

BT Report on progress against the Broadband USO

30 April 2021

Comments should be addressed to:
Regulatory.affairs@bt.com



Contents

| | |
|--|-----------|
| Contents | 2 |
| 1. Executive Summary | 3 |
| 2. Broadband Universal Service | 4 |
| Overview | 4 |
| What we've done so far | 4 |
| What more we're doing and improvements we're making | 5 |
| Where industry, Ofcom and Government needs to focus now | 6 |
| 3. Performance Update | 7 |
| Number of Requests | 7 |
| Number of Ineligible and Eligible Requests | 7 |
| Number of USO Requests responded to within 30 days | 8 |
| Provision of Broadband Services relating to the Broadband USO | 9 |
| Complaint and Dispute Resolution relating to the Broadband USO | 9 |
| Quality of Service Measurement for Broadband USO Services | 10 |
| 4. Next Steps | 11 |

1. Executive Summary

We believe that everyone in the UK deserves decent and affordable broadband. That's why we are making significant investment in both full fibre and mobile broadband services. Our engineers are out across the country every day, building next generation connectivity. Ninety-six percent of UK homes already have access to Superfast Broadband of 30 Mbps and above¹.

Since the broadband USO scheme was launched just over a year ago we have made great progress despite the challenges posed by Covid-19 during that period.

In the first year of the scheme we have seen nearly 100,000 visits to the USO section of our website resulting in over 18,000 enquiries from customers. We were able to refer most of these applications to existing products or already planned network builds that could meet their needs. We have seen 931 confirmed orders from end users up to the end of March 2021, and in response are building USO connections that cover nearly 5000 homes.

Our Fixed Wireless Access offering provides an alternative solution for a greater number of customers to reduce the number of people who might otherwise rely on the Broadband USO. In March 2021 we have introduced a cost sharing option for USO consumers to help reduce the contributions required from them towards their build. Over the past six months we have improved our processes, so we now see fewer responses beyond the 30-day target and a reduction in complaint numbers compared to the first six months of the scheme.

¹ [Connected Nations 2020: UK report \(ofcom.org.uk\)](https://www.ofcom.gov.uk/consult/condocs/cn2020/cn2020.pdf)

2. Broadband Universal Service

Overview

At BT, we are committed to improving the UK's digital infrastructure, bringing the benefits of good connectivity to all parts of the country. Superfast broadband is now available to over 96% of the country, with over 98% having access to a fixed line connection that exceeds 10Mbps².

BT was designated by Ofcom as the Universal Service Provider for the UK (excluding Hull) on 6th June 2019.³ The Universal Service Obligation (USO) is a legal obligation imposed on BT Plc, and which was launched by Ofcom on 20 March 2020. It obliges BT to provide a minimum broadband service of 10Mbps to those who ask for it, if no service is available from BT or another supplier at £46.37 per month or below⁴, and if no suitable improvements are planned within 12 months via a public procurement programme.

BT is required to upgrade a premise's connectivity to meet or exceed these requirements at no cost to the customer if the necessary works cost less than £3,400 (which is funded by BT and the wider industry, rather than the Government). In practice, this upgrade work will typically result in building gigabit-capable full fibre connections.

As part of our obligation, we must publish a report every six months on progress against a series of metrics as directed by Ofcom.⁵ This document is the second of these reports, covering the period between 1 October 2020 and 31 March 2021.

What we've done so far

Prior to the launch of the USO, we worked closely with Ofcom to demonstrate that our 4G-powered broadband can provide a USO-level service to around two thirds of the 610,000 premises Ofcom identified as unable to receive a decent fixed connection⁶. This is available now and does not require any new infrastructure to be built. We've now removed any usage caps, so customers can enjoy unlimited connectivity at an affordable monthly cost. We also, if required, provide and install an external antenna to ensure that the 4G service in the area provides the best possible experience.

We launched the Broadband USO as the first Covid-19 lockdown started in March 2020. Since then, we have worked hard to raise awareness directly with eligible households and businesses. We are currently investing £12 billion in Openreach to deliver to full fibre access to 20 million premises, including 3.2 million in rural and

² A 10Mbps connection will enable a good quality experience when accessing all common internet applications including multiple TV streams, access to digital public services and on-line shopping.

