

RURAL ECONOMY AND CONNECTIVITY COMMITTEE

PRE-BUDGET/FINANCIAL SCRUTINY ON ROADS MAINTENANCE IN SCOTLAND

SUBMISSION FROM VIRGIN MEDIA

Virgin Media has a strong presence in Scotland, serving over one million residents and businesses with the ability to access our market-leading, ultrafast broadband, phone and television services.

Virgin Media has invested significantly in expanding its broadband network across Scotland due, in part, to the supportive environment created by the Scottish Government, Local Authorities, the Road Works Commissioner and other key stakeholders.

Our network expansion programme in Scotland is completely privately funded and has already connected over 100,000 more homes and businesses to our gigabit-capable fibre optic broadband network. Virgin Media brings real choice to consumers, enabling residents and businesses to access speeds which are eleven times faster than the Scottish average. We are continuing to rollout to thousands more premises across the country in the likes of Fife, South Lanarkshire, Glasgow, East Lothian, West Lothian and many more.

Virgin Media's infrastructure is completely separate to that of Openreach and the other telecoms providers which provide retail services over that copper-based infrastructure, such as BT, TalkTalk, Sky and Plusnet. Our network is built on Hybrid Fibre Coaxial (HFC), which combines optical fibre (to the street cabinet) and coaxial cable (to the home or business), powered by DOCSIS 3 technology to offer both superior speeds and reliability. In regard to the latter, our 516mpbs average top speed (to become 1GB by 2021) contrasts with the maximum 76Mbps offered on Openreach's traditional network and the Scottish Government's superfast definition of 30Mbps.

We are increasingly deploying future-proofed Fibre to the Premises (FTTP), fibre all the way from our major headends, or distribution points, to the front door of the resident. In Scotland, this comprises more than two thirds of our deployment. Ultrafast fibre broadband is viewed by the Scottish and UK governments, as well as Ofcom, as the gold standard, enabling the UK to compete with other G8 nations where fibre provision is considerably higher.

First class digital infrastructure enables residents to connect to the digital economy and helps businesses to reach their potential by boosting productivity. Numerous studies have demonstrated the criticality of ultrafast broadband to business competitiveness, economic and social inclusion and strengthening community links, as well as offering people real choice of provider. In short, through our multi-million pound ongoing investment in gigabit-ready, ultrafast broadband, we are playing a key role in helping Scotland to become a truly digital nation.

1. Our response to the questions posed by the Committee

Our ongoing investment in the expansion and maintenance of our network is contingent upon our ability to work safely and cost effectively on Scotland's roads and footways. We work very closely and have excellent relationships with both the

Road Works Commissioner and Roads Authorities across the country as we excavate and reinstate in order to bring gigabit-capable broadband to residents and businesses. For that reason, we have a keen interest in the funding decisions of the Scottish Government and local authorities in regard to road maintenance.

1. How have recent spending decisions on roads maintenance affected the quality of Scotland's roads, road users, businesses, public services, and the economy?

Resilient and well-constructed roads and footways are a vital precondition for infrastructure investment, be that from utilities or, in our case, the deployment of world-class digital connectivity.

Given our need to excavate and reinstate the footway to install the ducts and fibres that comprise our network, a good standard of footway can facilitate a smooth, cost effective and undisruptive rollout. However, the status quo does not, unfortunately, always reflect this. A 2018 Audit Scotland report found that:

“The condition of council maintained roads had remained stable at 63 per cent in acceptable condition over the period 2011/12 to 2014/15. Over the same period, overall council expenditure on roads maintenance had continued to decline, from £302 million to £259 million (14 per cent). Behind these overall figures there was significant variation in performance and spend across councils. Overall council spend on planned and routine maintenance was £33million (13 per cent) less than the Society of Chief Officers of Transportation in Scotland (SCOTS) considered was necessary to maintain current road condition.”¹

It is clear that this underinvestment in roads maintenance programmes has had, and continues to have, an impact upon the rollout of digital infrastructure. For instance, we are aware of recent examples of footpaths that have crumbled when we have tried to deploy our infrastructure. Furthermore, given the fall in road maintenance budgets, often the only part of the footway in good condition following our reinstatement is the section which we have just replaced. Underinvestment has led to us encountering footways in a significant state of despair or are structurally unsound, and may not been constructed to the regulatory standard in the first place, placing further cost and risk burden upon operators such as ourselves.

