

Mr Edward Mountain MSP  
Convenor  
Rural Economy & Connectivity Committee  
The Scottish Parliament  
Edinburgh  
EH99 1SP

Glenn Preston  
Scotland Director  
125 Princes Street  
Edinburgh  
EH2 4AD  
Email: [glenn.preston@ofcom.org.uk](mailto:glenn.preston@ofcom.org.uk)

7 May 2019

Dear Mr Mountain,

### Follow up to Ofcom evidence session of 3 April 2019

Thank you for inviting Ofcom to give evidence to the Rural Economy & Connectivity Committee following the publication of our Annual Plan for 2019/20 and Connected Nations Scotland 2018 Report. I said I would provide Committee members with some additional information in writing in response to specific questions.

During the session, Jamie Greene MSP asked about the levels of switching between communications providers:

*“Are we seeing a shift in the amount of people who are switching providers in the telecommunications sector? Is the situation stagnant? Are people finding it difficult to switch between one provider and another?” (COL 5/6 OR)*

People and businesses need to be able to switch providers easily to exercise choice and take advantage of competition in the communications sector. Our research shows that switching rates among consumers have remained broadly stable across communications markets in recent years and that most consumers find switching relatively easy. Switching is highest amongst those with combined service packages; landline and broadband (13% in 2018 from 17% in 2017) as well as landline, broadband and pay TV bundles (12% in 2018 and 2017). Mobile switching has remained at 10% between 2017 and 2018.<sup>1</sup> Around 83% of fixed and 78% of mobile switchers found the process of switching provider easy but we recognise that some consumers will still have difficulties with the switching processes.<sup>2</sup>

We have carried out a wide range of work to improve switching for these consumers, including measures to simplify and improve the process for over one million consumers switching landline and broadband services within the Openreach network in 2015. From July this year, around 5 million mobile customers a year will benefit from being able to switch by simply sending a free text message rather than having to call their old provider. In addition, the new European Electronic Communications Code contains several important protections for people and businesses, one of which requires the gaining (new) provider to lead the switching process, including for switching

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<sup>1</sup> [https://www.ofcom.org.uk/data/assets/pdf\\_file/0018/132912/Access-and-Inclusion-report-2018.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0018/132912/Access-and-Inclusion-report-2018.pdf)

<sup>2</sup> [https://www.ofcom.org.uk/data/assets/pdf\\_file/0025/68263/bdrc-slidepack.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0025/68263/bdrc-slidepack.pdf)

landline and broadband services between different platforms. We will consult on our proposed approach to implementation later this year.

Helping people get the best deal for their needs is a priority for us and we have set out an extensive programme of work in this area in our Annual Plan. We have also launched the “Boost your Broadband” campaign to help people identify the fixed broadband services available to them and get better value from their broadband deal.<sup>3</sup> Despite superfast broadband being available to more than nine in ten Scottish premises and momentum building behind full-fibre broadband, our Connected Nations data shows people are often not on the fastest service in their area. We recognise there is limited competition (and therefore consumer choice) in certain parts of Scotland but we are encouraging people to check what broadband they need, what’s available in their area, and to speak to their provider or shop around to make sure they are on the best deal for them. To assist in this, we have just published our “Choosing the best broadband, mobile and landline provider” Report which we hope will help people make more informed decisions about which provider is best for them and to encourage providers to improve the quality of their service.<sup>4</sup>

Stewart Stevenson MSP asked us to clarify the line rental charges in instances where a customer takes broadband and landline telephone packages from separate providers:

*“If you split your packages across a number of suppliers, you end up paying a line rental to each of the suppliers, despite the fact that there is still only one physical line going into your premises. Is that a proper way for companies to conduct themselves? Should it not be only the prime contractor, which is delivering the physical connection, that makes a line rental charge?” (COL 7/8 OR)*

Mr Stevenson is correct in that most people’s broadband and phone services are provided using the same connection. The ‘line rental’ charge is effectively the cost of maintaining the line that brings broadband, landline and TV services into your home. Where broadband and phone services are taken from different providers on the Openreach network, the costs of maintaining the physical line are actually split between the services. Since 2016, broadband companies can no longer advertise broadband and line-rental costs separately.<sup>5</sup> Instead, they must show the full, inclusive cost of taking out a broadband contract. This reflects the fact that line rental is part of the cost of providing broadband and some companies still separate this out in their bills. People opting for separate broadband and phone providers are therefore unlikely to be getting the best value for money and we would encourage this small group of consumers to check for better value ‘dual-play’ packages.

