision of essential services as a supplement to the USO.
- viii. We also highlight the risk of cyber crime, including online fraud, and ask that this be reflected in the USO to protect consumers and to increase confidence in online services, especially those newly online.

Specification and scope of the USO

How should the minimum technical performance of the USO be specified? (1.8)

- 6. We are not in a position to comment on the technical specifics, but we support consumers' rights to a decent broadband connection that allows them to consistently and reliably carry out essential functions such as online grocery shopping and banking. It is especially important that the connection does not cut out in the middle of banking transactions. One person explained to us their frustration with this: *'Sometimes it stops in mid-transaction and you have to do it again.'*⁵
- 7. Reliable internet is especially important for people who are unable to leave the home because of health conditions. Increasingly, telecare and telehealth options are being offered to help people manage long-term conditions, so reliable broadband may be critical for them. Similarly, many people in rural or isolated areas – including many older people – who cannot easily travel to shops and amenities rely on the internet. One person told us:
*'I cannot live without [internet access]. It was cut off for two days earlier this year, and it was like not having electricity.'*⁶
- 8. The technical specification needs to be flexible enough to be updated as technology develops and consumer needs change. We suggest that, rather than being specified purely in technical terms, it is outcome-based, i.e. benchmarked to the standard needed for all consumers to be able to carry out a range of essential activities.

How should we ensure the USO is affordable? (1.10)

Should there be a social tariff for broadband services? (1.11)

- 9. Given the current stage of the market and the essential nature of broadband, we strongly support the introduction of social tariffs and/or price caps. We would be pleased to discuss further how this might be developed with regard to older consumers.
- 10. The introduction of the USO reflects the fact that for many people broadband is increasingly viewed as 'an essential service much like electricity and water'.⁷ That means it should be provided at an affordable price, even for people on low incomes.

11. There are still many older people living in poverty despite recent progress – one in seven (14%) of pensioners live in poverty.⁸ Among all age groups, internet use is lower among disadvantaged groups. Despite improving access to the internet across the income spectrum, ‘households in the poorest quintile are more than ten times as likely to lack internet access than the richest quintile and more than twice as likely as households with average incomes.’⁹ The cost of getting online was mentioned as a concern by some older people who took part in Age UK qualitative research – albeit not the main barrier to internet use.¹⁰
12. Age UK argues strongly that there should always be offline ways of accessing essential public and private services. However, for some older people, online access will be the best way to access essential services, including applying for benefits and housing. This choice should not be denied because broadband is unaffordable, and a social tariff may be the best way to address this. However, the cost of broadband is not the only barrier to getting online for people on low incomes; the Government may also need to take into account the cost of computer hardware and of support to acquire digital skills.
13. Complexity in the marketplace and the difficulties many consumers (especially older and/or vulnerable people) face in finding the best tariff for them can mean that many people are likely to be paying more than they need for broadband services. Bundling makes the telecommunications market particularly complex. As providers increase their ability to segment consumers and possibly even develop pricing models which mean individual consumers receive different prices depending on their purchasing history, we expect this complexity to increase. Switching in broadband is relatively low – 6 per cent of consumers switched provider in the last five years compared to 12 per cent in electricity and gas.¹¹ Our response to the Government’s recent consultation on switching¹² details why we believe that efforts to improve switching will not (at least in the short to medium term) ensure that consumers can find the right tariff for them or drive prices down overall.
14. Given the risk of the further removal of offline access to essential services, and the resulting deprivation and stress, the Government should consider imposing a levy to pay for the offline provision of essential services as a supplement to the USO.

Demand for the USO

What might the potential demand for the USO be? (1.23)

15. We would add to Ofcom’s analysis of low speeds in rural areas that this affects many older people. People aged 65+ make up 23 per cent of the rural population, compared to 17 per cent of England as a whole.¹³ In future, rural areas will contain a higher proportion of ‘older old’ people – the 85+ population is set to increase in rural areas by 186 per cent by 2028, compared to a 149 per cent rise in the UK as a whole.¹⁴ People in these areas may welcome the roll-out of faster broadband, especially given their current frustrations.
16. Rather than simply following demand, the Government should consider the USO an opportunity to reach the ‘hardest to reach’ digitally excluded people, giving the skills, confidence and, where appropriate, financial support to go online.

Cost, proportionality and efficiency of the USO

Proportionality and definition of a 'reasonable request'

17. We suggest that where the costs of providing standard broadband are disproportionate, the obligation should be to supply by alternative methods, e.g. a community wireless service. This would be particularly helpful for older people if it could be combined with a community digital inclusion initiative for new users. There might also be a time requirement, i.e. where it would take more than a certain amount of time to install ADSL or VDSL connections there should be an obligation for a short term solution such as community wireless.

