



DCMS consultation: Statement of Strategic Priorities for telecommunications, the management of radio spectrum and postal services

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1. Introduction

- 1.1 The Consumer Council has a statutory remit to promote and safeguard the interests of consumers and have specific functions in relation to energy, water, transport, food and postal services. As the statutory representative for Northern Ireland consumers, we are pleased to comment on DCMS's Statement of Strategic Priorities for telecommunications, the management of radio spectrum and postal services.
- 1.2 The Consumer Council uses eight consumer principles to understand how particular issues, policies and regulatory proposals are likely to affect consumers. We would encourage DCMS to reflect these principles throughout its strategic priorities to ensure consumer needs are being met in Northern Ireland.



2. DCMS Statement of Strategic Priorities

2.1 The Consumer Council welcomes the opportunity to respond to the DCMS consultation on its Statement of Strategic Priorities (SSP). The Consumer Council is keen to work with DCMS going forward to discuss the issues facing Northern Ireland consumers in these markets. The Consumer Council has provided specific comments below for telecoms and postal services.

3. Telecoms

World-class digital infrastructure

An 'Outside In' approach to deployment

- 3.1 Access to telecoms is an integral part of all our daily lives. It is an essential service, providing, among others things, access to online banking and government services. Poor broadband can lead to digital exclusion and, consequently, social isolation.
- 3.2 Northern Ireland has the highest proportion of premises unable to access decent broadband connections¹ across the UK. 5% of premises are affected in Northern Ireland, compared to just 2% in the UK. This is more common in rural areas, with 17% affected in Northern Ireland compared to 12% in the UK².
- 3.3 Commitments from Government to deliver a world-class digital infrastructure are badly needed. Therefore, The Consumer Council welcomes the Government's 'outside in' strategy to support the deployment of networks in hard to reach areas at the same time as the market deploys to commercially viable areas.
- 3.4 The Consumer Council notes that DCMS will work with Ofcom to ensure effective alignment between the Universal Service Obligation (USO) and DCMS's longer terms connectivity ambitions. By extension, we also

¹ Defined by Ofcom as a download speed of 10Mbit/s and an upload speed of 1Mbit/s

² Ofcom Connected Nations 2018

encourage Ofcom to align its delivery of the USO with the Department for the Economy's plans for Project Stratum³, to deliver the best results for all consumers in Northern Ireland meeting their growing technological demands for faster digital connectivity.

Mobile Connectivity

3.5 As Northern Ireland has the highest percentage across the UK of premises without decent broadband, consumers are more likely to rely on their mobile phones to conduct online activities. However:

4G

- 21% of the Northern Ireland landmass does not have 4G services from all operators;
- 43% of premises do not have indoor 4G coverage from all operators; and
- 2% does not have 4G coverage from any operator.

Voice

- 12% of the Northern Ireland landmass does not have voice coverage from all four operators;
- 20% of premises do not have indoor call coverage from all four mobile networks; and
- 1% does not have voice coverage from any operator.

3.6 It is clear that more needs to be done to improve mobile coverage across Northern Ireland. The Consumer Council responded to Ofcom's consultation on the *Award of the 700 MHz and 3.6-3.8 GHz spectrum bands*. Whilst we welcomed the provision of coverage obligations in the auction, we do not believe that these obligations alone will deliver the Government's target of achieving 95% of geographic coverage by 2022. We recommended that Ofcom review its cost-benefit assessment to ensure the proposed coverage obligations to cover 90% of the Northern Ireland landmass (and 90% of the UK landmass) is robust. We also look

³ <https://www.economy-ni.gov.uk/consultations/extending-broadband-across-northern-ireland-project-stratum>

forward to other measures that the Government may introduce to deliver its objective.

- 3.7 The Consumer Council agrees that roaming in rural areas has the potential to improve consumer choice and address partial not-spots, and welcomes the Government's calls for Ofcom to consider the costs and benefits of achieving this. However, this will not prioritise consumers who do not get coverage from any operator and are therefore most in need. These consumers should not be left behind.

Switchover Process

- 3.8 The Consumer Council is pleased that DCMS has included within its strategic priorities the switchover process from Public Switched Telephone Network (PSTN) to Voice over Internet Protocol (VOIP). This is a significant technological transformation impacting how consumers will be able to make and receive calls. The Consumer Council is aware that the switchover is being led by industry. Nonetheless the role of Ofcom and the Government is particularly important to protect the interests of consumers and ensure that:
- vulnerable consumers receive the promised support from providers during the transition;
 - telecoms consumers do not have to pay more for services/products because of this migration;
 - there is a better understanding of the costs that consumers may incur as a result of changes other industries may have to make to accommodate the retirement of the PSTN lines, for example energy, finance and water consumers;
 - there are technological solutions for consumers who do not, and will not, have decent broadband; and
 - consumers will always have access to emergency services, particularly in the event of a power outage.

Furthering the interests of telecoms consumers

- 3.9 The Consumer Council welcomes the Government's commitments in the SSP to improve the experience of telecoms consumers by: addressing harmful business practices; improve access to better data and information for consumers; improve consumer switching; and supporting telecoms consumers, including the most vulnerable.

Address harmful business practices

- 3.10 There are aspects of the telecoms market that are simply not working in the consumers' best interests. We are pleased that the Government recognises in its strategic priorities that measures need to be taken to address harmful business practices. The Consumer Council looks forward to the outcome of Ofcom's work to reduce these practices, particularly its proposals for end of contract and best tariff notifications and the upcoming review of price differentials in the fixed broadband market, with particular focus on vulnerable consumers.
- 3.11 It is important that the Government and Ofcom adopt the recommendations of CMA arising from the 'loyalty penalty' super-complaint. The CMA found that the total cost of the loyalty penalty to telecoms consumers is £1.3bn per year. This has a greater impact on vulnerable consumers who are more at risk of paying the loyalty penalty and may be least able to afford it. Therefore, should legislation be required to address harmful practices, this should be brought forward in a timely manner, to prevent consumers from being further disadvantaged.

