



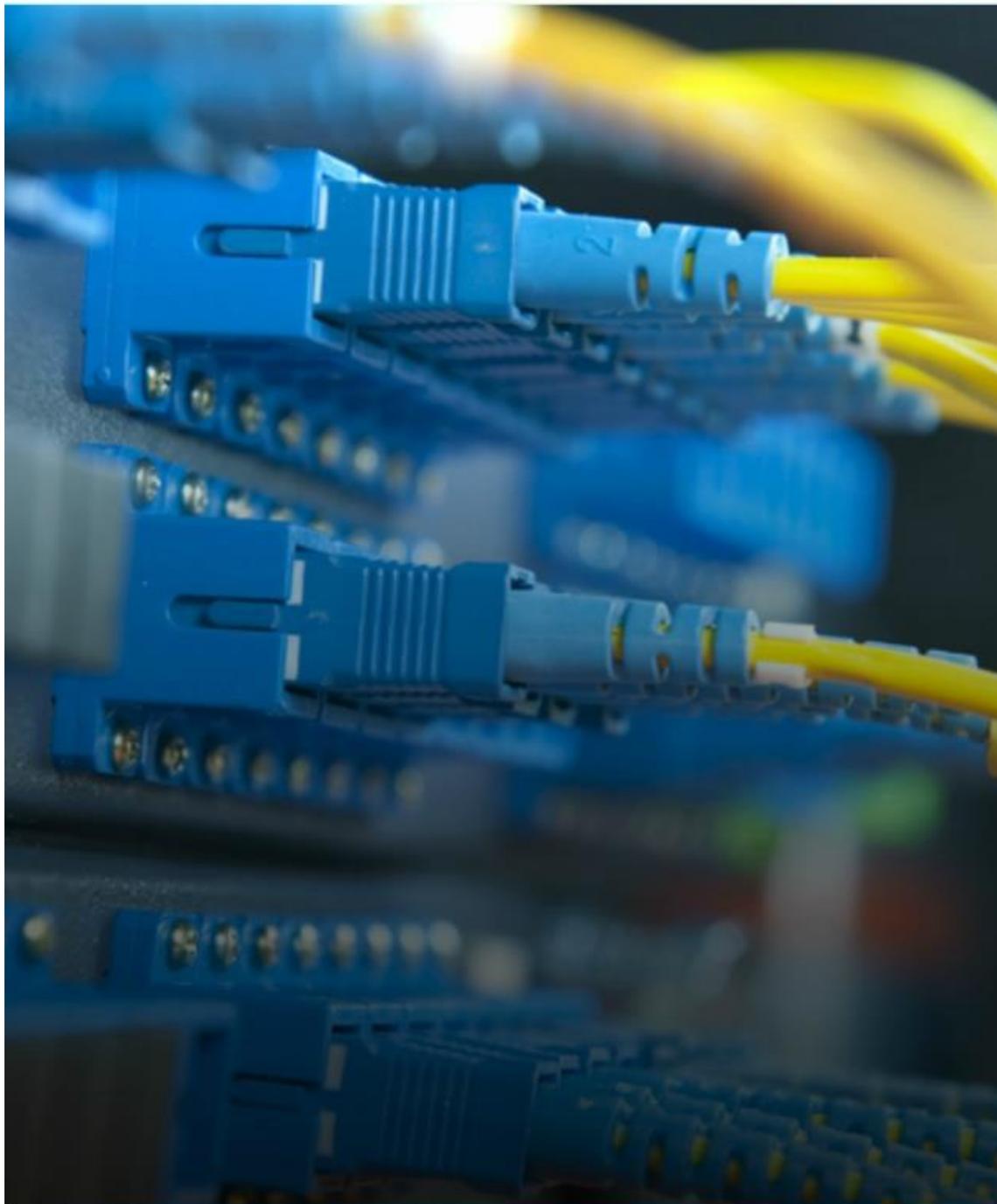
A BRITISH INFRASTRUCTURE GROUP (BIG) REPORT

Broadband:

A unique study into broadband investment and the role of BT and Openreach

Chaired by
the Rt. Hon.
Grant Shapps

–
January 2016



BROADBAND

A new study into broadband investment and the role of BT and Openreach

A British Infrastructure Group (BIG) Report
by The Rt. Hon Grant Shapps MP

Published: 23rd January 2016

Who is the British Infrastructure Group (BIG)?

