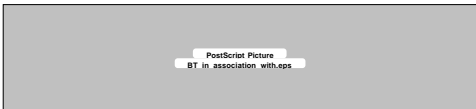




Towards a Better Britain?

Broadband in the Regions
and Nations of the UK
A New Statesman roundtable



Introduction

The West Midlands *New Statesman*/BT roundtable on broadband opened in high spirits. The area, led by the regional development body Advantage West Midlands (AWM), has become the third best connected region in England, after London and the south-east. Already at the centre of the nation's road, rail and canal networks, it will have 99.79 per cent Asymmetric Digital Subscriber Line (ADSL) availability by the summer of 2005 and was the site (in Coventry) of BT's initial broadband trials.

One in ten West Midlands electoral wards are among the 10 per cent most deprived in England, making the question of the "digital divide" highly relevant. Broadband prices have plummeted in recent months, but are still high enough to put it out of reach for many.

While there was all the usual discussion of broadband's benefits: better work-life balance, easier access to health services, more efficient small businesses, the debate kept returning to the themes of the necessity for small businesses to embrace this technology or fear no longer being in business in ten years' time.

Participants



John Edwards

Chief executive, Advantage West Midlands



Professor Lord Kumar Bhattacharyya

Professor of manufacturing and director of Warwick manufacturing group, University of Warwick



Helen Foster

CEO, West Midlands Networking Company



Charles Goody

Chair, West Midlands South Strategic Health Authority



Stephen Griggs

Head of audit for Midlands Deloitte



John James (Chair)

Chief executive of The Mary Stevens Hospice and director of South Birmingham College



Martin Male

Head of ICT, Advantage West Midlands



Bob Michaelson

Regional director, IoD West Midlands



Frank Mills

Regional director, BT



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Member of Parliament for Coventry North West



Allison Seidler

Head of broadband marketing, BT Wholesale



Jacqui Smith MP

Member of Parliament for Redditch



Patrick Smith

Client director for local and regional Government in England and Wales, IBM



Andrew Sparrow

Founder, Lecote Solicitors



Nigel Summers

Chief executive, Sandwell Metropolitan Borough Council



Sam Warnock

Head of regional communications, Heart of England Tourist Board

Towards a better Britain?

Broadband in the regions and nations of the UK



John James I thought it would be helpful if we just spent a couple of minutes introducing ourselves. I am the chairman of South Birmingham College. I am the director of a small quoted company on the AIM called Intandem Films, the director of a law firm called Shoosmiths, and I have a small chain of flower shops around the region. I am also chief executive of a hospice. In my business life I founded something now called Birmingham Forward, but which started as Birmingham City 2000. It is the voice of the largest West Midlands business sector of professional and financial services. I was a senior partner of a law firm for 20 years and my biggest claim to fame is creating and growing Digby Jones.

Frank Mills I am BT's regional director for West Midlands. I have been with BT forever. I am involved with three universities on a project with the NCI. I do some work for the RDA and I have also recently started to do some work on the North Solihull Regeneration Zone.

Geoffrey Robinson I am MP for Coventry North West, chairman and owner of the *New Statesman*.

Allison Seidler I am head of broadband marketing for BT Wholesale. I am also a lifetime BT person. BT Wholesale sells

the network out to BT Retail and all the other 400-500 or so service providers.

Andrew Sparrow I am a commercial lawyer and for the last ten years have looked at legal issues surrounding the internet. I am probably one of the first lawyers to start thinking about the legal consequences of online trade. Two years ago I set up my own firm, Lecote Solicitors, which concentrates purely on internet legal issues. I am also director of Birmingham Forward and chairman of Birmingham Press Club.

Patrick Smith I look after local and regional Government for IBM. We seem to find ourselves more and more into the social and economic regeneration agenda and clearly the sorts of issues we are talking about here are critical to that.

Nigel Summers I am chief executive of Sandwell Metropolitan Borough Council. I am also part of the West Midlands Fire and Civil Defence Authority, secretary of the West Midlands Local Government Association and secretary of the Black Country Consortium. I chair the West Midlands SMART Group; I previously chaired the West Midlands Telematics Group and I am a member of the West Midlands Broadband Network Company. ▶



Sam Warnock I am head of regional communications at Heart of England Tourism. I look after regional marketing and PR and also look after our regional website.

Helen Foster I am CEO of the West Midlands Networking Company, responsible for running the regional network that currently connects up the universities and local authorities across the West Midlands. At West Midlands Networking Company we live somewhat under the wing of Advantage West Midlands (AWM).

Bob Michaelson I am here in my capacity as chairman of the Institute of Directors (IoD) West Midlands region. I am the founder and chief executive of, I think, Europe's first professional co-operative called Enigma Ventures Ltd. I am also the chairman of a company called Capital Ventures Management Ltd, which works on infrastructure projects and development projects in the region.

Charles Goody I am here today as chairman of the West Midlands South Strategic Health Authority, which covers Herefordshire, Worcestershire, Warwickshire and Coventry. I also chaired the National Committee for Information (NCI) across the whole of the NHS. In my day job I also have an IT company.

John Edwards I am chief executive of Advantage West Midlands, the Regional Development Agency (RDA) Our main task is to set the regional economic strategy for the West Midlands. Our challenge is to have virtually universal broadband coverage by the end of this year.

