



# **The Landline Tax and other unnecessary costs on London households and businesses using fixed line broadband services**

Prepared for UK Broadband

June 2014

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## Authorship and acknowledgements

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London, June 2014

# Executive summary & research overview

# Executive Summary

- Both household and business fixed line broadband customers in Central London boroughs have some of the worst speeds in London. Speeds are particularly poor in the City of London where the average is 11.9 Mbit/s compared to the London average of 20.5 Mbit/s.
- Household and SME customers who rarely use their landline to make phone calls are also subject to a 'landline tax' – they pay unnecessary landline and installation charges due to a lack of choice in the broadband market. In addition to these, households lose leisure time and businesses lose productivity as a result of having to wait for installation.

## Summary of findings for households

- At the UK level, there has been a 33% decline in voice calls made from households' landlines over the past five years. In six major advanced countries (not including UK), landline subscription numbers have fallen dramatically by 23% over five years - due to availability of alternative broadband and voice services.
- However in the UK, landline subscription numbers remain static, primarily because households do not have the option to switch to a service that allows them to avoid paying for a landline. The lack of competition for alternatives is characterised in the substantial increases in the standard landline rental charge over the past ten years – which has grown at twice the rate of inflation.
- Our survey conducted online by YouGov shows that 34% of London adults say their households rarely use their landline for voice calls. We have estimated that households in London pay a landline tax amounting to £156m per year or £149 per household affected.
- Central London residents are the worst affected with 53% of fixed line broadband customers in central boroughs rarely using their home phone. Unsurprisingly, 47% of Central London residents surveyed stated that they would prefer a broadband package that did not include line rental.

# Executive Summary

## Summary of findings for businesses

- At the UK level, there has been a 31% decrease in business voice call volumes over the past five years. The number of business landlines has slightly declined by 12% as some businesses switch to alternative voice services such as VoIP and mobile.
- In London, 62% of IT decision makers from Small and Medium-sized Enterprises (SMEs) report that they are confident they could operate effectively without a landline. These SMEs could switch to an alternative broadband service if available saving them an estimated £37m per year in landline tax – equivalent to an average of £158 per year per SME affected.

## Key conclusions

- The combined cost imposed by the landline tax and other unnecessary costs on London households and SMEs is estimated to be £193m per year.
- A total of 37% of London's aggregate costs are borne by households in Central London. Younger respondents (18 to 24 year olds) are more likely to live in households which are more likely to incur the landline tax with 49% using their home phone less than once a week or less and 34% saying it is likely their household will switch provider in the next year. These younger households tend to be focussed in Central and Eastern parts of London.
- The fact that a landline continues to be required for most broadband services while use of home phones for voice calls continues to fall indicates that many consumers are getting poor value for money from their monthly landline rental.
- The growth of landline rental at twice the rate of inflation indicates that London's broadband market would substantially benefit from increased competition that provides more choice.

# Section 1: Research Overview and methodology

# Research Overview

- The purpose of this study is to establish the extent and overall impact on households and Small and Medium-sized Enterprises (SMEs) of the 'landline tax'. The landline tax represents the costs imposed on those who have to pay for landline rental and associated charges to get broadband – even if they never use their line for voice calls or could operate effectively without a line.
- These households and SMEs are paying for line rental and installation charges that they would otherwise avoid if they had a choice of alternative broadband services in their area.
- In addition to the landline tax, there are other unnecessary costs associated with lost leisure time to households and lost productivity to businesses due to unnecessary delays and time waiting for fixed line broadband installation.
- To support the research, YouGov was commissioned to carry out two separate surveys of IT Decision makers from London SMEs and the adult population of London households to gain greater understanding into their landline usage, satisfaction with their current broadband service and switching intentions.

# Methodology (Part 1 of 2)

## Survey

- The consumer survey and business surveys were conducted by YouGov. The consumer survey was carried out with a representative sample of 1,459 London adults over the period 25<sup>th</sup> to 28<sup>th</sup> April 2014. Of those that responded to the survey, 87% or 1,271 respondents indicated they had a broadband connection. The survey was conducted online.
- The business survey, also undertaken by YouGov, was carried out online with a total sample of 206 IT decision makers from small & medium sized businesses across London. The survey took place over the period 25th April to 6th May 2014. Of those that responded to the survey, 93% or 187 SMEs indicated they had a broadband connection.

## Landline tax

- Using the survey data, we estimated the number of households and SMEs that do not use their landlines frequently. For households, this was defined as using their home phone once a week or less. For SMEs, this was defined as those respondents that indicated they could operate their business effectively without a landline. Using these figures, estimates were made of the total landline tax and the average tax per household / SME.
- Data on market shares of the different providers was used along with their respective cost of landlines on which a weighted average landline rental cost was calculated. The value of other unnecessary costs (such as installation, connection and termination charges) which are components of the landline tax were calculated in the same manner.

## Methodology (Part 2 of 2)

- These costs were then multiplied by the number of customers subject to the landline tax to yield the total landline tax per year and the average landline tax per customer affected.

### Time lost due to broadband installation – residential customers

- The consumer survey included a question on the the amount of time that a household member needed to take off to arrange and supervise the fixed line broadband installation. This represents the time households had to spend on the installation rather than using the time for leisure purposes.
- The weighted average time per household affected was calculated. This was applied to the standard measure of leisure time - set at a third of the value of the average London wage rate. This allows an estimate to be made of the monetary value of the leisure time wasted.

### Time lost due to broadband installation – business customers

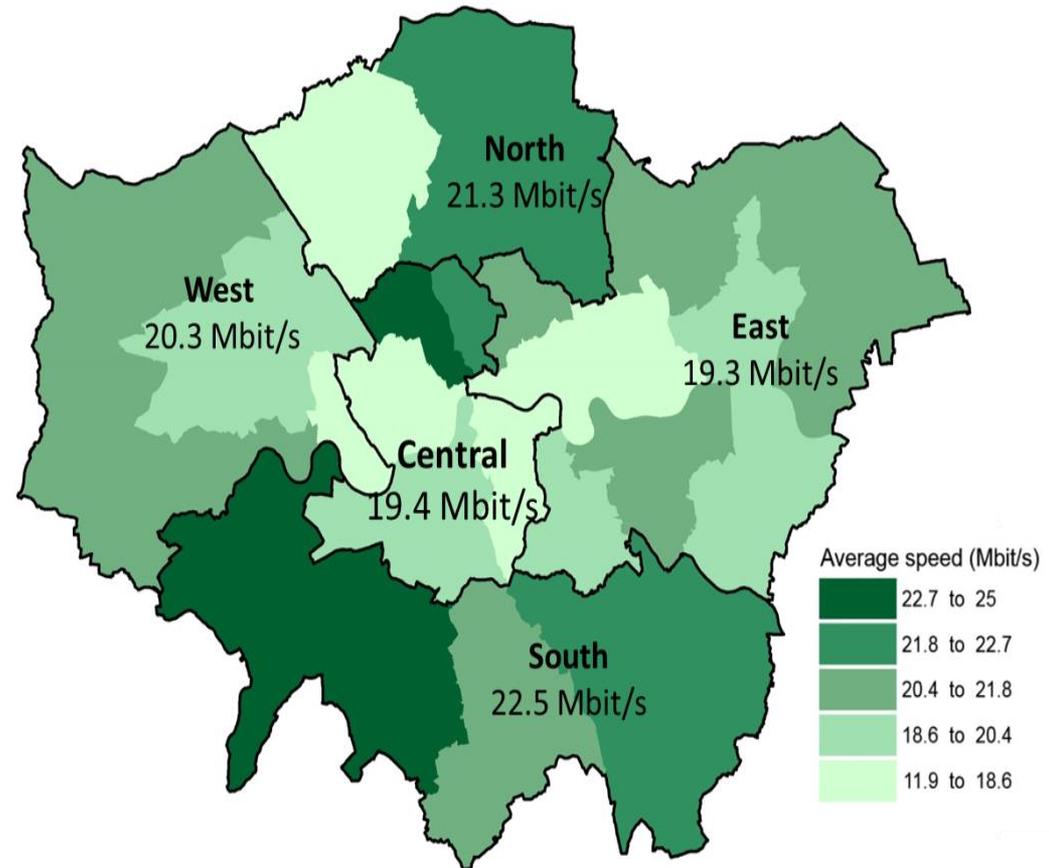
- Similarly, the SME survey included a question on the the amount of staff time that is spent on arranging and supervising fixed line broadband installation. This time would have otherwise been used productively and constitutes foregone productivity to the business.
- The weighted average time per SME affected was calculated. This was applied to the average wage rate for London. This allows an estimate to be made of the monetary value of productive time lost.

# Section 2: Broadband speed, coverage and satisfaction

# Central and East London have the slowest average broadband speeds

- Broadband speed is a crucial factor in determining whether a customer will switch providers. The Big Broadband Survey 2012\* found that download speeds are the most important consideration when switching provider – cited by 33% of UK respondents in the survey.
- Broadband speeds vary widely across London's 32 boroughs and the City of London. The Central and East sub-regions have the worst average speeds.
- The fastest speeds are in Kingston-upon-Thames, where the average speed is 24.8 Mbit/s. The slowest speeds are in City of London where the average is just 11.8 Mbit/s.

Average fixed line broadband speed (Mbit/s), by sub-region



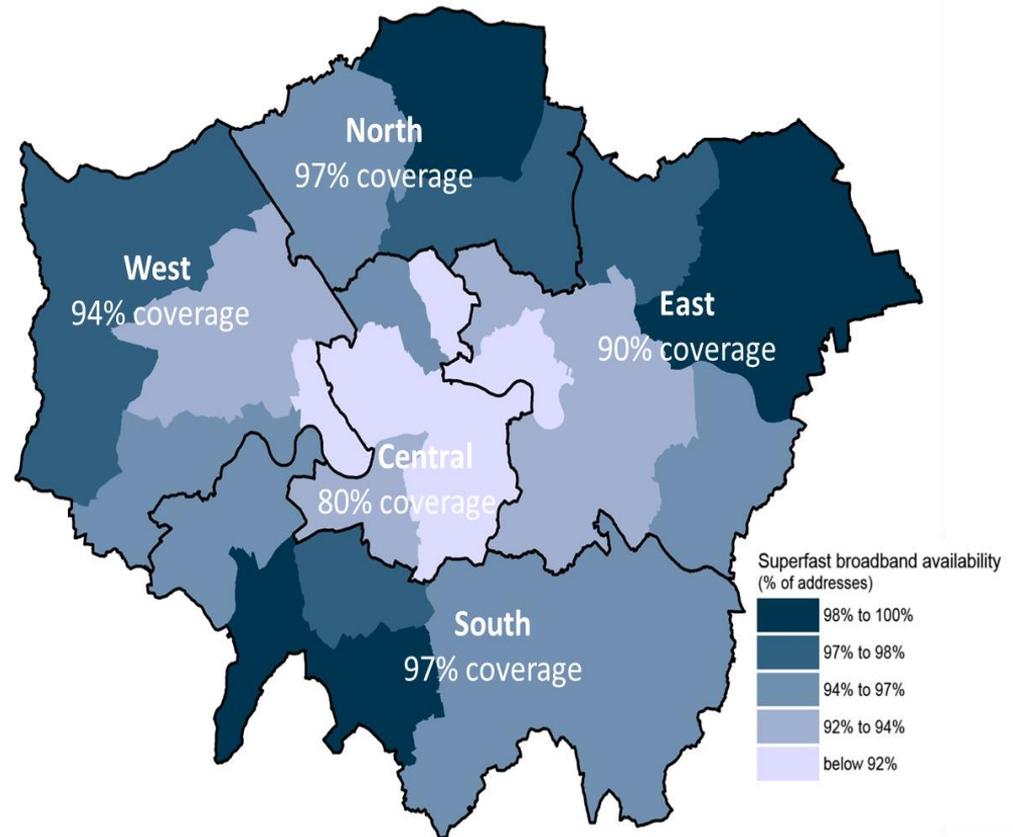
Source: OFGEM UK Fixed Broadband Data 2013, Cebr analysis

\* ThinkBroadband.com, The Big Broadband Survey 2012.

