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Environment, Food and Rural
Affairs

**Rural broadband and
digital-only services**

Seventh Report of Session 2014–15

*Report, together with formal minutes relating
to the report*

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Environment, Food and Rural Affairs Committee

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Summary

Access to broadband can be an unexpectedly emotive and complex subject. Written evidence the Committee has received explains how poor broadband can lead to a range of problems: from reduced access to online learning resources for students, to families being unable to use everyday online services such as BBC iPlayer and rural businesses being powerless to function in an increasingly online marketplace. Overall, poor broadband can produce a feeling of a two-tier society with the 'have and have nots'. This feeling is most apparent in rural communities which by their geographical nature are often the hardest for the infrastructure to reach.

We were concerned to hear BT tell us that the present target of 95% of premises receiving superfast broadband by 2017 may slip. Broadband Delivery UK (BDUK) must make it clear that the target date must be met. A target date for when the last 5% of premises will obtain access to superfast broadband coverage must be published.

The move to an online-only Common Agricultural Policy (CAP) system for payments this year provides a clear example of how online-only services often need to be accessed by those located in geographical areas which are difficult for current broadband infrastructure to reach or for good coverage and speed to be provided. CAP payments offer a prime example of the wider Government policy to make services 'digital-by-default'. This policy has clear ramifications when broadband access is limited or non-existent.

Without doubt, access to broadband is increasing, through Government and industry investment in infrastructure, but there is more to be done. The difficult geographical nature of some communities must not be used as an excuse for a lack of broadband or poor broadband speeds. These challenges should encourage investment and innovation in new types of technology.

The Government must continue to support this progress. It is vital that the last premises in the UK to have access to basic and superfast broadband are treated just as well as the first premises and are not left behind or forgotten.

1 Introduction

1. The Government plan to “achieve transformation in broadband in the UK by 2017”.¹ This transformation includes basic broadband at a speed of 2 Megabits per second (Mbps) for all by 2016 and access to superfast broadband at a speed of 24 Mbps for 95% of the UK by 2017. This plan is co-ordinated by Broadband Delivery UK (BDUK) part of the Department for Culture, Media and Sport and is split into three phases: phase one aims to provide superfast broadband to 90% of premises in the UK by 2016; phase two seeks to extend superfast broadband coverage to 95% of premises by 2017; and phase three will test options to rollout superfast beyond the 95%. Phase one is reaching its final stages; phase two will be launched in 2016.²

2. The rollout plans are delivered through 44 local bodies. In England each local authority has been allocated funding and each county council or local enterprise partnership leads broadband rollout in its area, draws up an effective delivery plan and matches Government investment with European, and their own or private funds. Funding has also been allocated to Scotland, Wales and Northern Ireland.³ BT are at the centre of the broadband rollout programme, having won all phase one contracts from local councils to deliver the project.⁴ Phase two contracts are currently being discussed.⁵ There is no indication that a rigorous evaluation of phase one is planned before phase two begins.⁶

3. The transformation of broadband in the UK runs alongside a separate Government digital strategy to make Government services ‘digital-by-default’.⁷ This will be rolled out across all Government departments and each department is expected to have its own digital strategy plan.

4. We have been concerned that the Government’s move towards digital-by-default services is premature, and is based on an incorrect assumption that delivery of basic broadband coverage (2 Mbps) is complete and that adequate broadband coverage exists to enable the public particularly in rural areas to use exclusively online Government services.

5. The launch of a new online-only Common Agricultural Policy (CAP) application process provides a timely example of the Government’s digital-by-default strategy. We invited representatives from those charged with delivery of the broadband programme and representatives from rural and farming interest groups, to give evidence.

6. Over two evidence sessions, the Committee heard from BT, the CLA, the Rural Payments Agency, the National Association of Local Councils, the National Farmers

1 Department for Culture, Media and Sport, '[Broadband Delivery UK](#),' accessed 23 January 2015

2 Q160

3 *Fixed Broadband: Policy and Speeds 2014*, Standard note [SN06643](#), House of Commons Library, December 2014

4 Local Government Association ([RBB 0090](#)) para 2

5 Q176

6 Shropshire and Marches Campaign for Better Broadband in Rural Areas ([RBB 0009](#)) para 1

7 Cabinet Office, '[Government Digital Strategy: December 2013](#),' accessed 23 January 2015

Union, Tenant Farmers Association, Broadband Delivery UK, the Cabinet Office and Defra. We received 81 pieces of written evidence⁸. The written submissions and transcripts of two oral evidence sessions are published on our website. We are grateful to all who provided evidence.

7. We have been keen throughout this inquiry to make sure that enough focus is placed on those who have no access to superfast broadband. There is a risk in the current approach that improving service for those who already have it will leave even further behind the 5% of premises who have none. There is a risk of poor rural broadband availability causing harm to farm businesses and the rural economy. It is essential that those who are 'hardest-to-reach' are given priority.

⁸ House of Commons Select Committee, ['Environment Food and Rural Affairs'](#), accessed 28 January 2015

2 Broadband availability

8. According to BT only 3% of UK premises (around 850,000) cannot currently access more than 2 Mbps per second or ‘basic’ broadband coverage and 78% of premises now have access to superfast broadband.⁹ Availability of superfast broadband has increased from 60% at the end of 2011 to 78% in June 2014 and the BT ‘fibre footprint’ is increasing at a rate of 60 000 premises a week.¹⁰

9. National average figures mask significant local disparities, however, and it is inevitable that rural areas, being hardest to reach, fall below, and in some cases well below, those overall tallies. Recent data demonstrate that 16 UK parliamentary constituencies still have zero coverage of ‘superfast’ broadband.¹¹ No target date has been set for moving the final 5% of premises to superfast broadband access: the absence of information on that point was repeatedly mentioned in written evidence to us.

