



The new Universal Service for Broadband

Frequently asked questions and constituency queries

Background

Since March 20th, your constituents have had a legal right to request a decent, affordable broadband connection from BT under the new Universal Service Obligation (USO) for Broadband.

This is defined in law as a service with a download speed of at least 10Mbps and an upload speed of at least 1 Mbps¹, costing of £46.10 or less per month. A 10Mbps connection will enable a good quality experience when accessing all common internet applications including multiple TV streams, HDTV, access to digital public services and on-line shopping.

If the existing infrastructure doesn't allow this level of service, the USO requires BT to upgrade their connectivity to meet or exceed these requirements if the necessary works cost less than £3,400 per premise.

What does this mean for my constituents?

We are writing to those constituents that Ofcom's analysis has shown may be eligible to have their fixed line broadband infrastructure upgraded under the USO. These letters advise them to contact us on 0800 783 0223 to have their eligibility assessment confirmed. We expect homes and businesses meeting the following two criteria to receive a letter:

- a) Ofcom has determined that their house or business cannot receive a 'decent and affordable' broadband service via a fixed line connection (from any provider) and;
- b) Ofcom has projected that the premise does not have access to alternative technology, such as 4G Mobile Broadband, that could deliver a USO level service.

I have constituents who can't get 'decent' broadband, but they have either not received a letter from BT or have been told they must use 4G to get faster broadband. Why is this?

Ninety-five percent of UK Homes, including the vast majority of your constituents, already have access to Superfast Broadband of 30 Mbps and above. The USO is intended as a 'safety net' to help the minority that do not, and cannot access 'decent' broadband either.

We therefore only send letters about the USO to those who Ofcom have identified as being unable to receive 'decent and affordable' broadband by any means. The legislation on which the USO is based incorporates a principle known as 'technology neutrality'. This means that if a USO-capable broadband service exists in an area from any provider, whether fixed line or mobile, that network cannot be 'overbuilt' by new infrastructure delivered through the USO.

In practice, if constituent can access a 4G mobile broadband product (such as BT 4G Hub²), they will not be eligible for support under the USO and so will not receive a letter from BT. If your constituents want to discuss this further with us or want more information, they can call us on the above free phone number. They can also find out more at www.bt.com/uso.

¹ The Electronic Communications (Broadband) Order 2018

² More details are available at <https://www.bt.com/broadband/4g-hub>



But my constituent already knows they can't get 4G in their home – so what can they do?

BT owns EE, which is the UK's biggest and fastest 4G mobile operator. We now offer a product called BT 4G Hub which uses the EE network rather than a 'fixed line' into a building. It delivers Wi-Fi coverage inside a house or business, with typical speeds at around 30 Mbps.

We know that some customers, particularly in rural areas, can find it difficult to receive 4G inside their house, even if there is good coverage outside. In these cases, we can install an aerial to the side of the house or building and run a cable to the wi-fi router we supply with the product inside the home. We do this free of charge and work with the customer to check and test the installation.

If, following an engineer visit, we find that the customer is still unable to receive a 'decent' broadband service, the customer can then be assessed for a fixed line network upgrade under the USO. They are under no obligation to continue their BT 4G Hub contract if this happens.

My constituent has called your USO helpline and has been told that they can't get an upgrade unless they pay a large amount of money? Why is this?

If a customer calls the USO helpline and their premises can't currently get 'decent and affordable' broadband by any means, or they receive a letter about the USO from BT and then contact us, we will ask Openreach to assess the cost of upgrading the broadband infrastructure serving their premises within 30 days.

If the cost is less than £3,400, and no other publicly funded scheme will upgrade their broadband infrastructure within 12 months, we'll ask Openreach to carry out the upgrade at no cost to the customer. This cost limit was set by Government following a public consultation and is set out in law. They will of course still have to pay for the broadband service they receive over any connection once we've upgraded our network.

If the cost estimate is greater than the £3,400, a constituent can still get an upgraded connection if they are willing to pay the excess cost. A constituent will be told what this is on request. The initial estimate is based on a desk-based assessment, which provides an approximate cost, from Openreach. Your constituents can also ask for a physical site survey to be conducted which will give them a specific and finalised figure. This is done by Openreach within 60 days of the request and is free of charge.

A more detailed explanation of the process Openreach uses to assess the costs is set out in the annex to this note.

But in some cases these 'excess' quotes are for tens of thousands of pounds? How is that possible?

We know that it can be concerning for a constituent to receive a quote for a very large amount like this. So when we provide this information, we're clear with them what other options there are, outside the USO programme, to improve their connectivity. We're working closely with Government to find other solutions for the very hardest to reach.

