

Local Government Association Briefing

Digital Economy Bill

House of Lords, Report Stage

22 February 2017



Briefing

KEY MESSAGES

- **Amendment 1 to Clause 1, tabled by Lord Mendelsohn, Lord Stevenson of Balmacara, Lord Fox and Lord Clement-Jones**, will require the broadband Universal Service Order (USO) to specify minimum download and upload speeds to be made available in every household in the United Kingdom by 2020. We support this idea, and we are calling for minimum download speeds to increase in line with national average speeds, and for obligations on upload speeds to be included in the USO. However, in our view the USO's long-term performance requirements are best outlined by the Government in secondary legislation, not in the Bill.
- **We support Amendment 3 to Clause 1, tabled by Baroness Janke, Lord Fox and Lord Clement-Jones**, to require the provision of a broadband social tariff in order to meet the obligations of the broadband USO. We are calling for the Government to put in place a social tariff to ensure a basic service of at least 10Mbps is available at an affordable price to those most in need, and to prevent further digital exclusion.
- **We support Amendment 4 to insert New Clause, "Annual report to Parliament"**, tabled by Lord Fox and Lord Foster of Bath, to ensure that Parliament receives full details of Ofcom's annual reports on the implementation of the broadband USO, in order to improve the transparency of the rollout of the USO.
- **Clause 87** will provide publicly-funded basic digital skills training free of charge to qualifying adults in England. We welcome the Government's commitment to upskill people with basic digital skills training. However, the new training will be funded by the existing Adult Education Budget (AEB), which already suffers from limited resources. It is crucial that the Government provides clarity as to how this programme will be funded, and should ensure the AEB has adequate additional funding to match the new commitment.

Further information on key clauses

We support the intention behind Amendment 1 to Clause 1, tabled by Lord Mendelsohn, Lord Stevenson of Balmacara, Lord Fox and Lord Clement-Jones

The amendment would require the broadband USO to specify minimum download speeds of 30 Mbps, and upload speeds of 6 Mbps, to be made available in every household in the United Kingdom by 2020. The amendment also requires the Secretary of State to ensure that the rollout of universal service broadband obligations is delivered on a fair and competitive basis.

In our view, it will be imperative that the USO has specific obligations on upload speed. A survey conducted by The Federation of Small Businesses found over half of businesses (61 per cent) were dissatisfied with the upload speed they were receiving from their connection.¹ In its final report on the scope of the broadband USO, Ofcom states that introducing upload speeds into the USO would mean even

more households prove eligible, as many have sufficient download but not upload speeds.ⁱⁱ With this in mind, the USO specification should obligate suppliers to provide consistent uploads speeds at a minimum of 2Mbps with the aim of doubling that figure over the next 10 years. The Government will outline the USO's performance requirements in secondary legislation.

We are calling for the Government to legislate for the USO's minimum speeds to be reviewed at appropriate intervals and upgraded when necessary. We would like to see the USO's specifications reviewed by Ofcom by the end of 2020 to consider whether its design is still fit for purpose, given the expected rise in average download and upload speeds over time.

The LGA's 'Up to Speed' campaign aims to ensure that every resident and business has access to faster broadband.ⁱⁱⁱ It also highlights a number of success stories of how local authorities have developed their own broadband delivery frameworks. Up to Speed has received national media coverage and led to the Government clarifying that broadband speeds will keep pace with consumers' needs, a key request of the LGA.

We support Amendment 3 to Clause 1, tabled by tabled by Baroness Janke, Lord Fox and Lord Clement-Jones

Amendment 3 requires the Government to provide a broadband social tariff to ensure a minimum basic service is available to those most in need at an affordable price. Such a tariff, implemented in order to prevent further digital exclusion, would mean all households had the option to receive a subsidised service in line with the USO, if they faced undue hardship in paying a market rate.

The Government should put in place a social tariff in a similar manner to the tariff provided for the telephony USO by BT. The broadband social tariff should be available from any supplier that delivers the USO, and will ensure a basic service of at least 10Mbps is available to as many people as possible. Research commissioned by Ofcom in 2014 demonstrated "marked relationships between socio-economic deprivation and [poor] broadband availability in cities".^{iv} Our members also report similar correlations in rural areas potentially signalling that demand amongst the low income demographic could be high.