The British Infrastructure Group (BIG) is led by The Rt Hon Grant Shapps MP and brings together cross-party Members of Parliament dedicated to promoting better infrastructure across the entire United Kingdom.

Each report it releases focusses on a different area of current or future infrastructure need. An individual MP's support is distinct to the particular subject and report under research.

BIG is about ensuring every opportunity for growth is seized with bold new ideas and recommendations, backed by authoritative research and evidence.

At its core, the British Infrastructure Group firmly believes that Britain should lead the world in infrastructure investment in order to drive forward our economy for the benefit of both this and future generations.

It is in this spirit that the British Infrastructure Group publishes its first report, 'Broadbad'. This research highlights the serious problems that the UK broadband network is facing. It argues that the current situation of large inconsistencies in service leading to millions of citizens and businesses experiencing slow or non-existent connections is now untenable.

With the UK economy now so reliant on its internet infrastructure, this BIG report contends that our future is being held back by systemic underinvestment stemming from the 'natural monopoly' of BT and Openreach. The report concludes that the current situation is stifling competition, hurting our constituents and in the process limiting Britain's business and economic potential.

This report urges Ofcom to urgently follow the proposed solutions.

A handwritten signature in blue ink that reads "Grant Shapps". The signature is written in a cursive style and is set against a light blue rectangular background.

The Rt. Hon Grant Shapps MP

23rd January 2016

Sir,

As MPs we represent constituents who in 2016 rightly expect access to high-speed internet connections. Whether at home or work, fast broadband should be a reality in all our communities. Sadly, this is not yet the case.

A new report from the British Infrastructure Group of MPs (BIG) reveals that despite £1.7bn of taxpayers' cash pumped into subsidising the construction of UK high-speed broadband, there are still a staggering 5.7million people across Britain who cannot access the internet at the Ofcom required 10 Megabits per second. But the problem is even worse for business with 42% of small and medium size enterprises reporting problems with their internet connection, at an estimated £11bn of cost to the British economy.

Today's report, '*BroadBad*', calls on the regulator Ofcom to take radical action over the 'natural monopoly' too long enjoyed by BT Openreach. The comprehensive report, which details connection speeds in every part of the country, argues that given our modern economy being so reliant on the internet, it is time to stop being held back by BT's lack of ambition and underinvestment.

We believe that Britain should be leading the world in digital innovation. Yet instead we have a monopoly company clinging to outdated copper technology with no proper long-term plan for the future. We need to start converting to a fully fibre network so we are not left behind the other nations who are rushing to embrace digital advancement.

However, we will only achieve this by taking action to open up the sector. Given all the delays and missed deadlines, we believe that only a formal separation of BT from Openreach, combined with fresh competition and a concerted ambition to deliver will now create the broadband service that our constituents and businesses so rightly demand.

Yours

British Infrastructure Group of MPs

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| Dr Daniel Poulter MP | Central Suffolk and North Ipswich |
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| Mark Pritchard MP | The Wrekin |
| John Pugh MP | Southport |
| The Honourable Jacob Rees-Mogg MP | North East Somerset |
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| Mike Wood MP | Dudley South |

Key Findings

- Openreach has so far received £1.7 billion in taxpayer subsidies to connect harder to reach areas of the UK to superfast services, but has repeatedly failed to deliver¹.
- Around 5.7 million people in the UK have internet connections that do not reach Ofcom's 'acceptable' minimum speed of 10Mbit/s. 3.5 million of these people live in rural areas².
- Poor internet connections are costing the UK economy up to £11 billion per year³.
- 42% of SMEs report experiencing problems with their internet connectivity and 29% also report poor service reliability⁴.
- Following the announcement that BT will be merging with EE it has been calculated that BT will have a 40% share of the retail telecoms market and a 70% share of the wholesale market⁵.
- The time has come for BT to be forced to sell off Openreach to encourage more competition and a better service for every internet user and for the benefit of the UK economy.