³ BT was designated as the Universal Service Provider for the UK apart from Kingston upon Hull where KCom were designated as the Universal Service Provider. This decision was made by Ofcom on 6 JUNE 2019 in Broadband USO Statement - 'Statement: Delivering the broadband universal service' -

(https://www.ofcom.org.uk/data/assets/pdf_file/0019/151273/annex-1-legal-instruments.pdf)

⁴ Ofcom set the eligibility threshold at £45 by reference to prices which prevailed as at November 2018. The current price is £46.37 to reflect inflation in line with [Ofcom's USO statement](#)

⁵ Ofcom Legal Instruments, Part 3: Direction (Annex 1 to Ofcom's Broadband USO Statement.)

⁶ [Connected nations 2019: UK Report \(ofcom.org.uk\)](#), updated in 2020 to 583,000

harder-to-reach locations. This build will contribute to better broadband for some of those currently unable to receive 10Mbps.

Since the last update on USO delivery, we've written to all premises across the UK that were eligible for the USO. We will be communicating with a further subset that Ofcom have advised may be eligible as of January 2021.

What more we're doing and improvements we're making

In December 2020, Ofcom estimated that there were 189,000 USO-eligible premises⁷, 14,000 of which will be covered by public procurement schemes within the next 12 months. Based on our latest data we believe the overall amount may fall further to below 100,000, once the latest Fixed Wireless Access (FWA) and commercial fixed coverage progress is taken into account.⁸ On this basis, our current assessment is that approximately 0.2% of the UK cannot access 'decent' broadband today through any form of existing network coverage. Nearly half of the amount than was assumed when the USO was being launched.

However, for these final 0.2%, the costs of delivering new infrastructure under the USO can be significant, with most above the £3,400 contribution made by BT and the wider industry. The civil engineering requirements of digging trenches and running fibre across large distances and difficult terrain to reach remote or rural communities can be significant and expensive.

From the outset, we have sought to minimise these end user costs through a process known as 'demand aggregation'. The infrastructure we build to serve a USO-eligible household will often also serve other USO-eligible households nearby. When costs are calculated, we take this into account, applying a further £3,400 industry contribution for 70% of the households in the 'cluster'. This was based on an expected 70% take-up rate set by Ofcom.

Unfortunately, despite this demand aggregation process, costs often still exceed £3,400 per premise. We are required, on request, to provide a quote for these excess costs to the customer. Following a trial in January 2021, we launched a 'cost sharing' option, which would allow communities to crowdfund and share the excess cost of a broadband network upgrade. In addition, if more than 70% of premises in a cluster register their interest, a contribution of an additional £3,400 per premise is included, lowering the excess cost to pay.

Despite these efforts, we know that some customers have been understandably frustrated at being quoted significant sums to be connected. This needs urgent focus from industry, Government and Ofcom to find alternative, cost-effective solutions where existing approaches are unable to provide adequate support.

⁷ Ofcom December 2020 Connected Nations report (page 2)
(https://www.ofcom.org.uk/__data/assets/pdf_file/0023/186413/Connected-Nations-2019-UK-final.pdf)

⁸ As stated in DCMS, *Improving Connectivity for Very Hard to Reach Premises* April 2021

Where industry, Ofcom and Government needs to focus now

Based on Ofcom's data there may be as many as 429,000 premises across the UK that could benefit from improved speeds via a Fixed Wireless Access service⁹ who cannot currently receive a 'decent' broadband service via a fixed line. We continue to believe there is a role for Ofcom and Government in raising awareness to consumers who could benefit, of the various technology options that may already be available from all providers in a given area, including BT.

One other key development has been the publication of the Government's Call for Evidence on "Improving Connectivity for Very Hard to Reach Premises". This document states that "based on initial Government analysis, it could be prohibitively expensive for the Government to fund fixed line 'gigabit capable' infrastructure up to the final 1% of UK premises and may require alternative technologies". Many of this final 1% of 'Very Hard to Reach' premises are also part of the 0.2% that today are in a situation where they could be required to pay a high excess cost under the USO to receive 'decent' broadband.

The interests of these communities are likely to be best served by the complementary policy approach that this call for evidence lays the groundwork for. We encourage all those who have engaged with the USO, as well as stakeholder organisations that have an interest in it, to reply outlining what their expectations might be.

