**British Property Federation response to the New Build Developments: Delivering Gigabit-Capable Connections Consultation**

Prepared by: Laurence Raeburn-Smith (Policy Officer), [redacted]

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**The British Property Federation:**

1. The British Property Federation (BPF) represents the commercial real estate sector to government and relevant regulatory bodies – an industry with a market value of £1,662bn and which contributed more than £94bn to the economy in 2014. We promote the interests of those with a stake in the UK's built environment, and our membership comprises a broad range of real estate owners, managers, developers and supporters.

2. We are delighted to respond to this consultation and would welcome the opportunity to work further with the Department to ensure the proposals deliver for tenants and property owners.

3. Should you require any further information on any aspect of this submission please contact Laurence Raeburn-Smith (Policy Officer) on either [redacted] or [redacted]

**Question 1: Do you have any further evidence on the state of New Build Development connectivity in the UK?**

4. In normal circumstances, developers proactively seek to ensure new-build developments have gigabit-capable connections. This is because demand for good broadband from tenants makes provision commercially viable.

5. In response to a 2013 Halifax survey[i], approximately 30% of people said good broadband is likely to affect their thinking on whether to buy a home, 20% said they'd pay more for good broadband and two-thirds of that 20% were prepared to pay up to 3% more for the same home if it had good broadband. Developers therefore tend to only fail to implement gigabit-capable connections where the area-specific costs of doing so are significant and where these costs outweigh the commercial advantages of provision.

6. Research conducted by ThinkBroadband however shows that new homes built in the first quarter of 2018 were less likely to have access to superfast broadband than older homes: 81% of new-builds were found to have internet speeds of 24Mbps or above, compared to 95% of all UK homes[ii].

7. A reason for this could be that a significant proportion of new builds are built in rural areas, where connectivity costs are significant. According to MHCLG statistics for 2016/17, there were 54,080 net new dwellings arising from new build, conversions or change of use in rural areas, which is 11 per 1,000 households. This compares with 140,220 net new dwellings in predominantly urban areas or 9.2 per 1,000 households[iii].

**Question 2: Do you have any information or evidence to suggest that the costs developers would incur under the proposed policy would prevent homes being built?**

8. The BPF is concerned that the proposals may not fully consider all connectivity costs incurred by developers but would force them to provide gigabit-capable connections regardless, potentially making some developments unviable. We are particularly concerned that the provisions may delay developments, adding a notable financial burden not accounted for by the per premise connections cost cap.

9. Members have evidenced to us that deploying digital infrastructure in urban areas such as London takes much longer than in other parts of the country due to permits, heritage areas and parking charges. Although connection time-lines would likely be reflected in operator's connection costs for providing connectivity, we fear the knock-on delays for developers will not be. This would put into question the viability of some new build developments in areas such as these. DCMS should assess whether this has been accounted for before proceeding.

**Question 3: We propose that developers would be obliged to provide a simple connectivity plan for their developments to LAs. This plan would demonstrate that developers had consulted with at least two network providers to provide gigabit-capable networks and inform LAs when a site is connected. Do you have any comments on this proposal for a connectivity plan?**

10. Whilst the BPF agree that Local Authorities can play a productive role in encouraging digital connectivity in their areas, the need for a mandated connectivity plan would have to be balanced against the need to foster a swift and efficient planning process.

11. Chapter 10 of the 2018 National Planning Policy Framework already encourages Local Authorities to implement planning policies that support the expansion of electronic communications networks and full-fibre broadband connections. We expect then that Local Authorities will in the coming years develop similar policies with reference to the specific needs of their areas. An additional blanket national policy could consequently prove to be unnecessary, inflexible and confusing.

12. A better alternative would be to provide Local Authorities with best-practice advice, outlining effective ways they can encourage developers to implement digital connectivity in their areas.

13. If developers are to be obliged to provide a simple connectivity plan, it should be both an expedient and a productive exercise for developers, in order to ensure producing it is not a significant cost burden and an obstacle to build-out.