Stephen Griggs I head up Deloitte's audit practice across the Midlands, effectively Birmingham, Nottingham and Cambridge. Deloitte advises a wide range of companies, from small- to medium-size enterprises (SMEs) through to FTSE 100 companies, across a broad range of business services.

Martin Male I am head of ICT policy for AWM. That role covers quite a myriad of different concerns affecting the region and reflecting the diversity it has. From making sure broadband is available to all parts of the region, particularly the rural challenge (making sure it is available in rural areas like North Staffordshire and rural Shropshire) to looking at new and potentially disruptive technologies such as grid technologies that could open up many industries within the region.

Lord Bhattacharyya I am a professor at the University of Warwick.

Jacqui Smith As well as being Minister for Industry in the Regions and Deputy Minister for Women and Equality in the DTI, I am also MP for Redditch. I clearly have a strong interest in both my constituency and my ministerial role in ensuring that we realise the benefits, in this region, of broadband, both in terms of prosperity and the delivery of public services, health and education, as well.

John James Thanks for introducing yourselves. The UK has now come up to fifth place in Europe in demand for high-speed internet. Over five million subscribers and 15 per cent of households with internet access are now on broadband, and those numbers are improving all the time. What we need to bear in mind today is: how can we ensure that broadband plays its part in the economic life of the West Midlands? More broadly: will we be a better Britain for the introduction and development of broadband in the aspects of life in which it is going to be?

Without further ado, I would like to ask Jacqui Smith to give her keynote speech.

Jacqui Smith I am strongly of the view, particularly with my DTI hat on, that UK prosperity depends in large part on improved business productivity, better informed consumers with greater choice, on social inclusion, on better educated and trained people, and on the better provision of healthcare. In all of those areas, the effective use of broadband is going to be absolutely key.

The UK currently enjoys broadband availability of over 90 per cent, set to rise to over 99 per cent in 2005 and, as we have heard, availability in the West Midlands will be 97 per cent by

the end of 2004. The national picture is positive and I think that is been achieved because of the partnership with RDAs, leveraging both RDA and EU resources.

However, there are still challenges in how we ensure that rural areas that do not have the productivity they deserve do get it. The West Midlands ADIT has been very active in supporting the agenda in the region and has got the ongoing support of its board and AWM. It has achieved some early successes in getting its customers to obtain better value or improved solutions.

To get to where we are today and to make the best use of that position, we have also had to work hard to get the policy and the regulatory environment right. In its report for the Broadband Industry Group, the Centre for Economics and Business Research suggested last November that the introduction of broadband could have the same impact on the UK economy as the introduction of mains electricity 80 years ago.

Our policy has been to stimulate competition and demand, as opposed to providing generalised subsidies to providers. I think the scale of the extent of connectivity and availability suggests that this was the appropriate route to take in policy terms. A 2004 Economist Intelligence Unit Report stated that among the world's 60 largest economies, the UK was placed second for e-readiness. That is a more sophisticated measure of the whole e-business environment

The development now, I think, of innovative services and content, alongside the increased take up of broadband, will deliver benefits relevant to every aspect of our business, our community and our home lives. However, I think the challenge then becomes the need to ensure that the benefits are communicated in a straightforward way that is relevant to people's lives.

A very interesting recent IoD report stated that 64 per cent of Britain's bosses now make a direct link between broadband and increased profits, and 84 per cent saw boosted productivity from broadband. These benefits then feed into every other aspect of our lives. Broadband not only makes us more productive as an economy but, arguably also frees up our time to do other things.

In the public sector, broadband has got the potential to transform the delivery of Government services at every level. There is a wide range of Government services available online, information services, tax returns and passport services, for example. We need to use it in a way that actually opens up access to Government services for a wider range of people.

I am stunned at the transformational possibilities that broadband can bring to e-learning and the potential it has to revolutionise the way in which we teach and learn. It is a key

enabler. I think it brings particular challenges to education professionals to keep up-to-date with what the opportunities are for a very new way of working.

Broadband has the potential to revitalise and regenerate communities, to stimulate social and economic growth, and to address social exclusion, although I also think it has got the potential to exacerbate social inequalities if we do not get it right. Through a joined-up approach we will be able to ensure whole communities will benefit from the power of broadband.


There are potential dark sides. Management of spam, security, viruses and protection of intellectual property rights are issues we need to address. Mike O'Brien, the Minister in the DTI with prime responsibility for broadband, announced on 8 November the UK Internet Security campaign. This will focus on providing basic security messages to home users and micro-businesses. It will be launched in the spring of 2005.

The next big challenge is ensuring business understanding of the potential uses of broadband

The next big challenge is ensuring business understanding of the potential uses and potential benefits of broadband and the ways in which it can most effectively be used to develop business productivity. Everyone has to be able to benefit from its myriad uses. It is the key driver for our business, social and community lives and because of that massive potential to transform work, entertainment, learning, and services, it is even more important that we make it open to all.

John James Thank you very much.

John, I wondered if you wanted to pick up on the objectives in terms of what you are doing.

John Edwards The starting point was to do with the infrastructure issues, to make sure we got nearly universal broadband access as fast as we possibly could. We are moving towards that now, while we still have some disparities. In parallel with that our agenda is to encourage more businesses, particularly SMEs, to use broadband to trade effectively. We are running projects through the Premier Automotive Research and Development Programme at Warwick. Part of that involves companies lower down the supply chain beginning to trade electronically further up the supply chain, right back up to the Original Equipment Manufacturers (OEMs). 