# Central London has the worst superfast broadband coverage in London

- Availability of superfast broadband in London has improved substantially in the past year. In 2013, 89.1% of addresses had access to high-speed broadband, up from 82.5% in 2012.
- However, availability of superfast broadband remains particularly poor in Central London. Only 80% of addresses have access high-speed fixed line services. In the City of London, just 6% of addresses have superfast coverage.
- Access to a superfast broadband connection is particularly crucial for technology industry SMEs and start-ups. These companies often cannot afford an expensive lease line but at the same time do not have access to a less expensive alternative such as Fibre To The Cabinet (FTTC).

Superfast fixed line broadband availability, % of addresses

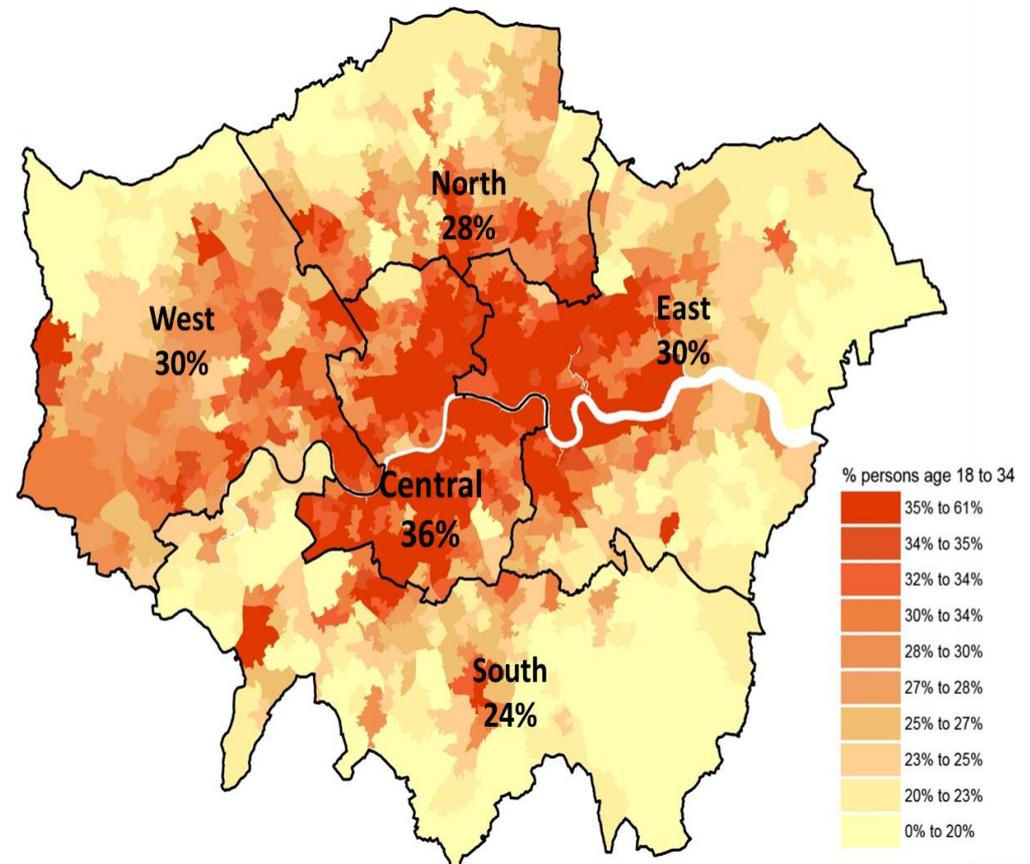


Source: OFGEM UK Fixed Broadband Data 2013, Cebr analysis

# Young persons have highest broadband take-up and live in areas with the worst speeds

- The 18 to 34 age group in the UK has the highest take-up of fixed and mobile broadband<sup>1</sup>.
- 75% of this age group regularly access the internet via their mobile devices.
- In London, a total of 1.3m young people live in Central and East London representing 53% of the age group total in the capital.
- Tower Hamlets has the highest concentration of young persons (44%) followed by Islington (39%) and Wandsworth (39%).

Proportion of residents aged 18 to 34, by mid-layer super output area (MSOA)

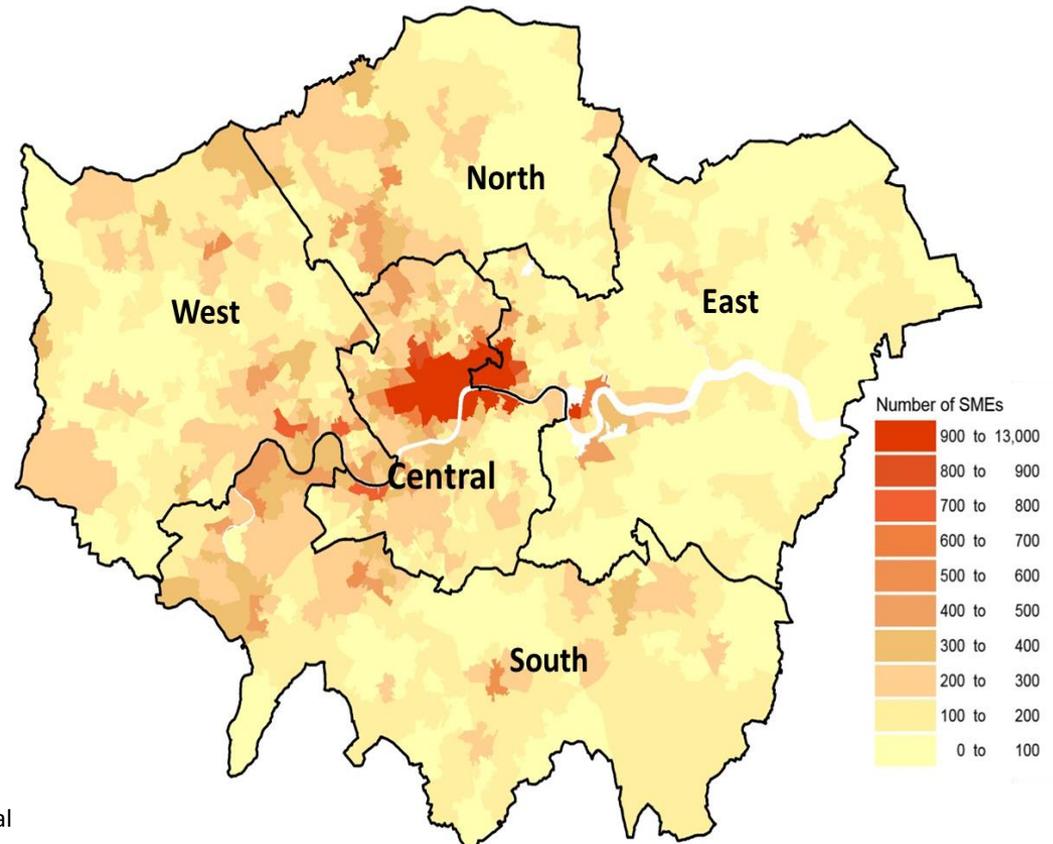


Source: ONS National Census 2011, Cebr analysis

# Highest concentration of SMEs in Central London where speeds are slowest

- London has approximately 420,630 SMEs; of these 200,000 are in office-based sectors<sup>1</sup>.
- Close to 45% of these office-based sector SMEs are concentrated in Central London<sup>2</sup> and parts of East London (City of London, Hackney and Tower Hamlets) – the areas with the slowest broadband speeds and the worst superfast broadband availability.
- Poor superfast broadband availability in parts of Central London which have the highest concentration of SMEs could be impacting London’s job creation potential as well as its ability to attract investment.

**Number of office-based sector small and medium sized enterprises (SMEs), by MSOA**



1 Office-based sectors include Information & Communication, financial & insurance, Property, Professional, scientific & technical and Business administration & support services.

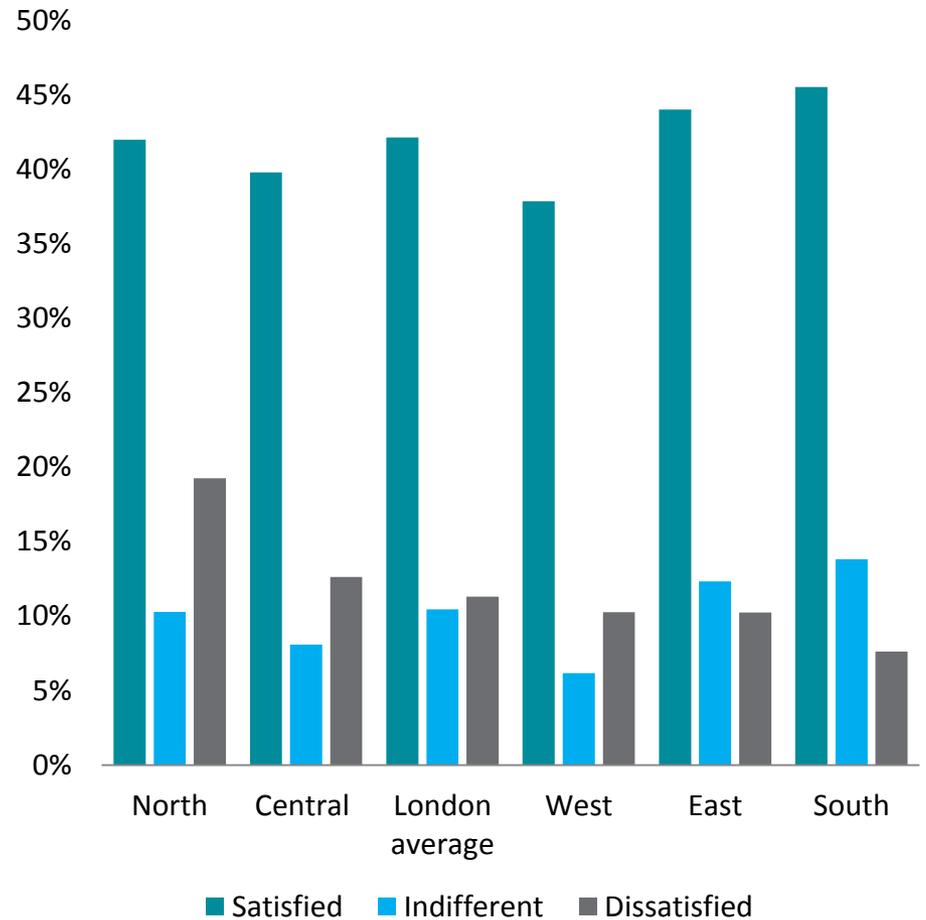
2 Includes Camden, Islington, Kensington & Chelsea, Lambeth, Southwark Wandsworth and Westminster

Source: ONS UK Business Count (IDBR), Cebr analysis

# Dissatisfaction with reliability of broadband speed is highest in North and Central London

- Among London adults who have home broadband, dissatisfaction with average current broadband speed is highest in North London (19%) and Central London (13%)
- This is in line with our expectations as these areas comprise boroughs that suffer from some of the lowest average broadband speeds and the worst superfast broadband coverage (see Appendix for more detailed data).
- Households in these areas thus pay the same amount for a service that on average performs worse than in other parts of London.
- These customers often have less choice to upgrade their service as superfast fibre availability is low.

