Rural Economy and Connectivity Committee

The Scottish Parliament
Pàrlamaid na h-Alba

Wednesday 7 February 2018

CONTENTS

RURAL ECONOMY AND CONNECTIVITY COMMITTEE
5th Meeting 2018, Session 5

CONVENER

*Edward Mountain (Highlands and Islands) (Con)

DEPUTY CONVENER

*Gail Ross (Caithness, Sutherland and Ross) (SNP)

COMMITTEE MEMBERS

*Peter Chapman (North East Scotland) (Con)
*John Finnie (Highlands and Islands) (Green)
*Jamie Greene (West Scotland) (Con)
*Richard Lyle (Uddingston and Bellshill) (SNP)
*Fulton MacGregor (Coatbridge and Chryston) (SNP)
*John Mason (Glasgow Shettleston) (SNP)
*Mike Rumbles (North East Scotland) (LD)
*Colin Smyth (South Scotland) (Lab)
*Stewart Stevenson (Banffshire and Buchan Coast) (SNP)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Matthew Bourne (Ofcom)
Gary Clemo (Ofcom)
Glenn Preston (Ofcom)
Jonathan Ruff (Ofcom)

CLERK TO THE COMMITTEE

Steve Farrell

LOCATION

The Mary Fairfax Somerville Room (CR2)

Scottish Parliament

Rural Economy and Connectivity Committee

Wednesday 7 February 2018

[The Convener opened the meeting at 10:00]

Ofcom

The Convener (Edward Mountain): Good morning and welcome to the fifth meeting in 2018 of the Rural Economy and Connectivity Committee. Could you all make sure that your mobile phones are on silent? No apologies have been received. Item 1 is on Ofcom.

The Scottish Parliament has a formal consultative role in setting the strategic priorities of Ofcom. The committee will explore Ofcom's proposed annual plan for 2018 and its annual report. I welcome from Ofcom Glenn Preston, the Scotland director; Gary Clemo, the "Connected Nations 2017: Scotland" project director; Jonathan Ruff, the author of "Connected Nations"; and Matthew Bourne of the annual plan team.

I believe that Glenn Preston has an opening statement.

Glenn Preston (Ofcom): I will just take two or three minutes. Convener, you have taken care of my first two or three paragraphs, which were to introduce my colleagues, so thank you for that.

I will focus on the annual plan and some of the key elements of "Connected Nations" and then we will look forward to the conversation with the committee.

The consultation is statutory and we are obliged to do it annually. It closes this Friday, so we welcome the opportunity to have a conversation with the committee about Ofcom's strategic priorities for 2018-19. On 18 January, we had a consultation event in Edinburgh that was well attended from across the sectors that we regulate. Somewhere between 40 and 50 people were there. We covered the full range of Ofcom business: supporting network investment; ensuring that markets work for consumers; securing standards in broadcasting—in December we had a meeting on that with the Culture, Tourism, Europe and External Relations Committee, where we covered our interests, particularly those in the BBC—understanding convergence and market changes; and adapting to regulatory change following the passage of the Digital Economy Act 2017 in the United Kingdom Parliament last year.

We hope to publish the plan by the end of March. We will reflect on the engagement that we have done across the UK, including in Edinburgh, and the formal responses that we get from stakeholders across Scotland. It is worth adding that, in respect of Scotland in particular, the draft plan recognises that the provision of fixed broadband, mobile and postal services that meet the needs of consumers and small and medium-sized enterprises, particularly in rural and remote areas, continues to present particular challenges.

We will no doubt get into this in our discussion, but on fixed broadband, we expect to be given responsibility for implementation of the UK Government's regulatory universal service obligation in the coming weeks. We think that the legislation is due to be laid in the UK Parliament by the end of this month. Once we are clear on the final terms of that, we will work—as we have been doing along the way—with the Scottish Government and the Scottish Futures Trust on the relationship with their own reaching 100 per cent programme. The committee's evidence session with the Cabinet Secretary and Scottish Government officials was also helpful to our understanding of the direction of travel on that programme.

On mobile, we are reaching the point of consulting on future awards of spectrum bands as they are cleared and released. We touched on this at our meeting last April, as well as between then and now, particularly on the 700MHz band. The consultation will cover the design of auctions and any obligations and measures to promote competition as part of the licence awards. That will include us working closely with the Scottish Government on its own 4G infill programme, which is directly relevant to some of the work we will be doing on spectrum auctions.

On post, the committee will have seen the significant cross-party and cross-parliamentary interest in the issue of surcharging in recent months. We continue to engage with stakeholders across the UK on our findings on the causes and effects. Our consumer group director, Lindsey Fussell, will give evidence to the Scottish Affairs Committee of the UK Parliament on this subject, alongside Citizens Advice Scotland and Trading Standards, on 27 February.

"Connected Nations" is an in-depth look at communications networks and infrastructure across the UK. We recognise how important that data is to policymakers, industry and consumers. Convener, you have already mentioned that we published a Scotland-specific report on 15 December 2017. That shows that coverage has increased significantly in recent years, but there are still many areas in which broadband speeds are inadequate and mobile coverage is lacking.

That is felt most acutely in the rural areas of Scotland, as committee members are all too well aware.

In closing, convener, you mentioned in your opening remarks the memorandum of understanding that we work to in our engagement with the Scottish Parliament and the Scottish and UK Governments. That contains provisions for the appointment of an Ofcom board member for Scotland, and we have touched on that in the past. I am pleased to say that the first Ofcom board member for Scotland was formally appointed by Scottish ministers last week. Bob Downes, who is also the chair of the Scottish Environment Protection Agency, formally took up the role on 1 February. The appointee has the same UK-wide responsibilities as other non-executive members of Ofcom, but the MOU requires the person in the role to be capable of representing the interests of citizens and consumers of Scotland. My team in Scotland will work closely with the new board member during the coming weeks and months to support his engagement with all levels of government, Parliament, industry and wider civic Scotland, to ensure that we are properly representing Scottish citizens and consumer interests at a strategic decision-making level in Ofcom. I will close there, convener.

The Convener: I know that all the witnesses have been at the committee before, but there now will be a series of questions from the members. Catch my eye if you would like to say something and I will try to bring you in at the relevant point. Once you have caught my eye and you start speaking, could I ask you then not to look away? I might want to keep the meeting moving so I may indicate to you to bring what you are saying to a close. It is just a question of managing the time, but you will all get a chance.

Mike Rumbles (North East Scotland) (LD): I will focus my questions on how Ofcom is pursuing its promotion of competition in Scotland. There is often a significant gap between what is promised by providers and the reality that consumers face in their homes. Consumers are sold promises of certain speeds by providers but they do not receive those speeds. What can Ofcom do to ensure that real speeds are a better match to what consumers think they are purchasing?

Jonathan Ruff (Ofcom): Ofcom's starting point has always been that competition is the best means of delivering good outcomes for consumers in price, quality, service and choice. Although that has delivered improvements in Scotland in recent years, as we have highlighted in the "Connected Nations" report, it is important to recognise—and we are acutely aware—that competition has not delivered the best outcomes for consumers in rural areas. That said, regulatory solutions alone are unlikely to drive infrastructure investment in some of the most rural areas of Scotland. Ofcom's view, as highlighted in the annual plan, is that Government interventions of some kind will probably be necessary. Industry also has a role in examining how it approaches these issues. As we have highlighted in the "Connected Nations" report, we feel that genuine collaboration and constructive dialogue between industry, regulators and the UK and/or Scottish Government is the best means of delivering good outcomes.

