



Communications and Digital Committee

Corrected oral evidence: Digital exclusion and the cost of living

Tuesday 25 April 2023

2.15 pm

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Members present: Baroness Stowell of Beeston (The Chair); Baroness Featherstone; Lord Foster of Bath; Baroness Fraser of Craigmaddie; Lord Hall of Birkenhead; Baroness Harding of Winscombe; Baroness Healy of Primrose Hill; The Lord Bishop of Leeds; Lord Lipsey; Baroness Wheatcroft; Lord Young of Norwood Green.

Evidence Session No. 12

Heard in Public

Questions 101 - 109

Witnesses

I: Lindsey Fussell, Group Director for Networks and Communications, Ofcom; Cristina Luna-Esteban, Director of Telecoms Consumer Protection, Ofcom.

USE OF THE TRANSCRIPT

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Examination of witnesses

Lindsey Fussell and Cristina Luna-Esteban.

Q101 **The Chair:** This is the second panel for today's session. I am pleased to see colleagues from Ofcom. We are looking to explore with you what Ofcom's role is in tackling digital exclusion, but also perhaps search a little and hold you to account on what is happening, what you are doing and the progress and effect of your various pieces of work. Could I ask the panellists to please introduce themselves?

Lindsey Fussell: I am the group director for networks and communications at Ofcom. My group leads on telecoms and postal regulation.

Cristina Luna-Esteban: I am director of telecoms consumer protection.

Q102 **Lord Foster of Bath:** Thank you for being with us. I want to touch on two issues: social tariffs and mid-contract price rises. We are well aware that, in the last few days, you published your report pointing out that more than half of low-income households are in the dark about bargain broadband deals. You pointed out that only 9% of people who know about them found out about them from their provider. Lindsey, you said you believe that broadband providers should go further "at a time when these savings could make a massive difference". Now, Liam Halligan said earlier that Ofcom does a very good job in monitoring and commenting on these issues. Given everything that you said, what more do you think either you or Government should be doing about the social tariffs?

Lindsey Fussell: This is an incredibly important issue. It might be worth just giving two sentences of history. Social tariffs in the communications sector and broadband and mobile barely existed a couple of years ago. They emerged during the pandemic, partly due to some new legislation that came in at the time. That did not give us the ability to mandate social tariffs or indeed to mandate the way they are advertised, but it prompted us to really start to explore what could be done in this space with providers. At the time, there were a couple of social tariffs in the market. Today we have over 20, with the vast majority of providers, both on the broadband and mobile sides, offering a social tariff, so it shows what can be done with focus in this area.

You are absolutely right to highlight that awareness and take-up is now a huge challenge. We are not alone in this. If we look at tariffs and benefits in other sectors, you often see take-up lagging behind what you might expect, particularly given the really significant savings that can be made. We said yesterday that the average household can save around £200 off their broadband bill. That is usually around half their bill, to give you a bit of context.

We know that awareness has improved. About a year ago, it was about 15% of those eligible; it is now about 50%. They are a difficult group to reach, as opposed to the population as a whole, but we also know that they have mostly heard about it from television or social media. You are

right to say that we think providers can do more. We did some work and research on that as part of this report. We highlighted a number of things, for example prominence on websites, optimisations on search engines and also call centre scripts, when people call in and say to their provider they are struggling. They are all things that providers can do more on and that we will be pressing them on in coming weeks and months.

Just to conclude on this, when it comes to social tariffs, we need a pretty holistic approach. My guess is that what is needed here, as much as we can, is targeting people at the right moment. We all know from communications that you are not nearly as likely to act on something you hear about when it is not relevant to you as when you hear about it at the moment that it is directly relevant. We are very keen to work with charities, government and debt advice organisations so that, at the moment when people are coming to them and saying, "I am struggling", or, "I am a new universal credit recipient", they are given this information.

