

Local Government Association Briefing

Broadband Universal Service Obligation

House of Commons

Thursday 15 December 2016



KEY MESSAGES

- The Government's proposed creation of a broadband Universal Service Obligation is a step in the right direction for creating a safety net to residents and businesses not connected. The Government must ensure the USO keeps pace with national average speeds and the expectations of households, provides consistent upload speeds and obligates providers to fix faults with connections within appropriate timescales.
- Access to fast and reliable digital connectivity is a necessity for households and businesses in the UK and is a major driver behind growth, jobs and the emerging creative industries. It is essential the USO is implemented as quickly as possible to ensure all residents in the UK have access to a minimum standard of connection. The LGA has worked with the Government and Parliament to raise councils' ongoing concerns over residents' lack of access to fast and reliable broadband.
- While the recent announcement in the Autumn Statement of new investment for digital infrastructure is good news, the Government must not lose sight of the needs of communities, particularly in rural areas, already struggling to receive a basic broadband service.
- Local government has been a key player in the roll-out of improved digital connectivity across the country, working closely with industry to extend coverage to local communities via the Superfast Broadband Programme. Councils maintain the best overview of local areas' digital connectivity needs and provide an important link between communities, mobile operators and broadband infrastructure suppliers.
- The LGA's '*Up to Speed*' campaign aims to ensure that every resident and business has access to faster broadband.¹ 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.

BACKGROUND INFORMATION

The Broadband Universal Service Obligation

Clause 1 clarifies the Government's powers to include broadband within the scope of the Universal Service Obligation (USO). The Bill passed through the House of Commons and had its Second Reading in the House of Lords on Tuesday 13 December. The proposed USO would give all citizens the legal right to request a

¹ [LGA 'Up to Speed' campaign website](#)

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broadband connection, similar to the way to the way the existing USO operates to request a telephone line or arrangements for the installation of utilities. The Bill's explanatory notes highlight the Government's ambition to give people the legal right to request a broadband connection with speeds of 10Mbps by the end of the Parliament. The Government intends to set out this minimum download speed, along with other specific USO performance requirements, separately in secondary legislation.

The Government's proposed creation of a broadband USO is a positive development. The LGA has worked with Government and Parliament to raise councils' ongoing concerns over residents' lack of access to fast and reliable broadband. Many rural areas, in particular, struggle with speeds of less than 2Mbps while others are unable to receive broadband at all. While the recent announcement in the Autumn Statement of new investment for digital infrastructure is good news, the Government must not lose sight of the needs of communities already struggling to receive a basic broadband service. For example, for farmers, who are integration local rural economy, fast upload speeds are a requirement to utilise the Government's online compliance system. However, according to the National Farmers' Union, only 20 per cent can achieve an upload speed of 2Mbps or more.²

Access to fast and reliable digital connectivity is a necessity for households and businesses in the UK, enabling them to utilise online services such as bill payments and online shopping, to access public services such as telehealth care and filing electronic tax returns. Excellent digital connectivity is also a major driver behind growth, jobs and the emerging creative industries. This is particularly important to rural communities and businesses as it enables them to reach their full potential and compete online. It is essential the USO is implemented as quickly as possible to ensure all residents in the UK have access to a minimum standard of connection.

The USO will underpin the Government's ambitions to deliver more services online at less cost including major transformation programmes like Universal Credit and Troubled Families and to make the NHS paperless by 2020. It will also be vital for the public sector workforce and elected representatives to operate more effectively and productively while working remotely.

The LGA has argued that download speed should only be one of a basket of indicators the USO must meet. In our view, it will be imperative that the USO has specific obligations on upload speed. Fast and reliable upload speed is a growing requirement for rural businesses which utilise cloud services, video conferencing and send large data files. However, 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.³ 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.

To prevent residents and businesses suffering from long term broadband outages, there should be a specific obligation within the USO for Universal Service Providers (USPs) to fix faults with connections within appropriate timescales.

We would like to see a new clause in the Bill to include a reporting function which would compel the Government to report annually on the progress, success and take up of the USO. The annual report should include information on the number of premises that have been supplied with 10Mbps+ connections as a result of the USO

² NFU – [Spotlight on Farm Broadband and Mobile Networks](#)

³ Federation of Small Businesses, [A two-speed digital economy](#), January 2015

including the number of premises that have been required to cover some of the cost of connection and the average cost of connection per premise.

Councils and the rollout of the Superfast Broadband Programme

Local government has been a key player in the roll-out of improved digital connectivity across the country, working closely with industry to extend coverage to local communities via the Superfast Broadband Programme. Councils maintain the best overview of local areas' digital connectivity needs and provide an important link between communities, mobile operators and broadband infrastructure suppliers. The Government defines superfast as speeds greater than 24Mbps.

In England each County Council or Local Enterprise Partnership is leading the broadband roll-out in their area. Councils have played a big role in the extension of digital connectivity to households through the Superfast Broadband Programme and around £740 million of the £1.7 billion invested in this has come from local government.⁴ Many councils are aiming to beat the Government's national target of 95 per cent coverage of premises by December 2017.

