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Special  
Supplement



# Towards a Better Britain?

Broadband in the Regions  
and Nations of the UK

*A New Statesman* roundtable

In association with



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## Introduction

The north-west, once the home of the industrial revolution, is the most densely populated region of England outside London. Ninety-five per cent of businesses in the region have access to the internet; this figure has risen from 88 per cent in 2002. This rise places the region sixth out of eight English regions. When it comes to company websites, 83 per cent of north-west businesses have a web presence, placing the region seventh out of the eight regions. First generation broadband coverage is strong in the metropolitan areas and currently approaches 100 per cent coverage elsewhere, largely through major initiatives such as Project Access. The challenge, however, for the delivery of higher bandwidth connectivity remains largely unfulfilled.

The north-west has a long track record of world-leading innovation in information and communication technology. Indeed, some 50 years ago, the world's first modern computer was developed in Manchester. Manchester is the only regional city that can sustain a local popular music industry, and the city has an established niche market in product design and a growing reputation in fashion. These are all areas of activity where ICT, and specifically broadband connections, can make a difference.

## Participants

**Dave Carter**

Head, Manchester Digital Development Agency,  
Manchester City Council

**Peter Connor**

Regional manager, BT North West

**Brian Crouch**

Regional director, BT North West

**Philip Dewhurst**

Director, group corporate affairs, BNFL

**Trevor Green**

Writer and broadcaster, Granada Television

**Professor Barry Forde**

Deputy director, Information Systems Services,  
University of Lancaster

**Ben Hatton**

Managing director, Rippleffect Incorporated

**David Higham**

Director, competitiveness and infrastructure group,  
Government Office for the North West

**Richard Leese**

Leader, Manchester City Council

**Hugh Logan**

Managing director, Your Communications

**Geoff Muirhead**

Group chief executive, Manchester Airports Group

**Spencer Neal**

Publisher, *New Statesman*

**Chris Newby**

President of The Knowledge Society Forum –  
TeleCities and LibDem councillor for Knotty Ash

**John O'Brien**

Director, Business in the Community

**Gerry Pennell**

ICT director, Cooperative Financial Services Ltd  
(CFT)

**Angie Robinson**

Chief executive, Greater Manchester Chamber of  
Commerce

**Geoffrey Robinson MP**

Member of Parliament for Coventry North West;  
chairman, *New Statesman*

**Allison Seidler**

Head of broadband marketing, BT Wholesale

**Dr Peter White**

Director of strategy, Northwest Development  
Agency

# Towards a better Britain?

## Broadband in the regions and nations of the UK



**Trevor Green** Ladies and gentlemen, good morning. Our first speaker today is leader of Manchester City Council. He is on the board of the NWDA and he's vice-president of EuroCities: Richard Leese.

**Richard Leese** Thank you very much, Trevor. A few years ago, the major problem we faced in the local economy was unemployment. Now that has moved on to worklessness, particularly people who are economically inactive. One of the issues we have to face within the city economy is the skill mismatch and I will talk later about the issue of digital divide.

So our population's been growing for about five years now and a lot of that growth has come from people moving to the city and bringing skills. That's good news. The not so good news is there are pockets within the city, and they are very much pockets that are at risk of getting left behind.

The drivers of regional economies are the city areas within those regions. I think we now know fairly clearly what we need to do to make cities strong. One of the things is to do with connectivity, that's connectivity with other places and within the place itself, but also virtual connectivity.

In terms of cities being key drivers of economic competitiveness, Manchester's response is the Manchester Knowledge Capital Initiative. It's based on work carried out by Will Hut-

ton at what was then known as the Industry Society, it's now called Work Foundation. The work was done around the notion of Ideopolis and it looked into a number of US cities where there's known to be particular linkages between higher education research and the growth of their local economies. We all argue that, outside of the Golden Triangle of London, Cambridge and Oxford, Manchester is the English city with the best opportunity to develop the Ideopolis model. It has good connectivity, a significant international airport and the only international internet exchange outside London with TeleCities. Perhaps most significant is higher education, Manchester University, MMU and Salford University.

However, if Knowledge Capital is our approach to growing the economy, how are we doing to address the digital divide? There are probably two agendas there for local government. One is e-government. But I want to spend more time on the various approaches in communities to bridge the digital divide. The Wider Communities Initiative is a nationally supported initiative in East Manchester under the name Eastserve. It used to be the industrial heartland of the city, but manufacturing collapsed very rapidly in the late 1970s and early 1980s leaving a legacy of decline and deprivation.

One-third of local households there no longer have landlines. Financial exclusion means people don't have the ►



credit ratings to sign up for the contracts that would give them reasonably-priced access. There are very low skills levels and a lack of self confidence. Eastserve has managed to address a lot of those basic needs. There are now something like 3,000 households in the area being supplied with basic connectivity, PCs and, most importantly, the training and technical support to be able to use it. There is a special deal for broadband access in East Manchester and we now have more than 800 homes connected with wireless broadband, which means broadband take up in East Manchester, while only being at 20 per cent, is double what it is elsewhere in the city. So this can be done. However, we need to spread that approach elsewhere, which means we have to convince a spectrum of broadband suppliers to cooperate with investing and delivering a new deal for broadband.

Nationally, within the north-west and within Manchester we've got a fairly good record of making broadband available. What we don't have a good record on is getting the take up on broadband. That's why regional initiatives like the NWDA's Broadband Implementation Programme are so essential and why the local initiatives by Greater Manchester Development Agency are absolutely vital at increasing take up, particularly in deprived communities. So, apart from one basic broadband being available across Greater Manchester, we also need to have some more ambitious targets for the future. These targets have got to include ultra-fast access via cable, fibre optics, and wireless methods. So instead of the six times what we are currently operating at, we will have 100 times or even 1,000 times the old standard speeds. If we can do that we will be able to tackle the digital divide effectively and have a sustainable digital economy.