Broadband speeds is in one of the chapters in the report that is about protecting consumers. One of the most important changes that we made is the revision of the broadband speeds code of practice, of which some of you are probably aware. In short, that involves strengthening or making clearer the information that is given to consumers at the point of sale. We appreciate that that does not always translate into faster speeds, so we have put in place mechanisms to allow consumers to exit their contracts if they feel that they are not getting the speeds that are being promised.

We are supporting various initiatives with the UK and the Scottish Governments to improve speeds more generally—I am sure that we can touch on this later in the session—but the most important change is related to the broadband speeds code of practice.

Mike Rumbles: On that specific point about broadband speeds, companies often say, "We offer speeds of up to such and such" and then we find that loads of consumers do not get that speed. When a consumer is trying to choose their broadband provider, and they want a higher speed, because it says "up to", they pay more money for it and then find they are not getting as good a service as they had from a different provider. How is Ofcom tackling that?

Jonathan Ruff: The broadband speeds code of practice has some provisions about information at point of sale.

Mike Rumbles: Such as?

Jonathan Ruff: It is primarily an advertising point. Advertising lies with the Advertising Standards Authority, which has recently changed the rules about speeds. The speed has to be within a 10 per cent margin of the speed advertised. It is primarily an advertising issue but there are provisions in the code of practice that allow people to exit if they are not getting the speeds that they were promised.

The Convener: Mike Rumbles, before you go on to your next question, a couple of other members want to ask specifically about broadband speeds. If you want to push on broadband speeds, I am happy to give you another question.

Mike Rumbles: No, I will move on.

The Convener: Can I bring the other members in, particularly on broadband speeds?

Mike Rumbles: Yes, of course.

Stewart Stevenson (Banffshire and Buchan Coast) (SNP): Just to be clear, my point is not about speed; it is specifically about something that Mr Ruff said. You appeared to suggest that competition is about the provision of infrastructure. I think it is probably recognised that, in very small rural exchanges—I am connected to one with 80 customers—that is not going to happen. Are you also taking an interest in the provision of competition in the delivery of services over the infrastructure that is there and is provided by someone else, which broadly means Openreach? That is an issue for many rural areas. In my exchange, on standard connection, there are three providers, whereas in the city centre, I might be able to go to a substantially larger number of companies, and it then becomes a price issue for me. What is Ofcom doing to ensure that a consumer can pursue multiple options? Consumers are not interested in infrastructure per se; they are interested in the price they pay and the service they get. What is Ofcom doing in that regard, particularly for rural areas?

Jonathan Ruff: First, I accept the point that choice is more limited in rural areas. I also take the point that infrastructure investment is probably not the most catchy or consumer-friendly language. In the annual plan, specifically in relation to Openreach, we have put in provisions to incentivise competition on the Openreach network. The term that is used is legal separation, so the idea is that Openreach now has to treat all its wholesale customers—whether it be Sky, TalkTalk, Plusnet, whichever provider is using the Openreach network—equally, so it disincentivises them from prioritising BT.

Stewart Stevenson: Do forgive me for interrupting. How will you know you have succeeded? Do you have a measure for success in competition, particularly in rural areas?

Jonathan Ruff: On the Openreach point specifically, we have put in place legal separation and, in the annual plan, we alluded to how we intend to measure that. We have set up a monitoring unit within Ofcom. I appreciate it is still early days but it is fair to say that there has been good progress so far. We intend to monitor it during the forthcoming year.

The Convener: Stewart Stevenson, you have stolen one of Colin Smyth's questions from later.

Stewart Stevenson: I do beg your pardon.

The Convener: I want to bring in Colin Smyth to ask about speeds.

Colin Smyth (South Scotland) (Lab): Scotland has a high proportion of exchange-only lines and that obviously has a major impact on speeds. How is Ofcom helping to improve broadband speeds generally in rural Scotland? We have a situation in which around 20 per cent of premises in rural local authorities do not have speeds above 24 megabits per second. What are you doing to improve speeds generally in rural Scotland and, in particular, speeds in areas that are served by copper telephone lines?

Jonathan Ruff: Perhaps my colleague Gary Clemo could tell you more about the technical side of exchange-only lines but, in short, a lot of rural areas are served by exchange-only cabinets, which means that they cannot be adequately upgraded to superfast speeds. There is the more general point of what Ofcom is doing to promote the delivery of faster speeds in rural areas. There is the universal service obligation. We share the UK Government's ambition for everyone to have a decent broadband service, which has been defined as a download speed of 10Mbps and an upload speed of 1Mbps. We are currently waiting for the secondary legislation to be laid in the UK Parliament. We have a formal role there.

In parallel to that, as was touched on at the committee's meeting last week, the Scottish Government has its own broadband roll-out programmes: the digital Scotland superfast broadband programme and the reaching 100 per cent programme. It is worth saying that Ofcom does not have a formal role in those programmes, but we are acutely aware of the fact that they overlap with what the UK Government is doing. We have engaged extensively with the Scottish Government on implementation and how we can factor that into our USO duties.

10:15

The Convener: I will stop you there, because we have other questions about the R100 programme. I can see that it is going to be an interesting meeting, in the sense that the discussion is going to move around a fair bit.

I will bring Gary Clemo in to explain the technicalities of the issue, after which we will hear from Glenn Preston.

Gary Clemo (Ofcom): It is true that Scotland has a larger proportion of exchange-only lines than other nations of the UK. Technically, there is not a straightforward solution to improving the situation for consumers on exchange-only lines. Openreach has a programme in place to explore ways of upgrading those lines. They cannot be upgraded in the same way that other properties that are not connected directly to the exchange can be upgraded.

To be honest, the issue is less about the technical solution and more about the practicality of Openreach pursuing its copper rearrangement programme. So far, it has found that it can improve the situation for certain lines on an exchange-by-exchange basis. We are not seeing significant improvements at speed, but Openreach is continuing to deploy that approach, and we are monitoring progress as part of the "Connected Nations" report.

Glenn Preston: I have a quick point to make in response to the question that Mr Stevenson asked about consumers and pricing. We produce a lot of material that is specifically aimed at allowing consumers to understand what sort of choices are available to them. I draw attention, in particular, to the work that we do on equality of service, which looks at how successful each of the different providers have been in the provision of service to consumers and reports annually on that to allow consumers to make a choice about whether they want to move. We then rub up against the issue of the choice that is available to people in rural areas, which is what Mr Stevenson asked about, where that choice is more limited, for the reasons that we have discussed.

The Convener: I will come back to Mike Rumbles. I ask you to stick to the R100 programme for the time being, because there are other members who want to come in on that.

Mike Rumbles: The important issue that I am trying to ask about is competition.

The Convener: Because the R100 programme has been mentioned, do you want to come in on that, Jamie?

Jamie Greene (West Scotland) (Con): It is a supplementary to the question in our question paper, which is not mine, so I am not sure how you want to—

Mike Rumbles: Can I proceed to ask about competition?

The Convener: Is your question on R100, Jamie?

Jamie Greene: Yes.

The Convener: We will take that one first and then come back to Mike Rumbles.

Jamie Greene: Good morning, panel. I want to bring the discussion back to something that Mr Preston said in his opening statement. He said that he found last week's evidence session enlightening because it gave him more insight into the Scottish Government's plans. That is a terribly worrying statement.

Why do you have to watch parliamentary committees to understand what the Scottish Government is doing in its R100 project? I appreciate that there are a number of parallel systems running at the moment, and that Ofcom has a statutory duty to involve itself in the UK Government's USO. However, given the existence of the DSSB and R100 projects, and the fact that we have additional, organic commercial market progress in certain areas and regulatory-driven market progress in other areas, it does not sound to me as though there is a huge amount of joined-up discussion or thinking on these parallel—and often confusing to the consumer—programmes. Do you have any comments on that?

