

**CALL FOR EVIDENCE – AN INQUIRY INTO RURAL
PRODUCTIVITY**

APPG for Rural Business and the Rural Powerhouse

BSG submission

08 July 2021

Summary

The Broadband Stakeholder Group (BSG) is the UK government's leading advisory group on broadband. It provides a neutral forum for organisations across the converging broadband value-chain to discuss and resolve key policy, regulatory and commercial issues, with the ultimate aim of helping to create a strong and competitive UK knowledge economy. We welcome the opportunity to submit evidence to this parliamentary review. Note that individual sponsors of the BSG may also be responding directly to this call for evidence.

The adoption of pragmatic solutions and good practice are essential to overcome many of the barriers to broadband rollout in rural areas that have impact on the overall cost, pace and extent of deployment. These are needed to build the digital infrastructure needed to support our economy and close the digital divide. While the BSG is encouraged by the initial work of the Government's Barrier Busting Task Force, concerns remain about wider efforts.

Questions

Connectivity – has the government given up on bridging the digital divide?

- *To what extent is digital connectivity the key to unlocking rural productivity?*

The future of rural communities and growth of the rural economy are now more than ever dependent on digital connectivity. The rural economy contributes 15.8 per cent of England's Gross Value Added (GVA) and in 2017 was estimated to be worth £246 billion. The number of registered businesses per head of population is higher in predominantly rural areas (450 per 10,000 population in 2016) than in predominantly urban areas (380 per 10,000 population). In 2016/17 there were 547,000 businesses registered in rural areas, accounting for 24 per cent of all registered businesses in England¹. Digital connectivity is critical to increase business productivity and foster economic growth. High quality, resilient, and reliable infrastructure will enable these businesses to seize new opportunities and better meet the demands of their customers.

In its report, the GigaTAG indicates that the majority of people are not aware of the digital connectivity available to them². Technology must be placed front and centre of the UK's approach to driving economic recovery. The government should consider revitalising and refocusing initiatives around the digitisation to leverage lessons from the pandemic. These initiatives should support and extend the potential for remote working, delivery of healthcare and education services, as well as supporting businesses in utilising new technologies to aid production and increase efficiency.

¹ <https://publications.parliament.uk/pa/ld201719/ldselect/ldrurecon/330/33002.htm>

² [GigaTAG's Final Report June 2021](#)

- *Has the pandemic renewed the focus on the digital divide?*

Yes.

COVID-19 has brought the reliance on digital connectivity into sharper view, and it has never been so critical to the ability to navigate our new normal, socially distanced lives as citizens, businesses and consumers. The need for regulatory and policy certainty has never been greater. Over the past 18 months, people have relied on their fixed and mobile broadband connections to work and study at home, access health-related and other essential public services, shop online and keep in touch with family and friends.

Since March 2020 telecoms providers and broadcasters have withstood demand and implemented measures to keep the UK connected. Fixed broadband networks saw significantly more demand, with average monthly data usage increasing to nearly 80 per cent in two years. Mobile networks saw changes in network traffic patterns during the lockdown periods and mobile hotspots shifted away from the city centres to the suburbs and residential areas. Providers offered additional help to vulnerable customers, NHS staff, care homes and hospitals. They offered discounted broadband services, lifted the data caps, gave free data packages on mobile, zero-rated certain websites, provided WiFi vouchers, paused charges for sports and other channels, and provided standalone education resources. The value of initiatives put in place by the UK telecoms sector since the pandemic began amounts to some £940 million³.

However, according to Ofcom there is a small but significant number of properties that are still struggling to get connected, estimating that some 43,000 premises cannot access either a decent fixed broadband service, or good 4G coverage, indoors⁴.

COVID-19 has also highlighted the importance of digital connectivity for businesses. 16 per cent of small businesses and sole traders developed a new online presence or increased their existing one, including delivering their offering online. Additionally, firms had to respond to rapid changes to how they operated. This included remote working, video conferencing and data transfer. For instance, 24 per cent of all small businesses and sole traders adopted or increased their use of digital technologies to facilitate remote working⁵. This has become the current norm for those who are able to work remotely and a more important aspect of employment. Internet access and digital skills are more significant essential than ever in ensuring equal opportunity. Poorer domestic broadband in rural areas will act as a barrier to employment in those areas.

- *Has the government given up on the hardest to reach rural communities?*

No, but more can be done to match industry's investment and effective policies are needed to support accelerated roll out so that no-one is left behind.

³ <https://www.assemblyresearch.co.uk/press-comments/940m-covid-19>

⁴ https://www.ofcom.org.uk/data/assets/pdf_file/0024/209373/connected-nations-2020.pdf

⁵ [GigaTAG's Final Report June 2021](#)

Broadband has been an essential tool in the response to COVID-19, and the way in which we work has changed and may not be linked to an office. Businesses and employers can recruit from anywhere and previously left-behind rural areas can be adapted to become home-working hubs. The case for sustained investment in 5G and gigabit connectivity has never been stronger.