However, if a constituent asks, we are required to provide an 'excess' quote in order to satisfy an individual's legal right to request a service. This reflects the costs of building infrastructure to a specific house or business. The amount that is quoted can vary on a per premises basis. That can mean, for example, different houses on the same street can receive different quotes. We also see whether we



can bring down the cost of delivering the upgrade by building to multiple eligible premises at once, so costs can be shared. This process is known as ‘clustering’ and is described in the annex.

In accordance with the process set out by Ofcom, if ‘clustering’ doesn’t bring the cost per premises down to below £3,400, Openreach will generate an ‘excess’ quote. The amount will be the difference between the actual cost of the new infrastructure, and the combined £3,400 entitlements of all the premises in that cluster. In making that calculation, we must also factor in the likely take-up of the faster service new infrastructure will provide to those premises. We estimate that 70% will take-up the new service as we know that not all customers will want to pay for a better broadband service.

It is important to be clear that should that person chose to pay the excess cost, the resulting build would deliver better broadband to *all* the premises in the ‘cluster’ concerned. Unfortunately, the costs cannot be shared out by BT between them. The USO rules means that only an individual who asks for, and agrees to pay, this quote can be held liable for these ‘excess’ costs. They can ask for a quote in writing, along with an activity breakdown. This breakdown will tell them, for example, how much of the amount quoted would be spent on civil engineering work (e.g. digging new pipes/ducts or installing new poles to their area to carry the fibre cables, cost of new fibre etc) and how much on design activity. These costs can be high. Building infrastructure in many remote and rural areas is expensive, and any quote provided can reflect this.

Surely because these costs are so high, they can be shared or Government vouchers can be used?

But Ofcom rules mean we aren’t currently permitted to provide the information that would allow people to make an arrangement between themselves, and we also can’t allow the liability to be shared between multiple individuals.

There are also a wide range of voucher schemes in place from the UK and devolved Governments. One of the most well-known is the DCMS Gigabit Voucher scheme. Unfortunately, the way the scheme has been designed precludes the use of vouchers like this for paying USO ‘excess’ costs.

What if my constituents don’t want to or can’t pay the ‘excess cost’? What are their options?

There are several options available in addition to the USO to get better broadband infrastructure. We would recommend that the constituent and/or their local community explore an Openreach Community Fibre Partnership (CFP)³ if the cost through the USO programme is prohibitive.

The CFP is different from the USO in several ways. It is designed, operated and delivered entirely by Openreach. It is also not designed around the need to satisfy an individual legal right to request a service, and can therefore facilitate the kind of cost-sharing that many constituents will want to consider in determining how best to get improved digital infrastructure in their area ahead of any planned commercial investment.

A CFP also uses a ‘match funding’ approach. Openreach will assess what it would cost to deliver fibre to each household in a community and ask the community to pay the difference between what is the commercially viable amount that Openreach can spend, and what the actual cost of delivering the

³ <https://www.openreach.com/fibre-broadband/community-fibre-partnerships>



infrastructure might be. This means the costs quoted for an individual under a CFP can be lower than an 'excess' quote delivered under the USO.

The community can work together to raise the amount specified, know exactly who will benefit, share the liability for that, and they can make use of Government vouchers, to account for at least some of their contribution. None of this is possible under the USO, because of the way the legislation is designed and the data protection restrictions which are in place.

What about the Government's £5 billion commitment to support 'gigabit capable' connectivity in 'hard to reach areas?'

The Government announced in the first 2020 Budget that it would be investing £5 billion in delivering gigabit capable networks in areas where it was not commercially viable for the market to deliver. They estimate that this might be the case for up to 20% of UK premises. A large proportion of these premises who cannot currently receive a 'decent' broadband service as defined by the USO are likely to be in this 20%. The Government have also made it clear that this money will be spent according to the 'outside in' principle.

The structure of the procurement programme is currently being considered by DCMS, but we would encourage consideration to be given to those parts of the country that may see large number of premises above the Universal Service cost threshold. The faster the Government can get the relevant public procurement under way, the quicker those premises that won't benefit from the USO will get better digital infrastructure.

There are also several ongoing schemes that can support those constituencies in devolved nations. These include 'Project Stratum' this currently being procured for by the Northern Irish Executive, and 'R100' which is a Scottish Government plan to give access to superfast broadband for all Scottish premises. Both of these are likely to offer a means for getting better broadband infrastructure if the USO can't help.



Annex: How BT seeks to upgrade broadband for multiple premises in an area under the USO

