Digital Britain: the interim report

Introduction and summary remarks

1. This response to *Digital Britain* has been drafted jointly by Connect – the union for professionals in communications and the Communication Workers Union which, between them, represent more than 90,000 members working at all levels across the UK telecommunications industry in more than thirty separate companies.

2. Building on long-standing experience in both unions with technological developments and industry regulatory initiatives, we have already responded to the Ofcom consultations on Next Generation Access, while Connect has produced its own booklet on fast broadband access *Connecting Britain's Future: The Slow Arrival of Fast Broadband*. Earlier on, the CWU's own campaign *Demand Broadband* was instrumental in encouraging the roll-out of current generation broadband networks. We have also met Francesco Caio in the process of the production of his review of the barriers to NGA investment in 2008. Consequently, we are both extremely familiar with the issues at stake in the supply of the communications networks over which *Digital Britain* will be delivered and are pleased to provide some comments and feedback to the interim report on behalf of all our members in the particular area of networks and universal service.

3. Firstly, we would like to welcome the publication of the report and the development of the initiative and its action points, as well as the subsequent attempts by the team to generate and engage with public discussion on the issue via the www.digitalbritainforum.org.uk website. This is a vital initiative which has the potential to shape Britain for a more dynamic, a more engaged and a more cohesive future. It is, however, essential that the themes of *Digital Britain* are subject to the widest possible discussion and debate so as to deliver the connected Britain that we all wish to see, as well as to support the country in its attempts to emerge from the current economic crisis – where infrastructure provision has a critical role.

4. Secondly, our approach in summary to the themes of *Digital Britain*, on which our comments here are focused, are as follows:

- there needs to be regulatory certainty which will allow network providers to plan and deliver their investment, confident that the risks taken in making that investment will not be compromised by subsequent regulatory action
- there is a clearly identifiable role for the public sector where the market cannot or will not deliver. It is time to stop what we identify as a certain amount of hand-wringing over this

issue and actually consider what must be done. The Executive Summary of the interim report refers to the need for 'industrial activism' on the part of the government and we would like to see this implemented

- there needs to be a review of the universal service obligation to encompass a broadband objective which delivers, for example, a broadband video capability. This would turn the Digital Britain interim report proposal of a 'commitment' on universal broadband provision to one of an obligation. We would suggest that careful attention needs to be paid to the issue of the speeds over which such an obligation operates. This would need to be linked to the definition of functional internet access which National Regulatory Authorities, including Ofcom in the UK, have the power to determine.

5. There are considerable social and economic benefits that are likely to result from *Digital Britain*, not least the development in the UK of digital content and applications. This has the potential to drive social inclusion and economic growth; at the same time, it is likely to exacerbate social exclusion if we are not sufficiently prepared firstly to guard, and then specifically and deliberately to act, against this. This cannot be stressed highly enough. It is therefore paramount that the deployment of *Digital Britain* initiatives takes place on a cohesive basis throughout the nations and regions of the UK, and amongst all socio-economic groups – indeed, without this the whole initiative itself becomes meaningless. In this context, the aim of *Digital Britain* must be to generate a commitment to action, not just to talk, around its themes and, more particularly, around the achievement of the policy goals which have been set out.

6. It is clear to us that a lack of fibre-based, high-speed broadband access networks will act as a major barrier to innovation in the UK. Signs of congestion in existing copper based networks are already apparent, particularly in backhaul and access where the network nears the point of consumption. In contrast, the provision of such high-speed networks will act as a stimulus to innovation, not least in the development of applications that are facilitated by the provision of higher capacity. Other countries are building a lead in this area and it is vital that the UK catches up if it is to retain a position as a software and applications development centre.

7. Finally, in our summary comments, we would urge the *Digital Britain* team, in its further development and especially in its final report, simply to be braver. The interim report is a welcome work in progress and the team is on the right track but, given the economic circumstances in which we find ourselves, we would expect the team over the next few months to grasp the nettle of what encouraging a Digital Britain would contribute to helping

the country out of recession. Bolder, braver thinking is required if the UK is to emerge from its current economic difficulties and we hope that the final report gives a firm set of conclusions based on these parameters rather than on a reiterated, somewhat simplistic and perhaps now outmoded faith in the potential of markets to deliver an affordable universal service.