We do have some anecdotal evidence that companies in remote parts of the region are saying, "Unless we can get access to broadband, we are just going to move away from here".

John James Thank you, John.

Geoffrey Robinson We are going around the whole of the UK doing these roundtables. One thing is clear, and that is that the progress made in the last two years by the West Midlands is greater than anywhere else. The speed at which you have done it is remarkable. I am speaking comparatively with the rest, and having looked at everywhere else, the West Midlands really is a prime example of a partnership working between BT and the RDA.

John James It is a great success story for AWM.

Now Helen Foster is going to make the first presentation of the morning.

Helen Foster What I am going to focus on this morning is the use of broadband in education. I would like to start with a short film clip of some of the stuff that is currently being done at Dame Elisabeth Cadbury College in Birmingham with the University of Birmingham.

Film clip

They have a broadband connection from the college on to the Birmingham City Council Wide Area Network (WAN) and the Birmingham network. Then there is a connection to the regional network, which connects to the University of Birmingham.

That is really what the regional network has all been about; bringing together the university network and the schools network. They came together and AWM was added to that mix, which allowed the creation of the regional network, which gives connectivity for local authorities. The core network itself is a 1GB core with 100MB delivered to each local authority and 10MB or more delivered to each FE college.

We have more than one million learners able to connect to the network. We have brought on ten rural FE colleges so far. We have got another 16 urban colleges coming through over this Christmas vacation and we are expecting at least another six. We hope to bring on the rest of the FE college community by July next year, which is when the money ceases to be available. We are also supporting rural initiatives. We support Switch on Shropshire, Herefordshire in Touch and we are now involved with AWM in a project to provide broadband connectivity to those remaining 24 areas that will not



get ADSL without some degree of help, by the close of 2006 at the latest.

But there is no point in having connectivity if it does not make itself useful. We are now looking at putting video conferencing on for meetings and multicast for broadcasts. We are encouraging the sharing of teaching resources. However, we have to win the hearts and minds and teach people to think differently about how they can get to the next stage.

We are now looking to bring more organisations onto the network as well, such as education otherwise than at school, adult centres for learning.

John James That is great, Helen. Nigel, I wonder how that impacted with you, in terms of how you do things in Sandwell?

Nigel Summers Shirelands technology centre in Sandwell is developing one of the most advanced language online courses that we have. It is very exciting to see it almost spontaneously combust. Shirelands has a very high refugee and asylum seeker population with about 30 languages spoken within the school.

In Sandwell we are committed to making all our secondary schools extended schools. If we can harness the power of broadband and then overlay the permission to enter school premises for adults, we have got a really wonderful step forward in the e-learning agenda.

This is important in Sandwell, because although we have very wide access to broadband, the take up is low.

Bob Michaelson The IoD has honed in very much on business working with education. Since we held our Business

Education Exchange last year at Dominion Point, a number of the schools from so-called deprived areas approached us with a view to getting business money to fund, to encourage the children. But actually, the biggest issue is not the children; it is the parents.

Jacqui Smith Not only do you need parents to support their children, but quite often it is through IT that parents identify their own learning needs. They will not go to a literacy or numeracy class, but they will work with their children or work in other ways to develop skills which it is not seen as stigmatising not to have, such as new IT skills. Actually, by doing that they are building their literacy and numeracy as well. There is a big opportunity there for getting parents involved in education, not just for the good of their children, but for themselves as well. Also, this week is Enterprise Insight Week. Lots of entrepreneurs say, "Actually, I am very busy running my business and it is quite difficult." But you may well be able to spare the time to do a video conference that you cannot spare to go to the school, spend time there, and come back again. There is real opportunity here.

To change the economy...we have got to move from being second or third from bottom in usage

Frank Mills I think John's team has done some stunning work, but I think we have always been aware that Footprint was only stage one. If we want to change the economy and we want to change people's skills base, we have actually got to move from being second or third from bottom in broadband usage. That is where the debate has got to go.

John James Now I would like Lord Bhattacharyya to do his presentation before the Minister has to leave.

Lord Bhattacharyya In 1997 I had the privilege of being invited to the US to see what was going on. It was mind boggling.

In Boston today, they are already doing remote diagnostics. A doctor can see a mammogram and do instant diagnostics. School kids are trained to remotely send them and get \$10 an hour, of which \$5 is paid by the US government and the remaining \$5 is paid by the insurance companies. In Boston alone there are 10,000 kids doing it.

I went to see what was happening in Pittsburgh. In Pittsburgh, again in the health service, because of the rapidity with which take up was taking place, school kids and university students used to go there. Again, it was \$10, \$5 of which

was paid by the US government. It was called MONET, which is part of the Multiwavelength Optical Networking Technology project, funded by the US government. It was then taken over by NASA.

The US Department of Commerce said, "If we can do this in the health service, why can't we do this in an urban area like Detroit?" They gave people who were virtually redundant at school level \$12 an hour, trained them for six months, saturated training, and then they started going out to SMEs that not only employed them, but also were delivering the content for internet service. It is that sort of scale that one needs to achieve if one wants to succeed.

In Bangalore there is 100 per cent take up. If you look at the east coast of China, you cannot actually supply a company there unless you are connected to the internet and you do business via the internet. It is totally paperless.

