**Citizens Advice Scotland – Affordability of telecommunications**

Scotland’s Citizens Advice Network empowers people in every corner of Scotland through our local bureaux and national services by providing free, confidential, and independent advice. We use people’s real-life experiences to influence policy and drive positive change. We are on the side of people in Scotland who need help, and we change lives for the better.

**Introduction**

The day-to-day activities of citizens are becoming highly dependent on the usage of telecommunications services, whether that be through mobile phones, broadband or landlines. The COVID-19 pandemic has highlighted the essential nature of online connectivity and access to internet data, with many people relying on internet access for working from home, staying informed or interacting with welfare services.

At Citizen’s Advice Scotland (CAS), we understand that having access to a decent internet connection[[1]](#footnote-2) is essential for many day-to-day activities. However, we understand that for many consumers there are significant barriers that prevent them from accessing these connections. This can range from not having the digital skills to operate a device and navigate the internet, to the affordability of devices and internet data. The cost of broadband and mobile data can be a highly significant barrier to internet connectivity, especially for vulnerable consumers and those who experience financial hardship.

Research from Nesta tells us that 1 in 7 adults in Scotland and Wales are experiencing Data Poverty, with nearly a million adults struggling to afford a sufficient connection to the internet[[2]](#endnote-2). Furthermore, Nesta’s research highlighted that not being able to go online significantly impedes individual’s life chances; it can exacerbate isolation and limit economic opportunities.

In recent polling conducted by YouGov for CAS[[3]](#footnote-3), 15% of respondents told us that the current costs of their internet or mobile phone contracts were unaffordable in relation to their personal income.

We understand the impact that digital exclusion can have on clients coming to a Citizens Advice Bureau in Scotland. Our 2017 survey of over 1200 clients who visited a Scottish Citizens Advice Bureau in June 2017 found that over a third of the respondents had difficulty using a computer; 16% stated that they didn’t know how to use a computer at all; and 18% of all participants stated they had never used the internet. When asked why people didn’t or could not access digital services, two of the three most common barriers preventing respondents from using the internet related to money. Broadband costs were a barrier for 18% of respondents, while phone and data costs were a barrier for 17% of respondents[[4]](#endnote-3).

In order to ensure that consumers can access the internet to carry out everyday activities, such as banking, paying bills or staying connected with loved ones, we believe that they must have access to affordable broadband. We believe that “Social Tariff” packages could be highly effective in reducing the cost barrier to online connectivity, while also ensuring that consumers are able to carry out their essential activities online.

**Social Tariffs**

“Social Tariffs” are targeted contract options which allow consumers on low incomes to maintain affordable and consistent internet access. Currently in the UK, social tariffs are only required to be made available by the designated Universal Service Providers which are BT and KCOM. BT offer a social tariff package titled “BT Basic+ Broadband”[[5]](#endnote-4) and KCOM offer a “Social Access Package”[[6]](#endnote-5). Both tariffs are available to customers that are on specific low-income Government welfare benefits. In June 2021, BT introduced a new social tariff called “Home Essentials” for UK customers on Universal Credit (and other means-tested benefits), which will give eligible customers a 36Mbps “fibre broadband” (Fibre To The Premises/FTTP)) service and 700 minutes of included phone calls for £15 per month.

The introduction of social tariffs by non-Universal Service Providers is currently happening on a voluntary basis. Virgin Media is an example of this; with their “Virgin Media Essential Broadband” plan, which is available to Universal Credit recipients, offering eligible consumers unlimited data at 15Mbps on a rolling contract at £15 per month[[7]](#endnote-6). The mobile provider, VOXI, is the only example of a mobile provider offering a social tariff. VOXI offer their “For Now” package to consumers who are recipients of Jobseekers Allowance, Employment and Support Allowance and Employment Based Universal Credit. Eligible consumers receive unlimited data, calls and texts for 6 months at £10 per month[[8]](#endnote-7).

We would urge other broadband and mobile providers to introduce their own Social Tariffs, as CAS believes that these tariffs can play an important role in removing financial barriers to online connectivity. Online services have become increasingly essential during the COVID-19 pandemic and such connectivity can help ensure that consumers remain connected at affordable prices while also maintaining access to public services.

While CAS supports the offer of Social Tariffs to welfare recipients, we believe that other customers who are experiencing financial difficulty should also have access to these tariffs. This may include people who are experiencing other forms of vulnerability, such as people who are homeless, asylum seekers or domestic violence survivors. Supporting people during times of vulnerability may prevent further financial detriment and reduce the risk of customers self-disconnecting and losing their online access.

Article 85 of the European Electronics Communications Code on the ‘provision of affordable universal service’ requires member states to monitor retail prices and consider affordability for people on low incomes and those with special social needs. Where a member state establishes that retail prices are not affordable, because consumers with a low income or special social needs are prevented from accessing services, they must take measures to ensure affordability. This may include ensuring that support is provided to consumers or requiring providers to offer special tariff options or packages. The Communications Act (2003) was amended in 2020 to reflect this, with the Act now allowing the Secretary of State (Department of Culture, Media and Sport) to direct Ofcom to review the affordability of the telecoms market. Any review by Ofcom would focus on services for individuals on low incomes or with special social needs, and would consider whether to recommend to the Secretary of State the setting, or modification, of a social tariff. It is by carrying out this process that social tariffs are applied to providers of public electronic communication services.

