

Response to the Consultation

New Build Developments: Delivering gigabit-capable connections

By



By email to

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Submitted on behalf of Truespeed by Mr Patrick Mulcahy, Financial Director,



Background

Truespeed Communications Limited (“Truespeed”) is a communications operator with Code Powers building new physical infrastructure, including ducts and overhead apparatus, to provide its customers with advanced Gigabit capable “full fibre” connections. It has access to substantial funds through an agreement with Aviva Investors announced in July 2017.

Truespeed aims to reach around 80,000 premises by 2020. It is primarily targeting rural settlements in Somerset and the South West but will enlarge its footprint over time to cover more conventional urban areas within the county and elsewhere in the South West.

As part of the roll-out process we have undertaken some broad analysis covering up to 150,000 settlements in the region. We estimate that over a three year period, there is likely to be between 5% and 10% new builds within our target geography, therefore representing in broad terms some 7,000 – 15,000 new premises.

New developments represent their own challenges. In many cases, the default position is that BT “free issues” materials – duct and chambers – to the developer which is usually installed at the developer’s cost.

If a new operator is not engaged at an early point in the process, this default position represents a degree of “foreclosure” as most developer are loath to have a pristine development disrupted by new civils activity after completion of the main build.

In addition, the cost of installation of apparatus at the time of build is little more than the material cost – when coordinated with the installation of other utilities. It is substantially higher after completion of the build – maybe up to 10 times the initial cost.

Although there is always the option of “PIA” – principally duct access – if the planning at the early stage does not allow for a second operator, in practice this may not be an economic option.

We therefore welcome any initiative which encourages or mandates that developers engage with alternative operators at the planning stage, and welcome the proposals outlined in the consultation.

We also believe that there is a need for more comprehensive guidance or “best practice” across the industry for new builds and believe DCMS can play an important role in this. The DCMS guidance on microtrenching¹ is an example of the benefits of this approach, which then became adopted by industry.

Our answers to the specific questions in the consultation are given overleaf.

¹ <https://www.gov.uk/government/publications/microtrenching-and-street-works-an-advice-note-for-local-authorities-and-communications-providers>

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

There is anecdotal evidence within our target geographic market that “full fibre” is becoming of increasing importance to both developers and prospective tenants, particularly where new developments are close to areas in which we have already provided “full fibre” connectivity which is communicated by word of mouth to adjacent areas. We do not have hard data on this. This broadly confirms the data shown in Figure 2 from Redrow.

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?

We believe any increased cost would be negated by the increased attraction of advanced connectivity. We have anecdotal evidence that buyers of new homes do enquire about the connectivity of new homes and its quality as per the Redrow evidence. In our geographic market, there are significant areas where basic broadband is poor and thus “full fibre” provides a substantial improvement over the norm.

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?

As mentioned above, we believe that guidance and “best practice” on the actual layout could be helpful for developers and that this could be coordinated by DCMS. We would be happy to contribute to this. Early engagement with “full fibre” providers is essential.

4. 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?

Yes, for the reasons given above, that this is the point at which the costs are substantially lower.

(b) What technical specifications should the physical infrastructure (ducts etc) have?

A basic 40 mm duct with some form of “swept T” arrangements for each premises, suitable for blown fibre could meet most requirements. We think that this specification should be encapsulated in guidance and “best practice” notes as described above, after further discussion and agreement with other operators and developers.

(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?

Yes – they directly benefit from the increased price that houses with gigabit connectivity will command.

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?**

Yes

- (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?**

We believe that there should be two independent ducts or subducts on a development to allow two operators to function independently of each other, so there is no conflict or coordination needed for installation and maintenance. A third operator, if necessary, could be supported through infrastructure sharing, as anticipated in The Communications (Access to Infrastructure) Regulations 2016.

6. **Taking £3,000 as a suggested aggregated cost cap per premise, how should costs be divided between developer and operator?**

This is a difficult figure to disaggregate. The costs to the developer in installing utilities is difficult to separate across the individual services. For example, it is unclear what the marginal cost of installing an additional duct is when the main costs are related to opening a trench and reinstatement afterwards.

We suggest the split should be somewhere around 60:40 between developer and operator.

However, in most new developments, we would expect the installation cost, excluding backhaul, to be substantially lower than £3,000 per premises.

In addition, there is the cost of backhaul for the operator which impacts the actual cost of provision of the service. In our target geographic area, we chose settlements where there are mostly already backhaul options available. There may be new developments where backhaul options may be restricted, and these costs may be substantial. Under these circumstances, an operator might reasonably seek a significant contribution from the developer.

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?**

We are struggling to see why there should be a lower limit at all on “in-scope” developments.

A single new development, where there is an in-fill or replacement of an existing premises could easily benefit from a duct from the building to the curtilage. In some respects that would be easier to implement than more complex developments with limited access.

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).**

Yes

(b) How would this policy affect small housebuilders?

Any additional burden on smaller developers could be offset with the guidance and “best practice” work suggested above. This could provide suggested solutions for a range of premises and avoid smaller developers from having to “reinventing the wheel”. It would also go some way to ensuring a consistent implementation across developments which would assist the construction industry.

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?

No. We do think it important that the obligations on developers to engage at the planning state are statutory.

TrueSpeed Communications Limited

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