

COUNTRYSIDE ALLIANCE BRIEFING NOTE: UNIVERSAL SERVICE OBLIGATION FOR BROADBAND

**ADJOURNMENT DEBATE, EDWARD TIMPSON MP
MAIN CHAMBER, 8 OCTOBER**

Background:

- In the Statement of Strategic Priorities for telecommunications published earlier this year the Government laid out its commitment to deliver nationwide full broadband coverage by 2033 and increasing geographic coverage to 95 per cent by 2022.
- Backed up by spending commitments in the last Budget for £200 million to roll out a series of local projects to accelerate market delivery of fast and reliable full-fibre broadband to more homes and businesses means we have seen both fixed line and mobile phone networks geographic reach into rural areas expand.
- Continued poor connectivity in rural areas represents a huge missed opportunity for economic development and these gaps and weaknesses need to be addressed as a priority. The current lack of broadband infrastructure serving small firms threatens the expansion of the rural economy currently worth £400bn annually. The business opportunity includes 28 per cent of all UK firms and over one million small businesses.
- In 2018 11 per cent of rural premises could not get a 10 Mbps fixed line connection, the speeds required to meet a typical household's digital needs - the proposed speed of the Government's Universal Service Obligation (USO). 24 per cent could not get a 30 Mbps (superfast broadband) connection. The equivalent urban figures are 1 per cent and 3 per cent respectively.
- This is due to two factors. Some parts of the (fixed) telecoms network have not yet been broadband-enabled and some rural properties are distant from street cabinets which have been broadband-enabled, so suffer from signal decay.
- Take up of superfast broadband services is growing but it is still lagging behind urban areas. In 2017, 39 per cent of rural premises that could access such a connection had opted to take it up. However, more must be done to encourage take up which will in turn incentivise providers to deliver a better service to rural areas.
- Business satisfaction with connectivity is lowest in remote rural areas and among those whose job requires them to travel. The British Chambers of Commerce found that 30 per cent of firms in rural areas had unreliable broadband, more than twice as high as those in towns and cities.

Universal Service Obligation:

- The USO is a welcome step forward in bridging the digital divide where there has been market failure in delivering broadband to all parts of the UK, has given rural businesses

and farmers hope about the future of broadband in rural areas and should increase options for the delivery of broadband to the final few.

- Delivering better coverage to the final few is a complex and critical task and needs careful planning and consultation with industry and communities. As USO rollout programmes move forward, the UK Government need to address the issues faced by businesses and households in the more remote and rural areas of the country in order to ensure the USO is delivered and exceeded where possible.
- The Countryside Alliance is fully supportive of a 10Mbit/s download speed and the recognition that as advancements in technology continue apace, as expectation levels continue to rise, so it is important that any USO has the flexibility to be upgraded over time as technology and demand evolve. It is also important the Government and industry view the USO as a complement, not replacement, for the on-going deployment of 24Mbit/s and gigabit capable broadband.

Cost cap:

- BT will fund installations that cost up to £3,400, but an estimated 60,000 premises, mainly in rural areas, will cost up to 30 times more to connect and residents will have to fund the excess themselves. This is just unacceptable particularly at a time when digital connectivity is more important than ever with more people working from home because of COVID-19.
- The Countryside Alliance always had concerns about the cost cap threshold, how it will work, and the fairness. Rural businesses and households often have to access government services through the internet as there is no alternative way to operate or even access information. It is therefore unfair that they are then asked to pay thousands of pounds, in instances upwards of £100,000, to be connected to the internet.
- The reports in the media of households and businesses being quoted hundreds of thousands of pounds is alarming and is leaving many unable to connect. It is also disappointing that neighbours cannot share the cost of connection which would bring costs down for individuals and we ask BT as a matter of urgency to look at this.

Countryside Alliance position:

- USO should be available to everyone, as the name implies. It is necessary to ensure that the most rural, hard-to-reach properties can enjoy the same workable broadband speeds as the rest of the UK. Rural properties should not be priced out of the service.
- BT must review the cost cap to allow neighbours to share costs when threshold is reached.
- Broadband is not an optional extra in this digital world and rural consumers should not be expected to pay excessive amounts to be connected. As such, properties should be allowed to share the costs under USO, this would ultimately help connect rural residents and, depending on how many individuals were involved, could also bring costs below the cost cap.
- Currently, only 1 million homes are being connected a year to superfast. If the Government is going to match its manifesto commitment this needs to increase to 4 million a year. To

deliver the required outcome of levelling up economic opportunity and investing in infrastructure, Government needs to increase funding and deliver regulatory change.

- 21 per cent of residential premises in rural areas are unable to access superfast broadband compared to just 3 per cent in urban areas. Economic productivity in rural areas is 16 per cent the national average. The gap between superfast broadband connectivity in urban and rural areas has widened according to the 2019 Connected Nations report by Ofcom.
- Given the geography and population densities of different areas of the UK it is clear that there will be locations where the length of the line to individual premises will mean that delivery of even 10Mbit/s is difficult, if not impossible, through fibre cables. Distances between exchanges and premises reflect the lower population densities and disparate nature of dwellings in rural areas. On these occasions, industry, government, and communities must work together to fill those gaps and find a solution.
- One of the main obstacles to high speed broadband and mobile connectivity in rural areas is the lack of infrastructure able to support high speed connections. The Countryside Alliance also welcomes the introduction of a Universal Service Obligation (USO) of 10Mbit/s for broadband speeds across the country. However, the UK Government needs to consider how the USO is going to be delivered and allocate resources to ensure that 10Mbit/s can be accessed in all premises across the UK, including rural areas.
- A recent survey of over 1,000 Countryside Alliance members and supporters showed that 70 per cent of respondents felt digital infrastructure was the most important issue in relation to the rural economy followed by the provision of services. Ofcom have repeatedly identified how broadband is considerably less available in rural areas in their annual Connected Nations reports.

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