

newstatesman

Special
Supplement



Towards a Better Britain?

Broadband in the Regions
and Nations of the UK

A New Statesman roundtable

In association with



consider
this

hosted by

newstatesman

www.newstatesman.com

Introduction

Yorkshire and Humber has trialed rural broadband provision by satellite in 198 rural businesses to test the business demand and content implications, and is looking at models to overcome market failure in provision of ICT in rural areas.

Leeds is recognised as the regional capital. It is home to many internet companies and around one third of UK internet traffic is hosted there.

The foot and mouth disease outbreak in 2001 had a huge impact on the region but brought with it a deeper understanding of the economy's dependence on tourism and a realisation of how the region must modernise to maintain and expand this industry.

Participants



Christa Ackroyd (chair)
Co-presenter, BBC Leeds



Ajaz Ahmed
CEO, Callserve



Mohamed Ali OBE
Chief executive, QED UK



David Andrews
Chief executive, Yorkshire Tourist Board



Stephen Brown
Managing director, The Press Association



Phil Coppard
Chief executive, Barnsley Metropolitan Borough Council



Felicity Everiss
Regional director, Government Offices Yorkshire and Humber



Jim Farmery
Head of technology, Yorkshire Forward Infrastructure



Trevor Higgins
Joint regional manager, BT



Toby Hyam
CEO, Media Centre Network and Chairman, eRegion Forum Yorkshire and Humber



Gary Keown
Charter Review Panel, BBC



Professor Simon Lee
Vice-chancellor, Leeds Metropolitan University



Rt Hon Alun Michael MP
Minister of State for DEFRA, Rural Affairs and Local Environmental Quality



John Moore
Finance director, North Yorkshire County council & e-Champion



Sue Mould
Joint regional manager, BT



John Napier
Chairman, Kelda Group plc



Spencer Neal
Publisher, *New Statesman*



Gareth Owens
CEO, Go Broadband



Geoffrey Robinson MP
Chairman, *New Statesman*



Allison Seidler
Group director, markets, BT Wholesale



Lynda Shillaw
Group director, BT property

Towards a better Britain?

Broadband in the regions and nations of the UK



Christa Ackroyd Let me start by introducing the Minister of State for Rural Affairs and Local Environment Quality, Alun Michael MP. Thank you.

Alun Michael MP Three years ago the rural economy was devastated by foot and mouth. In the aftermath we discovered that the labour force in agriculture in June 2000 was something like 374,000 but in rural tourism it was something like 380,000. There are more people in proportion employed in manufacturing in rural areas than in urban areas. Even before foot and mouth, farming was continuing to decline.

Rural unemployment since 1997 is down 26 per cent compared with the drop in urban unemployment of 24 per cent. So the general prosperity has not left rural England behind.

Primarily the shock of foot and mouth disease brought a reaction of increasing realism; firstly, the dependence of the rural economy on tourism, how central tourism and diversification was for the continuation of a rural economy, and, secondly, a realisation of what you have to do in order to maintain and expand tourism – modernisation.

We set up something called Your Countryside: You're Welcome. It acted as a wake-up call, a shock to the whole system, if you like, the recognition of the importance of the internet as a tool for marketing in the future.

Are there issues of social exclusion? Certainly it is a danger, particularly in rural areas the opportunity of Broadband is to overcome the dangers of social exclusion.

As we moved forward on the future of the rural economy and started to move from recovery to regeneration, Broadband access became the big issue.

BT's attitude in 2001 was to publish the threshold for Broadband enabling of an exchange if it is viable, and enormous resistance to providing information to those who wanted it. The first meetings we had were very unproductive. There has been massive change over the past few years. Certainly at the DTI, we saw an enormous change of approach.

There has also been a massive change in BT with the arrival of Pierre Denom, who made an openness of approach. That accelerated the whole process massively; the Government lead; the opportunity of Broadband aggregation; the way the regional development agencies took on leadership, but also, the way in which innovation started to take place, such as radio usage. People starting to say 'No, 5km is not the limit. Can we push it to 7km?', 'Can we piggyback radio on the back of direct access to an exchange?' So a lot of commercial and technical innovation, but also a lot of innovation from the approach of social enterprise. A great example is Austwick here in Yorkshire, where some 75 households and



businesses are sharing a wireless network which is provided by both satellite and the traditional copper network.

I want to focus on the parallel change in people that has taken place over the past couple of years. Actnow in Cornwall has been a great success. Objective one money aimed to cover a limited number of villages. Outside the limited number of villages that were described, the other villages said, 'Hang on. We are being deprived'. So they started to campaign and bang at the door of BT for the enablement of the exchange. So the programme was expanded.

Many of those who had to campaign started to understand what it was that they were missing.

The second example concerns Peter Bradley, my PPS who, when told by BT in their first phase that they could not have the figures for their local exchange, campaigned on it and created the very unlikely alliance of a Labour MP and the CLA. They issued a challenge of 'You tell us what the threshold is and we'll meet it'. They then went out and knocked on every door, so the threshold from that exchange was met something like a year earlier than predicted.

The third example is our approach to sustainable food and farming. Part of that was working co-operatively and looking at issues like marketing. So you meet the odd Northumbrian beef farmer who is selling his meat direct, cutting out the middle person by a very good internet site, specialising in particular types of production for particular audiences.

Village Connections links up every parish council clerk in Cornwall. Suddenly you turn the dispersed nature of a rural population from being a weakness into being a strength.

