Rt Hon SIMON HUGHES MP

Member of Parliament for Bermondsey and Old Southwark
Liberal Democrat Minister of State for Justice and Civil Liberties

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Our Ref: SwkIssues/Broadband/22-07-14/HC
PLEASE QUOTE IN ALL CORRESPONDENCE

Dear Chenab Mangat   23rd July 2014

Consultation on 'Variation of UK Broadband's 3.4 GHz Licence'

After being approached by Hanover Communications who are commissioned by UK Broadband, I am writing to support Ofcom's proposal to extend indefinitely UK Broadband's licence for spectrum within the 3.4 GHz frequency band.

I have been contacted by many people in my constituency of Bermondsey and Old Southwark who have significant problems in obtaining sufficient broadband speeds. This is a particular problem for those who live or work in the SE16 area of Bermondsey, Rotherhithe and Surrey Docks. Despite being centrally located in one of the most competitive and lucrative cities in the world, many of my constituents receive internet speeds of less than 2 Mb/s. Speeds such as this are barely suitable for a family of internet users let alone anyone who works from home or has a business.

The benefits of fast broadband are clear and universally agreed. Internet infrastructure is now a key part of what makes an area both desirable to live in and good for commercial investment. For a long time British Telecom (BT) has had the lion's share of internet infrastructure in the UK. And if you live in an area of BT copper cables, the only other main option for fibre optic speed broadband has been Virgin Media. The dominance of these two companies in the internet infrastructure leaves large groups of people without many options. If both BT and Virgin Media are reluctant to lay down new fibre optic, what is the alternative?

I therefore strongly support Ofcom's aim of promoting competition in this strongly dominated industry. It is important that companies such as UK Broadband which provide independent internet connections separate from BT and Virgin Media infrastructure be assisted and promoted. In an ideal city all of my constituents would have a range of competitive high speed internet plans to choose from. I am sure that until independent companies like UK Broadband become a legitimate competitive threat in areas such as SE16, progress on this will be slow or worse.

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Following from this, I am also encouraged to see that Ofcom recognises not only the need to promote competition but to do so with haste. UK Broadband have been clear that they intend to expand and substantially invest in a new network quickly but need certainty from their licence in order to make this commercially viable. I would argue that this does not seem like an unreasonable request. Economic certainty will always help companies to grow and develop. Considering that UK Broadband have made it clear that they intend to prioritise expansion in 'not spot' areas where the need is highest, I would argue that delaying any consumer benefits further would be an unreasonable and bad outcome.

Investment from now on needs to be future proof. Whilst fibre to the house (FTTH) clearly provides the best service in terms of internet speeds for now, new technologies are being developed at an increasing speed. Government and regulators must do what we can to keep up. We need to create an economic and competitive space where emerging technologies can be brought to market quickly. As we progress from cables to wireless and from 3G to 4G, we have to make decisions now based on how technology will be growing from now on. Providing certainty to an emerging technology company such as UK Broadband will help to set a precedent which will promote expansion and investment in the technologies of tomorrow.

I think it is worth also noting that the UK Broadband business model accommodates certain customers from more economically deprived areas. Irrespective of UK Broadband's competitive pricing of its product, as the technology is a full infrastructure competitor customers would not be required to pay line rental. With the rise of mobile phone technology, more and more people particularly from poorer backgrounds are choosing not to have landline phones. This means that the line rental they pay to BT or Virgin Media is only for their internet and not an expense they were already paying for their home phone line. By cutting out the line rental requirement, customers will be able to pay less and pay for only what they need.

On the whole, I am very supportive of the proposals as they have been presented by Ofcom. They will benefit my constituents and the London area.

Yours sincerely

Rt Hon Simon Hughes MP
MP for Bermondsey and Old Southwark