There's a lot of confusion about what is available in the market. Comparison shopping is quite hard for broadband. There is a move away from traditional landlines to the use of mobile phones. There are cost issues and I think there's also an issue in people recognising what are the benefits they can gain by it. They're actually national rather than local issues.

**Trevor Green** A few points raised at other roundtables are: technophobia; lack of awareness and lack of understanding that the benefits do not outweigh the costs. On the positive side, we learn that businesses in this region particularly are most likely to adopt banking, VAT and other tax payments online. That's 8 per cent of businesses here compared with only 2 per cent in Greater London. Also, more businesses are likely to take advantage of government websites.

How do you think broadband can help people to connect to local government services?

**Richard Leese** Well, council services are becoming available electronically. So, if you want to report your repair at 3am, you can and it can go on record instantly and you have your own record of where it's gone to. It improves customer access but it also helps us deliver services as well.

**Trevor Green** I was reading that broadband speed in Great Britain is only 500KB, is that right? Compared with 10MB in South Korea. Why are we so slow?

**Brian Crouch** In South Korea they have a different way of funding things. The standard here at the moment is just over 500KB, but we're pushing that up. But we do find it's hard to get people to use it. It's about technophobia. We've spoken to a lot of SMEs and they're afraid that if something goes wrong and they're offline one day, they'll be out of business.

**Peter Connor** Yes, you're absolutely right, Brian. The big issue is very much about take up. What we are impressed by in this region is the approach of the RDA and the sub-regional partnerships and the city partnerships in focusing on core strengths to address the issue of take up. They focus on business learning, the whole social exclusion agenda, but also the delivery of public services.

**Richard Leese** Part of Manchester is at the front edge of what's happening in the UK and Europe, and the other half is well behind. The problem for the half that is way behind is that not only are they not benefiting from the economic growth in and around the city, but they're not contributing to it either. So that's a double loss. We're currently a two-speed city and we need to bring the slow lot up to the fast lot.

**Trevor Green** People are going into libraries and using broadband, using the internet.

**Richard Leese** Absolutely. I recently went into Wythen-shawe Library, before it was refurbished, and the top floor had both open-access computers and an adult education suite. Every single computer was in use and there was a queue for them.

**Trevor Green** And the fact that people were queuing to use a computer presumably suggests they don't have access to one at home. Now, in education, schools and universities, what is the cost to the institution of broadband?

**Richard Leese** Well, the government and the private sector have put lots of money into getting IT into schools, with very good quality provision. In Manchester, most primary schools now will have a state of the art computer suite. All new schools are wired up as a matter of course. So there is a lot of investment going in and not only there. Kids now, if they're doing homework, will go to the internet as their primary source of information, whereas only a few years ago they would have gone to a book.

**Spencer Neal** There seems to be a reluctance to define whether we're talking about a public utility or a consumer luxury. When we start talking about libraries and education and other government bodies and so on, that seems to take it more into the realm of a requirement, something you'd expect to have as a member of a civilised society. If it is a utility then clearly it's indefensible that some people should be without it for whatever reason.

**Chris Newby** In a sense, it is a requirement. The government has quite widely said that, by the end of next year, all councils should be e-enabled 100 per cent. Now, that isn't going to happen. It has happened in Liverpool and we are now the most e-enabled city in Europe. But it is incumbent upon local authorities to make sure they attain that goal. But although Liverpool City Council can now say it is 100 per cent e-enabled, it doesn't mean that everybody can access it.

**Richard Leese** A lot of poor people have mobile phones because they're pay-as-you-go. They can't have a contract a lot of the time. With electricity there is a difference between those people who pay their electricity by direct debit and those people who have pre-payment meters. So, even where you have infrastructure which is probably in 100 per cent of homes in this country, there is still a divide in terms of the usage.

**Spencer Neal** I think that's a good metaphor, because the providers of electricity have an obligation under regulation to ensure the consumer has it through to the meter. Then, if the individual is not able to pay the bill there are systems in place to make it very difficult for the provider not to give them the service. With the mobile phone, if they don't pay as they go they can't use the phone. I am curious to see how close we are to reaching the model that is more like electricity than mobile phones.

**John O'Brien** It's back to the real question of is there a fundamental subsidy required to not only ensure that there is take up by potentials, but in theory to put those who were behind ahead of the game?

**Richard Leese** I think subsidy is required, but we are largely playing catch-up here rather than getting ahead of the game.

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## Anonymous crime reporting and monitoring has engaged people beyond our wildest dreams

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**Dave Carter** It does seem that categories across the board are improving. Tenants are getting together to produce their own content. There was a very big forum on bullying in schools, where parents and pupils, for the first time ever, generated a whole range of responses that led to support which just culminated in the Anti-Bullying Initiative. Anonymous crime reporting and monitoring has engaged people beyond our wildest expectations.

I think the one thing I would say about the mobile phone analogy is I think that there are public phone boxes which are still effectively subsidised in some way. If they don't pay their pay-as-you-go there is still a phone they can use, but they have to walk down the road to the public phone box. In the same way, that's why libraries and putting computers into public spaces is so important.

Should there be a multimedia/broadband universal service obligation in the future? That's an active debate across Europe and we're looking at some very interesting examples from places as diverse as Sweden and Austria, which are adopting quite a different approach. I think the jury's still out.

But Richard's absolutely right, it's catch-up first and then the next stage after.