So against that background, I just want to say a few words about the potential for economic development. Most

employers in rural areas are small and medium-size enterprises. Eighty-four per cent of businesses have fewer than ten employees. Most of those will actually be micro businesses rather than SMEs. Small, entrepreneurial, ideal for co-operative working, ideal for co-operative marketing and ideal for an IT focus.

For economic development to succeed it seems to me that you need understanding, flexibility and good analysis.

The basis for supporting entrepreneurial initiatives must be about education and skills. I was pleased to see the announcement last week by Ruth Kelly because it emphasised the academic challenge of skills and employment-related work as well as in straightforward education.

My final points are about key requirements. The first is reliable information. The second is vision and challenge. The third is leadership. We see that from regional development agencies now being expected to provide a regional focus and challenge for economic development, but actually you need local Government and right down to the parish councils to be involved in that promotion of development.

I suggest three other things are crucial: communication, training and experience, and co-operation. I would underline that in rural areas there is a need to co-operate right down to the parish council level and with the rural community councils, and to recognise the benefits of social enterprise.

When I was talking about social enterprise to Euan Cameron, the former president of the CLA, he made the comment, 'Social enterprise may be a useful addition in urban areas but it is absolutely crucial in rural areas'. I believe it is one of the essential ingredients if we are to exploit IT.

Christa Ackroyd Minister, thank you. Let me now introduce Stephen Brown, from The Press Association.

Stephen Brown My company is a content business. Technology is a tool that we use. It has opened up new audiences and it has given rise to a broader base for our business and more use of that technology.

The Press Association is the national news agency for the UK. It was not until the mid-90s, really, when technology started opening up new outlets that there was a whole new range of would-be publishers of news and information.

Freeserve, BT Connect, mobile phones all became customers of The Press Association because at various stages they saw themselves as being publishers of information. As the number of television channels expanded, it opened up new markets for us to provide information. Something like SkySports. There is no better exponent of PA's live data feeds. If you are a sports fan and you watch Sky, then on a Saturday afternoon when it is Gillette Soccer Saturday and

the goals which are being scored and the sending offs are reported, all that information is flowing from PA through Sky and out to the public.

As our business has expanded we very much selected Yorkshire to be the operational centre of The Press Association. In total we employ about a thousand staff within the agency, and, of those, 650 of them are based here in Yorkshire. We have a small office in Leeds and a major operations centre in Howden in East Yorkshire. The technology is there so that the people based in Yorkshire can be working on the national news agenda, the regional news agenda, processing that information and pushing it out to the customers.

Now we think there is another opportunity provided by Broadband. We can start producing video content which can be distributed to people in their homes, on demand, using Broadband. Working with Yorkshire Forward and with East Coast Media at Immingham, what we are creating in Howden is a multi-media centre so that we are employing journalists who can be trained to produce texts, stills and video.

We are creating video packages, news video packages, sports, entertainment, business, weather. They last 90 seconds and consist of a presenter and a combination of the assets which exist within PA, the still photos, the vast amount of data and text that we have on various subjects. Little packages that we can provide to our customers.

One of our underlying principles is that we are a wholesaler of information. We want to replicate this with video. So what we are trying to do with the newspaper groups in Yorkshire is to develop video packages, let them put them out to their consumers so they can take that offering from their own customers in the printed world into the video world. But we are not confined to doing that with the traditional publishers.

As long as we can help our traditional and new customers to provide products which are informative and entertaining, then we think that is how Broadband will grow and develop.

Christa Ackroyd Thank you. I wanted to ask you what is the driving force of rural communities to say, 'I don't care what this new technology is. We will learn it because we need it'?

Alun Michael MP I think it was an issue of, 'We have not got time to go over the old arguments'. From the leadership of the NFU, for instance, you had the sense of 'We've got to get the rural economy on the road again and not just be concerned with narrow farming arguments'.

Spencer Neal Do we think that this is a utility akin to electricity and clean water, or is it a luxury that is good for people who have the latest technology but, other than that, it is something we need not necessarily concern ourselves with?

Alun Michael MP I think that the provision of those utilities started off as an excellent example of social enterprise because it was communities recognising things were a bit healthier with sewers and it was good to have a water supply, and then having a problem about how you supply that across the country.

There are some interesting contrasts, for instance, in Wales where the development of Glas Cymru means that the water undertaking is actually a mixture of quite thrusting private enterprise and the social enterprise construct. You know, there is a place for a variety of models. We moved away from that two-sector arrangement, not to three sectors but actually to about eight sectors. There has been interesting tension, because the whole business is of who provides Broadband. We have achieved it only because each of those players, private enterprise, social enterprise and public enterprise, has been playing their part.

Private enterprise, social enterprise and public enterprise have all been playing their part

Sue Mould It is bigger than the UK. Broadband networks are global. So for UK plc, competition, entrepreneurial skills, our knowledge and for us to compete in the global marketplace, we need to look out into the wider global economy for the country in terms of the Broadband network, the whole convergence picture of mobile coming into play.

Alun Michael MP I would accept that entirely.

Christa Ackroyd Sue, to move from the 15 per cent take up that we have now, is it to persuade individuals like myself to use it both in the workplace and at home, or is it, first and foremost, an economic drive, utilising the major companies which you think will increase from the 15 per cent?

Sue Mould If we could crack the answer as to why the take up is still 15 per cent, it would be a magical solution. A lot of the past has been about awareness, education and understanding what Broadband is. It is a word that means you can send digital signals very quickly. People have not really understood the benefits that Broadband can bring. I think the drive in the main for pushing Broadband take up is currently very much around the consumer entertainment area; information/entertainment. More needs to be done on the business side to get businesses understanding why Broadband is essential to compete in the world economy. 01

Jim Farmery Our examples have shown, both in the regions but also in Actnow as well, that you can get 40-50 per cent take up when you get the sort of partnerships going that we talked about. We have done work very much at the local level with parish councils, groups of individuals and the communities have, kind of, got themselves together. The take up has been phenomenal because there is an ownership and a buy-in at that level which is very important.