Lord Foster of Bath: I am really grateful for this and I apologise for slightly interrupting your flow, but we would be very interested to know about the other part of my question. All of these are things that, if they happen, would be great; none of us would dispute that. My question was whether some of the moves should be mandated, either by you being instructed by the Government or by you, within the powers you have, making your own decision. It is not just about informing people of availability of social tariffs. As we have heard on many occasions, some of those social tariffs are not that much of a good deal in comparison to what people might get elsewhere, so there may be issues around what constitutes a social tariff as well.

Lindsey Fussell: Yes, the legislation is quite clear on this point. We do not have powers to mandate social tariffs or to mandate the specification of them or the way they are advertised. There is a process that the Government could go through to do that if they wished. That is a matter for them.

We could have sat back and said, "It is not mandatory. We will wait until it becomes mandatory and we are given the powers to do it", but those processes take time. When we started this work in 2020, during the pandemic, where the cost of living became a really high-priority topic, we felt that we wanted to try to do as much as we possibly could on a voluntary basis. We have made really good progress there.

On your point on specification, although we cannot mandate it, we try to say to providers that, in order to have it recognised as a social tariff by us and others, it needs to meet certain parameters. That includes things such as a significant discount on the price for a comparable package, a decent superfast speed, no exit fees, no entry fees and no price rises during the life of the contract. We do try to impose some parameters but, as I say, we are working on a voluntary basis in this space.

Lord Foster of Bath: I am sorry; I am going to push you just a little harder, because you also have a duty to advise the Government. That is

very clearly in Ofcom's remit. In listening to all of what you said, you then said, "It is up to the Government to decide". What advice are you giving to the Government about whether there should be mandated requirements in relation to social tariffs, the nature of them, the advertising of them, the marketing of them and so on?

Lindsey Fussell: We work very closely with the Government on the issue of social tariffs. For example, one of the initiatives that the Government have developed, which we very much welcome, is the DWP API, which enables providers to check eligibility of people really quickly and easily. That was a significant barrier to tariffs originally because providers, not unreasonably, were saying that they were not really capable of doing eligibility checks.

As I say, the legislation is quite clear in this space, and we share with the Government all our findings on affordability but, if they wish to mandate a social tariff, they need to ask us formally to advise them to do so. The legislation sets that out. They would then be able to direct, in effect, or to give us the power to do so.

Q103 Lord Foster of Bath: The second question is a very simple one, because we are well aware of all of the problems that have existed around the mid-contract price rises. We know that you are investigating it. You have not finished your outcome, but I wonder if, between you, you could just fill us in with what the key issues are for you, as you understand them, and where you think you might end up as far as you are allowed to tell us. Also, tell us when you expect to get an outcome, because it would be very helpful to us to know the outcome of your investigation before we publish our report.

Cristina Luna-Esteban: As you rightly said, we launched a policy project looking at in-contract price rises a couple of months ago. That is because we have been concerned about the rise of terms in customers' contracts that give providers the right to increase prices by inflation plus X%. One of the things we want to achieve in the market is that consumers are well informed and that they can act and say, "What is the best deal for us?" This is even more important now, with the cost of living crisis and the rapid pace of inflation.

We were really concerned that these types of terms are not really giving customers certainty and clarity about how much they are going to pay over the lifetime of the contract. This is why we launched this investigation. We are in the very early stages. We are an evidence-based regulator, so we need to make sure that, when we intervene, we have the right evidence, we know what the problem is and we do not create a worse problem.

We are starting to collect data from providers. That is a very extensive exercise. We are also designing a bespoke consumer research programme to really understand what is happening to consumers, how they are behaving and how that, in turn, is impacting competition. We expect we will get all of that information back in the autumn and report

back before the end of the year with our next steps and what we want to do.

Lord Foster of Bath: That is quite some way ahead. I know colleagues want to pursue this in more detail, so I will let them in a second. While you gather information about people's awareness of what is happening, one point of concern, certainly to us from other witnesses, is around awareness to enable them to act, as you referred to. One of the difficulties we have picked up, which perhaps you could comment on, is that people can be well aware of what is going to happen but they cannot act because getting out of the contract is too expensive.

