

BT Report on progress against the Broadband USO

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



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1. Executive Summary

Everyone in the UK deserves decent and affordable broadband. That's why we are investing heavily in building both full fibre and mobile broadband services. According to Ofcom ninety-six percent already have access to Superfast Broadband of 30 Mbps and above¹.

Since the broadband USO scheme was launched in March 2020 we have made great progress despite the challenges posed by Covid-19 during that period.

In the 18 months of the scheme, we have seen over 121,000 visits to the USO section of our website resulting in over 21,000 enquiries from customers. It was possible for us refer most of these applications to existing products or already planned network builds that could meet their needs. We have seen over 1200 confirmed USO orders from end users up to the end of September 2021. In response we have already built USO connections that cover over 3,700 homes and are in the process of building over 2,500 more.

Our Fixed Wireless Access offering provides an alternative commercial solution for a greater number of customers to reduce the number of people who might otherwise need to rely on the Broadband USO.

In March 2021 we introduced a cost sharing option to make it easier for some communities to come together and share the cost of upgrading network. We further enhanced the scheme in October.

¹ [Connected Nations Update: Summer 2021 \(ofcom.org.uk\)](https://www.ofcom.gov.uk/consult/condocs/cn/cn21/cn21update/connected_nations_update_summer_2021.pdf)

2. Broadband Universal Service

2.1. 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 UK, with over 98% having access to a fixed line connection that exceeds 10Mbps². In addition, the availability of Fixed wireless Access (FWA) services from BT/EE and other providers means that Ofcom now estimate that around 134,000³ UK premises do not have access to a broadband service capable of delivering 10Mbps.

BT was designated by Ofcom as the Universal Service Provider for the UK (excluding Hull) on 6th June 2019.⁴ The Universal Service Obligation (USO) is a legal obligation imposed on BT Plc which launched 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 £46.40 per month or below⁵, and if no suitable planned upgrades 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 progress report every six months with a series of metrics as directed by Ofcom.⁶ This document is the third of these reports, covering the period between 1 April 2021 - 30 September 2021.

2.2. What we've done so far

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 connection⁷. This is available now and does not require any new infrastructure to be built. There are no usage caps, so customers can enjoy unlimited connectivity at an affordable monthly cost. We also, if required,

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 [Connected Nations Update: Summer 2021 \(ofcom.org.uk\)](https://www.ofcom.org.uk/connected-nations-update-summer-2021)

⁴ 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

⁵ Ofcom set the eligibility threshold at £45 by reference to prices which prevailed as at November 2018. The current price is £46.40 to reflect inflation in line with [Ofcom's USO statement](https://www.ofcom.org.uk/connected-nations-update-summer-2021)

⁶ Ofcom Legal Instruments, Part 3: Direction (Annex 1 to Ofcom's Broadband USO Statement.)

⁷ [Connected nations 2019: UK Report \(ofcom.org.uk\)](https://www.ofcom.org.uk/connected-nations-update-summer-2021), updated in 2021 to 650,000

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 in March 2020 as the first Covid-19 lockdown started. Since then, we have written to all potentially eligible premises to raise awareness directly with households and businesses. We'll continue to write to any premises newly identified by Ofcom as potentially eligible.

We have also recently committed to increase our investment in Openreach so that we can increase our full fibre access target to 25 million premises, including 6.2 million in rural and harder-to-reach locations, and furthermore we are accelerating this build so it will be complete by the end of 2026. This enhanced build commitment will contribute to better broadband for some of those currently unable to receive 10Mbps further reducing the need for reliance on a USO.

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

In December 2020, Ofcom estimated that there were 189,000 USO-eligible premises⁸. In Ofcom's Summer 2021 Connected Nations update this has dropped to 134,000 premises, 10,000 of which will be covered by public procurement schemes within the next 12 months. Ofcom also note this should fall further once the latest commercial fixed coverage progress is taken into account. So significant progress has been made on reducing the numbers of customers reliant on the USO for decent broadband compared to the numbers that were assumed when the USO was being launched.

We also expect that our latest cost sharing schemes will help customers fund USO builds more easily. However, for the majority of these remaining premises, 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 is 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. In March 2021, we launched a 'cost

⁸ 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)

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.