Access to better data and information for consumers

- 3.12 Consumer confidence to shop around to get the best deal is essential in a fully functioning competitive market. Empowering consumers with accurate and timely information means they can take decisions that are best for them, for example consumers may decide to take a new deal with their current provider or switch to a new supplier. Therefore, it is essential that consumers are provided with clear and relevant information to help them make that choice.

Supporting telecoms consumers

- 3.13 However, while these are all welcome steps at improving consumers' experience, many problems remain. Research undertaken by the Communications Consumer Panels Effective Problem and Complaints Handling revealed that many barriers exist that prevent consumers from raising problems with their communications provide, including: lack of confidence; anxiety about how to describe the problem, given the complex nature of services and tariffs; and feelings of low technical literacy. The research also found that there was low awareness of, and recourse through, Alternative Dispute Resolutions.
- 3.14 Therefore, The Consumer Council is pleased that the Government has included consumer advocacy in its SSP. We note the Government's expectation that Ofcom should support its work exploring consumer advocacy arrangements for telecoms, both short term measures (strengthening the current Communications Consumer Panel) and longer term reforms, (including reviewing resources allocated to supporting telecoms consumers compared to consumers in other regulated markets).
- 3.15 The Consumer Council strongly believes that there is a need for a statutory consumer advocate and complaints body in Northern Ireland for telecoms. The body should be independent of, but work in partnership with, Ofcom to provide consumer advocacy, redress and education. This reflects The Consumer Council's current role in Northern Ireland in relation to postal services.
- 3.16 As The Consumer Council already fulfils a similar statutory role in relation to advocacy, education and redress in the areas of energy, water, transport, post and general consumer policy in Northern Ireland, it would be logical to consumers if The Consumer Council was to fulfil a similar role in Northern Ireland in relation to telecoms.

4. Postal Services

4.1 The Consumer Council agrees that consumer reliance on traditional forms of mail is decreasing in favour of digital alternatives which has led to a decline in mail volumes. However, it must be noted that vulnerable consumers in Northern Ireland continue to place significant importance on using a postal service as a means of communication so they must have access to a postal service which is affordable and offers value for money.

4.2 It is important for The Consumer Council to highlight to the UK Government that:

- **Many vulnerable consumers in Northern Ireland have reason to complain about the affordability of the postal service.** Nearly one in five older consumers (19%, n = 35), those with a disability (19%, n = 19) and low income consumers (18%, n = 32) have reason to complain about the affordability of the universal postal service⁴.
- **Many vulnerable consumers in Northern Ireland feel the second class service is poor value for money.** Older consumers (29%, n = 80), those on low income (28%, n = 102) and those not online (27%, n = 63) are significantly more likely to say the price of sending second class letters is poor value for money compared to consumers overall (22%, n = 220)⁵.

4.3 A key policy feature captured by the Postal Services Act 2011 is for the universal postal service to have affordable prices⁶. However, as highlighted above, vulnerable consumers in Northern Ireland have reason to complain about affordability which indicates that the desired policy outcome is not being achieved.

4.4 Ofcom has a crucial role to play as the regulator. It is vital for Ofcom to robustly monitor and review the universal postal service so Royal Mail

⁴ <http://www.consumercouncil.org.uk/sites/default/files/2018-11/Consultation%20Response%20to%20Safeguard%20Cap%20Review%20-%2004%20October%202018.pdf>

⁵ <http://www.consumercouncil.org.uk/sites/default/files/2018-11/Consultation%20Response%20to%20Safeguard%20Cap%20Review%20-%2004%20October%202018.pdf>

⁶ The Postal Services Act 2011. <http://www.legislation.gov.uk/ukpga/2011/5/section/31>

meets its regulatory quality of service targets, has affordable prices for consumers and plans for the future in a way which protects consumers. It is equally important for Ofcom to proactively intervene when consumers are at risk of harm so it successfully regulates this part of the postal market. The regulator must make sure issues, similar to the recent breach in the safeguard price cap of second class stamps⁷, do not reoccur alongside making sure the universal postal service meets the needs of consumers now and in the future.

4.5 The Consumer Council agrees that there is significant growth in the parcel market driven by online shopping. However, the UK Government should be aware that consumers in Northern Ireland are experiencing long term detriment in this unregulated part of the postal market. Consumers who shop online are frequently charged extra for parcel services because they live in Northern Ireland. Around a third of online retailers apply a delivery restriction to Northern Ireland consumers⁸.

4.6 This long standing issue needs resolved. The Consumer Council, as part of the Consumer Protection Partnership⁹ (CPP), is looking at how to reduce the cost associated with parcel surcharging. We hope to achieve a successful outcome. If the CPP approach does not resolve the matter other inventions may need to be considered.

5. Contact details

5.1 If you wish to discuss any aspect of this response please contact:

- Ciara McKay on 028 9025 1621 or via email on ciara.mckay@consumercouncil.org.uk; or
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⁷ <https://www.bbc.co.uk/news/uk-47331801>

⁸ <http://www.consumercouncil.org.uk/node/912>

⁹ The CPP brings together consumer bodies covering all aspects of consumer protection. It represents consumer advocates and consumer law enforcers from all parts of the UK who are uniquely placed to work together to help tackle the issues facing consumers today.



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