When I came back from there, I spoke to the then Secretary of State, Stephen Byers. We set up a B2B centre at Warwick, just to demonstrate to the small and medium suppliers what can be done and the sort of skill level required. Some of them asked if we could come and implement it in their place. When they realise implementation is not that difficult - the difficulty quite often happens with the host company - the take up is there. What we have not got yet, in the Midlands, although it is remarkable what AWM has done on the network and availability and supply, is the demand itself. Unless demand is catalysed, it does not really matter how good a network is there. This is the story of ICT.

When Blunkett was the education secretary, I said to him, "We cannot get school kids excited about engineering. How about getting school kids throughout the country excited through one project?" I got hold of British Aerospace and a few other companies and a big computer design software supplier, and they actually gave the Government £27m worth of software. That's the sort of thing that kids get excited about.

In schools in Arizona they have a very big organisation, the job of which it is to put content on all subjects in the internet; 90 per cent of schools in the southern states just get their content from there. There is no point in reinventing everything.

John James What practices would you like to change?

Lord Bhattacharyya We did a survey of about 500 SMEs in the West and East Midlands and 80 per cent or so said, "We just do not understand how we can use it for a competitive advantage for us". We need to explain that.

We sent some young undergraduates to hospitals here, just to emulate what we saw in Boston. The doctors were ►

basically saying, "We really do not want a 24-hour service because we want pathology to be next door to us."

Charles Goody My daughter works in the local authority, recording information about carers, community servers and the pay for them. Today they write out a card, it goes to a department to punch it, they verify it, they put it into the system, and they get the reports out. It is not the technology. We do not bring people through, as senior managers or executives, who run a business based on information.

It is interesting in terms of using the technology and the work we have done in the NHS. The young people are the ones who will not use it. The older people are the ones who take to it. There is an interesting non sequitur in the NHS. You would think it is the young people being trained, but when you offer the technology within hospitals, it is the older nurses and doctors who take it and use it far sooner than the young people do.

I think it goes back to the point you were making earlier. We teach people things but we do not give them the experience of using those things in the real world. We have got some work going on with AWM through Warwick University, trying to pull some of the game skills that we have got in the West Midlands as they are unique worldwide.

The biggest problem we have got with the NHS is this cultural issue.

Lord Bhattacharyya If you go to Guy's tomorrow, you will find the average age of frontline staff is 23. I do not believe that youngsters are not using the technology.

Charles Goody The speed of take up tends to be greater with the more mature people. The other thing which you have to be careful of is that you can deliver the technologies for people. Taking the Boston example, we are looking at using broadband now to do mammograms but don't have the capacity to analyse them here; we are actually using the radiologist in Boston, where they have got the spare capacity to supplement us. But to send the scans between here and the US you need gigabyte links.

Andrew Sparrow What we have learned from the internet bust is that men go mad in herds but they recover their senses one by one and very slowly. Three years ago we were not getting any instructions from an ordinary business, an ordinary SME, because they were completely in the dark in terms of what the internet, what broadband, could do for them.

I do not think you can adopt the philosophy of "build it and they will come". We have got a lot to do in terms of raising awareness in the SME community, which is the sort of



businesses this region in particular is mainly populated by, of what broadband can do. My generation is still fearful of the internet. The children are not and as they come through and as they go into business, it will change.

I am very confident, but I do not think it is going to happen in the next two to three years. I think it is going to be a long haul.

The internet bust taught us that men go mad in herds but recover their senses one by one and slowly

John Edwards Charles, on remote diagnosis, you send your tests over to Boston and they analyse them and send you back the diagnosis. Is that because we do not have the expertise yet to take information and use it to diagnose, or is it just because you are trying to increase efficiency?

Charles Goody There are not enough radiologists to analyse the scans. There is excess capacity in the US. We have got the people who can do it, just not enough of them.

John Edwards So you generate enormous amounts of data; it is the capacity to analyse that.

Charles Goody Yes. It is going to be at least three years before we have all our hospitals and doctors connected. In parallel with that, if you start sending X-rays around, it soaks up capacity quite dramatically.



Bob Michaelson A recent IoD survey said that, in this region, less than 8 per cent of directors of companies have any qualifications at all. It is absolutely appalling. You must have a really strong business case for them to pick up broadband and use it. It is also reflected in the employees and a lot of these employees are the parents of the very children we are trying to sort out. It is a chicken and egg situation. Somehow we have got to make sure we have relevant applications for people, and make sure that we give them some measure of what additional success they are likely to get, and less hassle, in applying this technology.

Frank Mills The good news is our ratio of business take up to residential is 20 per cent higher than any other region. I can definitely attribute that to things like CW2000, Switch on Shropshire, the market turn. But how do we do it region-wide?

Martin Male To be honest, the provision of broadband has almost been a done deal in our thinking for a while now. We are now seeing that through to completion. Much of our thought has been, "What are we going to do about exploiting this technology?" If you can make the technology pervasive and cheap enough, SMEs will experiment with it. That is what we are about now.

From a recent survey we conducted in April of this year, we know that 42 per cent of SMEs in West Midlands are not using computers on a daily basis. We know our business broadband take up is at 20 per cent above the norm, so we are doing something right. In Stoke, only 4 per cent of its population are ABC1s, 96 per cent are in the lower socioeconomic

groupings. Stoke is a particular problem for us. Against the East of England Development Agency, where they have a much more positive socioeconomic grouping, our take up of broadband is actually very good.