Satisfaction with average reliability of broadband



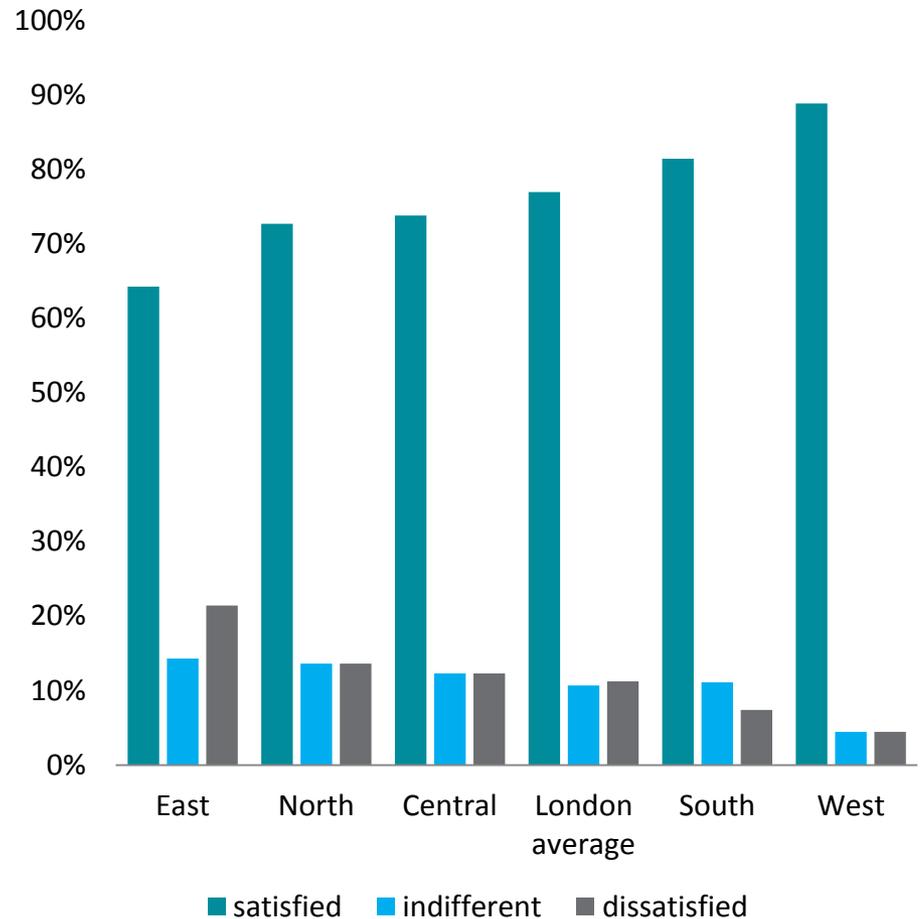
Source: YouGov Survey, Cebr analysis

# Business dissatisfaction with reliability of broadband speed is highest in East, North and Central London

- Among IT decision makers from SMEs with broadband dissatisfaction with average current broadband speed is highest in East London\* (21%), North (14%) and Central London (13%).
- Again, this is in line with our expectations as many boroughs in these areas suffer from the lowest average broadband speeds and the worst superfast broadband coverage (see Appendix for more details).
- Similar to households, SMEs in these areas overpay for a service that on average performs much lower than in other parts of London and often have less choice in terms of alternatives as superfast fibre coverage is often poor.

\* Includes City of London

**Business satisfaction with average reliability of broadband**



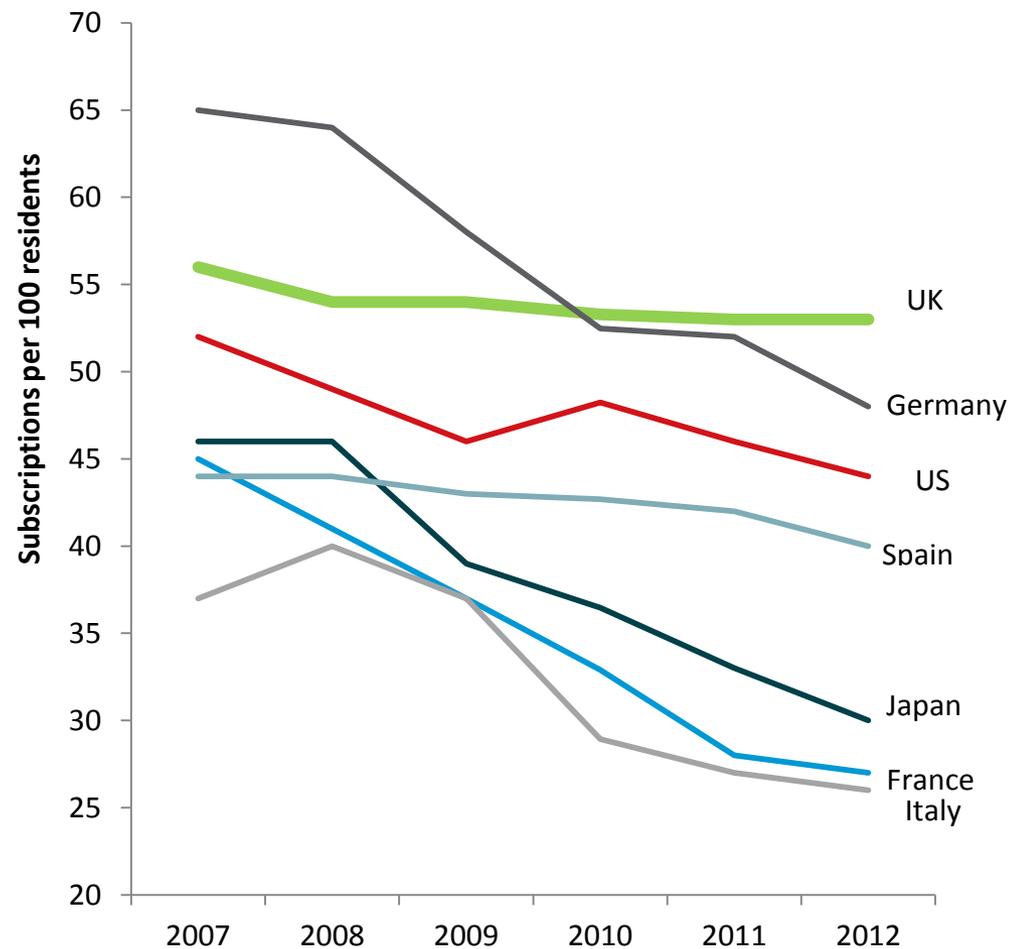
Source: YouGov Survey, Cebr analysis (nb: some base sizes fall below 50)

# Section 3: The landline tax on households

# Landline subscriptions have fallen rapidly in advanced economies with the exception of the UK

- The clear trend in advanced economies has been a shift away from landline subscriptions. For six advanced economies surveyed by Ofcom\*, subscription rates have fallen by an average of 23% between 2007 and 2012.
- The UK represents a clear exception to this trend. Landline subscriptions have fallen by just 5% over the same period.
- In France where landline subscriptions have fallen 40%\*, the shift has been primarily attributed to availability of a 'naked' DSL service, which enables consumers to use broadband services (including VoIP) without a fixed-line analogue telephone connection.
- Customers in the UK remain unable to switch to alternative data and telephony services because the choice does not yet exist in the market. \* Ofcom Communications Market Report 2013

Landline subscription per 100 residents, UK

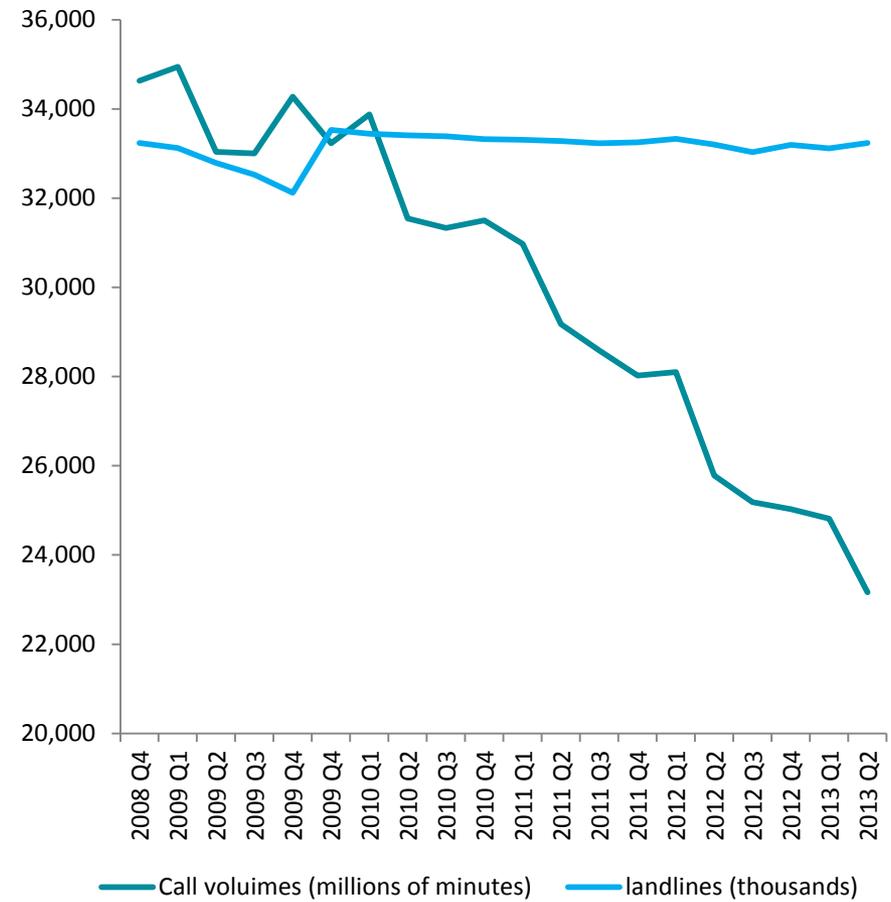


Source: OFCOM, Cebr analysis

# There has been a rapid decline in call volumes among residential customers

- In the UK, fixed line residential call volumes have fallen by 33% over the past five years\*.
- At the same time, landline subscription rates have seen virtually no change. These striking trends point to a collapse in the usage of home phones with a shift towards mobile and internet calls.
- The fact that a landline is required for most broadband services despite falling call volumes indicates that many consumers are getting poor value for money from their monthly landline rental.

Residential consumers calling volumes and landline subscriptions, UK



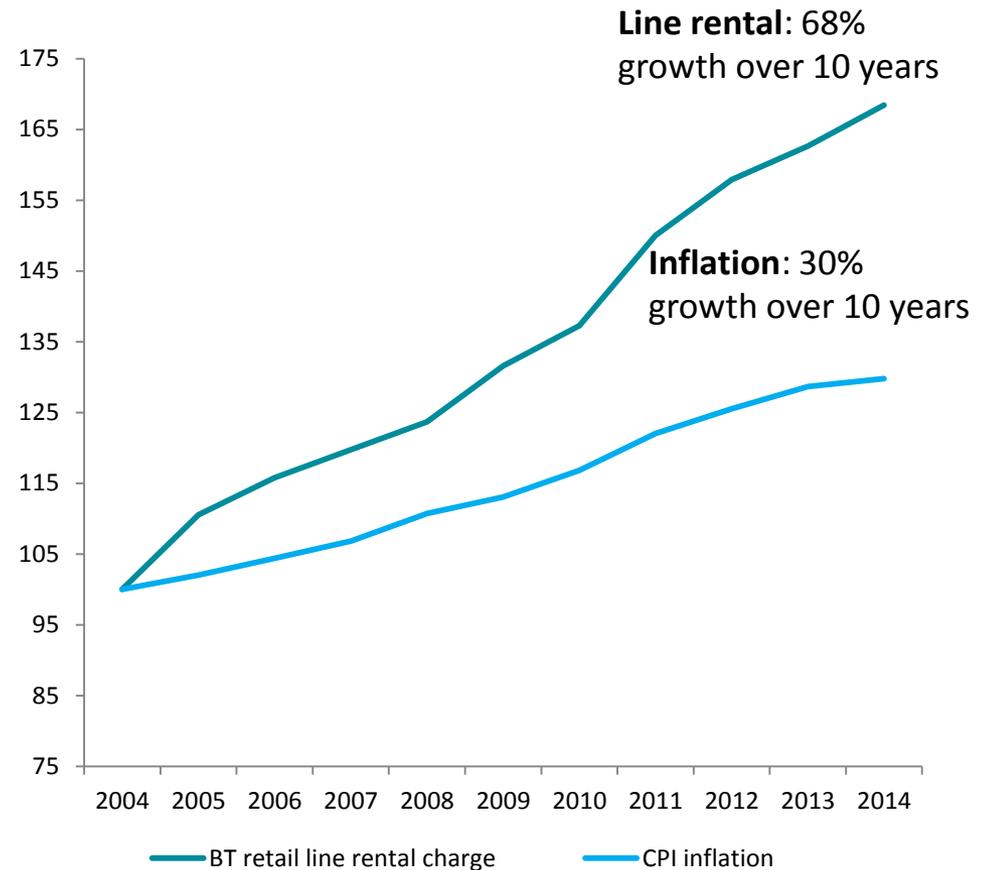
\* Ofcom Communications Market Report 2013

Source: OFCOM, Cebr analysis

# Line rental charges have increased at more than twice the rate of inflation since 2004 while broadband costs have plummeted

- In the past 10 years, residential and business customers have experienced substantial hikes in line rental.
- In 2004, customers paid just £9.50 in BT line rental charges. Ten years later, customers are being charged £15.99. This represents a 68% jump in 10 years. In comparison, CPI inflation has risen just 30%.
- Despite increased competition in the voice and fixed line broadband markets which has driven down prices – we have not seen the same happen with line rental.
- This reflects the fact that landlines tend to be sold in a bundle where the focus is on the headline price - which has generally fallen. It also reflects the distinct lack of competition in the market for landline services.

