

DC10plus Network Response to the interim Digital Britain Report.

Introduction

The DC10plus network welcomes the positive statements the interim Digital Britain Report has made with regard to addressing the Digital Inclusion agenda. The DC10plus network believes that the social, economic and environmental benefits of a truly Digital Britain should be available to all, and that gaps are closed rather than widened. We are also concerned that Digital Britain provides the same boldness in vision and action with respect to digital planning and infrastructure that previous generations did with utilities and transport. We have provided comment on the report specifically in relation to the proposed actions and the following key issues which we feel could be significantly strengthened in the final report;

- The benefits of investing in next generation infrastructure and the role of places
- The opportunity to include a return path in DSO
- The importance of digital in a low carbon society and economy
- The value of digital planning and the need for digital masterplans/blueprints
- The development of a relative rather than absolute measure for USO.

ACTION 1

We will establish a Government-led strategy group to assess the necessary demand-side, supply-side and regulatory measures to underpin existing market-led investment plans, and to remove barriers to the timely rollout, beyond those declared plans, to maximise market-led coverage of Next Generation broadband. This Strategy Group will, by the time of the final Digital Britain Report, assess the case for how far market-led investment by Virgin Media, BT Group plc and new network enterprises will take the UK in terms of roll-out and likely take-up; and whether any contingency measures, as recommended by the Caio review, are necessary.

It is important that the demand-side views and needs of “places” are articulated to the industry and we would ask that organisations such as Connected Neighbourhoods Forum, DC10plus Network and the Community Broadband Network are represented on the strategy group, as understanding the requirements of places and people is the very essence of what these groups are about. Such dialogue will help the industry develop products that have greater take up and acceptance across both urban and rural areas.

ACTION 2

Between now and the final Digital Britain Report, the Government will, while recognising existing investments in infrastructure, work with the main operators and others to remove barriers to the development of a wider wholesale market in access to ducts and other primary infrastructure.

We welcome any initiative that will remove barriers to a rapid rollout of next generation infrastructure. There are also particular concerns about the pricing policies and structures of the major telcos, some of whom receive indirect public subsidies through legacy arrangements for business taxes and for restrictions on new market entrants, e.g. only BT is allowed to deploy fibre on phone poles, i.e. above ground.

ACTION 3

The Valuation Office Agency has provided new, clear guidance which addresses the problem of clarity over business rates identified by Francesco Caio in his report, and will ensure that they respond to any queries from existing and new investors and maintain clear, helpful guidance. For its part, the Government will ensure that the guidance is widely understood by potential investors.

Whilst clarity over business rates is welcome, the real issue is the extra costs that such rates impose on potential next generation infrastructure projects, we recommend their removal.

ACTION 4

We will, by the time of the final Digital Britain Report, have considered the value for money case for whether public incentives have a part to play in enabling further next generation broadband deployment, beyond current market-led initiatives.

We strongly believe that there is a value for money case, which can be made by joining up the benefits of next generation infrastructure for a place. The leading global digital cities intend to use their advanced infrastructures to ensure that they are future-proofed in terms of the massive changes that are going to happen in the way that people will live their lives and that institutions (both public and private) will operate over the coming decades. The immediate future will bring new patterns of employment, new educational and skill requirements, new forms of healthcare provision and new ways of delivering services across both business and the public sector. The creation of neighbourhoods of choice and sustainable communities will be supported and made more robust by having next generation infrastructures and services.

Manchester and other DC10 members are actively exploring the idea of creating 'digital masterplans' as part of the initiative launched by the Connected Neighbourhoods Forum (CNF), see www.connectedneighbourhoods.org.uk which DC10 is a founder member. The idea is to develop a vision of the digital infrastructure of a place in the same way as physical masterplans are created. Implementation whether public or private in accordance with these plans will ensure effective deployment resulting in the kind of 'connected place' which will not only cope with these immense changes but will also be capable of becoming an exemplar of how to do this in other parts of the UK. The opportunities are to use this to make the idea of 'connected neighbourhoods' a key term for 21st century dynamism, growth and sustainability. We propose that all Cities and places are mandated to produce digital masterplans that will guide their digital future over the coming years and comply with key attributes such as openness and inclusivity, and provide the necessary joined up business case for intervention.

The opportunity now is to build new digital infrastructures and services which provide the foundation for new jobs and skills, new ways working and a new quality of life that will serve the locality and its people and businesses well for decades to come. The post-downturn economy will be characterised by a greater mix of flexible working, virtual companies, home-based and mobile working than ever before. All homes and businesses need to be connected so that the local 'offer' will be second to none, properly future-proofed and sustainable.

New and innovative ideas are already emerging around imagining future concepts of the 'Home College', 'Home Hospital' or 'Home Workplace' that would provide for everyone, regardless of age, ability or other barriers caused by discrimination or disadvantage.