Glenn Preston: The direct answer to your question is that it is not necessary for us to watch the parliamentary engagement in order to understand what is happening; it is just a helpful part of the process. We can and do talk to the Scottish Government all the time—several times a week, if you want to put a metric on it. We have been having a conversation with it and at a UK level with the Department for Digital, Culture, Media and Sport about the interaction between the R100 programme and what the UK Government has now decided to do with the regulatory USO.

On a point of detail, we are not yet responsible for the USO, and we do not know what the final terms of that will be. We understand that the legislation that will set out exactly what is required of Ofcom will be laid towards the end of this month. That is when the conversation will start, which is why it is helpful to look at the evidence that Fergus Ewing and his team gave last week about how the two issues sit together—in other words, how we deal with the issue of costs and pricing and so on, bearing in mind that the Scottish Government has a separate policy objective and is running its own programme.

When we are given that formal responsibility and we understand what the parameters are for the USO, we will discuss with the Scottish Government, the Scottish Futures Trust and other bodies in Scotland, such as Highlands and Islands Enterprise, how everything fits together, which will allow us to make our decisions about the regulatory responsibility that we will have for implementing the USO.

The Convener: I come back to Mike Rumbles to push on some of his points.

Mike Rumbles: The key for a better service for the consumer is information. It strikes me that there is huge confusion out there about the level of service that is promised, whether that is 10Mbps, 24Mbps or 30Mbps. From my discussions with the consumer organisation Which?, I know that providers know which service they are supplying to individual properties throughout the country. There is a question that Which? would like to ask, which I will ask because I am interested in the issue, too. Through the regulatory role that you

exercise over the providers, can you get them to provide and publish the data that they have on individual premises and consumers so that those consumers will know what information is held on them regarding the service that they can receive at the moment? If you cannot, perhaps you could explain why not.

Jonathan Ruff: Perhaps Gary Clemo could expand on the definitional points. As far as your point about consumer information is concerned, Ofcom publishes a wealth of data that is available on our website. More generally—I know that your question was about price—we have online maps on which people can check the coverage. We have Ofcom-accredited comparison—

Mike Rumbles: Yes, but my point is about the providers. You are not a provider; you are the regulator. The providers have all this information. You regulate the providers. Those providers could provide that information to individual consumers. You publish a lot of general information, but that is not what I am asking about. I am asking whether, in your role as the regulator of the providers, you can get the providers to provide the information on individual premises.

The Convener: Who would like to take that? I think that we have all had letters from constituents saying that they were promised a particular speed by the provider, which, on being asked, said that it could not deliver it, despite having promised it. I think that that is what Mike Rumbles is drilling down on.

Gary Clemo: For the purposes of "Connected Nations", we get data from all the major providers on the kinds of broadband services that they can deliver to every residential and small business property in the UK. That is a considerable dataset. That dataset has been updated on an annual basis, but from this year we will update it more frequently—three times a year. That information has significant value to us as an organisation. We also make it available in various guises to policy makers, but of course consumers would like to know what kind of service they can reasonably expect at their premise.

Jonathan Ruff has already mentioned that we make information available via our checker tool, as I am sure that you are aware. If someone puts in their address, that will give them the most up-to-date information that we have on the speeds that the operators predict. Their models are relatively accurate, if you factor out the occasional faults that people may get on their broadband lines. In general, what those models predict is the speed that is delivered to people's premises. People can use our online checker tools and apps to find out what kind of service they can expect at home.

On your point about whether we can encourage the providers to make that information available, the approach that we are currently pursuing is a voluntary approach. We have approached BT, Openreach and Virgin Media in the first instance to encourage them to make address-level data available to price comparison websites, which is the main way in which consumers would access that information. Those discussions are on-going.

Mike Rumbles: So it is an issue that you are pursuing.

Gary Clemo: We are pursuing the voluntary approach.

Mike Rumbles: If the providers do not make that information available voluntarily, would you consider requiring them to do so?

Gary Clemo: We are monitoring progress.

Mike Rumbles: That was not a yes.

Gary Clemo: We clearly have an interest in making sure that consumers have as accurate information as they can to inform their buying decisions. We have a number of ways of doing that. We maintain our own websites and we would encourage operators to—

Mike Rumbles: I simply make the comment that there is quite a difference between saying that consumers can find out that information through a check and requiring the providers, which have that information, to make it available to consumers when they enter into contracts. I hope that the voluntary approach works, but if it does not, I hope that we can return to the issue to see how we can pursue it.

Stewart Stevenson: There is an issue that I am slightly puzzled about. I have changed both my broadband contracts in the past two years. In each case, I was given an estimate of the download speed and a contractual commitment to at least meet that speed, which allowed me to cancel. In one case, I was promised 68Mbps and I am getting 82Mbps—that is down here. At home, I was promised 6Mbps and I am getting 8Mbps.

Given that the provider that I am signed up with—I will not name names, although you can probably work out which one it is—can make such a contractual commitment, would Ofcom wish to pursue that generally across the industry? If one supplier can make such a contractual commitment, it means there is a no-penalty-to-me option to cancel early if it is not delivered. Why can everybody not do it, particularly with exchanges such as mine, where it is all one infrastructure, even though there are multiple offers?

Jonathan Ruff: I refer back to my previous answer. The short answer to that comes back to the broadband speeds code of practice. If

someone is not getting the speeds that they were promised at the point of sale, they are permitted to exit their contract without penalty. That is what we point to when such concerns are raised. There might be underlying technical reasons to do with how the provider manages traffic at peak times but, as is outlined in our proposed annual plan, the broadband speeds code of practice is what we would point to in such circumstances.

It is worth adding on consumer protection that we have now published a final decision on automatic compensation. If, for whatever reason, someone experiences a fault on their line or finds themselves without service for a period of time, they are entitled to automatic compensation.

Stewart Stevenson: Given that part of the network for delivery is the domestic consumer's network in their house—in my case, the speed more than doubled when we replaced one socket—how are you dealing with that issue, which is not really an issue for the supplier? I suspect that that is a common cause of difficulty.

Jonathan Ruff: Perhaps Gary Clemo could add to this, but there are a number of things that consumers can do in their houses to improve their broadband speeds. One of Ofcom's most publicised reports was on factors that can affect wi-fi speeds. There are various electrical interference problems that can result in speed degradation in people's houses. It might not be the solution to the problem, but there are things—this is all on the Ofcom website—that people can consider to improve their broadband speeds now.

10:30

The Convener: We move on to the next question.

Stewart Stevenson: I will be fairly brief, because a fair bit of the issue has been covered. We are looking at the USO of 10Mbps but, through its R100 programme, the Scottish Government is seeking to deliver a substantially higher standard of 30Mbps, as well as a higher upload speed.

How do the two regimes interoperate, or is that unclear to you as yet, in that the UK legally mandated requirement is different from the target that the Scottish Government has set?

Jonathan Ruff: First, we are supportive of any Government initiative that seeks to improve connectivity, regardless of whether it comes from the UK Government or the Scottish Government. We would have a formal legal duty to implement the broadband USO, which has come up in a number of contexts. At the moment, the draft statutory instrument that was published alongside the DCMS consultation last year was for a download speed of 10Mbps, as you said, and an

upload speed of 1Mbps. We expect that to be the case. When a voluntary deal was being proposed, we engaged extensively with the Scottish Government on these issues.

In answer to your question, I think that it is a case of timing. Over the course of the next few months, I am sure that we will get more details on the issue, but we are acutely aware of the overlapping nature of the programmes. As I said, we have an excellent working relationship with the Scottish Government.