¹ <https://www.gov.uk/gosuperfast>, accessed 13 January 2016

² ONS figures show in 2015 average UK household size was 2.37, <http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-401852>, accessed 14 January 2016. Ofcom data shows 2.4 million homes with speed below 10Mbit/s of which 1.5 million were classified as rural homes, http://stakeholders.ofcom.org.uk/binaries/research/infrastructure/2015/downloads/connected_nations2015.pdf, 4, accessed 8 January 2016

³ http://www.digitalstrategyconsulting.com/intelligence/2015/03/poor_internet_connections_cost_uk_economy_11bn_a_year.php, accessed 13 January 2016

⁴ Ofcom, *Strategic Review of Digital Communications Discussion Document*, 16 July 2015, 28, accessed 8 January 2016, http://stakeholders.ofcom.org.uk/binaries/consultations/dcr_discussion/summary/digital-comms-review.pdf

⁵ <http://www.theguardian.com/business/2015/mar/12/talk-talk-sky-call-for-network-to-be-split-off-bt-ofcom-launches-probe>, accessed 15 January 2016

Introduction

1. Despite close proximity to London, the Rt. Hon Grant Shapps MP has been alarmed by the number of complaints about inadequate broadband in his Welwyn Hatfield constituency. In the first report from the new British Infrastructure Group (BIG), Grant Shapps MP has led an investigation into the state of internet services throughout Britain. The report uncovers a national broadband network which is chronically underperforming and judges that it is unlikely to resolve itself under the current 'natural monopoly' enjoyed by Openreach operating as a BT subsidiary.
2. This report contends that Britain, the birth place of the man who invented the World Wide Web, Tim Berners-Lee, should be leading the world in digital investment. The Government and local authorities have now generously granted a total of £1.7 billion in subsidies to BT to deliver broadband to the harder to reach areas of the UK⁶. The question this report asks is whether this is being delivered by BT and its subsidiary, Openreach. There are already a number of questions about the damage being done to businesses by the problem of poor internet connections. It is estimated that poor connections cost UK business around £11 billion annually⁷.
3. Britain should have the most developed digital economy in the world but is instead lagging behind countries such as Japan, South Korea and others. With digital demand ever growing something clearly has to change. This report looks to question the current roles being played by BT and Openreach and how a different approach to how they function could be the key to unleashing the UK digital economy.

⁶ <https://www.gov.uk/gosuperfast>, accessed 13 January 2016

⁷ http://www.digitalstrategyconsulting.com/intelligence/2015/03/poor_internet_connections_cost_uk_economy_11bn_a_year.php, accessed 13 January 2016

The Situation

Speed and Coverage

“5.7 million people in the UK cannot receive an acceptable download speed”

4. Ofcom, the regulatory body responsible for the telecoms sector, believe that a download speed of at least 10Mbit/s is the minimum necessary for what they describe as an acceptable user experience⁸. However, many consumers and SMEs cannot even expect to receive ‘acceptable’ speeds. This report calculates that around 5.7 million people in the UK cannot receive an acceptable download speed, with 3.5 million of these people living in rural areas⁹. This means 48% of rural connections do not meet this minimum speed leaving ordinary people and businesses lagging behind the rest of the country.

“Over 400,000 SMEs do not have access to superfast broadband”

5. The damage being done to businesses also should not be understated. Businesses actually experience poorer superfast broadband coverage when compared to ordinary consumers. Over 400,000 SMEs do not have access to superfast broadband and nearly 130,000 SMEs in certain business areas cannot achieve speeds of 10Mbit/s.¹⁰

6. The UK is in the middle of an economic recovery which is being driven by the hard work of UK businesses. It is imperative that this important work is not impeded. However, there are some serious questions about the damage poor internet connections are doing to these very businesses. Research has shown that even though businesses are becoming ever more reliant on the internet, they are constantly being let down by slow and poor quality connections. It has been estimated that the annual cost to UK businesses is around £11 billion in lost productivity¹¹. This is an extremely alarming figure that has to be addressed urgently.

⁸ Connected Nations Ofcom Report p.15 2015

⁹ ONS figures show in 2015 average UK household size was 2.37,

<http://www.ons.gov.uk/ons/publications/re-reference-tables.html?edition=tcm%3A77-401852>, accessed 14 January 2016. Ofcom data shows 2.4 million homes with speed below 10Mbit/s of which 1.5 million were classified as rural homes,

http://stakeholders.ofcom.org.uk/binaries/research/infrastructure/2015/downloads/connected_nations2015.pdf, 4, accessed 8 January 2016

¹⁰ Ofcom, *Connected Nations 2015*, 1 December 2015, 4, accessed 8 January 2016,

http://stakeholders.ofcom.org.uk/binaries/research/infrastructure/2015/downloads/connected_nations2015.pdf