Cristina Luna-Esteban: That is absolutely correct. For us, it is very important that, when someone buys the contract, they are really aware of what the terms of that contract are, what they are going to be paying, for how long and what the increase is going to be. If they are not given that information, they will have a right to exit. In this circumstance, people have been told in advance and, therefore, that is why there is not that right to exit, but we really want to ensure that those terms are fair; that is why we are looking into those things.

In terms of breaking a contract, it is a transaction between two parties, so it is right that, if someone has been given the information and it is right and they want to break that contract, they cannot do that easily, because otherwise it creates an imbalance between the two parties. We want to make sure, again, that people are really aware of what it is they are signing up to.

Q104 **The Chair:** While we are on this topic, does Ofcom have the necessary power, should it conclude, as a result of your investigation, that there should be a cap on the penalty charges that somebody might face if they were to break their contract and move providers?

Lindsey Fussell: We already have rules in place on that.

The Chair: Is there a cap?

Lindsey Fussell: There is. It is not a cap in pounds. It is based on how many months you have left on your contract and a reasonable charge. To give you an example, we investigated Virgin Media a couple of years ago because we thought it was charging too much. We found against Virgin Media and fined it £7 million. That is something that we have the power to do.

The Chair: What sort of price was being charged?

Lindsey Fussell: I am afraid I cannot remember. I am very happy to write and give you the details. It is based on a calculation of how many months remain on the contract and what is a reasonable proportion of cost for the provider to look to recoup. There is not a cap in pounds, as it were, but I am very happy to write and give you further details of our rules.

The Chair: It would be helpful, because I heard one story at the weekend of somebody being quoted £500 to get out of a contract to

move to somebody who was offering the same speeds at a much lower price. Even if they were not that far into the contract, that seems a substantial sum of money to be asked to pay.

Lindsey Fussell: We can certainly write to you and set all of that out.

Q105 **Baroness Harding of Winscombe:** I should probably first declare an interest, in that my brother is now a non-executive director of Ofcom. Clearly, I was always on the other side of the fence. Could I just ask a supplementary question about social tariffs before I move into my broader question? I think you were listening to the previous hearing. I just wanted to follow up on whether or not you think that Openreach should be offering a wholesale social tariff.

Lindsey Fussell: Yes, it is something that we have given quite a lot of thought to. It is a complicated issue and, of course, Openreach and some of the other alternative network providers who I know you have been speaking to, who do offer wholesale, have been offering not wholesale social tariffs but different deals.

There are a couple of things that we think are relevant here and that might suggest that a wholesale social tariff, assuming that the reason you would have one is to reduce the price of retail social tariffs—ultimately, that would presumably be the outcome—might not be quite the silver bullet that it might first appear. The first thing is that, clearly, we have some providers that are not dependent on wholesale pricing—Virgin Media, for example—and, therefore, clearly, it would not make a great deal of difference to it if a wholesale social tariff was in place. I know you have heard from Community Fibre that it likes the idea of there being some innovation in this space, rather than it being a regulated product.

More fundamentally, what this comes down to is who pays for social tariffs. These are below-cost or at-cost products. Presently, who pays for social tariffs? They are offered by retail providers so, in reality, probably we all pay. Those of us who do not have a social tariff all pay very slightly more, though not to a point that we would notice because it is spread over such a large customer base. If we imposed a wholesale social tariff, all things being equal, we would expect Openreach to recoup the cost from that across its other wholesale prices. A retail provider would not necessarily be much better off overall, from its perspective, and thus able easily to reduce the price of its retail social tariff.

There is a slightly broader and more fundamental question here. I know one of your previous panellists talked about VAT, for example, which clearly would be a government cost. At the moment, we are asking all retail customers, in effect, to meet the cost of this across the base, which feels reasonable, but if you want to go further, you get into slightly broader questions.

Baroness Harding of Winscombe: Of course, you have something that makes this even more complex, which is that the largest retail provider is the same company as Openreach. That means that you create quite a strange perverse incentive for social tariffs.

Lindsey Fussell: That is right. I see your point, although it is probably also worth reflecting that, for example, we know that by far the bulk of social tariff customers are BT customers.

Baroness Harding of Winscombe: Yes, that is because there is not a wholesale social tariff—

Lindsey Fussell: No, because of the nature of their customer base.