Stewart Stevenson: I will move on to another subject—the spectrum—although I will not open it up too much, because I know that colleagues will do so.

I think that it was Jonathan Ruff who referred to the 700MHz spectrum, which is of particular interest to Scotland for 5G. Given that the north of Scotland in particular would be the ideal testing ground for that frequency, because there is a great need for it there and because it will be distant from any interference from other jurisdictions that might be using the same frequencies—Freeview started in the north of Scotland and ended up in the south-east of England for that reason—what are we doing to make sure that the rural implementation of 5G, which is very different from what is planned for the cities, technologically and otherwise, is at the forefront of what we might do in looking at the awards of spectrum? We will explore the whole issue of connectivity later in our questioning.

Matthew Bourne (Ofcom): I will start and maybe Glenn Preston will pick up on the specifics. On spectrum overall and awards, it is probably worth noting that we are now at a point where a series of clearances and awards are coming up over the next few years, not just on the bands that you have mentioned but others. In relation to 5G, I think that we are some way away, but we are looking at the 26GHz band and what else might be done there.

To come to your point—

Stewart Stevenson: To be fair, 26GHz is very short range—it is about covering cities. It is of absolutely no value that is worth talking about to rural areas. We are the Rural Economy and Connectivity Committee, so I am focusing on the 700MHz, which is what will deliver 5G for local areas. I might sound as if I know what I am talking about, but you should not make the assumption that I have a complete knowledge; I do not.

Matthew Bourne: I think that that is a very accurate summary of the differences between the two bands; 700MHz is more imminent, because we are embarking on the clearance process for that. I know that there is now quite a detailed programme in place for how that will be cleared area by area. I do not have the specifics with me,

but we would be happy to provide them. That is in the annual plan this year.

Once the spectrum is cleared, we will look at what can be done in the award process to encourage further competition and obligations with regard to geographic coverage. We are talking about the first step in a particular spectrum band. We are also looking at the wider use of spectrum and what is more appropriate for different areas. I am sure that Glenn Preston will be able to cover some specifics.

Stewart Stevenson: I should declare an interest, in that I am currently on 0G.

Glenn Preston: As it was me who mentioned 700MHz, not Jonathan Ruff, it is only fair that I respond to your question.

As Matthew Bourne said, we are due to consult on the 700Mhz spectrum process in the next handful of weeks. We expect it to cover the areas that you have asked about—rural areas. There are different options that we could look at with regard to how that might be done, as you will be aware. We will ask members of the Scottish Parliament to contribute to that process before we get around to awarding the final spectrum next year.

You mentioned 5G. The other conversation that we are having at a UK level, but also with the Scottish Government and the Scottish Futures Trust, is about how we can help to deliver on the 5G strategy and support test beds and trial programmes, for which we offer licences. We expect Scotland, along with other bits of the UK, to be interested in participating in that, and we will explore those options.

The Convener: I want to push you on that. Stewart Stevenson made the point that large parts of Scotland have 0G. Looking towards 5G when many places, especially in the north—which I class as north of Inverness, but Stewart Stevenson might have a different definition—have 0G is hard to stomach for those rural areas. Will Ofcom push current providers to make sure that 4G is rolled out across the areas that do not have it now? We do not want to allow companies to get distracted by future technology before they have delivered what they should have already provided.

Glenn Preston: I think that the short answer to that is yes. We are currently assessing the existing obligations and the extent to which they have been met. Over the course of the next few months, we will publish a final report on those that were due to come to an end at the end of December 2017. It is worth saying that the "Connected Nations" data that Gary Clemo referred to goes back to the summer of last year, so we would have thought that the picture has improved quite dramatically. As Gary mentioned, we will publish data more

frequently this year, which should allow people to have more up-to-date information.

With the new awards that are coming up, we are not just looking towards 5G; we are also looking to make sure that people can have sensible voice and data services. That is why 700Mhz, particularly in rural Scotland, is attractive to us. It should allow people to be able to make voice calls and use data in a better way than they can at the moment, and it should respond to your point that there are still geographic areas in Scotland where it is not possible to get a signal.

John Finnie (Highlands and Islands) (Green): I would like to pick up on your obligation to protect people from harm from things such as unfair practices and to ensure cyberresilience. Mr Stevenson said that he has little knowledge; I have zero knowledge by comparison.

I am told that TBEST is

"a new intelligence-led cyber security penetration test framework for communication providers".

It is a security measure that I understand identifies and would respond to specific cyberattacks. In the Highlands and Islands, and indeed in other rural areas, many local communities have established their own networks. How can you ensure that those networks maintain good security and resilience practice?

Glenn Preston: I am not sure that I have much to say on that, to be honest. Ofcom has some regulatory responsibilities in respect of the physical resilience of national networks, and we work with the providers and with Governments to make sure that adequate protections are in place. I am afraid that I do not know the answer when it comes to local and community networks.

Gary Clemo: I am afraid that I do not have a precise answer to the question, but I acknowledge that members of my team are engaged with TBEST. Currently and over the next 12 months, Ofcom's duties around cybersecurity and cyberresilience are in the process of changing. That means that I am not in a position to offer a response, but the issue that Mr Finnie has raised sounds like something that I would be happy to follow up on with the committee.

John Finnie: It would be good if you could come back to us on that.

What measures are in place in the interim? When you come back to us, can you tell us whether there is a roll-out programme? Could you say a bit more about the existing protections?

Gary Clemo: I am afraid that I do not have a detailed understanding of that. I suspect that the little knowledge that I have would not answer your question. I can come back to the committee with a

comprehensive view of what we currently do and how that is likely to change as we inherit the new, changed duties.

John Finnie: That would be very helpful—thank you.

The Convener: John, you indicated earlier that you wanted to drill down on security for local communities with their own networks. Do you think that you have had an answer to that?

John Finnie: Gary Clemo said that he would get back to us with more detail on that aspect.

Stewart Stevenson: I have a specific question on the increased number of small telecom providers and fixed-line provision. Those providers have an enduring responsibility to provide the switching capability for the numbers that they issue, even if the customer becomes a customer of another company. In Aberdeen, about five or six years ago, a telecoms provider failed and the switching capability was removed so people lost access to their telephone numbers, even though they were not with the failing company. Does Ofcom plan to provide a step-in facility that would protect and cover that switching capability? It was immensely disruptive when it happened in Aberdeen and it strikes me that we could do something about it.

Jonathan Ruff: I entirely agree. When loss of service issues arise, particularly in rural communities, it is felt acutely. It is worth saying that Ofcom does not have a formal role in administering or managing community broadband schemes. We are aware that some of the problems and challenges that they face relate to access to backhaul, which they need to connect to the main network. A lot of those providers rely on fixed wireless access, although I am not sure about the specific case you mentioned, Mr Stevenson.

The past year has seen a number of cases of failing wholesale providers. One of those that comes to mind is AB Internet, which had a downstream effect on a project in Loch Tay, where a couple of hundred people lost service. Obviously that has a huge impact on businesses and local communities.

To answer your specific point about Ofcom's role, it is more tricky when it is fixed wireless providers on the Openreach network. There is a process in place called the supplier of last resort.

Stewart Stevenson: Can I be clear that I am making a very narrow point about losing the right to a particular telephone number? I am talking hypothetically. A telephone provider in Edinburgh could provide numbers starting 0131 998, and they have to provide the computer, which is the first place that the number goes to be switched to,

whatever provider it is. If the computer or the company fails, people lose access to their 998 number. That was what affected thousands of customers in the city of Aberdeen. It was not a rural issue at all, and it was some time ago.