**Geoff Muirhead** What we've been talking about is what I would call empowerment, the ability of people to access it. If you move that on a little bit to enabling, actually getting ►

the culture out so people can use that access and engage in it. I just wonder what would be the role of the media to make it relevant to people so that they want to use it rather than not? How do we make it relevant?

It's also about the media stories about people stealing your identity and stealing all your records and getting into your bank accounts that makes people reluctant to do it. Not for the technical reasons but because they don't feel safe.

**Gerry Pennell** In most circumstances, online transactions are a lot safer than the equivalent done on paper. Not only is it quite a bit safer in itself, it's also a good deal more traceable. As a consumer of financial services, you're probably safer doing it online because the bank will take the risk. But what percolates out into the community is a very different message. Online fraud gets a very high profile, but if you look at the figures involved, credit card fraud is a much bigger issue for all the banks in the UK at the moment. However, that doesn't come out in the media in quite the same way.

**Ben Hatton** Something like 3 per cent of credit card fraud is online. It's massively safe. But that's just not what the media choose to publish. If you're a *Daily Mirror* reader, you're going to read about something going on in a chatroom between someone who's 40 and some girl who's 12. But we buy the papers as a society. I think it's as much society's fault as anything else.

**Trevor Green** I want to talk about pricing. There are so many variations in pricing for broadband: £15.99 a month, £29.99 a month. You can have it by satellite for £125 per month. Isn't that the issue that is putting people off?

**Brian Crouch** What we're trying to do is to spread it as far as possible. We're trying to give people choice. In terms of pricing the packages are designed to give you options.

**Trevor Green** I went onto AOL Gold only a couple of months ago, paying £25 a month. I picked this out of the paper, "£17.99 a month BT broadband basic is twice as fast as AOL broadband silver", and that tells me what? You know, there's so many prices, so many speeds.

**Geoff Muirhead** That's a question of value though, isn't it? It's whether people think they're getting more out of it than they put into it and it's about the relevance and benefits.

**Gerry Pennell** That's absolutely right. The man on the street isn't interested in broadband as a concept. A road is only of use to you if there's somewhere to go at the end of the road.



So we need to talk about broadband-enabled services and that to me is a key thing for making this all move. So it's what are those services and why should people pay?

**Hugh Logan** It's the competition that's driven down the prices to what they are today and will continue to drive them down. So the prices we're seeing today, £15.99 and £23.99 won't last longer than 18 months, a year.

**Trevor Green** Richard, what do you think deters people in Manchester? Is the pricing issue having an effect?

**Richard Leese** I know it's had a deterrent effect on Leeds, so I think there is that confusion of what you get for what price. There is always that issue that prices change and you can get yourself stuck on last month's tariff rather than this month's. There's the feeling one needs to wait for a better offer as well.

But we are beginning to see technology conversion. If I want to know what the news headlines are, I'll go straight onto the BBC Manchester website. If I want to listen to a radio programme I missed this morning, I will go onto the computer and listen to it. I can do the same with TV. We're getting a conversion of print, audio and visual media technology and that has the potential to drive access in the future.

**Prof Barry Forde** I think I see broadband as a utility that's pretty well there. What are really lacking to trigger the take up are the really compelling applications that people want. We've heard a lot about deprived communities, however if you look at cable TV, that's where the biggest take up tends to be. If you look at the sort of applications people buy, they

do tend to be very media rich, a high bandwidth for things like video services. The universal service you just talked about, 512KB, will not deliver that. So what we really have is a problem of lifting the universal service from 512KB to something in the region of, probably, 4MB is what we actually need to be able to do video, if not video streams. Our real concern now should be how to get the high bandwidth that enables people to get the services that they will pay for.

**Brian Crouch** A cynic in me would say, "There's always a reason for not doing it. There's always going to be something better and faster coming down the road". I worry if this drive to get faster and faster is a reason to not do anything now.

**Prof Barry Forde** It isn't just faster and faster. There are certain breakpoints that allow you to do certain things. Once you go from dial-up to broadband you never go back, that's a sort of quantum jump. There's another quantum jump when the sort of services people want become possible. So it's not just faster and faster. There are breakpoints, single carriage-way, dual carriage-way.

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## It is really about working with communities to drive the take up through community networking

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**Peter Connor** The Manchester Development Agency in the last year has taken quite a comprehensive survey of ICT usage. The survey showed that only 8 per cent of businesses in Greater Manchester see pricing as an issue. The issue was mainly about shares of those applications. So it is really about working with communities to drive the take up through community networking. Where campaigners in communities come together they're on course to achieve broadband. Those that have followed through are now creating their own networks and content and moving out into the small business space as well. So there is a community energy there, which is demonstrated by that link.

**Philip Dewhurst** I think a lot of potential domestic customers don't even know what broadband is. You get sales people on the phone saying, "Oh, buy broadband", but unless you actually experience it it's a really hard concept to get across. People say, "I'm already on the internet. Why do I need broadband?"

The second point I was going to make is that one area where I think business could really score is to enable employees to have broadband access at home. In my com-

pany we've got 1,000 people a day bolting up and down the M6, which can't be good for anyone. I'm sure more of those people could be enabled to communicate from home, and that must apply to virtually every big employer in the region. But I think employers aren't going to do that unless there's an incentive.

**Spencer Neal** Most people would imagine it means somebody sitting in front of a computer doing what? Because they can't imagine that on the screen it could be almost anything you choose, it could be the office. It could be their colleagues sitting round a table. Unless people get to see these things properly they will never comprehend.

