

Rt Hon Oliver Dowden CBE MP

Secretary of State

Department for Digital, Culture, Media & Sport

100 Parliament Street

London

SW1A 2BQ

Dear Oliver

## **Improving connectivity for new sites**

Following constructive discussions with your officials, I wanted to write to you to set out how Openreach is working to improve full fibre provision for new build sites.

Openreach's work has transformed the connectivity offer for residential new builds over the past four years. In 2015 over 90% of new build homes were provided with Copper only connections, with less than 10% getting full fibre infrastructure. Through working with industry and developing new propositions, we are now in a position where 91% of new homes being contracted with us are to receive full fibre infrastructure and less than 0.5% with Copper only.

We accomplished this through taking the following actions to improve connectivity for new build homes.

1. During 2016 we progressively lowered the site threshold to provide full fibre infrastructure free from any Developer contribution, from 250+ premises to 30+ premises.
2. In November 2018, we reduced the contribution we asked for from Developers on smaller sites by over 76% – making it more affordable for them to choose full fibre through our joint funded proposition for small sites (2-29 premises).
3. At the same time, we extended this offer to Commercial sites in order to improve connectivity for small businesses.

Since launching the programme in 2016, Openreach has already connected a total of 354,000 new build homes with full fibre, and have contracted full fibre to be delivered to over 1 million premises. This year alone, we have built full fibre to 125,000 premises, reaching around 3,500 new premises every week. We are on target to reach 175,000 premises by the end of our financial year in April.

**Clive Selley**  
CEO

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Registered in England and Wales no. 10690039

I am delighted to tell you that we are now able to go further and can confirm that, with effect from 1st April 2020:

- The threshold at which we offer full fibre infrastructure free from Developer contribution will reduce from sites of 30+ premises to sites of 20+ premises. This will bring an additional 13,000 premises into scope for the free full fibre offer.
- We will also cap the contribution required from Developers at £2,000 per premise, in line with the developer cap we have been discussing with your officials.
- Openreach will continue to contribute to the costs of connecting smaller sites with full fibre infrastructure, in line with existing commercial practice,
- Where the costs to connect new build homes fall outside a combined Openreach and Developer Contribution of £3,400, we will fall back on offering to provide the next best alternative, depending on available infrastructure. We would expect this to affect no more than 0.6% of new build homes.

The combined effect of these steps means that from 1<sup>st</sup> April 2020, 95% of new build homes on sites being newly contracted with Openreach will get full fibre infrastructure for free, with the remaining 5% having a commercially attractive Developer co-funded option, capped at £2,000 per home. I have attached the new rate card for your reference.

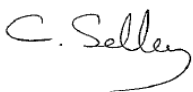
It is important to note that this new rate card represents our backstop offer. Where viable, we may choose to go further and offer full fibre for free to smaller sites, usually based on proximity to existing fibre infrastructure. All new sites within our announced Fibre City areas will get full fibre infrastructure for free and not require any contribution from Developers.

We will continue to review the rate card to drive further improvements in our offer to Developers if possible to do so.

These commitments will help to make it as most cost effective as possible for housing developers to choose full fibre over slower alternatives, and demonstrates our commitment to improving connectivity across the UK.

A legislative backstop is still required to ensure that all new build properties have access to the highest quality connectivity, given the current propensity of Developers to contribute towards broadband infrastructure. We were pleased to see this issue highlighted in the recent Queen's Speech. This legislation will be a key enabler to meet the Government's ambitious full fibre goals, and must be delivered as a priority by Parliament.

Many thanks,



**Clive Selley**

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## Annex One: Our new rate card

Plots	Existing Rate Card		New Rate Card (capped at 2k)	
	Contribution per plot	Contribution per site	Contribution per plot	Contribution per site
2	£3,172	£6,344	£2,000	£4,000
3	£2,337	£7,011	£2,000	£6,000
4	£1,851	£7,404	£2,000	£8,000
5	£1,527	£7,635	£1,800	£9,000
6	£1,291	£7,746	£1,600	£9,600
7	£1,110	£7,770	£1,400	£9,800
8	£965	£7,720	£1,200	£9,600
9	£846	£7,614	£1,000	£9,000
10	£747	£7,470	£747	£7,470
11	£662	£7,282	£662	£7,282
12	£588	£7,056	£588	£7,056
13	£524	£6,812	£524	£6,812
14	£467	£6,538	£467	£6,538
15	£415	£6,225	£415	£6,225
16	£369	£5,904	£369	£5,904
17	£328	£5,576	£328	£5,576
18	£290	£5,220	£290	£5,220
19	£255	£4,845	£255	£4,845
20	£223	£4,460	£0	£0
21	£193	£4,053	£0	£0
22	£166	£3,652	£0	£0
23	£140	£3,220	£0	£0
24	£116	£2,784	£0	£0
25	£94	£2,350	£0	£0
26	£73	£1,898	£0	£0
27	£53	£1,431	£0	£0
28	£35	£980	£0	£0
29	£17	£493	£0	£0

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