There is a real opportunity here to move the UK ahead strategically as we look to a digital, inclusive and greener economy. An economy that needs to emerge after the downturn. This builds upon existing local achievements in the area of digital inclusion and the opportunities that this could now provide for innovative initiatives in the future to support digital skills and employment. This should now be given the public policy support it needs to succeed, both at Member State and European level. Innovative public intervention around the creation of truly open access NGA networks should now receive proactive encouragement and resources.

ACTION 5

The Government will help implement the Community Broadband Network's proposals for an umbrella body to bring together all the local and community networks and provide them with technical and advisory support.

We welcome the support for the Community Broadband Network's proposal for the umbrella body. This will provide explicit support to the idea of local government and partnerships "working on broader roll-out of next generation networks as a central part of local regeneration and economic development strategies" and developing "useful models for development of broadband beyond the plans of major telcos". The aim is to establish a series of localities across Britain, starting with the DC10plus network which develop the capacity to be globally competitive as connected digital places, able to be national exemplars and leaders in this area alongside some of the most advanced digital city-regions in the world. We reinforce the importance of taking learning from local and community network experience in both urban and rural areas.

ACTION 6 No Comment

ACTION 7

We will consider at what point and at what cost the standard offer provided by the Digital Television Switchover Help Scheme could have a return path capability, and we will ensure that such capability is available as an option.

Digital Switchover is a once in a lifetime opportunity to provide the most excluded with the means to access electronic services and engage with the digital world. By mandating the ability to connect to the internet in the standard offer for the Help Scheme set top boxes, Switchover provides the infrastructure for the scheme's beneficiaries to connect to transactional and informational services electronically.

A 'converged' approach to Switchover has the potential to support the digital inclusion of up to 83% of those over the age of 75 and up to 60% of those in the 65-74. This approach also supports the digital inclusion of 20% of those on the lowest incomes, earning less than £12,000 per year who haven't switched to digital TV, with the potential to reach an additional 48% of this income band, and around 50% of those earning between £12-18k as people replace their first generation non-return path Freeview boxes.

Digital television is one of a number of channels available for the delivery of public services. The return path will provide all government departments with a tool to deliver channel strategies to

reach those without internet access by March 2010 as outlined in the Cabinet Offices report to the Treasury and agreed through PAC Conclusion.

In particular, the return path offers a new path for public service broadcasting to direct viewers to national and local support service, in the same way as terrestrial stations have used the red button to support “people affected by issues in this programme.”

We welcome the commitment to ensuring that a return path-enabled offer is available as an option and would urge that return path capability is mandated in future procurements.

ACTION 8

We will examine how the marketing and communications activity around Digital Switchover could be enhanced to use the region-by-region programme of publicly funded information and advice on one form of digital transition to provide impartial information on wider opportunities of digital beyond digital broadcast television.

The group welcomes the report’s recommendation that marketing and communications activity around Digital Switchover could be enhanced to provide impartial information on wider opportunities of digital beyond digital broadcast television. In particular, we feel that such activity should usefully signpost people to UK Online facilities and/or other local provision that supports the Help Scheme’s client group to take advantage of digital technologies.

We also believe that the marketing and communications activity should address the potentially negative environmental consequences of Switchover and direct people to the safe and sustainable disposal of redundant equipment.

ACTION 9 No Comment

ACTION 10

In the final report we will examine measures needed to address the challenges for digital content in more detail, including opportunities for providing further support to foster UK creative ambition and alternative funding mechanisms to advertising revenues.

Digital content creation has opened up the opportunity to much wider range of people organisations than the traditional creative industries; it is important that any new support is provided on the widest possible basis and to ensure maximum digital inclusion rather than widening the gap and excluding further..

ACTION 11 No Comment

ACTION 12 No Comment

ACTION 13 No Comment

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ACTION 14 No Comment

ACTION 15 No Comment

ACTION 16 No Comment

ACTION 17

We will develop plans for a digital Universal Service Commitment to be effective by 2012, delivered by a mixture of fixed and mobile, wired and wireless means. Subject to further study of the costs and benefits, we will set out our plans for the level of service which we believe should be universal. We anticipate this consideration will include options up to 2Mb/s.

We welcome the proposal for a digital Universal Service Commitment, delivered by a mixture of fixed and mobile, and believe that it will serve to stimulate the development of advanced services for delivery through digital set top boxes and other converged devices.

However, we feel this is an area in which some innovation is required. Consideration should be given to some form of relative measure for the Universal Service Commitment in the same way as the relative Child Poverty Index; this would negate the need to be continually revising a number. In addition, we feel that there should be some inclusion of capability in terms of what you can actually able to do with the connectivity... eg stream IPTV

ACTION 18

We will develop detailed proposals for the design and operation of a new, more broadly-based scheme to fund the Universal Service Commitment for the fully digital age – including who should contribute and its governance and accountability structures.