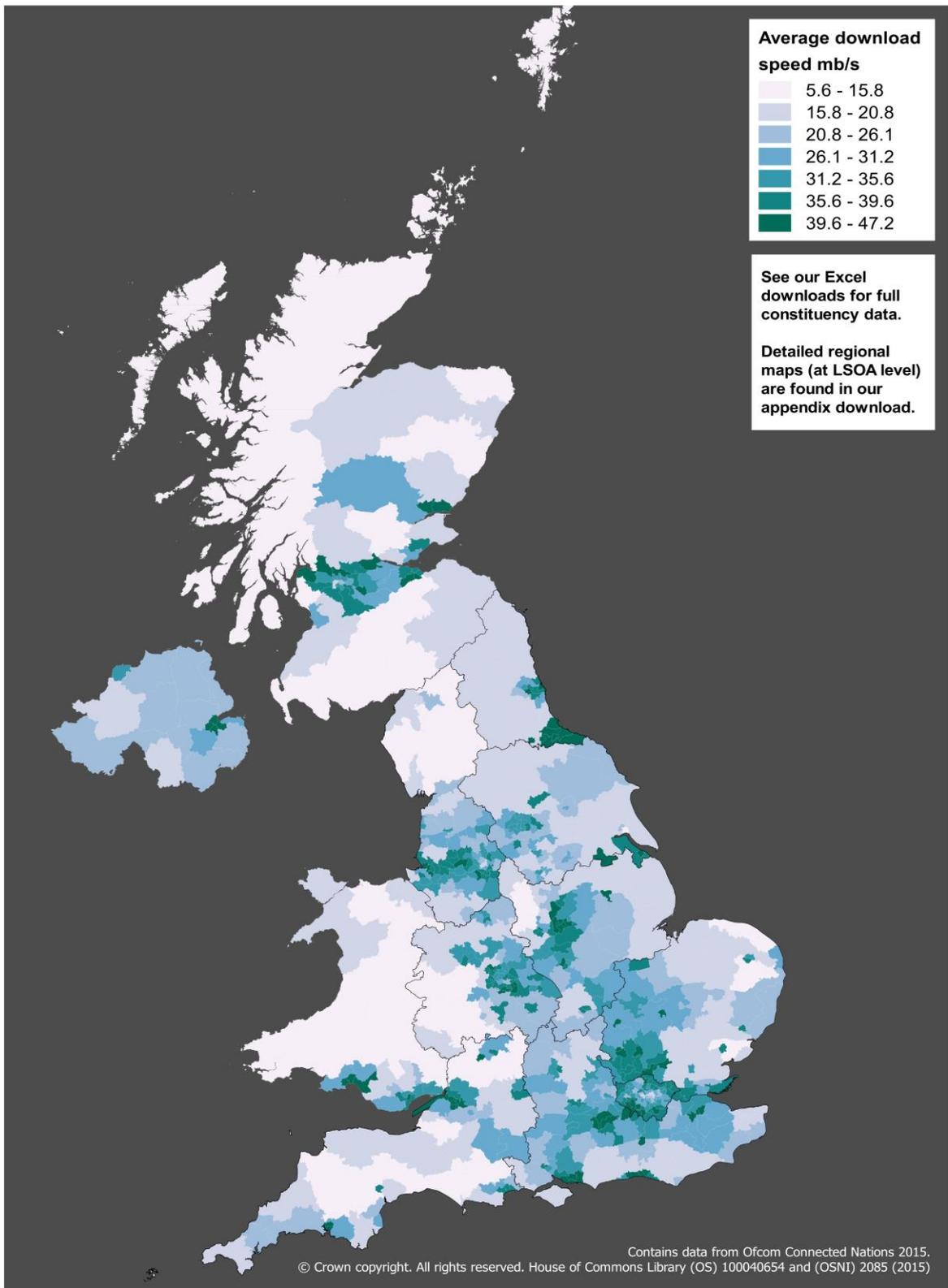
¹¹http://www.digitalstrategyconsulting.com/intelligence/2015/03/poor_internet_connection_s_cost_uk_economy_11bn_a_year.php, accessed 13 January 2016

7. Research conducted by BIG and the House of Commons Library highlights the further magnitude of the problem across the nation¹². As fig 1 on page 5 shows, vast swathes of the nation suffer from slow or even non-existent broadband speeds. A look at the South West of England, huge areas in Scotland and Wales and also the North of England show a nation plagued by poor broadband service. While some areas are relatively well covered with decent average download speeds, there is far too much regional and local variation. Some areas of London have outstanding internet connections whilst neighbouring constituencies are stuck in the relative dark ages¹³.

