## Rural broadband – why does it matter?

> ''The economic and social case for a networked nation is overwhelming. Access to the internet can create benefits through higher educational attainment for children, access to employment opportunities for workless adults, improved standards of living for older people and increased democratic engagement and access to information. Furthermore, it can provide a lifeline from social isolation for the 3.1m people in the UK over 65 who go longer than a week without seeing a friend, neighbour or family member... PwC estimates that the total economic benefit of getting everyone in the UK online is in excess of £22bn.''
> (Race Online 2012 Manifesto for a Networked Nation.)

Although there is now broad recognition of the importance of ensuring rural communities have access to good internet access, endorsed by the government's Universal Service Commitment (USC) of ensuring that everyone has access to a minimum of a 2Mb broadband service by 2015, the growing divide between those who have access to high quality internet services and those who do not is of equal importance. Broadband providers are competing with each other to continuously improve their services, offering ever increasing speeds and quality, but people in rural areas often have very limited choice and many do not have access to anywhere near the speeds or quality of connection offered in urban areas.

Ofcom's research into broadband speeds conducted annually over the last few years shows that the gap is growing: In 2008 rural consumers received average speeds 13% lower than their urban counterparts.[i] By 2010, Ofcom found the average download speed for urban consumers was over twice the average speed delivered to rural consumers (5.8Mbit/s compared to 2.7Mbit/s).[ii]

Recent announcements of speeds of around 100 Mbit/s from both Virgin Media and BT that will be offered in existing cabled areas (predominantly urban areas), while many people in rural areas struggle to obtain even a basic broadband service, help to illustrate the rate at which the digital divide is widening.

This **widening digital divide** exacerbates the issues facing many rural communities because of their difficulties in accessing high speed internet services, and rural communities risk falling further behind their urban counterparts over the next few years as market forces alone will not deliver high speed broadband to many rural areas – although demand for good broadband in rural areas is at least as strong as in urban areas[iii], a combination of factors such as distances between properties and the nearest telephone exchange, and population density means that broadband network operators and service providers focus on urban markets.

Rural communities' lack of comparable access to high quality broadband is having, and will continue to have, a number of economic impacts: on rural businesses, on people living in rural communities and on public service providers, as well as social and personal impacts for people in rural areas.

> ''The lack of modern ICT infrastructure (telephone, mobile and broadband) in too much of rural England was one of the strongest messages we heard from rural businesses and communities over the last year. Rural businesses need effective infrastructure to be successful and to realise their potential and to contribute to national economic growth.''
> (Commission for Rural Communities - Agenda for Change: releasing the economic

potential of England's rural areas, 7 September 2010)

> ''To achieve our vision, we need superfast broadband in rural and urban areas and we are committed to driving superfast broadband services into areas where commercial investment alone will not deliver it.''
> (Department for Business, Innovation & Skills - Britain's Superfast Broadband Future, December 2010)

Economic impact of access to good quality broadband:

NB. Although the statistics included below are applicable in both rural and urban areas, they help to illustrate the difference that access to broadband can have and the magnitude of the impact on people's lives.

It is important to note that although current knowledge of potential services and applications helps to inform these impacts, in the past **it has often been the changes that were unforeseen that went on to have the most impact**. It is difficult to predict what the real implications of super fast broadband will be for consumers and businesses and there is the possibility of additional, as yet unforeseen, implications for rural communities from such a digital divide.

Business

- Supports sustainable economic growth in rural areas and small business growth;

- Maximises economic resilience for rural businesses, by providing greater flexibility and competitiveness;

- Supports innovation and enables businesses to do new things as those things develop (e.g. services and business process that do not exist yet might become common place). Developments of currently unknown services and applications may have transformational impacts on consumers and businesses;

- Supports competitiveness of the economy as a whole.

For example:

> If just 3½% of unemployed non internet users found a job by getting online it would deliver a net economic benefit of £560 million.[iv]

> If every non internet user in employment got online, each of them would increase their earnings by an average of over £8,300 in their lifetime and deliver between £560 million and £1,680 million of overall economic benefit.[v]

Personal

- Enables people to do what they do now (without broadband) but more productively (value of time saved);

- Enables people to doing more using existing applications, as well as enabling them to do new things;

- Facilitates more flexible working, which saves on travel time/costs for people, as well as making it possible to pursue employment opportunities further from home.