We welcome this and hope that it is ambitious in thinking how this could be part of the economic recovery plan and wider investment in infrastructure.

ACTION 19

We will encourage the development of public service champions of universal take-up. The Digital Inclusion Action Plan recommended the appointment of a Digital Inclusion Champion and expert taskforce to drive the Government's work on digital inclusion. Clearly, the work of the Champion will be important in encouraging take-up.

We look forward to working with the Digital Britain team, the Champion and Task Force on promoting take up. However, we would note that take-up and adoption of next generation infrastructure is not simply about take-up. Many future applications will be embedded and will rely on the utility nature of digital infrastructure. People will in many cases not know that the internet is securing them, keeping them healthy or monitoring their energy use. This leads to the need for awareness, proactive investment and connection rather than waiting for someone to request connections they may not realise they need.

ACTION 20

We are inviting the BBC to play a leading role, just as it has in digital broadcast, through marketing, cross-promotion and provision of content to drive interest in taking up broadband. With other public service organisations, the BBC can drive the development of platforms with open standards available to all content providers and device manufacturers alike.

We welcome any action to encourage usage and take-up, however it is important that such activity is open and even handed and is not weighted in favour of for instance the current broadcast industry.

ACTION 21

A Public Service Delivery plan: we commit to ensure that public services online are designed for ease of use by the widest range of citizens, taking advantage of the widespread uptake of broadband to offer an improved customer experience and encourage the shift to online channels in delivery and service support.

We welcome the report's commitment to accessibility and inclusion and its recognition of the vital importance of encouraging the shift to online channels for delivery and service support.

Under action 21, the report states that government will work 'with industry to develop affordable, reliable and easy-to-use IPTV boxes – particularly relevant to those households currently without a PC and, when a critical mass of digital public service delivery is reached, around 2012-13, there could be a new scheme to assist remaining elderly and disadvantaged households to get online.'

The delivery of high bandwidth public services IPTV boxes exists today, but there remain barriers that must be addressed in order to achieve this vision. Firstly, the government's commitment to delivery of services in this way needs to be defined and made clear to manufacturers for them to be sure that the demand for these devices exists. Secondly, there needs to be a commitment to open standards to enable the development of a critical mass of digital services for delivery over IPTV. Thirdly, there need to be clearly defined and agreed accessibility standards to ensure that Digital Switchover and post-Switchover technologies do not exclude individuals.

These actions will also stimulate the development of services that maximise the potential of Next Generation Infrastructures for governmental and societal benefit [cf NGA workstream].

ACTION 22

The current statutory and specific remit on Media Literacy is contained within s.11 of the Communications Act 2003. As this report makes clear, since 2003 there have been significant market changes in the availability of digital technologies and how they are used. We will ask Ofcom to make an assessment of its current responsibilities in relation to media literacy and, working with the BBC and others, to recommend a new definition and ambition for a National Media Literacy Plan.

We welcome this action and the DC10plus network will be willing to support Ofcom and others in developing a National Media Literacy plan

RECOMMENDATIONS

We would like to highlight the following specific recommendations:

1. We recommend that digital infrastructure is not simply considered in terms of connectivity and that the thinking is widened to include processing, access devices and sensors for example to provide a more complete picture.
2. We recommend that Digital Britain endorses the idea of a Digital Charter and Digital Planning for places and supports the DC10plus network and CNF in developing a planning framework that would be mandated to local authorities.
3. We recommend that the important area of ICT and Energy Efficiency is given greater prominence in the final report and that the ideas being adopted in the recent recommendation from the EC around the role of Cities and a Green Digital Charter be adopted by Digital Britain.
4. We recommend that the USC is revised to be both a relative measure and to include specific capabilities.

The Benefits of Digital Britain

This is about much more than simply economic competitiveness it is also about digital inclusion, social cohesion and the wider economic and environmental benefits to the whole community, essential features of any sustainable and inclusive knowledge society. Whilst we recognise that this is both an urban and a rural issue, the 'digital divide' in cities can often be massive and yet hidden. Most cities have large populations of socially excluded people often facing multiple deprivation. Many of these people are also just as digitally excluded as those in the most remote areas, it is important that neither area is overlooked and the differing reasons for exclusion are addressed. The causes of this exclusion are as much social and financial as technological but they are very real and are an urgent policy priority for senior decision makers:

- Firstly, many socially excluded people do not have the financial stability to secure access to broadband where this requires people to have a credit check, a credit card or even a bank account. Many of these people are not, therefore, in a position to sign the contracts which are normally a requirement of signing up to broadband;
- Secondly, most people use cheaper pay-as-you-go mobiles and in many cases no longer have active copper lines in their homes. In some areas of Manchester, for example, more than 60% of households no longer use or have active copper lines and so cannot use them to access the usual forms of broadband connectivity;
- Thirdly, many of the exchanges in these areas have no unbundled services as only the incumbent supplier is available to buy broadband from. This means that even though the exchanges are, technically, available for unbundling, in practice there is still a monopoly;
- Fourthly, the cost of these kinds of services are still too expensive for many poorer people to afford.