**Trevor Green** Our next speaker is Chris Newby. Chris is president of the Knowledge Society Forum, TeleCities and he is Liberal Democrat councillor for Knotty Ash. Until 2004, he was a cabinet member with responsibility for ICT and e-government.

**Chris Newby** I'm immensely proud to be elected three weeks ago as president of TeleCities. It's the Manchester and Liverpool team together at the top of one of the most influential lobbying and policy-formulating organisations in the European Union. In terms of TeleCities, we're talking about 140 cities and other organisations, including consultancies and universities and so on and, including countries from the ten accession Eastern European and Mediterranean countries. Also, we've got Turkey and Russia in there; these are countries which see themselves joining the EU but not for some time yet. It's an informal lobbying organisation. Dave Carter formed the organisation 11 years ago and was the first president, so it's been going for ten or 11 years and what we need to do now is to think about the next ten years.

We don't just think about technology. It's about, "What are we going to do with this stuff in the end?" "How are we going to make people's quality of life better?" "How are we going to deal with social inclusion, combating social exclusion, the digital divide?" We have got a big agenda of achievements in TeleCities, we have looked at e-democracy, e-public administration, e-security. One of the things I'd be keen to look at over the tenure of my presidency is how on earth do the cities around Europe manage to invest so much more into this wiring up?

There's no way I would have been elected president of TeleCities five years ago; there's no chance. Five years ago I think we had three computers in social services and this is the biggest spending public education department in the city. But the question is, "What would broadband do for Liverpool?" We're going to have a massive influx of tourists ►

both in the lead-up to Capital of Culture and during 2008. We have installed ten interactive transactional kiosks. We were the first city in the country to start rolling these out. Information kiosks were available before, these are interactive and transactional. The idea is to install between 50 and 100 kiosks leading up to 2008. So people can send free e-mails home. We'll be putting in the ability to photograph yourself from the kiosk and e-mail it to your friends and family. Virtual tours of the city for people coming to Liverpool so they can see what's on offer before they get there.

Just to touch on the speed issue. It is a real issue and I understand there is concern there about how sometimes you can wring your hands and not do anything, but if you talk to people in the industry there is a problem here because we're not moving fast enough.

Broadband transforms the way you do business at home. But for businesses, the only advantage I can see is you get a flat rate for broadband and your finance manager is the most ecstatic person in the world because they know how much the business is spending. With other means of communication you don't know what you're spending.

We had 100 per cent coverage broadband first in the north-west. Of course, the same is true of Manchester, in fact Manchester's a little bit better than us on uptake, they are 11 per cent and we're 10 per cent. So, although we're great on coverage, we're not so good on the take up. As I mentioned before, we have been given the prize of the most e-enabled city in terms of quality of services, in the whole of Europe.

Finally, I just want to talk about ways in which broadband has changed the way we deliver services. We have the Teleworker project, which means we give people the opportunity to work mainly from home. It helps people balance their work-life experience. However, we can only do that for certain jobs and it needs intense managerial skills to make sure people are producing, it's all productivity based. The green agenda figures in here because there are fewer car journeys. It saves on our central administration costs because we require less accommodation and provides an answer on the hot-desking policy. Particularly for social workers, this is a great deal; there are detailed reports that need to be downloaded and transmitted and broadband enables them to be received quicker and at constant expense.

Outside of the council, we have a project called Telecare, which helps older people stay longer in their own houses and out of old people's homes. We wire up a person's house and monitor their routine for a while. Then, if that routine is broken it starts to ring alarm bells. It's a graduated response. Our call centre will ring the older person. If there's no answer they'll phone a relative or a friend. If that relative or friend goes round and sees a problem, then we call the emergency



services. This Telecare project can monitor people's bath water is not too hot. It can make sure the windows are closed at night and if they're open it will alert us.

**Trevor Green** Richard, how important was broadband technology to the Commonwealth Games?

## The Commonwealth Games would be impossible without high-speed communications

**Richard Leese** To run an event of that sort of scale would be impossible without high-speed communications.

**Trevor Green** Chris, you talked about other European cities and how they manage to get this money.

**Chris Newby** We have had support from BT. They put up front about £70m in the first two years, so it meant we could have some really good quick projects in those first years. The one-stop shop started because we had that money to invest. But if you go somewhere like Amsterdam, we're talking about 100 times more cash. Why can't we do that?

**Hugh Logan** There was a fantastic amount of money. Billions of pounds were spent in 2000 in the dot-com boom and it's all still lying under the pavements. Thousands of kilometres of fibre underneath all the major cities in Europe. In Manchester, companies have come in and dug up the roads to



put in a few kilometres of fibre and those companies no longer exist.

**Dave Carter** But that's the difference. In Stockholm and Amsterdam, a stronger regulatory system than we have here legislated that no one else would be able to dig up the street. No one else can dig it up, but anyone can use it. When they came to look at the deregulated market in the UK in the late 1990s, they were amazed that they would be committing a criminal offence for trying to do the same in the UK. In Stockholm anyone can set up a business to deliver service and sign a contract with Stockab, which is the joint venture company between Stockholm City Council and number of local providers and can start running a service over the cable. But it was those cities that took the decision in that climate at the right time. We should study that and learn a bit more.

Knowledge Capital and Capital of Culture and things like that give the Liverpool and Manchester world an amazing opportunity to learn some of those lessons and repackage them and do something in spite of our regulatory market.

**John O'Brien** You either build it and they come, which is one attitude, or you say it's business led. But it won't be business led until businesses understand the opportunities. Also, we're talking about Capital of Culture, and that's for an entire year but it remains to be seen if the initiative can be carried on for another year or two after that.