Many local authorities are aiming to extend provision beyond the Government's national target of 95 per cent coverage of premises by December. In some places, councils are hoping to achieve closer to 100 per cent by using funding from claw-back clauses in supplier contracts. Despite this, there will inevitably be some premises, mainly from remote rural areas, that will not be reached by the current programme of work. Councils are working to find solutions to extend provision to those in the final five percent.

Over the next five years, commercial roll outs in our towns and cities (such as Virgin Media's Project Lightning) will almost certainly see national average download speeds rise sharply. By 2020, it is likely that over 60 per cent of residents will be able to access services of 300Mbps and faster, with over 95 per cent of premises being able to access at least 30Mbps.

Despite these commercial roll outs, there will still remain a significant amount of premises in rural, and remote rural areas with sub-standard connectivity. Given the pace of change in urban areas, there is a real risk that the digital divide faced by rural areas will become insurmountable. For the USO to tackle this divide, its minimum speed should be linked to the capability of current market speeds and lock-in an obligation on the Government to continue to raise broadband speeds amongst the hardest to reach. Specifically, in partnership with the communications industry, the Government should stipulate the USO minimum download speed as a percentage of average national download speeds.

Digital exclusion

Inevitably, there will be variance on cost and affordability between places depending upon economic, social and geographic characteristics. It is important that any cap or uniform pricing takes into account local circumstance to avoid disadvantaging those areas, particularly in remote rural locations, where residents might be asked to incur above average expense to be connected and, as a result, continue to be digitally excluded.

In order to prevent further digital exclusion, a social tariff should be put in place, in a similar manner to the telephony USO, for those who would face undue hardship having to pay for broadband services. This will ensure a basic service of at least

⁴ [LGA media release, 'Councils urge Government to reaffirm its Broadband Commitment', July 2016](#)

10Mbps is available at an affordable price, so that as many people as possible have access to this essential service. Research commissioned by Ofcom in 2014 demonstrated “marked relationships between socio-economic deprivation and [poor] broadband availability in cities”.⁵ Councils also report similar correlations in rural areas potentially signalling that demand amongst the low income demographic could be high. A social tariff will also be important considering some technological solutions can have high monthly costs with expensive data caps and local government services received by those who might qualify for a social tariff, like universal credit, are increasingly shifting online.

The LGA’s ‘Up to Speed’ campaign

Our *Up to Speed* campaign aims to ensure that every resident and business has access to faster broadband. The <http://www.lgaupertospeed.org/> website provides an online resource which enables people to test the broadband in their area, maps local broadband speeds and provides further information on how to make the best broadband accessible. *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.

The *Up to Speed* campaign highlights a number of success stories of how local authorities have developed their own broadband delivery frameworks, for example:

- **Broadband for the Rural North (B4RN)** was launched in December 2011 by a local volunteer group when it became clear that many homes and businesses would lie outside the areas identified to receive superfast broadband. B4RN relies almost entirely on local investors in the community – by 2015 the community had raised £1.5 million in shares and £1 million in loan capital to get the project off the ground. Community members can contribute by buying shares, subscribing to the service, volunteering time and skills, offering access to their land, attending meetings, and helping to spread the word with fliers, posters and stickers. A total of 1,500 residents are now connected to superfast broadband through B4RN broadband in Lancashire, North Yorkshire and Cumbria.
- **Superfast Essex** is one of 44 Broadband Delivery UK projects across the country, aiming to provide 95 per cent of premises in Essex with superfast broadband by 2019. As part of the programme, councillors from Essex County Council and Epping Forest District Council have launched the Superfast Essex Rural Challenge Project in a pilot area to bring faster connectivity to some of the hardest to reach rural areas, in partnership with ultrafast broadband provider Gigaclear. Gigaclear has invested £5.5 million in the Rural Challenge Project with £2 million of public funding from Essex County Council, BDUK and Epping Forest District Council. Gigaclear is now installing its pure fibre cable network directly to over 4,500 homes and businesses, providing internet speeds of up to 1000Mbps: 1,000 times faster than currently available in the area and 40 times faster than the UK average.
- **Berkshire’s** six unitary councils and Thames Valley Berkshire Local Enterprise Partnership (LEP) joined together to work on a government-backed project ‘Superfast Berkshire’ with the aim of connecting the whole region to superfast broadband. To connect the last nine per cent of hardest to reach homes and businesses, Berkshire’s councils are

⁵ Analysys Mason - [Impact analysis of socio-economic factors and broadband availability](#)

using a mix of private and public sector funded projects to drive superfast broadband coverage to the area. Superfast Berkshire identified businesses struggling because of poor broadband access, then engaged with high-speed internet provider WarwickNet, who initially provided a range of broadband solutions to three sites across Berkshire, with further plans to extend their network to an additional 60 industrial estates and business parks across the county.