

A New Broadband Universal Service Obligation: Consultation

A response from the Rural Services Network

The Department for Culture, Media & Sport is seeking views on the Government's approach to introducing a new broadband Universal Service Obligation (USO).

This response comes from the Rural Services Network (RSN), which is a membership organisation representing 154 local authorities (counties, unitaries and districts) and almost 100 other rural service providers (such as police authorities, fire and rescue authorities, housing associations and public transport operators). Thousands of parish/town councils and community bodies are associate members. The RSN exists to: make representations on issues affecting rural services; promote active networking among rural providers and sectors; and establish and broadcast rural best practice.

It is worthwhile stating upfront that the RSN acknowledges the progress made with rolling out broadband coverage as a result of the Superfast Broadband Programme (whilst recognising certain design despite certain issues that have arisen). Many RSN member authorities have managed the programme locally. This effort has and is benefitting many rural households and businesses, especially in easier-to-reach rural areas. Without the Government intervention such progress would certainly not have been possible.

The RSN also welcomes the proposal to introduce a broadband USO. It is something we have called for recognising that broadband is now an essential utility. We will not rehearse, here, all the arguments why that is so.

The consultation document asks three questions, which we briefly address below.

Q1: Do you have any concerns about the approach that has been set out here?

We are very concerned with the proposal to make the USO entirely demand-led and not to have a successor to the Superfast Broadband Programme. We recognise that hard-to-reach (mainly rural) premises will cost more to connect with broadband networks. That is what causes the market failure and is exactly why public sector intervention is justified in such areas. The focus of public funding for broadband should be (and always should have been) hard-to-reach areas, rather than commercially marginal areas.

Although details remain to be worked out, it seems clear that the approach proposed in the consultation paper would place a large part of the USO cost onto consumers in currently unconnected areas. It would introduce a significant cost-penalty for consumers living or working in very rural areas. This seems to fly in the face of the promise that the USO would provide broadband connections at a reasonable cost.

It is also very unclear how practical a demand-led USO would be to deliver. Given that the rest of the USO connection cost would fall on a network provider, the question arises how would providers be forced to deliver in the most rural areas? It seems inevitable that they will be unwilling and will seek ways to avoid delivery in the highest cost rural areas.

The RSN therefore believes that there must be a successor to the Superfast Broadband Programme as part of introducing any USO. This would avoid there being an unacceptable cost-penalty for rural consumers and would ensure that providers are willing to deliver on the USO in rural areas.

Whilst a USO would, in principle, be most welcome, an entirely demand-led proposal is flawed and unfair. As it stands, the USO would only seem to give the right to ask for a broadband connection. We very much hope that the proposal will therefore be looked at again.

Q2: We do not propose to specify speed in primary legislation. Should speed be specified in primary or secondary legislation?

The RSN agrees that it would be counter-productive to specify the USO speed in primary legislation. What is an acceptable broadband speed for typical uses is changing (increasing) all the time. Ofcom have referred to 10 Mbps as the current reasonable level. Whilst we do not dispute this, it may even be that by the time a USO is introduced that speed looks out of date.

Specifying speed in secondary legislation would be sensible. It would still give the USO legislative clout, whilst offering more flexibility and making it easier to up-rate in future. In short, we support the direction of the consultation paper on this question.

Q3: In terms of giving the Secretary of State a power to direct Ofcom to review the USO, should Government have a continuing role in the USO, or should this be a matter for Ofcom?

It is important that Ofcom can provide independent review and advice about the USO. That is a technical role which would be best handled in an independent manner by the regulator. We would hope that Ofcom can monitor adherence to the USO and advise on its up-rating without interference.

RSN does, however, think that Government should retain a role. Whilst we would hope to see Ofcom set its own timetable for regular review of the USO, we believe it is still right and reasonable for Government to retain the power to direct Ofcom to instigate a review. RSN also believes there is a case for Government retaining the power to intervene and set a higher USO level than Ofcom might otherwise propose. Ofcom would presumably propose a USO based solely upon a technical assessment. It seems perfectly reasonable for Government's to take wider economic and social aspirations into account and to have higher policy ambitions for broadband connectivity.