Baroness Harding of Winscombe: You take us nicely to the bigger picture, which is the competitive landscape. One of Ofcom's primary objectives is to ensure that the market is as competitive as it can possibly be. How well is competition working in broadband and mobile markets to date?

Lindsey Fussell: I will start and, Cristina, please do come in and add. Clearly, there is the retail and wholesale level, certainly when you look at broadband; there is not so much wholesale on mobile. I will start on the retail side and then touch on wholesale at the end.

We think that the broadband and mobile markets are really competitive at the retail level. I listened with interest to your previous panellist, but I am going to respectfully disagree with him. When we look at pricing across those markets, we see that price has largely held flat or even fallen in real terms over a large number of successive years, while data usage has increased by several hundred per cent. It is genuinely true to say that UK consumers are paying the same, or sometimes even less, for more in these markets.

When we compare ourselves globally, it is absolutely true that the US is something of an outlier, but we have the lowest mobile prices in Europe and we are reasonably competitive on the broadband side. We genuinely think that these markets are competitive and deliver well. That is not to say that we do not have concerns about the mid-contract price rises that we have spoken about or, indeed, about the most financially vulnerable, hence social tariffs. There is that picture, but we think that competition works effectively overall.

When we look at the wholesale side, that is something that we have been very focused on since our last review of the fixed telecoms market in 2021. It is absolutely true to say that, if we look five or six years ago, the UK was very far behind on the rollout of full fibre networks, at about 5% or 6%. We took the decision at that point, very much in support of government strategy, that we wanted to spur wholesale competition, frankly, to create something of a race to invest and secure the rollout of these networks for the benefit of UK consumers. We think that it is in the long-term interest of those consumers that these much more resilient and high-speed networks are rolled out. I am happy to talk a little more about the framework but I do not want to go into too much detail.

Since then, we have seen the emergence of competition in a number of ways and we have seen a significant acceleration in full fibre network rollout. That now stands at 50%, compared to 5% or 6% five years ago, which is pretty good progress. Our role now is to monitor that competition and make sure it plays out fairly. It is tough times for lots of

companies but certainly for competitors, because of higher inflation and other high costs, but we really believe that this strategy is the right one and that competition is the right way to deliver the investment that UK consumers need.

Baroness Harding of Winscombe: Can I just probe a little on your view on wholesale competition? You have talked about the statistics, and I agree that the increase in rollout is impressive, but should we not, at this stage in the investment cycle, be starting to worry about take-up and the degree of competition that you actually have that is driving take-up? I would be interested in your view on whether Ofcom should be shifting its approach to be more focused now on whether you have a competitive retail fibre market, rather than just building, and how you view that trade-off between encouraging investment in rollout but having a competitive market that will drive take-up.

Lindsey Fussell: Those are really important questions. The answer is we have to care about both. The 50% figure is great but there is still a lot of the country to go, and it is common in all new technological rollouts that take-up and demand lag behind build. I know the previous panellist, Liam, was talking about why we were so far behind. There is quite a clear story that those European countries where superfast had been invested in did lag behind, because many consumers were quite comfortable and happy with superfast; it supported most of us through the pandemic and so on, and the providers did a great job in making that happen. Therefore, compared to those countries that were stuck on full copper, the immediate demand for full fibre tends to be a bit slower.

You are seeing companies really trying to market full fibre now. Full fibre pricing is very competitive because, at the moment, the way they are marketing it and getting people to take it up is by charging only limited or no premium above the superfast product, in many cases. Our role here is to make sure that we are playing our part. I will bring in Cristina here, who might want to touch on some of our work on full fibre information, easier switching and so on.

Cristina Luna-Esteban: One of the things is awareness and take-up, as Lindsey was saying. We have found that many consumers do not understand what the benefit of full fibre is to them, and they are sometimes confused about the terminology: "What are these different packages? It is all fibre. It is all the same". At the moment we are doing a piece of work to provide guidance to companies around how they need to promote the services and the word, if they use fibre. Hopefully, that will create a level playing field, which means that people will understand and will be much more informed about the benefits of fibre to them as well.