For example:

> People with good ICT skills earn between 3% and 10% more than people without such skills.[vi]

Offline households are missing out on average consumer savings of £560 per year.[vii]

3.6 million low-income households are missing out on total savings from shopping and paying bills online of over £1 billion a year.[viii]

If the 1.6 million children who live in families without the internet got online at home, it could boost their total lifetime earnings by over £10 billion.[ix]

Public service efficiencies

- Supports digital participation and e-services;

- Enables public bodies to deliver 'more for less' by providing and gathering information online instead of, or in addition to, more costly methods such as postal and telephone services. For example, online information about local public services reduces the number of telephone or personal enquiries about those services, freeing up staff resources;

- Enables public bodies to explore alternative ways to reach some of the 'hard to reach' target service users – e.g. some people living in rural areas;

- Supports sustainability e.g. home working agenda.

For example:

Each contact and transaction with government switched online could generate savings of between £3.30 and £12. There are an estimated 1.8 billion contacts with public services every year of which only about 20% are online.[x]

If all offline adults began using the internet and made just one online contact each month with government instead of a telephone or face to face contact it would save an estimated £900 million per annum.[xi]

Social impact

Lack of access to good quality broadband affects people in many different ways. Arguably, we have reached a point where good quality broadband should be regarded as an additional utility. The government funded initiative to support Martha Lane Fox in her role as Digital Champion to promote online access for all (Race Online 2012) states in its ''Manifesto for a Networked Nation'', **''we should work towards ensuring that people have easy and affordable access to the internet in the same way they can access water, electricity or gas**.''

A growing number of services and/or information are only available online, e.g. Many retailers and utility companies now offer online-only discounts, there are internet-only banks, and people get better deals when they compare prices online. Some airlines run virtually online-only booking, check-in and customer services. Many rail discounts require online booking.

This situation will be compounded for people in rural areas as access to other services and information is more limited. E.g. online job search and training opportunities are particularly important for people in rural areas, as most job centres are located in urban areas. For people living in rural areas where they cannot access a reliable broadband service, it restricts their ability to fully participate in society and access information, entertainment and services in a wide range of areas, including:

- Public services and information;

- Education/life-long learning;

- Financial services, including internet banking, online applications for loans, cost comparison websites etc

- Business services

- Entertainment e.g. pay TV services

Other social benefits of broadband access include:

- Sustainability/fewer car journeys/reduced traffic congestion/pollution

- Active citizens/informed democracy e.g. Government's transparency website and published business plans

- Active communities – enhanced social capital and resilience, supports communication within and between rural communities e.g. sharing best practice and experience in delivering community projects;

- Cultural understanding and social cohesion;

- Future developments could transform way citizens access and interact with public services such as health and education, and be used to improve social inclusion.

Example

Cybermoor is a community owned social enterprise based in Alston Moor in Cumbria's North Pennines. Cybermoor was setup in 2002 in response to the Government's 'Wired-up communities' initiative to connect disadvantaged communities to the internet. The original project offered all households in the parish a free computer with internet access, as well as state of the art digital equipment for three schools. Since then the project has continued to grow and develop services and now provide a Wi-Fi broadband service, together with other ICT and community services to Alston Moor and the surrounding villages and towns, as well as offering consultancy services in the field of digital inclusion and community engagement. They have recently upgraded the service by laying their own fibre optic cabling network which will provide high speed broadband, TV, e-health services, as well as a 'Living Labs'' test bed for new ideas.

Cybermoor has brought numerous economic benefits to the community including:
- 25% of their customers use their PCs to work from home, compared with the national average of 7.4%;

- The project has directly contributed to the creation of 26 jobs;

- The estimated economic value to Alston is over £300K

[i] Ofcom, ''UK Broadband Speeds 2008'', published 8 January 2009

[ii] Ofcom, ''UK Broadband Speeds, May 2010'', published 27 July 2010

[iii] CRC report '' Mind the Gap'', June 2009 p10

[iv] Race Online 2012 Manifesto for a Networked Nation - July 2010.

[v] Race Online 2012 Manifesto for a Networked Nation - July 2010.

[vi] Race Online 2012 Manifesto for a Networked Nation - July 2010.

[vii] Race Online 2012 Manifesto for a Networked Nation - July 2010.

[viii] Race Online 2012 Manifesto for a Networked Nation - July 2010.

[ix] Race Online 2012 Manifesto for a Networked Nation - July 2010.

[x] Race Online 2012 Manifesto for a Networked Nation - July 2010.

[xi] Race Online 2012 Manifesto for a Networked Nation - July 2010.