⁹ Ofcom December 2020 Connected Nations report

3. Performance Update

Number of Requests

This is the number of approaches to the USO Helpdesk¹⁰ with requests for the broadband under the USO.

| Broadband USO Requests | Oct | Nov | Dec | Jan | Feb | Mar |
|---|------------|------------|------------|------------|------------|------------|
| Number of broadband USO Requests received by the USO Helpdesk | 1412 | 1067 | 962 | 1826 | 1673 | 913 |

Number of Ineligible and Eligible Requests

Requests for broadband under the USO may be ineligible if they do not meet the criteria set out in the USO Order¹¹ and the Ofcom regulations¹². BT therefore assesses eligibility and if the request is ineligible BT informs the customer of the reason.

The table below details the number of ineligible requests broken down by the category of reason.

| Ineligible Broadband USO Requests* | Oct | Nov | Dec | Jan | Feb | Mar |
|---|------------|------------|------------|------------|------------|------------|
| i. Referred to an existing BT product that already meets the broadband USO criteria | 641 | 558 | 433 | 760 | 720 | 401 |
| ii. Referred to an existing product belonging to another company that already meets the broadband USO criteria | 302 | 303 | 251 | 367 | 385 | 246 |
| iii. Referred to broadband network build supported by a Government scheme that is due to be completed in the next 12 months | 63 | 44 | 32 | 36 | 32 | 19 |

*Data is generated from the date of the response, rather than the date of the request. Therefore data may not align with other tables.

In some cases a customer may be ineligible as they fall into category i, but an agent may still run a further check and this can result in them also being counted within ii or iii.

It is possible that a customer is ineligible because ii and iii are present, in these cases we have counted these against iii.

If a customer is deemed eligible for broadband under the USO, BT then assesses the cost of providing broadband and determines whether the customer is required to contribute towards the building of the network. To do this we consider 'demand aggregation'. The infrastructure we build to serve a USO-eligible household will often also serve other USO-eligible households nearby. When costs are calculated, we take this into account, applying a further £3,400 industry contribution for 70% of the

¹⁰ The USO Helpdesk supports customer requests for eligibility assessments and advises customers of the outcome and their options in the event they are eligible and wish to proceed. It also provides a contact point for follow-up customer queries.

¹¹ The Electronic Communications (Universal Service) (Broadband) Order 2018(<https://www.legislation.gov.uk/uksi/2018/445/schedule/1/made>)

¹² Ofcom Legal Instruments (Annex 1 to Ofcom's Broadband USO Statement.)

households in the 'cluster'. This was based on an expected 70% take-up rate set by Ofcom.

If there is an excess cost to pay the customer has the option of using our cost sharing mechanism to try and reduce their required contribution before deciding whether to proceed. Depending on the required contribution they may decide not to proceed. If the customer decides to proceed this results in a confirmed order and then a network build.

We have set out in the table below the number of confirmed orders, broken down between those with and without customer contributions.

| Eligible Broadband USO Requests* | Oct | Nov | Dec | Jan | Feb | Mar |
|---|------------|------------|------------|------------|------------|------------|
| Number of Confirmed Orders | 202 | 84 | 44 | 47 | 46 | 35 |
| i. Which will lead to the build of a new broadband network free of charge (i.e. below the cost threshold) | 200 | 80 | 43 | 42 | 41 | 34 |
| ii. Which require a customer to contribute to the costs (i.e. above the cost threshold) | 2 | 4 | 1 | 5 | 5 | 1 |

*Data is generated from the date of the confirmed order, rather than the date of the request. Therefore data may not align with other tables.

Number of USO Requests responded to within 30 days¹³

We want to give customers a clear view on whether they are eligible for the broadband USO within a reasonable period of time. Therefore, we measure the time period to perform the relevant checks and respond to the USO request (with a cost estimate for eligible requests) against on a 30-day target set by Ofcom.

The first check we perform is confirming the address.

Once addresses have been verified and a customer is deemed ineligible in line with the criteria set out by Ofcom, they receive a response from us well within the 30-day period. If they are deemed eligible then we perform a cost assessment to determine whether the customer would be required to fund any 'excess costs' above the £3,400 industry contribution.

| Time taken to respond* | Oct | Nov | Dec | Jan | Feb | Mar |
|---|------------|------------|------------|------------|------------|------------|
| Number of eligible Requests responded to within 30 days | 472 | 456 | 409 | 970 | 829 | 314 |
| Number of eligible Requests responded to after 30 days | 2 | 5 | 0 | 6 | 2 | 1 |

*Data is generated from the date of the response, rather than the date of the request. Therefore, data may not align with other tables.