Jonathan Ruff: There are two points there. Ofcom general condition 18 relates to number portability, and everyone has the right to request that their number be ported. As far as I am aware, when there is a loss of service, the numbers are held in a bank for up to six months. I am not aware of the specifics of that case, I am sorry, but that is the general principle.

Stewart Stevenson: I do not want to overegg the pudding too much—you might have to go away and think about it. It is simply just the way that the network works: when someone dials a number, it goes to the failed provider's computer, even if the contract the person has is with entirely another company. I am talking about protecting people's access to a specific number, which will be on all their notepaper, in telephone directories and so on.

It sounds like a tiny point, but it is not so for the companies who lose their number. It was not a question of the service being down for a week while somebody else stepped in; those clients lost the right to their number permanently. That is the issue. However, let us not overegg the pudding, convener. Maybe the witnesses can come back to the committee on that question.

10:45

The Convener: Yes; we have dwelled on that enough. Perhaps Jonathan Ruff could write to the committee and let us know.

Jonathan Ruff: Yes, of course.

The Convener: It is a serious point. Perhaps you could let us know how widespread it is when you write to us.

Richard Lyle (Uddingston and Bellshill) (SNP): I am not sure whether anyone else is picking this up, but Ofcom is going on about service and cost and good provision and so on. I remember the good old days when you phoned directory inquiries and it cost you about 5 pence. Do you remember what 5 pence was? Now, if you dial directory inquiries to any provider, it can cost you from £1 to £2 to £3 if you stupidly say, "Yes, put me through to the number. Thank you" and you forget that you are being directed and then directed again. What are you going to do about that? What are you doing to reduce the cost of directory inquiries?

The Convener: I knew I should not have let you in, Richard, because I wanted to ask that. It is a genuine point, and we have all been approached

about it, especially by constituents who do not have access to broadband to look up phone numbers. They have to go through directory inquiries and then, because they do not have a pen to write the number down, they end up being put through and it costs them a huge amount of money. That is in Ofcom's report. What are you going to do about it? Matthew Bourne, you are going to answer on that.

Matthew Bourne: Yes, it is in our report and it is one of the priorities for the coming year. Without recapping too much, the market was deregulated, and when markets are deregulated, we run the risk of introducing sharp practice in some cases. On the other hand, we hope to get some of the benefits of competition between provision, but we entirely accept that, when the competition does not work, we need to step in to protect consumers.

We are aware of what you are talking about. In some cases, particularly vulnerable groups of consumers are more dependent on their landlines. In the UK, approximately 1 million or so households are still landline-only users. They do not take advantage of internet technologies and directory inquiries would be their way of finding numbers.

Richard Lyle: Those were great words, Matthew Bourne, but can you set a cost? Can you say to the providers, "Sorry, you are not charging £1.50. You can charge 50 pence or you can charge whatever, but you are not charging what you are charging them now"? Can you regulate that? Can you enforce that, yes or no?

The Convener: I am happy if you want to give a short answer to that, because you said that you believe it is sharp practice—I think that is what your words were. Ofcom's report says that it wants to do something about the issue and that regulation may be required, so confirmation that you can do something about it might answer Richard Lyle's questions.

Matthew Bourne: I am sorry that I cannot give you a yes or no answer, but the option is on the table. We are looking at transparency and pricing and how those markets are operating.

The Convener: I hope that we do not have to ask you the same question in a year.

Colin Smyth: Ofcom's consumer protection regulation is underpinned by the general conditions of entitlement and Ofcom has recently made a number of changes to them. The most high-profile ones are on issues such as nuisance calling and protecting vulnerable residents. Will the new set of conditions have any specific impact on communication providers in Scotland?

Jonathan Ruff: Yes, of course. The rules are UK-wide. The Scottish Government has its own

action plan on nuisance calls and we and a number of other organisations have been involved quite extensively with that.

As far as we are aware, the number of nuisance calls is coming down, but research from Which? shows that there was a higher prevalence of nuisance calls in Scotland. We hope that the measures that we have put in general conditions will have a greater impact in Scotland, if that answers your question.

Colin Smyth: The rules are obviously UK-wide but are the new rules likely to have a disproportionate impact on communication providers in Scotland?

John Scott: No, not as far as I am aware.

The Convener: We all receive letters from constituents who complain about receiving nuisance calls. The latest one is about the new Government boiler scrappage scheme but there is this scheme and that scheme. We advise constituents to block the numbers and go on a call preference service. It works for a couple of months and then off it goes again. There is genuine dissatisfaction with the way in which such calls are regulated. Will Ofcom look at that more closely? From what I get in my mailbag, I would say that what we have at the moment is just not working.

Glenn Preston: The short answer to the question is yes, but it is not only for Ofcom to respond to the nuisance calls issue. The advice that we offer to the Nuisance Calls Commission in Scotland and at the UK level is technical. We are working with communications providers to look at technical solutions and the ability to block these things at source.

It is a challenging game, because the companies continue to change the technology and it is really a matter of trying to keep up with that. We are continuing to be part of looking at the Nuisance Calls Commission implementation in Scotland, alongside the likes of the Information Commissioner's office, which has greater powers over the protection of personal data and data privacy. That is where we can push those companies that are carrying out the sorts of practices that you have identified.

The Nuisance Calls Commission is interesting because it demonstrates the fact that quite a lot of those schemes seem to relate to public schemes and the policy objectives of the Scottish Government. That had gone unnoticed until the commission started to look into the background. We are working with the commission to identify where such schemes might be and how we can provide technical advice to stop people suffering from the sort of sharp practice that we mentioned.

The Convener: One of the easiest ways to do it would be to make sure that anyone who makes such calls has to identify themselves and give their number, but they are all on "number withheld" so you cannot ring them back and check them out. I would have thought that any UK company could be forced to not mask their number so that this practice could be stopped. Do you have a view on that?

Glenn Preston: Those are among some of the solutions that we are looking at. I do not know the exact detail, but there is a significant problem with this happening at the international level. It is not just a case of being able to identify UK companies, although clearly if we had the scope to do that we would consider it. The proliferation of calls seems to have come from other parts of the world—Gary Clemo might want to come in on the point—so it requires international solutions to come from the forums of which we are members.

Gary Clemo: To add to that, there is the additional problem of spoofing. Some companies hide their real number with a false number, so that the consumer is tricked into answering the phone expecting it to be from someone else. That makes enforcement significantly harder. We are looking into some technical solutions and are providing advice.

The Convener: It would be greatly appreciated by people who receive these calls at all times of the day and night if we could get on top of it. We will leave that there and move on to the next question.

John Mason (Glasgow Shettleston) (SNP): International co-operation was mentioned. There is a section in your plan for 2018-19 with the heading, "Engage during changes to European legislation". There is a fair bit of detail in there, but how do you see that going forward? Will Brexit have an effect? Will people notice any changes or will we end up being part of the same Europe-wide system of regulations?

Matthew Bourne: You are probably picking up on some of the changes to legislation that are already in train and, indeed, were in train at a European level before the Brexit vote. For a number of years, we have been engaged, as many member states have been, with the audiovisual media services directive and revisions to that and with the electronic communications framework, which governs fixed-line telecoms. We expect proposals on the former to be adopted during the current annual period and proposals on the ECF to be adopted to a slightly later timescale. Those legislative changes are coming through.

I am not sure whether there will be dramatic changes. I think that some of the core principles remain. On the AVMS front, changes are being made to some of the requirements around on-demand services as people adapt to a new world of delivery of audiovisual services.

John Mason: Is it the case that we have committed to some of these things because we are currently in the European Union and that those commitments would still hold in the future, unless somebody positively changed them?