It is crucial that policy makers at all levels, especially in Europe, begin to recognise this and acknowledge that market failure in seemingly 'fully served' areas is a reality. In doing so a clearer scope for public intervention needs to be elaborated, building on examples of innovative practice such as the City of Amsterdam's 'City-Net' project, which is one of the case study areas for the DC10plus network NGA Workstream. One example of current suggestions which are only just starting to be debated is the potential for a 'block exemption' from state aid rules of investment in any truly open-access, 'dark-fibre' passive networks deployment.

It is estimated that there are now some 20 countries connecting more than 1% of their populations with fibre to the home (FTTH). Those connections are symmetrical, and generally greater than 100Mbps, with some being 1Gbps. 13 of the 27 EU member states are included in the set of 2008 rankings, and more are expected to be in the next rankings this summer. The UK is nowhere to be seen on the rankings and even with planned developments in the UK, most of these will not be FTTH, consequently the UK is not likely to achieve even 1% FTTH before 2011-2012 without a new entrant taking everyone by surprise. Cable TV connections are still only fibre in the core and middle mile, not the first which relies on coax cable, so these connections will not count in the rankings until the coax is replaced with fibre.

Through the work of the Community Broadband Network, community co-operatives, active local individuals and others much has been accomplished to encourage broadband takeup and access in rural areas. Household penetration is now higher than in urban areas, yet there are still significant areas of the UK with limited access – this has a wider impact on the rural economy and those who are digitally excluded. Investment is needed in infrastructure alongside a

broadening of the range of service provision to ensure robust, competitively priced, inclusive and widely accessed services.

In November 2007 Manchester City Council, as the lead partners for the DC10 NGA Workstream, invited colleagues from the City of Amsterdam to make a presentation about their plans to the city's political leadership and senior management, including the Leader of the Council and the Chief Executive. The key issues that arose from that presentation and subsequent discussions continue to inform the development of Manchester's Digital Strategy (available on the MDDA website – www.manchesterdda.com). In particular Manchester shared much of Amsterdam's thinking about the main motivating influences on their current strategy, including:

- a) next generation broadband being seen as the new 'real estate' of the digital economy, by investing now Amsterdam are anticipating a 20%-25% increase in the net total value of the city as a place in the longer term;
- b) this investment was seen as essential in maintaining the city's competitive edge, in continuing to enable the city to be a global player rather than a national/regional one and in being able to have the most advanced and, therefore, future-proofed infrastructure and services that are possible;
- c) Amsterdam's wider aspirations to be the most connected digital city possible, not only gaining economic benefits, especially in terms of employment and skills, but also social benefits, tackling the 'digital divide', and environmental benefits, being a 'smart and greener' city with developments such as 'smart grids' and 'smart meters'.

Amsterdam also presented compelling arguments about the potential threats that city-regions face in the future by not doing this, especially losing that all important competitive edge and the profile and reputation that goes with this. The DC10 NGA Workstream is staying in close touch with Amsterdam who are more convinced than ever of this approach. They are now also focusing on the ways that this can support the city and its businesses and residents through the economic downturn. They are using investment in next generation broadband as a central plank in their plans for bringing forward public investment as part of the national 'fiscal stimulus' to safeguard existing skills and jobs and as a foundation for creating new ones in the years to come. This is now very much part of discussions within the DC10plus network in terms of an emerging approach to the UK Government's Recovery Plan arguing for investment in NGA as part of a commitment to counter-cyclical public investment that can help to safeguard existing jobs and skills and lay the foundation for creating new ones as recovery begins.

The limits of existing market offers

The global leaders in digital infrastructures and services are investing in networks that run up to 100 times faster, and at a fraction of the cost, than the network capabilities of the main UK telcos will be able to offer in most city-regions in the UK within the next five years. In Amsterdam the network is capable of running at speeds of up to 1,000 times faster than proposed UK networks. The plans being put forward by UK telcos to invest in a limited roll-out of Fibre to the Cabinet (FTTC) deployments are to be welcomed, but all they will do is enable a small number of areas around the UK to compete more effectively with each other and with the South East. None of this investment will provide the connectivity to enable these areas to compete at a global level, and

none of it will make any impact on rural areas. This means that the choice is between being on a more level playing field just with other regions in the UK or being part of a new level playing field with other city-regions across the rest of Europe and globally.

Conclusion

The DC10plus network is keen to assist the ongoing development of the Digital Britain Report and looks forward to further involvement in and discussions on this vital area at this critical time.

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