

**Title:**

Mr

**Forename:**

Will

**Surname:**

Black

**Representing:**

Organisation

**Organisation (if applicable):**

Federation of Small Businesses

**Email:**

**What additional details do you want to keep confidential?:**

**If you want part of your response kept confidential, which parts?:**

**Ofcom may publish a response summary:**

Yes

**I confirm that I have read the declaration:**

Yes

**Additional comments:**

Dear Sir/Madam,

The Federation of Small Businesses (FSB) welcomes the opportunity to respond to the invitation to comment on the 2015/2016 Ofcom Annual Plan.

The FSB is the UK's leading business organisation. It exists to protect and promote the interests of the self-employed and all those who run their own business. The FSB is non-party political, and with around 200,000 members, it is also the largest organisation representing small and medium sized businesses in the UK.

Our key comment on the Ofcom Annual Plan would be to request that more is done to ensure that the needs of small businesses are given the attention which their significance deserves.

Small businesses make up 99.3 per cent of all businesses in the UK, and make a huge contribution to the UK economy. They contribute 51 per cent of the GDP and employ 58 per cent of the private sector workforce. 94 per cent of small businesses already view a reliable internet connection as vital to the success of their business and as business practices and technology evolves, their dependence on high quality, super fast broadband will only increase in future - regardless of the sector or industry in which the business operates.

We recognise that steps have been taken by Ofcom in the past year to focus more on the needs of SMEs and we look forward to working with Ofcom in future to continue these positive developments.

We trust that you will find our comments helpful and that they will be taken into consideration.

Yours sincerely,

Mike Cherry LIWSc FRSA  
National Policy Chairman  
Federation of Small Businesses

**Question 1: Are there areas of Ofcom's overall strategic approaches and purposes (outlined in paragraphs 2.4 to 2.10 above) that may need to change?:**

**Question 2: What are the issues and areas that should form Ofcom's priorities or major work areas in 2015/16?:**

We recognise that the statutory obligation on Ofcom is to promote the needs of consumers and citizens in relation to communications services. In our view, any future work plan must recognise that the term 'consumers' incorporates small businesses as well as residential customers and larger enterprises.

The centrality of small businesses to the national economy and to the future growth prospects of the UK means that it is vital that regulatory bodies like Ofcom take these interests into account when making their decisions. Ofcom should not view the needs of the small business market as distinct to other consumer markets - instead all work items should include a consideration about any potential effects which there might be on small businesses.

As stated above, the FSB has welcomed the recent focus from Ofcom on the needs of small businesses. We would expect that the work items identified within the programme of work set out on 4 September 2014 will be integrated into planning for the next year. In particular, we support the efforts of Ofcom to give SMEs the information they need to confidently purchase services which are appropriate for them.

We also welcome Ofcom's recognition that leased line products are not necessarily appropriate for SMEs due to their high price. A broader review of business connectivity would be valuable as a result. Whilst this should take place within the BCMR process, we also believe that a wider review is needed. We have therefore also called for Ofcom to ask the CMA to use their concurrent competition powers to launch a wider review of the competitive state of the broadband market. We would be happy to work with the relevant teams to

articulate the needs of different small businesses wherever this would be helpful.

Since the publication of the plan of work, we have engaged with Ofcom to promote the new guide for SMEs which is available on your website. We have contributed case studies to the Infrastructure Report which demonstrate the scale of the challenge which small businesses on business parks have faced. We look forward to continuing to engage with Ofcom to ensure that the needs of small businesses are fully incorporated in the policy making process.

The FSB published a report into the state of the broadband market in July 2014 which found significant gaps between the needs of SMEs and the services they are able to access. As a result, we made the following recommendations:

- The creation of an ambitious national broadband strategy to deliver universal connectivity throughout the UK, regardless of location.
- By 2018/19, delivery of a minimum 'service level floor' of 10 Mbps to all premises in the UK.
- By 2030, delivery of guaranteed minimum speeds of 100 Mbps to all premises in the UK.
- In the short term, the Government should prioritise the delivery of fibre optic broadband to new and existing business parks and ensure enterprise zones are fully connected. This could be done through retargeting the funds used as part of the super connected cities project.
- The CMA should, at the request of Ofcom, conduct a comprehensive review of the broadband market to examine options to boost competition with the aim of delivering more tailored and affordable options to small businesses. This should include more support for new entrants in the market and an assessment of the impact of the dominant position of BT on competition and the future development of the market, whether that be fixed line, mobile or new technologies not yet on the market.
- Alongside the fixed broadband market, the Government should also explore reforms in the mobile market to address 'not spots', 'partial not-spots' and blackouts. This should include assessing the viability of moving towards national roaming between Mobile Network Operators (MNOs). We welcomed the recent commitment by the Secretary of State for Culture, Media and Sport to pursue national roaming unless MNOs take remedial action to address poor mobile coverage. Evidence of the latter must be forthcoming in the immediate short term to justify not going ahead with a system of national roaming that encourages investment in resilient networks.
- All aspects of broadband policy should be tasked to one department with a single Minister assuming responsibility for overseeing the delivery of universal connectivity.

We would welcome any further opportunities to discuss the findings and recommendations of our report with your organisation.

**Question 3: Are there any specific areas for deregulation or simplification in the coming year?:**