**BT retail line rental price growth and CPI inflation, index 2004 = 100**



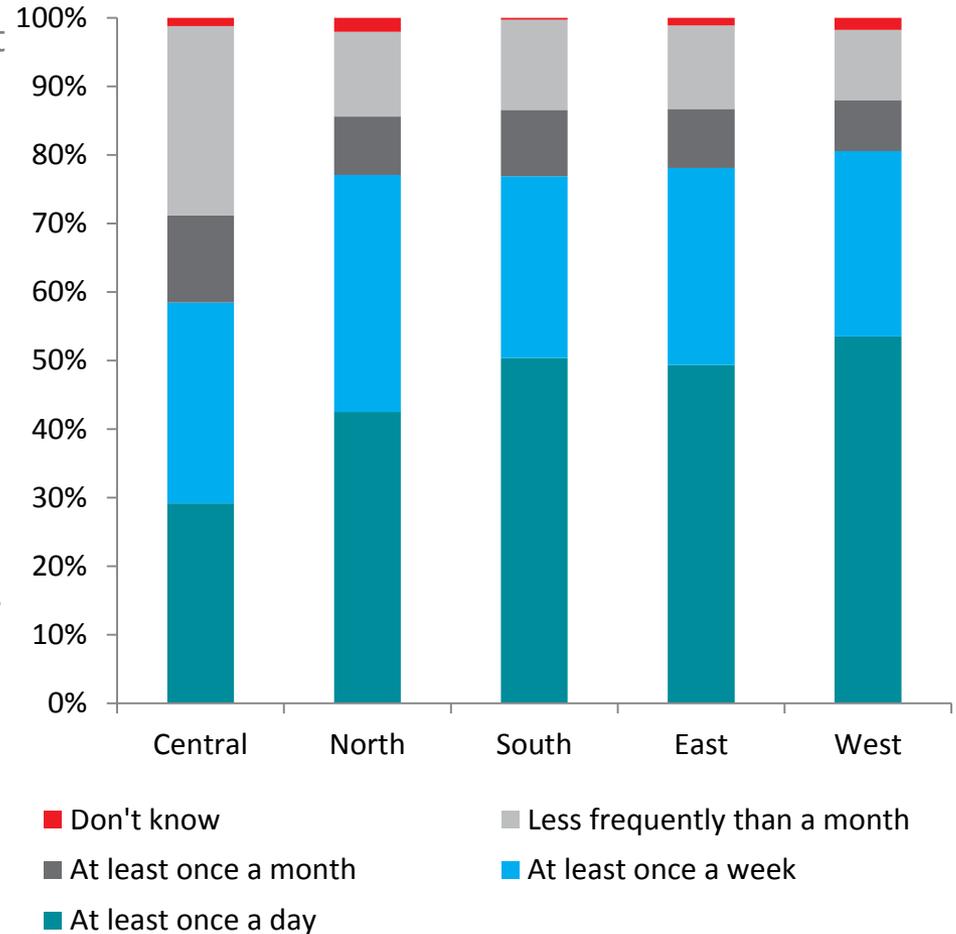
\* Most recent data available from Ofcom

Source: Ofcom Communications Market report 2013, BT

# 53% of Central London residents rarely use their home phone

- Consistent with the national trend, many London households have a home phone but are using it more and more infrequently.
- Our survey of residential broadband customers, conducted by YouGov asked respondents to indicate how often they use their home phone line to make or receive phone calls.
- The findings show that 34% of all London residents use their home phone once a week or less.
- Central London residents are the least likely to use their home phone line with more than half of respondents reporting their households (53%) using their home phone once a week or less.
- Over a quarter (28%) of Central London residents use their home phone less than once a month.

Frequency of home phone line usage for phone calls

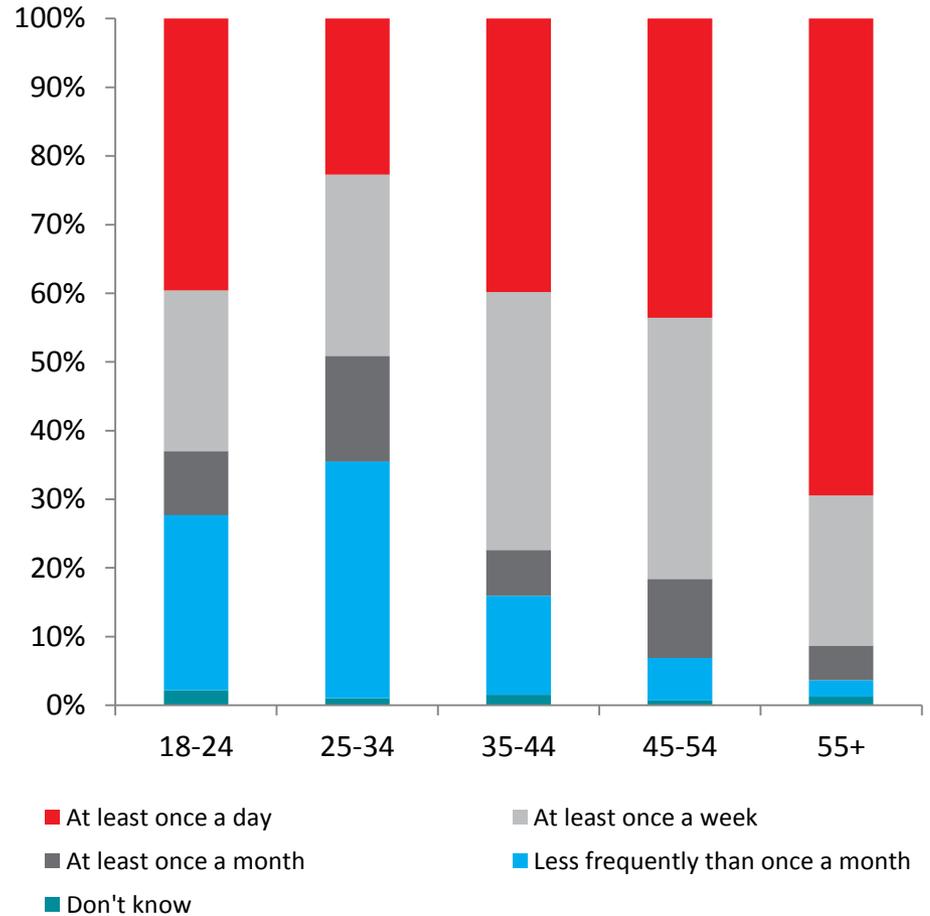


Source: YouGov Survey, Cebr analysis

# 49% of 25 to 34 year olds say their households rarely uses their home phone

- Younger people between the ages of 18 and 34 are the least likely to use their home phones. This age group also tends to be most heavily concentrated in Central London.
- Ofcom research<sup>1</sup> shows that younger users are also the most likely to rely on mobile only services for their internet access at home (5% among 16-24 year olds compared to only 2% among 55-64 year olds).
- Interestingly, in 2013 more UK households had mobile phones (94%) than landlines (84)\*.

Household landline use by frequency, Greater London



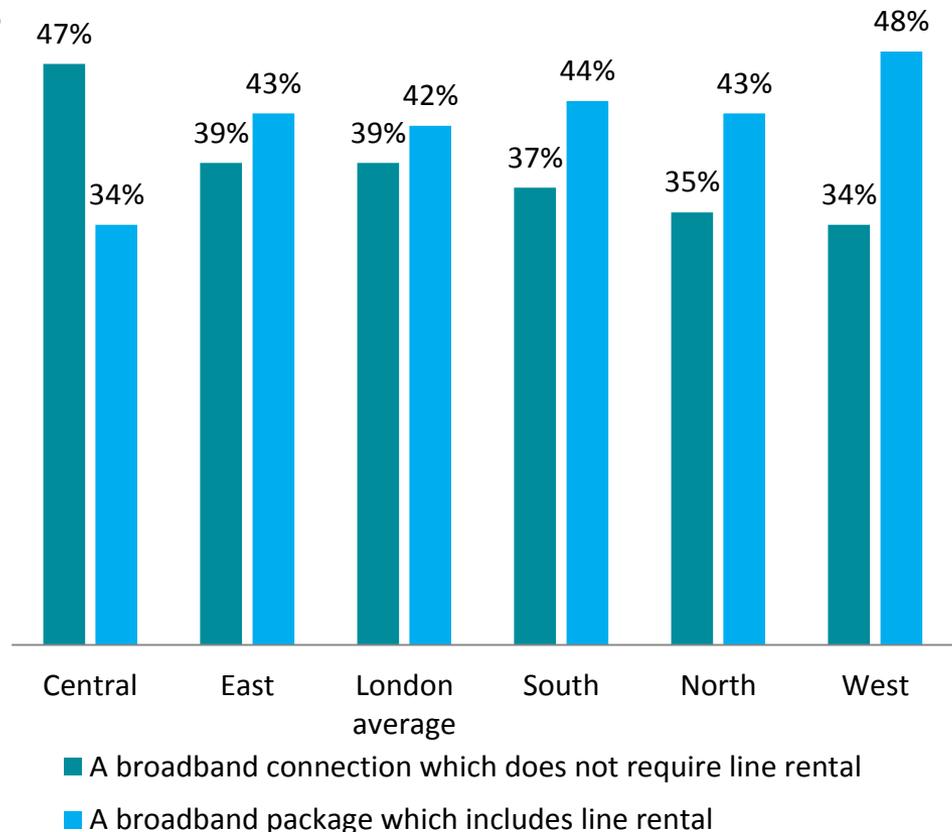
\* Ofcom Communications Market Report 2013

Source: YouGov Survey, Cebr analysis

## 47% of Central London consumers would prefer a broadband contract without line rental - the highest in London

- In line with the low levels home phone usage in Central London, 47% of consumers would prefer their broadband package not to require line rental. This is the highest among all London sub-regions.
- Central London is also the only sub-region of London where more people prefer to have a broadband connection without line rental over a broadband connection inclusive of line rental.
- The desire for line rental as part of a broadband bundle is highest in West London (48%), followed by South London (44%) and North and East London (43%). This compares with only 34% in Central London.

