Consultation Response

Ofcom call for inputs on 'Designing the broadband universal service obligation'

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About this consultation

In April Ofcom published a call for evidence on 'Designing the broadband universal service obligation'.[1] The findings will influence Ofcom's advice to the Department for Culture Media & Sport on the design of the broadband universal service obligation (USO), announced in the Queen's speech 2016.

Introduction

1. Age UK is the country's largest charity dedicated to helping everyone make the most of later life. We help more than 5 million people every year, providing support, companionship and advice for older people who need it most.

2. We welcome the opportunity to respond to this consultation and highlight the particular needs of older people. In this paper we respond to selected relevant questions, noting in brackets the corresponding paragraph number from the consultation document.

3. Over time, older people are increasingly using the internet; the proportion of people aged 75+ who have used the internet in the previous 3 months has nearly doubled in the last five years, from 20 per cent to 39 per cent. However, among those aged 75+ around three-fifths (61%) are still non-users. Among those who are online there are a variety of different users. Some people derive great benefits, such as being able to shop and bank from home, especially useful for people in rural areas with sparse services or whose health or mobility makes it hard for them to leave the home. Others may value the internet for communication but not feel sufficiently confident to use public services or bank online.

4.

iv. We strongly support the introduction of social tariffs and/or price caps. Despite progress, one in seven (14%) pensioners live in poverty. Access to the internet is an essential service, and it should be available to people on the lowest incomes.

v. For the USO to be meaningful, the Government should invest in building (older) people's digital skills, especially those with the least experience or confidence.

vi. At the same time, it is vital that (older) people who are not online retain (offline) access to important services, and are not forced to go online.

vii. Given the risk of the further removal of offline access to essential services, and the resulting deprivation and stress, the Government should consider imposing a levy to pay for the offline provision of essential services as a supplement to the USO.

viii.

11. There are still many older people living in poverty despite recent progress – one in seven (14%) of pensioners live in poverty.[8] Among all age groups, internet use is lower among disadvantaged groups. Despite improving access to the internet across the income spectrum, 'households in the poorest quintile are more than ten times as likely to lack internet access than the richest quintile and more than twice as likely as households with average incomes.'[9] The cost of getting online was mentioned as a concern by some older people who took part in Age UK qualitative research – albeit not the main barrier to internet use.[10]

12. Age UK argues strongly that there should always be offline ways of accessing essential public and private services. However, for some older people, online access will be the best way to access essential services, including applying for benefits and housing. This choice should not denied because broadband is unaffordable, and a social tariff may be the best way to address this. However, the cost of broadband is not the only barrier to getting online for people on low incomes; the Government may also need to take into account the cost of computer hardware and of support to acquire digital skills.

13. Complexity in the marketplace and the difficulties many consumers (especially older and/or vulnerable people) face in finding the best tariff for them can mean that many people are likely to be paying more than they need for broadband services. Bundling makes the telecommunications market particularly complex. As providers increase their ability to segment consumers and possibly even develop pricing models which mean individual consumers receive different prices depending on their purchasing history, we expect this complexity to increase. Switching in broadband is relatively low – 6 per cent of consumers switched provider in the last five years compared to 12 per cent in electricity and gas.[11] Our response to the Government's recent consultation on switching[12] details why we believe that efforts to improve switching will not (at least in the short to medium term) ensure that consumers can find the right tariff for them or drive prices down overall.

14. Given the risk of the further removal of offline access to essential services, and the resulting deprivation and stress, the Government should consider imposing a levy to pay for the offline provision of essential services as a supplement to the USO.

Demand for the USO

What might the potential demand for the USO be? (1.23)
15. We would add to Ofcom's analysis of low speeds in rural areas that this affects many older people. People aged 65+ make up 23 per cent of the rural population, compared to 17 per cent of England as a whole.[13] In future, rural areas will contain a higher proportion of 'older old' people – the 85+ population is set to increase in rural areas by 186 per cent by 2028, compared to a 149 per cent rise in the UK as a whole.[14] People in these areas may welcome the roll-out of faster broadband, especially given their current frustrations.

16. Rather than simply following demand, the Government should consider the USO an