Regulatory certainty

8. Our arguments on this theme are well-known, as they have been submitted both to Ofcom and to the Caio Review. Clearly, Ofcom is already some way down the path to defining its approach to the regulatory environment that will apply, and that is welcome. Major network operators need regulatory certainty and the confidence that high risk infrastructure investment justifies a higher rate of return. Without it, they will invest at a much more cautious pace than policy would perhaps lead us to hope. Work no doubt continues to progress within Ofcom, but this needs urgently to be completed if investment is to take place within a competitive timeframe, and one which is able to contribute to helping pull the UK out of its current difficulties. By keeping this issue high on the public agenda, the *Digital Britain* team will help to ensure that regulatory certainty is an early outcome, thus providing a foundation on which it can base the rest of its work programme.

9. At the same time, the report emphasises that the range of existing initiatives will take the proportion of the UK population with access to NGA services to around one-half and perhaps up to 60% or more.[1] (The report is very vague here but we would hope to see a rather firmer figure outlined in the final report.) This is, presumably, under the conditions of regulatory certainty. We go on to discuss this issue later – but, in this immediate context, the notion that regulatory certainty will provide, on a market/competitive basis, services to around half the UK population demonstrates the simple limitations of the approach. We need to be concerning ourselves now not so much with the questions of regulatory policy for where investment will be delivered, but with what we are going to do in practice where investment does not take place. This policy issue, it would seem, is less of an immediate concern for Ofcom and more one for the *Digital Britain* team, and we would urge the team to take that on board in its Action Points No. 1 and No. 4.

10. NGA services to half UK homes, with a strong bias towards large, urban areas, is simply insufficient for social cohesion: indeed, as we have said already, this level of provision may well drive social division.

[1] *Digital Britain* interim report, p. 19.

A role for the public sector

11. The interim report is very clear that it wishes to avoid a sterile debate around intervention versus *laissez faire* – while pointing to the existing, widespread role of the public sector and the changed economic circumstances which have led to a tilting balance between the two threads of the Caio Review – watching and leading – towards the latter. Fair enough, perhaps – certainly in the context of whether we have one or the other. Both are, surely, possible and we would agree that an effective marriage of the two ought to be the focus of *Digital Britain* (and other initiatives like it). There are a number of observations we would like to make here.

12. Firstly, the report identifies that network congestion, which is most noticeable in backhaul carriage, will become particularly acute in small town and rural areas where average speeds are already lower than in dense urban areas. These areas will not be a target for early NGA investment which is, on the grounds of securing an early return on investment, likely to be concentrated instead in areas where broadband speeds are already decent.

13. Secondly, a survey produced by *Point Topic* mapping the population currently unable to receive services of 2 Mbps has found large regional disparities – 1.2% in London; 32.2% in Northern Ireland – and identified that, overall, a frighteningly large percentage of the population across the UK as a whole is currently unable to receive services of even this speed. We are not talking here of 'the last few percent' (that is a sterile debate); we are talking about a significant minority of the UK population. Even moving from a measure of population to one of households, we note that, while the BT network covers 93% of households, this still leaves some 1.75m unserved.

14. Thirdly, there is a clear role for community-based initiatives in encouraging the development of broadband networks. Where they exist, we welcome these and their contribution. Nevertheless, it seems to us that piecemeal initiatives, relying on strongly motivated individuals or associations, can only take us so far if goals are to be achieved. What we need to emerge from the final report of the *Digital Britain* initiative is a strategic, co-ordinated response to the issue of correcting market failures. This would seem to have strong implications for Action 5: bringing together all the existing initiatives into one umbrella body makes sense – but it does need to be recognised that this needs to go further, both in terms of the areas that are not currently covered as well as at the strategic level at which it operates.

15. These are issues that the Digital Britain team recognise as important. It is worth quoting at length from the report in this area because these words not only have a strong resonance for us but they would seem to embody the crux of the argument for why we believe there to be such a strong role for the public sector:

> But if by 2012 we have a society where 50 per cent of the population has very high speed broadband, 40 per cent has first generation broadband but little prospect of market-led upgrade to next generation broadband, and up to ten per cent of homes are still in not-spots, not-a-lot spots or not-at-all good spots, then the gulf in access and connectivity will appear starker than it is today.

16. At its very simplest, then, the case for a role for the public sector lies in over-coming a situation which, it would seem, and acknowledging that the figures in the quotes are probably not intended to be taken literally, is already at least partly predictable. It is worth emphasising here that there is not only a regional and nations-based argument for a more cohesive deployment of high-speed networks but a socio-economic one too: we need to equip people from all parts of society with the skills and competencies, as well as with the physical networks, to enable them to handle a digital future. That means positively addressing the profile of digital content users so that this encompasses a much higher profile of users from DE socio-economic groups rather than an over-concentration amongst ABC1s.

