

# Implementing the Broadband USO

## Briefing note by the Rural Services Network

### Context

Despite the achievements of the Government's superfast broadband programme, around 500,000 premises will still be unable to access even a basic broadband connection by 2020. Those premises will predominantly be found in rural locations.

To address this issue, the Government<sup>1</sup> is due to introduce a Universal Services Obligation (USO) for broadband in 2020. That USO is due to be set at 10 megabits per second (mbps): the download speed which the regulator, Ofcom, considers necessary to undertake basic online activities efficiently.

Premises which cannot achieve this threshold will be able to request an infrastructure upgrade so they can achieve at least that speed. In most cases this will be paid for from a levy on telecom network providers<sup>2</sup>.

Ofcom has now invited telecoms infrastructure providers to submit an expression of interest if they wish to become a universal service provider. That is, a network provider which agrees to carry out upgrade work where the USO is invoked by a premises.

This is a positive development. However, the Rural Services Network (RSN) believes the USO needs careful implementation to achieve the best outcome for rural communities. It calls on Ofcom to maximise opportunities for 'future proofed' full fibre connectivity, rather than funding solutions which are soon obsolete as consumer demand for bandwidth grows.

### Full fibre roll out

The Government made clear in its recently published Future Telecoms Infrastructure Review (FTIR) that it wants to accelerate the roll out of full fibre networks, capable of delivering gigabit<sup>3</sup> broadband speeds which are unlikely to require future upgrades. It expects to see nationwide coverage of full fibre and the deactivation of old copper networks by 2033.

To support this goal, the FTIR proposes public investment of between £3bn and £5bn. That investment will be targeted at places where there is least prospect of full fibre being installed on a commercial basis. This 'outside-in' approach aims to deliver full fibre in rural areas at a comparable pace to commercial delivery elsewhere – an approach the RSN strongly endorses.

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<sup>1</sup> Department for Digital, Culture, Media & Sport (DCMS)

<sup>2</sup> Where the cost of USO implementation exceeds £3,400 the premises owner will pay the excess.

<sup>3</sup> A gigabit is 100 times faster than the 10 mbps USO threshold.

## **USO and FTIR**

The RSN has welcomed the broadband USO as a way to improve connectivity for those rural homes and businesses still with very slow connections.

However, given the FTIR, it now calls on Ofcom to consider how the USO will interact with the goal of full fibre delivery. Where possible it asks that Ofcom:

- a) Maximises the opportunity for the USO to support the delivery of 'future proofed' connectivity, rather than funding solutions which could quickly become obsolete as consumer demand for bandwidth grows.*

We propose that Ofcom compels universal service providers to deliver the USO by using any existing and accessible full fibre networks that lie within a reasonable distance from the premises being upgraded. Whilst this may imply some additional up-front cost, it will deliver long term solutions compatible with the FTIR.

- b) Mandates universal service providers to consider the impact of planned full fibre network roll out when they deliver USO connections.*

If premises are served by the USO they will receive at least 10 mbps, but this could make them ineligible for FTIR public funding programmes that will provide full fibre connectivity. One option is to exempt premises from the USO where there are clear plans in place to reach that locality with full fibre during a defined time period.

Alternatively, universal service providers could be made to explore using the network of the full fibre provider due to service that premises, rather than rolling out their own infrastructure. That would avoid duplicating infrastructure and wasting resources, as well as maximising full fibre coverage.

## **The USO threshold**

The RSN also considers that 10 mbps is likely to prove too low a USO limit by the time it is implemented, not least because Ofcom will probably want to leave it unchanged for a few years after 2020 to let the USO bed down. The Government should ask Ofcom to review the limit prior to its implementation, taking account of the growth in demand for bandwidth.

## **Conclusion**

In short, the RSN welcomes the implementation of the USO, but given the compelling ambitions of the FTIR Ofcom should explore how it can deliver full fibre networks wherever possible. If the above proposals were to be adopted the RSN believes that more rural homes and businesses would benefit more quickly from access to full fibre.



The Rural Services Network is the national champion for rural service provision, ensuring that rural people across England have a strong voice. It fights for a fair deal for rural communities, to maintain their social and economic viability for the benefit of the nation as a whole. Membership of RSN comprises 154 local authorities (county, unitary, district and borough councils) and over 75 other service providers from the public, private and civil society sectors e.g. land-based colleges, fire and rescue authorities, housing associations and bus operators.

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