Preference for line rental as part of residential fixed line broadband service\*

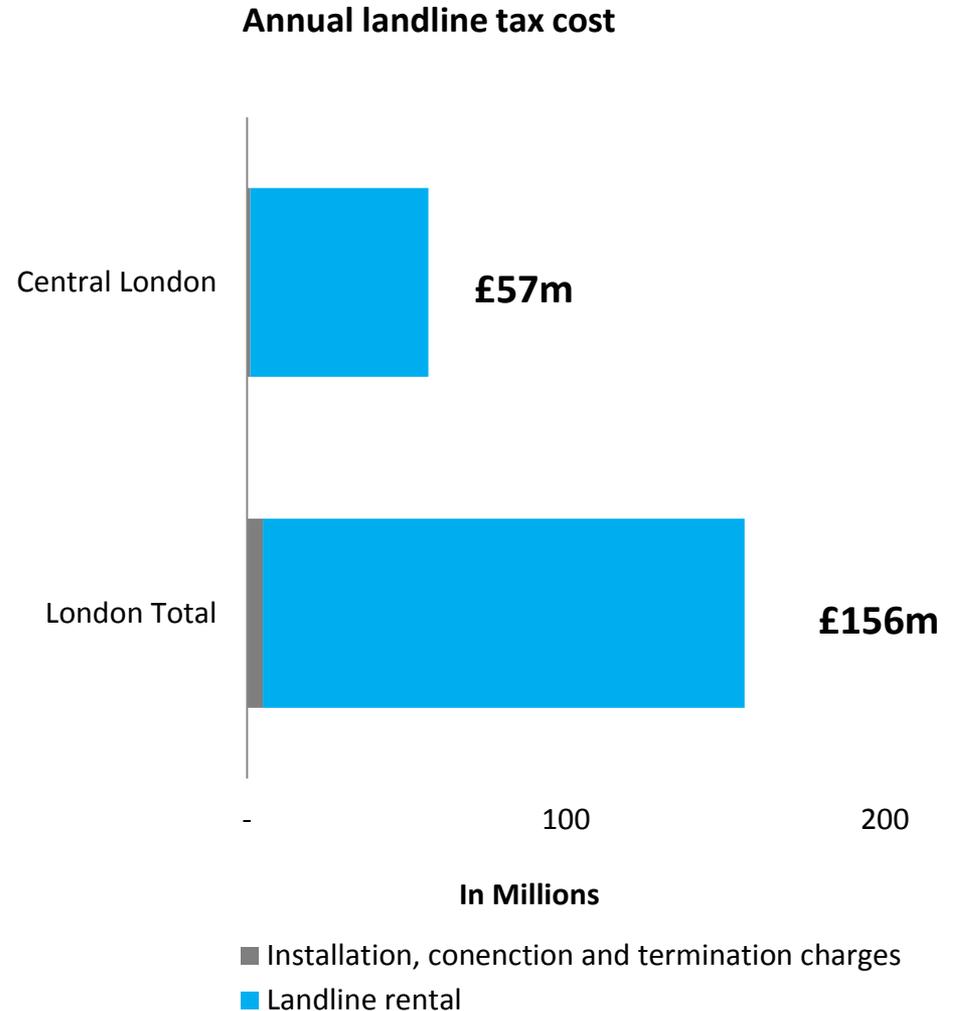


Source: YouGov Survey, Cebr analysis

\*Where figures do not sum, this is where respondents indicated that they did not know their preference.

# The landline tax costs London households £156 million per year

- We define consumers to be subject to a 'landline tax' where they have no preference for a landline, use their home phone rarely and have no option but to pay for a landline to access broadband services.
- These consumers might otherwise opt out of having a landline but are forced to pay monthly line rental because viable alternatives are not yet available to them on the market.
- Annually this imposes an estimated cost of £156 million on London households. Of this, £57 million (36%) were costs paid by households in Central London.

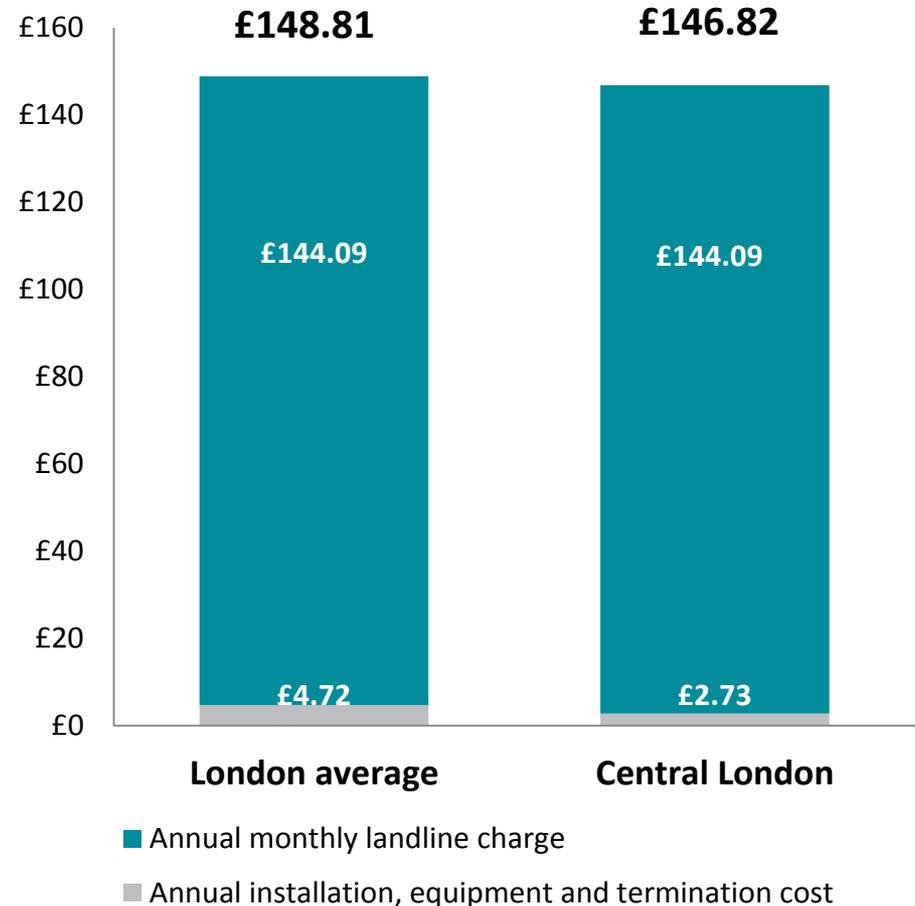


Source: YouGov Survey, Cebr analysis

# Households affected by the landline tax burdened with £149 per year

- The monthly landline rental charge is by far the largest component of the landline tax.
- Average landline rental calculated and used in the estimates are based on the London market shares as granular data at the Central London level is not available.
- Consumers also incur installation, connection and termination charges which come to on average £4.72 per household in London per year. In Central London, these costs are only slightly smaller at £2.73.
- Whilst unnecessary costs may seem negligibly low, it has to be noted that these only accrue when a new contract is made or an old one dissolved and hence depend on the timing of consumers switching providers which is unlikely to occur every year.

Average landline tax per household, annual



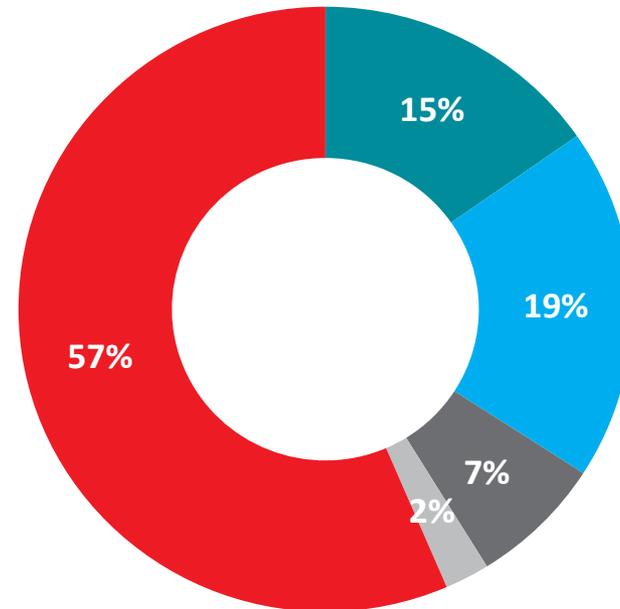
Source: YouGov Survey, Cebr analysis

# Section 4: Other unnecessary costs on households: lost leisure time

# A total of 28% of households have to take at least half a day off work for installation

- Many residential fixed line broadband customers end up taking time off work to be present for a broadband line installation. This is a common requirement for superfast fibre installation which requires a new telephone socket to be installed in most homes.
- This forces customers to take time off work to arrange and supervise the installation.
- The survey found that a total of 43% of respondents who could recall said someone in their household took time out of their day to supervise and be present for an installation.
- Applying these findings to London as a whole, this results in an estimated 3.5 hours of leisure time lost as a result of fixed line broadband installation.

Time lost due to fixed line broadband installation\*, Greater London



- Half a day or less
- More than half a day, up to 1 day
- More than 1 day, up to 2 days
- More than 2 days
- N/A - did not have to take time off

\* Results exclude the 15% of respondents that could not recall if a member of their household needed to take time off

Source: YouGov Survey, Cebr analysis

# Value of leisure time lost by households being present for an installation is on average £17.65

- The cost to the individual household from leisure time wasted during the broadband installation comes to an estimated £17.65 for London.
- In Central London this is a third higher at an estimated £23.07. This is due to installations for Central London households requiring more time than the London average.

Cost of time wasted by household per installation

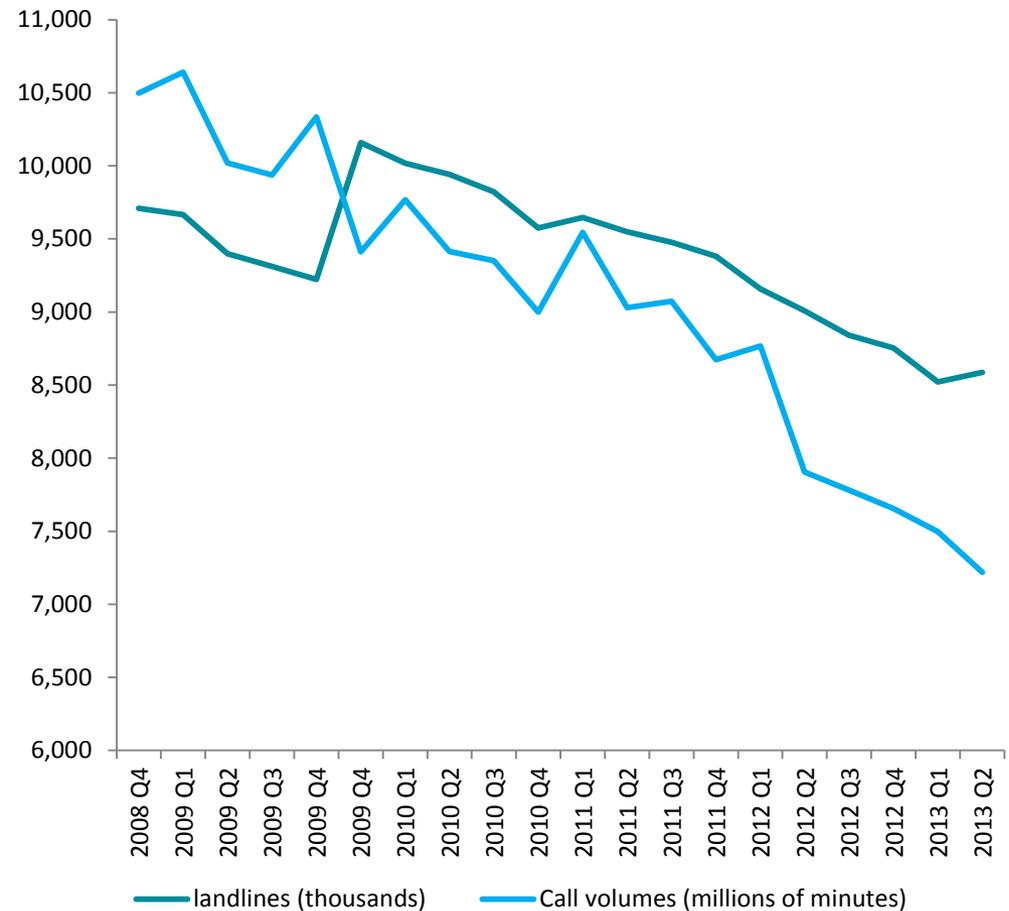


# Section 5: The landline tax on businesses

# There has been a rapid decline in both landline usage and call volumes among SME customers

- Similar to residential customers, business voice call volumes have fallen sharply over the past five years from around 10.5 billion minutes in the last quarter of 2008 to only 7.2 billion minutes in quarter 2 of 2013, a drop of 31.2%.
- However, in contrast to residential customers, landline subscription numbers among businesses have fallen in line with the decrease in calling volumes.
- The popularity of VoIP<sup>1</sup> packages amongst businesses along with company-wide mobile plans have allowed some companies to reduce the number of landlines they require.