Ineligible requests are not included in the table, as they are all responded to within 30 days

¹³ BT have 30 days (minus any delays due to issues confirming the address) to confirm to a customer whether they are eligible for the broadband USO – and if not eligible, to confirm the reason why

Provision of Broadband Services relating to the Broadband USO

Generally, the planning and build of networks takes several years. Similarly building a network to meet a USO request takes some time after the connection is requested. All the delivered services so far were completed within 12 months of the confirmed order date.

| Provision of Broadband Services* | Oct | Nov | Dec | Jan | Feb | Mar |
|--|-----|-----|-----|-----|-----|-----|
| Number of Broadband Services delivered | 13 | 7 | 3 | 13 | 14 | 32 |
| Number of Broadband Services delivered between 0-6 months | 13 | 7 | 3 | 10 | 9 | 19 |
| Number of Broadband Services delivered between 6-12 months | 0 | 0 | 0 | 3 | 5 | 13 |

*"Broadband Services" means both a Broadband Connection and a service provided to a customer on a network build under the USO Conditions. This table therefore does not reflect the total number of services available to customers (total homes passed) which is much higher.

Time taken to deliver calculated as the number of months from the build request date where applicable, or the order request date where build request date is not applicable.

Complaint and Dispute Resolution relating to the Broadband USO

The volumes of complaints over this period has fallen from the first six months by nearly one third. However, we do continue to receive some complaints given that the broadband USO is an ambitious scheme that has continued to attract a lot of attention and not everybody who would like improved broadband will qualify. The primary reason for most of the complaints is related to queries around the cost threshold assessment and the amount customers were asked to contribute towards the build.

The total volumes of complaints are recorded below.

| Complaint and Dispute Resolution* | Oct | Nov | Dec | Jan | Feb | Mar |
|---|-----|-----|-----|-----|-----|-----|
| Number of Complaints Received by BT | 32 | 44 | 23 | 31 | 29 | 25 |
| Number of Complaints Resolved by BT | 23 | 53 | 29 | 41 | 13 | 6 |
| Number of Complaints Not Resolved by BT | 39 | 14 | 13 | 13 | 22 | 24 |
| Number of Complaints referred to the ADR Scheme | 13 | 10 | 8 | 13 | 8 | 6 |

*"Complaint" means: (a) an expression of dissatisfaction made by a USO Customer to BT related to either: (i) matters relating to BT's obligations under these Conditions; (ii) the complaint-handling process itself; or (iii) the level of customer service experienced by the USO Customer

Numbers reflect when actions were completed, as there is some lag in resolving complaints and may not always total up e.g. February's complaints may be resolved in March. It is also the case that one entry can have multiple actions recorded against it, e.g. it is marked as not resolved in one month, and then is later resolved, meaning that the total actions sum up to more than the total complaints

Due to a change in process we had a temporary issue where complaints that were addressed through the escalation process were not opened on the system and therefore not counted

Complaints are marked as resolved or not resolved when BT has dealt with them based upon a customer's acceptance/rejection of BT's response. Complaints that are still being dealt with are not included in the figures for those Not Resolved.

Quality of Service Measurement for Broadband USO Services

We aim to ensure that our Broadband USO customers receive a high level of service, this includes delivering their broadband service in a timely manner, minimising the faults they experience and resolving any faults quickly.

However as with all new provisions there is an increased likelihood of experiencing a fault early on which may be reflected in the data below as these connections are still relatively new.

| Quality of Service Measurement | Oct | Nov | Dec | Jan | Feb | Mar |
|---|-----|-----|-----|-----|-------|-------|
| Supply of Broadband Services (days)* | 47 | 111 | 84 | 197 | 173 | 238 |
| Fault Rate per Access Line** | N/A | N/A | N/A | N/A | 0.042 | 0.015 |
| Fault Repair Time for Broadband USO Services (hours)*** | N/A | N/A | N/A | N/A | 34.87 | 26.81 |

*Number of days from the Confirmed Order to Broadband Provision (average days for broadband USO services provided in that particular month). This is services provided to customers in the reported month who have placed a confirmed build order.

**Number of faults per circuit that month in use for Broadband USO Services.

***Number of clock hours from the first report of a fault to resolution of that fault (average hours for all broadband USO services with faults in that particular month)

4. Next Steps

For further details about the broadband USO please see the BT web page and our FAQs at www.bt.com/uso

BT will publish a version of this report every six months, the next version is due for publication by 30 October 2021.

Comments should be addressed to:
Regulatory.affairs@bt.com