17. At least in theory, there would appear to be a strong case for directing network operators to deploy high-speed fibre networks in areas where they would not normally do so as a priority: actually to provide access networks first in small towns and rural areas rather than in urban areas. This highlights the need for the public sector to work very closely with operators in the industry in an approach that takes the question of investment in a direction contrary to where the market might otherwise lead and which is located quite firmly within the context of a national plan for broadband.

18. At the risk of over-simplification, it is, perhaps, a question of whether the social policy goals of *Digital Britain* are real ones, the achievement of which will require a re-thinking of existing touchstones, or whether those goals are aspirational only, with a failure to achieve already built-in unless that re-thinking is done. It is at least an issue with which the team will need to establish its views if Action 1 is to be successful; in the meantime, it is becoming increasingly clear that the remit of the proposed Strategy Group will need to encompass not just assessing the case for how far market-led investment will take us, and whether contingency measures will be necessary, but with the co-ordination and directional tasks that will be required in response.

19. The Point Topic mapping of the percentages of the population in different regions which are able to access different broadband speeds highlights the requirement for significant investment if the speeds that the *Digital Britain* team want to achieve on a universal service basis by 2012 are to be delivered – and at a time when economic circumstances mean that investment funds are increasingly hard to come by: the investment case has to be made very soon. This is especially important given that wireless operators are being asked to play a role in terms of improving access speeds in the extremities of the UK. We think that the *Digital Britain* team needs openly to recognise that, if it is to achieve its goals, there will need to be a role for the public sector not just in assisting around the peripheries of easing planning applications, smoothing the wayleaves process, better co-ordination of street works, dealing with non-domestic rates issues, encouraging private sector bodies to form consortia, etc. It must recognise that there is also a role for the public sector in providing the necessary finance not just to get things going but also in delivering the build of the necessary networks to meet the social objectives.

20. Evidently, there needs to be some analysis of how this fits in with EU rules on state aid, and the team will want to think about the question of the ownership of those assets after the short-term. But these are questions that must be openly raised and debated if the *Digital Britain* team is serious about its goals: and this requires strong leadership from the team itself.

Education and training

21. That over 60% of households have adopted first generation broadband, and over such a short space of time, is encouraging – but, we cannot afford to be complacent. If the aims of *Digital Britain* to deliver a much higher percentage of public services online are to be achieved, this percentage has to be increased from the plateau it appears to be reaching.

22. Of course, there will continue to be a certain percentage of the population which have decided that broadband is, for whatever reason, 'not for them': on the basis of the 17m people over the age of 15 identified in the interim report who do not use PCs or the internet, this is not such a small percentage, either. Some amongst this group would seem to be those who are not used to PCs or who exhibit a lack of confidence in the security of online services, or who are, to some extent, perhaps fearful of them. Here, there is a clear role for education and training, informal or otherwise, to address such fears and to increase familiarisation with PCs. The Communication Workers Union and Connect focused on this issue in our joint response to the DCLG consultation on digital inclusion – of which *Digital*

23. The Commmunication Workers Union and Connect have in recent years argued in submissions to Ofcom that in order to maximise technological fluency and efficiency and thus optimise the benefits of developments in communications technology for society as a whole, the requirement for employers to provide training in the broadcasting sector should also now be applied to the telecommunications sector as the two sectors converge. Both consumers of converged services and workers within the industry would benefit from efforts to ensure that the workforce is properly trained to respond to the changing skill requirements of a converged communications environment. This would optimise both service delivery and workplace satisfaction. In addition, the government should encourage and give full support to the sector skills council, e-skills, in promoting collaboration between telecommunications employers, unions and educational establishments to up-skill and re-skill the existing workforce through accredited courses and portable vocational qualifications. Such initiatives will be essential for retaining talented, experienced people within the telecommunications sector and successfully delivering the Digital Britain objectives.

24. More broadly, we would support *Digital Britain* in its attempt to ensure that education and training for digital technologies is seen as not just another vertical subject area but something that underpins everything else that we do. Both the Communication Workers Union and Connect are already actively engaged in the issue of lifelong learning and we support the call of the interim report for a step change in approach to the skills that people require both to benefit from the digital age and to ensure that the UK retains a leading role in software and applications development. The UK needs to recognise that it is essential that it occupies a higher place in the league table of those countries who are serious investors in skills for the digital age, while the prize for doing so – of a much more competitive position in one of the key growth areas for service-based economies in the 21st century, as well as a much-improved foundation for economic growth and development – is clearly one that is well-worth striving for. We look forward to the further work and recommendations in this area promised for the final report.

