



The Consumer Council for Northern Ireland response to Gigabit Takeup Advisory Group's (GigaTAG) call for evidence

The Consumer Council

1. The Consumer Council is a non-departmental public body (NDPB) established through the General Consumer Council (Northern Ireland) Order 1984. Our principal statutory duty is to promote and safeguard the interests of consumers in Northern Ireland.

Consultation Response

2. The Consumer Council is pleased to respond to Gigabit Takeup Advisory Group's (GigaTAG) call for evidence. The aims of the call for evidence are to ensure that the GigaTAG takes account of all existing evidence in this area when considering issues related to consumer and business take-up of gigabit connectivity. It will help to ensure that the recommendations it makes are grounded in a strong evidence base from a range of different stakeholders with diverse views.
3. There has been considerable investment in Northern Ireland's broadband infrastructure over the last year with more than more premises now having access to full fibre services. Ofcom report¹ among the four UK nations, Northern Ireland (31%) has the highest availability of full fibre services, compared to England (10%), Scotland (8%) and Wales (12%). 89% of premises have access to superfast broadband, however, there are still considerable numbers of residential and business premises, some 50,000, or 6% of the total, that do not have access to decent broadband. The vast majority of these, some 44,000, are in rural areas.

Cocktail of Schemes

4. The Consumer Council is aware there is much work being done to improve the broadband connectivity of businesses and consumers in Northern Ireland. Including work through Project Stratum, Local Full Fibre Networks (LFFN) Challenge, Rural Gigabit Connectivity and Broadband Universal Service roll out. Whilst The Consumer Council welcomes the investment initiatives, such as The Gigabit Broadband Voucher Scheme, we would call for more collective work from the UK Government to ensure such schemes are impacting on real consumer need.

Commercial/Supplier-Led

5. From a consumer perspective the UK Government Gigabit Broadband Voucher Scheme, is relatively unknown. Like most of the other broadband improvement schemes it is supplier led. The consumer is unaware that these schemes are available to them, until they are approached by

¹ Ofcom - Connected Nations 2019

suppliers. Research by the Consumer Council² found that many consumers felt that they are aware there is investment but are not sure what it means for them.

“We know quite a lot of money has come into Northern Ireland for broadband improvements, but whether it hasn’t been spent or it hasn’t arrived – there has been no improvement.”³

6. The nature of supplier led initiatives inevitably leads to cherry picking by industry to ensure maximum commercial return. The Gigabit Voucher Scheme, has provided that rural premises with broadband speeds of less than 100Mbps can use vouchers worth £1,500 per home and up to £3,500 for each small to medium-sized business (SME) to support the cost of installing new fast and reliable connections. This has meant that suppliers have tackled many urban business locations, leaving those with no or poor broadband connections further behind.

Consumer awareness and participation in these programmes

7. The Gigabit Voucher Scheme, like all supplier or commercially-led schemes can often have low consumer awareness. This can sometimes understandably be to manage customer expectation and capability of the network to roll out such schemes.
8. With the Gigabit Voucher Scheme suppliers have a central role in aggregating demand for the scheme with their customers. Registered suppliers for the scheme receive online access to voucher applications, guidance documents, marketing materials and the opportunity to manage their own profile on the scheme website. This has meant generating awareness has been the responsibility of suppliers, who as previously mentioned cherry pick the premises that provide the greatest commercial return, often these are in urban areas where a low broadband speed hadn’t necessarily been an issued for consumers.
9. As each consumer need from broadband speed is different, it is important schemes such as the Gigabit Voucher Scheme have involvement and are driven by consumer demand. The Consumer Council would encourage publically funded schemes such as these to improve awareness of the Gigabit Voucher Scheme and encourage input from consumers to ensure the funding is being used to tackle consumers who are in most need of improving their broadband speeds.
10. The current Covid-19 pandemic has meant consumers have had to be more digitally connected than ever before. In a matter of months, the consumer need from their previous broadband service has changed with increase in home working, home schooling and increased digital communication with friends and family. This demand from consumers, shows the importance of an equitable access for consumers as well as businesses. The gigabit voucher scheme with greater funding for business (SME) connection, whilst important, has encouraged suppliers to concentrate on this area. With Covid-19, the importance of residential consumers’ connectivity should also be reflected in any future funding provision.

² The Consumer Council research into Experiences of poor Broadband (Perceptive Insight Market Research) March 2019.

³ Ibid

Balancing infrastructure provision with affordable access

11. Digital communication is of vital importance. It has now become an essential service for consumers, particularly given the current pandemic. An effective broadband infrastructure is essential to ensure consumers have access to digital services. However, whilst increasing broadband provision and speeds is essential, it cannot be seen in isolation. Affordability of these faster broadband services can come at a considerable cost to consumers. A cost, many consumers in the current economic climate cannot afford to pay and will opt for the cheaper slower service.

*“ You might as well pay less for a bad service”
“I’ve tried to negotiate with BT – but there is no competition”⁴*

12. Of the devolved UK nations, Northern Ireland has the lowest median wage with median weekly earnings for 2018 at £521⁵ compared to the UK average of £569⁶. A recent report released from Which? shows that only half (49%⁷) of those in Northern Ireland were content with their income, over a quarter (26%⁸) do not have money saved for a “rainy day”, and 50% of consumers have less than £300⁹ left after mortgage/rent and essential bills in a typical month. Even before the current pandemic, Northern Ireland consumers have continued to display low levels of optimism and hope in regards to their financial position, when assessing their financial situation, a fifth (19%¹⁰) of consumers believed it to be poor.
13. Therefore, we would encourage schemes to work with consumers and understand their demand from broadband connectivity against what they can realistically afford to pay for going forward.

Conclusion

14. In summary, The Consumer Council has welcomed the investment initiatives from the UK Government Gigabit Broadband Voucher Scheme to help improve connectivity across Northern Ireland. However, more can and should be done to ensure an effective roll out in future phases of this programme. Including engaging consumers in future schemes and considering current and future broadband need and affordability of all Northern Ireland consumers.

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⁴ The Consumer Council research into Experiences of poor Broadband (Perceptive Insight Market Research) March 2019.

⁵ <https://www.nisra.gov.uk/statistics/labour-market-and-social-welfare/annual-survey-hours-and-earnings>

⁶ <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/annualsurveyofhoursandearnings/2018#measuring-this-data>

⁷ <https://consumerinsight.which.co.uk/reports/consumer-insight-report-2019-northern-ireland>

⁸ CCNI YouGov annual survey 2019

⁹ Ibid

¹⁰ <https://consumerinsight.which.co.uk/reports/consumer-insight-report-2019-northern-ireland>