

Consumer Focus Scotland submission to Digital Britain

March 2009

About Consumer Focus Scotland

Consumer Focus Scotland started work in October 2008. Consumer Focus Scotland was formed through the merger of three organisations – the Scottish Consumer Council, energywatch Scotland, and Postwatch Scotland. Consumer Focus Scotland works to secure a fair deal for consumers in both private markets and public services, by promoting fairer markets, greater value for money, and improved customer service.

While producers of goods and services are usually well-organised and articulate when protecting their own interests, individual consumers very often are not. The people whose interests we represent are consumers of all kinds: they may be patients, tenants, parents, solicitors' clients, public transport users, or shoppers in a supermarket.

We have a commitment to work on behalf of vulnerable consumers, particularly in the energy and post sectors, and a duty to work on issues of sustainable development.

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Consumer Focus Scotland submission to Digital Britain

Consumer Focus Scotland welcomes the opportunity to provide comments and feedback on the Digital Britain interim report. Consumer Focus has made a separate, detailed submission on the report, and we support the points raised in that submission. Our contribution is intended to act as a supplement to the main Consumer Focus input, by drawing out specific issues of particular interest and concern to Scottish consumers. Our submission therefore focuses on the key issues of access and choice.

Background

The issue of digital inclusion plays an important part of the remit of the Scottish Government and Scottish Parliament, particularly in relation to the social inclusion agenda and the regeneration and economic development of rural and island communities, and the Scottish Government has separate digital inclusion and broadband strategies for Scotland¹. As a result, we believe that if those involved in the development of the digital sector at UK level are to appropriately identify, respond to and address the different needs of Scottish consumers then they must engage meaningfully with the relevant governance structures and stakeholders in Scotland. We therefore welcome the fact that Digital Britain events will be taking place in Scotland (as well as in Wales and Northern Ireland) in spring 2009.

Broadband Technology

“Fairness and access for all” is one of the five headline objectives specified in the Digital Britain Interim report. The proposal to develop a Universal Service Commitment in broadband is central to achieving this objective, and we welcome this proposal. In Scotland, the issue of access to broadband has traditionally been a particularly significant one for consumers in rural areas. This is linked to the landscape of rural areas such as the Highlands and Islands, which can present difficulties with coverage and signal. Progress has been made in recent years and the 2008 Ofcom report “The Communications Market 2008: Nations and Regions – Scotland” indicates that broadband take-up is now relatively consistent across geographic areas in Scotland (including 62% take-up in Highlands and Islands)².

However the Ofcom report also points out that the availability of the two main technologies used to supply broadband services in Britain – digital subscriber line (DSL) and cable modem technology – is lower in Scottish rural areas than in other

¹ Scottish Consumer Council, Reaching out: the consumer perspective on communications in Scotland, 2002

² Ofcom, The Communications Market 2008: Nations and Regions - Scotland

parts of the UK. In terms of DSL the proportion of households with connection to a DSL-enabled local exchange is slightly lower in Scotland than in the other constituent parts of the UK nations, and is likely to be more of an issue in Scottish rural areas than it is elsewhere in Britain. Furthermore the Ofcom report also indicates that not all households in a DSL-enabled area will be able to access broadband, due to issues related to distance from the exchange and network quality. Again it seems likely that rural and remote areas in Scotland are more likely to fall into these so-called “not-spots”. In terms of cable modem broadband, this was available in only 15% of rural households in Scotland by the end of 2007, compared to a UK-wide average of 49%³.

Mobile Phones

The high take-up of mobile phone services across the UK means that the delivery of broadband via mobile phones is an important tool for moving towards a universal broadband service. However, there are some difficulties in relation to the mobile phone market in rural parts of Scotland, and it is clear that these barriers need to be addressed in order for consumers in these areas to successfully access broadband via this route. The 2008 “Making markets work report” by the Scottish Consumer Council, one of our predecessor organisations, made the following points in relation to this issue:

“Ofcom research⁴ has shown clear dissatisfaction in rural areas with mobile phone coverage and signal, and also that large areas of the Highlands and Islands have either no network coverage or only one operator.”⁵

We are keen to emphasise that difficulties in mobile phone coverage in some areas of Scotland does not mean that this is not a route through which broadband can be offered to these consumers – rather that improvements need to be made to this market in order for it to be made to work more effectively for these individuals.

One way in which these improvements can be made is to extend mobile phone coverage in remote and rural areas by opening up radio spectrum bands used by mobile phone operators to launch new services and technologies and promote competition. At present 3G mobile coverage in the UK has been mainly focused on urban areas, which means that in Scotland these services are only available in the central belt, Dundee and Aberdeen – with most of the country uncovered⁶. Ofcom is keen to open up these radio spectrum bands, and it is imperative that this is a resource that is used for the consumer benefit.

³ See reference 2

⁴ Ofcom, The Communications Market Report, Nations and Regions: Scotland, 2007

⁵ Scottish Consumer Council, Making markets work for consumers in Scotland – everyone benefits, consumer switching behaviour and attitudes in key markets, May 2008

⁶ See reference 2

Public Access to Broadband

In terms of public access to broadband we are clear that local authorities have a key role to play in the coordination and management of services in their area, in addition to the strategic commitment and leadership provided by central and devolved government. This can be particularly important in helping to ensure consumers in remote and rural areas have some form of access to broadband services.

In taking forward work in this area we believe it would be beneficial for all local authorities to have a clear, published, written policy on public Internet access services alongside an agreed strategy for future service development. A previous research report by the Scottish Consumer Council⁷ provides further details on the key issues for local authorities to consider in coordinating access to services in their area, and we would be happy to provide you with further details about this work if that would be helpful.

Transparency and Choice

Attitudes to switching vary in different parts of the UK, across a whole range of different markets, including Internet Service Providers, mobile phone operators, and other telecommunications services.

In Scotland consumers tend to be more loyal to particular goods or services, may choose Scottish products on a point of principle, and are less likely to switch in order to save money. Evidence shows that there are often particularly low levels of switching, and a lower propensity to switch in the Highlands and Islands. This is often linked to the fact that there are fewer providers offering services in this area, and this can impact negatively on the ability of consumers in these areas to access the digital services that they need⁸.

In order to help address this issue we believe it is important that UK-wide regulators and trade associations in the digital sector consider what steps they can take to establish a stronger presence in Scotland, and should also consider how well regulation is working and how it might be improved for those in Scotland who are not switching.

We hope that you find these comments helpful, and that you will take them into account in the ongoing development of the Digital Britain agenda. We look forward to working with you on this agenda as it moves forward in the coming months.

⁷ Scottish Consumer Council, Freedom of access – research on public Internet access in Scotland, 2005

⁸ See reference 5