Consultation response from Action with Communities in Rural England (ACRE)

Designing the broadband universal service obligation

The regulator Ofcom is seeking views about the design of the proposed broadband universal service obligation (USO). This response comes from the Action with Communities in Rural England (ACRE).

ACRE is the national charity supporting rural community action through its founder members, the Rural Community Councils (RCCs) across England. The 38 RCCs are independent local development agencies, based at county level, addressing social, economic and environmental challenges in rural areas. They provide help, support and advice for community led action in rural areas throughout England. Our response is informed following consultation with our Network members. We have selected comments and evidence from our Network that is broadly representative of the responses received.

The Ofcom cover sheet for consultation responses has also been completed and is submitted along with this document.

Whilst we have reservations with aspects of the current proposals, we support the principle of a broadband USO. Government intervention through the Superfast Broadband Programme has enabled the network to extend into rural areas where there is market failure. This is benefitting many rural households and businesses, albeit often in the easier-to-reach rural areas. Renewed effort is now required to reach the final 5%, most of whom are in rural locations and who still constitute around a quarter of all rural premises.

As outline proposals for the USO have been released it has become clear that this is, in fact, simply a 'right to request' access to a broadband network and is not universal provision of access to such networks. This is most disappointing and means that households and businesses in the final 5% are being treated very differently from those in the 95%.

How should the minimum technical performance of the USO be specified?

ACRE accepts the evidence which indicates that 10 Mbps is currently an acceptable minimum download speed, enabling the average user to conduct everyday online activities. However what constitutes an acceptable download speed is continually increasing and this could have implications for reviewing the USO.

Our members have pointed out that there can be a difference between the theoretical connection speeds and those that a customer actually receives. Indeed speeds can vary throughout the day, so we would want to ensure that the minimum agreed USO speed is consistently received. We also suggest that Ofcom reviews the 10 Mbps figure just prior to USO introduction if this does not occur within the next year or two.

It would also be appropriate to include a minimum upload speed in the USO, since large file sharing and the like will prove difficult at very slow connection speeds.

How should we ensure the USO is affordable?

Premises that cannot currently achieve an acceptable broadband connection should not be financially penalised simply because of where they live or work. Some form of uniform pricing structure is therefore supported for USO provision. This would be in line with other USOs, such as that for postage.

Should there be a social tariff for broadband services?

There is fairly widespread support for some form of social tariff to subsidise USO connections among the least well off. This would help to address concerns about digital exclusion, rural social isolation and the move to digital by default services. There is a strong case for introducing a social tariff to help low income groups go online and reap the benefits.

What might the potential demand for the USO be?

Evidence from the roll out of broadband networks to date is that the highest take up of superfast services is typically in places which previously had the slowest connection speeds. Our members state that there is a fairly widespread expectation that demand will be high in rural areas that have not had access to decent broadband networks and that demand will grow over time although this may depend on connection/usage costs.

We also note, however, that it will be important to promote new broadband networks in order to encourage take-up, but we have to assume that demand for a USO connection will be relatively high in the final 5% areas and that such demand will increase over time.

Cost evidence

We do not have any specific information about the relative costs of using different network technologies. However, we note that using fibre and copper network is unlikely to prove a realistic option in some deep rural areas. From a practical standpoint it is difficult to see how the USO could be implemented effectively without embracing other technologies, such as wi-fi networks.

We also believe that experience shows that community-run broadband networks can provide good value for money solutions. The DCMS evaluation of the superfast broadband pilots would seem to back this position, having demonstrated the cost-effectiveness of alternative technologies in the cases it studied.

Proportionality and definition of a reasonable cost

We strongly support the notion that the cost of providing a USO connection to consumers should not be disproportionate. However, the basic design proposal for the USO, as set out in the consultation document, would lead to unreasonable connection costs for some rural consumers, especially those in the most remote or sparsely populated areas. By definition the remaining areas are going to be relatively high cost to provide for. Setting a £3,400 (or any similar) threshold will therefore impose a cost penalty on many rural consumers, which in some cases could be very high. The USO could be especially unfair on the farming community, given their typically remote locations.

We do not think it is fair or reasonable to make consumers responsible for all of the costs above a threshold. This will lead to some deciding to forego a broadband connection and will especially hit low income rural households or financially marginal businesses.

When and on what basis should the USO be reviewed?

We recognise that the USO cannot be continually altered if it is to be workable for service providers. However, consumer expectations of online connectivity are constantly changing and what was a fast broadband connection five years ago would now be considered as slow.

It will therefore be important for Ofcom to review what constitutes an acceptable minimum download speed (as well as any other specifications) on a regular basis.

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June 2016