10. For those affected, there is concern that coverage targets and deadlines are unclear, minimum speed requirements too slow and distribution of information at local level too poor.¹²

Coverage targets

11. Target dates for delivering universal basic (2 Mbps) broadband coverage have changed a number of times. The original date for completion was 2012, but the Government moved that to the end of the current Parliament and has since changed the date again, to the end of 2016. Similarly, the Government’s original objective of rolling out superfast broadband to cover 90% of premises by 2015 has been altered to 95% of premises by 2017.¹³ Nor is it certain that even that target will be met: when the Committee questioned BT, its Group Director for Strategy, Policy and Portfolio, Sean Williams, replied: “it is there or thereabouts. It may end up being in 2018”.¹⁴

12. Without any official target date, it is also unclear when superfast broadband will reach the final 5% of premises. Chris Townsend, Chief Executive Officer of BDUK, stated in our evidence session: “I am absolutely committed to finalising that last 5% by 2020 at the very latest”.¹⁵ Each of the 44 local bodies has a wide variation in geography, topography and other issues, however, explaining why equal coverage can be difficult to achieve. Chris

9 BT ([RBB 0091](#)) para 2

10 BT ([RBB 0091](#)) para 2

11 *Fixed Broadband: Policy and Speeds 2014*, Standard note [SN06643](#), House of Commons Library, December 2014

12 Fontburn Residents’ Association and Internet Project, Northumberland ([RBB 0067](#)) para 3

13 Department for Culture, Media and Sport, [‘Broadband Delivery UK.’](#) accessed 23 January 2015

14 Q10

15 Q182

Townsend admitted that “at the end of phase one, some local bodies will be in the high 70s, others will be in the high 90s”.¹⁶

13. Repeated changes in target dates for rollout of superfast broadband inevitably reduce confidence that coverage will be achieved on time. They also leave those in the hardest-to-reach areas uncertain as to when their businesses will be able fully to engage with digital practices. Beyond business purposes, householders, particularly in rural communities, are being left behind in accessing online services that most of the country can take for granted. Activities as diverse as children’s homework, online tax returns, and simply watching television now depend significantly on good online access.

14. We were concerned to hear BT tell us that the present target of 95% of premises receiving superfast broadband by 2017 may slip. Broadband Delivery UK (BDUK) must make it clear that the target date must be met. A target date for when the last 5% of premises will obtain access to superfast broadband coverage must be published.

Speed

15. There are two speeds which are important for broadband coverage in England. The first is the Universal Service Commitment (USC), a commitment from the Government that “virtually everyone” will have access to broadband at a speed of 2 Mbps and above. The second is 24 Mbps, the speed currently used in England to define superfast broadband.

16. In spite of what BT says about near universal basic coverage, written evidence to us suggests that in practice 2 Mbps is not delivered consistently. Recurring problems include poor speed at peak times and broadband ‘dropping in and out’, meaning that the connection sometimes fails completely. Andrew Clark, the NFU’s director of policy, suggested that minimum broadband speeds are akin to fuel consumption in a car: “you rarely find that you can actually achieve it”.¹⁷ Ofcom has also suggested that increasing average speeds mask significant variation in the speeds received by individual households.¹⁸

17. There is disagreement about what constitutes an acceptable minimum broadband speed. Sean Williams from BT said: “2 Mbps is essentially our view of what the minimum speed for an acceptable broadband service is these days”.¹⁹ However, it is unclear why this speed has been chosen or how long this should remain the basic speed. 2Mbps broadband speed allows a user to access emails and webpages with basic functionality. For example the BBC IPlayer website states that 2 Mbps of sustained speed is necessary for standard play, but 3 Mbps is necessary for high-definition services.²⁰

16 Q160

17 Q128

18 OFCOM, [Infrastructure Report 2014](#) (December 2014), p38

19 Q2

20 BBC, [‘iPlayer Help’](#), accessed 26 January 2015

18. The 2 Mbps figure raises two problems. Firstly, there is an assumption that this figure is already universally accessible, but much of the evidence we have received makes it clear that in reality 2 Mbps is often a maximum, rather than a consistent speed achieved, and that it is often unachievable at peak times. The second issue is that 2 Mbps may no longer be an acceptable minimum. James Fraser wrote in his written evidence:

Today an internet connection needs at least 2 Mbps to be considered functional. In a further five years' time most internet users are likely to require 24 Mbps for their service to be functional. In the future we may well find that 100 Mbps becomes a new minimum.²¹

19. In the 2014 Infrastructure report, Ofcom said:

The Government's current Universal Service Commitment (USC) of 2 Mbit/s may now merit review. Evidence suggests that c 10 Mbit/s may now be required to meet consumer's expectations of standard broadband.²²

20. For many services, 2 Megabits per second (Mbps) is already an outdated figure, and 10 Mbps is increasingly recommended as a suitable USC for standard provision. The Government must reassess whether the 2 Mbps Universal Service Commitment remains a valid one.

Superfast provision

21. The superfast broadband speed definition is the second important speed target. The Department of Culture, Media and Sport define superfast broadband as 24 Mbps. Projects already under way will satisfy the superfast criteria if they deliver 24 Mbps, the BT rollout is classified as already under way. However, future projects must target speeds of 30 Mbps to qualify as superfast. This new speed of 30 Mbps is closer to European targets. The EU expects all Member States to have access to 30 Mbps by 2020.²³

22. Millions of pounds are being invested in the rollout of superfast broadband at 24 Megabits per second. Within three years of the expected delivery date, however, that speed will no longer be considered 'superfast' by European standards.

