



Statement of Strategic Priorities for Telecommunications

Department for Digital, Culture, Media and Sport Consultation

Date: 22 March 2019

Introduction

1. The CLA represents 30,000 landowners and rural business operators in England and Wales. Whether they be farmers, tourism operators, agrifood businesses or large, traditional estates, CLA members have always had an intrinsic interest in and need to ensure that rural areas have access to the most up to date forms of digital connectivity, both in terms of fixed line and mobile. To this end, since 2002, the CLA has been at the forefront in recognising the importance of modern telecommunications to rural business growth and the inclusive nature of rural communities. It has also been proactive in providing ideas and policies to government and the telecommunications industry to reduce the disparities caused by the rural-urban digital divide.
2. The Government's consultation on its Statement of Strategic Priorities (SSP) is both timely and welcome. It comes at a time when major developments, both in policy and technology terms, are taking place, adding a new dimension to the debate. The CLA's response focuses on the first two sections of the SSP consultation: World-class digital infrastructure; and Furthering the interests of telecoms consumers.

The CLA's policy objectives

3. The CLA's core objective is the universal coverage of both fixed line and mobile connectivity. We know that digital connectivity has transformed the opportunities for rural business as well as increased the levels of social inclusion in rural communities. But the latest data from Ofcom's Connected Nations 2018 report states that only 75% of rural areas have access to superfast broadband, some 20% below the level of availability in urban areas. This means there is significant progress still to be made before there is equality of coverage.

World-class digital infrastructure

The Future Telecoms Infrastructure Review (FTIR): the need for a flexible policy framework

4. The Government announced that it will seek to extend the fixed line broadband network to all premises in the country through full fibre direct to the premise. Its policy document, "Future Telecoms Infrastructure Review" (FTIR) is a long-term attempt to build the necessary fibre infrastructure to ensure that everyone can benefit from digital

connectivity by 2033. The overall objective is to ensure that all premises have access to a full fibre (also known as Fibre to the Premises – FTTP) broadband connection. To this end, it appears that the Government is willing to inject some £3bn to £5bn into new infrastructure out of a total projected cost of £30bn.

5. It is a radical and long-sighted approach. However, it still needs to be implemented and in order for this policy ambition to be met, it needs to be implemented within an integrated and coherent framework where there is proper co-ordination.
6. But what is apparent is that there is a plethora of Government bodies across different departments that appear to be duplicating effort. There are at least three bodies - the Business Connectivity Forum, the Local Connectivity Steering Group and the digital strategy board – together with the dedicated Barrier Busting team in DCMS, where there appears to be no single, co-ordinating body to bring the efforts of these bodies together as an integrated whole. The effect is often confusion and policy dilution.
7. In order to try and ensure a more joined up approach the CLA created the Rural Connectivity Forum (RCF) to act as a co-ordinating body for rural interests and which has the support of both the industry and Government. The importance with the RCF is that it works on consensus and on issues where there is a genuine recognition by all parties to develop solutions.

Deploying full fibre and the outside-in approach

8. The CLA has always said that a fundamental objective has to be the removal of the rural-urban digital divide. We believe this to be a key objective of government as well. That is why we fully support the Government's ambitions using an Outside-in approach towards greater full fibre deployment. The CLA has always recognised that there are commercial constraints on infrastructure providers and operators in laying fibre in areas where there is little or no financial return. But a failure to recognise the legitimacy of the rural economy simply weakens economic incentive, devalues the existing economic contribution of rural business and leads to a feeling of frustration for those who live and work in rural areas, thus, exacerbating economic, social and cultural divides. The recognition by government that it will need to intervene at the same time as the commercial rollout supports the CLA's policy that it is vital the UK's economic activity is joined up.

The importance of the Universal Service Obligation

9. The CLA has been pushing for the adoption of a Universal Service Obligation since we launched our broadband campaign in 2002 as we recognised the need of everyone in the country, irrespective of their location, to be given the right to access digital connectivity. Today, that right is even more important with the significant advantages that new technologies through connectivity offer businesses and communities.
10. As we have said on a number of occasions, we support the government in bringing in a USO. However, it is vital that Ofcom ensures that the objective timetable for availability of 2020 is met.

Creating the right policy and regulatory framework

11. It is vital that there is a clear, sustainable and integrated policy and regulatory framework. In this vein the CLA has worked with the industry to put in place the right frameworks that allow infrastructure providers to deploy quicker whilst at the same time protecting the rights of landowners. The national rural fixed line wayleave framework is such an example and this provide the right framework for effective deployment with the aim of introducing a simplicity through straight forward processes that encourage greater engagement, more consistency as well as raising the level of awareness as to the advantages of digital connectivity.

