



The digital divide

1 Overview

To support those not online, or not online enough, due to cost issues, we propose the following:

- BT believes all fixed operators should offer a social broadband tariff of around £200 per year with speeds of up to 40Mbps for those on low incomes, e.g. to those on universal credit and pensioners on pension credit (guaranteed credit).
- BT is currently the only major operator to provide this, with our [Home Essentials](#) package available to those on universal credit, employment and support allowance, jobseeker's allowance, income support and pension credit (guaranteed credit) for £15 per month for 40Mbps upload / 10 Mbs download broadband.
- If prices lower than this are desired for all of this group, or for a smaller group on very low income (e.g. those on UC zero income) the Government should consider cutting or removing VAT on social tariffs, and / or offering funding along the lines of Winter fuel payments.

The largest group not online (13% of households) is overwhelmingly older (50% of those aged 75 or older are not online), with lack of skills and will the key driver. Around 2-4% of households have no broadband, but some mobile internet access, where cost, and unstable living situations are the drivers. A further group of 5-6% of households have broadband, but report affordability concerns to Ofcom.

BT runs a comprehensive skills programme, Skills for Tomorrow which has already helped 10 million people improve their digital skills and is now aiming to reach a further 15 million.

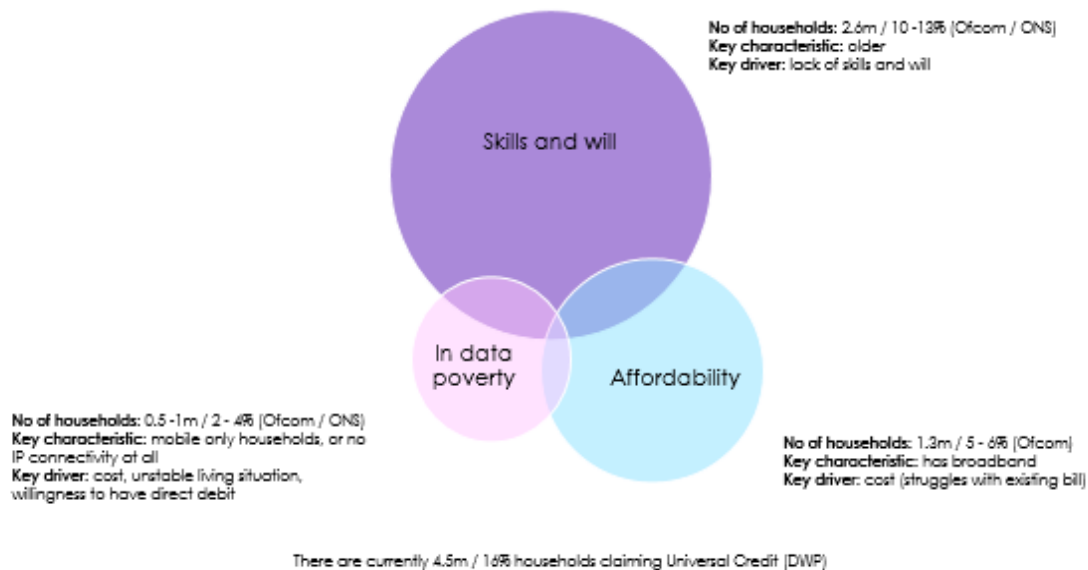
Thanks primarily to BT and BDUK investments, 96% of the UK can already access superfast broadband.

Following the regulatory clarity provided by Ofcom's Wholesale Fixed Telecoms Market Review (WFTMR), coupled with the Government's recent cash tax super-deduction and the positive outcome from the recent 5G spectrum auctions, BT have increased and accelerated our fibre to the premises (FTTP) build plan as well as announcing our network vision for mobile.

We are now on track to deliver some 25million UK premises with full FTTP by end 2026, this is over 80% of UK premises that will have access to Gigabit capable full fibre from BT/Openreach. Additionally we offer mobile coverage across 85% of the UK geography which is set to expand to 90% of the UK by 2028 with our 5G deployment and on demand 5G anywhere in the UK in similar timescales.

2 Digital inclusion – different groups and drivers

Groups needing help to be digitally included



A small proportion (10-15%) of the skills and will group will have difficulty affording connectivity, as well as needing interventions to overcome their lack of skills and will.