**Prof Barry Forde** Manchester and Liverpool are only about 50 per cent of the north-west. We should address a whole series of different issues we haven't touched upon yet.

We all know the deeply rural areas have specific problems, but I'm actually talking about other cities in the north-west. There's no other competition in Preston. That's true across most of the north-west, Cheshire, Cumbria, Lancashire, yes, they have rural bits but they've also got urban bits. There isn't competition in those urban bits and you've got specific problems related to them that you don't have in Manchester or Liverpool. Most of them don't have fibre in the ground. You have to get backhauls from BT, and backhauls at any distance outside a city are damned expensive. So there are all sorts of inhibitors to the sorts of applications people really want. The high-powered applications are very difficult to deliver outside of places like Manchester and Liverpool.

**Peter Connor** If you look at ADSL broadband, the north-west has almost the second highest coverage outside London at 97.5 per cent coverage. There are aggressive plans underway in partnership to complete that in Cumbria and the northern part of Lancashire. So whilst there are still some gaps, the big issue is actually about driving the take up.

**Prof Barry Forde** If you look at the local provider processes there are seven or eight players who are doing it in the central city areas, in Manchester, Liverpool and London. If you look at Cheshire, Lancashire and Cumbria there's not a single player except BT in any exchange in any county.

**Peter Connor** Obviously there's the wholesale situation, those exchanges are provided by wholesalers, but running on top of that you've got 160 or so providers offering ISP services. So there is competition out there and there are good examples. Some of the take up in Cheshire is phenomenal and that is down to local applications and content.

**Prof Barry Forde** But you're still talking about a 512KB-type service. If you want the new applications, the killer application, you can't get it. Take a franchise area like the Telewest area and look at the take up by homes by cable and it's very high, it's up near 80 per cent. Because people want replay, they want voice and all sorts of things, and they're paying up to £80 a month, so it's not just price. It's that there are killer applications out there and that's not what BT's offering on the ADSL. It's offering a basic utility service.

**Spencer Neal** There is a difference between being a content provider with a service you put down a pipe and infrastructure. BT is clearly in the role of infrastructure. It would be interesting to know who it is we expect to drive take up. Maybe it's the NHS, the education departments, pensions, DVLA, maybe there are other competitors. ►

**Peter Connor** When you look at the situation in the US you tend to find in most cities there are three centres of industry, financial services, biotech and digital. Digital industries are incredibly strong in this region, not only in the major cities but across the whole region. In US cities they've got a larger base of the wider community adopting technology, so then the digital industries actually use that community as a tester for new applications. We haven't got that moving in an accelerated way, which I think is part of the priority for the region.

**Hugh Logan** One of the reasons people in Cumbria want access to broadband is to take away the disadvantage they have geographically. You need to go to somewhere like Barrow and you say, "We're bringing broadband to Barrow, that makes the businesses there as competitive as they are in the middle of Deansville".

**Angie Robinson** In Cheshire they buy it so their kids can do their homework.

**Trevor Green** It's interesting this technology is helping change some of the services provided by the council. Tell us more about how broadband is really helping, I mean, when you talked about being able to monitor people's bath water.

**Chris Newby** I went to Fairfax County in the US, where they were talking about how much money you can save by using technology. A face-to-face conversation with a council employee, if that costs 100 pence, the internet exchange costs 0.01 pence. So the savings here are massive. In terms of Telecare, although it's expensive to fit out houses, care in old people's homes is very expensive. We also have something called i-learning, so instead of sending staff on expensive courses they have the facility to educate themselves on an ongoing basis by using our learning website, which saves us costs. Another one is our Resolution Centre. It's now a sackable offence in Liverpool City Council to order a filing cabinet. All our backfiles are on CD. We don't need filing cabinets or the offices they were stored in, so we've sold floors of buildings or stopped renting them, so that's another huge saving.

**Geoffrey Robinson MP** Can you quantify for us the extent to which these initiatives have established themselves?

**Chris Newby** Well, Teleworker has about 250 people working from home. The problem is not everyone is in a job that they can work at from home.

**Trevor Green** Do you encourage it as part of green policy or is it about helping people with childcare and things?



**Chris Newby** It does make a difference to people's work-life balance. There are people who prefer to work like that, so you are getting a good resource for your company. You are saving car journeys and you're also saving the person's time. For us, there is also the issue of cost saving. But it's no good having someone at home who simply turns on the broadband, leaves it on and pretends to be there. It's productivity-based. The line manager says to this person, "At the end of this week you have to have done this and this". But at the moment it is working very well.

**Trevor Green** If you're promoting those sorts of advantages it would help create more awareness of take up.

**Chris Newby** Some of the people who are working from home are still technophobes so they need a lot of training and encouragement.

**Richard Leese** Also, there is a limit to the way technology can be used in this way. For a company like Granada, if they tried to recruit people by telling them they were going to be out on a computer in Macclesfield, they would struggle to find anyone. To work well requires human interaction.

**Chris Newby** Yes, it has to be voluntary.

**Geoffrey Robinson** And how many Telecare patients do you have?

**Chris Newby** We're up to about 35; it's slow. You need to fit the technology into people's houses and you have to have volunteers to take part in it.

## Lunch break

**Trevor Green** Our third speaker today, Angie Robinson, is chief executive of the Manchester Chamber of Commerce.

**Angie Robinson** We spoke earlier about enhancing the economy and being able to take things forward. Well, clearly the private sector are the people who create the wealth and create the jobs, therefore it is critically important to get it right for them. Businesses are governed essentially by a whole variety of different motivations and reasons as far as being involved with this tool. Sectors have different requirements and different needs. We describe trading online in one way or another but, for many businesses, the issues about trading online are more about production and usage of technological applications than they are about transactions.