**Business customers call volumes and landline subscriptions, UK**



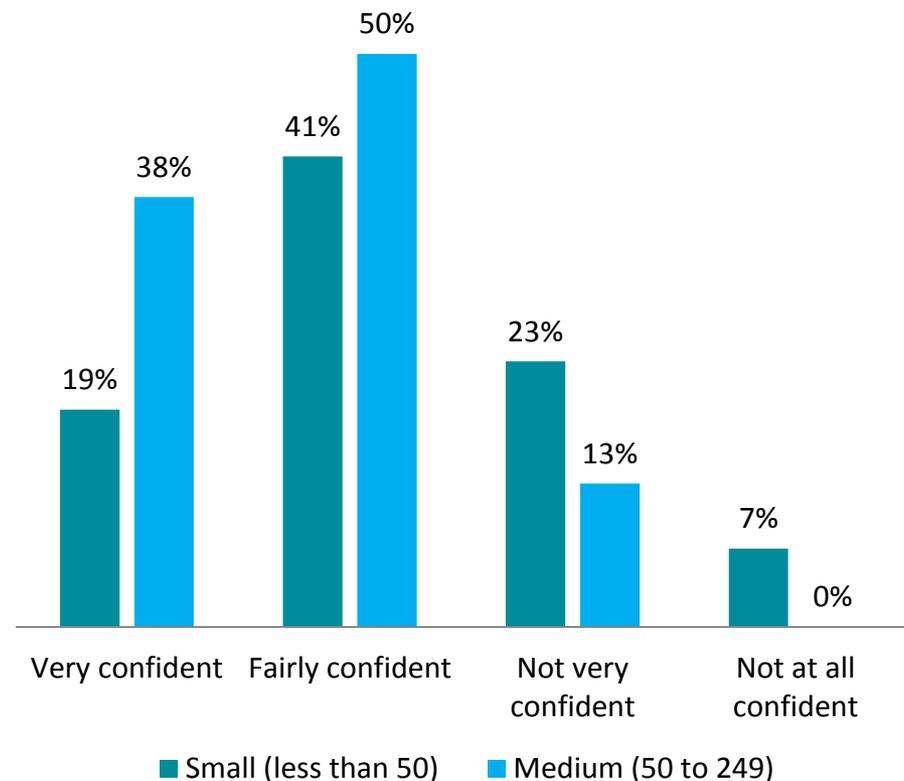
<sup>1</sup> Voice over Internet Protocol – voice calls made over a broadband connection rather than a traditional analogue phone line

Source: OFCOM, Cebr analysis

# 62% of SMEs are confident they can operate effectively without a landline

- A total of 62% of IT decision makers from London SMEs report that they would be confident operating effectively without a landline.
- Still, 60% of respondents from small businesses were very to fairly confident that they would be able to effectively operate without a landline.
- A potential reason for this finding is that small businesses are more likely to have a low number of landlines which often serve a specific purpose – such as connection to an alarm control centre. This makes it more difficult to reduce the number of landlines small companies retain.

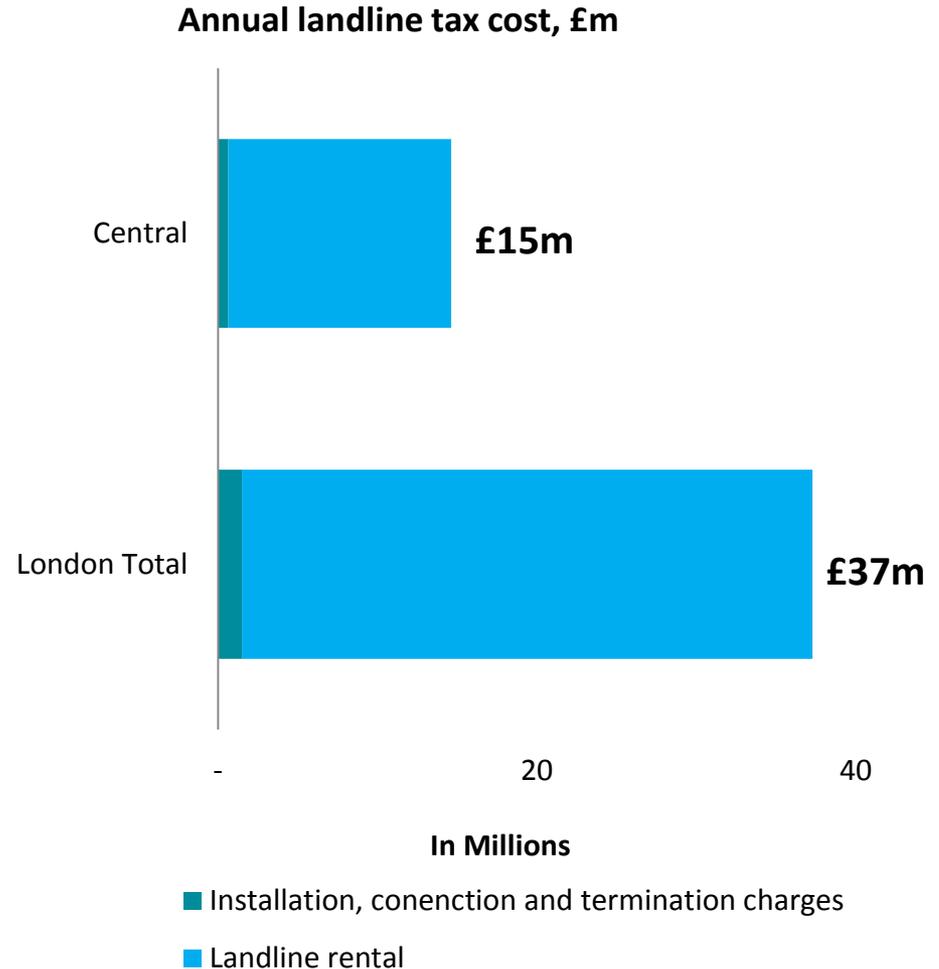
**Confidence in business operating effectively without a landline, by size band, Greater London**



Source: YouGov Survey, Cebr analysis

# The landline tax costs London SMEs £37 million per year

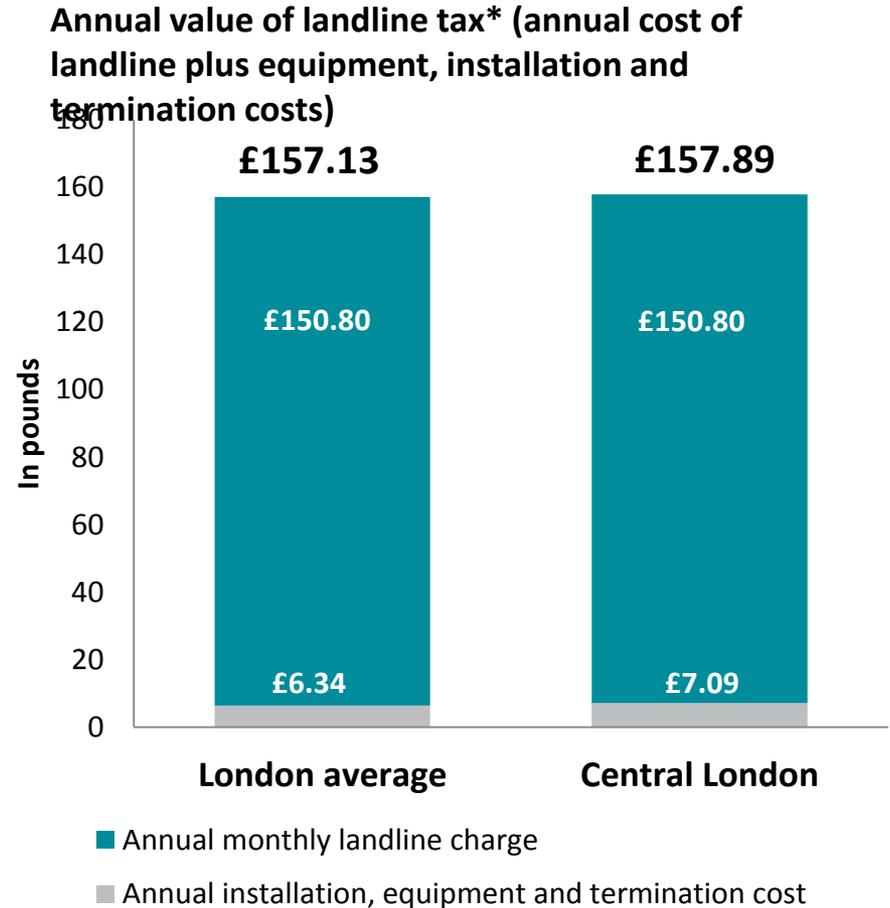
- We define SMEs to be subject to a 'landline tax' where they could operate effectively without a landline but do not have the option to subscribe to an alternative service.
- These SMEs would otherwise opt out of having a landline but are forced to pay monthly line rental because viable alternatives are not yet available to them in their area.
- This imposes an estimated annual cost of £37 million on London SMEs. Of this £15 million (40%) are paid by SMEs in Central London.



Source: YouGov Survey, Cebr analysis

# London SMEs pay on average £157.13 landline tax per year

- The landline tax for the average SME in London is estimated to be £157.13 per year. The average SME in Central London pays is subject to a higher landline tax of an estimated £157.89 per year.
- The lion’s share of the landline tax is attributable to the monthly line rental. This sets SMEs back an estimated £150.80 every year per line.
- One-time costs imposed by installation, connection and termination account for the difference between the figures for the London average and Central London. These come to £6.34 annually per SME in London.
- The one-time costs are slightly higher in Central London at £7.09 per SME.



\* This value is calculated assuming SMEs have one landline used for broadband. This may, in practice be higher. The estimate presented above is thus a more conservative estimate as we do not account for those SMEs that have more than one landline for broadband.

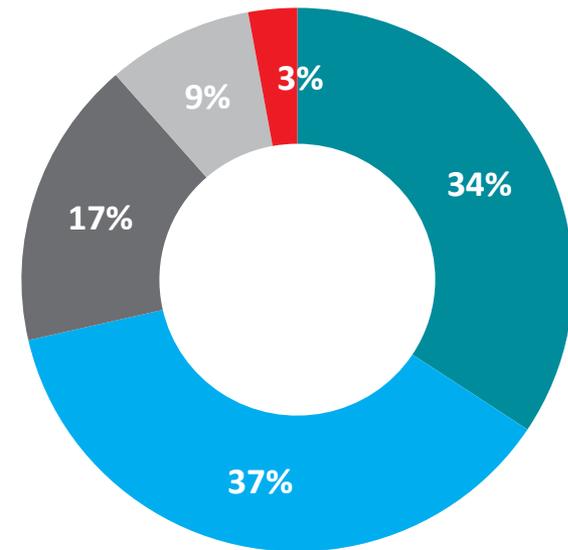
Source: YouGov Survey, Cebr analysis

# Section 6: Other unnecessary costs on businesses: lost productivity and delays

# The average SME wastes a day of productive time on installation of their broadband

- SMEs often lose valuable productive time when their staff need to supervise and arrange the installation of a broadband connection on their premises.
- The survey results show that 29% of IT decision makers, surveyed from SMEs, that could recall spent more than 4 hours supervising installation and 12% spent more than a day. This imposes a considerable cost in lost productive time on the average London SME.
- Applying these findings to London SMEs who install broadband in a given year, this would result in a total of 8 hours of productive time lost each year as a result of broadband installation.