Matthew Bourne: Indeed.

John Mason: So there would not be a gap.

Matthew Bourne: No. We have been signatories to those arrangements and, indeed, their predecessors. They have been incorporated in UK law, so unless a decision was taken to change what we have adopted, they will remain.

John Mason: Consumers will be worried about roaming charges, because it took a long time to get rid of them. Will Scottish or British people be charged when they go to Europe or do we not know? What about people coming here? Will any of the current arrangements be affected?

Matthew Bourne: That issue is outside the bits of legislation that I mentioned. Separate provisions were made—I think that they came into effect in June last year. It is everyone's aspiration and hope that we will have as much continuity as possible. The abolition of roaming charges is an intervention that has been broadly welcomed by consumers, and we hope that it remains. That will be subject to agreements continuing, and it might form part of the negotiations.

Peter Chapman (North East Scotland) (Con): Good morning, gentlemen. My question is about the bidding process for the R100 scheme. We are told that superfast broadband is at 94 per cent in urban areas and only 56 per cent in rural areas. We are told that, initially, the bidding process for R100 will concentrate on rural areas. The country has been divided up into three geographical areas for the bidding process. We want to get competitive bids that offer value for money, and we hope to have the contracts awarded by early 2019.

Is Ofcom involved in that process? What role do you have to play in ensuring that we get competitive bids that will deliver on the expectation that superfast broadband will be delivered to 100 per cent of Scotland's rural areas?

Jonathan Ruff: The short answer to that is no—we do not have a formal role to play in the R100 programme. As has been mentioned, to date our role has been limited to the provision of technical advice and expertise.

On your point about building competition into the bidding process, you are right that the Scottish Government has divided the country into three

geographical lots. From what I can gather, it is prioritising the north lot first. It is well documented that other European countries have followed what is referred to as an outside-in approach. I am not sure whether that is directly applicable, but the principle is the same—it is to prioritise the hardest-to-reach areas first.

From what we can gather from our discussions with the Scottish Government and the documents that it has published, its aim is to build as much competition into the process as possible. Given that a range of technologies might be used, smaller providers could be involved. I have attended workshops at which smaller providers have expressed an interest in R100, but the aim is to build in a competitive bidding process, which Ofcom in principle agrees with. As we have said, competition is one of the best means of incentivising investment.

Peter Chapman: Do you have any knowledge of how that process is going? You say that you are not directly involved, but do you have a feel for how it is progressing?

Jonathan Ruff: Ofcom acts independently of the UK and Scottish Governments, so I do not know that it would be appropriate for us to comment on the future merits of the process. Our "Connected Nations" report and the data that you referred to are retrospective. Our role there is to comment on progress rather than to look to the future and speculate about what might happen.

Although we have no formal role, we have engaged extensively with the Scottish Government on the issue. As we have said, we will have to take account of the R100 programme, given that we will have a formal duty with regard to the UK Government's USO.

11:00

Glenn Preston: Jonathan Ruff has made the point that I was going to make. It is worth stressing that, in relation to the procurement specifically, there is no role for Ofcom to play, but we will continue to talk to the Scottish Government. The interaction between R100 and the USO, on which we will have a formal implementation role, is critical. We need to make sure that we get that absolutely right.

Fulton MacGregor (Coatbridge and Chryston) (SNP): At last week's evidence session, there was a bit of discussion about individual consumers upgrading to superfast packages. Has Ofcom done any research to explain why consumers are not taking up that option?

Jonathan Ruff: In the "Connected Nations" report, I think that the figure for the take-up of

superfast broadband is 39 per cent. As yet, I do not think that it is clear why people are not taking it up. It could be the case that they feel that it is not necessary. Ofcom has published research that says that 10Mbps is probably about enough at the moment for the typical household. The Scottish Government has set out a range of measures to encourage take-up in its digital strategy. I do not think that we have a clear answer on why only 39 per cent of people in Scotland are taking up superfast broadband, but that level of take-up is broadly in line with what we have seen across the rest of the UK; I do not think that it is an issue that is specific to Scotland.

As more use is made of video streaming services and the demands on data increase, people might gain a better understanding of the benefits of superfast broadband. It is not yet clear why people are not taking up the option. We have done research on consumers' needs, and we publish a communications market report each summer that outlines how people are using communication services. Over time, we might be able to report back to the committee on the different ways in which people are using such services.

Gary Clemo: I am vaguely aware of some research that we did a while back that looked at consumers' preferences for different broadband products. As Jonathan Ruff points out, we have not identified one particular issue. It could be that people do not appreciate the benefits of superfast and are quite happy with the standard broadband services that they have. I think that about 15 per cent of people said that they thought that it was too expensive, which I guess is related to the first point. If people do not recognise the merits of superfast, they will not consider buying it if they think that it is too expensive.

Perhaps the providers of those services could do a bit more to articulate the benefits of superfast. More and more people are watching high-definition content that is delivered over the internet, which will need a faster speed. Over time, there will be a move towards ultra-high definition, for which people will need at least a superfast speed. Therefore, providers have a good opportunity to look at what they are charging—which is, of course, their decision—but also at how they can better articulate the benefits of superfast speeds.

Fulton MacGregor: You have given a few possible explanations, but are there plans to conduct any research that might give more definitive answers, or do you believe, as you hinted, that there is more that the providers could do?

Gary Clemo: We have a rolling programme of market research, so I expect that we will continue

to ask that question. I do not know whether we will do that this year or next year, but given that we have asked the question once or twice before, I expect that we will continue to ask it.

Glenn Preston: I have a quick additional point to make. We have talked about take-up with the Cabinet Secretary for Rural Economy and Connectivity. He has been conscious, in thinking about DSSB and the design of R100, that the Government will need to play an active role in the promotion of the fact that the services are available for people to take up in the first place. In addition to the market research that we provide to inform policy makers, the providers will have to do promotion, as Gary Clemo said, and Government will have a part to play, particularly when there are public interventions such as the USO and R100.

Fulton MacGregor: My final question is on advertising. Are you happy that the guidance provided by the Advertising Standards Authority on broadband speed claims in adverts will have the necessary impact on consumer protection?

Glenn Preston: I do not think that we would formally assess what another regulator was doing in that way, but it is clear that the ASA has felt that the advertising of "up to" speeds—which a number of members have commented on—has not been adequate. It has intervened in the market and told providers that they must change.

We will continue to talk to the ASA about the issue. It has direct relevance to the provisions in our revised broadband speeds code of practice, which Jonathan Ruff mentioned. We will continue to keep an eye on that to make sure that it is up to date and that it reflects advertising practices.

Jamie Greene: Following on from Fulton MacGregor's question, the conversation is often around technical delivery of broadband and improving that, but we do not often talk about digital participation in its wider sense and some of the barriers to access for consumers. Has Ofcom done any research into the potential cost barriers as part of its consumer research? For example, one of those barriers might be that, in many broadband packages, people also have to take out a fixed land-line as part of the package, which is an additional cost—in some cases, it doubles the cost. Anecdotally, many lower-income households do not require a land-line, so they may be paying for it but not even installing a telephone and just having a wi-fi router. What behavioural analysis has been done on that to help us with increasing digital participation, especially among lower-income households?

Matthew Bourne: That is a fair observation. It is one of a number of potential barriers to people taking up services. It is probably undeniable that, as the markets for different telecommunications products have become more complicated, with more providers and more variations, there has been a wider set of barriers. We have done research on uptake. In the current annual period, we are going to have a particular push under a project that we are calling consumer engagement more widely but which involves looking at exactly those issues. The genesis of that is that we have acted and intervened strongly in favour of switching and auto compensation in the past few years, yet the levels of people changing their providers or their packages are not what we might expect. That project will look at exactly those kinds of barriers and why people might not be exercising choice in the way that we think they could.