Information sharing

23. BT have a range of contractual measures in place which limit information sharing about the progress of broadband rollout. The standard contract between BT and a local authority includes non-disclosure agreements which prevent local authorities from discussing their contractual arrangements with one another. BT's detailed plans for rollout of superfast broadband in any area are part of the contract agreed between BT and local authorities. The contract includes provision that details about when and where BT will

21 James Fraser ([RBB 0005](#)) para 19

22 OFCOM, [Infrastructure Report 2014](#) (December 2014), p20

23 European Commission, ['Digital Agenda for Europe: About our goals'](#), accessed 26 January 2015

install superfast broadband remain confidential between the parties. It has been argued that this raises difficulties when other suppliers have insufficient information to enable them to develop plans for alternative projects to reach premises not covered by the current programme.

24. Much of the written evidence we have received refers to the absence of clear and accessible information sharing about broadband rollout. For example South Somerset and East Devon District Councils and Baron St David Parish Council state there is an “absence of transparency”²⁴ and “no visibility on how public money is being spent.”²⁵ Business in the Community, a business-led charity, asked for:

Greater transparency from all parties involved in the rollout of the Superfast broadband programme, which should provide information about the current availability of superfast broadband at a premises level and where the coverage will be provided to 95% of premises by 2017.²⁶

25. Councils need access to timely data from BT that allows them accurately to monitor take-up of broadband. Equally, they need access to timely data from BT about planned broadband coverage and speed. It has been argued that distributing information about broadband coverage on a postcode by postcode basis can be misleading. An ‘enabled’ postcode does not necessarily mean that each premise within the postcode is enabled.

26. We are surprised that no assessment of the first phase of contracts with BT has been published before the phase two and three contracts are signed. Phase two contracts being signed must include provisions to ensure that local councils and BT keep local communities up-to-date with planned broadband coverage and speed. Information about rollout should be delivered on a premise-by-premise basis as opposed to by postcode.

24 South Somerset and East Devon District Councils ([RBB 0031](#)) para 4

25 Baron St David Parish Council ([RBB 0032](#)) para 13

26 Business in the Community ([RBB 0082](#)) para 4

3 Broadband delivery

Current infrastructure

27. Most broadband in the UK is currently delivered from a local telephone exchange, through a Fixed Line Access Network (FLAN), usually made of copper wires to a local street cabinet. Further copper wires connect the street cabinet to homes or businesses.²⁷ BT's copper broadband network covers more than 99% of premises in the UK.²⁸ This network provides the 'basic' 2 Mbps broadband access.

28. Copper wires have two main disadvantages for broadband delivery: the longer the copper wire between the street cabinet and the premise, the slower the speed received; and increased usage can significantly reduce the speed delivered to individual premises.²⁹

29. Superfast broadband is delivered by 'upgrading' street cabinets. An upgrade means that the wires between the telephone exchange and the local street cabinet have been changed from copper wires to fibre optic cables. Fibre optic cables allow faster broadband and better reliability than copper wires. The remaining distance between the cabinet and individual premises is still connected by copper wires. This is called 'Fibre to the Cabinet' (FTTC) and is often described as a 'hybrid' fibre solution. FTTC is being rolled out by BT across the country as phase one of the BDUK programme.

30. FTTC does not fully address the problem of slow speeds caused by long distances of copper wire between the premise and the street cabinet.³⁰ An alternative solution is Fibre to the Premise (FTTP) which is a full fibre optic cable connection between the telephone exchange, street cabinet and premise, with no need to use copper wires at any point. Optical cables are cheaper than copper cables, but the advantage is mitigated by the huge cost it would take to update all the telecoms systems to each individual premise.³¹ BT's Sean Williams stated that an FTTP solution would cost five times as much and take five times as long as the current FTTC method, although BDUK's Chris Townsend admitted that this would be the "ideal" solution.³²

31. Fibre to the Cabinet (FTTC) is an efficient, cost-effective method of improving broadband in areas where premises are located close to their local street cabinet. However, this 'one-size-fits-all' approach to broadband delivery does not take into account the varied topography across the 44 local areas receiving broadband upgrade. FTTC allows those within a short distance of a local cabinet to experience the benefit of an upgrade to superfast broadband but can leave those already a long distance from the

27 Q27; Note: Some premises are still connected to the street cabinet by aluminium

28 BT ([RBB 0091](#)) para 1

29 Q12

30 Roy Giles-Morris ([RBB 0006](#)) para 3

31 Q207

32 Q205

cabinet, and therefore experiencing slower broadband, with limited or no material change in service.

Alternative technology

Satellite

32. There is concern that “BT is only interested in fixed-line solutions”.³³ Satellite broadband provides an alternative to fixed-line broadband options. It is recognised as reaching areas that, for geographical reasons, the current broadband rollout programme cannot. BT state that the commercial availability of satellite broadband means that everyone now has access to 2 Mbps of broadband. This has been sufficient for the European Commissioner to declare that the objective of at least 2 Mbps broadband being available for all has been accomplished.³⁴

33. However, satellite solutions do not solve the problem of poor coverage in all rural areas. There are few companies offering satellite broadband commercially in the UK. Satellite broadband also requires an initial up-front cost as well as a monthly charge. Later in this report we discuss how to ensure satellite is an affordable alternative.

34. Furthermore, written evidence indicates that there are some areas where even satellite broadband cannot reach.³⁵ George Eustice MP, Parliamentary Under-Secretary of State for Farming, Food and Marine Environment, recognised that satellite “probably won’t do it”, when it comes to reaching the final 5%. He went on to say:

The drawback of the satellite-based systems is that they tend to be slightly less reliable. There is sometimes a delay, and it slows them down if there are too many people on them.³⁶

35. Satellite technology provides a potential alternative to those in remote areas where fixed-line delivery of broadband is impracticable or can achieve only very low speeds. However, it will not fill all the gaps. Satellite technology is not widely developed on a commercial scale in the UK and the technology itself can suffer from delay and reliability issues.