**Reported amount of time lost per SME due to supervision and arrangement of installation\*, Greater London**



- 1 hour or less
- More than 1 hour, up to 4 hours
- More than 4 hours, up to 24 hours
- More than 24 hours, up to 48 hours
- More than 48 hours

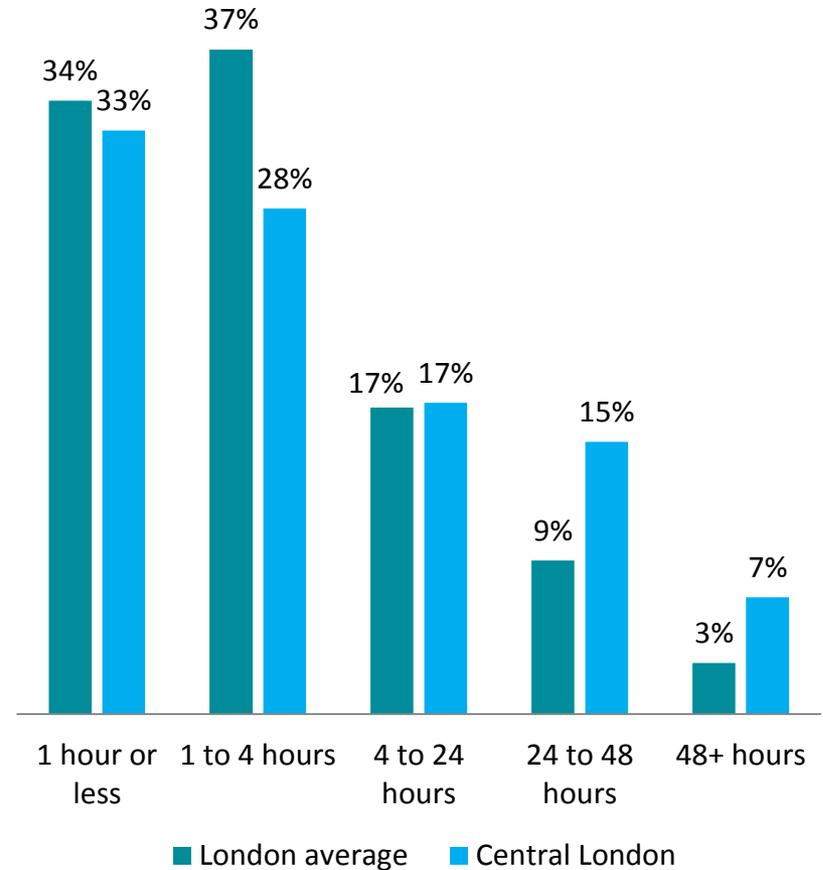
Source: YouGov Survey, Cebr analysis

\* Results exclude the 25% of respondents that could not recall if a staff member needed to take time off

# Central London SMEs lose more productive time due to installation

- Interestingly, SMEs in Central London reported spending an average of 11.9 hours per installation – substantially more than SMEs elsewhere in London.
- A total of 22% of Central London SMEs spent between 24-48 hours (compared to the London average of 12%). A total of 7% of Central London SMEs spent more than 48 hours of their productive time.
- This was also reflected in the number of productive days lost in Central London SMEs. This is estimated at 29,400 days per year, 58% of the total productive time lost by all London SMEs.

Amount of time lost due to supervision and arrangement of installation



Source: YouGov Survey, Cebr analysis (nb: base sizes fall below 50)

# Cost to the average Central London SME from time lost due to installation higher than the London average

- The cost to the individual SME from productive time wasted during the average broadband installation comes to an estimated £164.02 for London SMEs and an estimated £245.57 for Central London SMEs.
- This is due to more time being lost on arranging and supervising installations in Central London SMEs.

Cost of productive time lost per installation



Source: YouGov Survey, Cebr analysis

# Section 7: Implications of the research findings for switching behaviour

# Implications for switching behaviour

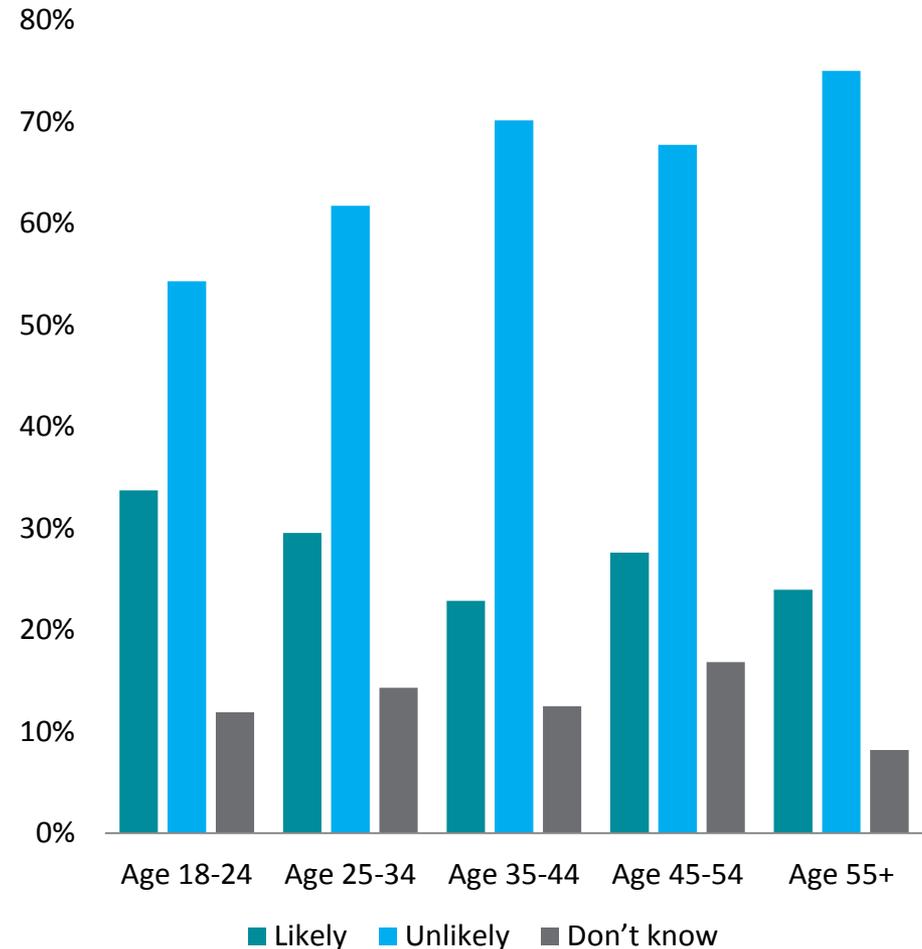
- Central London boroughs have the worst broadband speeds and superfast broadband availability, this also affects some East London Boroughs (most notably the City of London and Tower Hamlets).
- Residential and SME customers are concentrated in Central London. These customers are also the most likely to be unsatisfied with the performance of their service – mainly because of slow broadband speeds and poor performance.
- At the same time, usage of landlines for voice calls has declined rapidly over the past five years in the UK. Many households are satisfied with not having a landline installed yet they continue to pay for a monthly landline rental in the absence of alternative broadband services.
- This means the households and SMEs that do not require their landlines are essentially faced with a landline tax which we quantified in the previous section to be an average of £149 for those households affected and on average £157 for affected SMEs.
- Home and business fixed line broadband customers would be justified to perceive their service as poor value for money in areas with slow average speed – particularly where they are paying for a monthly line rental and do not use voice telephony services. The poor fixed line broadband performance is not meeting customer expectations - resulting in higher levels of switching between broadband providers.

# 1 in 3 in three young adults intends to switch broadband provider over the coming year

- The survey found that willingness to switch providers was particularly pronounced among younger age groups.
- 34% of the 18-24 year olds stated they are likely to switch providers over the next 12 months, followed by 30% of the 25-34 year olds.
- These are also the age groups that are the most extensive of users of mobile internet\* and the least likely to have a home phone installed.
- A nation-wide survey of 10,000 consumers undertaken by ThinkBroadband in 2012 found that older users above the level of 55 are twice as likely to stay with their providers (56%) for more than four years compared to younger users aged 18-24 (28%)

\* Ofcom Communications Market Report, 2013

Households' intention to switch providers in the next 12 months, by age group

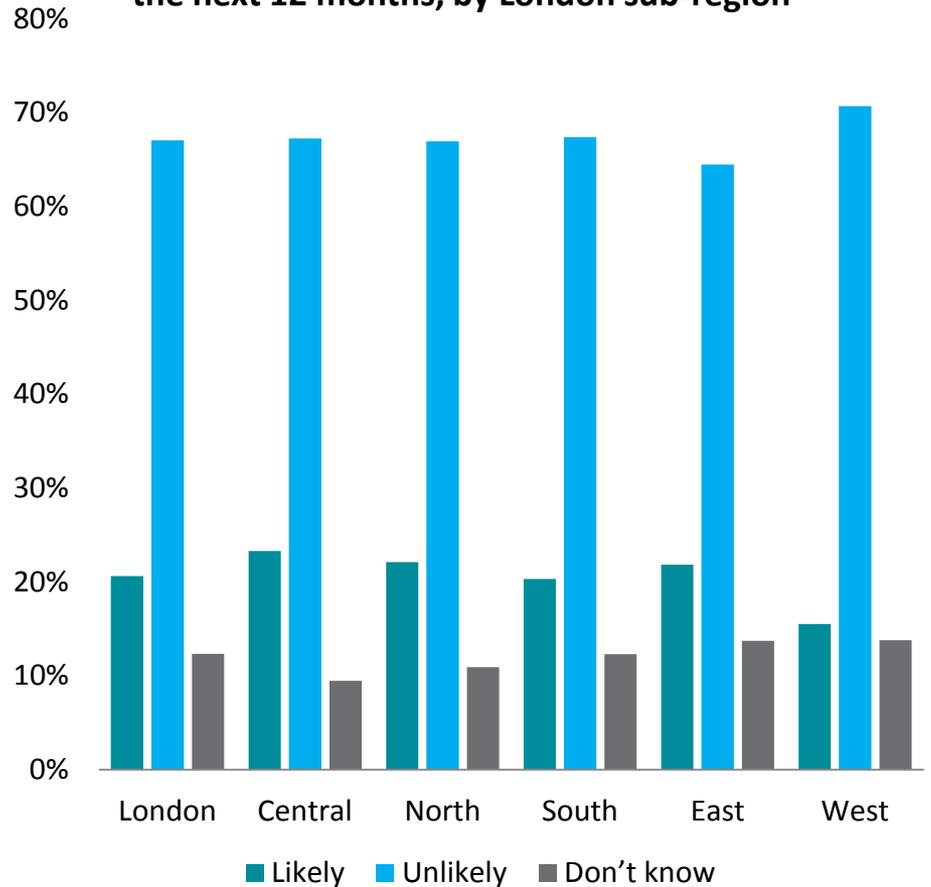


Source: YouGov Survey, Cebr analysis

# Intention to switch broadband providers is highest among households in Inner London

- The YouGov survey of London residential broadband customers asked about intentions to switch broadband providers.
- 1 in 5 Londoners overall stated they were fairly to very likely to switch internet providers within the next 12 months
- The willingness to switch providers was also particularly pronounced in Central (23%), East (22%) and North London (22%).
- These findings likely relate to the worse broadband speeds available to customers in London’s central boroughs. For example, slower broadband services are particularly common in Central, East and parts of North London.

