

Additional comments:

Please note that these views are an officer response on behalf of Argyll and Bute Council but have not been ratified by Council or Council committee.

We would be grateful if you could please acknowledge receipt of these comments in due course.

Question 1: Do stakeholders agree that promoting effective and sustainable competition remains an appropriate strategy to deliver efficient investment and widespread availability of services for the majority of consumers, whilst noting the need for complementary public policy action for harder to reach areas across the UK?:

Competition has to date proved ineffective in delivering good quality digital communications across large parts of Argyll and Bute. Left to the private market, only parts of 3 of our towns would have benefited from the rollout of next generation broadband leaving large numbers of premises (approximately $\frac{3}{4}$) without access to next generation broadband. As it stands, in many locations there is essentially no choice in broadband provider as only BT has their equipment in numerous exchanges. Even where there is choice of ISP additional charges are sometimes levied where premises are not within "low cost areas" which means that users are unable to access the advertised prices.

In relation to mobile communications, competition has resulted in some of the poorest levels of mobile coverage across the UK with many communities having either non-existent or partial coverage and very few being able to access 3G services. In reality there is little choice of mobile provider as there is often only one provider which offers the best level of coverage for a location.

The limited services also mean that some consumers across Argyll are unable to take advantage of savings resulting from bundling services together.

The need for continued public policy to address these market failures is supported, as is appropriate public funding allocated to ensure that the whole of the UK can access the digital services that have become an essential part of day-to-day life (and even more important in the remote and isolated locations such as Argyll and Bute where it can provide access to business, education and health facilities and services).

Public policy and funding should continue to support improved digital infrastructure, both fixed and mobile, across Argyll in all those areas where competition is failing to provide a reliable and effective service for consumers.

Question 2: Would alternative models deliver better outcomes for consumers in terms of investment, availability and price?:

Any alternative model considered should ensure that investment continues even in those locations which are less attractive to cover but where fixed and mobile services remain vital, as acknowledged in the Strategic Review - "Connectivity has become critical to the day to day lives of consumers and businesses". Timely provision of the infrastructure to support this connectivity is essential to ensure universal access.

Any model used to ensure delivery of fixed and mobile services should ensure that these services are available to all within a maximum price and that consumers in those areas which are not commercially viable are not penalised.

Question 3: We are interested in stakeholders' views on the likely future challenges for fixed and mobile service availability. Can a 'good' level of availability for particular services be defined? What options are there for policy makers to do more to extend availability to areas that may otherwise not be commercially viable or take longer to cover?:

We would support the maintenance of universal service obligations for telephone services and would support an extension of this to cover broadband. We note that Ofcom identifies 10 mbps as a minimum for effective broadband and we would support universal access which guaranteed this service level. We would also request that this service level is reviewed on a regular basis in order to ensure that this stays current as technology progresses.

We have significant concerns about the growing digital divide between communities and the impacts that this will have in terms of attracting residents and businesses, providing services demanded by consumers and facilitating public service delivery. A recent report Compelling Argyll and Bute Stakeholder Research Report (August 2015) identified the current lack of availability of broadband and mobile phone coverage as the main weakness when running a business in the area (82% considered this a weakness) whilst 83% agreed that improved coverage would be a significant benefit to businesses and 90% indicated that improved broadband was important to business growth. Whilst the accompanying Compelling Argyll and Bute Addressing Rural Depopulation Good Practice Report (August 2015) states "Broadband speeds are a crucial factor in rural quality of life and the ability of a rural area to progress economically. Broadband speed represents a crucial facet in developing businesses and fostering economic growth without which no perceivable development can be maintained in any sector anymore. Only good provision enables people to work remotely thereby also attracting incomers to set-up business, self-employed, small businesses, etc. to the area. There are various articles over recent years covering the detrimental effects of low broadband speeds in rural areas."

The ability of innovative service delivery solutions to reach all customers is also compromised by the current poor quality of infrastructure available. For example, the Council and NHS under Health and Social Care Integration are working to deliver enhancement to telehealth and telecare services which are able to monitor patient conditions remotely and deliver medical consultations online. Once fully developed telehealth would be beneficial in both time and cost savings for the patient and medical professionals. However the full benefits of these services can only be realised if the digital infrastructure is in place to support these and to enable reliable, effective connections to be made. It is typically in those locations which are classed as hardest-to-reach that the benefits can be maximised however insufficient broadband speeds impacts on the ability to deliver services in this way.

Actions which provide universal access for both broadband and mobile technology should be encouraged and will be essential to ensure that large parts of the Country do not fall behind in relation to available technology. Digital connectivity is recognised as critical in day-to-day life and will become more so as digital service delivery grows.

The definition of a "good" level of service is not one that can easily be established as it will change as technology improves and expectations grow. For fixed broadband we would support the 10 mbps minimum but would suggest that superfast broadband could currently be classified as a good level of service. In relation to mobile connectivity, we would as a minimum seek 2G coverage to all of our settlements and strategic transport infrastructure and would see 4G coverage in these areas as a good level of coverage.