Fibre to the remote node

36. We have heard frustration about the situation in which a local street cabinet has been upgraded, but most connected premises are too far away to benefit.³⁷ Sometimes such premises may experience enhanced speeds but do not reach superfast service speeds. This appears to be one of the main failures of the current programme.

33 Throwley Parish Council ([RBB 0084](#)) para 6

34 Q39

35 Compton Bassett Parish Council ([RBB 0059](#)) para 1

36 Q228

37 Central Bedfordshire Council ([RBB 0089](#)) para 6

37. Fibre to the Remote Node (FTTrN) has emerged as an alternative to FTTC. In this system, a fibre optic cable is used between the telephone exchange and the local street cabinet, then FTTrN links a further fibre optic cable to a significantly smaller 'remote node'. This remote node acts like a small street cabinet, and it can be positioned on nearby telegraph poles. This reduces the distance using copper wires between the street cabinet and premise, which is key to reducing speed loss.

38. The fact that Fibre to the Cabinet is not a suitable solution in every circumstance or every community means that alternative solutions, such as wider satellite coverage or Fibre to the Remote Node, are necessary. Alternative solutions are required not only to ensure that the current commitments of basic and superfast broadband are met but also to ensure that the infrastructure being deployed is future proof and able to meet demands for increasing broadband speeds.

4 Digital-only services

39. From 1 January 2015 all CAP applications for funding must be made online. The RPA is responsible for operating the new online-only system and also for a change from the Single Payment Scheme (SPS) to the Basic Payment Scheme (BPS). Wessex Rural and Farming Network suggest:

Until there is 100% reliable broadband coverage then there will be those who, through lack of online access, are disadvantaged through no fault of their own.³⁸

40. IT failures in previous years, particularly stemming from when the SPS system was introduced, led to farm businesses suffering, and further the UK faced European Commission substantial fines for erroneous payments to farmers (known as disallowance payments), which are still being paid out of the Department for Environment Food and Rural Affairs (Defra) budgets.

Case study: CAP online-only applications

41. The move to an online-only system has meant that a whole new system for applying for CAP payments and software package has been designed and trialled. Those who necessarily need to use this new system—farmers and rural business owners—are often also those located in particularly remote areas with poor connectivity. Evidence from the CLA indicates that currently 10% of CAP applicants do not have a computer or do not use broadband.³⁹

42. The new system has been introduced in stages, with more customers being invited to use it each month. Gradual introduction began in July 2014. Customers have been invited to register and use the new system, and to check that their personal, land and business details are correct and ready for the claim window that opens mid-February 2015. The aim of introducing users to the site in this way has been to prevent a big surge of users on a specific day. It is expected to be open to all users early in 2015, but no date has been confirmed.⁴⁰

43. The RPA has also focused on ensuring that its software works in areas where broadband access can be unreliable. Following discussions with farming and rural interest groups, the new software has been developed to enable it to run effectively at speeds as low as 0.5 Mbps. The software also has a function which saves the details for the user as they fill in their application rather than saving only at the end of the process. This ‘autosave’ type feature is an extremely important function for those with limited or intermittent broadband coverage.

38 Wessex Rural and Farming Network ([RBB 0085](#)) para 7

39 CLA ([RBB 0046](#)) para 16

40 Q83

44. The Rural Payments Agency have taken a number of important steps to ensure that those with poor broadband speeds can access its new Common Agricultural Policy (CAP) application software. It deserves credit for seeking to ensure a ‘soft landing’ for the new system, but, given the difficulties experience last time round, and in particular given the variable state of broadband access in rural areas, judgment must be reserved on the effectiveness of its preparations until they have been tested in action.

45. *The RPA must have a contingency plan in case the new online-only CAP application system proves difficult to use for farmers with limited broadband capability. The new software has not yet been tested by the number of users who will access the site in May, and some of those doing so will be using online services for the first time. The contingency plan should be able to respond to the software not functioning at the level required or with users not being able effectively to access the software.*

Case study: CAP digital support centres

46. In contemplating the move to an online-only system, we were concerned that some applicants live in areas with poor broadband coverage while others have previously submitted paper application and have no ‘online presence’. We have repeatedly pressed successive Secretaries of State and the RPA to guarantee the availability of technological support suitable for new users during the introduction of the new system. In response, Defra has set out a detailed ‘Assisted Digital’ programme for CAP applicants.

47. Assisted digital services will be offered via a telephone number for customers to call free of charge and through digital support centres. RPA Chief Executive Mark Grimshaw confirmed that 50 of these centres will be in place, with farmers travelling no further than 30 miles to reach them. The Secretary of State also confirmed assistance would be provided free of charge⁴¹ and that farmers would not have to travel more than 30 miles to their nearest digital support centre. Mr Grimshaw committed to the centres being available whenever needed by CAP applicants:

Should we need to we will open them 24/7 between the end of January and 15 May.⁴²

48. At the time we took evidence, 3 December 2014, only 41 individuals had booked an appointment at a support centre.⁴³ That figure may increase significantly as the application window opens. We have also sought, and received, assurances that the provision of privacy for users is a priority for those setting up the support centres.