¹² D Hurst, *Fixed Broadband: Policy and Speeds*, House of Commons Library Briefing Paper, 11 Jan 2016

¹³ <http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06643>, accessed January 11 2016

Fig 1. Map of UK showing average download speeds (House of Commons Library)



The Role of Openreach

“Openreach has missed a series of promised deadlines”

8. Openreach was functionally split off from BT and formally opened in January 2006¹⁴. It is functionally separate from BT but is still a wholly owned subsidiary company and part of the BT Group. Openreach currently maintains and owns the main system of cables that connects virtually every home and business in the UK to broadband services. It has been described, fairly, as a monopoly¹⁵.
9. Since the functional separation from BT, Openreach has courted controversy, over-promising and under-delivering on pledges to improve speeds and service. It famously claimed in 2009 that 2.5 million homes would be connected to ultra-fast Fibre to the Premises (FTTP) services by 2012, which is 25% of the country. Yet by September 2015 they had only managed to reach around 0.7% of homes¹⁶. This is just one example of Openreach’s inability to operate effectively under the current arrangements. In fact, Openreach have been so bad at hitting performance targets that Ofcom have had to introduce more regulations and standards requirements running against an original key Ofcom goal of moving away from too much micro-regulation¹⁷.
10. BT has also frequently been accused of abusing the natural monopoly it has over the nation’s network and not giving equal access to other internet providers¹⁸. It should also be pointed out that Openreach has historically generated the majority of BT’s profits leaving a big question mark over what incentives BT has to invest properly into the broadband

“Openreach has historically generated the majority of BT’s profits”

¹⁴ <http://stakeholders.ofcom.org.uk/telecoms/policy/bt-undertakings/>, accessed 13 January 2016

¹⁵ <http://www.telegraph.co.uk/finance/newsbysector/mediatechnologyandtelecoms/11937511/BT-Openreach-needs-a-kick-up-the-backside.html>, accessed 13 January 2016

¹⁶ <http://www.ispreview.co.uk/index.php/2013/04/bt-abandons-native-uk-ftp-broadband-rollout-for-ftpod-and-ftp.html>, accessed 13 January 2016

¹⁷ Ofcom, *Strategic Review of Digital Communications Discussion Document*, 16 July 2015, 9, accessed 8 January 2016, http://stakeholders.ofcom.org.uk/binaries/consultations/dcr_discussion/summary/digital-comms-review.pdf

¹⁸ <http://www.reuters.com/article/us-britain-telecommunicationsidUSKCN0J70W420141123>, accessed 13 January 2016

infrastructure^{19 20}. As a result, coverage suffers, as do download speeds and customer service levels²¹.

The Network

“BT has so far received £1.7 billion in taxpayer subsidies”

11. Openreach is responsible for operating the main system of cables that connect the nation’s homes and businesses to the internet. Other internet providers, in theory, are supposed to be given equal access to the network. Unsurprisingly, BT favour the status quo of the current setup²². Competitors, like Sky and TalkTalk, argue that the relationship between BT and Openreach further exacerbate the problems brought about by the current situation already being a natural monopoly²³. These other providers have to pay a wholesale price to BT to make use of the network and they then charge their own customers for services. They have consistently argued that Openreach has little incentive to invest in upgrading the network and in fixing faults quickly²⁴.

“There is too little incentive for BT to speed up the outdated copper network”

12. Logically this means Openreach has little to gain from improving the network. At the moment the infrastructure is largely a copper network, meaning it is outdated. BT has made much about a new technology it is introducing, G.fast, that it claims will enhance the performance of the existing copper network, using better signalling kit to push more data into the wires²⁵. The obvious criticism to make of this approach is that BT are merely trying to eke out what life there is left in an outdated network system instead of planning for the future and upgrading to a fully fibre network²⁶. Again this stems from the lack of any kind of

¹⁹ <http://www.theguardian.com/technology/2015/sep/14/bt-broadband-fibre-optic-slow-speeds>, accessed 13 January 2016