In terms of switching, the situation that we had is that there was no regulated switching process to make it easier for people to move providers that were offering different networks, so full fibre or copper. We have introduced reforms to make that the same for everyone. Once that is up and running, we expect that switching between different types

of fibre providers and technologies will make it so much easier for customers, so that will also help take-up.

Baroness Harding of Winscombe: My final question was to ask you to reflect on what the chief executive of BT, Philip Jansen, said in the *Financial Times*: in the end, there will only be one national network and that the BT machine is unstoppable. Is it not Ofcom's job to stop that being the case? If so, how are you doing it?

Lindsey Fussell: You may have seen the letter that our chief executive wrote to the chief executive of BT at the time, which made it clear that we fundamentally disagreed with those comments. As I have explained, the whole nature of our existing framework and the framework we put in place in 2021 was to support and enable competition as a spur to investment. We know that it is not our job to back up the business models of every single company out there. Consolidation is a sign of a healthy market, but we are absolutely committed to competition at the wholesale level in the fixed market and to playing a full role in making sure that competition operates fairly according to the rules we have set out.

Q106 **Lord Young of Norwood Green:** Is it so essential that we have full fibre to every household? Lots of young people do not have a landline now; they do not bother with it. Behind 5G, we have 6G. We are in a changing environment. Are you taking that into account in your calculations?

Lindsey Fussell: We absolutely are. It is worth saying that full fibre is really about broadband. You are right to say that quite a large proportion of customers do not take a landline, although some do. I still have a landline at my home because my mum and my father-in-law do not really like calling me on the mobile, so I would not want to give up my landline in a hurry, but I do now have it provided over broadband because I also have full fibre. You will absolutely see different technologies being operated in different parts of the country and in different ways.

At the moment, it is quite hard to say that we anticipate that 5G will be a substitute for fixed broadband because of the nature of the technology. When we look at what people use their broadband for, they use multiples more data than they tend to use on their mobile phone. Indeed, if we look at mobile phone data, which we do collect, for the vast bulk of the time people are connected to wi-fi on their home internet or, indeed, internet at work or elsewhere when they are on their mobile phone.

5G is fantastic for lots of things but it is not great for wide area coverage. Where you have lots of people using it at once, there are risks of congestion. Fixed wireless access can be a really good solution for certain areas where there is enough capacity to make that happen, but it seems unlikely that it would be a substitute for full fibre broadband in its entirety.

Q107 **Baroness Fraser of Craigmaddie:** The evidence we have had so far

has shown a lack of co-ordinated systematic data. Cristina, you said earlier that, as an evidence-based regulator, data collection and understanding data are very important. I want to explore the obstacle that not having good data is posing for digital exclusion. The previous panel said we need to establish some goals. What goals, and who should establish them? What is the responsibility of Ofcom and what is the responsibility of Government?

Cristina Luna-Esteban: In terms of data, we already collect a plethora of data that go to the heart of digital exclusion. We published yesterday our research on affordability. That is one aspect, but we also have a duty to promote media literacy and to carry out research in this area, and we have many studies that we have been carrying out for a number of years that give us that information.

I am not quite sure, from an Ofcom perspective, that I would think there is an obstacle for us to collect that data. We have those powers and we make very good use of those. We make that information available to third parties, charities and academics; I think you have heard that before in this inquiry. That is our role: to provide that framework and that information for other organisations to then look at the issues of digital exclusion and see what solutions work best on the ground.

Baroness Fraser of Cragmaddie: I come back to the question of what goals and who should be setting them. It follows up on Baroness Healy's question to the previous panel about why this is so difficult a subject for the Government to get to grips with. Is it just that the metrics are too difficult or, for example, if you are collecting this data, why the Government are not able to understand the problem and set the goals and some measurements?

Lindsey Fussell: This comes down to the complexity of the problem. We have talked a little about the statistics, and I do not want to trade too many more, but we have around 7% of households in the UK that do not have access to the internet. That is down; it was about 11% before the pandemic but, again, that now seems to be plateauing.