This month we've also launched a new cost sharing mechanism in addition to the crowd funding option. It enables individual customers to trigger a network build if their share of the excess cost contribution is less than £5000 (ex. VAT). This will help ensure that more projects where customers excess costs are required to be paid can be built without the need for multiple customers in a community to coordinate their contributions. Nonetheless, any customer who wishes to access the network will still need to pay their share of the excess costs before service can be connected.

2.4. Where industry, Ofcom and Government needs to focus now

Based on Ofcom's data there may be over 500,000 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.

The Government's March 2021 Call for Evidence on "Improving Connectivity for Very Hard to Reach Premises" recognises that "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.

As we set out in our response to the DCMS call for evidence - the interests of these remaining communities that are beyond the USOs ability to deliver cost effectively are likely to be best served by the complementary policy approach that this call for evidence lays the groundwork for. It is likely that further government intervention is needed to ensure that a range of new/different technologies can be applied, as required to help solve the effective delivery of good broadband to these remaining areas.

⁹ [Connected Nations Update: Summer 2021 \(ofcom.org.uk\)](https://www.ofcom.gov.uk/consult/condocs/cn2021/cn2021.pdf) difference between 650,000 who can't get a decent broadband service from a fixed line and 134,000 who can't get decent broadband service from fixed and FWA provider

3. Performance Update

3.1. Number of Requests

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

Broadband USO Requests	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021
Number of broadband USO Requests received by the USO Helpdesk	803	652	541	368	380	392

3.2. 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*	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021
i. Referred to an existing BT product that already meets the broadband USO criteria	321	311	269	189	200	191
ii. Referred to an existing product belonging to another company that already meets the broadband USO criteria	225	175	128	93	109	98
iii. Referred to broadband network build supported by a Government scheme that is due to be completed in the next 12 months	13	12	8	8	14	17

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

Note: a request may be ineligible for more than one reason. In cases where a customer is ineligible as they fall into category (i), an agent may still run a further check and this can result in them also being counted within ii or 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-

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.)

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 is 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*	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021
Number of Confirmed Orders	114	57	73	34	23	17
i. Which will lead to the build of a new broadband network free of charge (i.e. below the cost threshold)	103	47	70	31	23	16
ii. Which require a customer to contribute to the costs (i.e. above the cost threshold)	11	10	3	3	0	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.

**Where a build was started due to crowdfunding, any requesters who contributed to costs have been badged as 'ii', while any requesters who did not contribute are logged under 'i'.

3.3. 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.

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

Time taken to respond*	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021
Number of eligible Requests responded to within 30 days	329	212	208	120	105	111
Number of eligible Requests responded to after 30 days	4	0	2	0	0	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

3.4.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.

The table below shows where both a broadband connection and service has been provided to a customer on a network build under the USO conditions. Note that it therefore does not reflect the total number of services available to customers (total homes passed) as a result of USO build, which is much higher.

Provision of Broadband Services*	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021
Number of Broadband Services delivered	4	15	29	26	17	16
Number of Broadband Services delivered between 0-6 months	1	3	4	3	0	3
Number of Broadband Services delivered between 6-12 months	3	12	23	21	13	11
Number of Broadband Services delivered between 12-18 months	0	0	2	2	4	2

*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.

3.5.Complaint and Dispute Resolution relating to the Broadband USO

The volumes of complaints over this period have continued to fall from the last year. However, we do continue to receive some complaints given that the broadband USO is an ambitious scheme 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*	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021
Number of Complaints Received by BT	14	24	16	12	11	12
Number of Complaints Resolved by BT	3	13	9	7	6	7
Number of Complaints Not Resolved by BT	14	3	14	5	6	2
Number of Complaints referred to the ADR Scheme	8	5	2	7	3	1

*"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

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.

3.6. 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	Apr 2021	May 2021	Jun 2021	Jul 2021	Aug 2021	Sep 2021
Supply of Broadband Services (days)*	236	289	313	335	384	278
Fault Rate per Access Line**	0	0.62%	0	0	0.26%	0.44%
Fault Repair Time for Broadband USO Services (hours)***	N/A	49.28	N/A	N/A	29.30	12.30

*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)