In the Chamber of Commerce, while small businesses may say that price is an issue, it isn't that big an issue. They are looking for costs to reduce and, in their view, they remain quite high. That's an excuse for limiting take up. In reality people get involved in all kinds of business technology and means of communication because they have to. It can be the pressure of other things which gets them into it, not always the issue of cost. It's not simply a plain matter for them.

The other thing that is a concern to us from a change perspective is that broadband is an enabler. We feel we have a major responsibility to try to drive uptake of broadband and demand for things like that, but it's really the new applications that we're particularly interested in driving up. The opportunities for online business development tools and e-learning, which we've already talked about. Those can make a very tangible difference to the way businesses perform in this region. Also, the opportunity to access them remotely. That's not instead of people working in SMEs, that's very often as well as. In the private sector, making money is the key to work-life balance.

There are some messages for colleagues in the public sector, the NWDA and the Government Office. We need to help businesses understand what this technology can do for them and particularly the strategic option, what it can deliver in the future. We're heavily involved in engaging our members in discussions around the preparation of sub-regional broadband strategies because we think it's very low-value in terms of locational strategies. We can help target and make case studies and establish links which could help in that sense. Of course, we've got the inevitable action plan.

Colleagues in the public sector have to help us address the issue of educating the business community. The application service provider tools currently available through broadband, which are the things we have identified to push. Things

like BT's E-business Manager and remote documentation, we think need to be given much higher priority and we need to see a higher profile of that.

We've touched on technophobia this morning and there are different definitions of that. The sorts of things our members are worried about is, "What do I do if somebody spams my entire server and blocks it up? It means I can't trade". I think there's something about enabling businesses to understand why they shouldn't be afraid and putting in place the right kind of help and support. That doesn't mean just sending them on a course. There has to be support and help enabling them to resolve their issues. That's an issue, I guess, where NWDA could take a strong lead on, especially since it has a contract with Business Link and therefore can provide how the money's spent.

## We still have to do something to help people understand how broadband facilitates other things

We still have to do something to enable people to understand what broadband can do for them, how it can facilitate other things. Broadband can enhance capability in a much wider non-ICT related series of activities.

I was interested in the discussion around people being able to work from home and it's a great idea. But we've got to get real about this. Most managers are trained to control things that they can see and touch, and it's about changing the psyche of managers to deal with people who work offsite. Richard Leese mentioned that much of public service requires a personal touch, so does much of business activity. People won't buy from a salesperson who is far removed.

Most business life is around nine to five, five days a week. So there's something about lifting the scales off our eyes if we want to do something different about the way in which the world of work operates. We've got to affect company attitude, we've got to affect company capability and, indeed, we've got to look at new ways of doing business.

It's all very well being e-enabled, but we've got to be able to use this not just as it's used now but as it will be used in the future. SMEs is where the growth's going to come from and that's where we need to put our efforts. And they are the hardest nuts to crack in lots of ways. We can produce wonderful case studies of where it's working on a tiny scale in the Midlands and we need to make that grow exponentially.

**Trevor Green** So what does the Chamber of Commerce do to try to educate people who use broadband?

**Angie Robinson** Well, probably the simple answer to that is “not enough”. Our business support company has people who go out and advise, but there aren’t enough of them. Until it becomes a mandatory target and there’s funding and resources sitting behind that then it’s just a nice thing to do in lots of ways. Our job is to say what needs to be done. We actually need to work with a whole wide range of partners to get the right kind of messages out to the businesses.

**Trevor Green** Earlier I think you were saying the NWDA could or should be doing this?

**Angie Robinson** I think NWDA recognises they want to do more and yes, I believe they do have a job to do in that. It’s around the choices in prioritising public sector funding really. What do you want to happen first?

**Dr Peter White** I want to remind us why we’re doing this. It’s because, basically, we’ve got to improve the economic performance of this region. It’s not for trivial reasons, it’s absolutely essential for the future. We have spent quite a bit of time looking via surveys of a lot of individuals and a lot of businesses, at what the real issues were. The three issues that came up were awareness about potential; skills; and enhancing the benefits. We’re talking about businesses as users of ICT, but all businesses are producing solutions and products. So we’ve got to marry the sides of the coin.

**Angie Robinson** I think things are happening very quickly and it’s about where you are encouraged to put your resources. Everyone kicks the NWDA, but nobody recognises that for the first couple of years of its life it had virtually no control over its budgets because they were already spent to all intents and purposes, they were contracted out. The opportunity is changing now, but I think it’s back to that debate we had earlier about whether or not it’s a utility and just how serious our governments are about prioritising and e-enabling and technological solutions. It’s got to be a whole endemic programme of being able to get people to start to think about the process. But also, it’s about transforming business practice, that’s the opportunity we have.

**Trevor Green** You said there was this issue about technophobia, that people really were scared about viruses and spam and not having any control. That’s a big issue.

**Angie Robinson** We had an e-mail spam last week and it amazed me that 400 companies who got on the phone hadn’t thought to get onto their ISP and tell them to block the e-mail address that was causing the problem. They didn’t



know you could do that or that responding to the address just perpetuated it. It’s as basic as that really. There are few people who are technologically capable. And it puts you off like hell. Some companies lose a week. They just don’t know where to turn and it’s everybody else’s problem, not theirs.

**Brian Crouch** Backup is the hardest part. So we work with companies and set up different companies in partnership to do exactly that. Where we have done it, in Cornwall and other places, they’ve got 20-25 per cent take up because they’re confident. They’re happy with the price but they’re also happy with the support they get after day one.