Jonathan Ruff: To follow up on Matthew Bourne's point, we are acutely aware of the digital divide and how that can be not just a rural and urban issue but an issue of wealth and social equality. Some operators currently offer stand-alone broadband packages. The market may change to respond to consumer needs, but the example that comes to mind on this point—it is an issue that we have included previously in our communications market report—is that a number of households in Glasgow simply cannot afford to have a fixed connection and so use mobile phone services for all sorts of internet needs. That brings with it a lot of problems in accessing benefits and engaging with government services. I do not know whether members have ever tried to complete a job application form on a mobile phone, but it is extremely difficult.

We are aware of those issues and we report on them. If I may, I will give a plug for the cross-party group on digital participation, for which I act as a secretary and which explores a lot of those issues. A number of important organisations in Scotland are looking at those issues alongside Ofcom.

Jamie Greene: Do you see a future where telecommunications companies should not require customers to take fixed-line contracts if they want only broadband? At the moment, the majority require the customer to do that. Does Ofcom have an intervention role to push in that direction?

Jonathan Ruff: There is no regulation requiring providers to tie the packages together. As I said, it is within their commercial or business models to offer stand-alone broadband services. On that point, we are aware that some people want stand-alone land-line telephone services, which is the reverse problem. That is a problem particularly for older people, who perhaps do not want a broadband service but who have to pay for one to get a telephone line. We have introduced measures—I think that it was last year—to bring down bills by at least £5 for those individuals. We are acutely aware of the point about bundled packages and the cost implications, but there are

no regulations that require providers to bundle in that way.

Jamie Greene: But could you require them to unbundle?

Jonathan Ruff: Potentially. I am not sure how proportionate a decision that would be. Any Ofcom interventions have to be proportionate, and a cost benefit analysis has to be undertaken. We would have to be convinced that the problem was significant enough to require an intervention on that scale.

The Convener: I have a quick question on the roll out of R100. The Scottish Government is relying on funding from gainshare from people who get the contract. Considering what you have just said about people taking up superfast broadband, is there a fear that the gainshare may be overplayed or a fear that some providers might say that, to continue with their service, people have to have superfast broadband? Is that a realistic concern?

Jonathan Ruff: Gainshare would see money returned to the overall R100 pot so that more people can take up the service. It is in the communications providers' interests to have more customers. As far as I can see, it is a win-win situation for everyone. I am not sure of the specifics of how much of the gainshare money is attributed to the £600 million that has been set aside for R100 and whether it is additional money or is topping up. I am not sure specifically how that is broken down. As far as I can see, it is in everybody's interests for take-up to increase.

The Convener: Thank you. You have confirmed my concern. When I asked the question on gainshare last week, I was not sure how much of the £600 million is made up by gainshare. You have watched that, so you obviously share my concern or lack of clarity.

We will move on to the next question.

Richard Lyle: I am reminded that broadband is a reserved matter for the UK Government. Which Government is responsible for the provision of mobile phone services, masts and so on?

Jonathan Ruff: All telecommunications are reserved to Westminster. The mobile spectrum is licensed on a UK-wide basis. There are Scottish Government initiatives such as the mobile action plan that we hope will bring about real improvements in areas where there are not-spots. The Scottish Government has said that it will look to introduce changes that do not rely on reserved powers and so are not related to spectrum. To summarise, some of those changes involve changes to planning laws, and the Government is considering introducing business rates relief to encourage operators to put the infrastructure on the ground where it is needed. I think that it is also considering rental guidance in relation to making use of existing public assets.

Although spectrum is a key part of mobile connectivity, in other areas that are devolved, such as planning and business rates, changes could be made that would increase connectivity in rural areas.

11:15

Richard Lyle: So it is the UK Government's responsibility, but the Scottish Government is bringing in various initiatives to make progress. Mr Ruff, am I right in saying that you were the author of "Connected Nations 2017"?

Jonathan Ruff: Yes.

Richard Lyle: What progress has been made to address mobile not-spots, and what can Ofcom do to help increase 4G coverage in Scotland? Ofcom suggests that the coverage is only 17 per cent. I had an email last week from a provider, which I will not name but which says that it is more than that. What is it?

Jonathan Ruff: The 17 per cent figure relates to 4G coverage. An important caveat, which might not have come across in some of the coverage over the past week, is that the 17 per cent is from all four operators. That is an important point to get on record.

Richard Lyle: That was in the email.

Jonathan Ruff: Yes. On not-spots, off the top of my head, I think that 31 per cent of Scotland does not have any service from any operator. Last year, the Scottish Government and the Scottish Futures Trust published a 4G infill programme as part of the mobile action plan. The Government has consulted on about 35 sites in those not-spot areas where it is looking to draw on the measures that I mentioned of rates relief and infrastructure investment to drive coverage to those areas.

Richard Lyle: So that percentage should improve dramatically through Scottish Government initiatives.

Jonathan Ruff: Certainly, any initiatives to put more base stations in rural areas would result in increased coverage, regardless of who does that.

Richard Lyle: I think that I have pressed you enough on that, and some people are getting bored with me saying that it is the UK Government's fault and not the Scottish Government's fault.

How does Ofcom support the mobile needs of vulnerable customers? You made a point about how hard it is for people to do a job application or

get benefits on a mobile phone. What are you doing to help such people?

Jonathan Ruff: Do you mean with the mobile phone experience?

Richard Lyle: Yes. I am talking about vulnerable consumers and people who do not have access to a land-line or whatever. Can you do anything on that, or do people just need to suck it and see and wait for catch-up?

Jonathan Ruff: One of the main mechanisms for ensuring that vulnerable consumers have a good connectivity experience is through our universal service obligation. Obviously, there is not one currently for mobile services. The existing European framework does not allow for a mobile phone universal service obligation. There are challenges relating to the cost of mobile phone services, but I think that those costs have come down greatly in recent years and, by international standards, the UK is not too expensive for mobile phones, although someone can correct me if I am wrong on that. I take the point that, as data packages increase, the cost of the services goes up.

Glenn Preston: We have already covered this, but it is also an answer to the question about what Ofcom can do. The spectrum awards that we have referred to—not just for 700MHz, with its properties that are good for remote and rural areas, but for some of the other spectrum bands that Matthew Bourne mentioned—is the space where we are trying to improve coverage and allow people to access voice and data services in different parts of Scotland so that they can participate socially and economically.

It is important to recognise that the trajectory has been upwards and there have been significant improvements over the past few years. The data that we publish in the "Connected Nations 2017" report is fast approaching being a year out of date, so we will be doing the same exercise again two or three times this year, which should demonstrate further improvements. We are focusing on the bits of Scotland that are harder to reach and where it is harder to deliver the infrastructure.

Stewart Stevenson: I have a quick question that primarily relates to an interest of another parliamentary committee, although there is a rural aspect. Is Ofcom pursuing the issue of terrestrial television and terrestrial digital audio broadcasting holes, of which there are a substantial number in Scotland? Again, I speak personally, among other things.

Glenn Preston: Jonathan Ruff might pitch in, but the short answer to that is yes. We are doing quite a lot of work to explore the continuing provision. Gary Clemo also mentioned the fact that services will increasingly be offered over the internet only. I think that Mr Stevenson might have asked me a question about that previously. That takes us to the question about how the provision of infrastructure is working in rural and remote Scotland in particular.

Jonathan Ruff: There has been some concern about digital TV interference or the loss of digital TV services as part of spectrum clearance programmes. Is that what you are referring to?