Alun Michael MP The take up by parish council clerks is transforming that sector. There is a project in the south-west called 'Computers for the terrified' which was set up by a group of pensioners who recognised that if you can get most people over the front step they will go on. We are doing that but not sufficiently with business. I do not mean just the SME, but the small and micro businesses. Where you have lots of people buzzing because there is an enterprise culture, that is where the real ability to understand what this has to offer, and to stretch it beyond what we have planned. That is developing. I would plead that you assume that people do not have a clue what you are talking about, translate it into simple English and extend the challenge to everybody.

Phil Coppard If you look to the rest of the world such as Korea, the standards of Broadband availability are much higher. The worry for the public sector in Yorkshire and Humber is that we will end up playing catch-up again.

We have to go beyond copper networks. We have to think about bandwidths of 10MB or more so we can develop the services, of which we are capable, that will keep us competitive with the rest of the world. It is much more than pipes. I think people are incredibly risk averse. People now feel that any investment here is high risk and they have to wait for the market to do it. If we are going to transform Yorkshire and Humber, we have to find a way of doing it much quicker than that. That probably means public intervention to make the market work and we are experimenting with some ways in South Yorkshire to do that, by aggregation and so on.

Christa Ackroyd Gareth, could you explain how easy it was to persuade people that it was worth doing for this region?

Gareth Owens I think the power that Jim alludes to of getting a stimulating take up in our rural villages comes from that combination of allowing people in plain English to see what they can do with Broadband but also tapping into the existing community networks. It never ceases to surprise me who talks to whom and finding ways of working.

I think that if we let the market take its course, what will happen is that the new technologies will be deployed where



the volume of demand is. The unique challenge we have here in Yorkshire is that we have a lot of people who are geographically dispersed, with small, medium and micro businesses, who know what they would like to do with the service but are perhaps not confident that what they want can be provided and so are limited in taking it up.

Christa Ackroyd Can I quickly go round the table and ask what is it that you think that this region is still lagging behind in, in terms of take up? Anyone?

Lynda Shillaw I use Broadband all day on my PC at work and at home. If I want to go shopping, if I want to buy something or if I want to research something, I use the technology because I am comfortable with it and because I am familiar with it. You have got to get people into a comfort zone and a level of familiarity. That starts with education. It starts in schools and in communities.

Content has a lot to do with it, because you have to have something to attract people. It has got to replace the paper or whatever they use, and actually be readily available.

If you are a small business, the content and the application requirements take on another dimension where people ought to be creating things that businesses can share.

On a macro level, they have exactly the same issues in villages in India on access to technology as we do in rural Yorkshire, yet they are finding ways of doing it. They are using the technology to educate; they are using the technology to tell people about weather, pesticides, and spotting trade in terms of the grain that the farmers are producing. They are using the technology to drive communities together where, actually, around these communities which are being driven

together, you are getting all sorts of other businesses spinning off. I think you have to have a plan at a macro level as well as to tackle this at the micro level. I am not convinced the Government has done that.

John Napier I think we have to separate the issue of access to take up. Access has stumbled slightly in relation to the privatisation model in this area. Broadband is a social and industrial utility, similar to the telephone. Incidentally, the telephone was created by a Government organisation, the Post Office at the time. So there is no excuse nationally why we do not have 100 per cent availability.

One North East, for instance, in the region has spent a lot of money making sure that they had that coverage, but in Yorkshire we are at the 97 per cent level of coverage. I am very encouraged by the change in the approach of BT and I am very encouraged by the change in approach of RDAs as well in Yorkshire, which is now committed to working with BT and councils and getting it all linked up.

There is a social issue, involving schools, communication and use of it as an educational tool

In terms of usage or take up, we must not beat ourselves up too much here. I think the national figure is 17 per cent. If you look at Yorkshire take up and if you look at educational attainment and qualification, there seems to be a little bit of a correlation between educational achievement and our lower take up. So there is a social issue there, involving schools, communication and use of it as an educational tool and things of that nature. BT is a bit like British Gas in the sense that it is not a 100 per cent supplier even now to every home in the country. I think we have to beat the gong very firmly about responsibilities between the regulatory agency and the companies involved to ensure 100 per cent access.

Lynda Shillaw I think that BT is going down that road. We put 1.6 per cent of our pre-tax profit last year into education, but it is not just BT. The wider community needs to champion this because it is about what industries you want to attract and what skills you are going to produce.

I read something a couple of weeks ago that talked about the UK having more and more people going into higher education, but a lot of the subjects they are studying concern media and they are the much softer degree courses. India produces 300,000 engineers a year. Our engineering pipeline is declining very dramatically, so we start recruiting them

from abroad. If we want to compete and provide our own engineers, major companies need to say to schools and educational establishments, 'Let's work with you. Let's create centres of excellence and let's actually create the skills'. The technology is an enabler; it is not the answer.

John Napier I agree on the enabling point. It has a social value and it should be priced accordingly.

John Moore I do not disagree with the argument about technology and enabling. But there are rich people in rural areas and lots of poor people measured in rural areas. One of the challenges for the county council, is to recognise that, while allowing the rich people to do all the things we want them to do to encourage industry and jobs, from the social disadvantage issue you have got some really complex problems.

