

Paper submission to Broadband TaFF, January 16, 2014

CD&S and BT like to call it a “partnership” but as far as I know there is no legal partnership entity involved. The £53M contract which CD&S placed with BT, one year ago, for rural broadband in the blue and white rural areas of the Final Coverage Map (now redefined as a “Guide”), remains cloaked by a Non Disclosure (gagging) Agreement, which was a BT requirement and which almost all UK County Councils have signed. Not so, in the case of EDDC and SSDC, I am glad to say. Red, urban areas, such as the towns/cities of Honiton, Taunton, Wellington and Exeter are where BT alone are funding fibre broadband implementation because population/property densities are high enough for them to achieve a commercial return on investment. At £53M, including £20M from Devon & Somerset County Councils, the CD&S procurement from BT is the single biggest publicly funded UK broadband contract (Ref 1).

BT seem to have a pathological hatred of committing to service availability dates which may stem from the fact that the lack of a good broadband service has been cited in successful lawsuits, for instance, against HMRC for non payment of VAT online (Ref 2). BT’s concern to maintain shareholder value in this situation is admirable for shareholders but they fail to recognise that customers (i.e. The Councils spending £53M of public money and their electorate) have an equal right to know what they are buying for their £53M investment and when they are likely to see a benefit from it.

The fact that pitifully low resolution maps have appeared on the CD&S website, making it very difficult to understand where you are on the map, one year into a 4 year contract, confirms this. It also indicates that CD&S, as BT’s customer, are not project managing the contract effectively and seem to be allowing the BT tail to wag the CD&S dog. We will never know of course because of the NDA, which it must be assumed, will be in place for the 4 year duration of the contract.

“Commercial confidentiality” is cited by BT and CD&S as the reason for the NDA but since the only other bidder (Fujitsu) pulled out long before the contract was signed, it is difficult to understand which of their competitors, BT are concerned may make use of their implementation data. Rural, private and commercial BT customers who desperately need to define their own plans for the next 4 years can only guess when they may get a fibre broadband service. In July 2013, Maria Miller MP at DCMS wrote to all Council CEO’s stating that roll out information should be in the public domain and citing Northamptonshire who have a much smaller budget per head of population for their contract with BT than do CD&S (£41.56 per head in Devon & Somerset compared to £5.94 per head in Northamptonshire, using Centre for Population Studies data and BDUK funding data, Ref 1). Even so, Northamptonshire published in November 2013, an implementation map (Ref 3) (*tick the agree terms box, click the continue button and then zoom in on the map*) which can be enlarged to street level. Northamptonshire signed their contract with BT two months later than CD&S. The letter from Maria Miller MP was obtained via a FOI request. (Ref 4).

The National Audit Office and the House of Commons Public Accounts Committee have been highly critical of BT broadband contracts signed by County Councils, accusing BDUK and County Councils of mismanagement (Ref 5 & 6). A DCMS whistleblower, (subsequently sacked by DCMS), emailed Councils in 2012 with documentation indicating that BT inflate

their costs for rural broadband contracts (Ref 7). The NDA, of course, prevents us from knowing if there is any truth in this.

The Final Coverage Map appeared on the CD&S website on September 20, after BT had been evaluating their own network for 9 months. This was 6 weeks after the closing date for communities and councils to apply directly for funds from BDUK to implement their own fast broadband solution. Had communities in white “hard to reach” areas known they were not likely to get FTTC broadband as a result of the £53M investment before July 2013, they may have applied for their own funding from BDUK. That door is now closed to them. An additional £20M of funding (for the whole UK) is available from the Rural Community Broadband Fund, but if a community or council does not know for sure if it is in a “hard to reach” area, such investment could be wasted if BT subsequently provide FTTC services in a hitherto white area. It has been suggested that a result of the paucity of BT/CD&S implementation data, BDUK funds may be withheld (Ref 8).

Equally, rural businesses and taxpayers in the white areas may have to wait until the end of 2016 to know if they stand any chance at all of getting a FTTC broadband service funded by the £53M, supposedly dedicated to rural broadband. Rather than providing certainty, all that CD&S & BT are doing is continuing to fuel uncertainty for Devon & Somerset taxpayers for the next 3 years, because only minimal deployment information is being provided.

Yes, a new map appeared on the CD&S website in December listing exchanges which will offer FTTC broadband over the next three months, but in a project of this scale, it is reasonable to assume that the cables are already being put in place for these cabinets and thus BT have ensured they will not open themselves to lawsuits for late delivery as implementation in these locations proceeds.

Rightmove, the house selling website, already provides users with the ability to filter out properties that don't have, or are not likely to get FTTC broadband and holiday booking websites allow users to filter out holiday accommodation which does not have fast broadband. A study by Cambridge Econometrics, funded by DCMS and published in November, demonstrates that for every £1 invested in broadband, the local economy grows by £20 (Ref 9). Rural areas already suffer from 50% less funding per head from central government. The CD&S/BT gagging order means that rural economies in white “hard to reach” areas are simply going to decline faster compared to their city, town and larger village neighbours. The digital divide in this country is real and is growing.