However, as an RDA we are going to achieve a step-change in e-business adoption in the West Midlands economy. We have talked to all the other RDAs across the UK, looking at international methods and best practice. Kumar mentioned the business-to-business centre. It is looking at SMEs in the manufacturing chain, and at those companies which are really keen to adopt a rather high level of technology. That is good for economics. It is very clearly differentiated.

We have to get those small businesses onto the first tier of adoption. In Warwickshire we have some phenomenal businesses, particularly in games and the creative industries, which are producing some phenomenal content and which we must not forget, given they are a major engine for prosperity. We have got a focus already on what the provision of second-generation broadband may do.

Sam Warnock EnglandNet is really England's tourism product online. It came about three or four years ago when the Government recognised it was easy to go off and book your weekend in Paris or your fortnight in Turkey, but trying to book a holiday or a short break in England was well nigh impossible.

The first stage, which they expect to go live from 1 April next year, is making sure the information about the tourism product is available. Our role is to look at how we get information on regional tourism businesses onto EnglandNet; it will power the websites of Visit Britain, the national tourist body; it will power the website of Visit England; it will power our regional website; and, hopefully, it will power some of the sub-regional websites such as Birmingham or Shropshire Tourism or Worcestershire or whatever.

The next stage, of course, is the e-commerce side. It is only through broadband that we are going to be able to do that. That will slowly but surely come online as we go through 2005-06.

Andrew Sparrow I think we get hung up on trying to shoe-horn existing business practices into this technology. It is innovation that will drive new markets. This technology makes possible new business models and new business models will change the market. Look at the record industry and the film industry; online distribution is decimating them this year. The technology will disrupt markets. Companies need to understand that the way they do business now is not going to be the way they do business in five years' time.

I think you have got to have some faith in business and ►

the markets themselves generating the uptake; not what we do now, but what will be possible.

Stephen Griggs There is a huge opportunity for wealth creation through the use, effectively and relevantly, of technology. Some businesses existence depends on the use of technology; others don't even use email. Some of those organisations, if they do not do anything about it, will naturally die. They will not be able to operate in the supply chain because technology will be needed. Some will respond, "How can I use this technology to make my business more efficient?"

Helen Foster For the small businesses just thinking about maybe moving into this, to hear that it is going to be disruptive technology, that something is going to come along to change it all, actually scares them back into their holes, "If all of this is coming along, I better not do anything now." We have to manage both messages very carefully.

Break for lunch

John James To start this afternoon, Bob Michaelson from the IoD will talk about how we deal with the digitally divided and deprived.

Bob Michaelson There are still many people who cannot afford to buy a computer. There are still many people who do not have the necessary skills to understand how to use a computer. The young are covered in schools but their parents and grandparents, many of whom are living longer or working longer are feeling a bit cut off. People who are deprived of being able to do it themselves do have access to libraries. Ours in Malvern is being updated at vast expense to make that possible. The schools and FE have access and, hopefully, public terminals will start to appear, provided they make them vandal-proof, so that people will be able to gain information from virtually anywhere, on a street corner or in a building such as this. But there is still the issue of how to get them educated and encourage them to be educated to be able to use it.

While we are leaning on providers (BT) to sort out cost, it goes beyond just the technology. In many cases, technology is now a commodity product. It is just like buying a bag of rice: you can get it at almost any price provided you negotiate the right kind of deal. Back in the 1970s the biggest cost was still hardware, 80 per cent of the deal was hardware and only 20 per cent was software. Now that is completely reversed. In fact it is 90 per cent software and only 10 per cent hardware, when you look at a project right across its life cycle.



It is actually being able to find the applications that will grab people's attention. There are a lot of expert systems around and some very talented software writers. A lot of these are now working their way down the FE system for people to pick up on. This is tied in with technology such as voice recognition, so that people could work without a keyboard, or the disabled unable to use a keyboard can just talk to the machine and the machine can talk back.

We were always taught, in running computer systems, that it was availability, sustainability and maintainability. If you could get those things right, then you could get everybody tuned in, picking up and running with the services.

There are several hundred thousand businesses in this region that we have to tackle. That is where I think we need to bend our minds on how we are going to deliver to these people. We have got to pick up on a few key applications, and I have not got the answer, that will grab the public's attention, and will make them come towards us rather than us try to go towards them and ram it down their throats.

John James Patrick, I saw you making some notes there.

Patrick Smith With the projects we have been doing in the area of deprived people, we are trying to overcome two things. One is affordability. In social housing which is in tower blocks, it is quite easy to provide access: you just go down the wire system and it is actually not very expensive to do that.

Having got the hardware there so people can use it, the key things are then helping them to use it and teaching the community to do that, and then giving them the applications they are interested in, as you mentioned. Our focus on doing that is community applications. Yes, give them games. The

Carpenters Road Estate project, in Newham, has 500 houses, of which 300 are actually users and over 70 per cent of these people are actually using this thing every day. Yes, the games are there now and they do deliver internet access and email and Microsoft Office-type products but, in addition, they deliver community information, so you can go and create a digital video of what is happening in your area.

A couple of girls there are interviewing the local park managers to find out why the local park is closed so often. They went and videoed Newham Council in a recent argument about the Carpenter's Estate, and they broadcast it across there. You can only broadcast to a certain number of people and beyond that you have to get a licence, but we found it has been successful there and we are trying to roll it out in a couple of other estates and other local authorities, delivering the community-type things that people are interested in.