When we ask people why, around 70% of them say, "It is because I cannot see any reason why I would need to go on the internet", around 20% say it may be to do with affordability and the others say it is too complex. Even then, if you start to dig underneath some of that, of that 70% who say, "I do not want to", we find that at least half of them have asked somebody to do something online for them in the past year. Even if you look at the 93% who are connected, it may well be that some of those are constrained from doing as much as they could or would want to online because of lack of skills and confidence or perhaps because they cannot afford the same devices as others.

I think our studies are fascinating. I should say I am not an expert myself, but some of our studies are what we call longitudinal. For example, our Adult Media Lives study has looked at nearly the same group of individuals for nearly the past 20 years to look at their internet and communications use. You see the way that the problem evolves, so

that what you might have defined as the way to solve digital exclusion even five years ago now looks different.

For example—I think somebody may have mentioned this already—10 years ago, only 3% of adults used their mobile phones as the main means of connecting to the internet. Now, it is 20%. Young people, on average, use more than nine platforms to communicate. Older people use less than three. It is a very different world to the one where we all would have said, “This is about emails and texts”.

I am not sure, certainly from an Ofcom perspective, that there is a shortage of data out there, but you see the need to think really carefully about what sorts of interventions might work, recognising that they will probably be very different for different groups of society. I know some people have spoken to you about localised, community-based initiatives and success there, which is really important. They are also going to need to evolve, as technology and needs evolve. I suspect this is one where you are always going to have a lot of people needing to play their part.

As Cristina has said, we very much see our role as collecting data; making it available through portals and APIs; bringing people together in partnership to look at best practice and set frameworks for evaluation; and, with new powers coming online, being able to work with the digital platforms, for example, to try to build in better media literacy by design. We see ourselves as having an important role here, but by no means the only one.

Baroness Fraser of Craigmaddie: You have just demonstrated how complicated it is. There is a lot of different data and everybody is collecting different things, including Ofcom. Do you see Ofcom’s role as co-ordinating that, in some way, or as saying, “Look, we are collecting all this wonderful data. Here you go. Have a look at it”?

Lindsey Fussell: I am not sure it would be possible or even desirable to co-ordinate collecting all data. It is also probably not the right role for a regulator. In particular, our duties relate to media literacy, which is absolutely a part of digital exclusion but there is not a complete overlap. We absolutely see ourselves as adding value in bringing together that community of experts in trying to assess what data is out there and create frameworks, particularly evaluating the success of interventions. As I say, this is a problem where centralisation of data might prove pretty tricky to achieve.

Cristina Luna-Esteban: I agree with that because, as Lindsey was saying, digital exclusion covers so many different aspects. You heard the evidence before about some people preferring to target the interventions at the elderly cohort; others preferred to target households with children of school age. Where do you go with all that data? Which data do you collect? Who is the person responsible for all of those things? It is tricky.

Baroness Fraser of Craigmaddie: Do you think that is the Government?

Cristina Luna-Esteban: It is not for us as a regulator. We just think it is a complex problem where many different organisations play a role.

Q108 Baroness Wheatcroft: Ofcom's responsibilities are very broad. Could you say a little about how you think that the increasing move towards the digital world is going to impact on some of the other areas that you regulate—public service broadcasting, for instance, or the resilience of the network? If everybody is online, how safe are we?

Lindsey Fussell: That is a huge question, but one that you can imagine we spend a lot of time thinking about. The answer will be different in different sectors. When we look at the public service broadcasters, for example, greater digital inclusion can only be of benefit. We want as many people as possible to have access to the public service broadcast content. We know already that lots of people like accessing that content online, with the ability to start and stop programmes and so on. Seeing that can only be a benefit, and we certainly welcome the Government's recommendations in the forthcoming media Bill about making it easier to discover public service broadcast content in a variety of ways, including through the various online platforms.

You then look at other issues on the telecoms side. One that is incredibly important is this whole issue about legacy technologies. Here we might talk about the public switched telephone network or the 2G and 3G mobile network. We all recognise that there comes a moment when legacy technologies have to be switched off because it becomes inefficient to run multiple networks and, in the end, it can often become impractical to do so. You literally cannot maintain them and the people who remember how to maintain them are not still working.