Mobile and 5G Connectivity

12. The CLA has already formally responded to Ofcom's proposals relating to the sale of the 700MHz and 3.4 – 3.6GHz spectrum. We make clear in our response that, whilst we support the general direction of the revised proposals as being more in tune with the needs of rural areas, there are still issues that need to be addressed. Our concerns are set out below.
13. Paragraph 29 of the DCMS consultation on Strategic Priorities states that: "We are committed to extending geographic mobile coverage to 95% of the UK by 2022....." This statement directly contradicts the Ofcom proposal of 90% geographic coverage by 2024. The CLA stated in response to Ofcom's proposals in March 2018 that the process needed to be accelerated to take into account the Government's ambition. Having read through the justification of Ofcom's latest coverage proposal we are now willing to support this from a purely practical standpoint as we recognise the time it will take to actually deploy the necessary infrastructure. However, we believe it to be unfortunate that the Government and the telecoms regulator are unable to agree to a common target for mobile connectivity. We believe that government must clarify this situation as a matter of urgency.
14. This issue of a disjointed approach is also evident regarding the idea of rural roaming. In its advice to Government of the options available for extending coverage,¹ Ofcom raised the concept of rural roaming, an issue of considerable importance to the CLA. The All Party Parliamentary Group on rural business has also reported on the need for a rural roaming network when it said: "we believe that the introduction of a single rural network seems to be the quickest solution to the difficulties around the economic challenge, as it would use existing infrastructure and make a noticeable difference to rural coverage immediately."²
15. Indeed, paragraph 31 of the DCMS consultation states that: "Ofcom should fully consider the costs and benefits of achieving this outcome (roaming in rural areas), and maintain the option of requiring roaming by including appropriate provisions when granting rights of use for spectrum." It would, however, appear that Ofcom has rejected this government

¹ Ofcom: Further Options for Improving Mobile Coverage – Advice to Government, 14 September, 2018

² APPG for Rural Business, report – "4G in rural areas: how to close the digital divide", p8

request. We agree with the APPG report that the ability of a consumer to roam a network in areas which are hard to reach is a necessity.

16. It is also important to note that Ofcom is allowing a form of roaming by allowing groups other than the four operators to build and operate their own mobile networks. Importantly, as Ofcom's overview paper states: "An organisation could set up a private network, providing coverage within a limited area. Or it could agree with mobile operators to allow their customers to roam on to its network, effectively extending their coverage." If Ofcom is proposing this new system, we believe that there is no logical reason why this principle could not be extended to a wider rural roaming network.
17. The opportunities afforded through a rural roaming network are immense and meet the expectations of the general public in being able to provide good mobile coverage for people where they live, work and visit. The CLA therefore strongly advises Ofcom to revisit its rejection of a rural roaming network and requests the Government to formally instruct Ofcom to reconsider its position.

Furthering the interests of telecoms consumers

The importance of understanding digital connectivity

18. Since October 2018, the CLA has chaired the Business Connectivity Forum's working group on improving the awareness of digital connectivity by SMEs, with the aim of increasing the level of demand for digital services. The working group has completed its work and its final report is expected to be discussed at the next meeting of the Business Connectivity Forum meeting in April.
19. The main findings from the report are:
 - There are three challenges facing SMEs: (i) they are failing to adopt digital connectivity as they are unaware of the potential benefits; (ii) many SMEs are not aware of the need for digital skills; and (iii) many SMEs are unaware of the digital needs of their businesses;
 - There needs to be a simplified, step by step process which can be easily understood and implemented. There needs to be clear communication and co-ordination within and between government (central and local), the telecoms industry and the respective trade associations which would also underline the importance of adopting an integrated approach to delivery;
 - There has to be a level of trust between the SME and providers which is not currently present. This means that there needs to be a far better provision of information from Ofcom and the telecoms industry so that SMEs are fully aware of the products that are being purchased;
 - SMEs also have to be able to trust the switching process which needs to be transparent and which can be easily used. This therefore requires telecoms industry collaboration and direct discussion with business organisations to ensure that the needs of SMEs are actually met.
20. The full report can be made available to government following the Business Connectivity Forum meeting in April.

Conclusion

21. Since the advent of broadband in the early part of this century, the CLA has been campaigning for universal connectivity so that all those who live in rural areas can get the benefit of digital technology. For years the CLA has worked to eradicate the rural-urban digital divide. Our lobbying, both directly with government and the telecoms industry, and our public facing “4G for all” campaign has now been fully vindicated with the Government’s proposed priorities for the telecoms regulator, Ofcom, to make it easier to access up to date digital technology.
22. The strategic priorities reaffirm the Government’s commitment to rollout 5G and Full Fibre to every household in the country by 2033. It also builds on plans to introduce the Universal Service Obligation in 2020 so that everyone has access to a minimum 10Mbps. In addition, the Government has asked Ofcom to look into the costs and benefits of rural roaming as a key priority. This is significant as it will be able to unlock the potential of countryside and give rural businesses the tools to meet the challenges and exploit the opportunities from Brexit.
23. But there are still challenges to face and barriers to overcome. We commend the government’s new policy approach as far sighted. But to make sure it works it has to operate within an integrated and co-ordinated framework requiring constructive dialogue with all in the sector. As importantly, SMEs, whether in rural or urban areas need to have both confidence and awareness to exploit the opportunities arising from digital connectivity. Only then will the aspirations set out in the Statement of Strategic Priorities actually materially and positively affect the businesses and communities who already rely on or will come to rely on 21st century digital connectivity.

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