14. Such a plan could benefit both developers and Local Authorities by encouraging early collaboration on the practicalities of installing digital connectivity, such as getting necessary equipment onto properties. Members have told us this is sometimes only considered at a late stage in the development process and that the necessary subsequent collaboration with Local Authorities can delay developments.

15. A local connectivity plan, or best-practice advice, could also benefit parties by asking whether connectivity provisions are likely to be used, and if not, should allow an exemption for the

development in question. There may be some unique and ad-hoc situations in which tenants will not need superfast connections and therefore the additional cost of implementing connections would in these cases be unnecessary.

16. As new-builds tend to only go ahead without good connectivity provisions when these are especially costly, we would also support DCMS's efforts to explore whether any Government funding could be made available to help connect the most isolated developments, as stated in the Impact Assessment.

**Question 4:**

**A. Do you agree with the assumption that deploying the necessary infrastructure to deliver gigabit-capable networks is best achieved when the site is being built?**

17. Yes. The BPF also agree that the Building Regulations are the natural home for requirements relating to the physical construction of a building, given that they contain similar requirements on acoustics and energy efficiency. It therefore makes sense for telecommunications requirements for buildings to be included alongside these.

18. The BPF does however recommend that some developments be given an exemption from these provisions, so long as developers can prove viability is put at risk by contributions or that they will utilise alternative technologies to provide superfast connections.

**B. What technical specifications should the physical infrastructure (ducts etc) have?**

19. The BPF believes it would be unproductive to be prescriptive about physical infrastructure specifications as each property will likely have its own individual requirements. We would encourage the Government to also not be overly prescriptive when it comes to specifications, given the pace of technological change in this area and the possibility that including detailed technical specifications may make the legislation obstructive over time.

20. For instance, several recent purpose-built student accommodation schemes have moved away from providing data cabling to each bedroom and instead provide only in-building WiFi. Each room has a WiFi service provided by WiFi access points located in the common areas. Such systems can deliver better than 30Mbps to each tenant, so comply with the spirit of the intended regulations, yet do not need wired connections to each unit. A requirement that there would need to be wired connections across the building would therefore be unnecessary and obstructive. This example also illustrates why there should be an exemption for some developers from these proposals, should they be able to provide evidence they will utilise other technologies to provide superfast connections. The BPF recommends this exemption be given even if the specified connections come under the £3000 cap.

21. Members have told us that the facilitation of digital infrastructure would be easier if operators were encouraged to share equipment with each other and we believe it could be beneficial for the Government to encourage flexibility in this regard. The placement of Universal Communication Chambers outside the buildings, which greatly speed up the installation of new connections, reduce disruption and minimise damage to the public realm, should be considered

worthy investments. These remove the need to construct new penetrations to the building each time a new provider wishes to install a service and would consequently reduce switchover costs.

**C. Do you agree that developers should deploy, and pay for, the necessary infrastructure from the in-building connections to the boundary edge of the development?**

No comment.

**Question 5:**

**A. Do you agree that developers should have to engage with at least two network operators who can provide gigabit-capable connections to the development?**

22. The BPF support this measure. This could improve competition and would not be an overly burdensome requirement on developers.

23. DCMS should note that sometimes there are not always two, or even one, network operators willing to provide a connection to a new-build development. The Government should therefore ensure that the operator that would fall under the proposed duty to connect provision is easily identifiable and that operators are not able to unduly delay the development process through contesting their duty.

**B. What further measures could we consider to promote the availability of networks from multiple providers at an early stage to minimise costs and disruption?**

24. The placement of Universal Communication Chambers outside buildings, which greatly speed up the installation of new connections, reduce disruption and minimise damage to the public realm, should be considered worthy investments. These remove the need to construct new penetrations to the building each time a new provider wishes to install a service and therefore reduce the cost of changing operator in the future.

**Question 6: Taking £3,000 as a suggested aggregated cost cap per premise, do you agree with the proposed how should costs be divided between developer and operator?**

25. The £3,000 cap is welcome as we would be concerned that a mandatory provision ensuring that all new-build sites must be built with digital infrastructure may make some new developments unviable.

26. Although the sensitivity analysis in the accompanying Impact Assessment clearly shows the percentage of premises excluded by the cap (in Year 1) compared to caps at incidences of £1000 upwards and downwards, the choice of £3,000 seems an arbitrary limit and should be reasoned further.