49. *We recommend that the level of privacy in Digital Support Centres for those making CAP applications should be comparable to that in a bank.*

50. The Government is not the only organisation introducing digital-by-default policies. The British Cattle Movement Service (BCMS) suppliers often required online financial

41 Letter from the Secretary of State to Miss Anne McIntosh, MP (4 November 2014)

42 Q111

43 Q111

transactions using BACS payments and similarly weekly poultry records have to be submitted online⁴⁴. Central Bedfordshire Council recognised that: “there may be a need to increase national support for digital skills provision”.⁴⁵

51. As the Derbyshire Economic Partnerships Rural and Farming Network points out farmers need time to understand what their training needs may be. Similarly the farming calendar does not enable the sector to carve out time to acquire new knowledge without appropriate planning.⁴⁶

52. Support to access online-only systems must be available not only in the first few months of the CAP application, but also in subsequent months and years, allowing sufficient time for planning training needs and bearing in mind the farming calendar.⁴⁷

44 Mike Dewar ([RBB 0017](#)) para 2

45 Central Bedfordshire Council ([RBB 0089](#)) para 8

46 Derbyshire Economic Partnerships Rural and Farming Network ([RBB 0072](#)) para 28

47 Digital Neighbourhoods Research Project, Plymouth University ([RBB 0042](#)) para 5

5 Rural broadband policy

Policy

53. There is a general trend towards online services becoming the norm: this is true of the public sector (Government digital strategy) and the private sector (shopping, learning and banking all increasingly take place online). Nearly every council and Local Enterprise Partnership for growth emphasises the importance of superfast broadband and other digital infrastructure in attracting and retaining businesses of all sizes.⁴⁸ Councillor Tom Howard suggested that broadband was a core service requirement for rural living,⁴⁹ while the Local Government Association added that:

Access to fast and reliable broadband is as important a strategic consideration as electricity, planning, housing and transport for living and doing business in the twenty-first century.⁵⁰

54. We have received written evidence about the increasing use of online-only access across a range of services. It has become apparent in the course of this inquiry that lack of broadband availability is not an issue only in remote, rural communities. Premises in developed, urban locations also experience poor coverage when the copper cables which connect their house to the street cabinet have to travel a long distance. Nonetheless problems with poor connectivity arise mainly in rural areas: Chris Townsend of BDUK noted that the last 5% of premises to receive access to superfast broadband represent 75% of the UK's geographical area. Even so, access to good broadband should not be thought of as an exclusively rural issue. Rural broadband policy should not be separated from the policy for urban areas: the same high speeds and increased coverage rates experienced in urban areas must be attempted in rural settings.

55. Sean Williams from BT highlighted the main problems faced when balancing delivery of urban broadband alongside rural:

You want to get as much value in connectivity for the money available, and so you get to the most expensive, hardest-to-reach places last. The most rural and dispersed farm communities are among the last to get the service.⁵¹

Funding

56. During the 2010–15 Spending Review Period a total of £530 million (including £300 million from TV licence revenue) has been allocated to broadband delivery. Funding for 2015–17 has not yet been allocated from central Government but the licence fee settlement (agreed in 2010) provides a further £150 million for BDUK funding in each of 2015–16 and

48 Local Government Association ([RBB 0090](#)) para 3

49 Councillor Tom Howard ([RBB 0083](#)) para 5

50 Local Government Association ([RBB 0090](#)) para 1

51 Q7

2016–17, if required.⁵² Some £100 million of funding was set aside for the Urban Broadband Fund, and £20 million for the Rural Community Broadband Fund, which, until it closed down in March 2014, was a fund to help ‘hard to reach’ communities.⁵³

57. The Government’s ‘Broadband Connection Vouchers Scheme’ offers businesses an opportunity to obtain a connection voucher worth up to £3,000 for faster, better broadband. This scheme is active in 22 cities across the UK. In the Autumn Statement 2014, the Government provided an extra £40 million for its broadband connection voucher scheme, and the scheme has been extended to March 2016 and more cities.

58. The allocation of funding between urban and rural areas is greatly unbalanced. Those who live in urban areas have on average higher percentage coverage of superfast broadband, coupled with access to voucher schemes which can subsidise access. Rural areas are lagging behind. Those in poorly connected areas are sometimes asked to pay twice: once through their taxes for the Government-funded Broadband Delivery UK (BDUK) programme and potentially again from their own pockets if the BDUK programme does not reach them.

59. We recommend the introduction of a voucher scheme, similar to that available in cities, for those who live in areas with no access to fixed-line broadband or where they are unable to access a minimum of 2 Mbps broadband. The vouchers should subsidise the cost of satellite broadband access for those eligible.

Innovation fund

60. On 21 March 2014, the Government invited applicants for a new £10 million innovation fund, intended to test innovative ways to help take broadband to Britain’s most remote communities. The Department for Culture, Media and Sport (DCMS) announced that suppliers could submit bids in three areas: technology; operating models; and financial (testing innovative funding models).⁵⁴ The Minister confirmed that the awards for pilots were made in June 2014 and that the pilot projects were now being finalised with the hope that results would be returned in 2015.⁵⁵ The Minister confirmed that Defra are in regular dialogue with DCMS on this project to help the last 5%.⁵⁶ Chris Townsend, of BDUK, said:

We will have a business case to take to the Secretary of State by the end of March (2015). We will also be looking for additional funds in order to rollout some of these further technologies into the harder to reach areas.⁵⁷

61. It is not clear how the success of the pilots will be judged, or whether the results of the pilot tests will be made public. Neither is it clear whether more funds will be made available

52 *Fixed Broadband: Policy and Speeds 2014*, Standard note [SN06643](#), House of Commons Library, December 2014

53 Local Government Association ([RBB 0090](#)) para 13

54 Department for Culture, Media & Sport '[£10 million broadband fund](#)' accessed 26 January 2015

55 Q237

56 Q237

57 Q185

if the appropriate technologies are tested and ready for rollout. Chris Townsend assured us that the pilots have been selected and completed according to schedule and that they will be rolled out on a wider scale this year.

62. It is frustrating for those living in remote areas and those without access to adequate broadband coverage that it has taken nearly five years into the rollout of broadband before new technologies have been researched. Reassurance is required on how this 'Innovation Fund' will succeed where the Rural Community Broadband Fund did not. That fund received 110 applications for funding; only 22 were approved.

63. Fibre to the Cabinet does not offer a solution to all premises. Alternative technologies must be investigated and it is encouraging that the Government is now investing in this research. It is disappointing that research into solutions for hardest-to-reach areas has taken so long.

64. The Innovation Fund is the first step to providing superfast coverage to the last 5%. The results of the pilot test must be published and the most suitable schemes rolled out nationally.

6 Conclusion

65. The UK is a world leader on broadband availability, but more remains to be done. Broadband should not be seen as a luxury. It is now a vital component in education, healthcare and business. Access should be available to all at affordable prices and at adequate speeds.

66. We welcome the rollout of broadband. However a number of issues within the programme need to be addressed. Not enough has yet been done to ensure that those who live and work in rural or remote areas are not disadvantaged. We do not want to hold back areas that are already well connected, but we believe that those in rural areas need broadband just as much as those who live in towns and cities. They should not be overlooked simply because they may be harder to connect.

Conclusions and recommendations

Introduction

1. We have been keen throughout this inquiry to make sure that enough focus is placed on those who have no access to superfast broadband. There is a risk in the current approach that improving service for those who already have it will leave even further behind the 5% of premises who have none. There is a risk of poor rural broadband availability causing harm to farm businesses and the rural economy. It is essential that those who are 'hardest-to-reach' are given priority. (Paragraph 7)

Broadband availability

2. Repeated changes in target dates for rollout of superfast broadband inevitably reduce confidence that coverage will be achieved on time. They also leave those in the hardest-to-reach areas uncertain as to when their businesses will be able fully to engage with digital practices. Beyond business purposes, householders, particularly in rural communities, are being left behind in accessing online services that most of the country can take for granted. Activities as diverse as children's homework, online tax returns, and simply watching television now depend significantly on good online access. (Paragraph 13)
3. *We were concerned to hear BT tell us that the present target of 95% of premises receiving superfast broadband by 2017 may slip. Broadband Delivery UK (BDUK) must make it clear that the target date must be met. A target date for when the last 5% of premises will obtain access to superfast broadband coverage must be published.* (Paragraph 14)
4. *For many services, 2 Megabits per second (Mbps) is already an outdated figure, and 10 Mbps is increasingly recommended as a suitable USC for standard provision. The Government must reassess whether the 2 Mbps Universal Service Commitment remains a valid one.* (Paragraph 20)
5. Millions of pounds are being invested in the rollout of superfast broadband at 24 Megabits per second. Within three years of the expected delivery date, however, that speed will no longer be considered 'superfast' by European standards. (Paragraph 22)
6. Councils need access to timely data from BT that allows them accurately to monitor take-up of broadband. Equally, they need access to timely data from BT about planned broadband coverage and speed. It has been argued that distributing information about broadband coverage on a postcode by postcode basis can be misleading. An 'enabled' postcode does not necessarily mean that each premise within the postcode is enabled. (Paragraph 25)
7. *We are surprised that no assessment of the first phase of contracts with BT has been published before the phase two and three contracts are signed. Phase two contracts being signed must include provisions to ensure that local councils and BT keep local*

communities up-to-date with planned broadband coverage and speed. Information about rollout should be delivered on a premise-by-premise basis as opposed to by postcode. (Paragraph 26)

Broadband delivery

8. Fibre to the Cabinet (FTTC) is an efficient, cost-effective method of improving broadband in areas where premises are located close to their local street cabinet. However, this ‘one-size-fits-all’ approach to broadband delivery does not take into account the varied topography across the 44 local areas receiving broadband upgrade. FTTC allows those within a short distance of a local cabinet to experience the benefit of an upgrade to superfast broadband but can leave those already a long distance from the cabinet, and therefore experiencing slower broadband, with limited or no material change in service. (Paragraph 31)
9. Satellite technology provides a potential alternative to those in remote areas where fixed-line delivery of broadband is impracticable or can achieve only very low speeds. However, it will not fill all the gaps. Satellite technology is not widely developed on a commercial scale in the UK and the technology itself can suffer from delay and reliability issues. (Paragraph 35)
10. The fact that Fibre to the Cabinet is not a suitable solution in every circumstance or every community means that alternative solutions, such as wider satellite coverage or Fibre to the Remote Node, are necessary. Alternative solutions are required not only to ensure that the current commitments of basic and superfast broadband are met but also to ensure that the infrastructure being deployed is future proof and able to meet demands for increasing broadband speeds. (Paragraph 38)

Digital-only services

11. The Rural Payments Agency have taken a number of important steps to ensure that those with poor broadband speeds can access its new Common Agricultural Policy (CAP) application software. It deserves credit for seeking to ensure a ‘soft landing’ for the new system, but, given the difficulties experience last time round, and in particular given the variable state of broadband access in rural areas, judgment must be reserved on the effectiveness of its preparations until they have been tested in action. (Paragraph 44)
12. *The RPA must have a contingency plan in case the new online-only CAP application system proves difficult to use for farmers with limited broadband capability. The new software has not yet been tested by the number of users who will access the site in May, and some of those doing so will be using online services for the first time. The contingency plan should be able to respond to the software not functioning at the level required or with users not being able effectively to access the software. (Paragraph 45)*
13. *We recommend that the level of privacy in Digital Support Centres for those making CAP applications should be comparable to that in a bank. (Paragraph 49)*

14. *Support to access online-only systems must be available not only in the first few months of the CAP application, but also in subsequent months and years, allowing sufficient time for planning training needs and bearing in mind the farming calendar. (Paragraph 52)*

Rural broadband policy

15. The allocation of funding between urban and rural areas is greatly unbalanced. Those who live in urban areas have on average higher percentage coverage of superfast broadband, coupled with access to voucher schemes which can subsidise access. Rural areas are lagging behind. Those in poorly connected areas are sometimes asked to pay twice: once through their taxes for the Government-funded Broadband Delivery UK (BDUK) programme and potentially again from their own pockets if the BDUK programme does not reach them. (Paragraph 58)
16. We recommend the introduction of a voucher scheme, similar to that available in cities, for those who live in areas with no access to fixed-line broadband or where they are unable to access a minimum of 2 Mbps broadband. The vouchers should subsidise the cost of satellite broadband access for those eligible. (Paragraph 59)
17. Fibre to the Cabinet does not offer a solution to all premises. Alternative technologies must be investigated and it is encouraging that the Government is now investing in this research. It is disappointing that research into solutions for hardest-to-reach areas has taken so long. (Paragraph 63)
18. *The Innovation Fund is the first step to providing superfast coverage to the last 5%. The results of the pilot test must be published and the most suitable schemes rolled out nationally. (Paragraph 64)*

Formal Minutes

Wednesday 28 January 2015

Members present:

Miss Anne McIntosh, in the Chair

Richard Drax

Jim Fitzpatrick

Mrs Mary Glendon

Mrs Emma Lewell-Buck

Sheryll Murray

Neil Parish

Roger Williams

Draft Report (*Rural broadband and digital-only services*), proposed by the Chair, brought up and read.

Ordered, That the draft Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 66 read and agreed to.

Summary agreed to.

Resolved, That the Report be the Seventh Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence from BT was ordered to be reported to the House for publication on the internet.

[Adjourned till Wednesday 4 February at 2.30 pm

Witnesses

The following witnesses gave evidence. Transcripts can be viewed on the Committee's inquiry page at www.parliament.uk/efracom.

Wednesday 3 December 2014

Question number

Sean Williams, Group Director, Strategy, Policy and Portfolio, BT [Q1–55](#)

Henry Robinson, President, and **Dr Charles Trotman**, Senior Business and Economics Adviser, CLA [Q56–78](#)

Mark Grimshaw, Chief Executive, Rural Payments Agency [Q79–118](#)

Jonathan Owen, Chief Executive, National Association of Local Councils [Q119–127](#)

Wednesday 10 December 2014

Andrew Clark, Director of Policy, National Farmers Union, and **George Dunn**, Chief Executive, Tenant Farmers Association [Q128–154](#)

Chris Townsend, Chief Executive Officer, and **Andrew Field**, Superfast Broadband Programme Director, Broadband Delivery UK [Q155–215](#)

George Eustice MP, Parliamentary Under-Secretary of State for Farming, Food and Marine Environment, **Sara Eppel**, Head of Rural Communities Policy Unit, Defra, and **Liam Maxwell**, Government Digital Service, Cabinet Office [Q215–251](#)

Published written evidence

The following written evidence was received and can be viewed on the Committee's inquiry web page at www.parliament.uk/efracom. RBB numbers are generated by the evidence processing system and so may not be complete.

- 1 Action with Communities in Rural England ([RBB0068](#))
- 2 Arkengarthdale Parish Council ([RBB0026](#))
- 3 Barbers Rural Consultancy LLP ([RBB0004](#))
- 4 Barton St David Parish Council ([RBB0032](#))
- 5 Broadband Stakeholder Group ([RBB0096](#))
- 6 Broadband Vantage Ltd ([RBB0013](#))
- 7 BT ([RBB0091](#))
- 8 BT ([RBB0099](#))
- 9 Business in the Community ([RBB0082](#))
- 10 Central Bedfordshire Council ([RBB0089](#))
- 11 Chief Economic Development Officers Society ([RBB0027](#))
- 12 CLA ([RBB0046](#))
- 13 Clive Dibben ([RBB0036](#))
- 14 Cllr Tom Howard ([RBB0083](#))
- 15 Cllr Roger Cashmore ([RBB0048](#))
- 16 Colton Parish Council, Cumbria ([RBB0065](#))
- 17 Compton Bassett Parish Council ([RBB0059](#))
- 18 Compton Dundon Parish Council ([RBB0037](#))
- 19 Cornwall Rural Community Charity ([RBB0070](#))
- 20 David Ashe ([RBB0088](#))
- 21 Derbyshire Rural & Farming Network ([RBB0072](#))
- 22 Dr Andrew Shuttleworth ([RBB0002](#))
- 23 East Riding of Yorkshire Council (Directorate of Planning & Economic Regeneration) ([RBB0075](#))
- 24 Federation of Small Businesses ([RBB0079](#))
- 25 Field Studies Council ([RBB0073](#))
- 26 Fontburn Residents Association and Internet Project ([RBB0067](#))
- 27 Francesca Darby ([RBB0035](#))
- 28 Government Digital Service - Cabinet Office ([RBB0081](#))
- 29 Graham Long ([RBB0028](#))
- 30 Hampshire County Council ([RBB0094](#))
- 31 Hazel Watson ([RBB0024](#))
- 32 Herefordshire Sustainable Food and Tourism Partnership ([RBB0051](#))
- 33 Ian Smith ([RBB0052](#))
- 34 Independent Networks Co-Operative Association Ltd ([RBB0040](#))
- 35 Institute of Agricultural Secretaries & Administrators ([RBB0053](#))
- 36 Jack Holland ([RBB0033](#))
- 37 James Fraser ([RBB0005](#))
- 38 Katharine Duke ([RBB0003](#))

