Broadband on New Developments

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Introduction

The provision of telecommunications infrastructure to new housing developments is extremely problematic. The same problems are experienced by all housing developers, and in the face of rising customer expectations, for whom broadband (and superfast broadband) is now effectively an expected ‘fourth service’ with almost as much importance as gas, electric and water, the telecoms industry is failing to address the shortfall.

Linden Homes aims to provide telephone and broadband capability to all of its customers on the day of occupation if the network allows. As a business function, Linden Homes also aims to connect sales centres and site offices from the first day of operation. This is becoming increasingly critical as more integrated systems require broadband connections to allow normal working. However, for the reasons explained later in this paper, these two aims are often not possible.

Furthermore, limited competition is now available as an alternative to Openreach in some geographical areas. However, this adds further confusion to the market by clouding the ability of Openreach to forecast their future business scale. At the same time, the market is not sufficiently open for these alternative providers to develop nationally competitive offerings.

This paper sets out the problems Linden Homes is experiencing, the reasons for these problems from Linden Homes’ perspective, and a recommended route forward.
1. The Problems from Linden Homes’ Perspective

Ability to connect
- Telephone lines and broadband are often not provided to sales and construction teams on site in a timely fashion.
- Customers are often not able to connect a phone line at the time of occupation of their new home.
- This leads to a reliance on mobile phones (only where there is reasonable network coverage) and an inability to use integrated management systems.
- The worst example of customers being unable to connect is a development which was occupied for 14 months before simple copper phone lines were available. In these circumstances Linden Homes often provides mobile telephones (at a cost) to limit customer dissatisfaction.

Broadband speed
- Broadband speed is variable and typically low on sites with copper connections.
- For the most part Linden Homes is only able to procure copper connections rather than fibre as the lead time for fibre is too long.
- Low broadband speeds are resulting in a significant increase in customer complaints.
- A relevant recent example is where the provision of a fibre to the cabinet upgrade (gap funded by Linden Homes) took until 18 months after completion of the development.

Timing of infrastructure
- Openreach is only set up to accept an enquiry for a new development after planning permission has been granted which is far too late. This is exacerbated by the fact that the lead-in time for a fibre quote is 190 days from enquiry and connections can take 18 months.
- As recommended later in this paper, Linden Homes believes that Openreach should be required to work in tandem with local planning authorities’ five-year housing plans, to ensure for the strategic planning of infrastructure.

Responsibility and regulation
- The communications providers and Openreach blame each other for the delays, leaving new home owners with nowhere to turn other than the developer.
- Because Openreach has no contract with Linden Homes’ customers and therefore is not required to pay compensation to them, it is essential that a statutory obligation is placed upon them to ensure Linden Homes and other developers have a rapid route of recourse to a regulator if delays occur.
- Openreach is required to compensate the communications provider when they are late in providing lines, but the provider never passes this onto their customer. Linden Homes is therefore often left to provide 3G dongles, Mobile Phones and MiFi stations at its own cost to ameliorate the situation. It is the view of Linden Homes that this is not a sustainable long-term solution and the burden should not be on the developer.
2. **Linden Homes’ Understanding of the Difficulties Faced by Openreach**

**Business model**
- The Universal Service Obligation is for copper phone lines only and Openreach’s business model has always been based around this.
- At the height of the recession, Openreach made a business decision that in hindsight has severely impacted its effectiveness and made redundant the vast majority of its capability. As a result, it is short of contractors and is in the middle of a massive recruitment and training programme. This has created a backlog of telephone connections which Openreach states will be resolved.
- It is the view of Linden Homes that Openreach’s existing financial model does not work and does not allow it to deliver what the industry needs. At present Openreach pays developers around £140 per new connection but due to its financial model this is likely to be unviable. As a result, Openreach often makes it as difficult as possible for developers to claim it, delaying requests or requiring further information to be submitted.
- Because it is regulated by OFCOM, Openreach is unable to operate like a commercial operation and cannot change its financial model itself, nor is it able to leverage its position in the BT Group as it has to serve every communication provider equally.
- It is our belief that this model requires reappraising by the Government and the Universal Service Obligation for copper telephone lines needs also need amended to include high speed “superfast” fibre broadband, as well as improving timescales.

**Outdated infrastructure**
- The existing copper infrastructure is very old and in poor condition. Many of the ducts have collapsed which makes it exceedingly difficult to draw new cables through without significant upheaval such as digging up the roads. Such work should be relatively simple but issues such as the legal disputes with land ownership often cause major complication and delay.
- Cabinets for fibre broadband require power connections (unlike simple copper lines) and in many cases, the connection of the cabinets is delayed as power is unavailable nearby. This is a particular issue in rural locations, with no obvious solution to the problem of power. Housing developers are not the best placed organisations to source these connections as they have little or no power to source or influence, given Openreach’s monopolistic position.