In part of North Yorkshire, Hawes, you cannot use a mobile. What do you do beyond Hawes, when all they want is a telephone that works and to get Sky television? As a result of having had the telephone box taken out, they are struggling. They cannot get television. They have not got a telephone any more! Until our friends in BT put those exchanges in, all this other stuff is just fantasy world. Otherwise all you do is just widen the social divergence, and that is what is happening in North Yorkshire now.

Christa Ackroyd If you are working out whether you can afford a tin of baked beans, is £10 going to be an essential part of your personal and social development?

Phil Coppard I think we have a vicious circle. Why would you spend £25 a month to get what you can currently get? We have low supply of services because we have low take up. That probably means investing in advance of demand but everybody is so risk averse.

Trevor Higgins If you look at the progress we have made over the past couple of years, John from North Yorkshire County Council, Jim with Yorkshire Forward and BT have been working very hard to drive up coverage in Yorkshire and Humber. The three of us looked at having 95 per cent coverage for Yorkshire and Humber by 2005. By the summer we will be at 99.8 per cent coverage. I think we are making fantastic strides forward.

Christa Ackroyd But then you can look at statistics which say that we are seventh in Europe in internet take up.

Trevor Higgins We can. Phil is right about the need to progress from where we are. Phil would like to do it with ⁰²

local authorities and local Government. I certainly would not be in favour of that. The proposals that BT has got on the table are to invest in the 21st century network. BT has undertaken over the next four years to put in around £3bn a year to invest in the Internet Protocol Network, where speed will not even be discussed. You will just pay for the content of what you want to download. You will pay for it online, maybe by some click-and-buy scheme, you will hit the button and it will be automatically delivered. By 2009 I believe that that will be a reality, providing that BT are allowed to make some decent return on that investment.

Christa Ackroyd Let me now move on to the chief executive officer for Callserve, Ajaz Ahmed.

Ajaz Ahmed Leeds is the UK's second internet capital and is home to many internet companies.

It feels like the internet has been with us for ages and we have to keep reminding ourselves that the technology is very young. A friend of mine, Stanley Hollander, who is in his 60s, summed-up the situation when he said, 'I've got jackets that are older than most of the people in this business'. The rules for this business are still very much being written and it is still very much work in progress.

The internet has caused a revolution, and nobody can deny that. But the industries the internet was supposed to replace are still here and most of them are in a very healthy state.

By now we were supposed to have superfast internet access and be acting like the crew of the Starship Enterprise. We were promised that, by using streaming video, Broadband would allow us to watch anything we wanted whenever we wanted to. But the simple fact is that the best streaming video technology has existed for 50 years. It is called the television, and it is not going to be replaced any time soon.

It turns out that creating profitable internet companies is much harder than anybody realised. Some of the dotcom innovations, such as the concept that a business need not earn a profit, were really a short-term reality. We have now discovered that normal business rules apply to every business, including the internet ones.

The dotcom era is over but the internet era is only getting started. It is true that the internet will change everything but it is not true that everything will change.

The internet is now, really, an established technology. Everybody is using it and the use of Broadband has really started to take off, but what do people actually do with Broadband? Do they do anything different with the internet? The answer is that Broadband has not actually changed us much. We do not have to tie up the phone line. We do not have to worry about the telephone bill increasing.



Everything that we do now is quicker and Broadband makes using the internet a pleasure.

So why don't more companies embrace Broadband? I believe most internet companies are incapable of articulating their propositions to customers and keeping the whole thing simple. If Broadband is going to take off, how can we expect people to commit to something and pay a fixed amount each month if they do not even know what Broadband actually is?

Most internet companies are incapable of articulating their proposition to customers

We are experiencing exactly the same problem in the industry that I am currently working in, which is the voice-over IP (VOIP) industry. VOIP is where a telephone call goes over the internet instead of a normal PSEN line. But the simple fact is that customers do not actually give a damn about VOIP. The only thing they are interested in is how much it is going to cost them and what can they do with the technology. The same thing applies to Broadband.

If we compare ourselves to countries like South Korea and France, they would probably laugh at what we have because it is very slow compared to what they have. Until there is an incentive for BT to update their network and offer us a true high-speed service at an affordable cost, we are stuck with our current pedestrian Broadband speeds.

I believe it is the role of the Government to enforce change because, until we have wireless internet (Y-MAX) widely



available, we are at the mercy of BT and its infrastructure.

Also business support agencies have got to stop talking about Broadband in the belief that everybody knows what they are talking about. They will have to start talking about the difference that Broadband can make to businesses by relating it to things that small businesses can actually understand. Only then will small businesses want to get Broadband rather than feeling that they have been forced into getting something that they cannot see a need for.

I want to finish with this statement: 'The internet decade has seen the unscrupulous rewarded, the dim-witted suckered, the ill-qualified enriched at a pace greater than at any other time in our history. The internet has been a gift to charlatans, hype-masters and the merchants of vapour. Despite all of that, it still changes everything. The dotcom revolution is dead. Long live the internet revolution'.

Christa Ackroyd Thank you, Ajaz. That was excellent.

Spencer Neal I think that Ajaz is absolutely right. None of us, I do not suppose, knows how many phases the mains electricity in our area runs on, nor do we know what kind of chemicals go into the clean water which comes out of our tap. We do not think we need to, but it does not stop us from turning the tap on or switching on the lights.

David Andrews You made it very clear that the problem is communication of the message about the benefits of Broadband. In the tourism industry, we found out that we have to reinterpret it in a way that people can relate to.