²⁰ <http://www.thisismoney.co.uk/money/markets/article-3164363/CITY-FOCUS-split-not-split-question-BT-s-control-Openreach.html>, accessed 14 January 2016

²¹ <http://www.ispreview.co.uk/index.php/2015/06/sky-demands-ofcom-launch-uk-competition-inquiry-into-bt-openreach.html>, accessed 14 January 2016

²² <http://www.economist.com/news/britain/21679838-big-decisions-loom-how-bridge-digital-divide-battle-wires>, accessed 9 January 2016

²³ <http://www.ispreview.co.uk/index.php/2015/06/sky-demands-ofcom-launch-uk-competition-inquiry-into-bt-openreach.html>, accessed 13 January 2016

²⁴ <http://www.techweekeurope.co.uk/networks/broadband/bt-openreach-ofcom-review-2-178699>, accessed 13 January 2016

²⁵ <http://www.computerweekly.com/news/4500255882/Is-Gfast-the-answer-to-the-UKs-fibre-vs-copper-debate>, accessed 13 January 2016

²⁶ <http://www.computerweekly.com/news/4500255882/Is-Gfast-the-answer-to-the-UKs-fibre-vs-copper-debate>, accessed 13 January 2016

incentive to properly invest in and upgrade the infrastructure. The winners are BT, the losers are the British public.

“48% of rural homes still don’t have internet that Ofcom would describe as merely acceptable”

State Subsidies and Finance

13. BT has so far received £1.7 billion in taxpayer subsidies to roll out superfast broadband to harder to reach rural areas²⁷. Ministers have done the right thing by wanting to connect up these areas but were badly let down by the regulator and BT. The push should be for stronger, more competitive networks. The biggest concern is that the UK taxpayer is not being given value for money whilst leaving those most in need of faster connections left out in the cold²⁸.

“It was found that £1.7 million of Openreach revenues had been used to fund the recently approved merger deal with EE, leading to a censure from Ofcom”

14. Openreach generates 50p in earnings before interest, tax, depreciation and amortisation for every £1 of revenue^{29 30}. No other telecoms companies, such as Virgin or sky, are in receipt of such generous subsidies³¹. Yet 48% of rural homes still don’t have internet that Ofcom would describe as merely acceptable. To make matters worse, there are still large numbers of homes who cannot even reach speeds of 2Mbit/s. This means they are unable to make use of online services like music streaming or catch up TV sites³².

“BT now has a 40% share of the retail telecoms market and 70% share of the wholesale market.”

15. BT benefits hugely from these subsidies. They get to spend the money given to them and will own the newly created infrastructure afterward. This effectively means the UK taxpayer is subsidising BT owned infrastructure through Openreach that they will then profit from. BT have also recently been caught in a scandal where it was found that £1.7 million of Openreach revenues had been used to fund the recently

²⁷ <https://www.gov.uk/gosuperfast>, accessed 13 January 2016

²⁸ HC Deb, 12 October 2015, Column 49, <http://www.publications.parliament.uk/pa/cm201516/cmhansrd/cm151012/debtext/151012-0002.htm#15101217000001>

²⁹ <http://www.theguardian.com/technology/2015/sep/14/bt-broadband-fibre-optic-slow-speeds>, accessed 13 January 2016

³⁰ <http://www.cbronline.com/news/telecoms/carrier/bt-reports-best-ever-quarter-for-openreach-amidst-revenue-dip-4570948>, accessed 14 January 2016

³¹ <http://www.telegraph.co.uk/finance/newsbysector/mediatechnologyandtelecoms/telecoms/11019380/Superfast-broadband-subsidies-reach-1m-rural-homes-and-businesses.html>, accessed 15 January 2016

³² <http://consumers.ofcom.org.uk/news/connected-nations-report/>, accessed 8 January 2016

approved merger deal with EE, leading to a censure from Ofcom³³. This raises renewed questions about the takeover and has caused further worries for competition, compounding the problems that already existed over Broadband³⁴. It means that BT now has a 40% share of the retail telecoms market and a 70% share of the wholesale market³⁵.

