



To: Ed Vaizey MP, Brandon Lewis MP
Cc: Oliver Letwin MP, Rory Stewart MP

3rd February 2016

Dear Ministers,

COST-SHARING APPROACH FOR THE PROVISION OF SUPERFAST BROADBAND ON NEW HOUSING SITES

Openreach, in partnership with the Home Builders Federation (HBF), have agreed a solution capable of offering Fibre Broadband Infrastructure connectivity to all new homes.

Openreach and the HBF recognise growing consumer broadband speed expectations in the new housing market and are keen to support delivery of Government's manifesto commitments.

The HBF has helped shape Openreach's offering, which is capable of providing Fibre Broadband Infrastructure to new homes registered to be built from 5th February 2016 onwards. Developers will have access to a clear, up-front indication where a site can be connected for free or where Openreach and Developer co-funding is required for a development and then be in a position to determine whether to take up the offer as set out in the Openreach 'rate card'. They will also have the option of seeking alternative provision or adopt a standard copper connection.

Openreach expect that overall more than half of new site premises can be connected to Fibre Broadband Infrastructure free of charge to Developers. For smaller New Site developments Openreach's existing Fibre coverage is 73% and this figure is expected to increase to c.80% over the next few years due to further rollout plans, in these cases the connection will be free. However, although the co-funding offer is available to all those outside of existing coverage, for some of these smaller developments the cost to connect will be considerable and it is for these that wider community funding and alternative technologies could have a role to play. Openreach and the HBF jointly recognise there is still more work to be done to come up with solutions for the smaller developments of fewer than 30 homes where they do not benefit from existing coverage.

We regard this voluntary agreement available to all new site developments as a significant step forward which will bring Fibre Broadband Infrastructure to the majority of new homes. We are confident that learning from this new approach will help identify more affordable solutions to connect smaller developments outside of existing coverage.

Openreach commitments:

- A new online New Site registration process including the ability to request a site connectivity assessment, which will return within 5 working days:
 - whether or not the site is covered by existing Fibre-To-The-Cabinet (FTTC) infrastructure (connected for free)
 - the option of new FTTC infrastructure based on a Developer contribution (if applicable and where there is no existing infrastructure) guaranteeing broadband speeds of 24Mbps or greater
 - the expected broadband speed range on traditional copper broadband, should the Developer not wish to take up the option of FTTC infrastructure
- FTTC infrastructure will typically be offered, however where possible Developers will be also be given the option of FTTP (Fibre-To-The-Premise) infrastructure, supporting ultrafast broadband speeds
- Openreach will make a significant capital investment of £550 per home on average to connect a New Site before seeking any developer co-funding. We expect more than half (56%) of New Site premises to be connected for free and therefore not require a Developer contribution. This proportion will increase over time as the infrastructure footprint expands.
- To give Developers upfront certainty of the costs to connect a site outside of existing Fibre coverage by publishing a rate card showing the Developer contribution required for a given site size
- To connect New Sites to Fibre Broadband Infrastructure within nine months of the point of contracting
- In addition to making commitments to offer Fibre Broadband Infrastructure for all new build housing Openreach are also committed to clearing 95% of backlog of existing connectivity orders at New Sites by March 2016

HBF will:

- Promote superfast connectivity on new build sites in support of the Government's objective for 95% of homes to have access by the end of 2017
- Use Openreach's "rate card", or other providers' services, to equip new build homes with superfast broadband when deemed financially feasible for the sites
- To adopt ultrafast services on new build sites where feasible to drive take up
- Plan connectivity early in development process and give nine months' notice to provider
- Continue to work with Government to publish connectivity guidance for small developers, detailing superfast alternatives to fibre connections
- Increase connectivity information available in customer marketing materials

We believe this move will have a positive impact on the new build market, expected to enable the majority of new build homes to be connected to Fibre Broadband Infrastructure and to meet growing consumer broadband speed expectations.

Openreach and the HBF commit to review take up, service and develop performance measures together to continue to drive improvement in the delivery of fibre to new homes; and to review learning with Ministers after a year. Both parties will also continue to work closely with Government to evaluate and explore how we can address the challenges associated with some of the smaller sites outside of existing Fibre coverage.

Signed:



Clive Selley
CEO, Openreach



Stewart Baseley
Executive Chairman, HBF