Industry is investing substantial amounts in urban and rural areas. This will drive up coverage across the UK, leaving smaller coverage areas requiring public subsidy. According to data published by ThinkBroadband, 96.9 per cent of residential and business premises currently have access to superfast coverage (30 Mbps and faster)⁶. Rural areas have 91.1 per cent superfast coverage and deep rural areas have 84.7 per cent, compared with 98.8 per cent in the urban areas of England and Wales⁷.

There are initiatives already underway to explore ways to reach rural communities. BT and satellite operator OneWeb announced that they have signed an agreement to explore ways to provide broadband internet to remote areas of the UK. They will look at how to improve the speed that people can access data in remote areas, and how to improve the signal people can get on their phone.

According to Ofcom's Connected Nations Report 2020⁸, the latest estimate was that 0.6 per cent / 190,000 premises in the UK still do not have access to a decent broadband service via either a fixed or fixed wireless network. These premises may be eligible under the universal broadband service obligation, but for some remote premises the high cost of deployment may be unaffordable, leaving many without decent connectivity.

Gigabit rollout is gathering pace with over 41 per cent coverage across the UK, predominantly in urban areas⁹. The Gigabit Broadband Voucher Scheme has contributed towards the installation of faster connections using gigabit-capable infrastructure, but there is still a need for ambitious policy reform and legislative changes to subsidise roll-out to the hardest to reach 20 per cent of the UK's 31 million premises.

The initial £1.2 billion of the £5 billion budget announced by the government will go towards the government's Project Gigabit, including the voucher scheme and procurements to target predominantly rural areas. In addition, the Shared Rural Network (SRN) will receive £500 million of government funding which will go towards building new masts for use by all four operators and extend 4G into areas where there is currently no coverage. Industry is investing £532 million of its own to eliminate a substantial majority of partial not spots. The mobile operators will install their own radio equipment on each other's existing masts, together with those masts provided by neutral host 'towercos', resulting in 84 per cent of the UK's landmass being covered by the four operators, and virtually all premises will have access to 4G from at least one operator. The SRN will bring better 4G mobile but will also open opportunities for

⁶ <https://labs2.thinkbroadband.com/local/uk>

⁷ <https://www.thinkbroadband.com/news/8994-rural-ftp-roll-outs-now-lag-behind-urban-roll-outs-in-england-and-wales>

⁸ https://www.ofcom.org.uk/data/assets/pdf_file/0024/209373/connected-nations-2020.pdf

⁹ <https://labs2.thinkbroadband.com/local/uk>

4G Fixed Wireless Access broadband, especially where it is not economically feasible to deploy fibre.

In August government announced that 500,000 premises in the hard-to-reach areas were able to access gigabit-capable broadband as a result of government subsidised rollout¹⁰. In March, there was an update to the barrier-busting measures which shows meaningful progress towards both policy and delivery of the hard-to-reach premises¹¹. The rate of sign up from suppliers to both the new voucher scheme and the Dynamic Purchasing System (for some of the procurements) shows significant steps on delivery.

The Scottish Government has committed to ensuring every home and business in Scotland can access superfast broadband. This commitment will be delivered through the Reaching 100 per cent (R100) programme via three key strands of activity – the circa £600 million R100 contracts, the Scottish Broadband Voucher Scheme (SBVS) and ongoing commercial deployment. The Welsh Government continues to provide top-up funds through a new voucher scheme for those rural premises qualifying under the UK Government Gigabit Capable Broadband scheme. Phase 2 of the circa £55 million Superfast Cymru is expected to provide gigabit capable technologies to around 39,000 premises by June 2022. In Northern Ireland, Project Stratum aims to bring next generation broadband to more than 76,000 rural premises across Northern Ireland from circa £165 million funding.

- ***Planning – is the planning system fit for purpose for economies and communities in rural areas?***

Under this section we provide a general view and do not answer specific questions.

In 2018 the National Infrastructure Commission (NIC) recommended that government should set out a nationwide full fibre connectivity plan by Spring 2019 and include proposals for connecting rural and remote communities. The milestones were 15 million homes and businesses to have access to full fibre by 2025; 25 million by 2030; and nationwide coverage by 2033. Recognising that a significant number of premises will be commercially unviable for providers to deliver full fibre to, the NIC recommended that rollout to such premises should be subsidised.

The NIC also argued that government should improve processes to obtain wayleaves for telecommunications providers and promote the appointment of Digital Champions by local authorities. Currently the local authorities have a wide scope to refuse planning permission which adds delay to deployment. Where rights to access private and public land and buildings for network installation and maintenance are not granted, the build plans can be withdrawn which leads to delays in deployment. Engaging with local authorities to promote best practice and help facilitate deployment is key to the efficient rollout of digital infrastructure. The publication of guidance on land access and valuation and the new Street Manager service which has digitised the coordination of streetworks, are also welcome.