³³ <http://www.independent.co.uk/news/business/news/the-status-quo-is-not-an-option-for-bt-openreach-says-ofcom-a6756671.html>, accessed 15 January 2016

³⁴ <http://www.bbc.co.uk/news/business-35320831>, accessed 15 January 2016

³⁵ <http://www.theguardian.com/business/2015/mar/12/talk-talk-sky-call-for-network-to-be-split-off-bt-ofcom-launches-probe>, accessed 15 January 2016

The Options

Investment or Stagnation

*“London’s
Tech City has
some of the
worst
broadband
speeds in the
country”*

*“Ofcom have
shown that as
consumers get
better
download
speeds, they
consume
more data”*

16. The UK broadband network is largely made up of incredibly outdated copper wires³⁶. This technology may have been cutting edge when it was first installed, but today it sees us lagging behind other leading economies, such as Germany, Japan and France. It is frankly alarming that London’s Tech City has some of the worst broadband speeds in the country³⁷.

17. BT’s approach to the need for faster broadband is to resort to G.fast. This technology makes use of more intelligent signalling kit to push more data through the existing copper wires allowing for the upgrade to ultrafast internet. This should allow for speeds of between 150Mbit/s and 1Gbit/s³⁸. However, it can only achieve speeds at the higher end of this scale in limited circumstances and that pure FTTP cables would be needed to guarantee these top speeds³⁹. Rather than acknowledging the need to comprehensively rethink their broadband investment strategy, they are instead effectively postponing the decision and trying to strain every last bit of profit they can from the outdated and struggling copper network. Whilst G.fast will increase speed for some it is a reactive measure, a short term fix that won’t address the long term need.

18. What is needed is the acknowledgement by BT that the network needs to be converted to all fibre throughout. Demand for broadband is forever increasing throughout the UK as more and more people rely on digital services for work, entertainment and day to day living⁴⁰. By

³⁶ <http://www.economist.com/news/britain/21679838-big-decisions-loom-how-bridge-digital-divide-battle-wires>, accessed 9 January 2016

³⁷ <http://www.standard.co.uk/news/london/tech-city-boss-silicon-roundabouts-slow-internet-meant-we-could-barely-send-emails-10052931.html>, accessed 13 January 2016

³⁸ <http://www.computerweekly.com/news/4500255882/Is-Gfast-the-answer-to-the-UKs-fibre-vs-copper-debate>, accessed 13 January 2015

³⁹ <http://www.ispreview.co.uk/index.php/2015/01/bt-confirm-uk-rollout-1000mbps-g-fast-ultrafast-broadband-2020.html>, accessed 13 January 2016

⁴⁰ <http://consumers.ofcom.org.uk/news/connected-nations-report/>, accessed 8 January 2016

“42% of SMEs report experiencing problems with their internet connectivity”

“Poor service reliability was also a problem for SMEs, with 29% saying this was an issue”

making the jump to an all fibre network we will be following countries like Japan, South Korea and even Spain. Ofcom have shown that as consumers get better download speeds, they consume more data⁴¹. Whilst in the short term most users could make do with speeds that G.fast is capable of providing, this is hardly a compelling argument for the status quo. Demand will keep increasing and it makes sense now to invest in future proofing the network, not papering over the worryingly large gaps.

19. Consumers and businesses are also waiting far too long for faults to be fixed or for new lines to be installed⁴². High levels of dissatisfaction from SMEs should really concern us. These are the businesses that are helping to fuel the economic recover yet fully 42% of SMEs report experiencing problems with their internet connectivity⁴³. Poor service reliability was also a major concern for SMEs, with 29% saying this was an issue⁴⁴. Certain types of business rely on having the fastest possible connections to transfer large amounts of data. These are exactly the kind of businesses that the government is encouraging and are vital to the UK economy. With demand ever growing a bottle neck will continue to narrow unless the network sees serious investment and upgrades. It would seem that business parks have been passed by⁴⁵. Clearly businesses are being held back as well as ordinary consumers having to put up with delays and outages. It is yet another problem of investment and lack of incentive to treat internet users better.