Universal Service Commitment

25. We strongly support the attempts of Digital Britain to encompass a Universal Service Commitment in broadband, as part of the principle of universal participation in the broadband

26. What of course remains is the question of the speed at which such broadband services are delivered. Several years ago, when current generation broadband was first getting underway, there were arguments as to whether a download speed of 128 Kbps, offered by some cable operators, constituted broadband or not, with the common conception being that 256 Kbps was the minimum acceptable speed that could be called broadband. Just a few years later, such definitions are clearly anachronistic. This leads us to several conclusions in this area.

27. Firstly, the speed of 2Mbps being proposed by *Digital Britain* looks, in the context of speeds achieved less than ten years ago, quite advanced. However, this is rather moderate relative to technological capability. We note that the consideration outlined in Action 17 is for a wide variety of platforms over which the Commitment would be delivered and which would include 'options **up to** 2 Mbps' (our emphasis). This is too weak. We believe that the report, earlier in the analysis ahead of Action 17, has it right when it speaks of broadband services being delivered at 'necessary speeds'. If 2Mbps is the speed at which the streaming of real time television programmes becomes viable, and which delivers an 'acceptable user experience', then 2Mbps is the 'necessary speed' that the access network needs to deliver under the Commitment, and this needs to be at the point of access by the consumer. We are all aware that 'contention' on the network frequently leads to service drop-outs and lower (much lower) speeds being achieved than the headline rate, as well as to concerns over the reliability of the connections. A drop of speeds away from 2 Mbps is likely to lead to an inability to access programme streaming services, as well as to frustration and, indeed, a feeling of being 'second class' amongst those citizens benefiting from the Commitment who, essentially, are being told that this is the experience that they are worth. In contrast, we would much rather the Commitment be a positive experience for those who benefit from it. This could also require action to address 'contention' issues created by the lack of capacity in backhaul and core networks.

28. We understand Lord Carter's point when he recently told a meeting of the National Endowment for Science, Technology and the Arts that 2Mbps was the speed necessary to 'kickstart' the movement of government services online. We would also partly agree with him that arguments over whether or not this represents a low ambition do indeed miss the point:

29. Secondly, as time moves on, new services and applications are developed which require faster (ever faster) speeds and which cannot be accessed (either reliably, or at all) at older, slower ones. Therefore we would like to see *Digital Britain* embrace the concept of having regular reviews of the Universal Service Commitment and, specifically, the speeds set out in it. These reviews need to take place so as to ensure that all parts of the UK share in the advances in connection speeds being made in other areas and so as to provide some level of future proofing for the Commitment. In this way, it retains both a meaning and a value at a time of ever-faster connection speeds and avoids the Commitment becoming locked-in to a particular defined speed which is quickly outdated. They would also represent a means of avoiding the situation in which people benefiting from the Commitment gain a one-off investment from network operators so as to deliver connection speeds of 2 Mbps and then no further upgrades, leaving them trapped at that level, unable to access the speeds delivered elsewhere or the services or applications designed for them. That, indeed, would be a second class experience for the users concerned.

30. Thirdly, the speeds spoken of in the Commitment refer only to download connections. Uploading speeds tend, over both ADSL and cable, to be much lower than this. For instance, Virgin Media's plan to upgrade its network to offer 50 Mbps download speeds entails an upload speed of just 1.5 Mbps – a huge disparity. With ADSL, upload speeds tend to stick around 256 Kbps. When the focus of the Universal Service Commitment is to include a much higher online deployment of public services, and with so-called Web 2.0 initiatives based entirely on user-generated content, upload speeds will become increasingly important. Regardless of the ambition (or otherwise) of a Commitment to a download speed of 2 Mbps, an upload speed significantly lower than this is likely to be a frustrating experience for Web 2.0 users and, increasingly, an insufficient one. We would therefore like to see the final report of *Digital Britain* expand its definition of the Universal Service Commitment to encompass a definition of upload speeds which, we believe, ought to be based on the same

minimum definitions, and subject to the same regular reviews, as the 2 Mbps download speed. This would be a truly innovative development.

31. We further welcome the commitment in Action 18 to develop proposals for a new, more broadly-based scheme to fund the Commitment. The Communication Workers Union and Connect have long argued for the establishment of such a fund going back to the days when Oftel regulated the telephony industry and we are pleased to note that policy-makers now share that view. It is indeed hard to see why the burdens of provision should fall only on essentially, one provider, in the context of the envisaged multiplicity of delivery platforms and when all operators are likely to benefit from extended and improved broadband connections. We believe a fund geared towards meeting the actual costs of network supply, into which all operator-beneficiaries contribute, remains the most appropriate solution for the digital age. With regard to governance and accountability, we would argue that the usual stakeholder-based representation should apply, and should include representatives of employees working in the industry.

32. We look forward to working with the *Digital Britain* team to develop this suggestion and these proposals further.

Contact

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