

# Local Government Association Briefing

## Digital Economy Bill

### House of Lords, Third Reading

29 March 2017



#### KEY MESSAGES

- The Government's proposed creation of a broadband Universal Service Order (USO) as a safety net for those residents and businesses not connected is a positive development. The LGA has worked with the Government and Parliament to raise councils' on-going concerns over residents' lack of access to fast and reliable broadband, especially in rural areas.
- 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.
- We would like the Government to require the USO to specify minimum download and upload speeds to be made available to every household in the UK by 2020. We broadly supported an amendment to the Bill which obliges the USO to specify minimum speeds. 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 welcome moves to allow consumers to receive compensation when their broadband services are below standard, and we expect the Government to lay this in secondary legislation. The compensation process should be as simple as possible, and the ultimate obligation to resolve issues within appropriate timescales should be on providers.
- The Government's commitment to providing basic digital skills training, free of charge, to qualifying adults in England, is positive. 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.

#### Key clauses

##### *The Universal Service Obligation (Clause 1)*

##### **Amendment led by Lord Mendelsohn, Lord Stevenson of Balmacara, Lord Fox and Lord Clement-Jones**

The Government has made clear that the broadband USO should specify a minimum download speed of 10Mbps. This is a step in the right direction. In the longer term standards must keep pace with national average speeds and the expectations of households, especially at peak times.

An amendment successfully introduced at committee stage by Lord Mendelsohn, Lord Stevenson of Balmacara, Lord Fox and Lord Clement-Jones 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 UK by 2020.

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We broadly support this idea, as in our view it will be imperative that the USO has specific obligations on upload speeds, as well as download speeds. Broadband suppliers should be obliged to provide consistent uploads speeds at a minimum of 2Mbps with the aim of doubling that figure over the next 10 years. However, in our view the USO's long-term performance requirements are best outlined by the Government in secondary legislation, not in the Bill.

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.<sup>i</sup> 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.<sup>ii</sup>

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.<sup>iii</sup> 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.

### **Broadband social tariff**

We would like 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 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 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".<sup>iv</sup>

The Government has made clear that it wants Ofcom to consider a social tariff, to ensure the broadband USO is affordable to all. As part of its consultation on the detailed design of the USO, the Government will consider the case for a subsidy. Ministers have said during debate that the Government is sympathetic to the need for a social tariff, but that further work must be done before it is put into legislation.

### **Universal Service Order reporting function**

We have called for a new clause in the Bill to include a reporting function which would compel the Government to report annually on the USO's progress and success. A 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 take-up of superfast broadband as a percentage of connected households, and the number of premises that have been required to cover some of the cost of connection.

The Government has said that it will be crucial to monitor progress in implementing the USO, as it is an important consumer measure. However, it believes the reporting requirements should be decided once the USO has been finalised. We expect the Government to publish details of the reporting requirements in due course.

### ***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, and we expect the Government to lay this in secondary legislation. The compensation process should be as simple as possible, and the ultimate obligation to resolve issues within appropriate timescales should be on providers.

The Government has stated that Ofcom will publish a full consultation setting out how automatic consultation will work this year. We will await the conclusions of this consultation.

### ***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 the skills to play an active economic and social role.

With this in mind, there are issues to be considered regarding funding of the new skills provision. This clause enshrines the Government's commitment to provide publicly-funded basic digital skills training free of charge to adults in England who need it.<sup>v</sup> Courses will be delivered by colleges and other adult education providers, and the Government has 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. Current statutory entitlements covered by the AEB include £0.5 billion to provide for maths, English, English for Speakers of Other Languages (ESOL) and digital training. The budget for this was set prior to the recent skills announcement, therefore it is not yet clear what further analysis has been done to assess how free training will impact on the entitlements element of the AEB.

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

<sup>ii</sup> [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0028/95581/final-report.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0028/95581/final-report.pdf)

<sup>iii</sup> [LGA 'Up to Speed' campaign website](#)

<sup>iv</sup> "Impact analysis of socio-economic factors and broadband availability", Final report for Ofcom, May 2014

<sup>v</sup> [DCMS Press release, 'Government plans to make the UK one of the most digitally-skilled nations', 1 October 2016](#)