The thing we have not got yet is the results from this. We have not got proof yet and we need to do some more work to find out.

Bob Michaelson The problem in our town is they will not put any kits in those houses because people will just sell it. We are always going to have those sorts of problems.

Patrick Smith The television and a set-top box is £100, so you can go down to the pub and have a few drinks out of it. So, yes, it is an issue. But in Newham they do not seem to be doing that sort of thing.

One thing they have got on the estate is what they call the "local hero", who is actually one of the UK disabled basketball team members. Whenever they have a new function they get everyone together in the local school hall and he is the one leading it. Of course, not everywhere has got someone like that.

Nigel Summers I think it is a myth that needs to be stopped that you cannot put free kit into houses because it gets sold. There is a problem but it is at the margin. In Smerwick we have 200 houses on the Grid for Learning that we are putting kit into and there is pride in ownership of the kit. However, it has to have relevance. The most powerful community use is community information, particularly for asylum seekers and new arrivals. It is about where you go for help and benefits but increasingly it is about accessing jobs and opportunities for gaining skills.

Also we have to demystify and simplify the kit for access. People do not need to know what every button does. We are doing some very exciting stuff with helping elderly, frail people live in their own homes longer. We can see into the houses by the simple technology you use for burglar alarms. Have

they got up in the morning? Have they gone into the kitchen? If not then the community support team can be alerted.

Moving on to Granny or Grandad living on the other side of the country, the kids want to keep in touch with their grandparents through the television set. The kids can have a straightforward exchange over the television set. They can handle the on/off switch, they can change channels; that is probably all they need to know. I think we have got a huge opportunity for developing an inclusive society, within the values of the way we are living today.

The killer application, if we can get it right, is public procurement in local Government

Something I just wanted to say is that, in the West Midlands, the knowledge workers are overwhelmingly in the public sector. A big thing coming through, which I think will be a killer application if we can get it right is public procurement in local Government, in health. If we are not careful, some of those SMEs that already get by through making supply connections with public agencies are going to be left out of the chain as we move into the use of technology and the internet on mass aggregation of demand and supply connections. It is a threat but an opportunity as well, if we can bring the SME suppliers with us.

Geoffrey Robinson I am not sure how well the Regional Aggregation Boards are working. If you are holding hopes out, I think you may be disappointed. At the East Midlands roundtable, Mike O'Brien was anything but fully supportive of them and said, "We are not going to hold back any initiative even if it is not fully agreed with, coordinated by or integrated by the regional aggregation boards."

We have made huge strides in getting to the point of universal availability really. I know we have problems in Herefordshire and Shropshire, and we will deal with them: wireless, satellite and other things. But the real divide is still in the conditions and the mindsets and the cultural traditions that reside there as they do in our inner-city areas. There has been recurring Government concern about the whole area since we came to office in 1997. Unless we put the effort into the software, the educational process, the cultural change process, and we actually get people to believe that this can enrich, change and enhance their lives, we are never going to get anywhere.

That applies whether they are rurally divided groups or

those totally included within. It is a question of take up really.

Frank Mills I do think we should fully understand, though, what the rural digital divide is. It is less than 0.3 per cent of this population. I am absolutely confident there are less than 300 addresses in this region that cannot be linked with broadband. If you take 20 per cent take up, which is more than double what it is now, we are only talking about 60 customers. If they are businesses they would qualify for the Remote Area Broadband Inclusion Trials (RABIT) programme, which would get subsidised satellite. We are talking about a very small number.

Having accepted that, I think Geoffrey is right: it is about lowering the digitally divided cost. Here is another pitch for BT: we have invested £6bn and we have reduced the wholesale price to a third of what it was two years ago. To invest that much money, I am not optimistic there are going to be many more reductions in the wholesale price of broadband in the immediate future, not until we get our 21st century network; that is it. So who is going to pay for all this? It is not going to happen commercially. You will get people like us who are going to do things for the community because we feel we should be, but it is not going to be on a commercial basis.

John Edwards Just to pick up on the point that Nigel was making about knowledge workers in a knowledge-intensive economy. We had some work completed quite recently, and Nigel has probably seen it, which essentially says that, if you look at the region, the only place in the region where you get an instance of knowledge-intensive workers in knowledge-based companies is in Coventry, in Worcestershire. In Birmingham there are a lot of knowledge-intensive companies but all the people who work in them live in Worcestershire, because that is where the knowledge workers are. In Birmingham you have got basically universal coverage and yet not a great amount of take up.

I do think this region has got ahead of the game, certainly on the local private/public sector procurement.

The challenge for us, I think, collectively but not least for AWM and the Business Link operators, is how we can inform business about how it should access the opportunities that will come from aggregated public sector procurement.

John James Charles. I have got Martin and I also want to bring in Helen as well.

Charles Goody We have now got a Pathfinder project in the



West Midlands for NHS purchasing. Obviously, you have no choice on the big contracts but, within that we have smaller contracts that SMEs can pick up, and that will be available on the website. If you are a supplier, if you see a tender document on the website, do not bother to go for it. It is too late. You have got to be there before it comes on the website. That is an issue for small companies, because to get into the public sector is a huge effort and they have got to find ways to adapt.

One of the areas we are also looking at now, in terms of training is to focus some of that money into the serious games people. That way we actually start developing training courses for ourselves, but also drive the growth of those businesses to expand them so that they go after international business and so on.