⁴¹ <http://stakeholders.ofcom.org.uk/market-data-research/market-data/infrastructure/connected-nations-2015/fixed-broadband-services/>, accessed 8 January 2016

⁴² <http://www.theguardian.com/money/2015/jun/29/bt-openreach-broadband-phone-delays-new-build>, accessed 13 January 2016

⁴³ Ofcom, *Strategic Review of Digital Communications Discussion Document*, 16 July 2015, 28, accessed 8 January 2016, http://stakeholders.ofcom.org.uk/binaries/consultations/dcr_discussion/summary/digital-comms-review.pdf

⁴⁴ Ofcom, *Strategic Review of Digital Communications Discussion Document*, 16 July 2015, 28, accessed 8 January 2016, http://stakeholders.ofcom.org.uk/binaries/consultations/dcr_discussion/summary/digital-comms-review.pdf

⁴⁵ <http://www.bbc.co.uk/news/technology-34972702>

Tackling Openreach – Selling off Openreach

“Formally separating BT and Openreach into two fully separate companies would be of immense value to the UK digital economy”

“Real competition would force the pace of investment to increase”

“The time has come for a bold and comprehensive solution, full separation and deregulation will provide that solution”

20. A number of possible solutions to the Openreach problem have been suggested by organisations like Ofcom, other internet providers and city analysts^{46 47}. Openreach is considering its options and is planning to publish its review on Openreach in the very near future. Whilst there is no definitive consensus on how to deal with Openreach, there is broad agreement that some change would be beneficial⁴⁸.
21. This report considers that there is only one real option that would satisfactorily address the Openreach question; the structural separation of BT and Openreach. This means BT would be forced sell off Openreach so it becomes entirely separate company. This would directly address the current reasons BT has to discriminate against competitors. As well as this it would also increase Openreach’s incentives to invest in the network and improve on their issues with performance and customer services.
22. This report believes that formally separating BT and Openreach into two fully separate companies would be of immense value to the UK digital economy. The current model actually constrains BT. It makes perfect sense for BT to favour the status quo and underinvest across all the broadband services it provides through Openreach. It has a ‘natural monopoly’ and severely restricts proper competition. This hurts all internet users, as well as the wider UK economy. The current arrangement is a hangover from the days of nationalised businesses.
23. Under the proposal in this British infrastructure Group report, Openreach would operate as a totally independent company, no longer tied to BT. By opening up to competition it would ensure that Openreach could turn to investing in the future and focus on digital innovation. Rather than having to obey the orders of BT it could search out long term investment and partners for itself. It could seek this from all manner of sources, such as pension funds, and open up the market

⁴⁶ Ofcom, *Strategic Review of Digital Communications Discussion Document*, 16 July 2015, 9-10, accessed 8 January 2016, http://stakeholders.ofcom.org.uk/binaries/consultations/dcr_discussion/summary/digital-comms-review.pdf

⁴⁷ <http://www.bbc.co.uk/news/business-34972638>, accessed 15 January 2016

⁴⁸ <http://www.independent.co.uk/news/business/news/the-status-quo-is-not-an-option-for-bt-openreach-says-ofcom-a6756671.html>, accessed 13 January 2016

to greater competition. Meanwhile real competition would force the pace of investment to increase as companies would not be able to rest on their laurels and compete for custom by offering better speeds and cheaper deals.

24. Unless BT and Openreach are formally separated to become two entirely independent companies little will change. They will continue to paper over gaping cracks. Whilst rural SMEs and consumers are left with dire speeds, or even no service at all, Openreach makes vast profits and finds little reason to invest in the network, install new lines or even fix faults in a properly timely manner⁴⁹. The time has come for a bold and comprehensive solution, full separation and deregulation will provide that solution.

⁴⁹ <http://www.cbronline.com/news/telecoms/carrier/bt-reports-best-ever-quarter-for-openreach-amidst-revenue-dip-4570948>, accessed 14 January 2016

Looking to the Future – A World Leading Digital Economy

“We should be leading the world on digital investment and innovation”

“Open up the market, separate Openreach from BT and reap the rewards”

25. This report has shown the problems that the UK broadband network is facing. It has argued that the current situation of large inconsistencies in service and numbers of areas suffering from slow or non-existent connections is untenable. The UK economy is reliant on its digital sector and it is currently being held back by underinvestment stemming from the monopoly being run by BT and Openreach that stifles competition and hurts the end users, be they businesses or ordinary consumers.
26. We deserve better. We should be leading the world on digital investment and innovation. Instead we have a company that clings to outdated copper technology with no long term plan for the future. We need to start converting to a fully fibre network so we are not left behind the other nations rushing to embrace digital advancement. But we will only achieve this by taking action to open up the sector and formally separate BT and Openreach. The benefits this will bring are potentially enormous.
27. Therefore there should be no more delays, no more small incremental changes. A bold proactive decision is needed for the benefit of the UK economy and those of us who use the internet every day. Open up the market, separate Openreach from BT and reap the rewards.