As the communications industry regulator, Ofcom provides statistical insight and consumer tracking on issues such as affordability and protections for vulnerable consumers. Ofcom’s research into affordability of communication services found that almost one in five (19%) of households reported at least one affordability issue with their communication services; equating to 4.7 million households[[9]](#endnote-8). Ofcom have stated that “targeted social tariffs can help customers who are struggling most to pay for communications services” and has encouraged providers who do not currently offer a social tariff to consider introducing them. Ofcom is expected to publish its current assessment of affordability in the sector in 2021-22.

CAS believes that offering social tariffs to consumers who are vulnerable and/or on low incomes, would be the most effective way to ensure that they are supported and have consistently affordable internet access. Furthermore, given the current situation with the COVID-19 pandemic and the resulting financial difficulty that may be experienced by consumers, the offer of a social tariff to customers experiencing financial difficulty may be effective in reducing debt and detriment while maintaining internet access. Given the transient nature of vulnerability, we believe that consumers should have access to a social tariff if their financial situation is suddenly precarious. By offering a social tariff to consumers who, for example, have been made unexpectedly unemployed could allow them to remain connected while allowing them to maintain a Universal Credit Application and continue to seek employment.

Additionally, a wider range of available social tariffs could be beneficial to consumers from a competition perspective; with more tariffs offering more choices and greater consumer agency in their choice. This could assist consumers in rural areas, who may not have access to the social tariffs offered by some providers due to poor connectivity in remote areas. Additionally, consumers as a whole could benefit if social tariffs were to be offered by mobile providers, as the current offering of social tariffs is mainly offered by broadband providers with only one mobile provider offering a social tariff. Ofcom figures tell us that smart phones were the most common device used to go online, with 85% of adults using smartphones for online purposes in 2020[[10]](#endnote-9). If a wider range of mobile phone providers were to offer social tariffs, it would complement the offers made by broadband providers and offer greater consumer choice all round.

Social Tariffs could be effective in reducing digital exclusion within the UK. If the cost of accessing the internet can be reduced, then we may see an uptake in internet connections, improving consumer access to digital services. This is essential given the increased provision of essential digital services[[11]](#endnote-10). Tackling digital exclusion, in all its forms, is essential for a post pandemic recovery. If social tariffs were to be made more widely available, and accessible to all consumers regardless of the rurality of their location, then we could see tangible progress in reducing the extent to which affordability acts as a barrier to getting online.

**Conclusions**

* **Social Tariff packages are essential in reducing the financial barriers to internet access and CAS would welcome more providers developing or improving their own packages.**
* **Providers should widen eligibility criteria of Social Tariffs to allow consumers who are experiencing financial hardship or other circumstances which may make them vulnerable, for example by making social tariffs available to survivors of domestic abuse or those who are homeless.**
* **Providers should encourage those customers who they believe to be financially vulnerable, to take up a Social Tariff in order to reduce the likelihood of debt and disconnection.**

1. Defined by Ofcom as a download speed of 10 Mbit/s and an upload speed of 1 Mbit/s, [↑](#footnote-ref-2)
2. <https://www.nesta.org.uk/report/data-poverty-scotland-and-wales/> [↑](#endnote-ref-2)
3. Total sample size was 1032 adults. Fieldwork was undertaken between 20th - 25th May 2021. The survey was carried out online. The figures have been weighted and are representative of all Scotland adults (aged 18+). [↑](#footnote-ref-3)
4. <https://www.cas.org.uk/system/files/publications/cas_disconnected_report.pdf> [↑](#endnote-ref-3)
5. <https://btplc.com/inclusion/ProductsAndServices/BTBasic/BTBasicBroadband/index.htm> [↑](#endnote-ref-4)
6. <https://www.kcomhome.com/media/2871180/supporting-vulnerable-customers-june-2016.pdf> [↑](#endnote-ref-5)
7. <https://www.virginmedia.com/corporate/media-centre/press-releases/virgin-media-opens-applications-for-essential-broadband-plan-to-help-those-facing-financial-difficulty> [↑](#endnote-ref-6)
8. <https://www.voxi.co.uk/for-now> [↑](#endnote-ref-7)
9. <https://www.ofcom.org.uk/__data/assets/pdf_file/0021/209613/affordability-of-communications-services-initial-findings.pdf> [↑](#endnote-ref-8)
10. <https://www.ofcom.org.uk/__data/assets/pdf_file/0025/217834/adults-media-use-and-attitudes-report-2020-21.pdf> [↑](#endnote-ref-9)
11. <https://www.cas.org.uk/system/files/publications/cas_disconnected_report.pdf> [↑](#endnote-ref-10)