The second aspect is skills and the training side of it. We

found that we have almost literally, to take the training to the people in rural areas. You cannot expect a B&B operator from Hawes to go to the University of Leeds for training. You cannot put it online because they cannot access the website to get to it. That often means handholding. Therefore, if you do it face to face, it is expensive, but it is the only way that we found that we could get the message to them.

The last bit is the business case. Businesses need to know that, really, from their point of view the cost of internet, Broadband, for a month is the same as the cost of an extra booking. If you say, 'I can get you that booking in the middle of the night when you are asleep, from Australia', that is how you generate the benefit.

Christa Ackroyd But are you having to start from scratch and put computers into some of these businesses? Because then it's not just £20; it's £500 to put a computer in, as opposed to just using the guest book.

David Andrews We have assessors who will do the quality grading with the stars and symbols. They go into a business and see a computer still in its box. Yes, they know they need to do it but they do not have the confidence. Often, the best way to us is for them to get a student placement in there, to go in there, to take it out of the box, load it up, put all the systems on it and put the website on the pages. So in two weeks they have made more progress than they have in five years.

I was talking to a woman who runs a very successful self-catering business near Rosedale. One of the benefits she has from Broadband is the webcam showing the snow we have at the moment and the beautiful scenery. It sells the product. It is just how you communicate it.

David Andrews The other aspect behind that, linked to that kind of thing, is the business case. People realise that by doing a distribution deal through American Express they can make a better profit. That allows them to reinvest in the quality of the product. All that means is that their efficiency and business acumen gets better as time goes on.

Toby Hyam I wanted to pick up on a philosophical theme I think that Ajaz was beginning to introduce it but which we have not really touched on it yet. The point about the medium looking into a revolutionary change in the way our society works, and we are not actually experiencing it right now, which is why communication is so fundamental.

One of the key differences of this network is that you can access information resources and knowledge in a very powerful economic way that you could not do before.

For example, I wanted an out-of-print book to research ⁰²

a paper I was writing. I could have got it from Amazon but it would have cost about £60 and taken four weeks to get to me. There is a digital library in America which has now nearly three million books on line, I paid £16 and downloaded it that night and I was able to take out the quotation I needed.

This is a revolutionary change in how we get information.

Ajaz Ahmed On the point of getting more people to use Broadband, let me take you back to 1998 when the internet was still in its infancy, when I was working at Freeserve.

When we signed up our millionth customer, I went along to present them with a prize. It was a housewife in her 40s in Nottingham. She said, 'If it was not for Freeserve, I would never ever have gone to the internet'. That is the problem with Broadband. People are not going to go into Broadband until somebody finds a way of making it easy and no commitment, 'If I like it, I will carry on using it. If I don't like it, I can finish with it'. That cannot happen because 90 per cent of Broadband in this country has to go through the BT network. The thing that will change things is the wireless internet, Y-MAX, which will be here towards the end of this year. So for the first time there will be an alternative, and that alternative, if someone comes up with the right business model, will make it so that you do not have to have a commitment.

Once people have high-speed internet access, the private sector will come up with applications for them. They already exist as well, but it is just getting people to the first step. Everybody can help by not using the word 'Broadband' and using terminology people actually understand. We should talk about the benefits rather than the technology.

Christa Ackroyd I am interested to hear from my boss how difficult will it be for the BBC, as a public body, to embrace the private sector. To bring together what is Toby's philosophy, a great wealth of moving pictures, of archives, where children can go into it, if they are doing something on Picasso and hear the great man speak to them about what motivated him in his blue period. That, to me, is how to sell it, because to see it and to believe it is so much better than picking out a book in the library that everybody in your class wants. Then it becomes inclusive as opposed to exclusive.

Gary Keown I think the BBC recognises it has a major role to play in working with both the private and the public sector in driving this matter forward. While we recognise that television is here to stay, there are also challenges for us in other avenues in which we deliver our content, and more and more, as we become a content provider; it is making sure that if people can access content on their mobile phones and computers, we are there and leading them in that technology.



Another issue for us is the digital have-nots. It does not matter what the market does over the next ten years, but we have to bear in mind the 20 per cent or so of people who might be left behind without access.

So I think there are two issues. There is getting all of our content on, and the great digital creative archives that the BBC is looking to develop from 2006 where a whole array of content is made available. That might address some of the issues in terms of driving it, in terms of it being more than just something you use to email and to do your shopping.

It is also making sure that we have a role to play in delivering the digital curriculum in school. There is a lot of initiative going on at the moment about making learning and education more entertaining and interesting, for pupils and for teachers. It is, again, how we use the BBC content for that.

In particular, we have to get to those disadvantaged groups, who will not have access, to explain the potential and what we can help with. Over the past few years we have been developing open centres in our buildings so that the public can come in and access IT and Broadband. We send buses out into rural communities as well, working with local authorities and other people in partnership to do that.

Our document for the next ten years and our aspirations around the Charter is called Building Public Value: Renewing the BBC for a Digital World. We recognise that we have a huge role to play in that.

Jim Farmery In the UK there is a fantastic level of expectancy of the use of technology in every field, whether it is leisure, texting, communications or interactive digital TV. There has been a real openness about the use of technology in every field and actually the UK is very well placed.

South Korea is always the example that is thrown out about

Broadband connectivity. Actually, what they did in South Korea was to embed it within the education system to a point where it was almost mandated. Those of us in the UK who have children at school are used to them bringing books home for us to help them with their reading. In South Korea they would bring their laptops home from school like my six-year-old with his book bag. It was mandated to that point, through public sector intervention on a huge scale.

Jim Farmery Apple is giving equipment to schools in the US because they see it almost as a loss leader to get those Apple customers of the future using their systems and being really familiar with them. I think it needs major large-scale intervention if we are going to achieve some of the things we are talking about here. That is where you can really grab the nation at that level very early on.