There was also a brief discussion about infrastructure sharing across different utility sectors and you asked for further details about SSE’s progress in obtaining powers under the Electronic Communications Code:

*“Can you clarify the situation with SSE and licensing/code powers? (23/24 OR)*

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<sup>3</sup> <https://www.boostyourbroadband.com/home>

<sup>4</sup> <https://www.ofcom.org.uk/phones-telecoms-and-internet/advice-for-consumers/quality-of-service/report>

<sup>5</sup> <https://www.asa.org.uk/news/changes-to-broadband-price-claims-in-ads-comes-into-force-today.html>

The Electronic Communications Code is set out in Schedule 3a to the Communications Act 2003 and is designed to facilitate the installation and maintenance of electronic communications networks. Ofcom is responsible for maintaining a register of organisations who have been granted powers under the Electronic Communications Code. The register is available on our website and shows that SSE Telecommunications Ltd (which is owned by SSE) has been granted the relevant powers.<sup>6</sup> SSE Telecoms is currently delivering connectivity services to businesses and provides backhaul connectivity to the mobile network operators using its network 12000 km of fibre across the UK. We are not aware of the specific difficulties encountered by SSE in regard to electricity pylons, but we are happy to consider any information provided by SSE. It may be the case that SSE's question relates to licences for wireless technology, so the Committee will be interested to know that we have recently consulted on offering local licences for use in the 3.8 to 4.3 GHz spectrum band.<sup>7</sup> Making this alternative spectrum available could support the rollout of new wireless applications, addressing local connectivity needs through localised access.

As mentioned during our session, the Communications (Access to Infrastructure) Regulations, which came into effect on 31 July 2016, are specifically designed to facilitate sharing of infrastructure across different utility sectors. These regulations require infrastructure operators to provide access to their physical infrastructure on fair and reasonable terms to communications network providers for the purposes of deploying elements of a high-speed network. This obligation applies to telecoms network providers as well as infrastructure operators in other sectors including gas, electricity, water and sewage and drainage systems, heating and transport services. The overall aim is to reduce the cost of deploying high-speed electronic communications networks. Parties are entitled to refer issues to Ofcom where the rights or terms under which the rights are to be granted cannot be realised through commercial agreement. Ofcom has also published guidance on the application of these regulations.<sup>8</sup> The UK Government intends to carry out a review of these regulations in 2019 to assess if there are improvements that could be made to further boost investment in infrastructure. It has also encouraged Ofcom to work collaboratively with other regulators to ensure that these opportunities are explored, and barriers addressed.<sup>9</sup> The Committee may also be interested to know that sector regulators (such as Ofcom and Ofgem) are currently exploring these issues via the UK Regulators Network.<sup>10</sup>

I hope this additional information is helpful. As mentioned when we met, the final version of our Annual Plan for 2019/20<sup>11</sup> was published on 25 March and we have just released an interim update for our Connected Nations Scotland data set.<sup>12</sup>

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<sup>6</sup> <https://www.ofcom.org.uk/phones-telecoms-and-internet/information-for-industry/policy/electronic-communications-code/register-of-persons-with-powers-under-the-electronic-communications-code>

<sup>7</sup> [https://www.ofcom.org.uk/data/assets/pdf\\_file/0022/130747/Enabling-opportunities-for-innovation.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0022/130747/Enabling-opportunities-for-innovation.pdf)

<sup>8</sup> [https://www.ofcom.org.uk/data/assets/pdf\\_file/0025/95191/Guidance-under-the-Communications-Access-to-Infrastructure-Regulations-2016.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0025/95191/Guidance-under-the-Communications-Access-to-Infrastructure-Regulations-2016.pdf)

<sup>9</sup> <https://www.gov.uk/government/publications/future-telecoms-infrastructure-review>

<sup>10</sup> <https://www.ukrn.org.uk/>

<sup>11</sup> <https://www.ofcom.org.uk/consultations-and-statements/category-1/annual-plan-2019-20>

<sup>12</sup> <https://www.ofcom.org.uk/research-and-data/multi-sector-research/infrastructure-research/connected-nations-update-spring-2019>

We look forward to engaging with the Committee throughout the year across the range of our responsibilities. Please do not hesitate to contact me should you have any further questions about this, or any other Ofcom matter.

Yours sincerely,

A handwritten signature in black ink that reads "Glenn Preston". The signature is written in a cursive style with a large initial 'G'.

**Glenn Preston**  
**Director, Ofcom Scotland**