¹⁰ <https://www.gov.uk/government/news/gigabit-broadband-rollout-milestone-reached>

¹¹ <https://www.gov.uk/government/publications/barrier-busting-task-force-next-steps>

Road and streetworks account for 70 per cent of the cost of fibre deployment and the lack of consistency creates an unhelpful variation which results in inefficiencies. The variations in the implementation of permit schemes continue to impact the pace of fibre rollout. We therefore encourage the recent proposal to introduce a flexi permitting system set out the Department for Transport's consultation on further reform to streetworks regulation.¹² The proposal is a potential step change in streetworks regulation; by reducing the administrative burden present in the current permitting system, it could facilitate a more rapid and efficient deployment of next-generation broadband connectivity that will serve the UK for decades to come. We would urge the government to keep their policy objective of creating a more efficient permitting system to facilitate more rapid network deployment at the heart of the reforms to street and road works and avoid creating requirements for operators to provide substantial amounts of new data to highway authorities that would run contrary to this objective. These reforms could also be used as vehicle to garner support from local government to aid deployment by sharing in advance roadworks schedules, outlining when and where road closures will be taking place, so that work can be aligned accordingly.

However, the obstacle posed by wayleaves to industry's ability to deploy any kind of infrastructure at scale remains and we urge the government to simplify the engagement process, particularly as the industry struggles to negotiate when landlords are unresponsive, absent, or in some cases deliberately obstructive. A standardised wayleave agreement will help provide reassurance to local authorities, and potentially private landlords.

The Telecommunications Infrastructure (Leasehold Property) Act¹³ aimed to address the issue of unresponsive landlords holding up digital infrastructure deployment, supporting some 10 million people living in blocks of flats in the UK. This is only one very specific scenario, and the government recognises that more can be done, with DCMS stating that the legislation "does not in itself do enough to encourage occupiers and landowners to engage in good time with operators"¹⁴.

We eagerly await the outcome to the consultation on reforms to the Electronic Communications Code (ECC) which is key to deployment, and we were encouraged to see the inclusion of the Product Security and Telecommunications Infrastructure Bill in the Queen's Speech as the vehicle to amend the ECC. We urge the government to take this opportunity to be as bold and ambitious as possible. The review of the ECC has been long-awaited and now is the time for the government to cut through bureaucracy and bring forward changes to create a more streamlined wayleave negotiation process. Landowners, including those in rural areas, play an important part in facilitating the rollout of next-generation connectivity, and over recent years there has been concerted effort from sections of the landowner community and the telecoms industry to collaborate on wayleave agreement.

¹²

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/989918/street-and-road-works-further-reforms.pdf

¹³ <http://www.broadbanduk.org/2021/06/11/consultation-on-regulations-to-implement-the-telecommunications-infrastructure-leasehold-property-act/>

¹⁴ Access to land: consultation on changes to the Electronic Communications Code (2021), 2.21 and 2.25.

There are still reforms and barriers to engagement that need to be addressed if we are collectively to fulfil the ambitious gigabit broadband coverage targets that government has set and ensure that rural communities feel the benefit of this connectivity. We encourage the government to continue in its efforts to coordinate a revision of the ECC to make it a more useful and informative document, introduce a dynamic approach for ECC agreements disputes, and create a streamlined process to secure code rights in cases where there is no response from site occupiers or landowner.

We welcome the work that has taken place to date such as proposals to reform to permitted development rights to support the faster deployment of 5G and extend mobile coverage. On this, we await the outcome of the joint technical consultation between DCMS and MHCLG which closed this month¹⁵.

The use of existing non-telecommunications passive infrastructure has also been explored by the network operators and our view is that it is not feasible or commercially viable, mainly because the infrastructure is not fit for purpose in most cases.

The government has a clear role to play in facilitating a policy ambition of rollout in rural areas where a commercial case for private investment does not exist. Supporting a diverse and competitive landscape with full and fair competition, the market will determine the most effective way of getting digital infrastructure to consumers and businesses alike. Detailed plans and premise level coverage can only be done at the point of survey so network operators can be transparent about when and where they would like to build. The concern is that although Article 22 has been implemented and will provide the transparency that networks require to inform their build plans, those plans can change and there remains a risk of under-build in remote areas. The less accessible rural areas where roll-out contracts are likely to need substantially more public sector funding may attract smaller telecoms providers to deliver in these areas.

The government has recently consulted on how to address the very hard to reach areas and the BSG has commissioned Analysys Mason to explore this in detail. The BSG is happy to share the report, once published.

¹⁵ <http://www.broadbanduk.org/2021/04/20/proposed-changes-to-permitted-development-rights/>