Lynda Shillaw I think part of the problem with the strategy is that we cannot wait for 15 years. I think the issue has to be attacked very aggressively now and business has to work with the public sector to do that.

Phil Coppard In response to Jim, I have been trying to do that in South Yorkshire since 2001. We have European funding available with the idea of providing every kid in South Yorkshire with a laptop to build up the Broadband network in South Yorkshire. What you find is that everybody is totally risk averse to doing it. The RDA, BT, other colleagues in local Government, political leaders and everybody just sees this as a huge risk and are completely freaked out by it.

Jim Farmery The issue for large-scale public intervention has been the European regulation which has been very very strict in this area. Until six months ago, there has been a huge legislative barrier in terms of public sector intervention with regard to the scale of investment. We have seen a releasing of that even in the last six months.

Phil Coppard You either believe that this makes a difference or you just see the fast internet as just another business tool along with many others, that it is an issue for business and not for the community. That is one attitude. There are a few people who actually think, as Toby said, that this is transformational of society, and actually if we can get a lead in this area, the benefits come to those who adopt them first. That is the worldwide experience, that this is transformational and it actually gives a competitive advantage economically for a better future and we cannot afford to be left behind.

Lunch break

Christa Ackroyd Gareth, I know you have talked a little bit about what you do already. Over to you.

Gareth Owen I am the chief executive of Go Broadband. I have two professional passions. One is making technology simple so that people can use it almost without knowing that they are using it. My second passion is to bring Broadband to rural areas here in Yorkshire and providing particularly high quality Broadband services.

People who live in rural Yorkshire will tell you that their post arrives at midday, they have to travel miles to the supermarket and they often live at the end of long electricity supply lines and even longer telephone lines. Most rural folk tell me that they are resigned to this as a cost of living in the countryside and enjoying the quality of life that they enjoy. I think the time has come to break that particular mould.

The Broadband debate has moved on from pipes and is mainly now about products

I agree with Stephen Brown that the Broadband debate has moved on from pipes and it is mainly now about products. In the countryside it is also about services.

Recently I sat with a prominent Yorkshire businessman in his home in a rural North Yorkshire village and he took great delight in showing me that he achieved a one in three success rate when dialling up the internet over his telephone line. As a consequence, he explained to me that he would not consider taking Broadband via his telephone line.

I do not want anyone to forget that in some parts of rural Yorkshire people are still wondering whether they will get a rural Broadband service at all. In case you think they are all tiny, remote hamlets at the back of beyond, let me tell you about North Stainley, a village four miles from the town of Ripon. It is North Yorkshire's fastest growing village, in the largest county in England. At the last count North Stainley had 30 commercial telephone lines, 220 residential telephone lines and no Broadband. With funding from Yorkshire Forward's Rural Broadband Grant Scheme, North Stainley Parish Council was able to purchase a wireless Broadband network to provide a fast wireless Broadband service to everybody in the village who needs it.

The current Rural Broadband Grant Scheme is providing funding so that communities beyond the reach of ADSL can purchase their own solutions. Typically, these projects are implementing very fast wireless networks that enable a Broadband pipe to be cost-effectively shared around the

community. These wireless networks are future proof because as fast as the pipes become available they can simply be plugged in and shared around the existing infrastructure in which Yorkshire Forward has already invested.

So I think these visionary rural projects may be a small part but I think they are an important part of the portfolio, because through them Yorkshire Forward is demonstrating that the real and perceived problems of Broadband service delivery in rural areas can be overcome. In conclusion, just looking at the bigger picture, several things seem very clear to me. First, the world is going mobile and wireless. Second, bandwidth is the new currency. Today's Broadband will be tomorrow's narrowband. Third, and you may disagree with this, because of their relative isolation and because of the lack of access to services, I believe that rural areas should be at the top of the pile for receiving the next generation of Broadband products and services and not at the bottom.

I would like to pose three questions. The first is this: what kind and quality of services will stimulate Broadband take up in rural Yorkshire? The second question is: should we be using public money to ensure that these services are available at every rural telephone exchange or – I apologise to BT for this – is that just rewarding BT for failure? The third question is: is there an opportunity here in the region for rural Yorkshire to leapfrog from laggard to leader in the national Broadband stakes? If there is, how do we make it happen?

Christa Ackroyd I am going to move straight on to Toby because I think we can piggyback the two different sides of the spectrum and then have one big open session.

Toby Hyam I want to talk a little about what I call flexible working. It also includes the concepts of homeworking and teleworking. Home working, of course, does not necessarily involve any technology; it could be taking in ironing. Teleworking refers to the concept where you are using technology. Flexible working is likely to use technology but it is also likely to be quite mobile. It is about the mobility that you will find in the workplace.

Not enough research has been done in this area but I am going to be drawing on a couple of recent reports that I think are the best examples. From the normal labour force environments that used to exist 20 years ago, we now have much smaller, more diverse and more flexible enterprises. Manufacturing now happens in much smaller units, they are much more knowledge based and, actually, they are doing quite well despite all the bad press because they are re-emerging in West Yorkshire.

A guy called Stephen Clark from Leeds City Council, wrote a paper on the 2001 Census, which was the first census



where they asked people where they work and how they get to work. The ward where most people are working from home (are flexible workers) is Wetherby in Leeds. The top seven out of ten of those top ten wards in the UK are in Yorkshire and Humber. Thirty-two of the top 50 are in Yorkshire & Humber. So where were we with Broadband at that point and where will we be in 2011, the next census?