To ensure universal access and equality of service delivery, public intervention should seek to provide upgraded infrastructure to those locations which are not commercially viable either in

line with or ahead of commercial rollout wherever possible. This level of intervention can help to ensure that the most rural parts of the UK remain viable and attractive locations for people to work and live in.

Question 4: Do different types of convergence and their effect on overall market structures suggest the need for changes in overarching regulatory strategy or specific policies? Are there new competition or wider policy challenges that will emerge as a result? What evidence is available today on such challenges?:

Question 5: Do you think that current regulatory and competition tools are suitable to address competition concerns in concentrated markets with no single firm dominance? If not, what changes do you think should be considered in this regard and why?:

Question 6: What do you think is the scope for sustainable end-to-end competition in the provision of fixed communications services? Do you think that the potential for competition to vary by geography will change? What might this imply in terms of available regulatory approaches to deliver effective and sustainable competition in future?:

Question 7: Do you think that some form of access regulation is likely to continue to be needed in the future? If so, do you think we should continue to assess the appropriate form on a case by case basis or is it possible to set out a clear strategic preference for a particular approach (for example, a focus on passive remedies)?:

Question 8: Do you agree that full end-to-end infrastructure competition in mobile, where viable, is the best means to secure good consumer outcomes? Would alternatives to our current strategy improve these outcomes, and if so, how?:

Question 9: In future, might new mobile competition issues arise that could affect consumer outcomes? If so, what are these concerns, and what might give rise to them?:

Question 10: Does the bundling of a range of digital communications services, including some which may demonstrate enduring competition problems individually, present new competition challenges? If so, how might these issues be resolved through regulation, and does Ofcom have the necessary tools available?:

Question 11: What might be the most appropriate regulatory approaches to the pricing of wholesale access to new and, risky investments in enduring bottlenecks in future?:

Question 12: How might such pricing approaches need to evolve over the longer term? For example, when and how should regulated pricing move from pricing freedom towards more traditional charge controls without undermining incentives for further future investment?:

Question 13: Are there any actual or potential sources of discrimination that may undermine effective competition under the current model of functional separation? What is the evidence for such concerns?:

Question 14: Are there wider concerns relating to good consumer outcomes that may suggest the need for a new regulatory approach to Openreach?:

Question 15: Are there specific areas of the current Undertakings and functional separation that require amending in light of market developments since 2005?:

Question 16: Could structural separation address any concerns identified more effectively than functional separation? What are the advantages and challenges associated with such an approach?:

Question 17: What do stakeholders think are the greatest risks to continuing effective consumer engagement and empowerment?:

It is essential, from a protecting consumers perspective and one of supporting communities, that communities are not penalised for living in remote areas in terms of the level of service they receive, the choice of service provider or the cost of obtaining that service. There should be clear and accurate information provided to consumers in terms of the services which are available to them and the full cost of these including any often hidden costs which might result from being outside of a low cost area.

Question 18: What indicators should Ofcom monitor in order to get an early warning of demand-side issues?:

Question 19: What options might be considered to address concerns about consumer empowerment at each stage of the decision-making process (access, assess, act)? What more might be required in terms of information provision, switching and measures to help consumers assess the information available to them? What role may Ofcom have to play compared to other stakeholders (including industry)?:

Question 20: Are there examples in competitive or uncompetitive sections of the market where providers are not currently delivering adequate quality of services to consumers? What might be causing such outcomes?:

Reliability of service is an important issue across Argyll for both fixed and mobile services. Previously concerns have been raised about the length of time associated with fixing

infrastructure and the resulting issues this causes for those reliant on the service, including in some cases where it could be classed as a lifeline service to vulnerable people and those without alternative forms of communication.

In particular mobile services can be subject to disruption and with a limited number of masts across the area loss of signal from one can leave large areas without signal for sometimes a number of weeks. Whilst it is recognised that the relatively remote locations of masts and poor weather conditions can hamper repairs, the loss of service can also cause significant issues. Consumers should be able to see that everything possible is being done to repair the fault at the earliest opportunity with realistic resolution dates identified and widely publicised.

Question 21: What further options, if any, should Ofcom consider to secure better quality of service in the digital communications sectors?:

Question 22: Might there be future opportunities to narrow the focus of ex ante economic regulation whilst still protecting consumers against poorer outcomes?:

Question 23: Where might future network evolutions, including network retirement, offer opportunities for deregulation whilst still supporting good consumer outcomes?:

We note that the Strategic Review refers to PSTN being switched off and the implications this could have for contact to the emergency services during power cuts. Given the remote nature of much of Argyll as well as exposed location of many communities, power cuts can occur regularly and can take some time to resolve. We would have concerns that a 1 hour battery backup would not be adequate. As an example of extreme weather, when snow and gales hit the Kintyre peninsula in March 2013 approximately 20,000 properties across Western Scotland lost their power, for the majority the power remained off for several hours while a significant number of premises remained without power for several days.

Question 24: What are the potential competition and consumer protection implications of the rise of OTT services? Might the adoption of such services enable future deregulation without raising the risk of consumer harm?:

Question 25: Are there any areas where you think that regulation could be better targeted or removed in future? What would be the benefit of deregulation as well as the main risks to consumers and how these could be mitigated? Please provide evidence to support your proposals.: