



**Government response to the  
House of Commons  
Business, Innovation and Skills  
Select Committee Report on broadband**

Presented to Parliament by the Secretary of State for  
Business, Innovation and Skills  
By Command of Her Majesty  
April 2010

© Crown Copyright 2010

The text in this document (excluding the Royal Arms and other departmental or agency logos) may be reproduced free of charge in any format or medium providing it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Where we have identified any third party copyright material you will need to obtain permission from the copyright holders concerned.

For any other use of this material please contact the Office of Public Sector Information,  
Information Policy Team, Kew, Richmond, Surrey TW9 4DU

or e-mail: [licensing@opsi.gsi.gov.uk](mailto:licensing@opsi.gsi.gov.uk).

ISBN: 9780101785921

Printed in the UK by The Stationery Office Limited  
on behalf of the Controller of Her Majesty's Stationery Office

ID P002359624 04/10

Printed on paper containing 75% recycled fibre content minimum.

# Introduction

The Government welcomes the Select Committee's Fourth Report of the 2009-10 session.

The Government is grateful to the Committee for its examination of the key issues relating to the key broadband policies as set out in the Digital Britain Report based on written and oral evidence from stakeholders. We welcome the detailed consideration the Committee has given to these issues, and note its recommendations.

The Government has carefully considered all the recommendations suggested by the Committee and is pleased to be able to present its response.

## Ministerial Accountability

### **Recommendation 1**

**We recommend that the Government again appoint a full-time Minister for Digital Britain at the earliest opportunity.**

1. We note the Committee's views regarding the current Ministerial structure for the delivery of the outcomes from the Digital Britain Report. We believe that the current arrangements are appropriate to achieve the outcomes set out in the Report.

## Universal Service Commitment

### **Recommendations 2 & 3**

**We are concerned that the Government is committed to a Universal Service Commitment of 2Mbps, with a budget of £200 million, without a clear definition of what it means. The criteria upon which any significant spending is based must be made clear. Together with the Network Design and Procurement Group, the Government needs to address this issue as a matter of urgency.**

**We believe that the Universal Service Commitment should deliver a minimum 2 Mbps under normal circumstances, to all users. This achievable objective would provide a greater range of services to all areas of the United Kingdom.**

2. The Government is pleased that the Committee agrees that the level set for a Universal Service Commitment (USC) at 2Mbps is appropriate. We believe that this is a good level of connectivity that will enable virtually everyone in the UK to enjoy the benefits that broadband brings.
3. We recognise the Committee's concerns regarding the definition of a 2Mbps connection. As set out in the oral evidence given by Stephen Timms, Minister for Digital Britain, due to the nature of broadband over a copper connection, speeds are subject to a degree of variability, dependent on a number of factors, such as the distance of a premise from an exchange, the amount of traffic on the network (contention), or even an individual's home wiring. Other technologies also suffer from similar problems, most notably the contention in the network, which directly affects speed to the end user. Therefore, it is difficult to guarantee that every line will have a constant connection of 2Mbps.
4. However, we do recognise that the market needs certainty on this issue. The delivery team, Broadband Delivery UK (BDUK, formerly the Network Design and Procurement Group), will have responsibility for setting out exactly what is meant by a line capable of 2Mbps and have made this an early priority. An outline definition has already been worked up for informal consultation with industry and other representative groups.
5. BDUK aims to set a definition based on user experience, which should make for easier point of reference for the consumer. This will be underpinned by the technical definition required to deliver such an experience. The potential suppliers will be provided with the technical definition and the definition of the consumer experience expected, which will be used as the basis for contracting with suppliers to deliver upgrades in the access network.

## **Recommendation 4**

**Currently, the Network Design and Procurement Group will define its own targets, delivery mechanisms and terms of reference. This is not acceptable for the delivery of the Universal Service Commitment. The Government must publish a set of publicly available guidelines, defining what the targets are and the best practice for delivering them.**

6. We note the Committee's concerns regarding the governance of the delivery team, and the desire that the team does not set its own objectives. Broadband Delivery UK (BDUK) has been established as an organisation within BIS, and as such we hope that this addresses these concerns. Government will have a key role both as part of the delivery, and in terms of oversight. Adrian Kamellard, from Partnerships UK, has been appointed to lead BDUK which will be directly accountable to the Minister. Operational oversight for BDUK will be provided by a Steering Committee.

7. We have set out the terms of reference for BDUK.

BDUK's key priorities include:

- Development and implementation of commercial and financial arrangements, including reconciling commitments on Next Generation Access funding with the commitments set out in Digital Britain.
- Ensuring that new and/or improved services are being implemented under the Universal Service Commitment by 2012, with the completed implementation of these and the Next Generation Access services finished as soon as possible.
- Minimising any adverse impact on competition in the market.
- Minimising any adverse impact on private sector investment plans and ensure efficient investment of public funding.
- At all times supporting the development of UK capabilities on broadband delivery.

In the coming months, BDUK will:

- Engage with industry and stakeholders.
- Develop the commercial models that will be used for implementing the Universal Service Commitment and Next Generation Access policies.
- Agree the minimum service specification required to achieve the policy objectives set out by Government.
- Begin discussions and set up of commercial and stakeholder relationships and specified commercial processes.
- Complete the establishment of Broadband Delivery UK – including a web presence, individual branding and recruitment.

## **Recommendation 5**

**While we accept it is appropriate that the Network Design and Procurement Group be consulted in designing the procurement process, the Government needs to state expressly that value for money will be a cornerstone of its procurement model rather than proceed with a purely cost-based reverse auction.**

8. As set out in the oral evidence, this is just one option available and all commercial models will be considered as part of the procurement process. We agree with the Committee that value for money is paramount and will ensure that the procurement process and the commercial model deliver this.

## **Recommendation 6**

**In order to maximise the benefits of the Government's ambition to provide the Universal Service Commitment through Next Generation Access networks, we believe that where possible the economic data of the upgrade should be placed in the public domain. This offers the opportunity to use the USC as a testing ground for the roll-out of Next Generation Access.**

9. We agree with the Committee that demand for the USC programme may prove a useful test bed for establishing a level of demand for Next Generation Access. The Government and Broadband Delivery UK will consider this, as part of the development of the commercial model for the USC. BDUK will also consider the extent to which other aspects of BDUK's data modelling can be placed in the public domain.

# Next Generation Access (NGA)

## **Recommendations 7 & 8**

**We share the Government's enthusiasm for the swift development of Next Generation Networks and for maximising access to those networks. We believe that the United Kingdom's competitiveness is, to a significant effect, dependent on its telecommunications network. However, we have doubts about aspects of the Government's policies to achieve an objective with which we entirely agree.**

**The evidence we have heard suggests that there is no pent-up pressure for super-fast broadband from consumers, due both to a lack of new applications and an unwillingness to pay higher bills for internet access. We do not believe that the Government has yet made the case for intervening in the market to provide NGA access to consumers who already receive a reasonable quality of service. Furthermore, we conclude that achieving a universal service of 2Mbps should be the priority**

10. We are pleased that the Committee shares the Government's enthusiasm for delivering next generation, super-fast broadband across the UK.

11. We would caution against complacency over the urgency of delivering next generation services. Virgin Media recently announced that 100 Mbit/s services will be available across its whole network by the end of the year, reflecting buoyant demand for its existing high speed services. If urban users are demanding these services, we can be certain that rural users want them too.
12. The Government's rationale for intervening is based on the need to ensure the UK is able to remain competitive globally, and to reap the benefits improved connectivity brings. Good communications are essential for all businesses, and are important for the growth of the economy. Without this intervention, we believe that 30-40% of UK households and small businesses, including many rural areas, will be unable to take advantage of the expected benefits of NGA – namely, improved access to new markets, greater business opportunities offered by e-commerce, higher productivity and increased innovation. This will lead to a further digital divide, with some digitally rich, and some digitally poor.
13. We have worked hard to reduce the current digital divide and bring greater inclusivity – firstly ensuring supply through the Universal Service Commitment, and supporting this through the National Plan for Digital Participation. To not continue this as we move towards NGA would undermine these efforts.
14. Ensuring the greatest level of access also introduces network effects brought about by having widespread access to broadband and NGA. These are only truly compelling when take-up and access reach a certain point. For example, jobs are created in other parts of the economy as a result of the applications, services and opportunities which investment in broadband generates (e.g. growth in the content and creative industries).
15. This has been recognised across the world, with Government's increasingly taking action to deliver NGA as far as possible and far beyond commercial deployment.
16. The delivery of public services will also be transformed, with education and health services in particular able to be delivered more efficiently and cost-effectively. Remote learning and the treatment of long term conditions in the home will become a reality, producing considerable savings not only to local authorities and primary care trusts, but also reducing the amount of travel and unnecessary, stressful hospital or doctors visits.

17. Whilst consumer services and applications that require NGA have yet to demonstrate demand, the trend for a demand for higher bandwidths, and video in particular is increasing. We agree with the Committee findings that services such as BBC iPlayer can be delivered at data rates of 700-900Kbps, but believe that broadcast quality high definition multi-stream delivery will need to considerably higher rates, particularly if the connection within the home is also to be used for other services, such as remote learning and video conferencing. The "killer app" may not currently exist, but we believe it is short-sighted to limit ourselves to existing capacity. Greater capacity has been proven to lead to increased innovation and development of services, and we expect this to continue as we move towards NGA.
18. We support the Committee's view that price competition for these services will be key – Virgin Media have steadily decreased prices, and BT Retail's competitive price point for their fibre-to-the-cabinet (FTTC) services will continue to impact on demand. Latest figures indicate that there are a total of 560,000 subscribers to Virgin Media's 20Mbps and 50Mbps services. BT expects to have connected over 1m homes by the end of the year.
19. The Committee references the Broadband Stakeholder Group Report, which indicated the costs involved, and evidence from BSkyB that these costs may indeed fall. We agree that this may indeed be the case, and as part of the Next Generation Fund Consultation, published in January 2010, Government have asked whether these cost assumptions are still relevant. We will consider the responses to the consultation, including an expected updated set of figures from the Broadband Stakeholder Group, but do not expect the cost predictions to fall to a level which would strengthen the commercial case for market deployment in the final 30-35% of the country.

## **Recommendations 9 & 10**

**We accept the analysis that, given the current public policy framework, an entirely market-driven approach to NGA roll-out is unlikely to deliver NGA to every home. Therefore, if there is to be near-universal access to NGA, changes to public policy or some form of Government intervention will be necessary. Changes in public policy—for example to allow competitor access to BT's ducts or to the rating of fibre optic networks—might prompt the market to deliver, and technology itself is changing rapidly. Whether this is the right time to intervene with public money and what form this intervention should take remains an open question.**

**Premature intervention by the Government in the NGA market could prove unnecessarily costly. We believe it would be unwise for the Government to intervene until the market has established what it is capable of delivering by itself, something the telecommunications companies are still in the process of doing. Fifty percent of the United Kingdom already has potential access to high speed broadband and that proportion will grow as investment increases and technologies**



**develop. These processes could accelerate if they are provided with an appropriate public policy framework.**

20. We are pleased that the Committee agrees a fully market led approach is unlikely to deliver NGA universally across the UK, and we recognise the Committee's concerns that intervention in the NGA marketplace would chill private investment. We accept that there are many questions that are still to be answered – such as where to intervene, and the approach to procurement. The Next Generation Fund consultation, published in January 2010, seeks to gain answers to some of these difficult questions.
21. But Government believes that intervention will be needed, even if this entails changes to public policy. For example, the cost modelling exercise undertaken by the Broadband Stakeholder Group included the assumption that duct access would be given.
22. We believe the commercial business case will still present a significant barrier in the final 30-35% of households, and the Next Generation Fund will be able to tip the balance in favour of investment. Whilst there are some small scale trials underway at the edge of what may be considered commercially viable, we do not believe the market is in a position to deliver next generation broadband to the vast majority of these areas, without some form of additional public support.
23. We have addressed duct access and how business rates are applied to fibre in response to the Committee's specific recommendations in this area, but there are also other public policy changes that we are delivering to help the deployment of NGA.
24. We have consulted on whether we should amend the Electronic Communications Code to allow for greater deployment of telecoms cables overhead, which will bring the cost of deployment down. We are actively working to increase coordination of streetworks. These are all measures which we believe will help the commercial deployment of NGA

## **Recommendation 11**

**We believe that if public intervention is to occur then where it begins geographically is of critical importance. We recommend that the Government act cautiously in any intervention it may make, and that any such intervention should be in areas where the private sector is least likely to venture. This would allow the market time to assess the economic case for further roll-out beyond 66%, decrease the chance of private investment being crowded out and decrease the possibility of contravening EU state aid rules.**

25. We are pleased that the Committee has recognised the issue of where intervention should take place. This question is central to the recent consultation on the Next Generation Fund. Government and Broadband Delivery UK will consider the responses to the consultation before finalising the procurement approach, including which areas should benefit first. BDUK will also be able to draw on research such as the Analysys Mason report commissioned by Defra and CLG and published on 4 March.

(<http://www.communities.gov.uk/communities/digitalinclusion/research/>)

## **Recommendation 12**

**While optical fibre may often be the correct technology to deploy in the delivery of NGA, the Government must not lose sight of alternatives which are already able to deliver results. The speed of technological development in this industry is fast, and solutions which appear to be too costly or complex today may quickly become the most appropriate option in the near future. We believe, therefore, that technological neutrality should be a cornerstone of any Government intervention. Furthermore, we recommend that any Government-funded infrastructure should be able to support services offered by multiple internet service providers. If not, it runs the risk of establishing local monopolies.**

26. Government is currently consulting on the proposals for the Next Generation Fund, which includes an explanation of the various technologies that may be used to deliver superfast broadband to 90% of UK households. Government will consider the consultation responses and respond in due course, but we believe that networks delivered through the Next Generation Fund will be predominately fixed-line, fibre-based. We believe that as the Fund is to be raised through a duty on fixed lines, that it is appropriate that it is used to fund fixed line solutions.
27. Wireless technologies will contribute to the roll out of NGA, and we are pursuing the availability of spectrum to aid this through the spectrum modernisation plan.
28. We support the Committee's view that any intervention should ensure there is sufficient competition, and should avoid local monopolies. We have sought to address this as part of the consultation process and will ensure that the procurement process takes account of this.

# The Landline Duty

## **Recommendations 13 & 14**

**We believe that a 50 pence levy placed on fixed telecommunication lines is an ill-directed charge. It will place a disproportionate cost on a majority who will not, or are unable to, reap the benefits of that charge. The levy is a regressive tax under**

**which a minority of users will receive enhancements to their services paid for by a majority who appear unlikely to access these services. The Government must look again at this proposal. If the Government persists with its proposal for a levy, it will need to set out, in unambiguous terms, whether or not the levy will be hypothecated and proceeds used to fund solely Next Generation Access. The fact that this remains uncertain undermines the credibility of the Government's position.**

**We do not support the 50 pence levy as a means of raising revenue to assist in the roll-out of Next Generation Access. The programme for delivering Next Generation Access is important, but if public funds are required, they should be raised in the same way as for any other national infrastructure programme. We reject the proposal for a 50 pence levy and recommend that Next Generation Access, to the extent that publicly funded support is necessary, be supported out of general taxation.**

29. We are pleased that the Committee agrees that upgrading the nation's infrastructure is vital to the competitiveness of the UK, and to the wellbeing of UK citizens. We respect the Committee's view on the landline duty, but believe that the duty is fair and proportionate when set against falling telecoms prices.
30. In each of the last 3 years, the average telecoms bill has fallen by more than £1 a month. The Ofcom Communications Market Report August 2009 (p242) said that average monthly household spend on telecoms services in 2008 was £65.01, down from £68.84 in 2007. The average amount spent on internet services was down from £11.37 to £10.71, while the average amount spent on fixed voice was reduced from £23.49 to £22.26. This continues a trend of broadly similar reductions since 2005.
31. We believe that the Duty is at the right level to raise sufficient funds to meet the NGA commitment without being a significant burden on those expected to pay.
32. However, we recognise that those on the lowest incomes should not be expected to pay. We are committed to ensuring that the Duty is fair, and that is why we are making those on social telephony tariffs exempt from paying the Duty. Social telephony tariffs are available to those on income support, income-based job-seeker's allowance, employment support allowance (income rated) and guaranteed pension credit. We believe this to be a fair indication of the ability to pay.
33. We note the Committee's concerns regarding hypothecation of the proposed landline duty. As Stephen Timms, Minister for Digital Britain explained, virtually no taxes are hypothecated in the UK. The Duty will accordingly not be hypothecated.

## **Recommendations 15 & 16**

**We have already made clear our opposition to the 50 pence levy. It would therefore follow that we see no need for a debate to take place at a later date on the merits of**

**continuing an unfair levy to complete the last 10% of the NGA infrastructure. Taxes have a habit of enduring; if the Government presses ahead with the levy it must set an end-date for it.**

**The application of VAT to the levy should have been made clear at the outset. The Government should not have relied on its argument that VAT will apply "as it does to all other excise duties". The 50 pence levy is an unusual proposal and as such it should have been made clear from the start that VAT would be applied. We believe the application of VAT represents a tax on a tax that is itself unfair, and its imposition only serves to reinforce our opposition to the levy.**

34. It was not clear at the time of publication of the Digital Britain Report whether VAT would apply to the Duty. Once the detail of the proposal had been worked through, the government made it clear that VAT would apply, as it does to all excise duties. The landline duty is no exception.
35. Since the evidence given to the Committee, we have worked hard to ensure that we are in a position to lay the legislation before Parliament ahead of the general election. We have consulted widely on the draft legislation and published the response to this as part of the 2010 Budget.
36. The Government does not agree that there should be an end-date for the tax in the legislation. The purpose of the duty is to help fund the roll-out of NGA to 90% of the country by the end of 2017. The exact level of funding that will be required to achieve this goal is not known so an end-date for the duty could be unnecessarily restrictive. It may be, in any case, that the levy will be needed beyond 2017 to achieve roll out to the final 10% of households.

## Digital Exclusion

### **Recommendations 17, 18 & 19**

**We strongly support the aims and objectives of the Digital Inclusion Task Force. However, we are concerned that the drive towards NGA roll-out could be at the expense of the Digital Inclusion agenda. The contrast between the method and funding of NGA and the sums available to address the problems of digital exclusion only serves to highlight this concern. The digital inclusion task force will spend £1 per year on each of the four million people it has identified as being within the most disadvantaged groups, while the 50 pence levy will impose a charge of £6 per year on that same group. The levy will last until at least 2017 but the task force will finish its work in 2012.**

**We recommend that greater attention and resources be given to digital inclusion given the proven social and economic benefits to the individual and the cost saving benefits to the Government. We believe that digital inclusion should take priority over Next Generation Access at a time of great stringency in public expenditure.**

**We congratulate the Government on the Home Access Programme which we believe shows early signs of success. We therefore welcome its extension as a national programme. We recommend that the programme be used to educate and inform the whole household on the benefits of internet use and computer literacy. Furthermore, we call for early research on the effectiveness of its roll-out to ensure that its early promise is maintained. This is the sort of intervention the Government is well placed to make in support of the objectives of both Universal Service Commitment and the Digital Inclusion Task Force.**

37. We are pleased that the Committee support the aims and objectives of the Digital Inclusion Task Force, and the work that government are doing in general to support digital participation, including the Digital Participation Consortium.
38. We would like to take the opportunity to clarify the funding arrangements for digital participation, and illustrate the levels of funding and support available to improve participation.
39. In March the National Plan for Digital Participation was launched. It sets a target of reducing the 12.5 million of people not online by 60% (7.5m) by March 2014. The Plan is supported and drafted in partnership with the Consortium for the Promotion of Digital Participation.
40. It is this Consortium that is supported by up to £12m, and has a membership of over sixty organisations from industry, government and the third sector. Organisations such as the BBC, BT, Apple, Google, Sky, Channel 4, Microsoft, Age UK, Niace, UK Online, are members – as well as the regional and Devolved Administrations. These organisations are committed to the digital participation agenda and are aligning their resources and assets to ensure the shared vision of the National Plan for Digital Participation is met: 'that everyone who wants to be online can get online, do more online and benefit from the advantages of being online'.
41. We believe that it is the combined marketing channels, communications resources and techniques and infrastructure of the Consortium – the aggregation of all the members' work – that will deliver far more than by intervention, or money, by government alone.

42. Announced in the Smarter Government White Paper we have committed a further £30m over 3 years to support the work of the UK Online Centres and the National Digital Participation Plan. This is in addition to the approximate £10m a year they currently receive. The £30m will focus on getting the 1m socially and digitally excluded online. This work is supported by Myguide, that has been developed by DCSF. Myguide is also used by libraries to help people get online. Over 85% of libraries offer access to the internet for free, 90% provide one to one training (libraries are represented in the Consortium).
43. The Life Long Learning Review, by Estelle Morris, recommended the development of Online Basics. Using the core modules of Myguide Online Basics helps people to learn the digital skills needed to get online. Local Authorities are able to access the Adult Learning Budget of £210m managed by the Learning Skills Council, funded by BIS, which can be used by Local Authorities to teach Digital Skills.
44. In addition to this, £300m is available under the Home Access Initiative. We are pleased the Committee is supportive of the programme, and will endeavour to ensure lessons are learned from this across the digital participation agenda.
45. There are considerable sums available to increase digital participation over and above the possible £12m outlined to support the work of the Consortium. The Committee has called for more funds to be put into increasing participation, but we now believe we need to get on with the job of delivering and meeting the challenging targets set out in the National Plan for Digital Participation.

## Business Rates

### **Recommendations 20, 21 & 22**

**We conclude that the current arrangements hinder the delivery of investment in NGA, which is being championed by Government. We recommend that the Government review the application of business rates to fibre optic networks as a matter of urgency, and develop a uniform system for all providers.**

**We acknowledge that the Government has offered a measure of support to the industry, through the increase of capital allowances. However, we believe that using business rates is a better way of using the tax system to encourage investment in the NGA infrastructure. Indeed, we believe that the importance of NGA warrants consideration of either a reduction, or even a temporary removal, of business rates on fibre optic cable to encourage NGA roll-out. This would be a more effective use of limited public sector funds than either the recent changes to capital allowances or direct intervention.**

**We are concerned that in its application of business rates to fibre optic networks, the Valuation Office Agency has not taken into account the use of internal fibre optic networks used privately by companies. Applying business rates to these networks on the same basis as commercial networks runs the risk of having a significant detrimental effect on companies with their own networks. We recommend that the Government instruct the Valuation Office Agency to review this area of business rates.**

46. We recognise the concerns of the Committee about the application of business rates to telecoms. However, the Court of Appeal and the Lands Tribunal have recently supported the Valuation Office Agency's valuation of fibre optic cables. Furthermore, the European Commission have held, following an investigation, that the rating of telecoms does not breach state aid rules. Therefore, the rating of telecoms has been considered in some detail through these formal challenges.
47. The Valuation Office Agency has reviewed the current rateable value assessment on the 2005 rating list for fibre optic cables in light of new information provided by the industry. Overall, rateable values on fibre optic cables will be reduced by up to 50%. These reductions will be made in March and April and will be backdated to as early as 2005. Further, the Valuation Office Agency has been working closely with the industry, through the Broadband Stakeholder Group, in order to fully understand the various NGA deployment scenarios. This will help inform future assessments and develop new valuation models for NGA. The Valuation Office Agency continually reviews all assessments, including internal private company networks, through the rating appeals procedure

## Regulatory Changes

### **Recommendation 23**

**Under its existing statutory duties, Ofcom is required to give regard to investment in its decision making. Therefore extending that duty to include the promotion of investment in communications infrastructure does not appear to be a major departure from its current duties. That said, Ofcom will need to be alert to the risks of balancing this duty with its existing duty of promoting competition in the NGA market. Furthermore, the Government will need to provide Ofcom with explicit direction to ensure that its new statutory duties do not cause it to get bogged down by legal interpretations and challenges.**

48. The Government is pleased that the Committee agrees with the proposal to amend Ofcom's statutory duties to require Ofcom when performing their duties to have particular regard in all cases to the need to promote investment in electronic communications networks where appropriate and for the investment to be efficient (taking account of the interests of citizens and the interests of consumers in relevant markets). This is currently being considered as part of the Digital Economy Bill; and Ofcom is well-placed to carry out these duties.