3 Digital inclusion – BT's proposed approach

Affordability – have broadband but struggling with costs

1. Social tariffs for fixed broadband at affordable prices with good speed

All fixed broadband operators should have a social tariff as close as possible to cost – around £200 per year with speeds of up to 40Mbps upload / 10Mbps download where available, for customers on low incomes. Virgin Media's social tariff is [speed capped at 15Mbps download](#). Other large broadband providers such as Sky and TalkTalk do not offer a social tariff at present.

Eligibility should be on the basis of universal credit and pension credit (guaranteed credit), rather than other indicators such as social housing residency (many people on low income live in private housing).

2. Further support for those on very low incomes requires Government funding

If prices lower than this are desired, the Government should consider cutting or removing VAT on telecoms operators' social tariffs. Households on very low incomes (less than £16,000 per year / zero income on universal credit (1.5 - 2m people / 1 – 1.5m households) may need further support. This could be funded by Government, along similar lines to Winter fuel payments in energy.

A subsidy equivalent to energy (half the annual cost paid) would cost around £100 per household per year. A full subsidy would cost £200 per household per year. Winter fuel subsidies are typically around £300 per household per year.

3. Wholesale pricing

Other operators have said that Openreach fixed line rental charges are a barrier to offering social tariffs. This is not the case.

Policy makers and industry must balance supporting lower income households with sufficient funding of infrastructure rollout /upgrade as described below.

The BT consumer business provides our social tariff while paying the same Openreach line rental costs as all other operators using Openreach's network.

In data poverty – some internet access via mobile, but not broadband

1. Any household in a stable living situation

Should be supported and encouraged to take a fixed social tariff. Fixed connectivity is by far the most cost effective way to enable people to meet their data, speed and reliability needs.

2. Households and individuals not in a stable living situation

There are already many low priced SIM only deals in the market. Further exploration of matching need to the right offers and eligibility is required, and to sign post routes to suitable and affordable handsets.

Skills and will

BT's [Skills for Tomorrow](#) programme has a target to help 25 million people by 2025 across the UK develop the skills to help them in all areas of digital life. We have already made good progress supporting 10 million people so far.

Through the pandemic our [Top Tech Tips](#) films and campaigns aimed to help people who'd never been online before, or now need to do new things online to build their skills.

Skills for Tomorrow is free and designed to help children, parents, older and more vulnerable people, job seekers and small businesses. We have a wide range of free courses, webinars and advice anyone can use to boost their confidence and understanding of digital tools and technology, for example "Introduction to office programs", "creating a spreadsheet and presentation", "Getting a job", "Launching a business", "Promoting a business", "Your interview", "Business Communication", etc.

4 Coverage and future network investment

Thanks primarily to BT's early fibre to the cabinet (FTTC) builds, over 96% of UK premises already have access to Superfast fibre at speeds in excess of 30Mbps that have enabled the huge shift in homeworking/remote working throughout the pandemic and that consistently deliver IPTV services to millions of UK households every day.

We also offer 4G mobile connectivity from our EE network at over 85% of the UK Geographic area (which equates to 99% of UK premises according to Ofcom). This mobile geographic

coverage is set to expand in accordance with our recently announced network vision such that we are on track to offer 4G and 5G coverage to 90% of the UK geography by 2028 and an ability to offer 5G on demand throughout the UK in the same timeframe.

As a result well over 99% of all UK premises also already have access to good broadband speeds in excess of 10Mbps (the official USO service level) that can deliver IPTV and other broadband services, with the latest Ofcom report showing that this is now expected to be less than 100K UK premises (0.3%) that remain unable to access such services.

BT announced in May this year that, following the regulatory clarity provided by Ofcom's Wholesale Fixed Telecoms Market Review (WFTMR), coupled with the Government's recent cash tax super-deduction and the positive outcome from the recent 5G spectrum auctions, we were able to increase and accelerate our fibre to the premises (FTTP) build plan.

We are now on track to deliver some 25million UK premises with full FTTP by end 2026, this is over 80% of UK premises that will have open access to Gigabit capable full fibre from BT/Openreach.

And this is not just an Urban/sub urban build with some 6.2 million of these FTTP premises being delivered across rural parts of the UK

We have already delivered over 5million FTTP premises to date as part of this plan. We are building new FTTP premises at a rate exceeding 40k prems per week and expect to double this build rate at the peak of our build.

For further information **please contact** content and service policy director helen.burrows@bt.com