What are some of the characteristics of flexible working? There is a good report by a consortium called Sustel. People change their patterns when they are working flexibly. It is not always two days at home and three days in the office. It is much more movable and liquid.

Teleworkers often end up working longer hours. That is not seen as a negative because it shows that they are able to make the sorts of give and take that balancing their home life and working life can achieve. Flexible working does not necessarily reduce the peak rush hour times because people are making more journeys in terms of being flexible.

Teleworkers and flexible workers require more structured contact. There is a different management environment if you are going to manage these relationships. You have to create the space for people to collaborate together. Actually, teleworking is very attractive to older people, which is of course an important demographic in our society.

Often the offices of companies which have embraced flexible working become more like homes. Companies recognise they need to create communication space and socialisation space. It changes the attitude of the employer to the actual physical space that they do retain as part of their portfolio.

Very small enterprises generate 52 per cent of our GDP and 55 per cent of employment. What these small businesses need, of course, is Broadband and many of them are embracing it. What they do not need is high fixed costs in inflexible

locations. They want locations that are accessible by public transport, which are connected into the metropolitan infrastructure and, whether that is a village in rural North Yorkshire or, indeed, a medium-sized town or a major capital for a region like Leeds, people want that sense of connection and hub as a base for their business.

Very often the home is a substitute for a business environment, and increasingly it is going to play a pivotal role. So what are the implications of these workplace issues?

From a commercial property point of view, there are implications. Would you pay right now for a 1000m² of space in Leeds at prime rates, committing yourself to 15-25 years on a conventional full repairing lease? Do you know that your employees are going to need those levels of fixed costs for the next 20 years or that that asset is going to have that value?

The High Street may well change the way in which retail has to accommodate the fact that a lot of people are beginning to buy online.

Transport companies need to become part of a mobile Broadband network. They need to understand how their clients are changing their travel. Look at the way that airlines are discounting their low-level seats. What about midday when the trains and buses are practically empty? Many flexible workers could use that capacity and come back later.

GNER has the first really effective wireless service on their trains so that you can access the internet from your laptop as you travel down to London.

My son goes to York every day. He has a map where he can find one little wireless hotspot on his journey and he uses that to download his work and to prepare himself for his day at school. If a 16-year-old is thinking like that, we ought to be thinking like that in terms of public policy, in terms of making some of those connections start to happen.

So what I have been talking about is not some elaborate vision of the future. Forward-looking, innovative companies are using Broadband infrastructure and content to fundamentally change the operation of aspects of their business.

Will the greater take up of Broadband spell the end of the nightmare of the M62 and that journey to and from work? Will Yorkshire and Humber still be the top UK place for homeworking in 2011? We need to stimulate public policy to create the conditions for the market to innovate in some of the areas that I have touched on. Thank you very much.

Christa Ackroyd Thank you, Toby. Gareth and Toby, do both of you think that the fundamental change in attitudes of flexible working means that more people will work in isolation? Is there still room in both rural lives and in the new rush-hour and non-rush-hour lives for us actually to touch base with reality, society and social skills?

Gareth Owen What I notice when I speak to people who are Broadband enabled in rural areas and able to work flexibly is that they tend to be available in the community for longer periods of time, and some of their social life which would previously have happened in their working environment is actually put back into the rural community. I think there is a positive benefit to rural communities in flexible working.

Toby Hyam I have not had a chance to explain that it will improve the situation from where we are now. If you have flexibility in your working environment to spend two or three days at home, you see more of your partner. That was a quantifiable element which came out of the Sustel research. Actually, it almost always had a positive effect.

If you have flexibility in your working environment, you see more of your partner

Christa Ackroyd If you had been more social- than business-based five years ago, would you now be a little bit further down the line of people like me embracing your product?

Sue Mould We have done a great amount to provide 100 per cent coverage for Broadband for the whole of the country. What has not happened in the country – this is not BT alone – is how people have taken advantage of that.

Christa Ackroyd Do you think that you could have done something different to persuade us it is worth embracing?

Sue Mould I think we have been doing an awful lot about trying to get that message out; first, to get the network out there and second, to promote what Broadband can do. There are a lot of schemes, one of which is our pre-registration scheme, which is trying to get local champions enthusing about Broadband. I think there is a lot that the public sector can do and private organisations can do in Yorkshire to get that more embedded in our own communities through our own workforces, as we have done.

Christa Ackroyd Is there still the image, Gareth, that one goes to rural environments to be less competitive, get out of the rat race. Is what you are saying just a continuation of a certain way of life in a pretty setting?

Gareth Owen No. I think it is wrong to say that Broadband is something that is a facet of urban life in the way that

motorways are. In rural areas you will find that people have their very own reasons, usually related to rural isolation, namely, wanting to keep in touch with the family, not having to commute for two hours to the office in Leeds a day, for wanting high-speed connectivity.

Of course there are some people, and they tend to be the ageing rural population who say, 'No, it's not for me' but even they look to the upcoming generation that we talked about this morning, and say, 'But technology is so much a part of the upcoming generations' lives that we can see it will be important in the future'.

Christa Ackroyd Toby, is it not about balance, that we do not want to give up one and exchange it for the other?

Toby Hyam I would like to make a related comment on the issue of the rural side. I chair an eRegion Forum that has a lot of rural representation because it is a major issue to the local authorities that operate in that area. I think there is a perception from metropolitan areas and from cities that everyone wants to retire to the country, but actually rural areas are high-technology environments.

You only need to look at farming to see the technology. If you have to deal with some of the biological and/or chemical issues, technology issues or the advanced engineering issues, and indeed all the land management, it is a high technology environment.