- 39 Leicestershire Rural Partnership ([RBB0074](#))
- 40 LEP Network ([RBB0056](#))
- 41 Lisa Gilby ([RBB0010](#))
- 42 Llanfair Waterdine Parish Council ([RBB0050](#))
- 43 Local Government Association ([RBB0090](#))
- 44 Mario Terzino ([RBB0057](#))
- 45 Membury Parish Council ([RBB0016](#))
- 46 Michael Canham ([RBB0043](#))
- 47 Mike Dewar ([RBB0017](#))
- 48 Moorsweb Community Broadband ([RBB0054](#))
- 49 National Farmers' Union ([RBB0064](#))
- 50 Neroche Parish Council ([RBB0044](#))
- 51 New Forest National Park Authority ([RBB0071](#))
- 52 Pam Feltbower ([RBB0030](#))
- 53 Peter Naylor ([RBB0092](#))
- 54 Plymouth University ([RBB0042](#))
- 55 R W Leedham & Son ([RBB0034](#))
- 56 Rebecca Pow ([RBB0039](#))
- 57 Richard Harris ([RBB0014](#))
- 58 Richard Major ([RBB0025](#))
- 59 Richard Sherras ([RBB0029](#))
- 60 Robin Berry ([RBB0001](#))
- 61 Roy Giles-Morris ([RBB0006](#))
- 62 Rural West Sussex Partnership ([RBB0058](#))
- 63 Rutland County Council ([RBB0069](#))
- 64 Ryedale District Council ([RBB0061](#))
- 65 Sarus Systems Ltd ([RBB0008](#))
- 66 Shropshire and Marches Campaign for Better Broadband in Rural Areas ([RBB0009](#))
- 67 Shropshire and Marches Campaign for Better Broadband in Rural Areas ([RBB0055](#))
- 68 Shropshire Council ([RBB0018](#))
- 69 South East Strategic Leaders (SESL) ([RBB0095](#))
- 70 South Somerset District Council ([RBB0031](#))
- 71 Stephen Horner ([RBB0041](#))
- 72 T C King ([RBB0078](#))
- 73 TalkTalk ([RBB0066](#))
- 74 The Bulmer Foundation (on Behalf of Hereford Food & Tourism Partnership) ([RBB0063](#))
- 75 The Stukeleys Parish Council ([RBB0060](#))
- 76 Threekingham (including Spanby & Stow) Parish Meeting ([RBB0019](#))
- 77 Throwley Parish Council ([RBB0084](#))
- 78 University of Aberdeen, Dot.Rural ([RBB0080](#))
- 79 Velcourt Ltd ([RBB0022](#))
- 80 Wessex Rural and Farming Network ([RBB0085](#))
- 81 Williams Automobiles ([RBB0021](#))
- 82 Winton Parish Meeting, Eden District, Cumbria ([RBB0020](#))

List of Reports from the Committee during the current Parliament

All publications from the Committee are available on the Committee's website at www.parliament.uk/efracom.

The reference number of the Government's response to each Report is printed in brackets after the HC printing number.

Session 2014–15

First Report	Winter Floods	HC 240 (HC 701)
Second Report	Food security	HC 243 (HC 702)
Third Report	Appointment hearing of the Chair of Environment Agency	HC 545
Fourth Report	Waste management in England	HC 241 (HC 921)
Fifth Report	Dairy prices	HC 817
Sixth Report	Food security demand, consumption and waste	HC 703

Session 2013–14

First Report	Draft Dangerous Dogs (Amendment) Bill	HC 95 (HC 637)
Second Report	Vaccination against bovine TB	HC 258 (HC 705)
Third Report	Managing Flood Risk	HC 330 (HC 706)
Fourth Report	Wild Animals in Circuses	HC 553 (HC 746)
Fifth Report	Food Contamination	HC 141 (HC 707)
Sixth Report	Rural Communities	HC 602 (HC 764)
Seventh Report	CAP implementation 2014–2020	HC 745 (HC 1088)
Eighth Report	Appointment of Chairman of Natural England	HC 890
Ninth Report	Departmental Annual Report 2012–13	HC 741 (HC 1283)
Tenth Report	Tree health and plant biosecurity	HC 469 (HC (Session 2014–15) 242)
Eleventh Report	Primates as pets	HC 984 (HC (Session 2014–15) 656)

Session 2012–13

First Report	Greening the Common Agricultural Policy	HC 170 (HC 654)
Second Report	The Water White Paper	HC 374 (HC 602)
Third Report	Pre-appointment hearing: Chair of the Water Services Regulation Authority (Ofwat)	HC 471-I & -II
Fourth Report	Natural Environment White Paper	HC 492 (HC 653)
Fifth Report	Desinewed Meat	HC 120 (Cm 8462)
Sixth Report	Draft Water Bill	HC 674 (Cm 8643)
Seventh Report	Dog Control and Welfare	HC 575 (HC 1092)
Eighth Report	Contamination of Beef Products	HC 946 (HC 1085)

Session 2010–12

First Report	Future Flood and Water Management Legislation	HC 522 (HC 922)
Second Report	The Marine Policy Statement	HC 635
Third Report	Farming in the Uplands	HC 556 (HC 953)
Fourth Report	The draft National Policy statement (NPS) on Waste Water	HC 736
Fifth Report	The Common Agricultural Policy after 2013	HC 671 (HC 1356)
Sixth Report	Implementation of the Common Fisheries Policy: Domestic Fisheries Management	HC 858 (HC 1485)
Seventh Report	Pre-appointment hearing: Chair of Gangmasters Licensing Authority	HC 1400–I & –II
Eighth Report	EU proposals for the dairy sector and the future of the dairy industry	HC 952 (HC 1548)
Ninth Report	The Welfare of Laying Hens Directive—Implications for the egg industry	HC 830 (HC 1664)
Tenth Report	The outcome of the independent Farming Regulation Task Force	HC 1266 (HC 1669)
Eleventh Report	The draft National Policy Statement for Hazardous Waste	HC 1465 (HC (Session 2012–13) 540)
Twelfth Report	EU proposals for reform of the Common Fisheries Policy	HC 1563–I & –II (HC (Session 2012–13) 108)
First Special Report	The National Forest: Government response to the Committee’s Fourth Report of Session 2009–10	HC 400
Second Special Report	Dairy Farmers of Britain: Government response to the Committee’s Fifth Report of Session 2009–10	HC 401