This has led to requests from local authorities for extra width reinstatement to cover the areas we have not excavated and despite the good performance of the work we have carried out. This drives cost into our business and thus reduces the investment available to roll out to more areas. Furthermore, there is a concern that we would be unable to reinstate to the appropriate standard due to the poor condition of the surface, leading to a cycle of deteriorating footways.

We would therefore support the findings of the same Audit Scotland report which stressed that *“a longer-term view of roads maintenance is needed, which considers both the need for new roads and the maintenance of the existing network.”*

Such a long-term view of funding is clearly required in order to ensure that private investors in digital infrastructure are not disincentivised by having to factor in further unexpected and unnecessary costs to fix the issues on some of Scotland's roads.

Consequently, we would encourage Scottish Government and Scottish Roads Authorities to increase both the focus and resources that are dedicated towards road maintenance.

Given the scale of our rollout and the challenging practical and cost environment of excavating and reinstating crumbling, worn or failing footpaths, we believe that operators should also be granted more flexibility, particularly around guarantee periods. The current two year guarantee period should be flexible to take account of the pre-existing condition of the footway. We also believe a set of mandatory guidelines should be put in place to ensure that operators and utilities are not obliged to cover the cost of a road that has shown clear signs of deterioration prior to conducting works.

In addition, Government should ensure that free, open access ducting is installed within new road and transport infrastructure, as the likes of Glasgow City Region are doing on Glasgow City Deal projects. This, alongside reform of planning policy to ensure that developers consult a variety of broadband providers at the earliest possible stage, would alleviate the need for us to dig up newly built roads and footways.

2. If spending on roads maintenance continues at current levels, what could be the likely effects on the above groups?

As described above, the continued fall in roads maintenance budgets could endanger investment in infrastructure from private investors in digital networks, as well as the Reaching 100 (R100) programme run by the Scottish Government and the plans of other utilities. This would put at risk the ability of Scottish cities to become Smart Cities of the future as Electric vehicles, intelligent transport systems and interactive healthcare devices, for instance, are all underpinned by the need for resilient and rapid digital infrastructure.

¹ https://www.audit-scotland.gov.uk/uploads/docs/report/2018/ir_180626_maintaining_roads.pdf

3. How could any negative effects of reduced road spending best be addressed?

There are two main drivers which could offset the negative effects of reduced roads spending; Firstly, enhanced collaboration and flexibility; while we work closely with Roads Authorities to coordinate work and align our deployment, we would welcome further sharing of resurfacing programmes to ensure that we can work together and share costs. More flexibility, for example on guarantee periods and clear guidance on expectations around work on poor-conditioned footways (as highlighted), would help to limit the risks identified above.

Secondly, it is vital that new road works legislation, such as the Transport Bill, regulations and codes of practice promote innovation. The trialling of new techniques, such as micro or slot trenching, which have less of an impact upon the footway, should be encouraged and not stifled. The Audit Scotland report described that *“within the current context of reduced public spending and competing priorities, roads authorities urgently need to demonstrate a greater commitment to innovation.”*

While we welcome recent changes to SROR to incorporate narrow trenching, we think this should go further and include micro and slot trenching. We believe that the minimum width within the SROR of 75mm could stymie efforts to develop new techniques to rollout broadband more economically, more efficiently and with less disruption, particularly on deteriorating roads. This is a crucial part of helping Scottish Government to deliver its broadband ambitions. Microtrenching (sub 100mm) is also an acceptable practice south of the border. In England and Wales, DCMS guidance (2011) points out that;

“Microtrenching is an innovative deployment technique that is generally cheaper, less disruptive and quicker than conventional dig techniques.....Up to 80% of the cost of deployment is in the civil works, so deployment techniques that lower the cost of deployment, such as microtrenching or enabling new overhead infrastructure are important. Government is committed to ensuring that communications providers have the tools with which to enable communications companies to deploy superfast broadband networks as far as commercially viable.”²

4. Is the current model of funding and delivering roads maintenance, which is split between Transport Scotland and local authorities, the most economic and efficient option?

We believe that is up to Transport Scotland and Roads Authorities as to the balance of spending, but that increasing the funding of, and focus upon, road maintenance, or considering some of the other measures outlined above, would be to the benefit of road users, infrastructure investors, Roads Authorities and the Scottish Government.

²https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/77427/Microtrenching_guidance_NOV2011.pdf

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