People want to work fewer hours. People want to engage with their work in a more constructive way

Gareth Owen Rural areas are excellent locations for distributed enterprise development in which you do not have to mass it altogether in a metropolitan area, but it is much closer for people to work and bringing employment to that area.

On the lifestyle issue, I think there is an interest in employees in having a more flexible life/work relationship and balance. People want the benefits of the post-industrial society. I am talking in an academic way because it is a theoretical position at the moment. People want to work fewer hours. They want to engage with their work in a more constructive way.

I think the aspects of this technology have an opportunity to address that balance.

Phil Coppard Christa, can I challenge this assumption that we are 97 per cent there, and presumably the 3 per cent is the rural bit. We are not 97 per cent there. All we have got is

ADSL. That is not Broadband. It may get us somewhere near to the standard of London and the south-east, but we are miles behind Europe, and even further behind in the wider context.

This equating 97 per cent Broadband is the BT proposition. It is not true. We have got to go beyond that. In five years time we are going to be in exactly the same position of fibre or true Broadband to what we have been through.

I say that we are going to go through that loop again. We have to break out of this if we want this region to be a prosperous region.

Christa Ackroyd So is it a question of marketing? Is it a question of simplifying the arguments? Is it a question of the powers, the movers, the shakers putting the money into buying your kids the computers? Where are we losing the message?

Phil Coppard It is public policy, to start with. It is about the partners in that who have the responsibility; Government, local Government, the RDA and some of the big telecom providers actually getting together and sorting this out.

Allison Seidler I am the group director of markets for BT Wholesale. I would like to clear up some terminology so that we do not get confused. When we talk about Broadband and when the Government talks about Broadband, it does mean ADSL at this moment in time, but that does not mean to say that there are not other technologies or bandwidths coming along.

When we talk about coverage, the figure quoted by the Government and BT on ADSL Broadband will be 99.4 per cent coverage by the summer of this year.

Christa Ackroyd However, only 15 per cent of the country has been engaged by this table to take up your propositions. What do we have to do? What are we missing, then, to increase the 15 per cent to the realistic target in three years' time of 50-60 per cent and in five years' time 100 per cent? That is a Government target, not a BT target.

Phil Coppard It is Yorkshire and Humber's problem because it means we will slip back in our competitiveness.

Lynda Shillaw I think it is as simple as working out what you are going to use it for. The technology is there and it is ready to be exploited. There is an awful lot of content. The moment take up shoots off, you will get a lot more stuff coming on. It is there to be exploited.

We need to look at it in terms of what are we going to do

with it in terms of education, and that is bringing children through schools, universities and out into the workplace. You need a master plan.

Simon Lee If you take our students, and let us take Skipton Girls High School, which is an engineering specialist college, all of its work is online. Homework is online. It is fantastic. All right, they have had to overcome some resistance from those who have retreated away from the technological world and some inability from those who are poor.

If we want those students to come to us, which we do, we have to include our content, our approach and our mindset.

Our trouble as a university is that we are trying to teach a curriculum on the basis of which we employed people 20 years ago. There is a lack of will of aligning what we do and what people want.

Christa Ackroyd Do they expect to be able to come to lectures when they want to? Do they expect virtual lectures?

Simon Lee Yes. They would like them to be streamed online so they can choose whether to come or not, but we have the counter culture issue of whether there is a value in actually being at a lecture and being together. Particularly, sports teams, do not want to have to attend lectures on a Wednesday afternoon if they clash. They want the lecture online. Staff think the lectures are not good enough, really, to be exposed in that way.

It will take two or three years to work it all out before you get to a consistent position. People will move on to the online Phoenix University in the States, or wherever else it might be.

I think they are missing out because part of university life is about the interaction, but it is often a question of will.

Lynda Shillaw Actually, it is creating a much broader knowledge base because the beauty of the technology its immediacy. So you can actually be sitting in Leeds and communicating with universities all over the world. You can listen to the lecturer in Phoenix actually who is giving a lecture in a specialist subject. The scope for what you can deliver is vast. From a university's perspective, one of the biggest risk in going forward is that students do not go to UK universities but they go online or abroad, because the economics of doing a degree are probably a lot better than doing one in Leeds.

Christa Ackroyd I am going to go back to Ajaz Ahmed. I cannot work out whether you were being provocative or genuinely cynical. If you are cynical, somebody who is a



pioneer, as you were when you worked at Freeserve, it means trouble for us all. It means the philosophy of Toby and the business aspirations of BT are to no avail.

Ajaz Ahmed The point I was making was that the internet is full of people with hype and promises of technology but nobody ever delivers, so we are not using the internet for anything more than we did a few years ago.

If we want to accelerate the usage of Broadband in this country, it is all right having 100 per cent coverage and this, that and the other, but the cost has got to come down.

Felicity Everiss But the Government is doing a review, as you know, to look at exactly these issues. But you will never get it right because something else gets invented, to wit, 3G phones. One form of the delivery of the service is through down a phone line, for somebody else it is by Wi-Fi on the GNER trains, and for somebody else it is accessing the library. These are real social things, but they are not the same as the student doing higher education. There is a real danger that we talk as if we do just one thing and that will solve the problem.

Christa Ackroyd I am going to stop the discussion now. Basically, what we are saying is that, at the moment, education is not good enough. There does not seem to be a cohesive moving forward in terms of marketing. Thank you very much.

Spencer Neal I would like to say, on behalf of the *New Statesman*, thank you very much. Please stay for as long as you like and finish off the arguments and conversations.



newstatesman

www.newstatesman.com

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