There is a need to transition people on to new networks. Part of the reason, of course, is that some of those new networks, when we look at full fibre, are considerably more resilient. That process, while being managed by industry, has to be done really carefully. We certainly see ourselves as having a role in monitoring and setting standards for industry in the way that is done and in the way that the experience of consumers, particularly more vulnerable consumers, is managed as part of that process.

As the communications regulator, we absolutely want to see everyone able to flourish and feel safe online, but there are a number of broader issues that have to be worked through as part of that process.

Baroness Wheatcroft: Cristina, can you see a timetable for the switch-off of traditional networks?

Cristina Luna-Esteban: It depends on which technology you are talking about. For example, for 2G and 3G, the 3G part has happened for certain networks in certain parts of the country. Mobile providers have a timetable for when they are going to be doing that. 2G is far further into the future, so I do not have the dates. No one knows.

Lindsey Fussell: Nobody has yet announced a timetable.

Cristina Luna-Esteban: Regarding the PSTN switch-off, again, the latest data indicates 2025 or 2026. There have been some pilots in certain areas, which did not go well at the beginning and have been paused and so on, so the lessons will be learned by the operator and

restarted to make sure, as Lindsey was saying, that, when this happens, people who are more vulnerable are not left behind or managed in an inappropriate way for them.

Baroness Wheatcroft: 2025 or 2026 is remarkably close. Do you really think people will be ready for that? Can you get them ready?

Lindsey Fussell: It is worth saying that PSTN switch-off affects only around half of landline customers in the UK, because the other half are not currently on the PSTN. As Lord Young was saying earlier, quite a proportion of people are now giving up their landline, so the numbers are not perhaps quite as stark as they first appear. I mentioned that I have been transitioned as part of the move to full fibre, and it is worth saying that, when you move to full fibre, you have to move your landline in this way. It is a relatively simple process: BT sent me a new phone and I linked it wirelessly to my router and that was that, but of course I am reasonably digitally literate.

Baroness Wheatcroft: That is reassuring.

Lindsey Fussell: I expect that when it comes to my parents, for example, they might well need a home visit to help them do that or me to lean in and help them do it or do it for them. We have been saying very clearly to providers that they need to focus on supporting those people who are likely to struggle with this transition—that might be landline-only customers or people who use telecare alarms, for example—whereas there are quite a lot of other people who should find this transition reasonably straightforward.

Baroness Wheatcroft: This question goes back to your media literacy strategy, which you referred to earlier. Should Ofcom have a digital literacy strategy? If so, what would it look like?

Lindsey Fussell: I am trying to think what the difference between a digital and a media literacy strategy would be. We define media literacy as the ability to use, understand and create content through media and communications in a variety of different ways, which is pretty broad-brush. We very much talk about people having the skills and confidence to flourish online, so not just able to do the bare minimum but to feel that they can explore.

We interpret that in a pretty broad way to cover all those issues and, as we have talked about very extensively, we see ourselves as having a key role to play on pricing, affordability and access through network rollouts. We are not responsible for all aspects of digital literacy. There are questions here about education policy, health policy and lots of other things that your committee has touched on, but we feel that we are clear on the aspects that we can support and help with.

Baroness Wheatcroft: Do you think you should have any input into education policy?

Lindsey Fussell: I do not think so. As an independent regulator, that probably is not the right place for us to be. It is for other people to design and deliver policy interventions.

Baroness Wheatcroft: Cristina, presumably you would agree with that.

Cristina Luna-Esteban: I do not think a regulator is well placed to intervene in social policy areas.

The Chair: In one of our earlier sessions, we heard from a witness who made the argument that the trade-off from formally designating broadband as a utility was that the freedom of the providers meant that we would get the full benefit of their investment in infrastructure without too much regulation imposed upon them, but a consequence could be that there is so much complexity of information that a consumer has to digest and understand in order to make the right purchase choices. I just wondered if you were looking at that tension from the perspective of the regulator.