**Angie Robinson** After-sales is very important. There’s something about being able to have the right quality business advisors there to support, not just in terms of things going wrong. I can’t stress enough that this is a strategic tool with massive applications for the future and we shouldn’t just be using it as fast internet access.

**Spencer Neal** I was struck by what you were saying about not being able to force a horse to drink. I’m pretty sure every business is required to file its accounts each year.

**Angie Robinson** Yes, but they don’t do it themselves. They send it out. Some keep receipts in plastic bags and hand it over to their accountants and pray that’s going to be okay.

**Spencer Neal** It would be possible to say that the audits have to be filed digitally and so you choose a service provider who is already enabled and you’ve got one step closer to bringing an understanding as to why.

**Angie Robinson** That may be one way of dealing with it. I think it depends how you phrase it. There's something about the intermediary spectrum that you're talking about that you could actually do more with. Maybe that's something we would do through bringing together Business Links.

**Spencer Neal** Gerry and I were wondering earlier why banks charge you for receiving a statement which doesn't turn up because of problems with the post and if you ask to see your account online they charge you extra?

**David Higham** I was actually going to make a similar point to Spencer's. If you recall, five or six years ago we did a survey in the north-west about ICT and where people went for advice. It turned out they went to their accountant, they spoke to their bank manager, they spoke to other businesses and then somewhere down there they spoke to business support services. So, actually, it is about linking into these statutory processes and other companies as well.

**Angie Robinson** But the money comes in through the business support mechanism. If you want to incentivise intermediaries you've got to do something about that sort of thing.

**David Higham** With organisations like yours, not directly.

**Angie Robinson** Well that's an entirely different discussion. But I think there's something about being able to access the intermediaries, being able to support them or incentivise them to do something that is not their core business, because it doesn't matter if they do it or not. Therefore, the agencies responsible for making the north-west a vibrant, rich and wealthy region will have to look at the way they target their resources to do that. Because there is the potential that if you are a successful intermediary, you'll get more business.

**Trevor Green** Do you agree about broadband technology being the thing the regional economy will be dependent on in order to develop?

**Angie Robinson** I don't think that's quite what we're saying. I'm sure it's a very important plan.

**Trevor Green** But you would quite like to see the Development Agency doing more to help businesses understand the potential.

**Angie Robinson** I think the Development Agency is intended to do that. We're crowded out with these regional organisations so we might as well get them to work together.

**Trevor Green** For the benefit of those people who are not aware of what happened when we had that dreadful fire in Manchester, Angie could you just share?

**Angie Robinson** Yes, it was a trauma to a small area, actually, it was pretty confined. It didn't wipe out the whole of the north-west. Shops couldn't process credit card transactions and people didn't know how to cope with that sort of thing. People couldn't use their internet connections. People just couldn't do business. We were reliant on mobile telephones. I'm sure BT has taken lessons from that. But in terms of getting the word round the city or just being able to conduct business activity, for most companies that was a big trial.

**Trevor Green** It was a major lesson to us all, how the city became so paralysed.

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## Nuclear industry regulators have given permission for outsiders to access the network

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**Philip Dewhurst** Can I just say a quick word as a major business employer in the north-west about broadband generally? I think there are two issues. First, in the nuclear industry we have to be very secure, so we have our own internal network with restricted broadband access. One of our regulators has given us permission to allow people from outside the network to have access because we're trying to open up competition, especially on the clean up of old nuclear sites now. We need to engage across the supply chain to do that, and so we need to share information with them, and some of them are actually quite small businesses. So we're working on how they can have broadband access into our system so we can actually provide them with files and data that they need.

The second issue for us is we do have a big itinerant population, we travel around a lot, and we're trying to negotiate with some of the big hotel chains we use to provide broadband access points within hotels. I thought that the fact our safety and security regulator is actually helping us to relax the rules is quite encouraging.

**Trevor Green** How big a threat is it for the nuclear industry are viruses and hacking?

**Philip Dewhurst** Well, we have endless firewalls. For me, working in the office on my PC it's so slow to get onto the website I sometimes feel it would be quicker to walk over to a person's office and talk to them. So that's the other thing.

We do have immense precautions, especially with security risks and what have you. But I just find it encouraging that our regulator is actually looking at some creative ways to overcome that so we can engage our supply chain more, particularly with nuclear clean up.

**Trevor Green** Okay. Angie, thank you very much. We'll move on to our final speaker of the day, Ben Hatton, the managing director of the award-winning Rippleffect.

**Ben Hatton** Rippleffect started up just over five years ago now and we've grown to an organisation of over 20 people. What we do is all web-based technology. We're what you'd call an online solutions agency or new media agency. The way we work with our clients and go out and find new clients is very much a hand-holding exercise. What it comes down to is education. I think sometimes we move too fast for our own society and we expect too much from people.

When someone buys a house they say, "I need water. I need electricity". Do they then say, "I need broadband"? That's where we are in society. You don't need broadband to live yet. That's again an issue as far as education is concerned. Most schools have got better systems than any of our organisations. If you walk into a school or into a community division of a football club or a sports stadium, the facilities in there are absolutely fantastic. The problem is you've still got the same IT teacher that was there 40 years ago. If that person's taken it upon themselves to bring themselves up to speed with technology and what's going on today, then that's all credit to that person. But in a lot of these institutions that's not the case. All the facilities are there and the kids are just running amok. Unless there are firewalls and things installed, people go on to do whatever they want to do.