**Strategic planning**
- Openreach has not undertaken any strategic planning for fibre broadband infrastructure associated with new housing developments, and has not reviewed planning authorities’ five-year land plans to see where homes will be built. The regular publication of such strategic plans for Openreach, aligning with ALL local authorities’ five year land plans, would be of major benefit to all housing developers.
- This leaves new green field developments in particular trouble. Large extension developments such as Linden Homes’ at Bicester are facing very significant issues due to the lack of forward planning.
3. **How Linden Homes is Attempting to Tackle the Problem**

Linden Homes is regularly meeting with representatives from Openreach to clearly express the impact that its performance is having and attempting to resolve the difficulties. In addition, Linden Homes has taken a number of steps to try and improve the situation, including:

- Sharing its project pipeline including detailed location plans of all land which is secured or under option to help Openreach plan more strategically. This is now in place and will be updated every six months.
- Developing a system of work with Openreach whereby site connections can be called off sooner and connected to a distribution board on a stake in the ground if no site cabins are present at that point.
- Engaging with the Home Builders Federation (HBF) in gathering evidence and meeting with Openreach employees to explore better ways in which the house building industry and the telecommunications industry can work together.
- Offering Openreach the services of the contracting and telecommunications expert contractors in the Galliford Try Group (of which Linden Homes is part) to support Openreach whilst it is understaffed and lacking in subcontractors. Whilst positively discussed, this offer has not yet been taken up.
- Suggesting and promoting an alternative way of installing infrastructure which is similar to the ‘self-lay water mains’ idea used in the water industry. This would allow Linden Homes’ groundwork contractors to do everything apart from the cable terminations and speed up the process considerably. This approach has not been taken forward by Openreach.
- In certain circumstances paying developer contributions in order to secure fibre broadband where it is critical to the market, despite there being no obligation for Linden Homes to do so. However, a recent example of this is where Linden Homes paid an upfront contribution of £18,000 in February 2014 for a site in St Albans and the broadband was connected in May 2015. This is not a sustainable long-term solution and created major customer issues for us, having promised the service during the sales process.
- Visiting the BT Group R&D facility at Astral Park in Ipswich in order to explore other technologies that may be available to help.
- Designing its new homes to be ready to accept super-fast broadband fibre connections.
4. **Our Understanding of, and Commentary on, the Government’s Position**

- The Government has recently published ‘Better Connected’ which sets out how the house building industry and the utilities providers should engage with one another and what service they can expect. However, the section that deals with broadband and phone connections (included in Annex D of the publication) is aspirational and lacks sufficient detail. It provides no measures for compensation, no recourse to a regulator in the event of a failure and explicitly states that nothing needs to be done until after planning permission has been given, which is way too late from Linden Homes’ perspective.
- The working arrangements with Openreach have no status from Government other than being a ‘voluntary code’, which differs to other services such as water and power where the provider has statutory obligations. This means that housebuilders have no recourse to a regulator in the event of a failure.
- The Government has instigated a number of regional Broadband Taskforces to deal with gaps in broadband provision and in many cases to assist financially. These are run by local planning authorities and/or county councils but have no remit over new developments where they typically believe that developers will fund the infrastructure and somehow achieve connectivity in appropriate timescales. This reinforces the need to work in tandem with local planning authorities’ five-year housing land plans, to ensure proper forward planning.
- We understand that it has been suggested that planning approval for new housing developments to be conditional upon superfast broadband availability. It is the view of Linden Homes that this would be a significant backward step as it is likely to almost stop all future housing development and create a huge hiatus in new homes delivery.
- The Department for Culture Media and Sport (DCMS) has expressed a desire to tighten and revisit the obligations on Openreach but everything was in stasis until the General Election and there has been no further activity that is visible subsequently.
5. **Linden Homes Recommendation for Government**

Linden Homes would make the following six recommendations to Government.

1. **Introduce a statutory requirement**: that Openreach supports five year land supply plans in each local planning authority with new fibre infrastructure capable of supporting allocated residential development. This would be in a similar fashion to asset management plans for water and sewerage undertakers.

2. **Develop a self-lay model**: operating in a similar way to water mains, this would allow developers to manage the installation of new duct and cable infrastructure and reduce the burden on Openreach. This would also allow road openings and streetworks to be better synchronised minimising disruption to the public and allowing better H&S management on site.

3. **Strengthen the ‘Better Connected’ publication**: this should include introducing meaningful service targets in relation to broadband and telephony provision with compensation measures for non-compliance similar to other utility provisions.

4. **Reappraise the Universal Service Obligation for copper telephone lines**: this needs to be reassessed to bring it into the 21st Century by amending it to include the timely provision of high speed fibre broadband addressing the financial model as necessary.

5. **Introduce new building regulations**: these should cover the installation of broadband connectivity in new homes such that they are all fibre ready and allow easy distribution around the extent of the home.

6. **Planning conditions**: introducing any planning conditions that involve the requirement of super-fast broadband should be avoided as they are non-implementable in too many cases and will act as a major brake on what is already a significant under-supply supply of new housing. In addition, this would create a planning condition over which the housing developer has no influence or control.