

USC explained

One broadband measure which was agreed by all the main political parties and survived the change of government was the so-called "Universal Service Commitment" or USC. The specific commitment is that "virtually everyone" in the UK should have access to broadband service providing a data rate of at least 2 megabits per second (2Mbps) downstream.

Two megabits is often derided as "pitifully unambitious" but that is a misunderstanding (sometimes deliberate) of what the commitment is about. It is not a ceiling to aspire to but rather a floor beneath which no-one should fall. As such it represents a substantial ambition.

Estimates in the Digital Britain White Paper of June 2009 suggested that 2.75 million homes, or 11% of the total, had service of less than 2Mbps, of which 1.1 million fell short due to internal wiring issues. Point Topic, which specialises in the geography of broadband, estimates that about 18% of homes and businesses are in areas where action will be needed to bring say 90% of premises up to the USC standard.

As proposed in Digital Britain, the Labour government set up a body called Broadband Delivery UK (BDUK) to deliver both the USC objective and the proposed "Next Generation Fund". The Fund was supposed to help finance the delivery of superfast broadband (25Mbps and above) to the "last third" of the UK which would not be expected to get it through market forces alone, paid for by a 50p per month tax on existing telephone lines. The tax and the Fund were cancelled by the Coalition, but BDUK, a team within the Department of Business Innovation and Skills, is now at work on the USC.

The USC will be financed by the funds left over from the digital television switchover, originally top-sliced from the BBC's license fee. The budget is expected to be up to as much as £200 million. BDUK plans to delegate the job of distributing the money to enterprise partnerships at the local level. Private sector consortia will be invited to bid to the partnerships for projects to deliver the USC in areas which fall short.

USC solutions could vary a great deal depending on circumstances. They could be based on the existing BT network, running optical fibre to street cabinets in low-speed areas and then using Very-high-speed DSL (VDSL) to deliver much more than 2Mbps to nearby homes and businesses. Or they could involve laying fibre all the way to end-user premises (FTTP), which would deliver even higher speeds. They might use fixed wireless links for the last few 100 or 1,000 metres. They might rely on 3G or future-generation mobile broadband or, as a solution which could cover the whole UK, they could use satellite broadband.

Jeremy Hunt, the Culture Minister who has overall responsibility for the Coalition's broadband policy, has already made it clear that BDUK will favour USC proposals which bring superfast broadband to the areas they serve rather than just meeting the minimum 2Mbps requirement. BDUK will also be looking for minimum standards for 2Mbps services, in terms of performance at the busiest times of day for example. Much of the detail of these requirements and how the whole system will work will hopefully be revealed at an "Industry Day", on July 15, when the key players are due to be briefed on BDUK's plans.

Whatever the details, the whole USC programme has extensive political and business implications. Looking at it in parliamentary terms, Point Topic has produced an analysis showing how the "low-speed areas" are distributed across UK constituencies.

This shows that more than one-third of homes and businesses in 150 constituencies are in low-speed areas. Another 150 have an above-average share of low-speed service. About 250 constituencies have less than 10% of homes and businesses affected, but only a handful

have none at all, and even in these cases there may be frustrating “notspot” areas for unpredictable local reasons.

National and local politicians in these areas will want to be alert to their USC needs and to ensure that they are near the front of the queue when it comes to sharing out the projects. On the one hand there will almost certainly not be enough money to achieve the USC level of performance for everybody. On the other there is considerable scepticism on the side of industry whether the business case for rolling out a patchwork of small projects will make sense even with a government subsidy.

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