What are you doing, even if you do not see broadband as a formalised utility? You have already talked us through a lot of what you are doing, so I understand all of that, but I wondered how much you think about the complexity that is out there when it comes to people deciding what it is, before they get trapped into contracts and everything else.

Lindsey Fussell: I will say a bit and then Cristina can talk about engagement, which goes to the heart of what you are talking about there.

First, on the idea of utility regulation, our legislation may not formally refer to broadband as a utility, but we certainly consider it essential. There are all sorts of protections in the broadband and mobile space that are not available to us as consumers in others. I think about things like the universal service obligation, all the protections we have in place for vulnerable consumers and even social tariffs, which we were talking about earlier. Those things are clearly not in place for all services across the UK but do apply in broadband and mobile, which recognises your point that there are certain things that are appropriate because of the essential nature of this.

In terms of your point about the trade-off, though, it would not be right to think about ourselves as regulating broadband in the same way as we do water and electricity. That is precisely because these industries have grown through technological innovation. Ultimately, when I turn on my tap in the morning, I quite like that my water looks the same as it did the day before and, indeed, the same as it did 10 years ago. I am equally very happy that my telephone does not look anything like it did 10 years ago. We have all benefited from this huge technological innovation, and our regulation has to recognise that and support it, rather than constrain it in any way.

Cristina Luna-Esteban: Going to your second question, having very informed and engaged consumers is something that we really care about and spend quite a lot of time thinking about. In fact, we have put a number of rules in place to ensure just that. Just to give you a couple of examples, in 2020 we introduced end-of-contract notifications. That has put power in the hands of the consumers, because they know when their contract comes to an end, they know how much they are going to be

paying if they do not do anything about the situation and, more importantly, they know what are the best offers they can get from their provider. We know that that has made a difference already, that people are much more engaged in the market and that they are saving money in the process.

We have also made sure that the information that providers have to give to consumers is much tighter. We have introduced rules to make sure people get the right information in an easy, digestible way, because that is the best way before you enter into a contract. Importantly, when providers have not done so, we have intervened and opened enforcement investigations against them. We take that very seriously. Having engaged and well-informed consumers is really at the heart of a competitive market.

Q109 **Baroness Harding of Winscombe:** I have a very quick follow-up. You triggered a thought for me from the earlier session, describing this whole topic of digital inclusion as a Cinderella issue. I just wondered whether telecoms regulation was becoming a Cinderella issue in Ofcom, given the scale of other work that you have. A number of us are about to spend hours and hours on the Online Safety Bill. You mentioned that you cover telecoms and Royal Mail, and that is before we get to media regulation. I just wondered if you could give us a flavour of how much of the Ofcom board's time these days is dedicated to telecoms regulation, as opposed to the breadth of all the other issues that you now have responsibility for.

Lindsey Fussell: Yes, I am happy to do so. I sit on the Ofcom board as an executive member. You are right to say that Ofcom's remit is broadening but, with that, the Government have given us additional resource, so the organisation is growing, quite significantly in the case of online safety, as it did when BBC regulation came to us a few years ago. We feel there is huge benefit, somewhat going to Baroness Wheatcroft's question, because, when you look across the breadth of our responsibilities as a converged regulator, you see all sorts of linkages.

That applies to our stakeholders too. If you think of something like Amazon, it is right there from the parcels market right the way through to broadcast content, for example. We feel there is real benefit in being able to look across the whole of that communication space because that is the way consumers engage with it now. They do not think, "Here I am doing some telecoms stuff, now it is broadcast and now it is online". They see it all as a single space.

To go to your specific question, the board devotes quite significant amounts of its time to telecoms, as they do to all our responsibilities. We see all of them as equally important. They are at different stages and raise different issues, but they are all things that are incredibly important and, bearing in mind that our overall duties are all about regulating communications in the interests of UK citizens and consumers, we pay equal attention to all parts of that.

The Chair: Thank you both very much for your evidence today. We are

very grateful to you for being here and we are going to draw this to a conclusion. As my noble friend has just said, we will be off down to the Chamber for a bit of online safety.