

## Broadband and Next Generation Access - Fibre



19 October 2009

The UK leads the way in terms of broadband availability and penetration, with around 99% of UK households covered by BT's ADSL deployment, and around 60% of UK homes connected to broadband in one form or another.

BT's standard offering currently is of up to 8Mbps and we are making even higher speed broadband available over copper using ADSL2+ technology. This new service, which will increase average speeds by up to three times what is possible now over copper, is currently available to 40% of the UK. By the spring of 2010, this availability will rise to 55% and, subject to market demand, to around 75% of the UK by the spring of 2011.

The move to next generation access, which in practice means the move to the installation of fibre, as a means of providing for even faster broadband speeds in the future, is now generally seen as a critical part of the UK's future economic and social well-being. The Digital Britain Report, published on 16 June, set out the Government's plans for Britain to sustain its position as a leading digital economy and society, including issues around investment in Next Generation Access. But in 2008, before the Digital Britain process had started, BT committed to investing £1.5 billion to make super-fast broadband available to around 40% of the UK (10 million homes and businesses) by 2012. This is the UK's biggest single investment in fibre broadband and BT will offer access to service providers on an open, wholesale basis thereby supporting a competitive market in consumer services.

The £1.5 billion programme will encompass investment in both Fibre-to-the-premise (FTTP) and Fibre-to-the-cabinet (FTTC). BT has recently announced a broadening of its plans for FTTP deployment within this programme, from an originally anticipated 1 million homes and businesses, primarily in new build sites, to 2.5 million premises, including some where copper (ADSL) services are available now. FTTP will deliver headline speeds of up to 100Mb, with the potential for future speeds of more than 1,000Mb, and FTTC will provide initially up to 40Mb, though we are investigating technologies that can increase that to more than 60Mb. The roll out of fibre services is underway, and we expect that 1.5 million homes will have access by next summer.

This investment in super-fast broadband does not represent the limit of our ambitions in this area, but it does show the extent to which there is a major gap to be bridged between our aspiration to go further and commercial realities. The scale of funding required to provide new fibre infrastructure for the UK represents a major step-change in the level of capital expenditure needed and the consequential risk. There is therefore a particular need, as identified in the final Digital Britain Report, to consider how investment in Next Generation Access can be incentivised in particular by providing long term regulatory certainty and ensuring that any regulatory framework allows investors in NGA infrastructure to be able to earn a proper return.

Of course, all of these issues are integral to the Government's Digital Britain review and Digital Inclusion plan. It is important that they are all considered together and that the right framework is put in place to encourage the investment needed in this most vital of industries for the future success of the UK economy.