Action with Communities in Rural England (ACRE)

Rural broadband, 5G and digital-only services

ACRE Network Policy Position

July 2019

ACRE Network policy position based on our submission to the EFRA Committee inquiry, June 2019

The ACRE Network covers all of England through its 38-member charities. Our focus is on the wellbeing of all people living in all rural areas of England, especially those who are at risk of isolation and disadvantage and for whom rurality brings an additional challenge and cost to their daily lives. In the context of health and care services we believe that nobody should be unreasonably disadvantaged in their access to public services by the rural location in which they live.

1.   **Overview / summary**

2.   In launching a recent inquiry into broadband and digital services, the EFRA Committee Chairman, Neil Parish MP, stated that five years on from the its last look at this issue, the divide between rural areas and urban ones has become greater and government's intervention seems to have lacked effectiveness. Indeed, as fast as digital connectivity moves forward, and society's dependence on it deepens, the divide in access to the benefits between rural and urban areas becomes greater.

3.   In ACRE's view the situation is becoming grave. We responded to the questions raised by the Committee and reproduce these below. However, we believe that this issue can be compressed into a single, critical, question for Government ahead of the 5G spectrum auctions that will take place in 2019:

> **Can the UK afford to leave 17% of its population, and a central part of its foundation economy, without access to the very connectivity that will define global society over the next fifty years?**

4.   Looked at from the perspective of rural communities, the four Grand Challenges defined by the UK Government: Artificial Intelligence, Ageing Society, Clean Growth and Future Mobility are of critical importance and have an impact on rural community life far beyond just industrial and commercial considerations. It is unimaginable that the resolution of these challenges will not be underpinned by the kind of hyper-connectivity that is summed-up in the phrases and technologies: 'fibre to premises' and '5G mobile infrastructure'.

5.   As implied above, we tend to use the term '5G' in the same way that others are doing. However, it is clear to us that this is not a direct progression from 4G and may include a range of different technologies and network capabilities brought together under this title. Some consider that these technologies may be problematic in rural areas, but we should not allow the use of this label to divert us from seeking an equity to digital connectivity for rural communities, irrespective of the technology that underpins it.

6.   **Not to ensure that rural areas have equal access to these technologies is to condemn the 17% of people who live there either to being forced to move away or to a second-class form of citizenship.** The question,

therefore, is not whether to intervene through regulation and other government action, but how to do so more effectively and how to learn lessons from previous attempts to intervene. It is from this standpoint that we answer the Committee's questions.

7.   Why are rural areas at risk of being left behind?

8.   There is currently a strong reliance on market mechanisms to provide digital and mobile services and these can act as constraints when it comes to meeting the needs of rural communities and those living on lower incomes within them. We also need to anticipate the same market issues that may arise from the fundamentally different nature of 5G over 4G and the differences when it comes to a critical mass of users. As a result we make the assumption, somewhat reluctantly, that mobile may become the default source of connectivity for very rural areas where a business case cannot be made for installing fibre at any time in the foreseeable future.

9.   The fundamental barriers, therefore, are economic and political, not technological. Up to now, UK Government has been nervous about intervening sufficiently through its regulatory powers and has, instead, sought to use public money to try to accelerate roll-out to rural areas within a context set by the market. This has not been effective. Using a public procurement approach has resulting in seeking to achieve best monetised value and, in doing so, public funds have been used to push coverage out just beyond areas that are attractive to the market. By the time the procurement has taken effect, these areas have become attractive to market provision and the money has been wasted.

10.   Somewhat late in the day, Government has recently come to understand this, and started to implement an 'outside-in' approach. It remains to be seen if this will be effective, since details of the approach to be taken are only now becoming available.

11.   Instead of using a 'market deficit' approach Government needs to use the full weight of its regulatory powers to ensure providers use profits generated from 'cheap to serve' urban areas to ensure an equity of provision across both urban and rural ones. In addition, in very rural areas, providers of mobile services must be obliged, through regulation and the spectrum auction process, both dynamically to share spectrum and also collaborate to allow 'domestic roaming'.

12.   The regulatory process should require wholesale access to networks to mirror the model used for wired connections, this would facilitate local innovation both in the for-profit and social enterprise sectors.

13.   These may seem to be crude and anti-competitive initiatives when presented in this short and stark way. However, the sophistication of the technology, especially if regulated with the big picture of total coverage in mind, could find solutions to dynamic sharing of spectrum that would widen commercial participation, not narrow it. The details of this are beyond our remit, but we would urge the regulator, Ofcom and Government to explore this with stakeholders who have the appropriate technological knowledge for future policy.

