

# House of Lords Communications and Digital Committee

## Call For Evidence on Digital Exclusion and the Cost of Living

Submission from Mobile UK

7 March 2023

### About Mobile UK

1. Mobile UK is the trade association for the UK's mobile network operators (MNOs) – EE (a member of the BT Group), Three, Virgin Media O2 and Vodafone. Our goal is to realise the power of mobile and to improve the lives of our customers and the prosperity of the UK.
2. Mobile is increasingly becoming the device of choice for running daily life at home and work, and customers have come to expect more extensive coverage, capacity and greater capabilities. Our role is to identify the barriers to progress, and work with all relevant parties to bring about change, be they the Government, regulators, industry, consumers or citizens more generally.

### Introduction

3. Mobile UK welcomes the opportunity to submit its response to the House of Lords Communications and Digital Committee's call for evidence on digital exclusion and the cost of living.
4. The pandemic has highlighted the scale of digital exclusion. About 1.5 million UK households lack internet access or approximately 6% of the population<sup>1</sup>. A further 5% of households rely solely on mobile internet access to connect to the internet, whether via mobile data, a dongle or USB.<sup>2</sup> Not having access to digital connectivity and data does result in further exclusion.
5. The pandemic has also shown us the value of connectivity. Good mobile and broadband connectivity can be a route to saving money, improving lives and widening opportunities.
  - The most digitally engaged pay £228 less on their yearly bills than the least engaged.<sup>3</sup>
  - Manual workers with high or very high digital engagement earn £421 more monthly than less digitally engaged peers.<sup>4</sup>
  - £1.4bn invested in basic digital skills over the next ten years returns £12.2bn Net Present Value.<sup>5</sup>

<sup>1</sup> Ofcom - <https://www.ofcom.org.uk/news-centre/2021/digital-divide-narrowed-but-around-1.5m-homes-offline#:~:text=Based%20on%20our%20survey%20results,is%201.3m%2D1.8m>.

<sup>2</sup> Ofcom - [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0022/234364/digital-exclusion-review-2022.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0022/234364/digital-exclusion-review-2022.pdf)

<sup>3</sup> Good Things Foundation, Digital Nation 2022 - [https://www.goodthingsfoundation.org/wp-content/uploads/2022/10/DigitalNation2022\\_Web\\_GoodThings.pdf](https://www.goodthingsfoundation.org/wp-content/uploads/2022/10/DigitalNation2022_Web_GoodThings.pdf)

<sup>4</sup> Ibid

<sup>5</sup> Digital Innovators - <https://digitalinnovators.co.uk/digital-skills-training-in-the-community-boosts-learners-confidence-independence-and-optimism/>

- Forty million people visit NHS.UK every month, and 54% of people have looked up health information online.<sup>6</sup>
  - Nearly 100,000 people made a repeat prescription through the NHS App in March 2020
  - 85% connect better with friends and family.
6. Mobile operators have implemented several measures to assist customers during the cost of living crisis (these measures are outlined in more detail in Annex A). Mobile UK has created a specific landing page on our website's home page to signpost people to initiatives in place. This can be reached via - <https://www.mobileuk.org/cost-of-living>.
7. Connectivity Goals Announced by Mobile Network Operators
- **BT Group**, which operates **BT and EE** as an integrated consumer-facing business, **already have nearly three million customers on social or discounted tariffs**. BT/EE are committed to finding sustainable ways to make access to the internet a level playing field for all.
  - **Three** aims to set up **one million new digital connections to Samaritans' vital support services by 2024**.
  - **Virgin Media O2** is committing to eradicating data poverty by **connecting one million digitally excluded people by the end of 2025**.
  - **Vodafone** is committed to **connecting four million people by 2025, reaching its one million commitment in 2022**.

## Mobile UK's Response to the Questions in the Call For Evidence:

### What are the main causes of digital exclusion in the UK? What is the economic and social impact?

8. Four main factors contribute to digital exclusion:
- **access and affordability** - not everyone lives where there is the ability or can afford to connect to the internet or devices to go online
  - **skills** - not everyone has the ability to use the internet and online services
  - **confidence** - some people fear online crime, lack trust or don't know where to start online
  - **motivation** - not everyone sees why using the internet could be relevant and helpful
9. Several studies have indicated that the largest segment of the digitally excluded population is older people. The Centre for Ageing Better found that 90% of those not online are over 55, and in the over-75s segment, 26% of all households do not have access to the internet at home.<sup>7</sup>
10. Ofcom's review into Digital Exclusion found that low incomes impact younger households' access to broadband, including households with children, although this was not

<sup>6</sup> NHS - <https://digital.nhs.uk/about-nhs-digital/corporate-information-and-documents/digital-inclusion/what-digital-inclusion-is>

<sup>7</sup> Centre for Ageing Better - <https://www.ageing-better.org.uk/publications/digital-age>

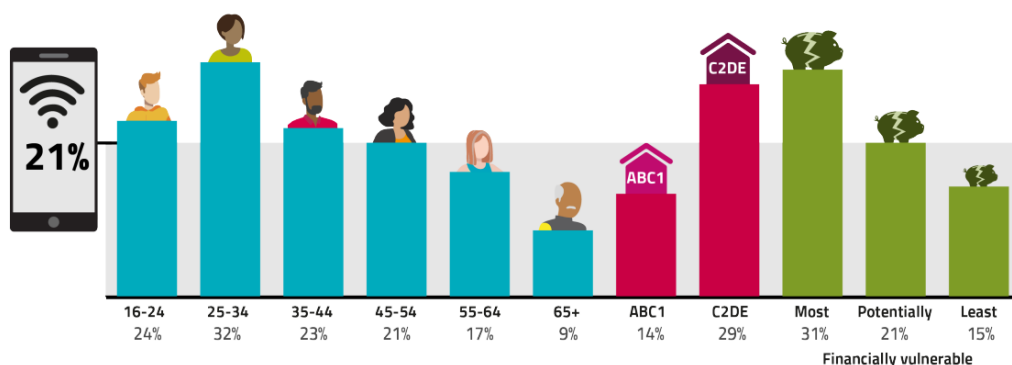
necessarily the only factor.<sup>8</sup>

11. The impact of digital exclusion increasingly disadvantages people socially and economically as more and more of society moves online, limiting access to job opportunities, education, healthcare, services and many other everyday requirements.

## How has the rising cost of living affected digital exclusion?

12. Over the last two decades, interaction with the digital world has grown massively. Most of the things we do, be it work, accessing public services, shopping, socialising and entertainment, are conducted via the internet, accessed via fixed broadband or mobile networks. It isn't easy to perform daily activities without digital connectivity. This trend is only set to increase, with Ofcom reporting that data usage rises 40% yearly.
13. There is still a significant minority of people in the UK who cannot access the internet, choose not to access it or cannot or don't know how. The recent pandemic highlighted digital exclusion as society relied on digital connectivity to continue operating during the lockdown. As the pandemic continued, many changes became permanent; for instance, hybrid working is now a much more normal way of working than before. Many people within those demographics more impacted by digital exclusion became more excluded.
14. Digital exclusion further intensifies the cost of living pressures. Research indicates that digitally excluded people miss out on online deals and prices that can cost households £286 per month.<sup>9</sup> In addition, people can miss out on opportunities to earn more, where manual workers with high or very high digital engagement earn £421 more monthly than less digitally engaged peers.
15. The pandemic and the cost of living crisis have also highlighted the growing role of mobile connectivity as a means to access the internet and growing segments of society which rely solely on this form of access:
  - 5% of households rely solely on mobile internet access to connect to the internet (whether via mobile data, a dongle or USB).
  - 21% of people rely upon accessing the internet solely through their mobile phone (trend upwards)
  - 78% of people go online using a mobile device

Internet users who only use a smartphone to go online



16. While nearly all children of school age had online access in the home, 4% relied solely on

<sup>8</sup> Ofcom – Digital Exclusion - [https://www.ofcom.org.uk/\\_\\_data/assets/pdf\\_file/0022/234364/digital-exclusion-review-2022.pdf](https://www.ofcom.org.uk/__data/assets/pdf_file/0022/234364/digital-exclusion-review-2022.pdf)

<sup>9</sup> YouGov research and forecasts by Development Economic

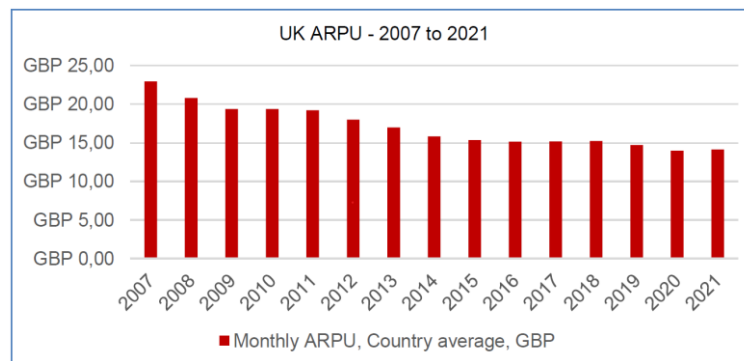
mobile internet access during the pandemic – with 2% only able to get online using a smartphone.

17. School-aged children from the most financially vulnerable homes (5%) were likelier than those in the least financially vulnerable households (2%) to have mobile-only access.
18. Mobile operators provide a vital service for many and offer a wide availability of price offerings at very affordable prices.

**What are the obstacles to greater digital inclusion? Where is policy intervention likely to have the greatest impact over the next 12 months and five years?**

19. An important obstacle to digital inclusion is the lack of skills and will among older-aged groups. Supporting digital skills, incentives and encouragement to develop and learn the skills required are patchy and inconsistent.
20. People may be digitally excluded due to a lack of access to or affordability of devices. For instance, not all children had access to devices needed for remote schooling during the pandemic. An Ofcom survey from Jan–March 2020 found that 9% of households containing children did not have home access to a laptop, desktop PC or tablet.
21. The cost of connectivity is also a factor for some groups, but in pilots conducted by BT offering fully funded broadband to low-income households, uptake has been difficult to achieve, which indicates that lower or fully funded connectivity is not the only obstacle.
22. A BT study of these pilots suggested that lack of trust in the institution offering the service (in this case, a school), pessimism about the future (one respondent said they didn't want their children getting used to something they knew they couldn't afford at the end of the funded year), language barriers (some families offered support did not have an adult English speaker in the home) and unstable living circumstances (a broadband service cannot be installed in temporary accommodation or an unregistered address) were also barriers. These all point to digital exclusion as an expression of deeper societal exclusion and poverty barriers.
23. It is also important to recognise the role of the private mobile sector in delivering the connectivity that enables people to be digitally included and the challenges it faces in rolling out mobile networks. Consumer prices in the UK are extremely competitive, and any interventions to drive down prices must be understood in the context of an already challenging investment climate.
24. The investment capability of the UK's mobile operators is challenged by declining average revenue per user (ARPU). Mobile operators do not earn sufficient revenues to invest in next-generation networks. Consolidation and deregulation are necessary to improve the business case for investment. Mobile ARPU has been declining in the UK for the last 15 years while the speed, quality, and data of networks have increased. For investors, there are few incentives to invest in companies with declining returns.

Figure 5: UK Average Revenue Per User (ARPU) 2007-2021



Source: Strand Consult, BoA Securities

25. Policies considerations should not compromise support for investment in mobile connectivity and should continue to focus on removing barriers to deployment and ensuring fair and proportionate regulation across the value chain.

## **How effective are Government initiatives at addressing digital exclusion? What further action is needed, and what should be done to provide offline access to services?**

26. Mobile UK believes strongly in the value of Digital Champions at a local level. These are senior roles with political support created to coordinate digital policy and work with industry to smooth the way for the deployment of digital infrastructure.

27. Digital Champions have an important role in the following:

- Extolling the benefits of digital connectivity
- Raising awareness
- Educating internally and externally about how the technology can be utilised and for what purposes
- Set up outreach programmes, or Community Champions, to target the digitally excluded and provide relevant assistance.

28. However, Digital Champions are not widespread and vary in resource, quality and prioritisation where they do exist. Mobile UK calls on the central Government to centrally fund digital champions across all local authorities. Further information about Digital Champions and how they can help digital inclusion can be found at <https://www.mobileuk.org/digital-champions>.

29. For those groups who are less confident about learning digital skills, research shows that they prefer to learn informally through friends and family and face to face.<sup>10</sup> Studies show that people not online are more likely to gain new skills if they can see the personal relevance to them – e.g. accessing NHS services when trying to make a GP appointment.<sup>11</sup>

30. Free teaching and support to gain digital skills for those most digitally excluded is important, but also initiatives to identify those who need support and what that support should be. Experience from the pandemic highlighted that this was not readily available.

<sup>10</sup> [Lloyds 2022 Consumer Digital Index](#)

<sup>11</sup> [Liverpool University/Good Things Foundation: "Digital Motivation: Exploring the reasons people are offline" 2019](#)

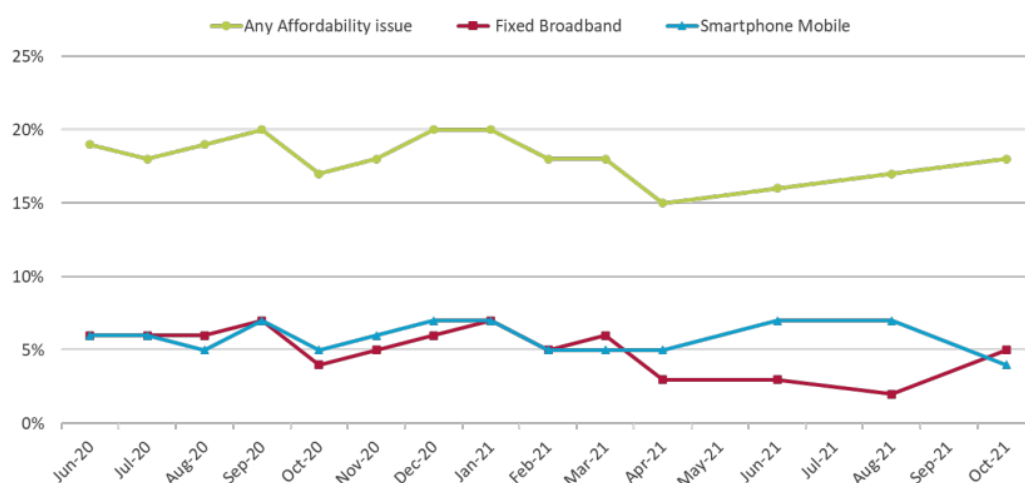
31. Fundamentally, however, to address digital exclusion, a Government strategy is required to target, but not exclusively, the groups identified most at risk.

## How well are existing industry initiatives (for example, cheaper internet tariffs) addressing digital exclusion? How could they be enhanced?

32. Mobile Network Operators in the UK have a strong record in helping tackle digital exclusion and putting in place measures to help with the cost of living crisis. A detailed list of measures in place currently can be found in Annex A of this document.

33. It is important also to recognise that in March 2022, Ofcom published its ‘*Future Approach to Mobile*’ discussion document, highlighting that UK consumers, over many years, have generally been getting a very good deal. The report stated, “In general, mobile prices have been falling in the UK and, on average, customers have been getting more for less: the average price of a basket of mobile services based on average use in 2020 was 22% lower than that of a basket based on average use in 2015. This was despite average data use and call minutes increasing by 369% and 32%, respectively, during the intervening period (SMS messages declined by 52%).<sup>12</sup>

**Trend in experience of affordability issues**



Source: Communications Affordability Tracker (2021).<sup>6</sup>

34. The report stated: “Our analysis also shows that compared with France, Germany, Italy, Spain and the USA, the UK had the lowest standalone mobile prices in 2020. It had the joint-cheapest weighted average standalone mobile prices with France, and the joint-cheapest lowest available prices, with Italy”.

## Cheapest SIM-Only Mobile Phone Deals (February 2022)

	Texts	Calls	Data	Cost (per month)
<b>One Month Contract</b>				
<b>Lebara</b>	Unlimited	Unlimited	10GB	£1.99 (Discounted for three months - £6.99 thereafter)

<sup>12</sup> Ofcom - [https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0027/231876/mobile-strategy-discussion.pdf](https://www.ofcom.org.uk/_data/assets/pdf_file/0027/231876/mobile-strategy-discussion.pdf)

talkmobile	Unlimited	Unlimited	20GB	£3.98 (50% off first three months - £7.95 thereafter)
Lebara	Unlimited	Unlimited	3GB	£4.99
VOXI	Unlimited	Unlimited	30GB	£10.00
EE	Unlimited	Unlimited	5GB	£12.00 (social tariff – criteria)
<b>12 Month Contract</b>				
Vodafone	Unlimited	Unlimited	20GB	£8.00
Smarty	Unlimited	Unlimited	30GB	£8.00
O2	Unlimited	Unlimited	50GB	£12.00
<b>24 Month Contract</b>				
Three	Unlimited	Unlimited	1GB	£6.00
Three	Unlimited	Unlimited	8GB	£8.00

35. It is important to note that across the mobile network, there are very low price options available to consumers, often at a rate more favourable than an equivalent social tariff and without the requirement for acceptance based on claiming certain types of benefit.
36. Mobile UK urges customers to engage with their operators where specialist teams can assist.

### **How effective is civil society at supporting digital inclusion? How could this work be enhanced, and what is the appropriate balance between civil society and Government intervention?**

37. The UK benefits from a large and effective group of bodies dedicated to campaigning on social issues, including digital exclusion, with which many operators already work closely. This is to be welcomed. However, it is also apparent that these campaigns can often conflate issues and spread misinformation. For instance, affordable, competitive mobile contracts, pay-as-you-go or SIM Only deals are often overlooked in place of calls for social tariffs, which may not be the best solution (see SIM-Only table above). In addition, mobile internet solely through a mobile device is not always the best option. It should be balanced with home broadband based on the characteristics and usage requirements of the household.
38. Pricing is not the only barrier to digital inclusion. Any policy must consider all barriers that impact or exacerbate digital exclusion while also recognising the need to encourage investment in mobile connectivity. As outlined in this document Mobile UK also believes strongly in the role of Digital Champions at a local level to help coordinate and lead digital policy to facilitate the rollout of mobile infrastructure, which is hugely important to ensuring people can be digitally connected.



## Annex A - Mobile Operator Initiatives to Assist with the Cost of Living Crisis and Digital Exclusion

### Connectivity Goals

- **BT Group**, which operates **BT and EE** as an integrated consumer-facing business, **already have nearly three million customers on social or discounted tariffs**. BT/ EE are committed to finding sustainable ways to make access to the internet a level playing field for all.
- **Three** aims to set up **one million new digital connections to Samaritans' vital support services by 2024**.
- **Virgin Media O2** is committing to eradicating data poverty by **connecting one million digitally excluded people by the end of 2025**.
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### Data Poverty

- With a wide range of low-cost mobile options and donations in place from other operators, **BT / EE** has focused its efforts on broadband, with an industry-leading social tariff broadband for £15 pm for 36Mbps for anyone on universal credit.
- **Three UK's Reconnected** scheme enables customers to donate old phones, which are repackaged with six-month unlimited data. Texts and calls are provided to individuals seeking employment, disadvantaged students or vulnerable to digital exclusion.
- **Three UK** has **added seven financial advice and guidance websites to its list of zero-rated websites** that customers can access without using data (StepChange, Business Debtline, National Debtline, Citizens Advice, Money Advice Plus, Money and Pensions Service and Money Helper)
- Virgin Media O2 is supporting the **Greggs Hardship Fund** to get 255,000 people connected by the end of 2023.
- The **Community Calling** scheme by Virgin Media O2 has donated 10,000 phones and £1m of data in the last two years
- Virgin Media O2 offers **20GB of free O2 mobile data per month via the National Databank**. In addition, the company is increasing its data donation as it pledges to gift more than **61 million GB of free data by the end of 2025**.
- **Virgin Media O2** has also **expanded its list of services that can be accessed without eating into mobile data allowances**. O2 and Virgin Mobile customers can access the National Debtline, Business Debtline, Turn2us, Debt Advice Foundation and National Energy Action without using any of their mobile data. They join existing zero-rated websites such as Citizens Advice, Money Advice Service and debt charity Step Change.
- Through its subsidiary VOXI, Vodafone offers its, for Now, mobile tariff costing just £10 a month with unlimited data, calls and texts. This is alongside Vodafone's offer of a fixed social tariff for £12 per month with 38Mbps download speeds with no set-up fees, termination fees and no in-contract price rises.
- Vodafone, through its **charities.connected, Great British Tech Appeal and Vodafone Together** programmes have partnered with the **Trussell Trust and Barnardos** to provide free connectivity to those that require support.



- Vodafone has further pledged **24 million GB of data to the National Databank to connect 200,000 people**. Vodafone also operates the **Buy One Get One** initiative via **Vodafone Together** to offer free connectivity for up to a year via a prepaid 20GB sim.

## National Databank

- Mobile operators Three, Virgin Media O2 and Vodafone have joined the UK National Databank, run by digital inclusion charity the **Good Things Foundation**, to tackle issues of data poverty in the UK. One million gigabytes (GB) of data has been pledged, which will help an estimated 40,000 people to get connected. Read more [here](#).

## Digital Skills

- BT / EE **Skills for Tomorrow** has a target to help 25 million people by 2026 across the UK with the provision of essential digital skills
- The **Three Discovery** program aims to impact 250,000 people in 2022 to get the most from their connectivity.
- Virgin Media O2's **Better Connections Plan** is working to equip two million people with the skills and tools to help them feel more connected to our digital society by 2025.
- Vodafone launched the **Discover Digital** programme with Barnardos last year to provide digital skills training to some of the most disadvantaged young people in the UK – those not in education, employment or training (NEET). They've also launched **business.connected** with **Enterprise Nation** to support over 100,000 small businesses adopting technology, boosting digital skills and staying safe online.

## Community Help

- **All our member operators offer paid volunteering leave ranging from three to five days** so that staff can help vulnerable people in their communities.
- BT/EE is supporting **Home-Start**, a charity that provides support to some of the UK's most vulnerable families and disadvantaged children
- **Three Discovery** provides workshops that empower people of all ages and abilities to learn digital skills.

## Online Safety

- BT / EE's **PhoneSmart Licence** is an online skills module which helps prepare young phone users for life as digital citizens. BT/EE also offers a **Set Up Safe** free SMS service to help parents quickly and easily set up their child's phone with safety features.
- **Hope United** – powered by BT / EE and a team of top footballers, including Rio Ferdinand and Karen Carney, seeks to provide customers with the digital skills to combat hate and change attitudes to reduce hateful content.
- Through the **Three Discovery** programme, Three delivers free safety workshops to schools, parents and teachers
- Virgin Media O2 supports families to be safer online via its **Internet Matters** initiative.
- Vodafone provides its **Digital Parenting Magazine**, a free resource for parents, grandparents and carers to help families navigate the online world

## Shared Rural Network

- Developed by the UK's four mobile operators and Government, the **Shared Rural Network** will deliver reliable 4G mobile broadband coverage to 95% of the UK. This will

extend mobile coverage to an additional 280,000 premises and on an additional 16,000km of the UK's roads, boosting productivity and investment in rural areas. Read more [here](#).

## Further Information

Further information about actions taken by Mobile Network Operators can be found below:

### BT / EE

- <https://newsroom.ee.co.uk/ee-to-offer-5g-solutions-across-the-entire-uk-as-bt-group-unveil-new-mobile-and-convergence-ambitions/>
- <https://ee.co.uk/our-company/corporate-responsibility/being-responsible/sharing-connectivity/digital-champions>
- <https://newsroom.bt.com/bt-announces-national-rollout-of-care-home-companions-service-to-help-tackle-loneliness-in-care-homes/>
- <https://www.bt.com/about/digital-impact-and-sustainability/building-better-digital-lives#digital-inclusion>
- <https://www.bt.com/about/digital-impact-and-sustainability/building-better-digital-lives#nation>
- <https://www.bt.com/about/digital-impact-and-sustainability/building-better-digital-lives#young-people>
- <https://newsroom.bt.com/bt-announces-national-rollout-of-care-home-companions-service-to-help-tackle-loneliness-in-care-homes/>
- <https://ee.co.uk/our-company/corporate-responsibility/being-responsible/sharing-connectivity/digital-living/digital-for-all/supporting-vulnerability>

### Three

- <https://www.three.co.uk/hub/three-pledges-to-the-national-data-bank/>
- <https://www.three.co.uk/vulnerability/>

### Virgin Media O2

- <https://news.virginmediao2.co.uk/virgin-media-o2-appoints-youth-advisory-council-and-launches-500000-eco-fund-as-it-unveils-its-new-sustainability-strategy-the-better-connections-plan/>
- <https://news.virginmediao2.co.uk/greggs-and-virgin-media-o2-to-provide-free-mobile-data-to-families-in-need/>

### Vodafone

- <https://newscentre.vodafone.co.uk/press-release/commits-to-connecting-one-million-people-in-digital-poverty/>
- <https://newscentre.vodafone.co.uk/press-release/voxi-for-now-social-tariff-to-boost-support-for-those-in-financial-hardship/>
- <https://newscentre.vodafone.co.uk/press-release/trussell-trust-report-rising-demand-for-free-connectivity-due-to-cost-of-living-crisis/>
- <https://newscentre.vodafone.co.uk/smart-living/digital-parenting/>

## Further Information

Digital Nation 2022 – Good Things Foundation