In my parish, Upton, it appears that less than 10% of the population is set to see any benefit from the CD&S, FTTC rural broadband project, being in a white “hard to reach” area. It is nonsense to describe Upton parish as a “hard to reach” area since the parish straddles the A30/A303; the second major trunk route to the south west. The three exchanges serving Upton's population, (one of which is on the A303) are all larger than another exchange in a much more remote parish on Dartmoor; Princetown, which has a smaller exchange but is in a blue area which will offer FTTC broadband. Could it be that BT plan to provide fast broadband in each prisoner's cell in Dartmoor Prison or are they using public funds to provide FTTP to HM Prison service? We can, of course, never know if there is any truth in this conjecture, because of the NDA gagging order.

We are all adults and we all know that dates in a project plan can change. If we had probabilities of what may happen and when, we can all do the appropriate maths and we could live with that. No one is expecting CD&S/BT to commit to a specific date, by property, but to be told that we have to wait until three months before a FTTC green cabinet may or may not appear close by is to treat the people of rural Devon and Somerset like children.

Rural businesses and communities are already suffering because of slow broadband but before CD&S suggest that their pilot satellite broadband project is the solution in white, "hard to reach" areas, please bear in mind that I now know more people who have installed this system and then had it removed, than I do people who are still using it. Yes, if all you want to do is stream films or football matches (which BT recently paid nearly £900M for the rights to) satellite is fine, but when you want to work/play interactively on line, the latency of the connection, which Europasat acknowledge can be as high as 1200mS (45mS is typical for ADSL copper), can make it all but unusable.

Businesses are required to complete HMRC returns interactively, on line. Farmers are required to submit livestock movement's data on line and as taxpayers we all have a right to use applications such as Skype, online banking and on line shopping etc, which are all affected by the long latency times of satellite broadband. The fact that CD&S are only offering a satellite service as an alternative for the first 1050 customers to sign up in some white "hard to reach" areas indicates that the BT contract only permits public funding for this alternative system. We are not allowed to know if this is the case because of the NDA, but BT know full well that satellite broadband is no substitute for FTTC broadband (Ref 10) and they will be pleased to see the queue of people who have signed up for this system who will then switch to fibre when FTTC broadband does eventually reach them sometime after 2017 and perhaps after 2020. This is unacceptable.

Much cheaper, radio based, broadband technology has been around for years but CD&S do not fund it, presumably because it is likely that people who opt for such a system will stay with it even if FTTC broadband does become available and that would be a customer lost to BT. We can never know if only offering satellite broadband in white areas is a BT contractual requirement because the NDA prevents us knowing about it and those who have signed the NDA cannot tell their colleagues, their electorate or even their spouses about what they know.

BT is doing an excellent job protecting shareholder value, but they and CD&S are allowing the customer to suffer by doing so. As the private, de facto, monopoly telephone and broadband backbone network supplier in rural UK, BT are legally required to provide gateway access to private or community telephone/broadband providers. Such third party providers, be they offering cable, copper or wireless solutions (not publicly financed) will want to offer their products/services in so called "hard to reach" areas. By delaying as long as possible to commit to which areas are "hard to reach", these are the only competitors BT and CD&S are keeping out of the market, and because the NDA gag prevents anyone from knowing what BT are planning, it could be conjectured that over the 4 years of the contract BT & CD&S will use knowledge of where third party providers may be operating to decide where they will provide FTTC broadband. Not only would this be a misuse of public funds, it is also anti-competitive and a misuse of BT's monopoly position. By fuelling conjecture of this kind the NDA harms BT's reputation as well as preventing proper oversight of public spending.

What must concern the TaFF panel is that CD&S, staffed by DCC and SCC employees seem to have acquiesced to BT's demands all the way through and are still doing so. It appears that CD&S are not effectively managing their contract with BT to maximise taxpayer value. This is not a partnership, it is a simple customer - supplier relationship, but because of the NDA gagging order, accountability for public funds has been completely and effectively sidestepped. Likewise, taxpayers waiting to know whether or not they may get the benefit of FTTC broadband from public funds, can only guess what may happen over the next 3 years.

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References:

- (1) <https://docs.google.com/spreadsheet/ccc?key=0Ah3sVRjT82kKdEltX0IJNjNVWWWhNbjBnNGwxeHhqMHc#gid=0> (NB: This is as DCMS Google Docs spreadsheet)
- (2) <http://www.hobbspayrollservices.com/blog/?p=2359>
- (3) <http://bnpc.atkinsgeospatial.com/Default.htm>
- (4) <https://sites.google.com/site/upotterywebsite/latest-news/faster-broadband-final-coverage-map-2017/maria-miller-mp-letter-to-chief-exec-s>
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- (8) <http://www.ispreview.co.uk/index.php/2013/08/gov-to-withhold-rural-broadband-funds-if-councils-do-not-release-data.html>
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