

ISPA Response to the Ofcom Consultation on Implementing the Broadband Universal Service Obligation

About ISPA

ISPA welcomes the opportunity to respond to the Ofcom consultation on the implementation of the Broadband Universal Service Obligation (USO). ISPA is the trade association for providers of internet services in the UK. We have over 200 members, 90% of which are SMEs and our members cover the whole spectrum of access provision in the UK using FTTP, FTTC, wireless and satellite connections at a wholesale and retail level. Our members play a critical role in delivering broadband and internet services across the UK to consumers and businesses.

Introduction

The USO represents an important commitment to provide decent broadband to all. An ambition shared by the internet industry, given the importance of connectivity to modern society. ISPA members have been committed to rolling out infrastructure, many in rural and hard to reach areas. As a result of the work of these members, the estimated proportion of properties still receiving connections below the 10Mbit/s threshold outlined in the USO has decreased rapidly, and now only represents 3% of residential and small business properties in January 2018 statistics, halved from 6% in 2016.¹ Our members are committed to ensuring the rest of these premises are reached, be this through commercially planned rollout, the USO or publicly funded programmes.

Many of our members will respond to this consultation individually, raising any specific points regarding Ofcom's planned implementation of the USO, however ISPA would like to raise the following general points around the proposed design and how it will fit into the current policy landscape.

Interaction with publicly funded programmes

With Government and Ofcom both cementing their support for the full fibre future in recent policy and strategy announcements, there has been some concern over the interaction between the USO – intended to act as a “safety net” – and the plans put forward in the Future Telecoms Infrastructure Review (FTIR). This is particularly important given the suggested “outside in” approach to fibre roll out subsidised by Government, with the intention of not leaving the hard to reach and less commercially viable premises until last. There is some concern regarding the interaction between the USO and other publicly funded programmes with higher minimum speeds expected, including R100 and rollout in Wales and Northern Ireland, as well as fibre rollout plans. Whilst the consultation states that premises will not be eligible for a USO connection within the next 12 months, there is a danger that USPs will have to connect a premise at 10Mbit/s under the USO and then return under a fibre rollout scheme to upgrade the service at a later date. Furthermore, there is a real concern that by providing a USO connection to a premise, this may provide speeds above the level eligible for state aid under a different scheme, where it would have received a better connection.

¹ Ofcom, [Connected Nations Interim Report](#), April 2018, P 2.

This is clearly inefficient and a waste of resources that could be better utilised to provide those who really need it with a connection that will be sufficient for the future rather than merely the immediate. One potential consideration could be to exempt properties falling within full fibre state aid programmes from the 12-month clause, instead following the timeframe agreed through the state aid programme and ensuring premises get the best connection they can.

Whilst this consultation does set out that net cost burdens will only be reimbursed to cover connections of 10Mbit/s, there is a need for greater flexibility and clarity around the interaction between the USO and other publicly funded programmes which are aiming to extent faster base speeds across largely similar areas. The potential for inefficient revisiting and premises having delayed connections as individual programmes are mapped is significant and must be addressed.

Designation of Universal Service Providers

It will be important to ensure any system of designation designed by Ofcom is able to utilise existing infrastructure to expand networks in areas where providers already have a significant footprint, and more consideration is needed to ensure USO connections are delivered most efficiently. It will be important to clarify how efficiencies will be calculated, and how lots may be grouped. There is also an argument for introducing provisions for utilising infrastructure where another provider already has a network in or very close to the area served by a USP. By facilitating greater network sharing as part of the USO, costs could be reduced, and the chances of overbuild reduced.

Conclusion

Whilst there is a clear need to deliver USO connections quickly to reach those dealing with speeds unable to support general internet use, there is also a real need to ensure that this is done in sensible, flexible and efficient way. The net effect of this will be not only to reduce costs of delivery, and - as stated in the consultation - “minimise the impact on industry and consumers”, but also to utilise existing infrastructure, minimise overbuild and ensure that those in the hardest to reach areas are gaining the best connections they can, as quickly as possible. ISPA will continue to engage with Ofcom on this issue and will look for greater clarity around these points in the subsequent consultations on the USO designations.