

**New Economy, Greater Manchester**  
**Response to: Designing the broadband universal service obligation - Call for inputs**

Greater Manchester is fully supportive of the intention to introduce a broadband USO. It supports our objective to ensure that all our businesses and communities to benefit from the growth of the City Region and its connection to international opportunities and markets. Digital inclusiveness is also an important driver of improved productivity.

Following the completion of BDUK funded investment we expect that 98% of Greater Manchester business and residential communities will have access to a minimum of 25Mbps by April 2017. However, there will be significant gaps in provision, particularly in Salford and Manchester (where BDUK funding was not eligible), that the USO would help address.

A key concern is that the proposed 10Mbps minimum will be too low to meet the needs of a typical household/ business when it is introduced in 2020. Increased demand is being driven by multiple users within premises using bandwidth hungry video streaming services. For example, Netflix recommends a minimum of 5Mbps per user alone. The average UK download speed in the UK is now 28mbps, having doubled since 2013. Based on this trend the average download speed is likely to be over 50mbps by 2020. This is five times the current proposed minimum. Within many urban areas, where gaps are still evidence, it is likely to exceed 100mps.

Upload speed is also important given the widespread use of cloud services by businesses and consumers for document, image and data back-up. It is therefore recommended that the USO includes a minimum upload speed.

It is understood that it is intended to review the minimum connection speeds under the USO over time. Broadband connections delivered under the USO therefore need to be future proofed to avoid further significant connection costs being imposed on the consumer / business. For example, there is the opportunity to take advantage of innovative solutions including G Fast, which has been developed by BT to maximise connection speeds using existing infrastructure.

This is a complex market where demands on connectivity are changing. It is therefore a challenge to determine what minimum standard should be by 2020. However, based on current projections, we believe that the USO minimum speeds should be at least 25mbps download and 5mbps upload. These should be subject to review every three years to ensure that communities and business can exploit new bandwidth hungry online services as they come on stream.

It is also important that the connection and monthly costs are affordable otherwise the USO objectives of universal access combined with good take up will not be achieved.

Connection costs could be managed in a similar way to telecom provision. In that context the customer is only required to make a small contribution towards connection costs unless excessive costs are involved. The balance below excessive costs is then met by the provider on the basis that there is a commercial investment return in the medium term.

In addition, consideration needs to be given to having a ceiling on the monthly costs of the broadband service under the USO. That ceiling would need to be closely aligned with the UK

monthly average costs of broadband to ensure there is good long term take up of broadband services.

It recognised that public intervention will be needed to ensure the USO is implemented (e.g. to address "excessive" costs of connection). In this context, given that the USO has the potential to distort the market every effort should be made to minimise this.

The USO should seek to strengthen rather than undermine alternative infrastructure investment. In particular where a USO is enforced it must be technology neutral since favouring one technology over others would inevitably distort market driven solutions.

Finally, consideration should be given to the USO, in line with other utilities, including provisions for customers to be compensated (or offered alternatives) in the event that those customers are unable to access the service or provided with bandwidth that falls below a minimum threshold.