14.   Urban / rural disparity

15.   Our central concern as a Network of local, community development charities in rural England, is for individuals and families at risk of disadvantage due to rurality. For many people living in rural areas on lower incomes and/or needing to access any one of a number of public services the 'digital divide' is at risk of becoming a 'digital chasm'. Difficulties of technical access to digital services are overlaid with lack of choice and limited affordability. Commercial interests in this area are not competing to provide the rural user with ever faster digital services at ever lower prices.

16.   Lack of access to digital services is not just a challenge for individuals. Government at all levels will find itself continuing to spend dramatically more on maintaining services for poorly – or expensively - connected areas because it will find itself forced to plug the gaps left when everywhere else has become 'digital by default'.

17.   We believe that Government could very usefully quantify not only how easy it is for people living in poorly served areas to benefit from the following examples, but also the cost that government will increasingly incur as a result of these same people not being able to do many things online include:

   1. Manage a Universal Credit account with the DWP

   2. Access the Student Finance system with the SLC and DforE

   3. Receive a package of Adult Social Care that includes an element of telemedicine and monitoring from their local County Council

   4. With the gradual removal of Bank branches, operate an online bank account that requires two-step payment authorisation

   5. Take part, as an active and involved citizen, in any consultation process operated by any part of Government

18.   The Broadband Universal Service Obligation

19.   In the context of the use to which the full set of technologies labelled '5G' will be put over the coming years we believe the current 10Mbps USO is wholly inadequate. The wider economic context, challenges and developments must be properly understood by all parts of Government. This is not just a case of rural families being able to stream movies whilst also carrying out other on-line tasks. It is about the totality of economic and social inclusivity.

20.   Looked at from the perspective of rural communities, the four Grand Challenges defined by the UK Government: Artificial Intelligence, Ageing Society, Clean Growth and Future Mobility are of critical importance and have an impact on rural community life far beyond just industrial and commercial considerations. It is unimaginable that the resolution of these challenges will not be underpinned by the kind of hyper-connectivity that is summed-up in the phrases and technologies: 'fibre to premises' and '5G mobile infrastructure'.

21.   5G in rural areas could be very challenging before it becomes ubiquitous, the first and highest priority should, therefore, be to ensure that through regulation and spectrum auction the best possible 4G provision is delivered in all rural areas. However this should be seen as a short-term fall-back way of providing a higher than current (say 35Mbps) USO for all rural areas. This would also require a commitment from network operators to ensure there is more than adequate capacity to provide this and work together to achieve it.

22. Perhaps one example might be useful. If rural areas are not actively prepared with accessible 5G over the next ten years, the mechanisms that are created to meet the Clean Growth and Future Mobility challenges will be unachievable in these same rural areas. Exceptions will have to be sought in rural areas from technologies that will help to achieve zero carbon mobility, because they will not work there.

23. The policy of urban containment has, for many years, been taken by many interests to mean that only urban areas can be truly environmentally sustainable. It is only recently that this approach has started to be questioned. If the UK fails in this area of the Grand Challenges pressure will return to define the only 'sustainable' communities as urban ones and we will risk an increase in urban-rural polarisation.

24. **Broadband access cost threshold**

25. Much discussion has focused on the cost threshold of £3,400 as a notional figure beyond which individuals should have to contribute to the provision of connectivity to their premises. There are implications that will flow from either raising or lowering this threshold and substantial risk of unintended, and hard to predict, consequences of doing so.

26. We believe that the value of hyper-connectivity to every individual and household in the UK is a benefit to the whole of society, the economy and, indeed, to Government. This is not a divisible benefit that allows a cost to be allocated to the individual in the way that the threshold implies, much like universal public education.

27. **The value for society as a whole is only derived if everyone is, and can afford to be, connected.** In place of the threshold, regulation should be used to ensure that those extracting value from connecting profitable urban communities meet a wider societal obligation by also connecting less profitable rural ones.

28. **'Digital by default'**

29. There is little evidence that implementation of Government policy, and delivery of public services has taken into account difficulties of access for rural people. Individuals have had to find their own 'work arounds' when 'digital by default' has failed them. Some Departments have found themselves having to put extra services in place when they discover, late in the day that not everyone can access 'digital by default' As an example: DEFRA's has had to commit substantial staff time to assisting RPA applicants who do not have internet access.

30. We strongly recommend that Government draws together from Departments and the Treasury the cost to Government of putting exceptional provisions in place as an alternative to ensuring inclusive access to digital services and training to enable rural people to use 'digital by default' services.

31. We would like to highlight the exceptional efforts and services that are being delivered by organisations such as the Citizens Advice Bureaux and projects managed by ACRE Network Members to assist people whose access / online skills are not sufficient to cope with going 'digital by default'.

32. It is, perhaps, worth reflecting that all levels of government, before embarking on a comprehensive delivery philosophy such as 'digital by default', need to assess the costs and requirements that will fall to citizens/customers/clients as part of their planning phase. Unfortunately, with digital by default Government has tended only to recognise its own, internal, requirements.

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