

COUNTRYSIDE ALLIANCE BRIEFING NOTE: BROADBAND AND DIGITAL CONNECTIVITY

Backbench Business: Debate on a motion relating to digital infrastructure, connectivity and accessibility.

December 2020

Background:

- Delivering full fibre and gigabit capable broadband to the countryside by 2025, as committed to in the Conservative General Election Manifesto, must remain a Government priority. It was disappointing in the Comprehensive Spending Review to see that commitment watered down to 85% coverage.
- Increased investment in full fibre connectivity by broadband operators is to be welcomed but this financial commitment must also be delivered in hard to reach rural areas to ensure they can also benefit from the opportunities fibre connection brings.
- 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.
- 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.
- COVID-19 has once again highlighted the disparity in broadband connectivity across the country as the networks have struggled to keep up with unprecedented demand which has seen millions of Britons suffering as a result of poor connectivity and outages. We saw a 62% rise in outages in April and a third of people surveyed had experienced internet issues during lockdown. This impacts everyone from those trying to home school to homeworkers supporting the economy.
- The Countryside Alliance believes connectivity should certainly be right at the top of the Government's list of topics to review following lockdown.

Comprehensive Spending Review:

- Last week saw the Chancellor present the 2020 Comprehensive Spending Review which promised £5bn to build the UK Gigabit Broadband Programme. This had aimed to rollout gigabit enabled broadband to everyone, particularly focussing on trying to identify and tackle the final 20 per cent. This commitment had already been rowed back from a promise to deliver full fibre to every home. However, the publication of the National Infrastructure Strategy and the CSR saw that commitment slashed to 85 per cent by the end of 2025

leaving 15 per cent of households wondering how they are going to get a gigabit broadband connection.

- The £5bn commitment from government has also been watered down with only £1.2bn allocated up to 2024 with the promise of more funding to be allocated over the next four years to support the rollout of gigabit broadband to the hardest to reach areas which are mainly in rural Britain. The government is also acknowledging that the network is still going to be built beyond 2025.
- This row back is a major blow for rural communities who have been crying out for better digital connectivity for decades. The government talk of levelling up the north/south divide and building back better which we fully support but this must also include the countryside.
- With rural productivity 16 per cent below national average, the government needs to close that gap and one way would be by delivering on its promise for gigabit enabled broadband by 2025 unlocking the potential of the rural economy.
- If the government is committed to growing the economy post COVID-19 and building back better, then the government's new green plan and other initiatives must involve those who live, work and manage the countryside, which as currently presented it does not do enough.

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:

- The decision to down grade the commitment to deliver gigabit enabled broadband to all in rural communities must be urgently reviewed. It is unacceptable that the needs of rural communities are once again being ignored.
- 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.
- 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, however with the scaling back of the commitment we are concerned the government will take their foot off the pedal. To deliver the required outcome of levelling up economic opportunity and investing in infrastructure, the government actually needs to increase funding, deliver regulatory change and reverse its decision to downgrade the rollout programme.
- The 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.
- 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.
- 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.

For more information please contact:

Sarah Lee

Head of Policy

sarah-lee@countryside-alliance.org

Edward Rowlandson

Political Relations Manager

ed-rowlandson@countryside-alliance.org