Stewart Stevenson: I would refer to it, but I meant that there are lots of white areas where there is no signal. I also make the subsidiary point that a lot of the slave masts do not cover the full range of channels that are available on the master masts. I wonder whether Ofcom has a role, because those issues have a differential impact on rural areas.

Jonathan Ruff: The short answer, as Matthew Bourne alluded to, is that there is a whole programme of spectrum clearance over the course of the next year, particularly in relation to the 700MHz band, which is well suited to travelling over longer distances. Your constituents or people in other areas who do not currently receive a digital TV signal may see improvements; in fact, we trialled a clearance programme in Selkirk in the Borders, which was successful.

Stewart Stevenson: What about increasing the signal strength? My signal when it was analogue was 0.5MW, but now that it is digital it is 8kW. Ergo, I get no digital signal.

Jonathan Ruff: As I said, by clearing bands of spectrum that are particularly well suited to carrying TV signals—

Stewart Stevenson: Right. Let us not overegg this.

The Convener: I will leave that there, because TV stretches into another committee's remit. I think that we have had an answer but, if you want to add to that, you can of course send that to the clerks afterwards.

John Mason: Does Ofcom take an interest in the power supply for mobile phone masts? If the power supply to a mast is not secure or if it fails, that is a problem. We talked about resilience earlier; is that something that Ofcom gets involved in?

The Convener: A yes or no answer will suffice.

Jonathan Ruff: I might have to refer that to my more technically-minded colleague, Gary Clemo.

The Convener: Glenn Preston shook his head, Matthew Bourne looked the other way, so it is definitely Gary Clemo.

Gary Clemo: We do not report on that in "Connected Nations", but we have considered it.

As Mr Mason has said, resilience of power supply is an issue for mobile coverage in rural areas. It is also true that cells in rural areas tend not to overlap, so if one becomes unavailable, there is no service at all. We have considered trying to factor in those two points to the "Connected Nations" report in future years.

Jamie Greene: I will be brief because we have covered mobile considerably at previous meetings. Will some parts of Scotland leapfrog 4G and go directly to being provided with 5G services? Is that likely in Ofcom's eyes?

Gary Clemo: I do not think that any part of Scotland, or indeed of the UK, will avoid 4G deployment and go straight to 5G. However, as we have already said, the figures quoted in "Connected Nations" for mobile coverage in Scotland are low, especially in terms of geographic area.

That data was collected in June last year, so if we were to look at the situation today, things would have improved. In "Connected Nations", we reported that certain parts of Scotland are 4G not-spots but, through commercial roll-out and other activities, I expect to see 4G being deliverable to consumers in those areas in the next period. We will see good coverage of 4G across Scotland before 5G is rolled out.

Jonathan Ruff: It is important to put on the record that 5G is particularly well suited to short distances, so it is not the solution to rural connectivity that people might think it is.

Jamie Greene: I am happy to park that there.

Unfortunately we do not have a huge amount of time to discuss this, but it is important that we talk about access to much higher speeds, such as ultrafast or full fibre to the premises services. A very low percentage—0.6 per cent—of premises have FTTP at the moment. Even the disparity between those who have 100Mbps upwards and those who do not is different in rural areas to what it is in urban areas, particularly in those areas that have fibre cable as opposed to open route services. Does anyone on the panel have a view on what could be done to improve access to those higher speeds or ultrafast, 300Mbps or 1Gbps upwards? Can I ask you to focus on businesses and SMEs because they are more likely to require those ultra-high speeds?

The Convener: Gary Clemo is indicating that he wants to come in. I will try to bring you all in, but I encourage you to give succinct answers.

Gary Clemo: I will pick up on the current situation. You quoted the figure from last year's "Connected Nations" report. It is important to note that that figure does not include fibre to the premises availability for those services that are only delivered to businesses. The "Connected Nations" report focuses on small businesses and consumers. That figure would be higher for small business premises.

We expect to report on a high figure this year, but we also expect that, in time, providers will open up to residences some of the services that are available only to businesses at the moment.

Matthew Bourne: We are conscious that competition can only take us so far. We are aware of the need for and encouraging investment in new technologies and deployments. This year in particular, we do not see ourselves as having the answers, but we are facilitating, certainly. We have an ambition to get the relevant people together; in fact, we are planning to hold a conference on the issue in the next quarter or so. We are all for it.

Glenn Preston: We have already invited the Scottish Government and industry representatives from Scotland to participate in that conference, because infrastructure investment will be critical to allowing us to get to the kind of ultra-high speeds that we have been talking about.

Stewart Stevenson: In your opening remarks, Mr Preston, you referred to postal services and surcharging, and we have not covered that. As a regulator, what role do you have in ensuring equity of access, particularly for parcels?

I am not just talking about the delivery of parcels to premises in rural areas; I am asking about the ability to have parcels picked up from premises in rural areas to be delivered otherwise, because that is a vital service for many micro-businesses in rural areas. What is the regulator doing on that? The whole issue of surcharge for delivery has become very prominent and we would like to hear from you on it.

11:30

The Convener: That falls within all of our interests although I am not sure that it falls within the committee's specific interests. We would, however, like to hear the answer because it is a real issue for some of the more remote areas of Scotland. Thank you, Stewart Stevenson, for bringing it up.

Jonathan Ruff: It is an important issue. Charges should be clear and up front as people go through the sales process. On regulation, Ofcom has powers under the Postal Services Act 2000 but our powers are limited to the Royal Mail and are essentially about safeguarding the USO.

One-parcel surcharging is a complex issue. We have powers to request information from parcel operators and we have published research on that in our annual monitoring report. Indeed, we wrote to Mr Rumbles about the issue sometime last

year. Our report showed that four out of the five parcel operators from whom we requested information applied surcharges. The one that did not was Royal Mail.

It is important to note that retailers are under no obligation to use Royal Mail. It is a commercial decision to use other parcel operators, although it is quite concerning to see the higher charges. Ofcom has been engaged in Mr Lochhead's roundtable and has contributed to his campaign. We are also giving evidence to the Scottish Affairs Committee at Westminster on 27 February, so if you have an interest in that, I urge you to keep tabs on it.

Stewart Stevenson: I invite Mr Ruff to address the pick-up point. The focus has been on delivery until now; pick up is a narrower interest but it is economically very important. Are you engaged on that?

The Convener: You could acknowledge that simply by saying that you think that is just as much a problem as delivery charges, and that would be acceptable.

Jonathan Ruff: Most definitely.

The Convener: Thank you. That final point is important to a huge number of people across Scotland.

I thank Glenn Preston, Gary Clemo, Jonathan Ruff and Matthew Bourne for giving evidence to the committee today. It has been very helpful. I now suspend the meeting briefly to allow the witnesses to depart, and I ask committee members to stay seated so that we can move on to the next item of business.

11:32

Meeting suspended.

11:34

On resuming—

Subordinate Legislation

Animal Feed (Basic Safety Standards) (Scotland) Regulations 2018 (SSI 2018/15)

The Convener: Item 2 is consideration of a negative instrument concerning animal feed. No motions to annul have been received in relation to this instrument. The instrument breaches laying requirements. It came into force early on 6 February 2018. This is the date required by European legislation, which the instrument transposes. Is the committee content with the explanation given to the Presiding Officer for the breach?

Members *indicated agreement.*

The Convener: Does the committee agree that it does not wish to make any recommendation on the regulations?

Members *indicated agreement.*

The Convener: That concludes today's meeting.

Meeting closed at 11:35.

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.

The Scottish Parliament
Pàrlamaid na h-Alba