We have been clear that broadband access is now essential as a safety net with Government services increasingly switching to digital. It has the potential to reduce social isolation and enable people to be cared for more easily outside of hospitals. Good digital connectivity is a vital element of everyday life for residents and can help them cut household bills, shop online for cheaper goods, stay in touch with distant relatives, access their bank accounts and even run their own businesses.

Age UK, supports our call for a social tariff to be included in the Government's broadband USO. Age UK Director, Caroline Abrahams, has said that the older generation is increasingly using the internet for vital tasks, and should be entitled to receive a decent service, whatever their income.^{vii}

We support Amendment 4 to insert New Clause, "Annual report to Parliament", tabled by Lord Fox and Lord Foster of Bath

This amendment would insert a new clause in the Bill to require Ofcom's annual reporting on the progress, success and take-up of the broadband USO to be presented to Parliament. This reporting function would improve the transparency of the rollout of the USO. Parliament should be presented with information including the measures taken by Ofcom, Government and others to increase the take-up of superfast broadband, the number of premises that have been required to cover

some of the cost of connection, and the take-up of superfast broadband as a percentage of connected households.

Switching providers (Clause 2)

We support the Government's ambitions to empower consumers to more easily switch providers to help reduce household bills and encourage price competition in the market. As part of this, Ofcom should explore the viability of collective switching initiatives in the communications market.

Compensation for fault repairs (Clause 3)

We welcome moves to allow consumers to receive compensation when their broadband services are below standard. We expect the Government to lay this in secondary legislation and as an example of an appropriate timescale, Ofcom compel Openreach as a minimum over the course of a given year to complete "around 80 per cent" of fault repairs within two working days of being notified.^{vii} The compensation process should be as simple as possible and the ultimate obligation to resolve issues should be on providers.

Digital Skills training for adults (Clause 87)

The Government's commitment to upskill people with basic digital skills training is a step in the right direction, and one which we welcome. In an increasingly digital society, it is right that everyone has access to digital skills so they can play an active economic and social role.

With this in mind, there are issues to be considered regarding funding of the new commitment made, through Clause 87. This clause, added in Committee, enshrines the Government's commitment to provide publicly-funded basic digital skills training free of charge to adults in England who need it.^{viii} Courses will be delivered by colleges and other adult education providers, and training will be funded from the existing Adult Education Budget (AEB).

The Government's announcement made clear that the new training will be funded through the £1.5 billion a year Adult Education Budget across England. The AEB is already the result of three reduced and consolidated funds and is being progressively devolved to combined authorities. Further devolution of the AEB is a step in the right direction. For many areas, it will be stretched, particularly in places with high unemployment and low skills levels where a large proportion of the budget will be spent on statutory entitlements.

Current statutory entitlements covered by the AEB account for £0.5 billion to help prepare people for life and work and we know it is likely to include Maths, English, Educational Services Overseas Limited (ESOL) and digital. The budget for this was set prior to the recent skills announcement so it is not yet clear what further analysis has been done to qualify how free training for all will increase the entitlements element of AEB. Nor are we clear if it will fully fund Level 2 training for 19-23 year olds

ⁱ Federation of Small Businesses, [A two-speed digital economy](#), January 2015

ⁱⁱ https://www.ofcom.org.uk/_data/assets/pdf_file/0028/95581/final-report.pdf

ⁱⁱⁱ [LGA 'Up to Speed' campaign website](#)

^{iv} "Impact analysis of socio-economic factors and broadband availability", Final report for Ofcom, May 2014

^v http://www.local.gov.uk/media-releases/-/journal_content/56/10180/7999053/NEWS

^{vi} <http://www.belfasttelegraph.co.uk/technology/call-for-social-tariff-to-ensure-broadband-access-for-all-35145729.html>

^{vii} <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2014/famr-statement>

^{viii} [DCMS Press release, 'Government plans to make the UK one of the most digitally-skilled nations', 1 October 2016](#)