Martin Male We have engaged in the procurement issue with the Local District Authority (LDA) as well. We have a task group looking at what e-Government in procurement means. A number of local authorities came to us with concerns about the economic impact of e-procurement; in particular, that their small businesses would be disenfranchised by e-procurement.

At the tactical level we are addressing it from both the demand side and the supply side. We are working with the LDA that has brought together the e-Government partnerships operating in the West Midlands. We are looking in particular at the procurement pilots. We have taken that expertise to build up the picture on the demand side. On the supply side, we have the West Midlands IT Association, the small IT suppliers. We are going to make sure they are educated in what e-procurement means in the public sector.

Helen Foster Two things that just made me wince. One is the cost that the public sector brings to bear on ourselves by the way we procure things because of the OJEC process, the tender documents. We end up paying significantly over the odds to pay for our own “transparency of process”, which is a long way off transparent because so many deals are cut before they actually get advertised.

The other thing I would like to say about aggregated procurement is the question of whether aggregated procurement actually does anything other than deal with loo rolls and photocopier cartridges, or whether we can use those procurement processes to make organisations work together better.

Can aggregated procurement processes make organisations work together better?

In addition to running the regional network, I also run the West Midlands ADIT. It is about an intelligent bringing together of processes. I think that matters a lot more than just multiplying up the number of boxes you buy. All that does is hand a big contract to a big company. It does not actually bring any value to the region or to businesses in it.

Andrew Sparrow In the final analysis what we are trying to do is get this region to be the most competitive. The only way to do that would be to demonstrate that unless they embrace this technology and think of different ways in which to operate their businesses, which this technology will make possible, then they may not be in business in ten years’ time or even less. I am very conscious this sounds incredibly negative, but I think the fear factor is a very compelling message.

Bob Michaelson People are threatened by liability. If they do something and it screws up, is the boss going to throw them out or are they going to get sued? That is the kind of society we live in.

John James Charles, will you take us through the impact of IT on health inequalities?

Charles Goody In my health authority, which is Coventry across to Hereford, there is about a ten-year gap in male life expectancy between early deaths and late deaths. Female gaps are slightly bigger in some areas. It is actually quite frightening that in one small district, some people will die ten

years earlier than elsewhere in the same region.

Most of you probably think of health as being your local GP or the hospital. But it has changed quite dramatically over the last two years.

We now have GPs with Special Interests (GPSIs), so instead of being referred to the hospital, you will be referred to another GP, an oncologist or whatever. You will have treatment centres that will do a lot of the diagnostic work, which is out of the hospital and may not be local. You will have the acute hospital, as you know. You will have specialist treatment centres for orthopaedics, ophthalmology and what have you, and they will be widely based. You will have foundation trusts. You might think this has just been a reorganisation of the health service, but these are essentially a private operation of the hospital, and they will be somewhat independent on that. In addition, you have choice to go anywhere in the country.

Information requirements in the NHS have suddenly changed dramatically over the last 18 months. You might want to be treated in Brighton because that is where your daughter is, and then you want to come back and do rehabilitation in Glasgow, or whatever. The information about your treatment has got to be available across the country, so it is fundamental to the architecture of what we are trying to do here. The national programme is a £35bn spend, which is actually quite a small amount compared to what we spend on a commercial organisation. It is under 4 per cent of our revenue. Most people spend 6 per cent-plus.

Care records will be created. Most electronic records exist in GP systems. In hospitals, only 10-15 per cent of records are electronic, so components of that will be a National Spine Record. There will be one record for every member of the public. Below that will be the records at the hospitals and so on. That is the basic record service.

With “Choose and Book”, we are putting together electronic systems so that you can go to your GP and he says, “I need to refer you somewhere, where do you want to go?”

With prescriptions you will go to your GP, find out what he wants to prescribe you, he will send an email somewhere, and when you go to the chemist you say, “Here is my reference number”, and you get your prescription. If you are in a rural area, your GP can send that to a pharmacy online and they can deliver it by post the next morning. Or, if it is a regular prescription, you call your GP and say, “I want another set of my whatever-it-is” and he will just email it. It hits the travelling issue, it hits the access issue and so on.

None of the NHS plan works without broadband communication. If we want to start shooting scans and X-rays somewhere around the world for analysis, it is not a 500KB connection that we are talking about, it is a 1GB connection in

order to get the pictures. So it is a mix of networks, like all other organisations really.

We are installing digital scanning equipment right across the NHS. That is around £300m of equipment to produce the scans. We have then got to get them to the people that use them. If your GP sends you for a scan, he wants to get the scan back immediately. You have got a communications network problem and 512KB is not the most effective way of doing it.

There is a data protection issue about sharing these records. We have got a big debate going on. It is a big issue.

Moving forward now, the patient will also be able to have access to his spine record, or change it and so on. People with long-term conditions, such as diabetes, often know more about their condition than the clinician. What we are going to do is support this patient with information. Take someone with diabetes. His feet have suddenly started going a bit

Games technology can allow us to grow the skills of people and teach them in context

strange. He can go look at the National Public Library for Health, look at photographs of feet as they progress through the condition, and say, "I have moved to this condition, what do I do now?" We can catch the problem early, deal with it locally, rather than getting a major hospital referrals. A big chunk of hospital referrals are people with long-term conditions. They keep cycling round every six months or so, and that is something we need to get out of.