The universal service provider or providers

How should the universal service provider be designated? (1.27)

18. Any procurement or competitive process to designate a universal service provider (USP) should include the competing providers' ability to provide effective customer service to *all* consumers. This includes consumers who are newly online and need things explained clearly without jargon, and also those who have additional needs around communication and accessibility (e.g. speech, hearing, memory). This should also entail acceptable standards of access to customer support, e.g. no premium rate phone support lines, no online-only support.

19. We are very concerned about the risk consumers face of cyber crime, particularly online fraud/scams. The ONS has estimated that there were 2.5 million incidents per year of crime falling under the Computer Misuse Act, including computers being infected by a virus and email or social media accounts being hacked.¹⁵ A wide range of scams take place online, including phishing, fake websites and 'computer repair' scams. (Age UK can provide some examples of these upon request.) These scams can result in people losing thousands of pounds and suffering health impacts.

20. The risk of scams can also cause older people to decide not to go online, or to limit the activities they conduct online. There are a variety of initiatives currently underway to tackle scams, however we see a strong need for more effective barriers to prevent scams from reaching potential victims in the first place. In telephony, the use of call blocking technology has been shown to be effective at shielding people from scam calls. (See the Angus Council pilot.¹⁶) We encourage the Government to develop equivalent protections in broadband.

21. A USP competitive process could include a requirement for providers to meet levels of consumer security. This could include their ability to effectively warn and advise (new) users how to stay safe online, and to provide an adequate level of antivirus software, including clear support for new users on how to install and update this.

Review of the USO

When, and on what basis, should the USO be reviewed? (1.32)

22. The review process should look at the extent to which the USO works for 'vulnerable' and newly online households, as well as 'typical households'.

23. The review should look at the extent to which providers are delivering speeds as advertised. (We are aware of ongoing Ofcom work on this issue.¹⁷) One idea could be to oblige providers to give consumers a report on the speeds actually delivered to them over the course of weeks and months, compared to advertised speed, with automatic compensation if acceptable standards are not met (as currently applies with rail travel).
24. Reviews should look at the extent to which providers are giving effective support to help keep people safe online and what other providers can learn from these activities.

Additional comments

25. Given that fast and reliable broadband is now considered an essential service, it follows that the Government (and others) should invest in building digital skills among people not online and new users lacking confidence.
26. Finally, we re-iterate that designating broadband an essential service should not compel people to go online who do not want to. Those people must be assured of access to essential services, and we support ongoing Government efforts to develop effective assisted digital services.¹⁸

¹ <http://stakeholders.ofcom.org.uk/binaries/consultations/broadband-USO-CFI/summary/broadband-uso.pdf>

² http://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Research/Later_life_in_a_digital_world.pdf?dtrk=true

³ <http://www.ageuk.org.uk/documents/en-gb/for-professionals/consumer-issues/age%20uk%20only%20the%20tip%20of%20the%20iceberg%20april%202015.pdf?dtrk=true>

⁴ *Internet Users in the UK 2016*, ONS (table 1B). Recent users are people who have used the internet in the last 3 months.

⁵ http://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Policy/money-matters/report_age_friendly_banking.pdf?dtrk=true

⁶ <http://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Communities-and-inclusion/Later%20life%20in%20a%20digital%20world%20Age%20UK%202015.pdf?dtrk=true>

⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/510148/Broadband_Universal_Service_Obligation.pdf

⁸ http://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Policy/agenda_for_later_life_2015_full_report.pdf?dtrk=true

⁹ <https://www.irf.org.uk/mpse-2015/digital-inclusion>

¹⁰ <http://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Communities-and-inclusion/Later%20life%20in%20a%20digital%20world%20Age%20UK%202015.pdf?dtrk=true>

¹¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/469998/BIS-15-533-call-for-evidence-switching.pdf

¹² <https://www.gov.uk/government/consultations/improving-the-consumer-landscape-and-quicker-switching-call-for-evidence>

¹³

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443228/Statistical_Digest_of_Rural_England_2015_June_edition_v2.pdf

¹⁴ Oxford Consultants for Social Inclusion, for Cabinet Office, 2009

¹⁵ <http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/rel/crime-stats/crime-statistics/year-ending-june-2015/sty-fraud.html>

¹⁶ <http://www.cosla.gov.uk/system/files/private/cw151203item8-1appendix.pdf>

¹⁷ http://ask.ofcom.org.uk/help/internet-service/lower_than_advertised

¹⁸ <http://www.ageuk.org.uk/Documents/EN-GB/For-professionals/Communities-and-inclusion/Later%20life%20in%20a%20digital%20world%20Age%20UK%202015.pdf?dtrk=true>