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## I smiled because no more than 5 per cent of the audience had any idea what was said to them

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I was with John at a conference in Dublin last week and someone was asked to stand up and talk about how this wireless card could work for computers, and I'd just been arguing for 20 minutes about how it's an evolving process. And the answer went, "So, if you get your laptop and you get this card and put it into your laptop and find a hotspot and you plug into your Wi-Fi and you're on the internet and away you go". And it brought a smile to my face because, out of that audience, no more than 5 per cent of the people would have had any idea what was said to them.

If you look at the great subscribers like Sky, for instance, they went from Sky to Sky Digital to Sky Plus. I think it's fantastic the way they get the whole country buying into it. It's very product led. If you look at the internet now, I think it's service or product led. So, if I want to buy tickets for the train or plane or whatever, I go online, buy the tickets, get a fiver off or whatever. As much as anything, it's the most efficient way of doing things.

If I was going to sell you a website, I'm not going to tell you how we develop it and what technologies we use. It would be the same if you were selling a holiday. You'd say, "This is your trip for two weeks". You're not talking about Boeing 737s and what kind of plane you're getting. But you can't keep trying to put a rocket up everybody's backside in the UK and say, "You've got to get up to speed with this. This is the way it's got to work". I don't think it's going to work and I think we've all just got to keep doing what we're doing and it will come because it's such a massive part of what we do.

**Trevor Green** So are you saying that maybe BT should go along the lines of Sky in terms of packaging broadband?

**Ben Hatton** I just think the package itself should be the upgraded package to the last package. Internet was never really free because you still had to pay for your line rental. So people got free access to the internet, but you still had to pay £12.50 a month. Now the cost of broadband, if you're still on that £12.50, in some ways you're less than doubling the money you spend but it's creating so much more for you. If you can just explain it is upgrading from that package to this package, these are some of the benefits and this is what you can do, which have a meaning to you.

**Spencer Neal** If you think back, when people used to dial up, they paid for minutes, they didn't pay for what they downloaded. They paid for input because it was the tech provider that was driving the market.

**Ben Hatton** So you were spending more than now when you're spending £25 on an ADSL line. But people just don't know that. If you build an intranet system for an organisation, their staff and members go onto that system because they have to access it to get information. So you've got to do it. You've got to log on. You've got to access it. You're not asking them to do anything complicated, you're asking them to do simple procedures. You're just pushing it a little bit.

**Trevor Green** Geoff, what sort of percentage would you say take up there is among customers who are booking air travel online?

**Geoff Muirhead** Well, if you're looking at the no-frills carrier rather than the traditional carrier, then they're pushing towards 100 per cent people booking through online measures. You get different things with different carriers. A lot of the charter carriers would do that through the high street. A lot of the full services are also getting into that sort of distribution line. I can see that in the near future just about everything will come that way in aviation.

What's also interesting is, when you book it yourself, you book what you want. You don't have to sit through a whole process to get to what you want. And equally, when you get to where you want, you don't have to sit through a huge sales pitch to sell you something you're not asking for, which is the way lots of the others have gone.

**Hugh Logan** Surely the key to broadband is being able to sell the benefits. People are more than happy to be able to go to Easyjet's website and go through what a travel agent would normally go through for them, and they do that because they believe that they're getting a cheaper product at the end of the day. Broadband is an access medium. What you have to sell is what's on the back of it. People don't want to learn how to use computers as a hobby. They want to see a benefit coming out the other end.

**Trevor Green** Okay, let's draw it to a close now. Brian, can I ask you to just sum up for us?

**Brian Crouch** First of all, thank you for all your contributions. Some of the things we've heard today are things we've learned about elsewhere. But the resounding theme that came out is that it's about education, it's about trying to convince people what it can do for them. The issue of whether it's available is almost over. By next summer it will be done. To the question, "Can I get it?" my standard answer is, "Yes, how many do you want?". People say it's too expensive, but I say, "How many phone lines have you got? Cease one and get broadband". There will always be a concern on price, is this the right position? Can we reduce it? I'm sure we'll eventually go down the route of Sky, which is packaging it up. I'm sure that's how the whole industry will go. We've got to learn something about packaging. We'll always play with the price.

But what I've heard today is education and this concern from companies about security, although we've heard from the nuclear industry and the finance industry it's fine. We allow our people access to all our systems, in fact they can't get their expenses paid any other way. But clearly we haven't got the message across.

Thank you again to everyone. We're very appreciative of the *New Statesman* and also Trevor.



**Trevor Green** Brian, thank you very much. Let's hear a last word from Geoffrey on behalf of the *New Statesman*.

**Geoffrey Robinson** In the year that we've been doing these roundtables the issue has changed. It's no longer about availability but about take up. That's what's come up today.

It's been quite interesting for those of us who have organised it and those of us who have written up the background briefs. What you see is the three most successful regions, London, the south-east and the East, but the other regions, while they're not doing as well, are all doing well. They have fallen behind relative to the other three but they are still doing well.

The other thing is, within those regions, and this came out today; it came out in the West Midlands and the East Midlands; it's almost as if we've got two-speed economies within your own regions. You've got those who are moving more towards the southern regions and those that are finding it increasingly difficult. Somehow we have to meet the aspirations of those that are doing well, which will go up as demand develops.

Where you have inner-city problems on one hand and rural problems on the other, the inner-city problems are not availability, but investment and culture and education and just teaching. With the rural economies you've got the problem of getting it there.

We found it a fascinating experience. I finished it more convinced than ever that the potential of broadband is enormous and that we're not as yet realising anything like the speed and success we should be. If we start to focus in a practical way, we really can realise that potential and get the advantages that broadband offers in reality. So thank you very much.



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**3rd Floor, 52 Grosvenor Gardens, London SW1W 0AU**  
**Tel: 020 7730 3444 Fax 020 7259 0181**