## **Recommendation 24**

**We welcome Ofcom's intention to produce a second report on duct access. The report should shed further light on the feasibility of duct sharing as a lever for increasing competition and investment in the market. That said, any report should not concentrate solely on the BT network. Other infrastructures, including access to municipal ducting (for example CCTV ducting) and access to canal and railway networks should also be considered. We also welcome the announcement by BT that it is in favour of opening up its network to competitors. This is a positive development. The Government should make removing the barriers to duct access a high priority as it would do much to encourage investment in Next Generation Access.**

49. We agree with the Committee that should there be availability of greater duct access, this has the potential to impact positively on the roll out of NGA. However, we have always maintained that this is a regulatory issue and we are pleased that Ofcom have looked at this as part of their recent Wholesale Local Access Review, published in March.

50. Ofcom have proposed that Openreach be required to allow access to both their duct and pole network. This will now be consulted upon with industry, and Ofcom aim to issue a statement towards the end of the year. It is anticipated that Openreach will be in a position to offer a duct access product to the market in early 2011.

# Local and Community Networks

## **Recommendation 25**

**We believe that local and regional networks have the potential to deliver NGA to areas which internet service providers have yet to consider economic. We welcome the work of the Commercial, Operations and Technical Standards Project to promote standardisation between large service providers and local networks. For that reason we recommend that any Government subsidy should be made conditional on meeting those technical standards.**



51. We are pleased that the Committee agrees that local and community networks have the capacity to deliver NGA to areas of the UK that otherwise may not be served by the market alone. To support these initiatives, we confirmed in the Digital Britain Report the intention to part-fund the Independent Networks Cooperative Association (INCA) for a period of 3 years. This work is now underway and we would encourage anyone interested to make use of this resource.
52. We recognise the Committee's concerns regarding standards and we also welcome the work of the Commercial, Operations and Technical Standard (COTS) project, and support this. Whilst the commercial models have still to be worked through, we anticipate standards and interoperability to form an important part of the procurement process.

## Advertised Connection Speeds

**We welcome Ofcom's Report on broadband speed. It provides an interesting insight into the market as a whole. We recommend that Ofcom repeat this study on an annual basis. We also welcome the increased level of information of broadband speeds provided by comparison websites. This has the potential to make a positive impact on the market in the same way price comparison websites have for fuel bills. We recommend the Government allow Ofcom the freedom to monitor the accuracy of these websites to ensure the customer is well informed; and for it to consider the value of a voluntary accreditation scheme.**

53. We understand that Ofcom will be responding directly to this point.







information & publishing solutions

Published by TSO (The Stationery Office) and available from:

**Online**

**[www.tsoshop.co.uk](http://www.tsoshop.co.uk)**

**Mail, telephone, fax and email**

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/general enquiries 0870 600 5522

Order through the Parliamentary Hotline Lo-Call 0845 7 023474

Fax orders: 0870 600 5533

Email: [customer.services@tso.co.uk](mailto:customer.services@tso.co.uk)

Textphone: 0870 240 3701

**The Parliamentary Bookshop**

12 Bridge Street, Parliament Square,

London SW1A 2JX

Telephone orders/general enquiries: 020 7219 3890

Fax orders: 020 7219 3866

Email: [bookshop@parliament.uk](mailto:bookshop@parliament.uk)

Internet: <http://www.bookshop.parliament.uk>

**TSO@Blackwell and other Accredited Agents**

**Customers can also order publications from**

TSO Ireland

16 Arthur Street, Belfast BT1 4GD

Telephone orders/general enquiries: 028 9023 8451

Fax orders: 028 9023 5401

ISBN 978-0-10-178592-1



9 780101 785921