

Title of Report: Rural Connectivity – Overview of Current Policy Interventions

Officer Presenting: Head of Business

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1 Purpose of Report/Recommendations

- 1.1 To update members on the current and planned initiatives being rolled out by Central Government, UK Government and organisations with responsibility for Broadband provision and digital connectivity.

2 Background

- 2.1 Members will be aware that the telecommunications market in Northern Ireland is fully privatised and independently regulated by the Office of Communications (Ofcom).
- 2.2 Furthermore, Telecommunications is a reserved matter meaning that it is not devolved to the NI Executive but is controlled centrally by the Department of Culture, Media & Sport (DCMS).
- 2.3 The Department for the Economy has been given limited powers to intervene where there is evidence of market failure but must do so without causing market distortion and comply with European regulations.

3 Key Issues

- 3.1 Project Stratum – In the last 10 years, public investment of £77m in broadband infrastructure has ensured that approximately 88 per cent of premises in Northern Ireland have access to at least superfast services. This falls short of the 95 per cent target set by the UK Government, and additional public intervention is needed to improve this. Funding has been available as a result of the Confidence and Supply agreement which could provide substantial enhancements to our Internet connectivity.

- Project Stratum is at OBC stage and has been cleared and approved by Casework Committee. The Contract award is on track for April 2020. The Open Market Review Report is due to be published mid-June 2019. Clarity has been received from HM Treasury on the £150m funding which will be allocated so that we they can go beyond the current timescales.
 - The OMR with approx. 98k premises across NI. Vast majority is Band H with 88k small hamlet premises. 1,100k white urban premises in Belfast which is Band A and Metropolitan Derry-Londonderry is Band B. Radio broadband providers have significant footprint.
 - Currently, the OMR Report is awaiting sign-off by BDUK and the Project Team hope to publish by 17 June.
 - Project Stratum has to remain technology-neutral but specifications try to encourage higher speeds. Wireless solutions are permissible but providers have to explain how they can deliver these services. Have to wait to see how market responds and bidders have to prove, at the tender stage, how they will commit to delivering higher speeds.
 - The Derry urban area has been removed from the OMR as it already has good connectivity but the rural areas are still included
- 3.2 Voucher Scheme - Business and residents can still apply for a gigabit voucher to connect them, Business can claim up to £2500 and residents £500
- 3.3 Rural Voucher Scheme - This aim of this scheme is to target any gaps from LFFN rollout and generating increased supplier engagement. For premises which meet this criteria, vouchers values will increase up to £3,500 for SME beneficiaries, and up to £1,500 for residents.

- 3.4 USO - The broadband universal service obligation (USO) will give people in the UK the right to request a decent and affordable broadband connection. Under the USO, eligible homes and businesses will be able to request a connection, where the cost of building it is no more than £3,400. A consumer or business will only have to contribute to the cost of a connection if it exceeds a threshold of £3,400. Above that level, properties can still be connected if they pay the excess costs or do some of the work themselves to help bring costs down. There is also the option of using alternative technology, such as commercially available satellite outside the USO scheme, or keeping their existing service that delivers a lower speed. To help as many USO connections as possible fall below the £3,400 threshold, the USO providers are required to assume and aggregate the level of local demand. This potentially brings more connections under the reasonable cost threshold by sharing the costs.

<https://www.ofcom.org.uk/consultations-and-statements/category-1/delivering-broadband-universal-service>

- 3.5 **Community Broadband Schemes** - A growing number of the key providers are working with Communities on Community Broadband. This will allow a number of businesses or residents to pool their vouchers into a bigger amount to allow the supplier to build fibre into their area, both Voucher schemes are open for this and BDUK would encourage it.

4 Financial, Equality, Legal, HR, Improvement, Rural Needs and other Implications

- 4.1 There are no financial implications from the report. Initiative.

5 Recommendations

- 5.1 That members note the contents of the report.

Background Papers