27. In order to ensure sector support for this measure, we recommend DCMS expand on the information provided in the accompanying Impact Assessment to evaluate the cap down to incidences of £100 per premise. This would ensure that the policy balances the objectives of connectivity and affordability as well as it possibly can.

**Question 7: What information and evidence can you provide to help refine the 'in scope sites' policy design choice - aggregated cost cap or number of premises?**

28. Setting a 5 premises cap appears as arbitrary as the £3,000 cap and we would encourage DCMS to outline why 5 should be chosen over another number.

**Question 8:**

A. **Do you agree that developers should have the overall responsibility to ensure Gigabit connectivity for their developments (allowing for the fact that developers can oblige operators to connect using the 'duty to connect' provision).**

29. The BPF believe this should be a shared obligation between operators and property owners.

30. The operators' role extends far beyond connection and it is crucial that they feel required to engage proactively and productively with landowners. For instance, landlords should not be responsible for repair or maintenance work as this is beyond what could be reasonably be expected of their expertise.

**B. How would this policy affect small housebuilders?**

31. This policy is likely to negatively impact upon smaller housebuilders the most.

32. Smaller developers rely on smaller margins, therefore any extra nominal cost that isn't linked to property size will have more impact on them than on large developers, as in the proposals. We do not recognise the Impact Assessment's claim that these costs would be effectively passed on to consumers for small housebuilders. New build homes are sold at the market rate, which is established in accordance with the supply of existing homes on the market that are not subject to these regulations. Developers would therefore likely be unable to pass on this extra cost to consumers.

33. In addition to this, smaller house builders have been under significant strain in recent years. According to the Home Builders Federation, small builders were responsible for 4 in 10 new build homes in 1988 compared with just 12% today and in just the period 2007-2009 one-third of small companies ceased building homes[iv]. Smaller housebuilders do however play a crucial role in the market, often providing more bespoke properties and driving competition.

34. Smaller housebuilders are also less likely to already have established relationships with telecoms operators in place and are therefore put at a competitive disadvantage by this policy as they must go to greater lengths to establish these.

35. In light of these points, the BPF recommend that the per premises cap be lowered for developments by smaller housebuilders.

**Question 9: Do you have any comments on the proposed legislative approach? Do you have an alternative solution that would deliver gigabit-capable connections to NBDs?**

36. The £3,000 cap is welcome as the BPF would be concerned that a mandatory provision ensuring that all new-build sites must be built with digital infrastructure would make many unviable. This would therefore work against efforts to increase build-out.

37. On balance, the proposed approach is our preferred option of the 5 listed in the consultation's accompanying Impact Assessment. However, should DCMS not wish to proceed or if parliamentary time is not permitting, we would strongly discourage the Government from implementing option 5. A market alternative to option 5 - a 'connectivity certificate' for all new builds homes – already exists for the commercial real estate sector. Wiredscore, for instance, provide a connectivity accreditation scheme which gives tenants assurances about digital connectivity and gives property owners the ability to market their connectivity offering. We expect that given the pace of technological change and the growing demand from tenants for connectivity that such a solution for new-builds is likely in the near future without the need for intervention.

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[i] Halifax, (2013), *Good broadband a factor for nearly a third when choosing a home:* http://static.halifax.co.uk/assets/pdf/mortgages/pdf/Good-broadband-a-factor-for-nearly-a-third-when-choosing-a-home-8th-February-2013-Housing-Release.pdf?srnum=1

[ii] Thinkbroadband, *(29.08.2018), Almost 1 in 5 new homes still built without superfast broadband access:* https://www.thinkbroadband.com/news/8158-almost-1-in-5-new-homes-still-built-without-superfast-broadband-access

[iii]MHCLG, (09.2018), *Housing - Net additions to housing stock:* https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/741588/Housing_Sept_2018_Net_Additions.pdf

[iv]Home Builders Federation, (2017), *Reversing the decline of small housebuilders:* *https://www.hbf.co.uk/news/reversing-the-decline-of-small-housebuilders/*