

DRAFT RESPONSE SERVICE

As part of the Rural Opportunities Bulletin, RSN will regularly provide concise potential responses to key current consultations. These are not intended to be definitive or to reflect the views of RSN and may include potentially opposing responses to reflect different views designed to assist individual organisations in compiling their own response. We do however recognise the pressure members are under and we hope this service will assist.

Broadband Universal Service Obligation: consultation on design – Department for Digital, Culture, Media & Sport

The Digital Economy Act 2017 which received Royal Assent in April, enabled the creation of a new broadband Universal Service Obligation (USO), giving every household and business the right to request a broadband connection at a minimum speed of at least 10Mbps, up to a reasonable cost threshold - no matter where they live or work. Following this, the Government is consulting on the specific design of the USO which would be set in secondary legislation.

The consultation covers a number of interrelated design issues - the minimum specification, the technologies and providers that can deliver this, affordability, how it is funded and minimising market distortion. It also considers the review of the USO to ensure that it remains relevant over time.

This consultation closes on 9 October 2017.

<https://www.gov.uk/government/consultations/broadband-universal-service-obligation-consultation-on-design>

Suggested possible elements of potential responses are set out below.

Access to broadband has become a staple of modern life. It is an enabler of business competitiveness and innovation, household access to services, children's education, home working, farmers completing paperwork and social interaction among family, friends and citizens. Broadband has the potential to mitigate the rural disadvantage that results from geography and peripherality. Conversely, without it, rural economies will fall further behind and communities may grow yet more isolated.

The 5% of premises which fall outside the current Superfast Broadband Programme represent, perhaps, a quarter of all rural premises and, perhaps, half of smaller rural settlements (villages, hamlets and isolated dwellings). Very few farms have superfast broadband access. Local analysis has shown that the areas not due to benefit from the Superfast Broadband Programme are typically the same areas that already have poor physical access to service outlets. It may compound their isolation.

In designing the new USO, a range of issues need to be properly considered including:

- The intention to bring in a broadband USO is welcome, in principle. The current proposal to set this at 10 Mbps is acceptable at present, but will need regular review to keep pace with online applications and expectations. Even by the time the USO is introduced 10 Mbps may no longer be appropriate.
- It is reasonable and fair that Government and suppliers contribute towards the potentially very high connection costs in deep rural areas. Current USO proposals are inequitable, in expecting those households and businesses in potentially hard-to-reach areas to pay a large

premium for construction costs to get a decent broadband connection. Nor is it clear how the actual costs would be measured fairly by network providers. Deep rural households and businesses may be left choosing between paying a large bill or staying with a slow connection.

- There is no specific justification for setting the cost threshold at £3400. This seems to have been chosen simply because it was one of the randomly selected figures used for modelling purposes. More refined modelling, examining the impacts at a wider range of cost thresholds, should be undertaken. For example, if a small increase in the threshold results in a massive reduction in the number of unserved premises at limited total cost this may be justified.
- If Government, local authorities and communities are to tackle the residual problem they need an accurate picture of which premises can and cannot access superfast broadband. Post code area data is too crude for them to draw up workable plans and projects. Given the scale of public contracts with BT, the quid pro quo should be access to detailed information.
- Government should see satellite, which it says delivers 2 Mbps broadband universally now, as merely an interim solution. Although it can be an option for rural premises, user charges for this technology are typically high and latency (or signal delay) can be an issue.
- In relation to any funding, government should prioritise deep rural areas, where market failure is most acute and the clearest case for intervention exists on grounds of equity. This should include the use of recycled funding, which is generated by claw back arrangements where superfast broadband take up is high.
- Various parties need to step up efforts to stimulate demand, so that superfast broadband take up increases and its potential is exploited, especially by rural based businesses. This will also improve the return on public investment. These efforts should include specific targeting of businesses and communities in very rural areas.
- The proposed USO review mechanism set out in the consultation is wholly inadequate. It is far too slow and unresponsive to reflect changing habits and opportunities created by an increasingly digital society. Rural areas already lagging behind will see the gap between them and connected communities grow exponentially. This situation should not be seen as acceptable to government.

NB: For information, the government's response to BT's offer to deliver 10Mbps universal broadband can be viewed [here](#).