Households’ intention to switch internet provider in the next 12 months, by London sub-region

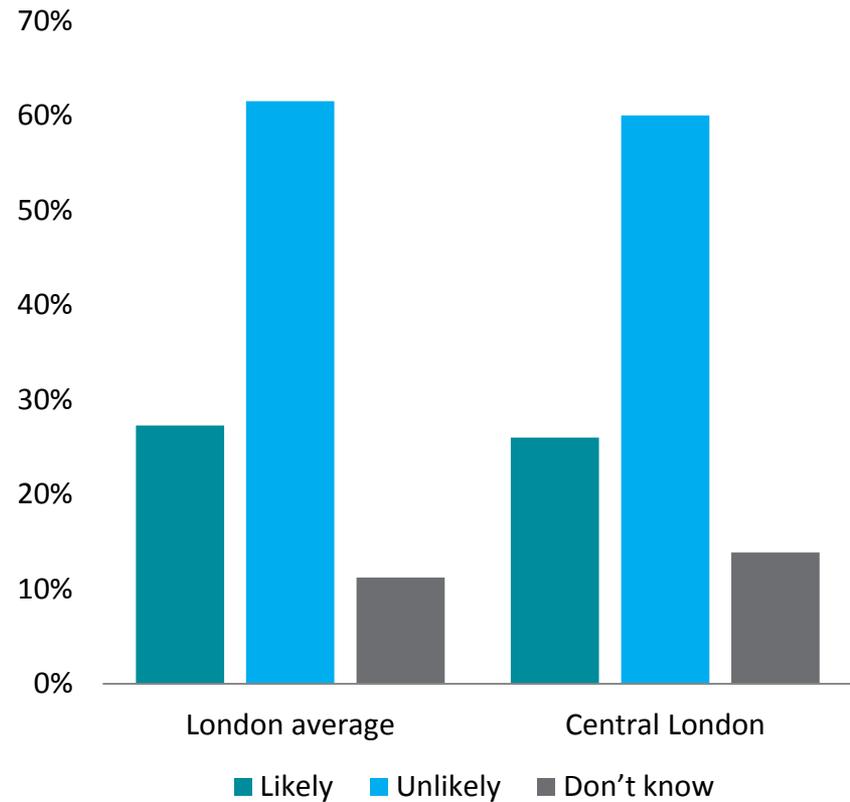


Source: YouGov Survey, Cebr analysis

# Intention to switch broadband providers among London SMEs is 27% on average

- Among IT decision makers from London SMEs, 26% stated that they were 'fairly to very likely' to switch internet providers within the next 12 months.
- The willingness to switch providers was less pronounced in Central London (26%).
- These numbers are fairly high and are likely related to the broadband services available to customers in London.

**SMEs intention to switch providers within the next 12 months**



Source: YouGov Survey, Cebr analysis (nb: base sizes fall below 50)

# Summary tables

## Table of costs of landline tax – households, annual total

Total Annual Costs to households	London	Central London
Landline rental cost	£151.1m	£55.9m
Costs from installation & connection	£2.5m	£0.73m
Cost from termination	£2.5m	£0.3m
<b>Landline tax</b>	<b>£156 m</b>	<b>£56.9m</b>
<b>Value of time wasted</b>	<b>£1.4m</b>	<b>£0.8m</b>
<b>ALL COSTS</b>	<b>£157.4m</b>	<b>£57.7m</b>

## Table of annual costs of landline tax – per affected household

Annual costs per household	London	Central London
Landline rental cost	£144.09	£144.09
Costs from installation & connection	£2.35	£1.90
Cost from termination	£2.38	£0.83
<b>Landline tax</b>	<b>£148.82</b>	<b>£146.82</b>
<b>Value of time wasted</b>	<b>£3.53</b>	<b>£4.61</b>
<b>ALL COSTS</b>	<b>£152.35</b>	<b>£151.43</b>

## Table of costs of landline tax – SMEs, annual total

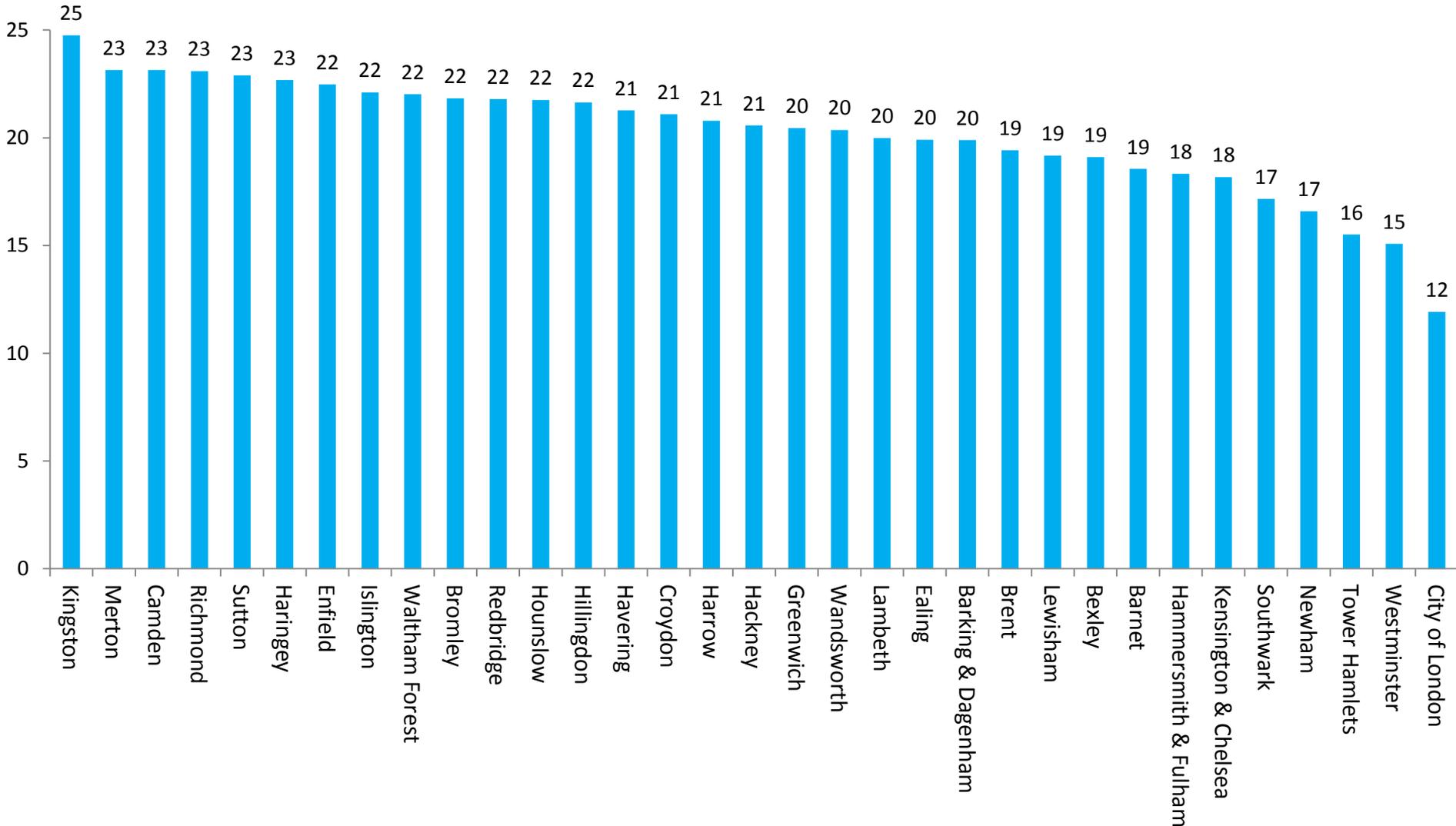
Total Annual Costs to SMEs	London	Central London
Landline rental cost	£35.8m	£14m
Costs from installation & connection	£1.5m	£0.7m
<b>Landline tax</b>	<b>£37.3m</b>	<b>£14.7m</b>
<b>Value of time wasted</b>	<b>£7.8m</b>	<b>£4.5m</b>
<b>ALL COSTS</b>	<b>£45.1m</b>	<b>£19.2m</b>

## Table of annual costs of landline tax – per affected SME

<b>Annual costs per SME</b>	<b>London</b>	<b>Central London</b>
Landline rental cost	£150.80	£150.80
Costs from installation & connection	£6.34	£7.09
<b>Landline tax</b>	<b>£157.13</b>	<b>£157.89</b>
<b>Value of time wasted</b>	<b>£32.80</b>	<b>£49.11</b>
<b>ALL COSTS</b>	<b>£183.60</b>	<b>£199.91</b>

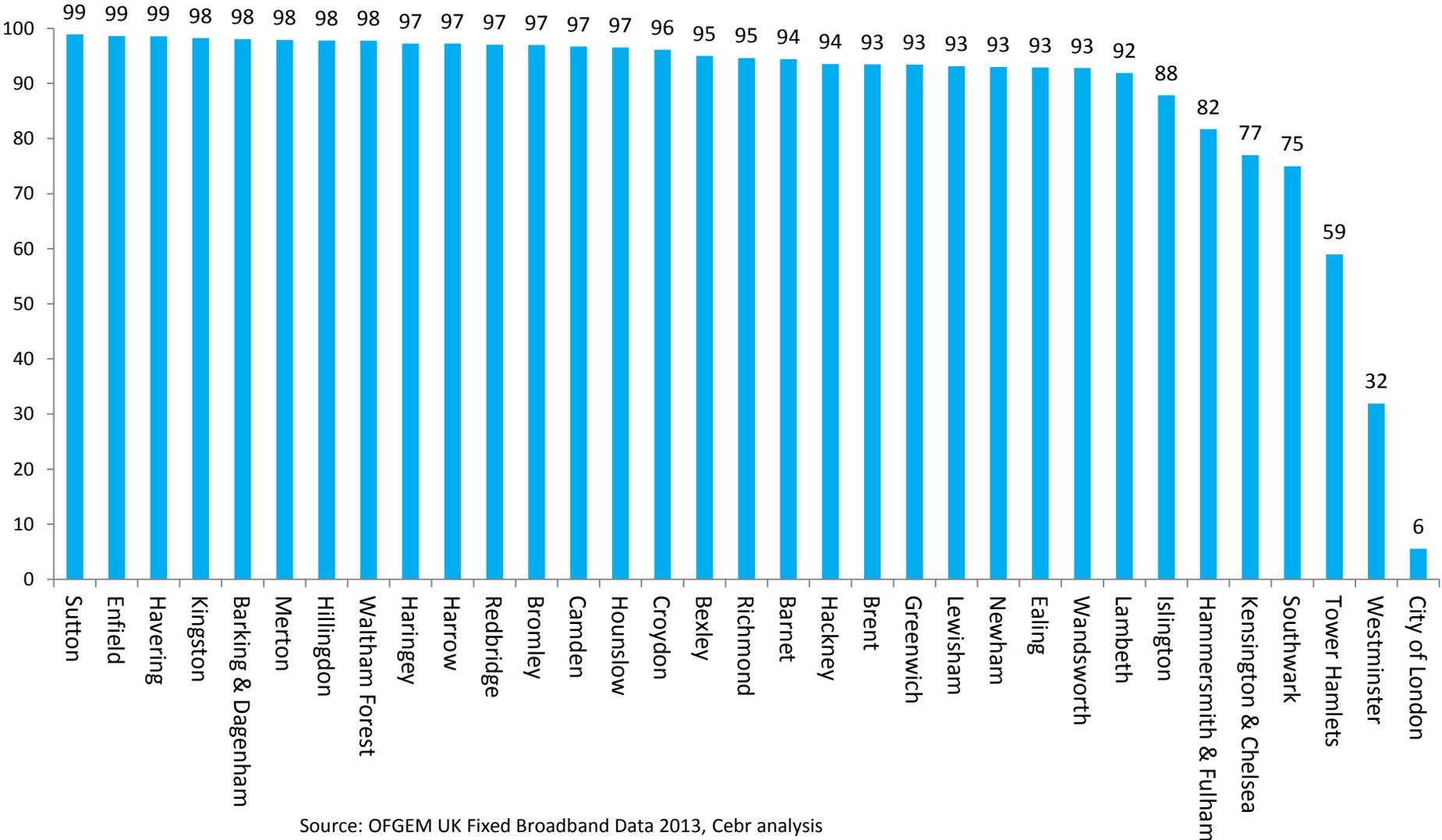
# Appendix

# Average broadband speed (Mbit/s), by London borough



Source: OFGEM UK Fixed Broadband Data 2013, Cebr analysis

# Superfast fixed line broadband availability, % of addresses, by London borough



Source: OFGEM UK Fixed Broadband Data 2013, Cebr analysis



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