Patients should be able to see what a physician can do. How many people died under his care? You have to have the information in the context of what the hospital deals with, in a form that the patient can understand.

Games technology can allow us to grow the skills of people and, at the same time, teach them in context. This is now used so consultants can practise inserting the stem into the artery on screen using games technology.

To go back to the inequalities, large numbers of small groups of patients have very low life expectancy because of their conditions. Having the records now, we will be able to isolate these groups, either an ethnic minority group or one with disabilities and so on, particularly learning disabilities. We know of about 20-25 per cent of people who have got learning disabilities. The other agencies currently have no idea where they are.

On the minus side, a lot of patients have no access. They do not have the capability to use the technology. Interactive

television narrows that gap but there are still a lot of people who do not have televisions, travellers and so on. We have got to be able to get at those groups in order to make sure they have got care because that is where a lot of health problems are.

We have got 29 per cent of the population with a reading age of around eight. Do we always have to present information in words? We have got to think about how we start presenting it in other ways. The other issue, of course, that goes with technology is, if we are not careful, we lose the personal contact. Part of care is the relationships that go on as well.

John James Thank you for a very detailed analysis.

Spencer Neal The issue of data protection is one that we have heard time and time again, at almost every roundtable we have hosted. One delegate who was responsible for warehousing X-rays said people get very worried about data protection, but we have to realise how much extra protection people's personal records will have once they are digitised as opposed to lying in the backseat of someone's car.

Charles Goody I saw in the *Sunday Times* that, if you want a patient record, you can pay £45 and get it on a paper basis. That is how secure they are at the moment.

John James Can I just ask one really idiot question for all of you; an emperor's new clothes question, really. I just wonder sometimes whether the word "broadband" is not understood by people even at its most basic level, so they do not go into that territory we want to lure them into. Is that wrong?

Allison Seidler I think there is an issue now, where people who are not aware of what broadband is and what it does think it is too late to be able to ask. I think it is the same with coverage.

Coverage is no longer the issue; it is take up. However, a lot of people you meet out there will still think it is coverage. A year ago they probably could not get broadband and they probably have not checked since. At the other extreme, you have got people who, give them as many megabytes as you can, and they will find something to do with it.

Martin Male "Internet" and "broadband" actually mean the same thing to many people.

Frank Mills They want to shorten ADSL to DSL, but basically they call it broadband. It does cause confusion. In the health network you are talking about at least 2MB-plus lines. We are talking about ADSL.

Andrew Sparrow The Government's definition comes down to, I think, always-on connection of a certain bandwidth. Generally we mean it is always on and it is above a certain bandwidth and you can, depending on how much bandwidth you have, chuck huge quantities of data backwards and forwards. There is the whole synchronous and asynchronous issue.

John James We will just go around and get some final thoughts from people. Allison?

Allison Seidler I am delighted the Minister's interested in maybe a change of Government policy, because I think Government support is vital.

Sam Warnock I think we will obviously maximise the region's profile in tourism through the availability of broadband in the region. That is going to be about enriching our regional website, allowing us to put more images there, allowing us to do lots of video streaming so that potential visitors can see not just the destinations but the experiences to be had in the region, whether that is picnicking in Shakespeare's birthplace or kayaking in the white-water rapids of Herefordshire. Then we can get the SMEs on board, saying, "I want to be part of that".

Andrew Sparrow In terms of the regulation of the internet, a lot of the legislation was never written with the internet in mind and some of it is only seven years old but clearly inappropriate to the reality.

Nigel Summers If, between the health service and local Government, the public sector could get its act together, I think we would have those killer applications within the UK, because we are a major consumer of public sector services. The health sector is about GPs and hospitals, but it is also about social workers and our housing departments.

Bob Michaelson I think, for me, it is removing the fear, uncertainty and doubt that a lot of people still have, which is what is causing the problem we have in the region.

I still believe it can only be done by education, education, education.

Helen Foster I think, for me, the planning of this is not in the pieces of wire; it is in the organisations we can bring together using the wires.

John Edwards When we first started the broadband agenda in 1997, the driver then was, if we develop the contact, the



consumer will demand the infrastructure to support it. It is a bit like saying, "If we make a car, eventually people will demand the roads on which to drive". It started slightly from the wrong end of the process. Moving as we have to ensure as far as we can accessible, affordable broadband is the right point. I think we have begun to move to driving the demand for the technology and actually making the best use of it.

Martin Male Certainly, we feel that, by getting that technology out there, as cheap as it is, we are expecting others to invent and experiment with it and I think that is going to be a real engine of economic growth.

The technology is now being adopted quicker than DVD, which, in itself, is the quickest technology ever adopted.

Frank Mills I was privileged enough to go with the DTI to Singapore earlier in the year. They have got Y-Fire, they have got Y-Max and they have got G3 and broadband and SDSL and it is all happening together. That is where we have got to get to.

John James It just remains to me to say a few words of thanks. First of all, to those people who made presentations today - to Helen and Charles and Bob - thank you very much for putting in all that work. Thank you to BT, our sponsors and, of course, to the *New Statesman*. I think it has been a stimulating debate.

We did start with the point that, if all this happens, if we get 100 per cent accessibility and a massive take-up, will it be a better Britain? I think, probably, the question is better put the other way round. If we do not get the take up, will we be worse off? The answer is that, undoubtedly, we would be.



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